

**RED LINE VERSION**

January 11, 2026

Re: Board Bylaw 9131, Section 3, Report of Audit Committee to the Oakland Unified School District Board of Trustees (Board)

Dear Trustees,

The Audit Committee (Committee) is pleased to present its findings, recommendations and summary of activities for the calendar year 2025.

The Committee is pleased to report that the June 30, 2025, audit was a positive outcome for the district. No further action is needed from the Board, except to point out that by the time this report is presented, there will be three openings on the Committee. The Committee would appreciate the Board's help in reaching out to the community for volunteers.

Financial Statements

The Committee reviewed the June 30, 2025, Annual Financial Report in detail with the external auditor, Eide Bailly, and with the Chief Finance Officer (CFO), Ryan Nguyen. The Committee congratulates the Oakland Unified School District finance team on its continued improvements in compliance. The number of audit findings dropped from six in '24 to three in '25. No material weakness in controls was identified (the most severe category of finding). One significant deficiency in internal controls was identified regarding census data reporting to CalPERS. This is not a repeat finding. The remaining two findings are noncompliance findings regarding State Compliance. Both findings have little to no associated costs compared with the '24 penalty of \$801,632 for audit findings. We are also happy to report that all six '24 audit findings have been confirmed as resolved by the third-party auditor. There were no findings regarding the presentation of the financial statements. The Committee is pleased with the results from the 2024-25 audit and the significant improvements in compliance in the last 6 years. Leadership from the Business Office has significantly strengthened the district's financial and operational controls and we have seen effective execution to address our long-standing financial control challenges. It cannot be overstated that the '25 audit results are an exceptional outcome for our district, which has been plagued by repeated findings year over year and an inability to address these issues at their root causes. We are confident in these results and in the solutions implemented over the last couple of years that have led to this remarkable audit outcome.

~~Edin~~ Eide Bailly notes no misstatement of fact regarding financial statements. With the review of financial statements, Edin Bailly has added a section to the audit report, conveying a 'Substantial Doubt on the District's Ability to Continue as a Going Concern'. On pg. 5 of the Audit report, four main factors were highlighted: \$100M projected budget deficit next year, declining fund balances and liquidity, structural imbalances (expenses exceeding recurring revenue), and repeated warnings from the Alameda County Office of Education regarding the financial distress. The statutorily required reserve is only 2% and the Board approved a higher reserve of 3%. The 2025 financials reported a 4.71% reserve and projected to fall to 2.59% in 2026. Bailly notes that rising claims liabilities in the self-insurance fund

and the lack of an appropriate cash buffer in the unrestricted fund put the district at risk of failing to meet obligations when due. Bailly was unable to review the Board's plan for addressing these obstacles during the audit report period because the Board did not have one at that time. Our committee has been notified that the Board has developed a plan since the report was issued.

#### The Committee

~~By the time this report is presented to the Board there will be three openings on the Committee and the Committee would appreciate the Board's help in reaching out to the community for volunteers.~~

The Committee also wishes to express its appreciation for the continued support from Trustee Williams, CBO, Lisa Grant-Dawson, and CFO, Ryan Nguyen. Their attendance and participation in Committee meetings has been and will continue to be extremely valuable.

Respectfully, the Audit Committee

cc Dr. Denise Saddler, Interim Superintendent

Attachment 1 (Audit findings tracker)

Attachment 1

						Audit Committee - Audit Findings Tracker - January 13, 2026		
Audit Year								
2020	2021	2022	2023	2024	2025	Audit Finding	Views of Responsible Officials Planned Corrective Action Summary 2025	
					2025-001	Significant Deficiency in Internal Control Over Census Data Reporting to CalPERS	Management has fixed issues and strengthening controls in place is recommended	
					2025-002	State Compliance – Transitional Kindergarten Class size and Adult-to-pupil Ratio (found one instance with 1:11.5 instead of 1:10)		
	x			2024-001		District may not have fully complied with requirements regarding teacher credentialing. 4 teachers lacked sufficient information to validate certification. Penalty \$800k.	Resolved	
				2024-002		Expanded Learning Opportunities Program pupil to staff ratio	Resolved	

						exceeded the allowable ratio at 2 of the 13 schools tested.	
x	x	x	x	2024-003		School Accountability Report Card - The District did not provide the quarterly summaries described in the criteria paragraph.	Resolved
		x	x	2024-004	2025-003	ASES (After School Education and Safety)- Attendance Reporting - Errors in attendance reported to CDE (CA Dept of Ed).	Need to strengthen documentation practices further.
				2024-005		ASES after school program must be open daily. 4 of 11 sites tested were not open on October 31, 2023.	Resolved
		x	x	2024-006		Immunizations - Specific immunization records are required to be on file. Of 273 pupils tested 6 were missing data (2023). Of 96 tested pupils 4 were missing data (2022). In 2024 of 120 tested pupils from 29 sites 2 were missing data.	Resolved
15	10	11	7	6	3		

CLEAN VERSION

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DRAFT

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