

MEASURE N COMMISSION

1000 Broadway, Suite 680
Oakland, CA 94607-4099



**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students

Measure N - College & Career Readiness - Commission

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Board Office Use: Legislative File Info.	
File ID Number	22-0814
Introduction Date	4-13-2022
Enactment Number	
Enactment Date	

Memo

To Measure N Commission

From Independent Auditor (Christy White)

Board Meeting Date _____

Subject 2020-2021 Measure N Independent Auditor's Report
Services For: All High Schools

Action Requested and Recommendation Acceptance by the Measure N Commission of the Independent Auditor's Report for Fiscal Year 2020-21.

Background

(Why do we need these services? Why have you selected this vendor?)

Competitively Bid

Was this contract competitively bid? Yes

If no, exception:

Fiscal Impact

Funding resource(s): Measure N

Attachments

- 2020-2021 Measure N Independent Auditor's Report
- 2020-2021 District Management Representation Letter
- 2020-2021 Measure N Audit Correction Action Update



OAKLAND UNIFIED SCHOOL DISTRICT

MEASURE N PARCEL TAX

**INDEPENDENT AUDIT REPORT ON COMPLIANCE
AND SUPPLEMENTARY SCHEDULES**

**FOR THE YEAR ENDED
JUNE 30, 2021**



**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
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JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Education and
Measure N Citizens' Oversight Committee
Oakland Unified School District
Oakland, California

Compliance

We have conducted an audit of the Oakland Unified School District's compliance with the Measure N Parcel Tax requirements for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for ensuring that the District expended Measure N funds for the year ended June 30, 2021 only for the purposes approved by the voters, in accordance with the requirements of the published election materials specifying the intended use of Measure N proceeds.

Auditor's Responsibility

Our audit was limited to the objectives listed on page 3 of this report which included determining that the District expended Measure N funds for the year ended June 30, 2021 only for the purposes approved by the voters, in accordance with the requirements of the published election materials specifying the intended use of Measure N proceeds.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Oakland Unified School District's Measure N occurred. An audit includes examining, on a test basis, evidence about Oakland Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance. Our audit does not provide a legal determination of Oakland Unified School District's compliance with those requirements.

Opinion on Compliance with Measure N

In our opinion, Oakland Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the Measure N Parcel Tax for the year ended June 30, 2021.

Other Matters

The District's response to the finding identified in our audit is described in the accompanying Views of Responsible Officials. The District's response was not subjected to the auditing procedures applied in the compliance audit and, accordingly, we express no opinion on it.

Internal Control Over Compliance

Management of Oakland Unified School District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Oakland Unified School District's internal control over compliance as a basis for designing auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses and significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Summary of Audit Procedures as item 2, that we consider to be significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
May 19, 2022

**APPENDIX I – SUMMARY OF AUDIT
PROCEDURES**

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
BACKGROUND, OBJECTIVES, AND SCOPE
JUNE 30, 2021**

The Measure N Parcel Tax, known and referred to as “The Oakland Unified School District College and Career Readiness for All Act” (Measure N) was authorized by an election of the registered voters of the District, held on November 4, 2014. Measure N provides for a special tax of \$120 per taxable parcel in the City of Oakland. The parcel tax is for ten years. The tax rate is fixed at \$120 per parcel and provides for low income and senior citizen exemptions. Further, Measure N requires that no less than 90% of proceeds be allocated equitably for education programs, on a per pupil basis, for students in grades 9 through 12, enrolled in all current Oakland Unified School District schools and charter schools authorized by the Oakland Unified School District.

GOALS

The goals of the Oakland Unified School District Measure N Parcel Tax are as follows:

- Decrease the high school dropout rate.
- Increase the high school graduation rate.
- Increase high school students’ readiness to succeed in college and career.
- Increase middle school students’ successful transition to high school.
- Reduce disparities in student achievement and student access to career pathways based on race, ethnicity, gender, socioeconomic status, English Learner-status, special needs status, and residency.

OBJECTIVES

The objectives of our audit are as follows:

1. Ensure proceeds and expenditures of the parcel tax are fully accounted in the books and records of the District.
2. Ensure expenditures are in support of permissible uses as per the ballot language.
3. Ensure expenditures are in support of approved activities per the approved site plans.
4. Ensure that high school grants and charter school grants were allocated as per the ballot language. Include a schedule of allocations per school in the financial audit report.
5. Ensure that the administrative overhead allocation does not exceed 10% cumulatively from inception, exclusive of county collection costs.
6. Ensure that senior citizen exceptions and low-income exemptions are complete, accurate, and supported by source documents.
7. Make a positive statement about the issue of supplanting versus supplementing.

SCOPE

The scope of our audit is expenditures of Measure N funds by the District and charter schools authorized by the District for the year ended June 30, 2021.

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
METHODOLOGY, FINDINGS, AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2021**

The following describes the audit procedures, findings, and our recommendations related to the findings:

- 1. Obtain parcel tax expenditure detail reports prepared by the District and agree the amounts to the general ledger. In addition, examine sufficient supporting documentation to validate the amount of Measure N Parcel Tax revenues received and recorded in the general ledger.**

Finding: We obtained the details of all revenues and expenditures charged to the Measure N general ledger accounting records. No exceptions were noted from applying this procedure.

