

Board Office Use: Legislative File Info.	
File ID Number	10-2087
Introduction Date	08-16-10
Enactment Number	
Enactment Date	



OAKLAND UNIFIED
SCHOOL DISTRICT

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Memo

To Board of Education

From Dr. Anthony Smith, Superintendent
Vernon Hal, Deputy Superintendent of Business & Operations *NEA*

Board Meeting Date September 8, 2010

Subject Monitoring Report - Operational Expectation (OE) - 08 - Financial Administration

Action Requested Adoption by the Board of Education of Superintendent of Schools Monitoring Report - Policy Type: Operational Expectation (OE) - 08 - Financial Administration.

Discussion Review of the monitoring report OE-08 - Financial Administration.

Recommendation Adoption by the Board of Education of Superintendent of Schools Monitoring Report - Policy Type: Operational Expectation (OE) - 08 - Financial Administration.

Attachments

- Operational Expectation (OE) - 08 - Financial Administration



OAKLAND UNIFIED
SCHOOL DISTRICT

expect Success

OPERATIONAL EXPECTATIONS 8 Financial Administration

I certify that the information in this report is true.

Signed: _____ Date: _____
Tony Smith, Superintendent

Disposition of the Board

Compliance
 Not in compliance

Signed: _____ Date: _____
Dr. Gary E. Yee, Board President

OE 8: Financial Administration	CEO			Board		
	Compliance	Not in compliance	To Be Completed	Compliance	Not in compliance	To Be Completed
8.1 – The Superintendent will document student enrollment and student daily attendance data in a manner that is complete, accurate, and timely.	X					
<p>Superintendent Interpretation: The Superintendent and staff interpret this to mean that school sites will receive guidance and support to report enrollment and attendance information accurately and timely. Central staff will then compile and report attendance and enrollment data accurately and timely as required.</p>						
<p>Superintendent Indicators and Evidence of Compliance: An attendance reference guide will be available on or before January 30, 2010 and will be maintained at school sites. Going forward, an attendance reference guide will be available on or before August 15 of each school year. Attendance information will be reported timely and accurately on the P1, P2 and P annual and any necessary adjustments will be immaterial. A quarterly report by internal audit will be provided. Enrollment will be reported as requested, by CALPADS (California Longitudinal Pupil Achievement Data System).</p> <p>The attendance reference guide is produced annually through the Technology Services Department and provided to the sites usually at the beginning of the fiscal school year.</p> <p>The attendance information is reported in the first week of January for the P1, after April 15th for P2 and end of fiscal school year for P annual, all of which are submitted to Alameda County Office of Education (ACOE) for certification by the Superintendent of Schools and followed by reporting to the California Department of Education (CDE).</p> <p>We are in compliance. Internal Audit concludes that the Superintendent and staff are in substantial compliance with the above requirements. The P-1 and P-2 reports were filed with the ACOE on time. While concerns about data accuracy are on-going, Internal Audit, Information Technology staff and others are working diligently to reduce reporting errors. This work includes a certification process for attendance office staff, visiting school sites to review procedures and recommend improvements, and a data quality group meeting to discuss issues of common interest. Periodic analyses of data are prepared by staff and anomalous data are followed up. The district is implementing CALPADS in accordance with CDE requirements. Delays have occurred mostly because of technical errors at the CDE.</p>						

OE 8: Financial Administration	CEO			Board		
	Compliance	Not in compliance	To Be Completed	Compliance	Not in compliance	To Be Completed
8.2 – Provide all schools with accurate monthly financial statements and on-going budget management assistance to ensure expenditures are aligned with revenues.	X					
<p>Superintendent Interpretation: The Superintendent and staff interpret this to mean that school sites will be provided access to financial data from the district’s financial system. Central Office Staff will continually monitor and adjust site budgets and expenditures as necessary.</p>						
<p>Superintendent Indicators and Evidence of Compliance: School Managers will have access to financial and budget information from the district’s financial system. School sites actual expenses by resource will be in alignment with their budgets and any overages will be immaterial. At each Interim a report will be provided for significant resources of schools comparing budgets to available balances.</p> <p>We are in compliance. School sites have access to run financial reports from the district’s financial system at any time. Budget reports were provided for the General Fund - Restricted and Unrestricted Resources - by school type (Elementary, Middle, and High) for all 3 reporting budget periods (1st Interim (12/9/2009); 2nd Interim Presentation (3/10/2010) and the 3rd Interim Presentation (5/26/2010)). Each Interim report is sorted in order by Descending Available Balance and highlights each individual school’s total Working Budget, Expenses, Encumbrances, and remaining Available Balance. The final Unaudited Actuals containing each schools’ budget vs. actual results for fiscal year 2009-2010 were presented on 9/8/2010.</p> <p>As of the 2009 – 2010 Unaudited Actuals (9/8/2010), 53 schools showed negative Available Balances for Unrestricted Funds (23 Elementary schools, 10 Middle schools, and 20 High schools). Only 2 Middle Schools showed negative Available Balances (or overspending) in Restricted Funds. Total negative available balances for schools’ Unrestricted funds was \$2.2M, or 1.2%. Total negative available balances for Restricted funds was \$1,050.</p>						

