

Audit Committee Meeting

Date: March 20, 2023

Time: 3:30-5:00 pm - 3rd floor Ed Services Conference Room

Facilitator: Pauline Follansbee

In Attendance

Laurie Snowden, Isaiah Rater, Dan Lindheim, Pauline Follansbee, Charles Raibley- Crowe

Members absent, Laura Babbitt, Mike Chang

Call to order was made by Isaiah Rater and Quorum was established

[Approval of Minutes](#)

Dan Lindheim motioned to approve minutes from December 5, 2022 meeting, Laurie Snowden second.

[Public Comments](#)

No public comments

[Assistant Superintendent Comments:](#)

No comments

[Financial Statements \(Audit\) review by Charles Raibley, Sr. Partner - Crowe](#)

Mr. Raibley mentions that it is march and we are discussing audit from June 30 prior year, more time lapsed than they would have liked but the audit was extended twice for various reasons. Other districts had extension so this district is not unique in that.

Mr. Raibley began by thanking the committee for having him to review the audit process.

Financial statement and the supplementary information are the responsibility of management, although Crowe helps with the preparation of the documents the district is responsible for the information provided. Our responsibility as your auditor is to give an opinion as to whether r those financial statements and other components included therein are fairly stated in all material respects. He clarifies s other components as state compliance component, federal compliance components.

There were a few challenges due to the extensions and we were able to work with management to overcome those challenges and get the audit report done. The only adjustment we had to record in the districts journal was an administrative change from QSS to Escape accounting system.

Student body activity is required by the state and government accounting standards now is required to be a governmental fund and not a fiduciary fund set aside. Due to QSS and the structure, the state said use Fund 8. BUSD had Fund 8 assigned to BSEP. Administratively It was a burden to get those numbers into the fund the way the state wanted it in the accounting system. Auditors had to acknowledge this challenge of putting funds into Fund 8 that was allocated to BSEP.

Started last spring almost a year ago back into the fall year end audit, put the final touches on the required reporting.

[Audit results page: \(https:// www.berkeleyschools.net / audits/ \)](https://www.berkeleyschools.net/audits/)

Financial Statements - unmodified opinion; highest level of assurance you are looking to achieve in a external financial audit. The next required is if there were any material weakness or significant deficiencies in the internal controls, there were no findings. The findings that we found from the state were not large enough in a dollar amount to affect our opinion on the financial statement. The next section is federal awards, no finding here. We had four separate federal programs we had to audit.

4 Federal programs tested - no findings

Special Ed
Child Development
Title 1
ESF - ESSR funding

2 finding in state compliance

This year related to unduplicated LCFF pupil count. In this case you have two overarching requirements to meet for supplemental concentration funding; English learners qualified students and free and reduced meal eligible students. In this case our sample for (FR) you have issues with supporting documentation. What was reported did not align with the supporting documents. Alternative forms used by the state that did not have consistent implementation that it has had in the past. Fiscal impact is \$971K. District can demonstrate compliance through appeal or waiver. Information provided to Pauline Follansbee regarding the appeal process.

Questions/Discussion re: findings

Dan Lindheim asks Mr. Raibley to walk through chart: page 89 of audit.

Counts of Free and reduce students (FRPM) 9,179

Isaiah Rooter asks; "does that mean we report this number as the number of students year end of June 30, 2022 as being on free and reduced lunch?" The chart adjusted counts the bottom line far right number, is this the overcount, this leave 11, 066 student actually reported as unduplicated? Our enrollment under 10K so how can we have 11K in unduplicated? How many students did we report?

Mr. Raibley to check totals in Cal Pad reporting included adding up 3 years of data. Should be only 25% of students and report back to committee. Probably pulling 3 yrs. data and not just 1 yr. data.

Dan Lindheim ask how did this error occur?

Pauline Follansbee explains in 2021-22 began to use Infinite Campus. Within the reporting of unduplicated students, the technician would import the data each year. The new system added students but did not delete the students. The software imported the data incorrectly.

Isaiah Rater asks if Infinite campus did not delete the students dropped out is that a bug in the system? Did the manual not instruct to remove the previous years?

Pauline Follansbee, response is No, it was an oversight on the tech's part, in the past we did not have to delete, new software requires the manually delete previous numbers. Now we are aware of this.

Isaiah Rater directs question to Charles Raibley: If the 9179 is three years' worth of students. If we divide by 3?

Isaiah Rater; Not sure what we should do as the audit committee, uncomfortable to recommend to the board to accept this audit.? This chart is wrong, I would like to feel comfortable with the fact that it is correct.

Charles Raibley; board is not approving just receiving and discussing, it has already been accepted by the state. We will make amendment to state to adjust numbers. Will provide revised page, but will not affect audit as it stands now. The fiscal impact is correct. Raibley will provide revised report with the correct data.

Isaiah Rater; ask Raibley are you confident that the sample is a representative sample to accurately extrapolate?

Charles Raibley; yes, will check and double check

Isaiah Rater; I think at some point Raibley said the source of the error is the data reported? It's not about changes in the form, it's about infinite campus?

Pauline Follansbee; ours was specific error in reporting as explained to her by IT.

Dan Lindheim to Charles Raibley, do we know how many were reported to you from the district as (FR).

Charles Raibley; the error itself is driven from those total counts from the Cal pad system which is filtered down.

