



**VLS FORENSIC SERVICES DIVISION**  
**A PROFESSIONAL SERVICE OF VICENTI, LLOYD & STUTZMAN, LLP**

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Working together to build a culture of integrity and productivity within your workplace

**WEST CONTRA COSTA  
UNIFIED SCHOOL DISTRICT**

**BOND PROGRAM**

RESPECT  
FOR THE INDIVIDUAL



HIGH ETHICAL  
STANDARDS



INNOVATION  
CREATIVITY  
CHANGE



MUTUAL TRUST



UNEQUIVOCAL  
EXCELLENCE

**PHASE II  
EXHIBITS**

September 16, 2016

**FINAL REPORT**

Prepared by:  
Vicenti, Lloyd & Stutzman LLP  
CPAs and Business Advisors

# Exhibit II-B

**Exhibit II-B**  
**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**FINAL RISK ASSESSMENT MATRIX - PHASE II**  
**September 16, 2016**

Risk Area				Risk Score	Controls to Minimize Risk	Phase II Scope of Work	New Risk Score	Recommendations
Number	Risk Category	Sub Category	Risk to District	Risk to District (based on historical controls)	Identified Internal Controls	Proposed Phase II Scope of Work	New Risk to District (based on current controls that were tested in Phase II)	Recommendations to Lower New Risk Score
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1	Conflict of Interest (COI)	Ramsey controlled the Board and agenda items presented to the Board	A District Board member was possibly overriding and/or circumventing District controls and management decisions. The directives may not have been in the best interest of the District and its finances. This could have resulted in inappropriate payments to vendors and contractors and/or the District overpaying for services rendered.	High	Two new Board members have been elected, and Charles Ramsey is no longer on the Board.  The current Board is not involved in the day-to-day decisions and operations.  The District has implemented various procedures to ensure that decisions are being evaluated and staff is making recommendations to the Board.  The Board members are scheduled to receive governance training in the 2015/16 school year and have a draft governance handbook available, which the Governance subcommittee is working on completing.	TC (4)	Medium	TC 4-3, TC 4-4
2	Conflict of Interest (COI)	Brown Act violation - Decisions were made outside of public meetings	Agreements or actions taken that are determined to be a Brown Act violation could result in invalidation of the actions taken and/or civil action against the District to prevent future violations. These actions could result in the District incurring legal fees in its defense as well as having to pay legal fees to the plaintiff, if the plaintiff is successful. There could also be delay of projects if certain contracts or decisions are deemed invalid.	High	The District has implemented a Governance subcommittee.  A draft Governance Handbook is available on the District website in the Governance Subcommittee section. The Handbook discusses details concerning the Brown Act and includes a Board Governance calendar listing Brown Act training in July (implement in 2016).	TC (4)	Medium	TC 4-3, TC 4-4

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3	Conflict of Interest (COI)	Allegations of kickbacks to Charles Ramsey	Vendors may have been hired based on willingness to pay kickbacks and not on qualifications or bids. The District may not have hired the most qualified vendors and vendor billings may have been "padded" thus creating an improper expenditure for the District.	High	Two new Board members have been elected, and Charles Ramsey is no longer on the Board.  The current Board is not involved in the day-to-day decisions and operations.  The Board members are scheduled to receive governance training in the 2015/16 school year and have a draft governance handbook available, which the Governance Subcommittee is working on completing.  Unknown whether or not the District has a control in place to conduct a through due diligence on District vendors for Bond Program.	TC (7) FI (1)	Medium	TC 7-5
4	Conflict of Interest (COI)	Charles Ramsey controlled daily activities of the District and SGI related to the bond program	A District Board member was possibly overriding and/or circumventing District controls and management decisions. The directives may not have been in the best interest of the District and its finances. This could have resulted in inappropriate payments to vendors and contractors and/or the District overpaying for services rendered.	High	Two new Board members have been elected, and Charles Ramsey is no longer on the Board.  The current Board is not involved in the day-to-day decisions and operations.  The District has implemented the following to improve controls: (1) established a master planning process for the remaining school projects based on remaining funding, (2) improved processes and procedures for reviewing invoices and change orders, (3) hired a Director of Contract Administration that is working on improving processes and procedures related to contracting with vendors, and (4) has taken steps to move certain decision making processes from consultants to District personnel.	TC (5), TC (13) FI (5)	Medium	TC 5-1, TC 5-2
5	Conflict of Interest (COI)	SGI told employees they worked for the Board	Risk of fraud - individual on Board may have made management decisions	High	New Board members have been elected. Current Board president is not contacting SGI to make management decisions.	TC (4)	Medium	TC 4-3, TC 4-4

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6	Conflict of Interest (COI)	Charles Ramsey amended the SGI contract during a Board meeting so that SGI could not be terminated for convenience.	The District may have agreed to specific contract clause that may be too restrictive and be against benefit to District.	High	New Board members have been elected. Current Board president is not directing what is presented to the Board.	TC (4)	Medium	TC 4-3, TC 4-4
7	Conflict of Interest (COI)	Charles Ramsey controlled who was on CBOC	The CBOC, as an oversight body of the bond program, may have not questioned information or actions of the Board/District if the individuals selected had loyalties to a certain Board member or District employee. This could taint the independence of the CBOC and result in limited or no oversight.	High	The District is in the process of revising its policy related to how members of CBOC are appointed.  Previously, each Board member was able to appoint one member of the CBOC. The District's intention is to remove these appointments to prevent any loyalties to Board members.	TC (1)	Low	TC 1-1
8	Conflict of Interest (COI)	The District is spending more money on school improvements in affluent areas than in less affluent areas.	The District may have expended bond funds inequitably across schools in the District. District may not complete all projects promised to voters when the measures were passed. District may lose voter confidence and not be able to pass additional bond measures, which would prevent the District from obtaining necessary funds to complete additional projects.	High	All but one major project at the District has been stopped until the facilities master plan is complete.  The final master plan is expected to go to the Board in late April 2016.  The process for developing the master plan involved identifying the schools that have had no work or very little work done and performed a needs assessment.  A Steering Committee and Prioritization Committee have been established to review the needs assessment and prioritize the schools based on their needs and pre-established criteria.  The architect involved in the process has no prior relationship with the District and was hired solely to assist with the master planning.	TC (2) , TC (3)	Medium	TC 2-1, TC 2-2

