



**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students

2015-16 Audit Report

Report to Board of Education



January 11, 2017



Audit Status Report

- Thanks to the tireless efforts of the OUSD and VTD staff, the 2015-16 Audit was completed and issued by the statutory issuance date of **December 15th**.
- With the issuance of the 2015-16 Audited Financial Report, Oakland Unified School District (the District) is finally caught up with its audits. The last time the District issued an independent audit report was 2001-02, conducted and issued by the audit firm of KPMG.
- The State Controller's Office (SCO) conducted the District's 2002-03 audit, with 120 audit findings, and a total question cost of \$36.8 million of which \$30.7 million was appealed.
- From the SCO audit report of 2002-03 to the current audit year, the number of findings has dropped from 120, to **9 in 2015-16 of which 8 are repeats from prior years**. Total questioned cost have dropped from \$36.8 million to **\$10K**.
- In VTD's opinion, **the financial statements represent fairly, in all material respects, the financial position of the District**, with the exception of the omission of the Associated Student Bond (ASB) funds.

Issues Identified in Audit

- The “qualified” opinion is due to Associated Student Body (ASB) funds (accounts held at school sites for student activities) not auditable.
 - Staff has started working with principals and developing procedures so that ASB funds will be auditable.
- The findings with financial implications are:
 - English Learner designations were not correct - **\$10,266**

Summary of Findings

- Of 9 findings, 8 were repeats from prior year

Finding Information		Financial Impact
Section	# of Findings	Questioned Cost
Financial	3	None
Federal	2	None
State	4	\$10,266
Totals	9	\$10,266

Summary of Findings - Financial

FINANCIAL (3)				
Finding #	Finding	Prior Year?	Potential Cost	District Response
2016-01	Financial statement presentation of fiduciary funds- ASB - Associated Student Body Funds not included in financial statements)	2015-01	<i>No financial impact</i>	The District has a plan in place to bring ASB accounts into compliance so that the 2016-17 audit will include ASB funds.
2016-02	Financial statement presentation of fiduciary funds, Fund 76 Reconciliation. The revolving account used for all payroll transactions have not been reconciled in a timely manner.	2015-02	<i>No financial impact</i>	The District has revised procedures and projects having Fund 76 satisfactorily reconciled on a monthly basis by end of Fiscal Year 2016-17
2016-03	Human Resources/Payroll Internal Control Finding. Policies & procedures designed to ensure that wages are allocated to proper funding sources were not followed	2015-03	<i>No financial impact</i>	The District now has a standing committee comprised of key staff members from Human Resource, Payroll, Benefits and Information Technology divisions to ensure established Internal Control procedures are being followed.
Total:	3	3	\$0	

Summary of Findings - Federal

FEDERAL (2)				
Finding #	Finding	Prior Year?	Potential Cost	District Response
2016-04	Noncompliance with procurement, suspension and debarment of vendors – The District had not completed implementation of effective internal controls over federal compliance regarding policies for federally funded procurements.	2015-05	<i>No financial impact</i>	Procedures were established in 2012-13 to verify that vendors are not on watch list. Corrective measures were partly implemented. Full implementation occurred during 2016-17.
2016-05	Highly Qualified Teachers and Paraprofessionals – District did not utilize the “Highly Qualified Teacher Certification of Compliance form, as required by California Department of Education. To ensure compliance, the District utilized its own internally developed form. However, the auditor noted during their audits that the internally developed form were not used in all situations where it was applicable.	2015-08	<i>No financial impact</i>	The California Department of Education no longer require the Certificate of Compliance beginning with the 2016-17 year and thereafter. Talent Division will use the Certificate of Compliance and the Authorization to Work to show teachers are highly qualified until the CDE develops new procedures. The Division will develop processes and procedures to comply with the new regulations and requirements once they are announced by CDE
Total:	2	2	\$0	

Summary of Findings - State

STATE (4)				
Finding #	Finding	Prior Year?	Potential Cost	District Response
2016-06	After School Education and Safety (ASES) Program – student attendance records not properly maintained. Sign in sheets did not support the reported attendance and in some instances were poorly maintained.	2015-09	No financial impact	New attendance reporting procedures were put into place in 2014-15, with documentation and training, and oversight by a compliance and operations officer. The District anticipate that the number of ASES-related audit findings will continue to decrease in the upcoming program years.
2016-07	School Accountability Report Card (SARC) reporting inaccuracies. SARCs did not include annual facility inspections and inconsistent information on resolution of complaints.	2015-10	No financial impact	Error in the process for facilities information was identified and resolved for 2014-15 and subsequent year. Facilities Division has updated their reporting system to improve the accuracy of the data and ensure that all schools are reviewed in a timely manner
2016-08	Unduplicated Local Control Funding Formula Pupil Counts - 4 students were incorrectly designated English Learners (EL) in CalPADS.	2015-12	\$10,266	Data collection and entry into CALPADS will be reviewed internally prior to submission, starting with the 2016-17 submission.
2016-09	Educator Effectiveness – District did not adopt a plan delineating how the Educator Effectiveness funds will be spent prior to spending	No	No financial impact	District received \$3.5 million of new monies from CDE but did not submit a spending plan to Governing Board in a timely manner prior to charging expenditures. Effective 2016-17 the District implemented an approved spending plan.
Total:	4	4	\$10,266	



EVERY STUDENT THRIVES!



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1000 Broadway, Suite 450, Oakland, CA 94607

www.ousd.org



@OUSDnews

Contact Office of the Controller for additional information
Phone: 510.879.0015 | Email: daniel.menyon@ousd.org