

Oakland Unified School District

Board of Education
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Meeting Minutes Long - Final

Monday, June 5, 2017

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, (Vacancy)

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Những người nào cần thông ngôn hay phiên dịch hay một sắp xếp hợp lý nào để tham gia các buổi họp phải thông báo Văn phòng của Hội đồng Giáo dục bảy mươi hai (72) tiếng đồng hồ trước buổi họp, số điện thoại [\(510\)879-8199](tel:(510)879-8199) (VM); hay là boe@ousd.org (E-Mail); hay là [\(510\) 879-2300](tel:(510)879-2300) (eTTY/TDD); hay là số [\(510\) 879-2299](tel:(510)879-2299) (eFax).

សេវាបកប្រែភាសា និងការអនុលោមតាមច្បាប់ជនជាតិអាមេរិកាំងពិការ

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

الامتثال لقانون 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:

البريد الإلكتروني:	الفاكس الإلكتروني:	الهاتف للصم والبكم:	الهاتف الصوتي:
boe@ousd.org	510.879.2299	510.879.2300	510.879.8199

A. Call to Order

Chairperson Dan Lindheim called the meeting to order at 6:03 P.M.

B. Roll Call

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

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

None.

D. Adoption of Committee Minutes



[17-1326](#)

Minutes - Audit Committee Meeting - April 3, 2017

Approval by the Audit Committee of its Regular Meeting Minutes of April 3, 2017

Attachments: [17-1326 Minutes - Audit Committee Meeting - April 3, 2017](#)

A motion was made by Member Tsai, seconded by Vice Chairperson Redmond, that the April 3, 2017 Audit Committee Minutes be Adopted. The motion carried by the following vote:

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

Non-voting: 0

Enactment No: 17-1264

E. Unfinished Business

17-0247**Progress Report - Fund 76 - Payroll Warrant Pass Through Fund - Controller**

A Progress Report to the Audit Committee by the Controller or designee regarding the reconciliation of Fund 76 - Payroll Warrant Pass Through Fund.

Ryan Nguyen made the staff presentation.

Nguyen stated a meeting is planned for July with various departments and Varineck, Trine & Day (VTD), external Auditor, to review reconciliations and any adjustments needed. He said the hope is that by next fiscal year the audit findings will go away.

Chairperson Lindheim noted this item has been called out by VTD the last few years.

Nguyen said he is working with VTD's lead auditor. He said he feels the department can reconcile Fund 76 monthly.

Discussed

[17-0444](#)**Update - District's 2017-2018 Budget Development Process - Controller**

An update to the Audit Committee by the Controller or designee on the District's 2017-2018 Budget Development Process, including additions/reductions/policy changes from 2016/2017 budget and areas of potential concern during the 2017-2018 budget year.

Vernon Hal, Senior Business Officer, made the staff presentation.

Hal reported in the 2017/2018 budget, the District will make enough reductions to replenish the reserve fund. The County Office of Education and State Trustee will not approve the budget without seeing these cuts in the 2017/2018 budget.

Hal said the District is recommending the 3rd Interim be submitted to the County with a "Qualified" Certification. The three types of certifications are: "Positive", meaning District will meet current and future obligations; "Qualified", meaning District is not sure it will meet current and future obligations; and "Negative", meaning District will not meet current and future obligations. Due to the uncertainty, he said it is appropriate for District have the "Qualified" Certification.

Changes between the 2nd and 3rd Interim Reports

- LCFF down about \$100,000
- Expenditures up over \$3 million – Supplies, services, salary and equipment is anticipated to increase by \$3.1 million – \$1.8 million of that is due to not realizing the savings with the spending protocol as anticipated
- \$700,00 for election expense not budgeted
- Transportation budget increased by \$500,000
- Audit finding of \$100,000 for a school improvement grant

Vice Chair Redmond asked Hal, of the additional \$5 million allocated to Special Education, how much has been expended?

Hal said the department thinks about \$500,000-\$600,000. Until the District closes the books, it is an unknown.

Multi Year Projections - Assumptions

- No salary increases
- LCFF up (depending on the Governor's budget in January)

Discussed**F. New Business**

[17-1327](#)**Report - Financial Status of District for Fiscal Year 2016/2017 - Senior Business Officer**

Report to the Audit Committee by the Senior Business Officer or designee on Adopted District's Third Interim Financial Report for Fiscal Year 2016-2017 (Legislative File 17-1046, Enactment No. 17-0667) Certification of said Report to the Alameda County Superintendent of Schools, and other parties specified, as "Qualified." Update to include an explanation for the Qualified status for the Third Interim Report submitted to Alameda County Office of Education; new increases and reductions; use of the Reserve Fund; status of the spending freeze; Special Education Funding; and Measure G1 update.