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1	Compliance with Legal Requirements and Board Policies (GOV)	Approval votes in the Facilities Subcommittee were treated as sufficient	Circumventing of approval procedures established by the District may have resulted in inappropriate or wasteful project expenditures.	High	VLS requested documentation related to the formation, operation, and authorities given to the Facilities Subcommittee. According to the District, these documents do not exist.  New Board members have been elected.  District has implemented a new position of Director of Contract Administration.  District working on ensuring contracts are thoroughly evaluated and are now being memorialized and administrative regulations and procedures are being drafted.	TC (8)	Medium	TC 8-1, TC 8-3, TC 8-4
2	Compliance with Legal Requirements and Board Policies (GOV)	Charles Ramsey told District staff and SGI what to do	A District Board member was possibly overriding and/or circumventing District controls and management decisions. The directives may not have been in the best interest of the District and its finances. This could have resulted in inappropriate payments to vendors and contractors and/or the District overpaying for services rendered.	High	Two new Board members have been elected, and Charles Ramsey is no longer on the Board.  The current Board is not involved in the day-to-day decisions and operations.  The District has implemented the following to improve controls: (1) established a master planning process for the remaining school projects based on remaining funding, (2) improved processes and procedures for reviewing invoices and change orders, (3) hired a Director of Contract Administration that is working on improving processes and procedures related to contracting with vendors, and (4) has taken steps to move certain decision making processes from consultants to District personnel.  The Board members are scheduled to receive governance training in the 2015/16 school year and have a draft governance handbook available which the Governance subcommittee is working on completing.	TC (4), TC (5), TC (8), TC (13) FI (1), FI (5)	Medium	TC 4-1, TC 4-2, TC 4-6

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3	Compliance with Legal Requirements and Board Policies (GOV)	The CBOC has overstepped its legal responsibilities in providing oversight of the bond program	District decision making processes are potentially being slowed, which could result in not meeting deadlines. The District is expending resources to satisfy the requests of the CBOC, which includes funds spend on outside professional services and well as internal staff time. To the extent the costs for professional services and staff time are expensed to the bond fund, these costs are depleting available bond resources.	High	No known controls - see Phase II	FI (6)	High	FI 6-1, FI 6-2, FI 6-3
4	Compliance with Legal Requirements and Board Policies (GOV)	SGL was slow to adopt and enforce the use of Primavera	Inaccurate/incomplete information recorded in Primavera may have resulted in inaccurate/incomplete information submitted to the CBOC, the Facilities Subcommittee, and the Board. Potential vendor/contractor claims may be unidentified and not quantified.	Medium	Proposed change orders are submitted by the Construction Manager to the Project Manager for review with the Engineering Officer and are recorded in Primavera.  Specific written procedures for Construction Managers for identifying, submitting, and tracking of proposed change orders are in place.  The District has developed a manual titled "2014 Construction Procedures Manual" and provided training regarding the required process.  The District has communicated with SGL that all proposed change orders must be entered into Primavera.  The District has a Project Manager assigned to each of the school locations with current bond related construction projects.	TC (15) FI (11)	Medium	TC 15-1, TC 15-2, TC 15-3, TC 15-4

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5	Compliance with Legal Requirements and Board Policies (GOV)	District employees were negligent in fulfilling their roles and responsibilities to the District related to the bond program	The proper oversight was not administered related to the bond program and/or the proper internal control procedures were not implemented or followed. The District may have expended bond funds in a wasteful manner or on inappropriate transactions.	Medium	The current Board is not involved in the day-to-day decisions and operations.  The District has implemented the following to improve controls: (1) established a master planning process for the remaining school projects based on remaining funding, (2) improved processes and procedures for reviewing invoices and change orders, (3) hired a Director of Contract Administration that is working on improving processes and procedures related to contracting with vendors, and (4) has taken steps to move certain decision making processes from consultants to District personnel.	TC (4), TC (5), TC (8), TC (13) FI (1), FI (5),	Medium	TC 4-1, TC 4-2, TC 4-6
6	Compliance with Legal Requirements and Board Policies (GOV)	What is the legal rationale for using bond funds to purchase computer supplies or limited life products?	District may have used long term debt to purchase short lived assets thus paying interest on bonds for many years after the purchased items are obsolete.	Low	Director of Facilities & Construction has implemented a process for master planning of remaining schools that have had no construction.  Part of this master planning is assessing remaining funds and schools with significant and/or immediate needs.  The District has had a Performance Audit conducted each fiscal year, which should include a review and assessment of the nature of expenditures paid with bond funds.	TC (5) FI (1), FI (7)	Low	TC 5-1, TC 5-2



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1	Budgeting Practices (BUD)	Unbudgeted/under budgeted projects	There is no mechanism in place to plan project spending and control costs. The District has weak fiscal accountability within the bond program, may not be able to complete all projects desired with available funds, and may be questioned by the public.	High	Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward.  Director of Facilities & Construction has implemented a process for master planning of remaining schools that have had no construction. Part of this master planning is assessing remaining funds and schools with significant and/or immediate needs.	TC (5), TC (6) FI (1), FI (2)	Medium	TC 5-1, TC 5-2
2	Budgeting Practices (BUD)	District increases budgets to match actual costs	There is no mechanism in place to control project costs. The District has weak or limited fiscal accountability within the bond program, may not be able to complete all projects desired with available funds, and may be questioned by the public.	High	Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward.  Director of Facilities & Construction has implemented a process for master planning of remaining schools that have had no construction. Part of this master planning is assessing remaining funds and schools with significant and/or immediate needs.	TC (5), TC (6) FI (1), FI (2)	High	TC 6-1, TC 6-2, TC 6-3, TC 6-4, TC 6-5, TC 6-6, TC 6-7, TC 6-8, TC 6-9
3	Budgeting Practices (BUD)	Project budgets in Munis do not match Board approvals	Project costs may exceed budgeted/contracted amounts approved by the Board. There is weak or limited fiscal accountability within the bond program.	High	The Board adopts the fiscal year budget in June of each year and during 1st interim reporting to the State. Both are done at the SACS reporting level.  Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.  Associate Superintendent of Operations has implemented reporting of a detailed line-by-line budget for the most recent large construction project, and plans to continue using detailed line-by-line budgets moving forward.	TC (6), TC (14)	High	TC 14-1, TC 14-2, TC 14-4