- 2. Separately for District schools and charter schools, review the nature of the expenditures, and review source documents to ensure the expenditures were within the permissible uses of the ballot language.**

Finding: We analytically reviewed the entire population of expenditure accounting records to search for transactions potentially outside the scope of allowable expenditures. In addition, we haphazardly selected a sample of expenditures and reviewed the corresponding invoices, purchase orders, and Measure N Justification Forms. Subjected to the further audit analysis were 50 vendor expenditures aggregating \$1,508,149. We noted no impermissible uses of Measure N funds from applying these procedures as each of the selected expenditures appeared to be allowable under the voter-approved ballot language.

Finding: We analytically reviewed the population of payroll accounting records to search for transactions outside the scope of allowable expenditures. In addition, we haphazardly selected a sample of 40 payroll expenditures, aggregating \$2,502,981, and reviewed source documents such as personnel and payroll records for each of these selections. We noted no impermissible uses of Measure N funds from applying these procedures as each of the selected personnel expenditures appeared to be allowable under the voter-approved ballot language.

- For 38 payroll expenditures of Measure N funds made by the District, we have no exceptions.
- For 2 payroll expenditures of Measure N funds made by the District, we noted that the Measure N Duty Statement lacked the approval signature of the Program Manager/Coordinator.

Finding: For expenditures of Measure N funds made by charter schools, we reviewed the Measure N Expenditure Accounting forms submitted to the District by each charter school to assess if any items appear outside the scope of Measure N. Through these procedures, we confirmed that the District has a process in place to monitor and review charter school expenditures of Measure N funds on a quarterly basis. In addition, we haphazardly selected a sample of expenditures and reviewed the corresponding invoices, purchase orders, and Measure N Justification Forms. Subjected to the further audit analysis were 13 vendor expenditures aggregating \$78,645. We also haphazardly selected a sample of 17 payroll expenditures, aggregating \$523,532, and reviewed source documents such as personnel and payroll records for each of these selections. We noted no impermissible uses of Measure N funds from applying these procedures as each of the selected personnel expenditures appeared to be allowable under the voter-approved ballot language. No exceptions were noted from applying these audit procedures.

Recommendation: In order for internal controls to operate as intended, Measure N Duty Statements and Justification forms should be completed and approved by all required individuals prior to the expenditure being incurred.

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
METHODOLOGY, FINDINGS, AND RECOMMENDATIONS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

3. Test a sample of expenditures to ensure they were spent in accordance with the approved site plan.

Finding: The following is a summary of our findings:

- For 47 vendor expenditures of Measure N funds made by the District, we have no exceptions.
- For 40 payroll expenditures of Measure N funds made by the District, we have no exceptions.
- For 13 vendor expenditures of Measure N funds made by charter schools, we have no exceptions.
- For 17 payroll expenditures of Measure N funds made by charter schools, we have no exceptions.

4. Test the allocation of grant proceeds to the sample of schools.

Finding: No exceptions were noted from applying this audit procedure.

We obtained the District's calculation of school allocations for the fiscal year 2020-21 and agreed enrollment amounts to supporting documentation. We noted that the allocation method consistently applied to District schools and charter schools sponsored by the District. We also verified that the amount allocated to school sites is 90% of the total current year parcel tax.

5. Recalculate the ratio of administrative overhead charges to total proceeds to ensure that no more than 10% of proceeds are spent on administrative overhead, cumulative and exclusive of county collection costs.

Finding: No exceptions were noted from applying this audit procedure.

We obtained the District's calculation of the fiscal year 2020-21 administrative overhead calculation, noting that the District allocated 90% to school sites, including charter school sites sponsored by the District, and 10% for administrative overhead. We calculated that from the inception of Measure N through June 30, 2021, the District was allocated \$6,880,709 of Measure N administrative funds. For the same period, the District expended \$6,151,381 for Measure N administrative activities. The remaining unspent Measure N administrative funds at June 30, 2021, of \$729,328 are available for spending in subsequent years.

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
METHODOLOGY, FINDINGS, AND RECOMMENDATIONS, continued
FOR THE YEAR ENDED JUNE 30, 2021**

- 6. Select a sample of exemptions for low-income and senior citizens and confirm that exemptions are accurately classified and properly supported by source documents.**

Finding: No exceptions were noted from applying this audit procedure.

We obtained the applications and supporting documentation for a representative sample of Measure N exemptions and confirmed that exemptions appeared to be accurately classified in accordance with the Measure N exemption requirements.

- 7. Test if Measure N is funding supplemental activities by reviewing documents to support if District schools and charter schools used funds to provide services which they were required to make available by virtue of being a school.**

Finding: For expenditures of Measure N funds made by the District, no exceptions were noted from applying these audit procedures. The same samples for vendor and payroll expenditures from item 2 were used for this procedure. The District provided items such as Measure N Justification Forms, Measure N Duty Statements, and Measure N Site Plans to evidence that the sampled expenditures were determined to be supplemental before incurring the expense. This testing included a sample of 50 vendor transactions and 40 payroll transactions.

Finding: For expenditures of Measure N funds made by charter schools sponsored by the District, no exceptions were noted from applying these audit procedures. The same samples for vendor and payroll expenditures from item 2 were used for this procedure. The District provided items such as Measure N Justification Forms, Measure N Duty Statements, and Measure N Site Plans to evidence that the sampled expenditures were determined to be supplemental before incurring the expense. This testing included a sample of 13 vendor transactions and 17 payroll transactions.

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
VIEWS OF RESPONSIBLE OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2021**

Audit Procedure 2: Separately for District schools and charter schools, review the nature of the expenditures, and review source documents to ensure the expenditures were within the permissible uses of the ballot language.

