

# Oakland Unified School District

*Board of Education*  
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## **Meeting Minutes Long - Final**

**Monday, February 5, 2018**

**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: Frank Tsai, Alton Jelks***

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អ្នកណាដែលត្រូវការសេវាបកប្រែភាសាដោយផ្ទាល់មាត់ ឬជាលាយលក្ខណ៍អក្សរ ឬត្រូវការការជួយសម្របសម្រួលយ៉ាងសមរម្យ មួយ ដើម្បីចូលរួមក្នុងកិច្ចប្រជុំសាធារណៈ ត្រូវផ្តល់ដំណឹងទៅកាន់ទីការិយាល័យនៃក្រុមប្រឹក្សាអប់រំ ឱ្យបានចិតសិចពី (72) ម៉ោង មុនកិច្ចប្រជុំ តាមរយៈទូរស័ព្ទលេខ (510) 879-8199 ឬតាមរយៈអ៊ីមែល boe@ousd.org ឬទូរស័ព្ទ eTTY/TDD លេខ (510) 879-2300 ឬទូរសារលេខ (510) 879-2299។

الامتثال لفانون الأمريكيين ذوي الإعاقات (ADA) وتوفير الخدمات اللغوية

من يحتاج إلى خدمات الترجمة المكتوبة أو خدمات الترجمة الفورية أو الترتيبات التيسيرية المعقولة لكي يساهم في الاجتماعات فالمرجو منه إبلاغ مكتب إدارة التعليم إثنين وسبعين (72) ساعة قبل الاجتماع بوسيلة من الوسائل التالية:

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**A. Call to Order**

*Chairperson Dan Lindhein called the meeting to order at 6:01 P.M.*

**B. Roll Call**

Present 5 - Member Frank Tsai  
Member Alton Jelks  
Secretary Beverly Hansen  
Vice Chairperson Gregory Redmond  
Chairperson Dan Lindheim

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

*None.*

**D. Adoption of Committee Minutes**



[18-0167](#)

**Minutes - Audit Committee - October 2, 2017**

Approval by the Audit Committee of its Regular Meeting Minutes of October 2, 2017.

**Attachments:** [18-0167 Minutes - Audit Committee - October 2, 2017](#)

**Postponed to a Date Certain**



[18-0168](#)

**Minutes - Audit Committee - November 7, 2017**

Approval by the Audit Committee of its Regular Meeting Minutes of November 11, 2017.

**Attachments:** [18-0168 Minutes - Audit Committee - November 7, 2017](#)

**Postponed to a Date Certain**

**E. Unfinished Business**

[18-0026](#)**District Financial Audit - Vavrinek, Trine, Day & Co., LLP - Fiscal Year Ending June 30, 2017**

Presentation to the Audit Committee of the District's Financial Audit Report for the Fiscal Year Ending June 30, 2017 by Vavrinek, Trine, Day & Co., LLP ("VTD").

**Attachments:** [18-0026 District Financial Audit - Vavrinek, Trine, Day & Co., LLP - Fiscal Year Ending June 30, 2017](#)

*Nathan Edelman and Leonard Dana, Associates, Vavrinek, Trine, Day & Co., LLP, (VTD) made the presentation.*

*The opinion is "qualified" due to the lack of records for Associated Student Body (ASB) funds (accounts held at school sites for student activities). Because ASB records were not provided, an audit of those funds was not possible. Staff has started working with principals and developing ASB procedures.*

*The 2016-2017 Audit has 12 findings  
Six new findings and six repeat findings from prior years.*

*Financial Findings*

*[2017-001, ASB funds are not available for inclusion in the financial statements: The District has a plan in place to bring ASB accounts into compliance.*

*2017-002, Human Resources/Payroll Internal Control Finding - Policies & procedures designed to ensure that wages are allocated to proper funding sources were not followed.*

*2017-003, Cafeteria cash receipts internal controls: The District will work to develop monitoring procedures that can be implemented not later than the beginning of the 2018-19 school year.*

*2017-004, Cash disbursement/accounts payable internal controls.*

*Federal findings*

*2017-005, Highly Qualified Teachers and Paraprofessionals.*

*2017-006, Income eligibility, Child and Adult Care Food Program.*

*2017-007, Income eligibility, Child Nutrition Program.*

*2017-008, Time and effort documentation.*

*State Findings*

*2017-009, Educator Effectiveness.*

*2017-010, Attendance.*

*2017-011, After School Education and Safety (ASES) Program.*

*2017-012, Unduplicated Pupil Count for Local Control Funding Formula]*

*Scope of the Audit:*

*1. To validate the financial statement on the balance, revenue and expenses are fairly stated.*

2. Internal controls – District compiling the information throughout the year so that the auditors can come in at the end of the year and perform the audit

3. Compliance requirements

Auditors were not looking to see if the District spent money wisely.

