

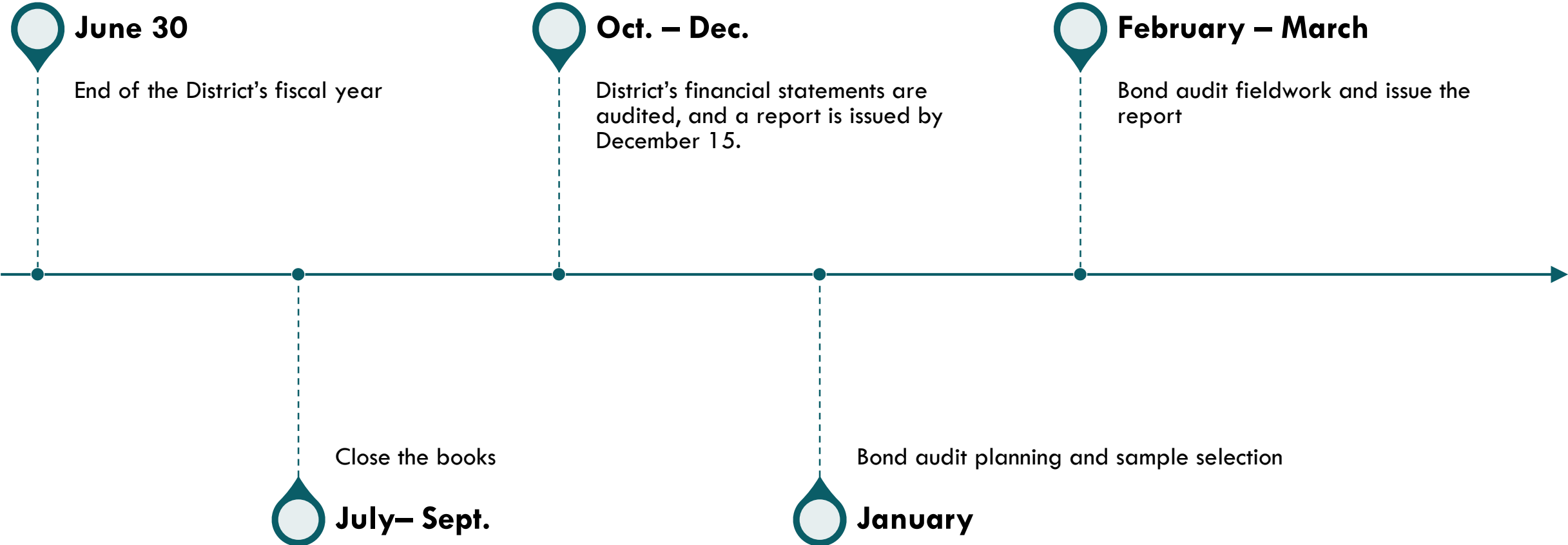


OAKLAND UNIFIED SCHOOL DISTRICT

Fiscal Year 2022 Audited (B, J, Y) Bond Fund Financial Statements and Bond Performance Audit



