

**WCCUSD Subcommittee on Clay Investigation**

Alvarado Adult Education Campus

**May 23, 2016**

**MINUTES**

*(APPROVED 8/1/16)*

**A. OPENING PROCEDURES**

**A.1 Call to Order**

The meeting was called to order at 6:32 PM by Chairperson Liz Block.

**A.2 Roll Call**

**Committee Members Present:** Liz Block, Ivette Ricco, Valerie Cuevas (arrived 6:45 PM)

**Staff Attendees:** Lisa LeBlanc, Associate Superintendent for Operations; James K. Kawahara, Special Counsel; Phyllis Rosen, Clerical Staff.

**Handouts provided:**

- VLS Expenses to Date
- February 29, 2016 VLS Memo to James Kawahara RE: Request by VLS for Contract Amendment for Phase I

**A.3 Approval of Agenda**

**MOTION:** Ms. Block moved to approve the Agenda, placing Item B.2 before B.1. Ms. Ricco seconded. Ms. Block and Ms. Ricco voted yes, with no abstentions and Ms. Cuevas absent. Motion carried 2-0-0-1.

**A.4 Approval of Minutes: January 11, 2016**

**MOTION:** Ms. Block moved to approve the minutes of January 11, 2016. Ms. Ricco seconded. Ms. Block and Ms. Ricco voted yes, with no abstentions and Ms. Cuevas absent. Motion carried 2-0-0-1.

**Approval of Minutes: January 20, 2016**

**MOTION:** Ms. Block moved to approve the minutes of January 20, 2016. Ms. Ricco seconded. Ms. Block and Ms. Ricco voted yes, with no abstentions and Ms. Cuevas absent. Motion carried 2-0-0-1.

**B. DISCUSSION / APPROVAL ITEMS**

**B.2 Update from VLS on the progress of the Phase II forensic audit**

**Public Comment:**

Tom Panas commented on the VLS Expenses to Date handout and said he is hoping for more clarity.

Ben Steinberg spoke about keeping to the August timeline for release of findings and having basic critical findings to the public prior to November Board elections.

Mr. Kawahara provided counsel regarding the disclosure of confidential information such as names of vendors or entities.

**Ernest Cooper and Jenny Dominguez of VLS provided a presentation to the Subcommittee on the progress of the Phase II forensic audit.**

Mr. Cooper said that the Phase II preliminary report is on track and scheduled to be delivered to the Subcommittee August 31, 2016. He added that the District will be given an opportunity to respond to any issues that come up regarding internal controls.

Mr. Cooper said that the District has been very responsive given the large volume of records, and he expects that all records will have been requested by June 30, 2016. Two areas which could impact the August 31 deadline are issues with vendors and computer forensic and email review.

Mr. Cooper said they are in the process of conducting field interviews of vendors and provided a status update of vendor records requests and responses. He said that five of the eighteen vendors retained legal counsel and that Mr. Kawahara is working with these five to come to some agreement.

Mr. Kawahara commented that there is a right to audit clause in all vendor contracts with the District, and spoke about how the clause worked and the costs involved.

At Ms. Cuevas' request, Mr. Kawahara agreed that in his communications with vendors he could make it clear that the goal is a public report.

Ms. Dominguez said they are working through other avenues to get some of the information in question.

Ms. Dominguez provided a status update about computer forensic email. She described the process of searching through 240,000 emails and electronic documents. She spoke about a delay regarding District counsel and the signing of a separate confidentiality agreement. Mr. Kawahara clarified this was for the protection of attorney-client privilege and student records that could be inadvertently included.

**B.1 Consider request by Vincente Lloyd & Stutzman LLP (VLS) to increase the contract amount for Phase I Risk Assessment from \$127,010 to \$150,219, an increase of \$23,209**

**Public Comment:**

Linda Ruiz Lozito spoke against there being any delays in light of things going on in the District.

Ben Steinberg expressed concern about those who oppose having a transparent audit and the need to stick to the contract dollar amount or risk “opening a can of worms politically.”

Mr. Kawahara provided background regarding VLS’ request for a contract amendment. He said he believed the reasons listed by VLS were items specifically referenced in the engagement letter and were all contemplated in the scope of work.

Mr. Cooper spoke about VLS’s explanation of additional costs and the areas he felt were outside the scope when the original estimate was made.

Ms. Block said that agreeing to this increase it could open a “Pandora’s box.” Ms. LeBlanc agreed and said that is always a concern.

Ms. Ricco said she believes this request is part of what was contracted for. She said the Subcommittee needs to be able to count on staying within the contract amount awarded and scope of services agreed to.

At Ms. Cuevas’ request, Mr. Kawahara read from the engagement letter regarding the role of the Subcommittee indicating that the reporting relationship was to the Subcommittee and to work with legal counsel, and the two items to be delivered were the Phase I Risk Assessment and the Scope of Work Phase II.

Ms. Cuevas said she agrees and believes the additional cost represents work that was performed within the scope of work.

Ms. Cuevas, Ms. Block and Ms. Ricco discussed the wording of the motion. Mr. Kawahara commented that the Board relegated this back to the Subcommittee for a recommendation.

Ms. Block said she does not feel it is the District’s responsibility to incur the extra costs.

**MOTION: Ms. Cuevas moved that the Subcommittee not recommend this increase because it is covered by the scope of the existing contract. Ms. Ricco seconded. Ms. Block, Ms. Cuevas and Ms. Ricco voted yes, with no abstentions and no absences. Motion carried 3-0-0-0.**

### **B.3 Discussion / Approval of Next Steps**

#### **Public Comment:**

Jack Weir said he is disturbed by vendors who are not cooperating and believes the names of the vendors who obtained attorneys should all be a public record.

Dr. Fatima Allyn spoke about the vendors who were not cooperating and asked what that meant for any work currently being done by the same vendors.

**Board Comment:**

Ms. Cuevas inquired about scheduling an additional meeting regarding responding to any testing of controls issues. Mr. Cooper responded that could be handled as part of ongoing dialogue and a meeting would not be necessary.

Mr. Kawahara asked Mr. Cooper what steps will the Subcommittee need to take to finalize the report and what will follow August 31<sup>st</sup>. Mr. Cooper said that the next status report is June 9 or 10, and after that he expects to confer with Mr. Kawahara on the vendor issue. He said that the monthly report lays out in detail the work effort, the obstacles and the budget. He does not anticipate the need for another Subcommittee meeting before the August 31<sup>st</sup> report. He said that what comes next will depend on the results of the report.

Ms. Cuevas said she does not want to overstep the vendors' rights until the report is public in order to maintain the integrity of the process.

Ms. Block inquired when the report would go to the Board, and Mr. Cooper said September 21 is the most likely date.

Mr. Kawahara said he will request a draft report from VLS earlier than August 31<sup>st</sup> to see if there are confidential issues. He clarified the two exceptions to the Brown Act that would have to remain confidential as litigation and anything related to personnel.

Ms. Block inquired about taking out the names and references to companies in order to release the report. She said people have a right to know if wrongdoing has been found. Mr. Kawahara spoke about the litigation process and the timing of when it is appropriate to put someone on notice that you are going to litigate which he said would be a decision for the board.

Ms. Ricco said it was important to let the public know everything is moving along as expeditiously as possible and there is no reason not to expect a report by September.

**C. FUTURE MEETINGS**

Ms. Block said there would be a meeting at the end of August to review the preliminary report draft.

**D. ADJOURNMENT**

Chairperson Block adjourned the meeting at 8:20 PM.