View of Responsible Officials - Agree

Staff acknowledge the need for Measure N Duty Statements and Justification Forms to be approved by all required individuals prior to the expenditure being incurred (for OUSD schools) and prior to reimbursement (for Charter schools).

Staff Corrective Actions - To Be Implemented

Moving forward, Measure N staff will require Measure N Duty Statements to be submitted and signed during the budget development sessions so that we can ensure the positions are supplemental and that the forms are approved by all required individuals prior to the expenditure being incurred. Signatures are not required on Measure N Justification Forms; these forms are required to be submitted in the District's online platform prior to the expenditure being incurred. Charter Schools submit Justification Forms quarterly prior to reimbursement.

APPENDIX II – FINANCIAL SCHEDULES

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
SCHEDULE OF BALANCE SHEET ACCOUNTS
JUNE 30, 2021**

ASSETS

Cash in county treasury	\$	13,058,451
Accounts receivable		11,162
Total Assets	\$	13,069,613

LIABILITIES

Accrued liabilities	\$	1,405,988
Total Liabilities		1,405,988

FUND BALANCES

Restricted		11,663,625
Total Fund Balances		11,663,625
Total Liabilities and Fund Balances	\$	13,069,613

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021**

REVENUES

Measure N parcel tax collections	\$ 11,844,905
Total Revenues	<u>11,844,905</u>

EXPENDITURES

<i>District-wide expenditures</i>	
1414 College and career	1,453,088
Total district-wide expenses	<u>1,453,088</u>

<i>Site-level expenditures</i>	
1690 Direct school site expense	7,336,930
3830 Green Academy at Skyline	24,735
3837 CPA - Comp Sci & Tech	93,199
3843 CPA - Fashion at Oak Tech	137,938
3847 CPA - Comp Sci at Skyline	23,732
3850 Education and Health Academy	27,570
3851 Media Academy	2,770
3861 Architect, Design, Construction	7,231
3867 Environmental Science Academy	5,984
3880 Engineering Academy	29,342
3907 9th Grade Academy	50,555
3908 Health Academy	61,437
3909 VAAMP	5,228
3910 PLTW	19,939
3912 PHA Public Health Academy	10,685
3914 VAPA	63,003
3917 Measure N 30 Cheetahs - Ohigh 9th	7,722
3918 Measure N 31 Jaguars - Ohigh 9th	5,721
3919 Measure N 32 Panthers - Ohigh 9th	5,053
3920 Measure N 33 Pumas - Ohigh 9th	9,313
3921 Measure N 34 Tigers - Ohigh 9th	3,194
3922 Measure N 35 Rise - Ohigh 9th	16,771
3923 Measure SJR Ohigh	19,064
3924 Measure N Race, Policy Law	30,188
Total site-level expenses	<u>7,997,304</u>

<i>Other expenditures and transfers</i>	
Transfers to charter schools	2,057,196
County collection fees	197,571
Total other expenditures and transfers	<u>2,254,767</u>
Total Expenditures	<u>11,705,159</u>

NET CHANGE IN FUND BALANCE	139,746
Fund Balance - Beginning	11,523,879
Fund Balance - Ending	<u>\$ 11,663,625</u>

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
SCHEDULE OF ALLOCATIONS AND ENDING BALANCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

School Code	School Name	2020-21 Measure N Allocation	2019-20 Carryover	2020-21 Available Fund Balance	2020-21 Actual Expense	Carryover Amount (Unspent 2020-21 Funds)
215	Madison Park Upper	\$ 368,900	\$ 152,597	\$ 521,497	\$ 430,243	\$ 91,254
232	CCPA	232,900	149,906	382,806	198,816	183,990
335	Life Academy	209,100	92,212	301,312	96,787	204,525
338	MetWest	166,600	52,184	218,784	183,714	35,070
301	Castlemont	697,000	92,461	789,461	674,649	114,812
302	Fremont	710,600	128,687	839,287	759,847	79,440
303	McClymonds	290,700	24,600	315,300	298,982	16,318
304	Oakland High	1,380,400	354,991	1,735,391	1,450,781	284,610
305	Oakland Tech	1,631,150	725,394	2,356,544	1,677,604	678,940
306	Skyline	1,324,300	671,896	1,996,196	1,302,352	693,844
309	Bunche	107,936	103,345	211,281	66,711	144,570
310	Dewey	228,004	32,875	260,879	128,866	132,013
313	Street Academy	90,250	96,551	186,801	78,306	108,495
330	Sojourner Truth	160,113	322,628	482,741	55,816	426,925
333	Community Day	24,740	14,110	38,850	17,976	20,874
352	Rudsdale	143,611	160,340	303,951	165,045	138,906
353	Oakland International	345,352	56,830	402,182	245,765	156,417
354	Rudsdale Newcomer	108,010	107,172	215,182	165,045	50,137
Charter	Arise	300,900	374,361	675,261	497,428	177,833
Charter	Aspire Lionel Wilson	143,850	10,440	154,290	119,382	34,908
Charter	Envision Academy	272,000	-	272,000	270,800	1,200
Charter	Lighthouse	230,350	-	230,350	171,616	58,734
Charter	Leadership Public Schools Oakland	412,250	-	412,250	344,921	67,329
Charter	Oakland Unity High School	289,000	-	289,000	130,692	158,308
	Total Cohort 1 Schools	9,868,016	3,723,580	13,591,596	9,532,144	4,059,452
Charter	Aspire Golden State Prep	264,350	987	265,337	211,658	53,679
Charter	East Bay Innovation Academy	108,675	3,571	112,246	111,951	295
	Total Cohort 2 Schools	373,025	4,558	377,583	323,609	53,974
Charter	Oakland School for the Arts	243,100	5,207	248,307	198,747	49,560
	Total Cohort 3 Schools	243,100	5,207	248,307	198,747	49,560
	District-level expenditures	1,159,533	1,022,883	2,182,416	1,453,088	729,328
	County collection fee	-	-	-	197,571	-
	Measure N Total	\$ 11,643,674	\$ 4,756,228	\$ 16,399,902	\$ 11,705,159	\$ 4,892,314



