

Oakland Unified School District

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Meeting Minutes Long - Final

Monday, May 4, 2015

7:00 PM

**KDOL TV Studio, B-237, Met West High School Entrance, 314 East 10th Street,
Oakland, CA 94606-2291**

Audit Committee

Dan Lindheim, Chair
Gregory Redmond, Vice Chair
Beverly Hansen, Secretary
Members: Edward Berne, Rose Sutton

A. Call to Order

Chairperson Dan Lindheim called the meeting to order at 7:05 P.M.

B. Roll Call

Present 4 - Member Edward Berne
Secretary Beverly Hansen
Vice Chairperson Gregory Redmond
Chairperson Dan Lindheim
Absent 1 - Member Rose Sutton

C. Speaker Request Cards/Modification(s) To Agenda

None.

D. Adoption of Committee Minutes



[15-0899](#)

Minutes - Audit Committee - Regular Meeting - April 6, 2015

Approval by the Audit Committee of its Regular Meeting Minutes of April 6, 2015.

Attachments: [15-0899 Minutes - Audit Committee - Regular Meeting - April 6, 2015](#)

The following typo corrections were made to the April 6th Committee Minutes to Legislative File ID 15-0704:

- 1. Form was changed to read firm.*
- 2. Formerly was changed to read formally.*
- 3. ADT was changed to read VTD.*

There were no other corrections to the minutes.

A motion was made by Member Redmond, seconded by Member Hansen, that this Minutes, Committee be Adopted as Amended . The motion carried by the following vote.

Aye: 4 - Member Edward Berne
Secretary Beverly Hansen
Vice Chairperson Gregory Redmond
Chairperson Dan Lindheim

Absent: 1 - Member Rose Sutton

Non-voting: 0

Enactment No: 15-0577

E. Adoption of the Committee General Consent Report

None.

F. Unfinished Business

15-0703

District Audit Findings - Responses Fiscal Year 2010-11 and Fiscal Year 2011-12

Presentation to the Audit Committee of the status of the prior year Audit Findings and District responses for Fiscal Year 2010-2011 and Fiscal Year 2011-2012.

Staff present: Vernon Hal, Senior Business Officer, Bonnie Rusche, Auditor, and Daniel Menyon, Controller,

Staff presentation by Bonnie Rusche.

Ms. Rusche said the District has appealed to the Department of Education and to the Education Audit Panel for the findings they can review. Progress has been made but there is nothing yet to report.

*Status with the Education Audit Appeals Panel Appeal
Currently negotiating with no conclusion yet.*

*The Department of Education Appeal
Requested additional material. The material has been submitted and the District is waiting to see how they conclude based on the materials provided them.*

Chairperson Lindheim noted that the District is only one plus years behind in audits. He said less than two years ago the District was probably four or five years behind. The audits were performed by the State Controller's Office and they were behind, not the District.

The independent auditor is working on the 2013/14 audit and expects it to be completed in May. The District has confirmed the audit will be completed by the end of May with a report to the Audit Committee at the June committee meeting.

UPDATES

At the last committee meeting Rose Sutton stated the Peer Review for VDT would be out of date soon. VDT was contacted and confirmed they are coming up for that review.

A letter from the State Controller's Office allows the District to use VDT for the 2012/13 Audit but it does not say going forward the District can use VDT. The District anticipates it will be allowed to use VDT and wants VDT to do an independent audit whether the State Controller does its own audit or not. That is why the District entered into a three year contract with VDT.

Discussed

15-0704**District Audit - In Progress - Fiscal Year 2013-2014**

Presentation to the Audit Committee of a Report on District Audit - In Progress - Fiscal Year 2013-2014.

Staff presentation by Bonnie Rusche.

Ms. Rusche reported that staff has done some field testing while school is still in session. There will be no further action until the fall.

Representatives from VDT will be at the June meeting to report on the 2012/13 audit.

Questions/Comments from Committee Members

Gregory Redmond wanted to know of any significant findings?

What are the expectations for a progress report towards meeting the new standard?

Ms. Rusche reported that staff is still field testing. Attendance reporting is not where the State would like it to be. The District is still making improvements due to procedures put into place last year.

Shelia Brown, Operations Department, provides ongoing training at the school sites daily throughout the school year making sure procedures are being followed. Ms. Brown will address the Committee in the fall.