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4	Budgeting Practices (BUD)	There is no system, process, or individual, responsible or capable of controlling project spending	There is no mechanism in place to control project costs. The District has weak or limited fiscal accountability within the bond program, may not be able to complete all projects desired with available funds, and may be questioned by the public.	High	The District is undergoing master planning for remaining projects to be completed with remaining bond funds.  Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.  Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent major construction project and plans to continue using a detailed line-by-line for budgets moving forward.	TC (6), TC (14) FI (1)	High	TC 6-1, TC 6-2, TC 6-3, TC 6-4, TC 6-5, TC 6-6, TC 6-7, TC 6-8, TC 6-9
5	Budgeting Practices (BUD)	Bond program budgets submitted to the Board are one page summaries; The beginning balance does not match the prior report's ending balance	There is weak or limited fiscal accountability within the bond program. Decisions may have been made based on incomplete and/or inaccurate information presented to the Board.	High	Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward.	TC (6), TC (14) FI (2)	High	TC 6-1, TC 6-2, TC 6-3, TC 6-4, TC 6-5, TC 6-6, TC 6-7, TC 6-8, TC 6-9
6	Budgeting Practices (BUD)	Pinole Valley HS budget approved was \$180 million; Current budget is \$181.9 million	Actual project costs may exceed approved budgeted amounts. There is weak or limited fiscal accountability within the bond program.	High	Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward.  Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.	TC (6), TC (14)	High	TC 14-1, TC 14-2, TC 14-4

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A	B	C	D	E	F	G	H	I
7	Budgeting Practices (BUD)	Contracts approved by the Board are in excess of budgeted amounts	Actual project costs may exceed approved budgeted amounts. There is weak or limited fiscal accountability within the bond program. The District may not be able to complete all projects desired with available funds.	Medium	Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward.  Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.  The District has hired a Director of Contract Administration who is responsible for reviewing bond related contracts. The Director of Contract Administration is in the process of reviewing and drafting District procedures related to contracting. The plan is to bring the controls process into the District rather than being outsourced to SGI.	TC (6), TC (8), TC (14)	Medium	TC 8-2
8	Budgeting Practices (BUD)	Bond money received from later measures were used to fund projects promised in previous measures	District is not able to complete all projects promised to voters when the measures are passed. District may lose voter confidence and not be able to pass additional bond measures, which would prevent the District from obtaining necessary funds to complete additional projects.	Low	Ballot language includes provisions related to funding projects promised in previous measures. For example, the Measure J (2005) bond language states: "Complete any remaining Election of November 7, 2000, Measure M, projects;" and "Complete any remaining Election of March 5, 2002, Measure D, Projects." [source: 6/30/2013 Performance Audit]  The District is undergoing master planning for remaining projects to be completed with remaining bond funds.	FI (1)	Low	TC 2-1, TC 2-2

**Exhibit II-B**  
**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
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Risk Area				Risk Score	Controls to Minimize Risk	Phase II Scope of Work	New Risk Score	Recommendations
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1	Vendor Contract Administration (VCA)	Architects hired to begin conceptual plans for schools decades in advance	The District may have used long-term debt to pay for services far in advance of need. These conceptual plans may need revisions and/or updates once the District is ready to use the plans, and this may cause the District to incur additional expense.	High	<p>Associate Superintendent of Operations has begun communication with the Board and community regarding the process for facilities master planning.</p> <p>A transparent process has been put into place and all projects, except one large project, have been halted until the facilities master plan is approved by the Board.</p> <p>The final master plan is expected to go to the Board in late April 2016.</p> <p>The process for developing the master plan involved identifying the schools that have had no work or very little work done and performed a needs assessment.</p> <p>A Steering Committee and Prioritization Committee have been established to review the needs assessment and prioritize the schools based on their needs and pre-established criteria.</p> <p>The architect involved in the process has no prior relationship with the District and was hired solely to assist with the master planning.</p>	TC (2), TC (5), TC (8) FI (1), FI (7)	Low	TC 2-1, TC 2-2
2	Vendor Contract Administration (VCA)	SGI worked without a contract for some years. What is termination date of 2013 contract with SGI?	The District may have continued to award work to SGI without a current contract.	High	<p>District has implemented a new position of Director of Contract Administration</p> <p>The District is working on ensuring contracts are thoroughly evaluated.</p> <p>The District is working on ensuring that contracts are memorialized and that all vendors have written contracts.</p>	TC (7), TC (8) FI (5)	Medium	TC 7-1, TC 7-2, TC 7-3, TC 7-4

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3	Vendor Contract Administration (VCA)	The Facilities Subcommittee recommended to the Board that SGI be selected against staff recommendation	Facilities sub committee may have made recommendations to board based on political influence instead of relying on expert staff recommendation.	High	No known controls - see Phase II	TC (4) FI (1), FI (3)	Medium	TC 4-5
4	Vendor Contract Administration (VCA)	Board does not approve contracts or approves contracts after they have been entered into	The District may have entered into contracts without proper Board approval.	High	The District has implemented a new position of Director of Contract Administration.  The District is working on ensuring contracts are thoroughly evaluated.  The District is working on ensuring that contracts are memorialized and that all vendors have written contracts.  The District policy, in agreement with Education code 17604, states that to be valid, all contracts must be approved and/or ratified by the Board.	TC (7), TC (8) FI (5)	Medium	TC 8-6, TC 8-7, TC 8-8
5	Vendor Contract Administration (VCA)	Discrepancies in single contract amounts	The District may have awarded vendor contracts may have exceeded Board approved budgets.	High	The District has implemented new position of Director of Contract Administration.  The District is working on ensuring contracts are thoroughly evaluated.  The District is working on ensuring that contracts are memorialized and that all vendors have written contracts.  The District policy, in agreement with Education code 17604, states that to be valid, all contracts must be approved and/or ratified by the Board.	TC (7), TC (8) FI (5)	Medium	TC 8-6, TC 8-7, TC 8-8