TIMING



SCOPE OF THE AUDIT



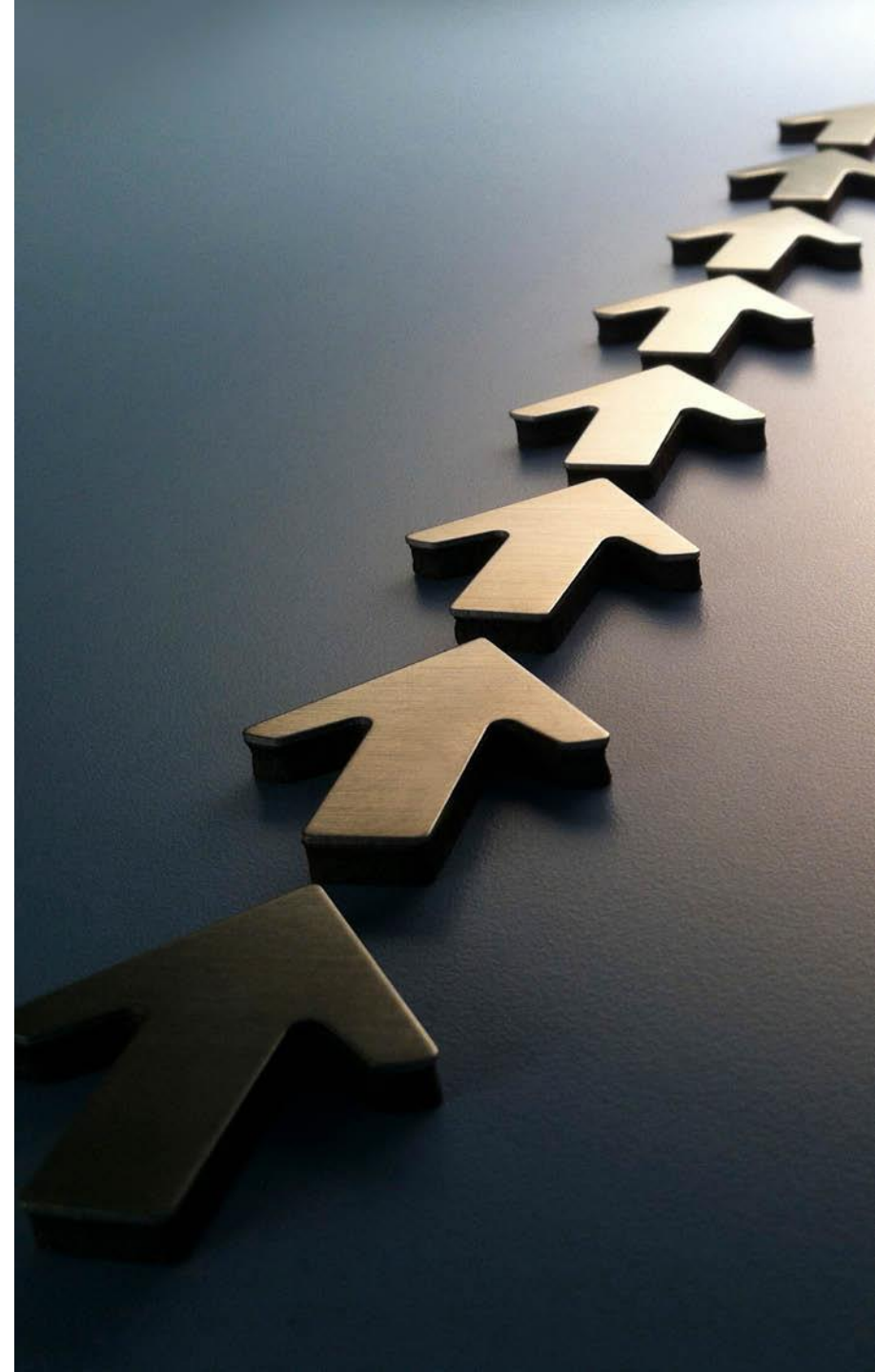
Auditor's responsibilities

Forming and expressing opinions based on the results of our audit of the **financial statements**, and audit of **compliance**.



Management's Responsibilities

Completeness and accuracy of the financial statements, maintenance of internal control over financial reporting, and compliance with laws and regulations.



SCOPE OF THE AUDIT

- Audit of the Bond Program's financial statements, separate for each Authorization
 - Are the financial statements prepared per US-GAAP for governmental entities?
- Reporting on identified internal control deficiencies, if any
- Proposition 39 Bond Performance Audit
 - Were expenditures only for allowable activities and costs?





PERFORMANCE AUDIT

PERFORMANCE AUDIT SCOPE (STANDARD)

- Ensure that such funds were expended on specific projects listed in the text of the applicable ballot measure.
- Verify that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects.
- Verify that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

PERFORMANCE AUDIT SCOPE (EXPANDED)

- Adherence to design and construction budgets, schedules and timelines
- Financial Reporting and Internal Controls
- Payment Processing
- Change Order and Claim Procedures
- Public bidding and procurement
- Materials standardization
- Conflict of Interest

Focus is on “Compliance” *and* “Internal Control”



PERFORMANCE AUDIT CONCLUSIONS

	Measure J		Measure B		Measure Y	
Vendor	\$ 8,749,403		\$ 2,036,427		\$ 3,992,105	
Payroll	2,287,420		-		1,165,259	
Total examined	\$ 11,036,823	99	\$ 2,036,427	27	\$ 5,157,364	19
Total incurred	\$ 20,345,759		\$ 2,355,103		\$ 6,948,599	
Percentage examined	54%		86%		74%	

PERFORMANCE AUDIT CONCLUSIONS

- The ballot language addresses projects at the District and school site levels; however, particular expenditures are not explicit the Bond language
- For *split-funded employees*, the District does not have a documented basis for distributing salary between the narrow category of bond compliant construction projects, and routine everyday school facilities administrator expenses.

PERFORMANCE AUDIT CONCLUSIONS

- An opportunity to strengthen internal controls over the approval procedure for certain interdepartmental transactions.
- An opportunity to strengthen internal controls over the approval procedure during the year-end financial closing process.

PERFORMANCE AUDIT CONCLUSIONS

- **Observation 1.1** - Although none in the current year, the District's project cancellation increases the risk of inefficient use of bond funds.
- **Observation 1.2** - Although the budget presented to the CBOC is based on the latest project budgets, there is an inconsistency between the spending plan referred to in the CBOC report and the latest budget.
- **Observation 2** - The District has made progress towards resolving the prior year observation 2 by improving the reports presented to the CBOC in more comprehensive format.
- **Observation 3** - Financial Reporting information presented to the CBOC reconciles with the District's accounting records.

PERFORMANCE AUDIT CONCLUSIONS

- **Observation 4** - The District's payment procedures were consistently applied throughout the fiscal year with minor administrative errors.
- **Observation 5.1** - The District's change order documentation should reflect the actual procedures performed by the District.
- **Observation 5.2** - There is no defined policy for reporting meaningful change orders to key stakeholders.
- **Observation 6.1** - In few instances, the District could not provide documentation, such as score sheets, for a reviewer to conclude if the lowest cost or best value vendors were selected for four public works projects.

PERFORMANCE AUDIT CONCLUSIONS

- **Observation 6.2** - Errors and inconsistencies in the contractual documentation amplifies the potential for inadvertent legal liabilities regarding payment obligations.
- **Observation 7** – The District’s standardized items list for Bond Program materials procurement is not current and is potentially incomplete.
- **Observation 8 and 9.1** – The District resolved the prior year's observations 8 and 9.1 related to Conflict of Interest.
- **Observation 8 and 9.2** – Policies and procedures were updated, centrally located, defined roles and responsibilities and readily available at the District’s website; however, some procedures are inconsistent and incomplete as of June 30, 2022.



FINANCIAL STATEMENTS

1 **OPINION ON THE FINANCIAL STATEMENTS**

“...the financial statements present fairly, in all material respects, the financial position of the Bond Fund as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

2 **INTERNAL CONTROL OVER FINANCIAL REPORTING**

2022-001, audit adjustments for changes in the fair value of investments (GASB 31)

3 **COMPLIANCE**

“...no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards...”







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