Lori Snowden; ask how auditor came to the number 971? My understanding is we get 30%. 30% is over 2M.

Charles Raibley; the state has provided the specific calculation to apply to the supplemental and the concentration grant, will provide the calculation for review.

Findings and recommendations attached. Pg.86-91

Meeting adjourned at 5:00 pm

Next Meeting Date: Tentative date of June 5, 2023 was determined for Budget Review

Financials can be found @ [https:// www.berkeleyschools.net / department net/ business-services-division/](https://www.berkeleyschools.net/departmentnet/business-services-division/)

FINDINGS AND RECOMMENDATIONS

BERKELEY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered
to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements
noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies)-identified not considered
to be material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for
major programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	ESEA: Title I, Part A Basic Grants
84.027, 84.027A, 84.173	Special Education Cluster
93.575	Child Development - Federal Child Care and Development
84.425, 84.425C, 84.425U	COVID 19: ESF Programs

Dollar threshold used to distinguish between Type A
and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

STATE AWARDS

Type of auditors' report issued on compliance for
state programs: Qualified

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2022

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022-001 - STATE COMPLIANCE - UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Any student who meets the federal income eligibility criteria or is deemed to be categorically eligible for FRPM under the National School Lunch Program (NSLP) will be counted as FRPM-eligible. Except for directly certified and foster students identified through a statewide match, LEAs must submit the appropriate student program (SPRG) records to CALPADS in order for the students to be counted as FRPM-eligible. Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 2574(b)(3)(C), 44238.02(b)(3)(B), and 41020, Education Code.

Condition: We performed the specific audit procedures enumerated in the *State of California 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified an initial error. An extrapolated total of 1,611 students were improperly identified as the Free and Reduced Priced Meal eligible in the District's CALPADS reporting for the 2021-22 school year for purposes of Unduplicated Local Control Funding Formula Pupil Counts.

Berkeley Unified School District					
Unduplicated pupilcount based on:	<u>Enrollment</u>	FRPM	ELAS	Both	TOTAL
As certified on CALPADS	9,179	2301	228	447	2,976
Audit Adjustments	_____	_____ (839)	_ _ _ _	_____	_____ (839)
Adjusted Counts	9,179	<u>1,462</u>	<u>228</u>	<u>447</u>	<u>2,137</u>

Effect: The District did not comply with state requirements for Unduplicated Local Control Funding Formula Pupil Counts.

Cause: The condition is the result of clerical errors in accounting and accumulation of date for unduplicated pupil counts in the CALPADS reporting system.

Fiscal Impact: The District's Unduplicated Pupil Percentage for the 2021-22 school year was originally reported at 30.74% and the revised School District Unduplicated Pupil Percentage is reported at 27.79%; the fiscal impact is a reduction of LCFF revenues of approximately \$505,231.

Recommendation: The District should ensure that all students are properly reflected in the CALPADS reporting under the appropriate free or reduced-price meal program status.

Views of Responsible Officials and Planned Corrective Actions: Management of the District concurs with the auditor's recommendation and has implemented processes for ensuring accurate reporting of unduplicated pupil counts are reported in future years.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022-002 - STATE COMPLIANCE - SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Criteria: Education Code section 33126 requires Local Education Agencies to complete, for each school site, School Accountability Report Card for the school site, annually. To facilitate the completion of these reports, all school sites within the District must maintain quarterly reports of summarized complaint data compiled pursuant to Education Code section 35186(d). Sites also must complete a "Facility Inspection Tool (FIT), School Facility Conditions Evaluation" developed by the Office of Public School Construction and approved by the State Allocation Board and applicable to the School Accountability Report Cards, or a local evaluation instrument that meets the same criteria, pursuant to subdivision (d) of Education Code section 17002.

Condition: The District was unable to provide School Accountability Report Cards, quarterly reports, or "Facility Inspection Tool (FIT) reports for any of the selected school sites.

Effect: The District did not comply with state requirements for School Accountability Report Card, during the year ended June 30, 2022.

Cause: The District did not sufficiently maintain or summarize the underlying data necessary to complete a School Accountability Report Card for any selected school sites.

Recommendation: The District should ensure that all sites' school accountability report cards are completed appropriately and agree to the supporting information for each relevant reporting area required by the Education Code.

Views of Responsible Officials and Planned Corrective Actions: Management of the District concurs with the auditor's recommendation and will work to ensure that the school accountability report cards are completed appropriately for future fiscal periods.

STATUS QF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS

BERKELEY UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2022

2021-001 MATERIAL WEAKNESS -INTERNAL CONTROL OVER FINANCIAL REPORTING (30000)

Condition: The District's self-insurance fund claims reserve includes programs for workers compensation and general liability and is based on actuarial studies performed every three years. The total liability is updated for actual claims experience during fiscal years between each full study. For the year ended June 30, 2021, the District did not adjust the total reported claims reserve for the estimates from their actuary and actual performance to reflect the liability as of that fiscal year end. An audit adjustment was proposed to correct the combined claims reserve liability for both programs to the total estimated value at year-end.

Recommendation: Management should include the evaluation and any necessary adjustments of the self-insurance fund claims reserve liability, in its year-end close checklist for future periods. Further, management should record the audit adjustment to reflect the total discounted claims reserve as of June 30, 2021.

Implementation: Implemented.

District Explanation if Not Implemented: N/A