

## 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.

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
- 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 Commission Recommendations	Staff Corrective Action
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<p>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</p>	<ul style="list-style-type: none"> <li>• Measure N Permissible Expense document was created in December 2016 and was provided to all Measure N schools <ul style="list-style-type: none"> <li>◦ Document was provided again with the 2018-19 SPSA</li> </ul> </li> <li>• Measure N Permissible Expense document includes definition of supplanting vs. supplement</li> <li>• Measure N Guide includes information regarding proper documentation</li> <li>• Measure N Budget Proper Justification document was provided to schools that provides information on the proper information needed for Measure N budgets</li> <li>• Measure N Permissible Expense documents provides information on allowable and non-allowable expenses, definition of supplement vs. supplant, and required justification</li> </ul>
<p>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</p>	<ul style="list-style-type: none"> <li>• Measure N staff provided Measure N training in the Fall of 2017 specifically to OUSD school site clerical and business managers</li> <li>• Measure N staff provided Measure N trainings in the Fall of 2018</li> <li>• Measure N staff held 1-1 check-in with some sites to learn about challenges and provide solutions</li> </ul>
<p>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</p>	<ul style="list-style-type: none"> <li>• Creation of Program Manager of Measure N Operations</li> </ul>
<p>4. Implement the use of cost reimbursement contract agreements with each independent charter school to facilitate reasonable and necessary monitoring of charter schools' appropriate use of and proper expense documentation of Measure N funds</p>	<ul style="list-style-type: none"> <li>• MOU currently in draft and awaiting response from Legal Department</li> </ul>
<p>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</p>	<ul style="list-style-type: none"> <li>• Measure N staff will revise administrative regulations to articulate this requirement of use of chart of accounts and financial statements</li> </ul>