BUSINESS SERVICES

May 19, 2022

Christy White Associates
348 Olive Street
San Diego, CA, 92103

We are providing this letter in connection with your audit of the Oakland Unified School District Measure N Parcel Tax as of June 30, 2021 and for the year then ended for the purpose of expressing opinions as to whether the related financial schedules are present fairly, in all material respects, the revenues and expenditures Oakland Unified School District Measure N thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned Schedule of Revenues and Expenditures in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of May 19, 2022, the following representations made to you during your audit.

The financial schedules referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

- 1) We have made available to you all financial records and related data.
- 2) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 3) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 4) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the Schedule of Revenues and Expenditures.
- 5) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
- 6) We have a process to track the status of audit findings and recommendations.
- 7) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 8) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 9) The following, if any, have been properly recorded or disclosed in the Schedule of Revenues and Expenditures:
 - a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the District is contingently liable.



BUSINESS SERVICES

- c) All accounting estimates that could be material to the Schedule of Revenues and Expenditures, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
- 10) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 11) There are no—
- a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the Schedule of Revenues and Expenditures, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
- 12) As part of your audit, you assisted with preparation of the Schedule of Revenues and Expenditures and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for the Schedule of Revenues and Expenditures and related notes.
- 13) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 14) The District has complied with all aspects of contractual agreements that would have a material effect on the Schedule of Revenues and Expenditures in the event of noncompliance.
- 15) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 16) The Schedule of Revenues and Expenditures includes all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 17) The Schedule of Revenues and Expenditures properly classifies all funds and activities.
- 18) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 19) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 20) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 21) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 22) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 23) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.



BUSINESS SERVICES

- 24) We have evaluated the District's ability to continue as a going concern and have included appropriate disclosures, as necessary, in the Schedule of Revenues and Expenditures.
- 25) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned Schedule of Revenues and Expenditures.

Lisa Grant- Dawson
Chief Business Official



HIGH SCHOOL LINKED LEARNING OFFICE

To: Measure N Commission
From: Matin Abdel-Qawi, Network Superintendent
Subject: **Fiscal Year 2020-2021 Measure N Audit Report Corrective Action Update**
Date: May 26, 2022

OVERVIEW & OBJECTIVE

Staff take Measure N Audit findings and recommendations with seriousness and have developed processes and procedures to increase transparency and address concerns. Staff will continue to learn from current and future audit reports to improve Measure N compliance review and approval procedures.

SUMMARY

Auditor findings, auditor recommendations, and staff corrective actions to date and planned are as follows:

MEASURE N 2020-21 AUDIT: RECOMMENDATIONS & CORRECTIVE ACTION

- A. Audit Procedure 2: *Separately for District schools and charter schools, review the nature of the expenditures, and review source documents to ensure the expenditures were within the permissible uses of the ballot language.***

Finding Procedure 2: We analytically reviewed the population of payroll accounting records to search for transactions outside the scope of allowable expenditures. In addition, we haphazardly selected a sample of 40 payroll expenditures, aggregating \$2,502,981, and reviewed source documents such as personnel and payroll records for each of these selections. We noted no impermissible uses of Measure N funds from applying these procedures as each of the selected personnel expenditures appeared to be allowable under the voter-approved ballot language.

- For 38 payroll expenditures of Measure N funds made by the District, we have no exceptions.
- For 2 payroll expenditures of Measure N funds made by the District, we noted that the Measure N Duty Statement lacked the approval signature of the Program Manager/Coordinator.

Auditor Recommendation: In order for internal controls to operate as intended, Measure N Duty Statements and Justification Forms should be completed and approved by all



HIGH SCHOOL LINKED LEARNING OFFICE

required individuals prior to the expenditure being incurred.

1. Staff Response to Auditor Findings Procedure 2 - Agree

Staff acknowledge the need for Measure N Duty Statements and Justification Forms to be approved by all required individuals prior to the expenditure being incurred (for OUSD schools) and prior to reimbursement (for Charter schools).

2. Staff Corrective Actions - To Be Implemented

Moving forward, Measure N staff will require Measure N Duty Statements to be submitted and signed during the budget development sessions so that we can ensure the positions are supplemental and that the forms are approved by all required individuals prior to the expenditure being incurred. Signatures are not required on Measure N Justification Forms; these forms are required to be submitted in the District's online platform prior to the expenditure being incurred. Charter Schools submit Justification Forms quarterly prior to reimbursement.

APPENDICES

Prior Measure N Audit Recommendations & Corrective Actions

MEASURE N 2019-20 AUDIT: RECOMMENDATIONS & CORRECTIVE ACTION

Mitigating Factors contributing to 2019-20 Audit Findings

Staff acknowledge that the following factors played a role in the Auditor's findings.