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A	B	C	D	E	F	G	H	I
6	Vendor Contract Administration (VCA)	The Board is not told if a project has sufficient budget for a contract	The District may have entered into contracts without proper Board approval.	High	Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward.  Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.  The District has hired a Director of Contract Administration who is responsible for reviewing bond related contracts. The Director of Contracts is in the process of reviewing and drafting District procedures related to contracting. The plan is to bring the controls process into the District rather than being outsourced to SGI.	TC (6), TC (8), TC (14)	High	TC 14-3
7	Vendor Contract Administration (VCA)	No Board approval of bidding and/or no Board action to approve one award and rescind another	The District may not be compliant with legal requirements and/or Board policies regarding public bidding. District may be exposed to civil action from contractors.	High	The District has an informal as well as a formal bidding process that includes step 8 which is submission to the Board for approval. If the Board approves award of contract, a notice of award is prepared. If the Board rejects all bids, notice to bidders is prepared.	TC (9) FI (8)	Low	TC 9-1
8	Vendor Contract Administration (VCA)	SGI using the District Facilities Operation Center without paying portion of lease. SGI contract may allow for some items that should not be allowed	The District may have paid in excess of contractual agreement for items that may have been vendor's responsibility.	Medium	The District has implemented new position of Director Contract Administration.  The District working on ensuring contracts are thoroughly evaluated.  The District is working on ensuring that contracts are memorialized and that all vendors have written contracts.	TC (6), TC (8), TC (14) FI (3), FI (4), FI (5)	Medium	TC 8-6, TC 8-7, TC 8-8

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9	Vendor Contract Administration (VCA)	There is no mechanism to stop a purchase order, contract, or invoice from being paid if there is no Board approved budget for it	The District may have incurred expenditures in excess of Board approved budgets.	Medium	Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.  Associate Superintendent of Operations has implemented reporting of a detailed line-by-line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward.	TC (14), TC (6) FI (5)	High (1)	TC 14-3
10	Vendor Contract Administration (VCA)	Contracts and information was lost because server went down	Significant contract and project information may have been lost and not recovered. The District may not have had sufficient information or history to properly manage contracts. This may have resulted in inaccurate/incomplete information submitted to the CBOC, the Facilities Subcommittee, and the Board. Potential vendor/contractor claims may be unidentified and not quantified.	Medium	The District implemented the use of the Primavera system, which resides on the District's server.  The District also implemented a back-up system so that data could be restored in the event of a similar occurrence.	TC (15)	Medium	TC 15-1, TC 15-2, TC 15-3, TC 15-4
11	Vendor Contract Administration (VCA)	SGI/Architects told to help with promotion of Bond campaign	It may have been perceived by the public as a conflict of interest to require District vendors to promote bond measures.	Medium	The District has implemented a more strict contract review process that includes drafting administrative regulations and procedures.	TC (4), TC (8)	Medium	TC 8-6, TC 8-7, TC 8-8
12	Vendor Contract Administration (VCA)	SGI did not do reporting as required by contract	The District Board may not have been informed as intended by contract requirements.	Medium	The new Board is proactive in requesting relevant reports from SGI. Executive Director of Business Services office has begun a reconciliation process between Primavera, which is used by SGI and the Munis Ledger, which is administered by the District.	TC (10)	Low	None

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13	Vendor Contract Administration (VCA)	SGI forced out subcontractors by not paying them	The District's reputation may have been damaged if subcontractors were not paid after performing work on behalf of the District. If the District had sufficient knowledge of a contractor's nonpayment to its subcontractors, does the District hold any legal responsibility?	Medium	The District has hired a Director of Contract Administration, who is working on revised policies and procedures related to vendor contracting.  The District plans to transition additional services currently performed by SGI to in-house employees.	TC (8) FI (3)	Medium	TC 8-6, TC 8-7, TC 8-8
14	Vendor Contract Administration (VCA)	Contract retention was released (paid) earlier than in past (Gumper/Greenwood Project)	The District may have paid a vendor in full before a project was accepted as complete by the Board. This may have limited the District's recourse if the contractor had not satisfactorily completed the work based on the terms of the contract.	Low	The Payment for Goods and Services policy states that retention withheld by the District from payments to contractors for public works contracts shall be released within 60 days after the construction or improvement is completed.  The 2014 Construction Procedure Manual states that release of retention shall be after approval of the District's Architect's Certificate of Payment, after the satisfactions of the conditions set forth herein, and after thirty-five 35 days of the recording of the Notice of Completion by District.  The 2014 Construction Procedure Manual also states that undisputed retention shall be released within 60 days from date of completion.  The 2014 Construction Procedure Manual additionally states that timing for release of retention is 30 days after completion.	FI (9)	Low	None
15	Vendor Contract Administration (VCA)	Who paid for the Primavera system and who owns the rights to Primavera?	District may have paid in excess of contractual agreement for items that may have been vendor's responsibility. District may not have access to or full rights to a system it paid for.	Low	The District has implemented a new position of Director of Contract Administration.  The District is working on a process to ensure that contracts are thoroughly evaluated.  The District is working on a process to ensure that contracts are memorialized and that all vendors have written contracts.	TC (7), TC (8) FI (3), FI (4), FI (5)	Medium (1)	TC 8-6, TC 8-7, TC 8-8



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16	Vendor Contract Administration (VCA)	District's bond program has not been a timely pay for vendors	The District may have incurred late fees for late payments to vendors; Vendors may have pursued legal action against the District for nonpayment; District may have gained a poor reputation with vendors.	Low	The vendor payment policies and procedures specify that payments to vendors and contractors should be made within 30 days of invoice receipt.	TC (11) FI (5)	Medium (1)	TC 11-1, TC 11-2, TC 11-3

