

Brown, Samuel

From: Brown, Samuel
Sent: Friday, December 19, 2014 7:29 PM
To: Anurima Bhargava; James Eichner; Juan Rodriguez; Lois Thompson; Rubin Salter Jr.; Zoe Savitsky; Willis D. Hawley; Balentine, Vicki
Cc: Brammer@rllaz.com; Tolleson, Julie; Taylor, Martha; Soto, Karla; Weatherless, Renee; Morrison, G Scott; ROCHON, RICHARD
Subject: Revised Audit Scope
Attachments: 20141219 Scope of 2013-14 USP Audit Report.docx; 20141219 Example of 2013-14 USP Audit Report.pdf

Counsel/Special Master: Dr. Hawley's summit notes – and Dr. Balentine's November 21, 2014 proposal, states in relevant part: "The audit required by the USP will report expenditures for each of the revised descriptions of activities in the Implementation Addendum. For 2013-14, the audit will deal only with the expenditure of 910G funds." Based on your feedback, and our discussions with Dr. Balentine, the scope of the 2013-14 report has been revised to provide you with more detailed information that we hope you will find useful and responsive to your stated concerns about the 2012-13 report.

During the October meeting, Mrs. Soto stated that TUSD may be able to tie the former coding to the revised IA activities, but that for this year (at least) it would be a manual process and would take some time. In November, staff finalized the "crosswalk" between the 13 projects and the new set of 65 activities that had been developed in October with Dr. Balentine and Dr. Hawley. Staff then engaged in an analysis to determine the timing and resources necessary to complete the audit report in a manner that aligns with Dr. Balentine's proposal (aligned to the 65 activities). Based on our analysis, and based on our ongoing discussions with the auditors, the audit report required by the USP can and will report on expenditures for each of the revised descriptions of activities in the Implementation Addendum, as proposed by Dr. Balentine, and will deal only with the expenditure of 910G funds. See attached language outlining the scope of the report, and an example of the report.

Happy Holidays, Sam

Scope

District management and representatives of Heinfeld, Meech & Co. (HM) are proposing the following reporting alternative in regards to improving the audit requirement specified in Section X.B.7 of the Unitary Status Plan. Based on the description of the scope below, HM will provide an examination report on a schedule of desegregation expenditures prepared by District management. The examination will be performed in accordance with the professional standards applicable to Attestation Engagements as specified by the AICPA. An examination is the highest level of attestation service and is analogous to an audit of historical financial statements. It requires the auditor to reduce the risk of undetected material misstatement to a low level and involves substantial evidence gathering. As a result of the examination, the auditor provides an opinion about the conformity of the subject matter with the criteria. An example of the examination report to be issued is attached.

District management will align 2013-14 budgeted amounts and actual expenditures to the 65 revised activities in the Implementation Addendum, and an additional two codes to capture expenditures for OCR expenditures, and Overhead expenditures. The examination report shall report expenditures for each of the revised descriptions of activities in the Implementation Addendum as amended in November of 2014. For 2013-14, the examination report shall focus only on the expenditure of 910G funds.

Section X.B.7 of the USP states:

The District will provide the Plaintiffs and the Special Master with an audit report of each year's USP Budget. The audit report shall indicate whether the funds allocated in the USP Budget were spent in accordance with that budget and such other information as may be necessary to provide the Plaintiffs, the Special Master, and the public with full disclosure concerning how funds allocated to the USP Budget were spent. The audit shall be conducted by an outside accounting firm and shall be posted on the USP Web Page as required by Section (X)(D)(1). Each audit report shall be delivered by January 31 after the conclusion of the fiscal year that is the subject of the audit.

Heinfeld, Meech & Co. conducts "Audits" of organizations to evaluate financial statements, including funding from all sources, to check for accuracy and full representation of financial activities and claims and considering those activities and claims when considered in conjunction with the financial statements taken as a whole.

What is described as an "Audit Report" in the USP is focused on evaluating specific information focused on one specific set of activities (implementing the USP) and therefore does not constitute an "Audit" as the term is used in the audit profession because there are no related financial statements to which procedures may be applied. Therefore, HM is hereby agreeing to conduct an "Examination Report" to produce an "Audit Report" pursuant to USP section X.B.7, but is not conducting an "Audit" of financial statements as the term is used in the audit profession. The procedures performed as part of the examination engagement are specifically designed to allow the specified users in evaluating the subject matter that would not normally be within the scope of a financial statement audit.

This engagement is solely to engage in an “Examination Report” in order to produce an “Audit Report” which achieves the following objectives, as stated by USP section X.B.7:

1. To indicate whether the funds allocated in the USP Budget were spent in accordance with that budget for the fiscal year ending on June 30, 2014, and
2. To provide such other information as may be necessary to provide the Plaintiffs, the Special Master, and the public with full disclosure concerning how funds allocated to the USP Budget were spent.