*Auditors Opinions*

This was a clean audit, one slight modification with the ASB Funds have been omitted from the Audit Report.

*State Compliance Opinion*

The majority of the findings in the Audit Report are related to State and Federal compliance such as not having supporting documentation, internal controls, and compliance related findings.

Chairperson Lindheim noted that a clean audit does not mean the District is not on the verge of bankruptcy and a bad audit does not mean that District is in trouble. The District's 2016-2017 financial books closed with less than a 1% Reserve for Uncertainty.

Dana explained the term clean audit means that the District's books are fairly stated; and not that the District's finances are sound. The Audit clearly states that the Reserve for Uncertainty balance was below 2%.

He said the only time the audit would give an opinion about the financial condition of the District (in addition to whether the books are fairly stated) is if there was a danger of the District not being a "going concern". In that case, the District would have to provide disclosures in the financial statement saying its continued existence is in jeopardy. Additional disclosures would be needed stating the necessary corrective measures. Edelman said that there was no evidence of the District not being a "going concern" as of June 30, 2017.

Member Jelks asked were there any going concerns included in the 2015-2016 Audit?

Dana said "No". He said the 2015-2016 Audit had a 2.1% Reserve for Uncertainty balance.

Lindheim asked Auditors to speak to Fund 76, a major finding in the past but not mentioned in the 2016-2017 Audit Report.

Dana said Fund 76 is a payroll revolving account that was not being reconciled until the end of the fiscal year. All payroll related matters goes through Fund 76. From the Auditors perspective, the fund is fine and everybody knows where everything is. There is a process in place showing monthly activity.

Lindheim said there were 12 findings in the Audit Report, some are new and some are repeated. There were only a few with monetary consequences.

Dana said the findings are mostly internal control related or compliance issues.

Public Comments  
Hutchinson, Mike

**Discussed**

## F. New Business



[18-0166](#)

### Report - District's 2017-2018 Budget Update - Financial Staff

A Report to the Audit Committee by Financial Staff of Board actions regarding the 2017-2018 Budget including but not limited to the Amended Fiscal Solvency Resolution adopted December 13, 2017; the District's First Interim Report adopted December 13, 2017; the Classified Employee Layoff Resolution adopted December 13, 2017 and the Amended, Classified Layoff Resolution adopted January 24, 2018 and the adopted January 2018 District Budget Revisions - Fiscal Year 2017-2018.

**Attachments:** [17-2586 Amendment, Fiscal Solvency - 2017-2018 School Yearer - 2018-2019 School Year](#)  
[17-2564 Additional Layoffs/Additions/Net of Classified Positions for Fiscal Year 2017-2018](#)  
[17-2499 First Interim Financial Report - Fiscal Year 2017-2018](#)  
[18-0091 January 2018 District Budget Revisions - Fiscal Year 2017-2018](#)  
[18-0064 Amendment, Additional Layoffs/Additions/Net of Classified Positions for Fiscal Year 2017-2018](#)

*There was no staff presentation.*

*Lindheim recommend Committee Members read the 1st Interim Report and review Board actions taken in December.*

Public Comments  
Hutchinson, Mike

Gonzales, Shanthy – Board Liaison to the Audit Committee

Gonzales spoke to:  
-Appropriate staffing supporting the Audit Committee  
-Central Office and school cuts  
-Mid-year budget cuts  
-Internal control issues  
-Personnel  
-FCMAT Report  
-Blueprint for Quality Schools

**Discussed**

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

18-0169

**Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Audit Committee - February 5, 2018**

Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Audit Committee - February 5, 2018.

*None.*

**H. Introduction of New Legislative Matter**

*None.*

**I. Adjournment**

*Chairperson Lindheim adjourned the meeting at 7:45 P.M.*

Prepared By: \_\_\_\_\_

Approved By: \_\_\_\_\_