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1	Billings and Performance of Outside Construction Manager (BPO)	WLC billed existing design as new design	District paid in excess of industry standards for services received	High	The District has hired a Director of Contract Administration, who is working on revised policies and procedures related to vendor contracting.  Invoices are reviewed and approved in the following order:  (1) Project Mangers - if appropriate (2) Director of Facilities, Construction (3) Engineering Officer Facilities/Bond (4) Executive Director of Business Services	TC (8), TC (11) FI (5), FI (7)	Medium	TC 8-5
2	Billings and Performance of Outside Construction Manager (BPO)	SGI Billed for time not worked, sick and vacation time	Potential for improper expenditure billed to and paid by District	High	District Project Managers review and sign SGI invoices prior to submission to Chief Engineering Officer for approval.	TC (11) FI (5), FI (3)	Medium	TC 11-4, TC 11-5
3	Billings and Performance of Outside Construction Manager (BPO)	SGI employee efficiencies and staffing levels	Potential for improper expenditure billed to and paid by District	Medium	The District has hired a Director of Contract Administration, who is working on revised policies and procedures related to vendor contracting.  Chief Engineering Officer reviews and approves SGI invoices.	TC (8), TC (11) FI (3), FI (4), FI (5)	Medium	TC 8-5
4	Billings and Performance of Outside Construction Manager (BPO)	SGI purchase of computers that were not delivered to WCCUSD but were billed to WCCUSD	Potential for improper expenditure billed to and paid by District	Medium	District project managers review and sign SGI invoices prior to submission to Chief Engineering Officer for approval.	TC (11) FI (3), FI (5)	Medium	TC 11-4, TC 11-5
5	Billings and Performance of Outside Construction Manager (BPO)	SGI billed in excess of actual employee qualifications	Potential for improper expenditure	Medium	Chief Engineering Officer reviews and approves SGI invoices. Chief Engineering Officer is also involved in SGI's process for interviewing, hiring and promoting employees.	TC (12) FI (3)	Medium	TC 12-1, TC 12-2

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A	B	C	D	E	F	G	H	I
6	Billings and Performance of Outside Construction Manager (BPO)	Does SGI keep all records current and updated?	District paid for fees or reimbursables which cannot be substantiated by supporting documentation	Medium	SGI invoices are reviewed and approved in the following order:  (1) Project Mangers (2) Director of Facilities, Construction (3) Engineering Officer Facilities/Bond (4) Executive Director of Business Services  The contract between the District and SGI states that SGI as the Construction Manager shall establish and maintain books, records, and systems of account, in accordance with generally accepted accounting principles, reflecting all business operations of Construction Manager transacted under this agreement.  The contract further states that the District, its agent or other representatives, may perform audits of all billing statements, invoices, records and other data related to the services covered by this agreement.	TC (11) FI (3)	Medium	TC 11-4, TC 11-5
7	Billings and Performance of Outside Construction Manager (BPO)	Does SGI add a 5% billing charge? Is it authorized?	District paid fees outside of contract terms	Medium	SGI invoices are reviewed and approved in the following order:  (1) Project Mangers - if appropriate (2) Director of Facilities, Construction (3) Engineering Officer Facilities/Bond (4) Executive Director of Business Services	TC (11) FI (3), FI (4)	Medium	TC 11-4, TC 11-5

**Exhibit II-B**  
**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**FINAL RISK ASSESSMENT MATRIX - PHASE II**  
**September 16, 2016**

Risk Area				Risk Score	Controls to Minimize Risk	Phase II Scope of Work	New Risk Score	Recommendations
Number	Risk Category	Sub Category	Risk to District	Risk to District (based on historical controls)	Identified Internal Controls	Proposed Phase II Scope of Work	New Risk to District (based on current controls that were tested in Phase II)	Recommendations to Lower New Risk Score
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A	B	C	D	E	F	G	H	I
1	Change Order Approval and Accounting Practices (COA)	"Add services" approved for architectural firms were inappropriate (for example, \$7 Million "add service" approved for WLC Architects)	Without an adequate process in place to ensure the appropriateness of change orders (or add services), the District may expend additional funds on vendors for work that is covered by the original contract price or for additional costs that are the contractual responsibility of the vendor.	High	Sufficient information was not obtained to determine if the process followed for review and approval of add services is the same as construction change orders.	TC (13) FI (7)	Medium	TC 13-1, TC 13-2, TC 13-3, TC 13-4, TC 13-5, TC 13-6, TC 13-7, TC 13-8, TC 13-9, TC 13-10
2	Change Order Approval and Accounting Practices (COA)	Proposed Change Orders Not in Primavera	Potential vendor/contractor claims may be unidentified and not quantified.	High	Proposed change orders are submitted by the Construction Manager to the Project Manager for review with the Engineering Officer and are recorded in Primavera.  Controls will prepare the Board précis and after Board ratification, change order is circulated by controls for final execution.  The District has developed a manual titled "2014 Construction Procedures Manual" and provided training regarding the required process.  The District has communicated with SGI that all proposed change orders must be entered into Primavera.  The District has a Project Manager assigned to each of the school locations with current bond related construction projects.	TC (15) FI (11)	Medium	TC 15-1, TC 15-2, TC 15-3, TC 15-4
3	Change Order Approval and Accounting Practices (COA)	Change orders are not Approved by Board	If change orders are not approved by the Board when required and/or appropriate, transparency and accountability is limited, which could result in excessive project costs.	High	Current procedures require that change orders over 10% or \$250,000 be approved by the Board before the work can be performed.	TC (13) FI (10)	Medium	TC 13-1, TC 13-2, TC 13-3, TC 13-4, TC 13-5, TC 13-6, TC 13-7, TC 13-8, TC 13-9, TC 13-10

**Exhibit II-B**  
**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**FINAL RISK ASSESSMENT MATRIX - PHASE II**  
**September 16, 2016**