- **Delayed Audit and Condensed Timeline** Typically the Measure N audit occurs in the Fall and is completed by mid-December. Due to delays in approving a contract for a new Auditor, the FY 2019-20 audit began in February 2021. A condensed timeline for inquiry and District response left limited time for staff to adequately respond to Auditors requests for documentation.
- **Pandemic** While the majority of Measure N paperwork is now digitized, some supporting documents from 2019-20 are still physically on desktops and in District files that have not been accessible due to the pandemic.
- **Measure N Staff Transition** A key Measure N staff member who typically supports and manages the Audit left the District mid-year. This position was vacant until March 29, 2021.



HIGH SCHOOL LINKED LEARNING OFFICE

Corrective action that has been implemented to Date

- Measure N Guide
- Measure N Permissible Expenses Document
- Measure N Justification Form
- Measure N Program Manager position
- Measure N Budget Modification Process
- Measure N Coordinator position advertised December 2020 and hired March 29, 2021
- Charter school reimbursement process with Quarterly Expense Reports and mandatory supporting documents
- Measure N Staff & Commission collectively identified the below prompts that are now required for sites to justify Measure N expenditures:
 - *What is the specific expenditure or service type?*
 - *How does the specific expenditure or service type support or is aligned to pathway development?*
 - *How does this expenditure improve student engagement and how many students will be served?*
 - *What need does this specific expenditure or service type address?*

A. Audit Procedure 2: Separately for District schools and charter schools, review the nature of the expenditures, and review source documents to ensure the expenditures were within the permissible uses of the ballot language.

Finding Procedure 2a: We analytically reviewed the entire population of expenditure accounting records to search for transactions potentially outside the scope of allowable expenditures. In addition, we haphazardly selected a sample of expenditures and reviewed the corresponding invoices, purchase orders, and Measure N Justification Forms. Subjected to the further audit analysis were 50 vendor expenditures aggregating \$1,091,156. We noted no impermissible uses of Measure N funds from applying these procedures. Although we found no evidence that selected expenditures were for other than District purposes, we noted that the explanations provided in the Measure N Justification forms can be vague in some instances and do not appear to establish a clear connection between the nature of the expense and the goals outlined in the Measure N ballot language. In these instances, the determination of whether or not the expenditures are permissible uses become significantly more subjective.

Finding Procedure 2b: From the same sample of 50 vendor expenditures, we noted one expenditure for travel and/or conference purposes scheduled for the March – April 2020



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timeframe. Upon further review, we were unable to confirm if the District obtained refunds for these expenditures as it is our understanding that the related travel and/or conferences did not occur due to shutdowns and restrictions created by the COVID-19 pandemic.

Finding Procedure 2c: We analytically reviewed the population of payroll accounting records to search for transactions outside the scope of allowable expenditures. In addition, we selected a sample of 60 payroll expenditures, aggregating \$1,362,137, and requested source documents such as personnel and payroll records for each of these selections. Although we found no evidence that expenditures were for other than District purposes, the District was unable to provide us with supporting origination documentation for any of the items in the sample.

Finding Procedure 2d: For expenditures of Measure N funds made by charter schools, we reviewed the Measure N Expenditure Accounting forms submitted to the District by each charter school to assess if any items appear outside the scope of Measure N. Those transactions, and other random transactions, were selected for additional analysis including tracing the accounting records to source documents. While we noted no inappropriate or potentially unallowable expenditures during this review, we were unable to form a conclusion for this objective as the District was only able to provide the Measure N Expenditure Accounting Forms but could not provide supporting origination documentation for review. Since detailed listings of charter school expenditures and related supporting documentation were unavailable for review, we were unable to confirm compliance.

Auditor Recommendation for 2a-d: Similar to the Findings and Recommendations included in the Measure N audit report for the year ended June 30, 2019, it does not appear that the current policies and procedures regarding compliance with Measure N requirements are working as intended. This is evidenced by the lack of documentation to support the audit. Under current policy, the Measure N office approves the site-initiated expense request and the District's payroll and accounts payable departments approve the related supporting documentation for payment. However, details about the practical implementation of the policy are subject to the interpretation of current employees of the responsible departments. As a result, the policies and procedures appear to change with continued employee turnover. The policies and procedures for Measure N expenditures should be documented in writing and incorporated into the formal accounting policies and procedures of the District so that they may be objectively followed by the individuals responsible for compliance, and available to support the audit.



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We also recommend that the District formally identify the department and specific district official that is responsible for approving Measure N expenses for payment. The person responsible for approving payments should also keep the supporting documentation that was the basis of the approval because that is the same documentation that will support the audit.

Measure N Expenditure Accounting Forms submitted to the District by charter schools receiving and expending parcel tax funds should be supported by charter school accounting records and origination documentation to allow program staff of the District to confirm that funds are properly accounted for, adequately supported, and expended for allowable purposes.

1. Staff Response to Auditor Findings Procedure 2 - Agree with Reservations

Staff acknowledge that some of these findings and recommendations have surfaced in previous audits. Staff also acknowledge that the pandemic created unusually challenging circumstances. For example, extensive efforts were made to recoup travel-related expenses that had been incurred but it was not always possible with vendors. Staff agree with the auditor's recommendations and believe that no additional District corrective action is required due to below implemented procedures already in place.

