

Oakland Unified School District

Board of Education
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Minutes (Long)

Thursday, June 17, 2010

6:00 PM

**Board Room, Paul Robeson Building, 1025 2nd Avenue, Oakland, CA
94606-2212**

Audit Committee

Alice Spearman, Chair

Members: David Kakishiba, Noel Gallo, Sylvester Hodges, Viola Gonzales, Dan Lindheim, Daniel Hutchinson

A. Call to Order

Chairperson Alice Spearman called the meeting to order at 6:20 P.M.

B. Roll Call

Roll Call: Present: Viola Gonzales, David Kakishiba, Alice Spearman and Daniel Hutchinson
Absent: Dan Lindheim, Sylvester Hodges and Noel Gallo

C. Modification(s) To Agenda

None

D. Adoption of Committee Minutes

None

E. Adoption of Committee General Consent Report

None

Roll Call (Secretary's Observation)

Viola Gonzales present at 6:21 P.M.

Roll Call: Present: Sylvester Hodges, Viola Gonzales, David Kakishiba, Alice Spearman and Daniel Hutchinson
Absent: Dan Lindheim and Noel Gallo

F. Unfinished Business**09-2486 Update by Internal Auditor - Work Plan - Fiscal Year 2009-2010**

Adoption of the Internal Auditor's Work Plan for Fiscal Year 2009-2010.

Attachments: [09-2486 - Internal Auditor - Work Plan - Fiscal Year 2009-2010.pdf](#)

Ian Marsh, Internal Auditor, said the committee requested procedures for cash handling and Attendance reporting at schools sites. He reviewed the General, Associated Student Body, Subsidiary Accounts, Cash Handling Athletic Events of the document.

Committee Comments:

Sylvester Hodges asked about the documentation to show approval by the financial controller. Mr. Marsh said it would be appropriate to have a standard form which will be sent from the site to downtown; then a copy returned to the site authorizing the opening of an account. Mr. Marsh said there should be a staff person downtown, either the Controller or Assistant Controller, who would be an authorized signatory on all accounts. Mr. Hodges said a copy of documentation for school site signatories should be maintained in Central Administration.

Mr. Hodges said training by school site staff should be documented; and there should be consequences for school site staff who choose not to participate in training. Mr. Marsh said he considers that to be a very important part of the internal controls.

*CASH HANDLING - SCHOOL SITES**Section 1 - General*

Viola Gonzales recommended Section 1.4 read as follows:

1.4 Authorized bank account signatures shall be kept current.

If cash is going to be managed on a site, there should be mandated training associated with it. Can we enforce that? Chairperson Spearman stated we can require mandatory training by the School Treasurers or other designated person(s). We can also add language that refusal of staff to attend mandatory training will result in disciplinary action, up to and including dismissal.

Vernon Hal, Chief Financial Officer, said if there is no one at a school to do the reporting, then the accounts will be shut down at the school site(s).

Daniel Hutchinson said sections 1.3 and 1.4 refer to procedures going forward. He asked: What has happened with the bank accounts already in place at school sites? Do we have a comprehensive list of the bank accounts? Is there a central place if we revoke privileges or shut down accounts? Do we know what those accounts are and who is responsible for those accounts so that we can keep track of where things are?

Mr. Marsh said we have made several attempts over time to identify all accounts at school sites. We have sent out requests to major banks to search accounts by tax identification number and we did find a number of accounts we were previously unaware of. It is an ongoing effort to identify all accounts at school sites. Mr. Hutchinson suggested adding a mechanism to be able to record the accounts that we are already aware of, then periodically going forward every six months to have someone check again to see if there are any accounts that have been opened and not reported centrally.