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A	B	C	D	E	F	G	H	I
4	Change Order Approval and Accounting Practices (COA)	Has the District had a process in place to analyze and question change orders before approving?	Without an adequate process in place to ensure the appropriateness of change orders, the District may expend additional funds on contractors for work that is covered by the original contract price or for additional costs that are the contractual responsibility of the contractor.	High	Change orders are evaluated and negotiated by the Construction Manager, Architect of Record, Inspector of Record and District Project Manager.  Change orders are reviewed and approved by the Engineering Officer.  Approved change orders are provided to the Board for ratification. Change orders greater than 10% or \$250,000 must be approved by the Board before work can begin.  Change orders are signed by the Associate Superintendent of Operations and Bond Program after being ratified/approved by the Board.	TC (13) FI (10)	Medium	TC 13-1, TC 13-2, TC 13-3, TC 13-4, TC 13-5, TC 13-6, TC 13-7, TC 13-8, TC 13-9, TC 13-10
5	Change Order Approval and Accounting Practices (COA)	Change orders will be greater than what was communicated by the SGI Construction Manager	The District does not have a full understanding of potential claims and dollar impact from change orders.	Medium	Proposed change orders are submitted by the Construction Manager to the Project Manager for review with the Engineering Officer and are recorded in Primavera.  Controls will prepare the BOE précis and after BOE ratification, change order is circulated by controls for final execution.  There is communication between the District and SGI regarding proposed change orders and the impacts on cash flow.  Current procedures require that change orders over 10% or \$250,000 be approved by the Board before the work can be performed.	TC (13) FI (3), FI (10)	Medium	TC 13-1, TC 13-2, TC 13-3, TC 13-4, TC 13-5, TC 13-6, TC 13-7, TC 13-8, TC 13-9, TC 13-10

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**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**FINAL RISK ASSESSMENT MATRIX - PHASE II**  
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A	B	C	D	E	F	G	H	I
6	Change Order Approval and Accounting Practices (COA)	Information for expected change orders was lost when the Primavera server went down. These expected change orders are currently uncosted.	The District does not have a full understanding of potential claims and dollar impact from change orders.	Medium	The District implemented the use of the Primavera system, which resides on the District's server.  The District also implemented a back-up system so that data could be restored in the event of a similar occurrence.	TC (15) FI (11)	Medium	TC 15-1, TC 15-2, TC 15-3, TC 15-4
7	Change Order Approval and Accounting Practices (COA)	A change order was processed as a settlement to a contractor; therefore, the amount paid to the contractor is not captured as change orders (Greenwood project)	The actual cost related to change orders may have been understated in reporting to the CBOC, the Board, and other oversight bodies. The District has weak or limited fiscal accountability within the bond program.	Medium	Change orders are evaluated and negotiated by the Construction Manager, Architect of Record, Inspector of Record and District Project Manager.  Change orders are reviewed and approved by the Engineering Officer.  Approved change orders are provided to the Board for ratification. Change orders greater than 10% or \$250,000 must be approved by the Board before work can begin.  Change orders are signed by the Associate Superintendent of Operations and Bond Program after being ratified/approved by the Board.	TC (13) FI (9), FI (10)	Medium	TC 13-1, TC 13-2, TC 13-3, TC 13-4, TC 13-5, TC 13-6, TC 13-7, TC 13-8, TC 13-9, TC 13-10

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A	B	C	D	E	F	G	H	I
1	Project Accounting Systems - Munis (PAM)	Munis general ledger and Munis project ledger do not reconcile and are "off by \$7.7 million"	The District is not able to use its financial system to generate reports that accurately present bond program expenditures on a project level. The District must expend additional monies to either (1) manually compile the necessary financial information from various systems or (2) use a separate system to track project costs at the appropriate detailed level.	High	According to the Executive Director of Business Services, a reconciliation process for Munis project ledger and Munis general ledger is currently in place. This reconciliation is performed on a monthly basis.	TC (14)	High	TC 14-5, TC 14-6, TC 14-7, TC 14-8, TC 14-9
2	Project Accounting Systems - Munis (PAM)	Munis does not have the ability to control costs to budgets	There is no mechanism in place to control project costs and ensure they do not exceed approved budgets. The District has weak or limited fiscal accountability within the bond program, may not be able to complete all projects desired with available funds, and may be questioned by the public.	High	Associate Superintendent of Operations has implemented reporting of a detailed line-by-line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward.  Director of Facilities & Construction has implemented process for master planning of remaining schools that have had no construction.  Part of this master planning is assessing remaining funds and schools with significant and/or immediate needs.  Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.	TC (5), TC (6), TC (14) FI (1)	High	TC 14-5, TC 14-6, TC 14-7, TC 14-8, TC 14-9

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A	B	C	D	E	F	G	H	I
3	Project Accounting Systems - Munis (PAM)	Munis does not have the ability to control payments to contract amounts - multiple purchase orders were written for a single contract and there is no control to prevent this	There is no mechanism in place to control vendor payments and ensure they do not exceed approved contract amounts. The District may have made excessive or inappropriate payments to vendors. The District has weak or limited fiscal accountability within the bond program, may not be able to complete all projects desired with available funds, and may be questioned by the public.	High	According to interview with Dennis Clay, contract spending is controlled by the purchase order.  The District has hired a Director of Contract Administration who is responsible for reviewing bond related contracts.  The Director of Contracts is in the process of reviewing and drafting District procedures related to contracting.	TC (8) FI (11), FI (5)	Medium	TC 8-2
4	Project Accounting Systems - Munis (PAM)	Munis project ledger was not set up correctly	The District may not be able to easily track project costs by project using the Munis system. This could result in project costs not being recorded properly and/or not being reported accurately. The District must expend additional monies to either (1) manually compile the necessary financial information from various systems or (2) use a separate system to track project costs at the appropriate detailed level.	Medium	The Project Analyst, who works under the Executive Director of Business Services, has created a report that summarizes program expenses and encumbrances to date.  The report is prepared by consolidating information from Munis, Primavera, and Bitech (the District's former accounting system) and assigns project names to the information.  Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.	TC (6), TC (14), TC (16)	Medium	TC 16-1, TC 16-2, TC 16-3, TC 16-4, TC 16-5, TC 16-6, TC 16-7, TC 16-8, TC 16-9, TC 16-10
5	Project Accounting Systems - Munis (PAM)	Does Munis record change orders?	If Munis does not record change orders, the District would not be able to adequately monitor contract spending and costs.	Medium	The controls change order process states that Primavera is a required tool for use in the first step for proposed change orders that are submitted by the Construction Manager to other Project Manager for review with the Engineering Officer.  The change order flow chart states that construction Manager records proposed change orders in District Contract Management system and tracking ID number is created at this time.	TC (13), TC (14)	Medium	TC 13-11