2. Staff Corrective Actions - Implemented

- Measure N staff has determined the process and specific person responsible for approving Measure N expenditures for both district and charter schools
- Measure N Guide provides an overview of the review and approval process for district and charter schools
- Measure N staff provides training on the review and approval process of Measure N expenditures at the beginning of the school year
- Measure N staff and OUSD Business Services Department have met to ensure that Measure N staff and the Controller understand broader District audit procedures, the support Measure N audits will receive moving forward, and specific staff that will help the audit completion.
- Duty statement template has been created for the process of determining if a position is supplemental
- Measure N staff has notified the school staff to route all ET/OT to the Measure N staff for pre-approval first
- A justification form template has been created for the pre-approval process of expenditures like supplies, materials, or equipment to determine if supplemental
- Permissible expenses document provides information on what is meant by



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supplemental as well as expenditures that are non-permissible due to supplanting issues

- There continues to be some difficulty in implementing this corrective action when reviewing charter school budgets as we do not have access to their full budget and how expenditures have been funded previously.

B. Audit Procedure 3: *Test a sample of expenditures to ensure they were spent in accordance with the approved site plan.*

Finding Procedure 3: Material weakness in internal control over compliance and non-compliance. The following is a summary of our findings:

- For 19 vendor expenditures of Measure N funds made by the District, we were unable to establish a clear connection between the expenditure and the actions and services outlined by the site plan.
- For 60 payroll expenditures of Measure N funds made by the District, we have no basis to conclude if the expenditures were made in accordance with the site plan because supporting documentation was not provided for us for review.
- For expenditures of Measure N funds made by charter schools sponsored by the District, we were unable to form a conclusion as the District was only able to provide the Measure N Expenditure Accounting Forms but could not provide supporting origination documentation for review. Since detailed listings of charter school expenditures and related supporting documentation were unavailable for review, we were unable to confirm compliance.

Auditor Recommendation: Similar to the recommendation for procedures number two, ensuring expenditures are included on the approved site plan should be a component of the approval process that occurs before an expense is obligated. The policies and procedures for Measure N should be documented in writing and incorporated into the formal accounting policies and procedures of the District so that they may be objectively followed by the individuals responsible for compliance, and available to support the audit.

Measure N Expenditure Accounting Forms submitted to the District by charter schools receiving and expending parcel tax funds should be supported by charter school accounting records and origination documentation to allow program staff of the District to confirm that funds are properly accounted for, adequately supported, and expended for allowable purposes.



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1. Staff Response to Auditor Finding Procedure 3 - Disagree

Staff disagree with the findings related to the 60 payroll expenditures and the charter schools expenses because the documentation does exist. Due to mitigating factors identified above, staff was unable to access the requested documents in a timely fashion.

2. Staff Corrective Action - Implemented

- Assuming a strategic action is ambiguous, the site will have to provide a justification form to ensure the expenditure meets all 5 criteria and supports pathway development.
- Duty statement template has been created to determine if a position is supplemental
- Measure N Guide provides an overview of the review and approval process for district and charter schools
- Measure N staff provides training on the review and approval process of Measure N expenditures at the beginning of the school year
- Measure N staff has notified the school staff to route all ET/OT to the Measure N staff for pre-approval
- Measure N staff now requires Charters schools to submit their expenditure supporting documents via Google Docs

3. Staff Corrective Action - to be Implemented

- Hire additional clerical support staff during audit season
- Monthly check-ins with the auditor or their staff to monitor progress
- Monthly finance check-ins with OUSD Controller and Business Services to identify potential areas of improvement
- Staff will create an online documentation submission and approval process for all Charter schools.
- Staff will train all Charter schools on the new Online procedures before school starts.

C. Audit Procedure 7: Test if Measure N is funding supplemental activities by reviewing documents to support if District schools and charter schools used funds to provide services which they were required to make available by virtue of being a school.

Finding Procedure 7: Material weakness in internal control over compliance and noncompliance. The same sample applicable for procedure number two was used for this procedure. Although we found no evidence that expenditures were for other than supplemental activities, the District could not provide adequate documentation that specifically evidences that the sampled expenditures were determined to be supplemental before incurring the expense. While the District uses the



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Measure N Justification Form to address this need, we found that the majority of expenditures for consultant services are not typically accompanied by Measure N Justification Forms. This was evidenced for 38 of the expenditures included in our vendor expenditures sample. In addition, we found that the explanations provided in the form are often vague and do not directly address supplant versus supplement. As a result, we were unable to determine if these expenditures are for supplemental purposes.

Auditor Recommendation: There should be adequate procedures incorporated into the approval process to ensure that each expenditure is supplemental in nature prior to incurring the expenditure or approving the contract. To that end, the Measure N Permissible Expenses document for 2019-20 gives specific written criteria that may be used to evaluate if an expense is supplemental. The document further requires that “District and school site personnel must maintain documentation that clearly demonstrates the supplementary nature of these funds.”

We suggest that the District utilize the Measure N Justification Form or an equivalent checklist document that specifically reconciles a planned expenditure with the Measure N Permissible Expenses document. This documentation should be completed by the individual initiating the request, approved by Measure N program staff, and should be maintained with the procurement file in order to provide evidence that the policy was followed and that an expenditure is for a supplemental activity. In addition, we recommend developing policies specific to uses of Measure N funds for technology and equipment purchases as there are often other federal and state sources that can be used to fund classroom technology and related equipment purchases.

1. Staff Response to Auditor Finding Procedure 7 - Agree

Staff agree with this finding and recommendation. We implemented corrective actions in the past to address this finding and acknowledge that Measure N justification forms require greater specificity to determine permissibility of expenditures relative to supplementing versus supplanting funds.