Director Kakishiba said schools need to go through a process of being in compliance with these regulations when they are adopted. Regarding Section 2.2, what is meant by a Treasurer? Mr. Marsh said the three major high schools have an employee designated as a Treasurer whose primary responsibility is the recording of student body activity. They are also called to collect Donations, Fees, and Fines for the District on a pass-through basis. As they collect these monies, the funds are to be transferred out. The change in

regulations would affect mostly the major high schools. Director Kakishiba asked if there are subsidiary accounts in the other schools? Mr. Marsh said there were. Director Kakishiba said there has to be a separation of duties. There is a certain level of skill set and discipline to do the work.

Mr. Hal asked about the number of bank accounts at schools. Mr. Marsh said he has visited the larger high schools and has had limited contact with MetWest and Fremont Federation which he plans to visit. He has not visited every high school yet. Mr. Hal said we can always ask schools for the bank and account number. Mr. Marsh said the Controller did send a request to all school sites and the response was minimal. Chairperson Spearman said the Network Officers should have ensure that all questions were answered. Mr. Hal said the right level of the organization has to follow up and ensure that people understand the seriousness of the situation.

Mr. Hodges asked who has access to the District's tax identification number? Mr. Marsh said the District receives requests from people offering to donate money and they wish to ensure their donation is tax deductible.

Mr. Hodges recommended that we restrict the number of banks to be used in order to ensure that we can contact the bank and tell them that they are not authorized any longer to use that account so that we can close it down or not make withdrawals. Mr. Marsh said in return for a single bank handling all district activity, then there are issues of scale. Certain banks would provide reconciliation services at no charge. Mr. Hodge said schools could be given a certain amount of time and then ask that all funds be transferred to certain banks.

Chairperson Spearman stated the Revolving Cash and Petty Cash funds need to be included in the policy. Mr. Marsh stated he has spoken to Denise Saddler, Network Executive Officer, and Mr. Hal. They have valid concerns about not offering too many sources of cash at a site. The amount of petty cash activity at a site should be small. Chairperson Spearman said a policy statement or administrative regulation needs to state that there will be no revolving cash and petty cash funds at school sites.

Chairperson Spearman said a reporting mechanism needs to be included from a school to the District on a monthly basis on school site accounts.

Chairperson Spearman recommended that Section 1.4 read as follows:

1.4 Authorized bank accounts signatures shall be kept current.

Section 2 Associated Student Body (ASB)

Chairperson Spearman suggested that we add a statement in section 2.1 that the accounting manual will be provided by the District.

Chairperson Spearman said item 2.3 should include a statement about mandatory training required by the Treasurer or other designated employee. Refusal by staff to acquire training shall result in disciplinary action up to and including dismissal.

Chairperson Spearman recommended that 2.5.6 should specify software to be used.

Chairperson Spearman recommended that Section 2.5.7 should read as follows:

2.5.7 All food and beverage sales must be compliant with OUSD policy and Ed. Code.

Chairperson Spearman said the District needs an annual review of all accounts. It should be required that we have an annual review of all accounts by the external auditor in collaboration with the Controller. We need a policy statement that there will be monthly reporting of all accounts to the Internal Auditor. Mr. Hal recommended that committee members work with Mr. Marsh on developing language so that staff understands it is privileged responsibility. Ms. Gonzales said the reporting needs to come to Mr. Hal's office and the exceptions go to the Internal Auditor. He is not the main controller; he looks at the exceptions of people not following the rules.

Mr. Hodges spoke of the importance of a school sites having a designated place to maintain financial documents.

Mr. Marsh said these procedures are intended to address major weaknesses that he observed at the sites. They are not intended to address every possible situation. If we tried to address every possible exception, we would end up with a document or procedure that would so large no one would read it. His intent is to address the most common exceptions that have been noted. We have to ensure that the people hired for the positions have the appropriate skill set and that we do thorough background checks and ensure that they are properly trained.

Chairperson Spearman encouraged Mr. Marsh to consult with Secretary Rakestraw about the former policies in the orange binders to add to this. We might need to go back to policies binders because people are having difficulty in readily putting their hands on things because the system has gone paperless. Secretary Rakestraw said the Board Secretary will make the policies available electronically. The public is able to print the policies.

