

Oakland Unified School District

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Meeting Minutes Long - Final

Monday, January 11, 2016

6:00 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, Frank Tsai

A. Call to Order

Chairperson Dan Lindheim called the meeting to order at 6:20 P.M.

B. Roll Call

Present 5 - Member Frank Tsai
Member Edward Berne
Secretary Beverly Hansen
Vice Chairperson Gregory Redmond
Chairperson Dan Lindheim

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

None.

D. Adoption of Committee Minutes



[16-0121](#)

Minutes - Audit Committee - Regular Meeting - December 7, 2015

Approval by the Audit Committee of its Regular Meeting Minutes of December 7, 2015

Attachments: [1-6-0121 Minutes - Audit Committee - Regular Meeting - December 7, 2015](#)

A motion was made by Secretary Hansen, seconded by Vice Chairperson Redmond, that the Audit Committee Regular Meeting Minutes of December 7, 2015 be Adopted.

The motion carried by the following vote:

Aye: 4 - Member Frank Tsai
Secretary Beverly Hansen
Vice Chairperson Gregory Redmond
Chairperson Dan Lindheim

Abstained: 1 - Member Edward Berne

Non-voting: 0

Enactment No: 16-0007

E. Unfinished Business

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.

Daniel Menyon, Controller, made the staff presentation.

Mr. Menyon confirmed the District has received a draft copy of the 2013/14 Audit Report and that staff is working with the auditor to resolve the pending issues.

Audit Findings - Financial, Federal Program and State Program

1. Financial

a. Associated Student Body Funds (ASB) - The District had not implemented a process to audit the ASB funds. Staff is working with school sites to make sure controls are in place before auditing.

b. Fund 76 was not reconciled on time - A compliance issue with no financial impact to the District.

2. Federal Program

a. Equipment Records Management (capital assets), Non-compliance. Equipment purchased using Federal Funds with a value of \$500-\$4,999 require a Capital Asset Tag be attached to the equipment for tracking purposes. This was not done. The District now has a Fixed Asset Manager who tracks equipment purchases. Mr. Menyon noted no equipment was lost and the District does have documentation of the purchases.

b. Procurement, non-compliance of suspension and debarment of vendors. The Federal Government has a database that must be checked to make sure vendors are not barred from doing business with the District. During fiscal year 2013/14 some of the vendors used by the District were not checked.

c. School Improvement Grant, Transformation Model Implementation - The School Improvement Grant requires that teachers are evaluated to ensure they meet the qualifications to run the program. The 2013/14 grant expired and there was no documentation supporting this requirement. District has now met that requirement. Beginning in fiscal year 2014/15, the District implemented the Teacher Growth and Development System, Change Maker Awards, Oakland Effective Teaching Task Force, and School Quality Review Data for student and teacher appraisal. A compliance issue with no financial impact to the District.

d. Employee Time for Federal Programs - For employees who are paid using Federal Funds, their time must be tracked and documented. In 2014/15 District implemented processes and procedures to ensure tracking was documented.

3. State Program

a. Afterschool programming is funded by the number of students enrolled in the program. District did not have student sign-in sheets and student attendance records were not properly maintained. Procedures put in place beginning with the 2014/15 year.

b. Student Attendance Records Maintenance - An ongoing problem for the District. Financial impact to District - \$48,500. The District has made progress in this area, but still not at the point where every school is doing what is expected.

The School Accountability Report Card did not provide documentation of required annual facility inspections at a few sites and there was inconsistent information regarding

complaints and resolution.

Designation of English Language Learners – Financial impact, \$154,000. Staff still working with the State on this issue.

The District must respond to all audit findings. The auditor is required to ensure the District has implemented changes to fix each finding.

Total current financial impact to the District for the 2013/14 audit is \$202,000.

Discussed



15-2241

Audit Committee - 2015 Annual Report to the Board of Education and the Public - Dan Lindheim, Chairperson

Adoption by the Audit Committee of its 2015 Annual Report to the Board of Education and to the Public.