2. Staff Corrective Action - to be Implemented

- Staff will work with Legal to create a policy regarding use of Measure N funds for technology and equipment purchases.
- Staff will create customized Measure N Justification Forms specific to expenditure types (ie. technology, equipment and contractors/consultants) to be required for all purchases. Forms will ask if the expenditure is supplemental (or above Base for positions), which will be verified by checking the school’s budget.



MEASURE N 2018-19 AUDIT: RECOMMENDATIONS & CORRECTIVE ACTION

A. Auditor Recommendation:

Audit Procedure 2: Separately for District schools and charter schools, review the nature of the expenditures, and review source documents to ensure the expenditures were within the permissible uses of the ballot language.

Finding A:

Material weakness in internal control over compliance, and non-compliance regarding District *vendor* transactions because supporting documentation was not provided for us to review.

Finding B:

Material weakness in internal control over compliance and non-compliance regarding District *payroll* transactions because supporting documentation was not provided for us to review.

Recommendation:

We recommend the District to formally identify the department and specific person responsible for approving Measure N expenses for payment. The person responsible for approving payments should also keep the supporting documentation that was the basis of the approval because that is the same documentation that will support the audit.

1. Staff Response - Disagree

Staff disagree with the recommendation and believe that no corrective action is required due to district procedures existing already. Staff also acknowledge that these findings and recommendations have surfaced in previous audits.

2. Staff Corrective Action - Implemented

- Measure N staff has determined the process and specific person responsible for approving Measure N expenditures for both district and charter schools
- Measure N Guide provides an overview of the review and approval process for district and charter schools
- Measure N Permissible Expenses document includes status of indirect costs being non-permissible
- Measure N staff provides training on the review and approval process of Measure N expenditures at the beginning of the year
- Measure N staff and OUSD Business Services Department have met to ensure that Measure N staff and the Controller understand broader District audit procedures, the support Measure N



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audits will receive moving forward, and specific staff that will help the audit completion.

B. Auditor Recommendation:

Audit Procedure 3: Test if Measure N is funding supplemental activities by reviewing documents to support if District schools and charter schools used funds to provide services which they were required to make available by virtue of being a school. We also reviewed documents to determine whether the parcel tax funded services that were previously provided with another funding source.

Finding A:

Material weakness in internal control over compliance and noncompliance.

Recommendation:

Ensuring an item of expenditure is supplemental should be part of the standard approval process before incurring an expense or entering into a contract. To that end, the document Measure N Permissible Expenses 2018-19 gives specific and written criteria that may be used to evaluate if an expense is supplemental. The document further requires that “District and school site personnel must maintain documentation that clearly demonstrates the supplementary nature of these funds.”

We suggest that the District develop a checklist document that specifically reconciles a planned expenditure with the Measure Permissible Expenses document. The checklist should be maintained with the procurement file as evidence that the policy was followed and that an activity is supplemental.

1. Staff Response - Agree

Staff agree with this recommendation.

2. Staff Corrective Action - Implemented

- Duty statement template has been created for the process of determining if a position is supplemental
- A justification form template has been created for the pre-approval process of expenditures like supplies, materials, or equipment to determine if supplemental
- Permissible expenses document provides information on what is meant by supplemental as well as expenditures that are non-permissible due to supplanting issues

3. Staff Corrective Action - To Be Determined

- There continues to be some difficulty in implementing this corrective action when reviewing charter school budgets as we do not have access to their full budget and how expenditures have been funded previously.



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C. Auditor Recommendation

Audit Procedure 4: Test a sample of expenditures to ensure they were spent in accordance with the approved site plan.

Finding A: Material weakness in internal control over compliance and non-compliance.

Recommendation: Similar to the recommendation for procedures number two and number three, ensuring expenditures are included on the approved site plan should be part of the approval process that occurs before an expense is obligated. The process and the specific approvals should be documented in writing so that they may be objectively followed by the person responsible for compliance, and available to support the audit.

The District implemented a new accounting information system during the fiscal year 2018-19. The information needed to support compliance may be maintained electronically in the District's accounting system. If so, a specific person should be designated as responsible for providing this information. Furthermore, that specific person should be required to participate in the audit process.

We also recommend that site plans avoid ambiguous language subject to interpretation after approval such as "consultants" or "travel and conferences" or "professional learning" or "house spirit supplies."

1. Staff Response - Agree

Staff agree with the recommendation and acknowledge that this finding and recommendation has surfaced in previous audits.

2. Staff Corrective Action - Implemented

- Assuming a strategic action is ambiguous, the site will have to provide a justification form to ensure the expenditure meets all 5 criteria and supports pathway development.

Measure N 2017-18 Audit: Recommendations & Corrective Action

A. Auditor Recommendation

"We recommend the District to formally create an organization chart identifying the department and specific person responsible for approving Measure N expenses for payment.

We also recommend the District to officially develop a document retention policy to facilitate timely retrieval of supporting documents.



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Concerning indirect costs, the District should formally determine if such costs are allowable and the administrative regulations should be amended to avoid any ambiguity.”

1. Staff Response - Agree

Staff agree with this recommendation.

2. Staff Corrective Action - Implemented

- Measure N staff has determined the process and specific person responsible for approving Measure N expenditures for both district and charter schools
- Measure N Guide provides an overview of the review and approval process for district and charter schools
- Measure N Permissible Expenses document draft includes status of indirect costs being non-permissible
- Measure N staff provides training on the review and approval process of Measure N expenditures at the beginning of the year

3. Staff Corrective Action - To be determined

- District retention policy of supporting documents
- One on one check-ins with sites periodically throughout the year regarding Measure N expenditures

B. Auditor Recommendation (Repeat from 2016-17 Audit Recommendations)

“Ensuring an item of expenditure is supplemental should formally be part of the standard approval process before incurring an expense or entering into a contract. To that end, the District should develop specific and written criteria that may be used to evaluate if an expense is supplemental.