Chairperson Spearman said the two policies are being discussed today and will come back in August for final reading to be forwarded to the full Board. Director Kakishiba asked about the intended date for implementation. Do we expect every school to go by these procedures by the start of the school year?

Mr. Marsh said his recommendation would be to roll this out sometime in the fall. He would prefer to get input from interested parties to ensure it is done right from the start. He would like sites to buy-in to the idea that the standards are reasonable, achievable, and that the District is going to commit the resources to ensure that site personnel are instructed in the use. There are a number of important pieces. His goal would be to include the high school treasurers.

Chairperson Spearman said the high schools generally have a big safe that they can use. The District needs a policy statement for high schools to name someone accountable for cash on the sites. They can have one person collectively. Mr. Hal said we could list minimum requirements for schools that wish to have cash handling at school sites.

Chairperson Spearman said there are two small schools that raise lots of money and we do not know how much money they are raising. They use it for whatever they wish to use it for. We need to know how much and where it is going and how it is being distributed. She requested administration to look into that.

ATTENDANCE REPORTING

Mr. Hal suggested that all acronyms be spelled out.

Section 1 - Commitment, resources

Mr. Marsh said the Committee had asked for a statement of who is responsible for the prompt and accurate recording of attendance. He reviewed Section I on Commitment and Resources. There are resources for an attendance clerk at every site; and that at multiple schools on a site, there might be occasion to share a single attendance clerk.

Mr. Hal said union issues are involved. The District position for handling attendance would be an Attendance Clerk, Attendance Clerk Assistant, or Administrative Assistant. The FTE was up to the school, but it was a minimum of .2. The language in the policy should be consistent with what was agreed upon with the union.

Chairperson Spearman said Section 1.3 should read Each school site shall have at least one Attendance Clerk whose responsible shall be the recording of attendance.

Mr. Marsh said he wishes to avoid a situation of adding to the responsibilities School Secretaries who are already overburdened with multiple responsibilities. Mr. Hal said we had agreement with the union. Secretaries and Clerk Typist are lower level positions. To add onto Attendance Clerk. It is the Administrative Assistant that is the highest level, we are saying the skill level, can take on attendance; absent that, you have to have an Attendance Worker or Attendance Worker Assistant because Clerk Typist, Secretary and other levels do not work as far as taking attendance. You have to have one of the other three to be able to do attendance. Those 3 positions take attendance.

Section 2 - Teacher use of AERIES/ ABI

Mr. Marsh said use of AERIES/ABI cannot be discretionary. A number of sites are still using scantrons and bubbling.

Mr. Hodges asked if there is any way of indicating the person who does the attendance for a particular day, week, or month? Mr. Marsh said we have ways of determining which sites are using ABI and how many of the staff are using it.

Mr. Marsh said a statement has been included on the consequences of failure or refusal to take attendance which is noted in 2.3. A statement has been included that each teacher shall have access to a working computer.

Chairperson Spearman recommended section 2.3 should read:

2.3 Failure or refusal of staff to take attendance or to follow documented procedures for the recording of attendance shall result in disciplinary action up to and including dismissal.

Mr. Hal asked staff to consult with Labor Relations on Section 2 to ensure we are in compliance with collective bargaining agreements.

Section 3 - Position Description

Mr. Marsh said a number of attempts have been made to upgrade the current job descriptions which do not include all elements of the responsibilities of clerks. There were issues of compensation. Chairperson Spearman asked Mr. Marsh to include all three positions in this sections.

Section 4 - Supervision - was reviewed by Mr. Marsh.

Section 5 - Attendance Clerk - General Responsibilities

Mr. Marsh said the District will provide necessary financial and personnel resources to ensure that Clerks are properly trained.

Chairperson Spearman recommended section 5.6 should read:

5.6 Attendance Clerks shall promptly contact teachers and principals who fail to log on to ABI, or otherwise fail to record attendance.