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A	B	C	D	E	F	G	H	I
6	Project Accounting Systems - Munis (PAM)	Who controls the data input into the Munis and Primavera systems? (Amanco, SGI)	The financial records are ultimately the responsibility of management of the District. If the data input into the financial systems is performed by individuals without the requisite experience and/or without proper oversight by the District, there could be errors or omissions of which the District is not aware.	Medium	Data input into the Munis system is the responsibility of the District.  Data input into Primavera is the responsibility of SGI, primarily of the Master Scheduler.  Construction Managers of SGI also input certain pieces of information into Primavera (proposed change orders).  The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.  The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).	TC (14), TC (15)	Medium	TC 15-1, TC 15-2, TC 15-3, TC 15-4

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1	Project Accounting Systems - Primavera (PAP)	Not all projects reflected in Munis are reflected in Primavera	Inaccurate/incomplete information recorded in Primavera may have resulted in inaccurate/incomplete information submitted to the CBOC, the Facilities Subcommittee, and the Board. Potential vendor/contractor claims may be unidentified and not quantified.	Medium	The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.  The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).	TC (15)	Medium	TC 15-1, TC 15-2, TC 15-3, TC 15-4
2	Project Accounting Systems - Primavera (PAP)	Does Primavera record professional service contracts?	Primavera may not capture complete or accurate project cost information.  Inaccurate/incomplete information recorded in Primavera may have resulted in inaccurate/incomplete information submitted to the CBOC, the Facilities Subcommittee, and the Board. Potential vendor/contractor claims may be unidentified and not quantified.	Medium	The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.  The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).	TC (15)	Medium	TC 15-1, TC 15-2, TC 15-3, TC 15-4

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A	B	C	D	E	F	G	H	I
3	Project Accounting Systems - Primavera (PAP)	SGL is not inputting information accurately in Primavera	Primavera may not capture complete or accurate project cost information.  Inaccurate/incomplete information recorded in Primavera may have resulted in inaccurate/incomplete information submitted to the CBOC, the Facilities Subcommittee, and the Board. Potential vendor/contractor claims may be unidentified and not quantified.	Medium	<p>The District has developed a manual titled "2014 Construction Procedures Manual" and provided training regarding the required process.</p> <p>The District has communicated with SGI that all proposed change orders must be entered into Primavera.</p> <p>The District has a Project Manager assigned to each of the school locations with current bond related construction projects.</p> <p>The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.</p> <p>The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).</p>	TC (15) FI (11)	Medium	TC 15-1, TC 15-2, TC 15-3, TC 15-4

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Risk Area				Risk Score	Controls to Minimize Risk	Phase II Scope of Work	New Risk Score	Recommendations
Number	Risk Category	Sub Category	Risk to District	Risk to District (based on historical controls)	Identified Internal Controls	Proposed Phase II Scope of Work	New Risk to District (based on current controls that were tested in Phase II)	Recommendations to Lower New Risk Score
This column identifies the number assigned by VLS. Not ranking by priority.	This column identifies the Risk Area categories assigned by VLS based on the allegations, concerns, and questions provided to VLS in Phase I.	This column summarizes the allegations, concerns, and questions as provided to VLS in Phase I - These are not findings of VLS.	This column identifies, as defined by VLS in Phase I, the potential impact to the District if controls were not in place to prevent the allegation/concern identified in the risk sub category - This is the potential impact based on the information that was provided to VLS in Phase I.	This column identifies overall level of risk to District based on the Phase I assessment performed by VLS.	This column summarizes District internal controls identified by VLS during work performed in Phase I. This is not a comprehensive list of all internal controls which may be in place as there may be additional controls that the District has adopted related to the risk areas that were not communicated to VLS during Phase I. During Phase I VLS did not test these controls to ensure that they are implemented and functioning as intended.	This column identifies the approved Phase II scope of work. See Sections III (Test of Controls) and IV (Forensic Accounting Investigation) for the work performed and results.	This column identifies the <u>new</u> overall level of risk to the District based on the results of Phase II "Test of Controls." See footnote (1) description on last page.	This column contains the identifying number of the corresponding recommendations to lower the New Risk Score. See Sections II C & IV C for the recommendations.
A	B	C	D	E	F	G	H	I
1	Financial Reporting (FRP)	Munis, the Munis project ledger, and Primavera do not reconcile	Actual bond project costs may have exceeded the amounts presented to the various oversight and governing bodies. Decisions may have been made based on incomplete and/or inaccurate information presented to the decision making bodies (Facilities Subcommittee and Board). Inaccurate and/or incomplete information may have been provided to the public, which could tarnish public confidence. This may make it more difficult for the District to pass future bond measures, if needed to complete remaining projects.	High	The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.  The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).	TC (15)	Medium	TC 15-1, TC 15-2, TC 15-3, TC 15-4
2	Financial Reporting (FRP)	WLC, SGI, and the Engineering Officer produced financial reports without financial oversight from the District	Actual bond project costs may have exceeded the amounts presented to the various oversight and governing bodies. Decisions may have been made based on incomplete and/or inaccurate information presented to the decision making bodies (Facilities Subcommittee and Board). Inaccurate and/or incomplete information may have been provided to the public, which could tarnish public confidence. This may make it more difficult for the District to pass future bond measures, if needed to complete remaining projects.	High	The responsibility of producing financial reports related to the bond program has been placed under the Executive Director of Business Services, who is a District employee. SGI and District architects are no longer involved in the process of producing financial reports related to the bond program. Current reports provided by the District include financial status reports and cash flow reports.	TC (16)	Medium	TC 16-1, TC 16-2, TC 16-3, TC 16-4, TC 16-5, TC 16-6, TC 16-7, TC 16-8, TC 16-9, TC 16-10