Furthermore, like the recommendation for procedures number 2, the recommendation regarding documentation retention is also applicable to this procedure.”

1. Staff Response - Agree

Staff agree with this recommendation.

2. Staff Corrective Action

- Duty statement template has been created for the process of determining if a position is supplemental
- A justification form template has been created for the pre-approval process of expenditures like supplies to determine if supplemental



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- Permissible expenses document provides information on what is meant by supplemental as well as expenditures that are non-permissible due to supplanting issues

C. Auditor Recommendation

“Similar to the recommendation for procedure number 2, ensuring expenditures are included on the approved site plan should be part of the approval process that occurs before an expense is obligated. The process should be documented in writing so that it may be objectively followed by the person responsible for compliance. As a condition for approval, there should be a documented connection to the specific item on the site plan of which an intended expenditure relates.

We also recommend that site plans avoid ambiguous language subject to interpretation after approval such as “consultants” or “travel and conferences” or “professional learning” or “house spirit supplies.”

1. Staff Response - Agree

Staff agree with this recommendation overall. The recommendation regarding avoiding ambiguous language is a bit more difficult to address due to language potentially being subjective.

2. Staff Corrective Action

- Assuming a strategic action is ambiguous, the site will have to provide a justification form to ensure the expenditure meets all 5 criteria and supports pathway development.

D. Auditor Recommendation

“Recommendation for improvements to internal controls: Processing exemptions and updating the tax rolls is managed exclusively by one District employee. We recommend the District to identify a specific person responsible for overseeing the work of that employee. That person should periodically review applications to ensure the District’s control process is working as intended.”

1. Staff Response - Agree

Staff agree with this recommendation.

2. Staff Corrective Action

- Corrective action to be determined.



Measure N 2016-17 Audit: Recommendations & Corrective Action

A. Auditor Recommendation

We recommend the District to develop written policies regarding appropriate use of Measure N funds, and document retention to support the audit, so that each site has clear and consistent guidelines to follow.

1. Staff Corrective Action

- Measure N Permissible Expense document was created in December 2016 and was provided to all Measure N schools
 - Document was provided again with the 2018-19 SPSA
- Measure N Permissible Expense document includes definition of supplanting vs. supplement
- Measure N team is currently finalizing revised administrative regulations to include this information
- Measure N Budget Proper Justification document was provided to schools that provides information on the proper information needed for Measure N budgets
- Measure N Guide has been finalized for all schools

B. Auditor Recommendation

We also recommend the District to appoint an individual responsible for overseeing the use of Measure N funds and monitoring the expenditures by approving contracts/purchase orders and personnel positions prior to incurring the expense.

1. Staff Corrective Action

- Creation of Program Manager of Measure N Operations

C. Auditor Recommendation

Similar to the recommendation for procedures number 2, ensuring an expenditure is supplemental should be part of the standard approval process prior to incurring an expense or entering into a contract.

1. Staff Corrective Action

- Measure N Permissible Expenses document to capture this information

D. Auditor Recommendation

The District should also develop written procedures so that each site has clear and consistent guidelines to follow.



1. Staff Corrective Action

- Measure N Guide

Measure N 2015-16 Audit: Recommendations & Corrective Action

Measure N Commission Recommendations Staff Corrective Action

1. Publish and distribute written standard policies and procedures regarding the appropriate use of, including definition of supplement versus supplant, and proper expense documentation of Measure N funds.
 - Measure N Permissible Expense document was created in December 2016 and was provided to all Measure N schools
 - Document was provided again with the 2018-19 SPSA
 - Measure N Permissible Expense document includes definition of supplanting vs. supplement
 - Measure N Guide includes information regarding proper documentation
 - Measure N Budget Proper Justification document was provided to schools that provides information on the proper information needed for Measure N budgets
 - Measure N Permissible Expense document provides information on allowable and non-allowable expenses, definition of supplement vs. supplant, and required justification
2. Provide ongoing training and support to all district and charter high school principals and business operations employees on the appropriate use of and proper expense documentation of Measure N funds.
 - Measure N staff provided Measure N training in the Fall of 2017 specifically to OUSD school site clerical and business managers
 - Measure N staff provided Measure N trainings in the Fall of 2018
 - Measure N staff held 1-1 check-ins with some sites to learn about challenges and provide solutions
3. Designate an individual responsible for overseeing the use of all Measure N funds, and monitoring expenditure by approving personnel positions, contracts, and purchase order prior to incurring actual expense
 - Creation of Program Manager of Measure N Operations
4. Implement the use of cost reimbursement contract agreements with each independent charter schools to facilitate reasonable and necessary monitoring of charter schools' appropriate use of and proper expense documentation of Measure N funds



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- All charter schools have signed an MOU that has been Commission and Board approved
 - Charter schools will be on a quarterly reimbursement that requires quarterly submission of quarterly expenditure reports and supporting documentation
5. Implement the use of a chart of accounts and financial statements that the Measure N Commission and an independent auditor can readily identify functional uses of Measure N funds by school and by administration
- Measure N staff will revise administrative regulations to articulate this requirement of use of chart of accounts and financial statements