Attachments: [15-2241 Audit Committee - 2015 Annual Report to the Board of Education and the Public - Dan Lindheim, Chairperson](#)

A motion was made by Member Beverly Hansen, seconded by Member Edward Berne that the Committee's 2015 Annual Report to the Board of Education be Adopted. The motion carried by the following vote:

- Aye: 5 - Member Frank Tsai
- Member Edward Berne
- Secretary Beverly Hansen
- Vice Chairperson Gregory Redmond
- Chairperson Dan Lindheim

Non-voting: 0

Enactment No: 16-0008

F. New Business

[16-0119](#)**Presentation - District's First Interim Financial Report - Fiscal Year 2015-2016**

Presentation by Senior Business Officer or Designee to the Audit Committee of the District's First Interim Financial Report for Fiscal Year 2015-2016 and Certification of said Report to the Alameda County Superintendent of Schools as "Qualified."

Attachments: [16-0119 Presentation - District's First Interim Financial Report - Fiscal Year 2015-2016](#)

Staff presentation by Ruth Alahydoian, Chief Financial Officer

Highlights - General Fund

- *The 1st Interim Report provides the first 2015-16 budget update since Budget Adoption in June, incorporating revenue and expenditure adjustments through October 1, 2015.*
- *Salary settlements - salary increases and one-time bonuses have been incorporated into the budget.*
- *Additional LCFF Funds ("May Revise") that were recorded as revenue have been incorporated as expenditures in the budget.*
- *Health benefits and other costs that were estimated during budget development have now been adjusted to the actual rates and anticipated costs.*
- *Unrestricted General Fund Ending Balance is \$15.3 Million.*

Highlights – Unrestricted Revenues

- *\$100 K net reduction of LCFF revenues - \$1 M reduction due to change in gap funding from 53.08% to 51.52%, and \$900 K increase due to direct funding from State for Adult Ed, allowing those funds to be transferred back to General Fund.*
- *One-time revenues (unrestricted) reduction, state gave the revenue in a restricted resource to be used for educator effectiveness programs*
- *Increase revenue from leases for charter schools*
- *Transfer in from self-insurance fund*
- *The Ending Fund Balance for the Unrestricted General Fund is \$15.3 million.*
- *On-going revenues exceed on-going expenses after adjusting for one-time expenses.*
- *Although the District's current financial condition is stable, the lack of current audits creates uncertainty. Staff recommendation is to submit a "Qualified" First Interim Report.*

Discussed and Closed

 [16-0125](#)**Audit Committee - Work Plan - Through December 2016**

Adoption by the Audit Committee of its Work Plan through December 2016.

Attachments: [16-0125 Audit Committee - Work Plan - Through December 2016](#)

Staff presentation by Ruth Alahydoian, Chief Financial Officer

After the staff presentation, recommendations were made by Committee Members to staff to incorporate into the 2016 Committee Work Plan, as follows:

Edward Berne

1. A reduction in the number of times the auditor presents to the Committee from four times a year (January, April, June and December) to two times a year or once, if possible.

2. The adequacy of the self-insurance reserves (not on work plan).

3. A review of the District's approval authority (absent the Board) for entering into significant transactions.

Chairperson Lindheim

Chairperson Lindheim recommended the auditors present to the Committee once in Public Session and once in Closed Session. Chairperson Lindheim recommended putting off a final decision until the Committee knows the auditor's schedule and the appropriate dates.

Gregory Redmond

Vice Chairperson Redmond recommended having the District's IT Department and Procurement Department make a presentation to the Committee regarding their procedures and controls.

Frank Tsai

Committee Member Tsai asked about the District's Conflict of Interest Policy and Edgar Rakestraw, Executive Assistant to the Board of Education, said he would send the link to Mr. Tsai to access the policy.

Chairperson Lindheim reviewed the additions for the Committee's 2016 Work Plan.

1. The number of times the auditors are required to come (currently plan states January, April, June, and December)

2. Adequacy of self-insurance reserves

3. Approval of staff authority, what that is and when does it apply

4. Have the IT Department and Procurement Department make a presentation to the Committee on their procedures and controls

A motion was made by Member Frank Tsai, seconded by Member Edward Berne, that 2016 Work Plan, as revised, be Adopted. The motion carried by the following vote.

Aye: 5 - Member Frank Tsai
Member Edward Berne
Secretary Beverly Hansen
Vice Chairperson Gregory Redmond
Chairperson Dan Lindheim

Non-voting: 0

Enactment No: 16-0009

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

16-0120 Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Committee - January 11, 2016

Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Committee - January 11, 2016.

None.

H. Introduction of New Legislative Matter

None.

I. Adjournment

Chairperson Lindheim adjourned the meeting at 7:30 P.M.

Prepared By: _____

Approved By: _____