

MEMORANDUM

September 8, 2020

To: School Administrators (Charter)

From:

Re: **Measure G1 Audit Report 2020.**

The Teacher Retention and Middle School Improvement Act Fund ("Measure G1") was established to provide a salary increase to school-site educators and middle school grants in Oakland Unified School District ("OUSD") schools as well as charter schools in Oakland. Measure G1 requires an independent financial auditor to prepare a report ("Report") comprised of independent audits from OUSD and all charter schools receiving Measure G1 funds to be filed with the Board of Education and made publicly available no later than December 31 of each year. In order to meet this deadline, **all schools (OUSD and charter) must complete and submit their completed independent audit to the Commission or designee by November 1st. Completed audits must be submitted to Karen Lozano at karen.lozano@ousd.org.** Under the Commission's Administrative Regulations (attached for your reference), *failure to submit an audit within the prescribed timeline of completion and filing, may jeopardize the ability to be reimbursed for expenses at the mid or end of year, and furthermore could make a site ineligible in the following year's allocation process.*

The final Report must include the following:

1. The amount collected and expended in such year;
2. The description of all programs funded, and a determination that the monies expended were for the allowable uses stated in this Measure; and
3. The determination that the revenues leftover after the raise provided to school-site educators generated by this Measure are being used to supplement, and not supplant, unrestricted general fund revenue so appropriated to schools to serve pupils in grades 6 through 8 based on fiscal year 2019-20 funding.

Please see the enclosed *Procedures for Measure G1 Audit* for more information.

You are also strongly encouraged to attend, along with your school auditor, one of two Zoom information sessions to be held on September 22, 2020 and October 13, 2020 from 5:00pm to 6:00pm. Should you have any questions related to the process please contact Cliff Hong at clifford.hong@ousd.org or Karen Lozano at karen.lozano@ousd.org.

cc:

PROCEDURES FOR MEASURE G1 PARCEL TAX AUDIT

Objectives

- Ensure proceeds and expenditures of the parcel tax are fully accounted in the books and records of the charter school.
- Ensure expenditures are in support of allowable uses as per the ballot language, separately with respect to middle school grants and salary for school site educators.
- Ensure that the charter school receiving middle school grant funding has an approved education improvement plan with the minimal requirements specified in the ballot.
- For the charter school receiving middle school grant funding, make a positive statement about the issue of supplanting versus supplementing.

Scope ● Charter school expenditures funded by measure G1 during fiscal year 2019-20.

Methodology

1. Obtain parcel tax expenditure detail reports prepared by the charter school and agree amounts to the general ledger.
2. Select a sample of payroll related expenditures, obtain and review the necessary supporting documentation to satisfy ourselves that they were only to provide raises to “school site educators,” as the term was used in the ballot text. Test payroll benefits for reasonableness.
3. Ensure the same percentage increase in salary was applied to all school site educators.

For sites also receiving middle school grant funds (also follow steps 4 –7):

4. Review the nature of the expenditures incurred by the charter school sites, and review source documents as appropriate, to ensure they were within the specific purposes of the ballot language.
5. Verify if the parcel tax is funding supplemental activities by performing the following procedures.
Ascertain if funds were used to provide services, which were legally required to be made available by virtue of being a school. Also, perform procedures to ascertain whether the parcel tax funded services that were previously provided with another funding source.
6. Obtain the approved education improvement plans for the charter school and perform the following procedures. Ensure the plan contains the minimal elements required by the ballot. Verify if the actual parcel tax

OAKLAND UNIFIED SCHOOL DISTRICT

expenditures are consistent with the approved plan.

7. Determine, from the expenditure testing performed, if there were any a) control deficiencies, b) significant deficiencies or c) material weaknesses in internal control noted. To the extent there are deficiencies noted, prepare a separate report to the District listing the weakness noted and the recommended corrective action.

8. Examine supporting documentation to validate the amount of Measure G1 Parcel Tax revenues received.

Auditing Standards

Audits shall be conducted in accordance with the standards for performance audits set forth in *Government Auditing Standards* issued by the Comptroller General of the United States.