OE 8: Financial Administration	CEO			Board		
	Compliance	Not in compliance	To Be Completed	Compliance	Not in compliance	To Be Completed
8.3 – Prepare and present to the Board of Education cash reconciliation reports for all District accounts on a monthly basis.	X					

Superintendent Interpretation:

The Superintendent and staff interpret this to mean that monthly cash reconciliations will be prepared on a timely basis. Cash balances for all funds will be reconciled to the Alameda County Office of Education’s (ACOE) Cash balances. Historically the County reports for cash balances are received two to three months after the end of a particular month. Once the reports are received from the County, the reconciliations will be completed within 30 days.

Superintendent Indicators and Evidence of Compliance:

Summary of the reconciliations will be presented to the Board of Education (BOE) 30 days from the time a monthly reconciliation is completed.

We are in compliance. Cash reconciliations are completed within 30 days of receipt from ACOE and provided to the BOE within 30 days of completion. Cash reconciliation is complete through April 2010. Staff will include the most current reconciliation with the 2009-2010 Unaudited Actual Presentation. The following is the schedule of reconciliations from ACOE for the months of January through May 2010, which demonstrates the delay in actual cash reconciliation:

Month	From ACOE
January	March 18, 2010
February	May 7, 2010
March	May 21, 2010
April	July 8, 2010
May	July 13, 2010

OE 8: Financial Administration	CEO			Board		
	Compliance	Not in compliance	To Be Completed	Compliance	Not in compliance	To Be Completed
8.4 – Prepare and present to the Board of Education District cash flow reports on a monthly basis.	X					
<p>Superintendent Interpretation: The Superintendent and staff interpret this to mean that monthly cash flow projections for the General Fund will be prepared based on budgeted revenues and expenditures. The cash flow report format will include each month of the fiscal year and will group expenditures and revenues by object codes. Historical months will be reported as actuals and remaining months will be reported as projections.</p>						
<p>Superintendent Indicators and Evidence of Compliance: Cash flow reports for the General Fund will be provided to the Board of Education monthly.</p> <p>We are in compliance. Cash flow Reports are prepared on a monthly basis to monitor the fiscal health of the District and the potential need to borrow cash. Cash Flow reports were provided to the Board of Education for all three reporting budget periods in FY 2009-10 as follows: 1st Interim Presentation (12/9/2009); 2nd Interim Presentation (3/10/2010) and the 3rd Interim Presentation (5/26/2010) and Unaudited Actuals Presentation (September 8, 2010). Due to revenue cuts and deferrals of our funding, staff projected a negative cash balance of approximately \$22mil at fiscal year end June 30, 2010 and borrowed cash from Fund 21 (Building Fund) per Resolution #0910-0231. This loan will be paid back in August 2010. This loan will be paid back within 90 days of our first apportionment in accordance to Resolution No. 0910-0231 and Ed Code 42603. Staff recommends retaining loan for the allowable 90 days to ensure adequate cash availability in the event our apportionment is further delayed by the State.</p>						

OE 8: Financial Administration	CEO			Board		
	Compliance	Not in compliance	To Be Completed	Compliance	Not in compliance	To Be Completed
8.5 – Prepare and present to the Board of Education three Interim Budget/Financial Reports for each fiscal year.	X					
<p>Superintendent Interpretation: The Superintendent and staff interpret this to mean that the financial reports will be presented in accordance with the California Department of Education Standardized Account Code Structure (“SACS”) reporting forms. This report will be accompanied by a Power Point presentation that summarizes the data in a more simplified, easy to understand format.</p>						
<p>Superintendent Indicators and Evidence of Compliance: Interim reports will be presented to the Board prior to the County’s submission dates of December 15, April 15 and June 1. Easier to understand PowerPoint Presentations will accompany these County forms.</p> <p>We are in compliance. PowerPoint presentations accompanied the district’s submissions to the Alameda County of Education. The following dates the presentations were presented to the Board: (1st Interim Presentation (12/9/2009); 2nd Interim Presentation (3/10/2010) and 3rd Interim Presentation (5/26/2010).</p>						