5.11 Weekly Attendance Summaries shall be prepared by Attendance Clerks, and signed, dated and returned by teachers within two business days.

Chairperson Spearman said we need to add that copies be sent to the principals if it is an ongoing issue. Mr. Marsh said for ongoing issues, he would look to the principal to be notified.

Section 6 - Absences - was reviewed by Mr. Marsh.

Mr. Hal recommended that Section 6 be called Accounting for Student Absences.

Mr. Hal asked about the legal requirement for records retention. Mr. Marsh said he would include a statement as Item 6.7.

Section 7 - Truancy - was reviewed by Mr. Marsh.

Section 8 - Independent Study - was reviewed by Mr. Marsh.

Section 9 - Suspensions - was reviewed by Mr. Marsh.

Section 10 - Incentives - was reviewed by Mr. Marsh.

Section 11 - Help Desk

11.1 Mr. Marsh was requested to spell out AR to Administrative Regulation.

11.2 Mr. Marsh was requested to refer to the position, rather than a specific employee.

Section 12 - Record Retention - Mr. Marsh said he would include a clearer statement of the records to be kept and for the specific period of retention. Mr. Hodges asked if we are talking about paper or electronic retention of records at school sites? If electronic copies are acceptable, that is the way to go.

Section 13 - Questions

Chairperson Spearman suggested that section 13.1 read:

13.1 General questions concerning this Administrative Regulation may be directed to the Internal Auditor.

Mr. Hutchinson noted the importance of having buy-in from our teachers to ensure attendance is being kept. We have to work with our teachers to develop best practices and address reasons why attendance may not be taken on a daily basis.

Mr. Hodges said teachers need to understand the financial aspect and attendance is a responsibility that they have. It has cost the District millions of dollars a year because of inaccurate attendance documentation.

Discussed



10-0498 Work Status - Internal Audit - Fiscal Year 2009-2010

Presentation by Internal Auditor of Work Status Report including, but not limited to, 34 named schools Audit Program Site Attendance Report - 2009 or 2010.

Attachments: [10-0498 - Work Status - Internal Audit - Fiscal Year 2009-2010.ppt](#)
[Named Schools Audit Program Site Attendance Report - 2009 or 2010.pdf](#)

Chairperson Spearman asked Ian Marsh, Internal Auditor, to complete his work on the two policies for Attendance Reporting and Cash Handling at School Sites and bring back to Committee on August 19. Mr. Marsh said these are the first draft. It is his goal to discuss with interested parties and incorporate input into a final document for committee review and Board of Education approval.

Mr. Hal asked if the documents in 10-1685 and 10-1886 should be Board Policy or Administrative Regulations. Chairperson Spearman said they probably should be Board Policy. Secretary Rakestraw said we need to take a look at whether there is existing policy and whether or not the policies fall in an appropriate category. He has a concern about the appropriate forum and whether or not there is "over-reaching".

Chairperson Spearman asked staff to come back with a final draft of recommendations.

Discussed

G. New Business



10-1685 Administrative Regulation - Cash Handling-Schools Site

Adoption by Audit Committee of a recommendation to the Board of Education establishing Administrative Regulation - Cash Handling - School Sites.

Attachments: [10-1685 - Administrative Regulation - Cash Handling-Schools Site.pdf](#)

See File ID Numbers 09-2486 and 10-0498 for discussion.

Discussed



10-1686 Administrative Regulation - Attendance Reporting

Adoption by Audit Committee of a recommendation to the Board of Education establishing Administrative Regulation - Attendance Reporting.

Attachments: [10-1686 - Administrative Regulation - Attendance Reporting.pdf](#)

See File ID Numbers 09-2486 and 10-0498 for discussion.

Discussed

Next Meeting

There was Committee consensus to schedule the next Audit Committee Meeting on Thursday, August 19, 2010, at 6:00 P.M.

H. Adjournment

Chairperson Alice Spearman adjourned the meeting at 8:07 P.M.

Prepared By: _____

Approved By: _____