INDEPENDENT ACCOUNTANT'S REPORT

Management of Tucson Unified School District No. 1

We have examined the accompanying Schedule of Desegregation Expenditures of Tucson Unified School District No. 1 for the year ended June 30, 2014. This report is the responsibility of management of the Tucson Unified School District No. 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedule of Desegregation Expenditures of Tucson Unified School District No. 1 referred to above presents, in all material respects, the desegregation expenditures as described in Note 1.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

DATE

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TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF DESEGREGATION EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
<u>Expenditure by activity:</u>			
Compliance and good faith			
Internal compliance monitoring	\$ 1,200,000	\$ 1,000,000	\$ 200,000
Annual report	700,000	1,000,000	(300,000)
Court orders and miscellaneous	1,000,000	1,000,000	
Total compliance and good faith	2,900,000	3,000,000	(100,000)
Student assignment			
Comprehensive boundary plan	200,000	1,000,000	(800,000)
Comprehensive magnet plan	500,000	1,000,000	(500,000)
Application and selection process	8,000,000	1,000,000	7,000,000
Marketing, outreach, and recruitment plan	1,000,000	1,000,000	
Student assignment professional development	1,000,000	1,000,000	
Total student assignment	10,700,000	5,000,000	5,700,000
Transportation			
Magnet transportation	3,000,000	1,000,000	2,000,000
Incentive transportation	123,456	1,000,000	(876,544)
Total transportation	3,123,456	2,000,000	1,123,456
Administrators and certificated staff			
Hire or designate Unitary Status Plan positions	200,000	1,000,000	(800,000)
Outreach, recruitment and retention plan	500,000	1,000,000	(500,000)
Interview committees/instrument/app pool	8,000,000	1,000,000	7,000,000
Evaluate applicant offer rejections	1,000,000	1,000,000	
Diversity assignment	1,000,000	1,000,000	
Experience assignment	200,000	1,000,000	(800,000)
Retention	500,000	1,000,000	(500,000)
Reduction in force plan	8,000,000	1,000,000	7,000,000
USP related professional development and support	1,000,000	1,000,000	
First-year teacher pilot plan	1,000,000	1,000,000	
Evaluation instruments	1,000,000	1,000,000	
New teacher induction program	200,000	1,000,000	(800,000)
Teacher support plan	500,000	1,000,000	(500,000)
Aspiring leaders plan	8,000,000	1,000,000	7,000,000
PLC training	1,000,000	1,000,000	
USP training plan	1,000,000	1,000,000	
Ongoing professional development on hiring process	1,000,000	1,000,000	
Observations of best practices	1,000,000	1,000,000	
Administrators and certificated staff total	35,100,000	18,000,000	17,100,000

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF DESEGREGATION EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Quality of education			
ALE access and recruitment plan	200,000	1,000,000	(800,000)
UHS admissions/outreach/recruitment	500,000	1,000,000	(500,000)
Pursue OELAS extension	8,000,000	1,000,000	7,000,000
Build/expand dual language programs	1,000,000	1,000,000	
Placement policies and practices	1,000,000	1,000,000	
Dropout prevention and retention plan	200,000	1,000,000	(800,000)
Data dashboard (flags and policies)	500,000	1,000,000	(500,000)
Culturally relevant courses and student engagement professional	8,000,000	1,000,000	7,000,000
Multicultural curriculum	200,000	1,000,000	(800,000)
Culturally relevant courses	500,000	1,000,000	(500,000)
Targeted academic interventions and supports	8,000,000	1,000,000	7,000,000
Quarterly information events	200,000	1,000,000	(800,000)
Collaborate with local colleges and universities	500,000	1,000,000	(500,000)
AAAATF recommendations	8,000,000	1,000,000	7,000,000
Referrals, evaluations, and placements	1,000,000	1,000,000	
Supportive and inclusive environments	1,000,000	1,000,000	
Total quality of education	38,800,000	16,000,000	22,800,000
Discipline			
Restorative practices and PBIS	200,000	1,000,000	(800,000)
GSSR	500,000	1,000,000	(500,000)
Student discipline training for sites	8,000,000	1,000,000	7,000,000
Discipline roles and responsibilities	1,000,000	1,000,000	
Discipline data monitoring	1,000,000	1,000,000	
Corrective action plans	1,000,000	1,000,000	
Successful site-based strategies	1,000,000	1,000,000	
Total discipline	12,700,000	7,000,000	5,700,000
Family and community engagement			
Family center plan	200,000	1,000,000	(800,000)
Family engagement resources	500,000	1,000,000	(500,000)
Tracking family engagement	8,000,000	1,000,000	7,000,000
Translation and interpretation services	1,000,000	1,000,000	
Total family and community engagement	9,700,000	4,000,000	5,700,000
Extracurricular activities			
Extracurricular equitable access plan	1,234,567	1,000,000	234,567
Data reporting system	1,000,000	1,000,000	
Total extracurricular activities	2,234,567	2,000,000	234,567

TUCSON UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF DESEGREGATION EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual	Variance with Budget Positive (Negative)
Facilities and technology			
Multi-year facilities plan	1,234,567	1,000,000	234,567
Multi-year technology plan	1,000,000	1,000,000	
Technology professional development for classroom staff	1,000,000	1,000,000	
Total facilities and technology	<u>3,234,567</u>	<u>3,000,000</u>	<u>234,567</u>
 Accountability and transparency			
Evidence based accounting system implementation	200,000	1,000,000	(800,000)
Evidence based accounting system training and evaluation	500,000	1,000,000	(500,000)
Budget process and development	8,000,000	1,000,000	7,000,000
Budget audit	1,000,000	1,000,000	
Notice and request for approval	1,000,000	1,000,000	
Total accountability and transparency	<u>10,700,000</u>	<u>5,000,000</u>	<u>5,700,000</u>
 Total expenditures	<u><u>\$ 126,292,590</u></u>	<u><u>\$ 62,000,000</u></u>	<u><u>\$64,292,590</u></u>

NOTES TO THE SCHEDULE OF DESEGREGATION EXPENDITURES

NOTE 1 – Basis of Presentation