OE 8: Financial Administration	CEO			Board		
	Compliance	Not in compliance	To Be Completed	Compliance	Not in compliance	To Be Completed
8.6 – Obtain and present to the Board of Education annual independent financial and program audit reports for all District funds.			X			
<p>Superintendent Interpretation: The Superintendent and staff interpret this to mean that the accounting records will be maintained such that an annual independent financial and program audit can be performed with an opinion rendered.</p>						
<p>Superintendent Indicators and Evidence of Compliance: An audit report, with an auditor’s opinion, will be obtain and presented to the Board of Education on an annual basis for approval.</p> <p>We are in to be completed status. The District is currently being audited by the State Controller’s Office (SCO) for FY 2007-08 which is scheduled to be final by no later than December 15, 2010 and a draft report by November 15th. As in FY 2006-07, the 2007-08 audit will be for State and Federal compliance only. This was an agreement between the District and SCO because they would not render an opinion on the basic financial statements until they could perform a full scope audit which would include reconciled cash for all funds. The intent of the District is to have a full scope audit for FY 2008-09. Staff recommends the immediate scheduling of a State and Federal Audit for 2008-2009 to expedite the audit process and bring our audits to a current status. This would present a favorable opinion for potential bond issuances and credit ratings.</p>						

OE 8: Financial Administration	CEO			Board		
	Compliance	Not in compliance	To Be Completed	Compliance	Not in compliance	To Be Completed
8.7 – Address all findings and resolve all required corrective actions identified in independent financial and program audit reports.	X					

Superintendent Interpretation:
The Superintendent and staff interpret this to mean that staff will follow up on any audit finding, questioned cost and compliance issue identified as part of an independent audit. This will involve specific responses and corrective actions taken that will resolve current and/or previous findings.

Superintendent Indicators and Evidence of Compliance:
After the audit finding has been identified, the Superintendent and staff will take corrective action such that the finding will not be repeated in subsequent years. Status of prior year findings will be noted as resolved or in process in subsequent audit reports.

We are in compliance. Audit findings from FY 2002-03 through 2005-06 have been resolved and the fiscal impact is as follows.

Fiscal Year	# Findings	Questioned Cost	Resolve
2002-2003	120	911,856	Paid \$612k; \$300 used to implement assessment and recovery plan in accordance to FCMAT recommendation
2003-2004	58	887,029	Total revenue loss \$118,856
2004-2005	36	883,850	Total revenue loss \$100K for FY 04-05 & 05-06
2005-2006	53	825,466	See above
2006-2007	41	1,981,330	Pending Educational Audit Appeal Panel (EAAP) process
	308	5,489,531	

*Note:

CDE has indicated that they will not pursue any Federal program findings through 2005-06. They have acknowledged and accepted the corrective action plan that addresses Federal Time Accounting which is the single largest audit finding.

OE 8: Financial Administration	CEO			Board		
	Compliance	Not in compliance	To Be Completed	Compliance	Not in compliance	To Be Completed
8.8 - Provide sufficient support to the Audit Committee to ensure that they effectively fulfill their duties and responsibilities as legislatively established by the Board of Education.			X			
<p>Superintendent Interpretation: Superintendent and staff interpret this to mean that the staff to the Audit Committee shall be in compliance with BP 3461, "Audit Committee," and work cooperatively with the Committee to fulfill its obligations to the Board of Education and the community at large.</p>						
<p>Superintendent Indicators and Evidence of Compliance: The Superintendent shall make available to the staff of the Audit Committee the resources needed to carry out the Committee's work and to implement changes in procedures to correct exceptions documented in internal and external audit reports.</p> <p>Staff to the Audit Committee shall report to the Committee any findings and recommendations including any obstacles preventing the work from being completed. Twice a year, the Committee will perform evaluations on the accuracy and timeliness of information received from staff as evidence of compliance.</p> <p>We are in to be completed status. The Superintendent made available to the Internal Auditor the resources needed to carry out his work for the Audit Committee, and to correct exceptions documented in audit reports.</p> <p>The Superintendent and the district are in substantial compliance with BP 3461, "Audit Committee." Since the district is audited by the State Controller's Office, the Audit Committee could not, as specified in policy, recommend to the Board for their action the selection of the external auditor, the scope of each annual audit, the audit fee or timing of the audit.</p> <p>We will ask the Audit Committee to perform a retroactive evaluation for 2009-2010. Going forward, the Committee will be asked to perform evaluations on the accuracy and timeliness of information received from the Internal Auditor twice a year as evidence of compliance.</p>						