**Exhibit II-B**  
**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**FINAL RISK ASSESSMENT MATRIX - PHASE II**  
**September 16, 2016**

Risk Area				Risk Score	Controls to Minimize Risk	Phase II Scope of Work	New Risk Score	Recommendations
Number	Risk Category	Sub Category	Risk to District	Risk to District (based on historical controls)	Identified Internal Controls	Proposed Phase II Scope of Work	New Risk to District (based on current controls that were tested in Phase II)	Recommendations to Lower New Risk Score
This column identifies the number assigned by VLS. Not ranking by priority.	This column identifies the Risk Area categories assigned by VLS based on the allegations, concerns, and questions provided to VLS in Phase I.	This column summarizes the allegations, concerns, and questions as provided to VLS in Phase I - These are not findings of VLS.	This column identifies, as defined by VLS in Phase I, the potential impact to the District if controls were not in place to prevent the allegation/concern identified in the risk sub category - This is the potential impact based on the information that was provided to VLS in Phase I.	This column identifies overall level of risk to District based on the Phase I assessment performed by VLS.	This column summarizes District internal controls identified by VLS during work performed in Phase I. This is not a comprehensive list of all internal controls which may be in place as there may be additional controls that the District has adopted related to the risk areas that were not communicated to VLS during Phase I. During Phase I VLS did not test these controls to ensure that they are implemented and functioning as intended.	This column identifies the approved Phase II scope of work. See Sections III (Test of Controls) and IV (Forensic Accounting Investigation) for the work performed and results.	This column identifies the <u>new</u> overall level of risk to the District based on the results of Phase II "Test of Controls."  See footnote (1) description on last page.	This column contains the identifying number of the corresponding recommendations to lower the New Risk Score. See Sections II C & IV C for the recommendations.
A	B	C	D	E	F	G	H	I
3	Financial Reporting (FRP)	Inaccurate and/or no reports were provided to CBOC and/or the Board	Decisions may have been made based on incomplete and/or inaccurate information presented to the decision making bodies (Facilities Subcommittee and Board). Inaccurate and/or incomplete information may have been provided to the public, which could tarnish public confidence. This may make it more difficult for the District to pass future bond measures, if needed to complete remaining projects.	High	<p>The responsibility of producing financial reports related to the bond program has been placed under the Executive Director of Business Services, who is a District employee. Current reports provided by the District include financial status reports and cash flow reports. CAMP reports are no longer prepared or provided.</p> <p>The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.</p> <p>The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).</p>	TC (15), TC (16)	Medium	TC 16-1, TC 16-2, TC 16-3, TC 16-4, TC 16-5, TC 16-6, TC 16-7, TC 16-8, TC 16-9, TC 16-10

**Exhibit II-B**  
**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**FINAL RISK ASSESSMENT MATRIX - PHASE II**  
**September 16, 2016**

Risk Area				Risk Score	Controls to Minimize Risk	Phase II Scope of Work	New Risk Score	Recommendations
Number	Risk Category	Sub Category	Risk to District	Risk to District (based on historical controls)	Identified Internal Controls	Proposed Phase II Scope of Work	New Risk to District (based on current controls that were tested in Phase II)	Recommendations to Lower New Risk Score
A	B	C	D	E	F	G	H	I
This column identifies the number assigned by VLS. Not ranking by priority.	This column identifies the Risk Area categories assigned by VLS based on the allegations, concerns, and questions provided to VLS in Phase I.	This column summarizes the allegations, concerns, and questions as provided to VLS in Phase I - These are not findings of VLS.	This column identifies, as defined by VLS in Phase I, the potential impact to the District if controls were not in place to prevent the allegation/concern identified in the risk sub category - This is the potential impact based on the information that was provided to VLS in Phase I.	This column identifies overall level of risk to District based on the Phase I assessment performed by VLS.	This column summarizes District internal controls identified by VLS during work performed in Phase I. This is not a comprehensive list of all internal controls which may be in place as there may be additional controls that the District has adopted related to the risk areas that were not communicated to VLS during Phase I. During Phase I VLS did not test these controls to ensure that they are implemented and functioning as intended.	This column identifies the approved Phase II scope of work. See Sections III (Test of Controls) and IV (Forensic Accounting Investigation) for the work performed and results.	This column identifies the <u>new</u> overall level of risk to the District based on the results of Phase II "Test of Controls."  See footnote (1) description on last page.	This column contains the identifying number of the corresponding recommendations to lower the New Risk Score. See Sections II C & IV C for the recommendations.
4	Financial Reporting (FRP)	KPI and CAMP reports prepared were not accurate	Actual bond project costs may have exceeded the amounts presented to the various oversight and governing bodies. Decisions may have been made based on incomplete and/or inaccurate information presented to the decision making bodies (Facilities Subcommittee and Board). Inaccurate and/or incomplete information may have been provided to the public, which could tarnish public confidence. This may make it more difficult for the District to pass future bond measures, if needed to complete remaining projects.	Medium	<p>The responsibility of producing financial reports related to the bond program has been placed under the Executive Director of Business Services, who is a District employee. Current reports provided by the District include financial status reports and cash flow reports. CAMP reports are no longer prepared or provided.</p> <p>The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.</p> <p>The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).</p>	TC (15), TC (16) FI (11)	Medium	TC 16-1, TC 16-2, TC 16-3, TC 16-4, TC 16-5, TC 16-6, TC 16-7, TC 16-8, TC 16-9, TC 16-10

(1) Although this risk area was assessed a Low risk during Phase I, the results of testing conducted during Phase II caused this risk area to be assessed at a higher risk level than during Phase I