Attachments: [17-1327 Presentation - Third Interim Financial Report - Fiscal Year 2016-2017](#)
[17-1327 Executive Summary - Third Interim Financial Report - Fiscal Year 2016-2017](#)
[17-1327 Third Interim Standardized Account Code Structure \(SACS\) Financial Report - Fiscal Year 2016-2017](#)

Staff presentation by Vernon Hal, Senior Business Officer.

Hal said the 3rd Interim Report provides the 3rd update of the 2016/2017 budget since the state adopted a budget reflecting information since April 30th.

- Anticipate ending fund balance of \$8.4 million and the cash balance is \$10 million
- District is required to have a 2% reserve for economic uncertainty, Board Policy requires a 3% reserve
- Anticipate not meeting the 2% reserve for economic uncertainty
- Anticipate using just under \$3 million of the reserve for economic uncertainty

Chairperson Lindheim asked about the consequences of not having a 2% reserve?

Hal said if you run out of cash, or have a negative fund balance, the State takes over the District. He said he doesn't anticipate the District running out of cash or having a negative fund balance. The way the District manages its cash during the year is by borrowing from November through April. The cost of borrowing versus the additional interest income is low. At the end of the fiscal year, the District accrues and pays in July. The District has started that process for the 2016/2017 fiscal year. By using some of the reserve, the State will not take over.

[17-1328](#)**Audit Report - State and Federal Funds Audit Findings FY 2015/2016 - Senior Business Officer**

A Report to the Audit Committee by the Senior Business Officer or designee regarding the District's State and Federal Audit for FY 2015/2016 and the purported findings.

Attachments: [17-1328 Audit Report - State and Federal Funds Audit Findings FY 2015/2016 - Senior Business Officer](#)

Casey Morris made the staff presentation.

The District must submit supporting documentation to the California Department of Education (CDE) to show the District is using the funds properly.

\$40 million reviewed during the process, program and fiscal findings. Staff is working on reconciling all findings.

Marcus Silvi, Accountability Partners, said the audit done by CDE to monitor State funds disbursed to the District.

Discussed

[17-1329](#)**Report - District Student Body Funds - Controller**

A Report to the Audit Committee by the Controller or designee regarding the progress on the District's Student Body Funds site training and audit preparation.

Ryan Nguyen made the staff presentation.

Nguyen said Student Body Funds process is on hold; that the District's former Controller started the process. Once a new Controller is hired, the process will continue.

Chairperson Lindheim asked if there is the assumption there will be an audit finding with the Student Body Funds?

Ryan said "Yes".

Discussed

[17-1330](#)**Report - Financial Services - Staffing of Key Positions - Chief Financial Officer**

A Report to the Audit Committee by the Chief Financial Officer or designee regarding filling of key vacant positions in the Financial Services Department - Chief Financial Officer, Controller and other financial and audit related positions.

Vernon Hal, Senior Business Officer, made the staff presentation.

Hal said the positions of Chief Financial Officer, Controller, and Director State and Federal Funds have been posted. In the interim, Gloria Gamblin and Spencer Mead, both retirees, have provided some support to the department. They have a limited number of hours in a year they can work. Starting July 1st, they will help with the closing of the books. Hal said filling these positions with the right people that are technically competent, have project management skills, and understanding the culture of OUSD is critical.

Discussed

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

17-1325 Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Audit Committee - June 5, 2017

Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Audit Committee - June 5, 2017.

Public Comments

Shanthi Gonzales – Board Liaison to the Audit Committee made the following comments.

- *In agreement on building up District reserves. Over time, she would like the District to get to a 10% reserve*
- *Believes the policy on vacancy savings has been a contributing factor; its too volatile to rely on*
- *Board authorization is needed for staff to use reserves, prior to using funds*
- *The Board was informed last year, after Summer Recess, that the 3% reserve was used to close the 2015/2016 books. New Policy, if approved by the Board, will specify that staff must get Board approval before using the reserve fund*
- *Many charter schools do not serve special education students with the same severity as the District does*
- *The Budget and Finance Committee will bring legislation forward about an Internal Auditor and a new position supporting the Board with training around implementing policy coming out of the Budget and Finance Committee*

H. Introduction of New Legislative Matter

None.

I. Adjournment

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

Prepared By: _____

Approved By: _____