OE 8: Financial Administration	CEO			Board		
	Compliance	Not in compliance	To Be Completed	Compliance	Not in compliance	To Be Completed
8.9 – Provide sufficient support to the Measure B Oversight Committee to ensure that they effectively fulfill their duties and responsibilities as legislatively established by the Board of Education.			X			
<p>Superintendent Interpretation: The Superintendent and staff interpret this to mean that the Committee shall be provided with the necessary information in a timely manner to fulfill its duties and responsibilities.</p>						
<p>Superintendent Indicators and Evidence of Compliance: Minutes from the Committee and copies of any requested data will serve as evidence of cooperation by staff with the Committee. Twice a year, the Committee will perform evaluations on the accuracy and timeliness of information received from staff as evidence of compliance.</p> <p>We are in to be completed status. We will ask the Measure B Oversight Committee to perform a retroactive evaluation for 2009-2010. Going forward, the Committee will be asked to perform evaluations on the accuracy and timeliness of information received from staff twice a year as evidence of compliance. The following was presented to the Citizen's Measure B Oversight Committee and/or the Board during Fiscal Year 2009-2010.</p> <ul style="list-style-type: none"> 7/14/09 - Measure B Expenditure Report as of 6/30/2009 8/18/09 - Measure B Expenditure Report as of 8/2009, Proposed Workplan for 2007/08 Annual Report draft discussion, Review of Measure B 2006/2007 Annual Report 9/22/09 - Review of Measure B 2006/2007 Annual Report, Proposed Workplan for 2007/2008 Annual Report draft discussion, Measure B Expenditure Report as of 9/2009 10/27/09 - Measure B 2006/2007 Annual Report, Measure B Expenditure Report as of 10/22/2009, Discussion of 2008/2009 Annual Report 2/2/10 - Measure B Expenditure Report as of 1/11/2010, Proposed Workplan for 2008/2009 Annual Report draft discussion 3/16/10 - Proposed Workplan for 2008/2009 Annual Report draft discussion, Measure B Expenditure Report as of 3/8/2010 5/18/10 - Draft Workplan for 2008/2009 Annual Report draft discussion, 2010/2011 proposed site visit schedule, Measure B Expenditure Report as of 5/13/2010, Assistant Superintendent's liaison report 6/22/10 - Workplan for 2008/2009 Annual Report, 2010/2011 proposed site visit schedule, Measure B Expenditure Report as of 5/18/2010, Annual Measure B audit for 2008/2009, Assistant Superintendent's liaison report. 						

OE 8: Financial Administration	CEO			Board		
	Compliance	Not in compliance	To Be Completed	Compliance	Not in compliance	To Be Completed
8.10 – Provide sufficient support to the Measure G Oversight Committee to ensure that they effectively fulfill their duties and responsibilities as legislatively established by the Board of Education.			X			
<p>Superintendent Interpretation: The Superintendent and staff interpret this to mean that the Measure G Oversight Committee shall be provided with the necessary information in a timely manner to fulfill its duties and responsibilities.</p>						
<p>Superintendent Indicators and Evidence of Compliance: Minutes from the Committee and copies of any requested data will serve as evidence of cooperation by staff with the Committee. Twice a year, the Committee will perform evaluations on the accuracy and timeliness of information received from staff as evidence of compliance.</p> <p>We are in to be completed status. The schedule of minutes, presentations and reports to the Measure G Oversight Committee and to the Board regarding Measure G is listed below. We will ask the Measure G Oversight Committee to perform a retroactive evaluation for 2009-2010. Going forward, the Committee will be asked to perform evaluations on the accuracy and timeliness of information received from staff twice a year as evidence of compliance.</p> <p>The following was presented to the Measure G Oversight Committee and/or the Board during Fiscal Year 2009-2010.</p> <ol style="list-style-type: none"> 1. 11/17/2009 Presentation on Measure E Parcel Tax Expenditure Report (File #09-2953) 2. 12/15/2009 Report on 2009/2010 Expenditures for Measure G (File #09-3426) 3. 12/15/2009 Presentation on Measure G 2009/2010 Adopted Budget (File #09-3427) 4. 2/2/2010 Minutes from the Measure G Oversight Committee (File #10-0337) 5. 2/22/2010 Approval of Measure G 2009/2010 Appropriations (File #10-0340) 6. 2/22/10 Presentation: Unaudited Actuals of Measure G for Fiscal Year 2008-2009 (File #10-0339) 7. 3/1/2010 Adoption by Board: Measure G Policy and Funding Allocations for 2010-2011 (File #10-0389) 8. 5/10/2010 Presentation of Measure E Program Accountability Reports for Fiscal 2008-2009 (File #10-0960). 						