New Procedures Implemented

- 1. Attendance Clerks provide a report to the principal identifying teachers who have submitted documentation and those who have not.*
- 2. The District is looking into how to make sure the data being submitted is clean data.*

Committee Member Beverly Hansen wanted to know if every school site has an Attendance Clerk and are the number of clerks the same at a comprehensive high school as at an elementary schools?

Ms. Rusche responded "yes" every school has an Attendance Clerk. The number per high school is 1.0 clerk, .50 for elementary schools and .80 for middle schools. The minimum number for 2015/16 was increased to .80 percent. In 2014/15 there was the requirement of having sufficient time for Attendance Clerks which had not existed in the past. Principals had the flexibility to staff in the past. In 2014/15 the District said you must have at least .50 Attendance Clerks because of the problems of collecting data.

Discussed**G. New Business**

15-0900**Internal Audit Functions - Scope of Work - Areas of Work**

Presentation to the Audit Committee on internal audit functions, current scope of work and areas of focus.

Bonnie Ruesch made the staff presentation.

Ms. Ruesch reviewed the duties for the position of Internal Auditor

- 1. Conduct financial and performance reviews, more performance than financial.*
- 2. Primary function is to evaluate the adequacy of internal controls.*
- 3. Ensure operations are compliant with Board Policy and with governmental regulations.*
- 4. Involved with any suspected fraudulent activities.*
- 5. Works with the external auditors and liaison between external auditor and the District.*
- 6. Involved when the District is audited by governmental agencies.*

Internal Auditor would not institute and implement internal controls. One of the primary functions is to review internal controls and they would not want to review their own internal controls.

Ms. Ruesch described some of the duties she has performed upon becoming a District employee

- 1. Reconciled the Accounts Payables for the period of 2003/04 - 2010/11.*
- 2. Worked on recent financial and compliance audits.*
- 3. Worked on the ratio of administrator's to teacher's calculation.*
- 4. Reconciled the payroll to the general ledger for auditors.*
- 5. Performed internal reviews and worked on procedures for payroll.*
- 6. Classifying staff and appropriately coding.*

Chairperson Lindheim noted the reason auditors kept saying they could not offer an opinion was they had no idea of the cash balance. If they had no idea of the cash balance for closing one year, they could not open the next year. Getting cash reconciled was necessary in getting the District caught up in its audits for the State Controller's Office to say they could give an opinion.

Committee Member Berne asked about audit penalties staff are currently working on to mitigate.

Ms. Ruesch said staff is negotiating with the Education Audit Appeals Panel and the State Controller's Office on the ratio of administrators to teachers, attendance reporting and time accounting.

Chairperson Lindheim wanted to know why was it hard for districts to reach the 55% ratio for teachers to administrators?

Ms. Ruesch said funding for instructional materials has been eliminated from the category because it did not allow for salaries, now it stays in the calculation. She noted that Oakland is not the only district struggling with this issue. Corrected coding has helped with this issue.

Updates - Daniel Menyon

Cash by fund is monitored on a weekly basis, reconciled monthly, and confirmation is sent to the Alameda County Office of Education.

Associated Student Body Funds and their use have been identified. Training has been put into place on how to organize Student Body Funds and monitoring with staff at central office to work directly with school site staff.

Internal Auditor Position

The position will report to the Audit Committee and upper management. Currently the position is not filled and there are no plans to hire in 2015/16 due to the District trying to keep central office costs down.

Discussed

 [15-0901](#)

Report - Pending State Legislation - Assembly Bill 625 - School Finance

Presentation to the Audit Committee on the pending legislation, Assembly Bill 625 on School Finance as amended on April 16, 2015

Attachments: [15-0901 Report - Pending State Legislation - Assembly Bill 625 - School Finance](#)

Ruth Alahydoian made the staff presentation.

This Bill introduced by State Senator Bonta is currently before the State Legislature at the request of the State Superintendent of Public Instruction. Instead of the State Controller taking over with no checks and balances, the Bill requests the Controller and the Superintendent or designee to meet before each audit, develop an audit plan and coordinate the audit.

Discussed

H. Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Committee

[15-0904](#) **Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Committee - May 4, 2015**

Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Audit Committee - May 4, 2015.

None.

I. Introduction of New Legislative Matter

None.

J. Adjournment

Chairperson Lindheim adjourned th meeting at 8:13 P.M.

Prepared By: _____

Approved By: _____