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## ARGUMENT FOR REJECTING THE FORENSIC AUDIT AS WRITTEN

On September 9<sup>th</sup> Vicenti, Lloyd and Stutzman (VLS) made available their Phase II Report of Forensic Accounting Investigation **Preliminary Draft**.

Six days later the Dennis Clay Investigation Subcommittee met to have the report presented to the subcommittee and the public.

Please review some of the following arguments why this report should be rejected as written and be sent back to VLS for corrections and possible amendments. Before accepting this report as written and the final payment of the nearly million dollar fee is paid, this report should be, at the very least, factually accurate. The errors need to be corrected and, most importantly, the public needs to be given an opportunity to weigh in with public comment so VLS and the Board might be made aware of those areas that need attention.

Before this report becomes the Bible from which the future of the Bond Program rests, shouldn't it be the kind of report that we all can put our hand on and swear to? As it stands now, rather than sitting in a revered space on the bookshelves of District staff, it belongs in a less coveted spot on the shelves near the registers at the local convenience store.

### PUBLIC COMMENT

When the Clay Subcommittee met on September 15<sup>th</sup>, they had public speakers present their comments **BEFORE** anyone actually heard the report that they were to comment on. Surely you all have to see the folly in that way of conducting the subcommittee's affairs. I tried to interject that this was contrary to normal procedures as outlined in Robert's Rules of Order. Exactly what kind of comments might they expect when the public is completely unaware of what will be in the report?

If the subcommittee's members (both Board members and their civilian subcommittee member) actually wanted to hear what the public has to say, shouldn't they make a better effort to see that the public might have the information needed to make useful comments?

Along that line, the subcommittee went into Close Session for an hour and forty minutes. When the open session was resumed, the subcommittee voted to pass along

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their decisions made in closed session to the full Board. I've reviewed the video tape and cannot see where the subcommittee ever told the public what they were voting on. There is nothing in the official records to tell the world what they took action on. Does the Brown Act even allow that? Best to be sure prior to any discussion or action at the Board meeting.

Furthermore, normally when a **DRAFT** version of a report is issued to the public, the public is given an opportunity to provide written comments. Traditionally, there's a 45 day comment period. If the report is controversial or lengthy (as is the case here on both counts), that period is extended. A few years back when the Draft Pt. Molate Environmental Impact Report was issued, the normal comment period was actually extended to a full 120 days!

When the subcommittee was asked to set up a mechanism wherein the public could comment, the only response was from VLS where they told the subcommittee that, even though the word DRAFT is printed on almost each of the 1,485 pages, that what was presented was actually a FINAL version (with the exception of a page and a half that included a couple of amendments).

## **FACTUAL ERRORS**

Even a cursory glance through this voluminous report shows numerous factual errors. Many are simply in the form of incorrect dates, incorrect names and even the inclusion of a brand new middle school that no one will admit actually exists (Richmond Middle School).

Other factual errors are more serious in that the report states things that the language used suggests something that is simply not true. In particular, the language suggests that two Board members received a benefit from the Ivy League Connection because they were Board members.

As an example, on Page 137 there are two errors in one sentence. The sentence reads as follows: "...and some Board members have had their children benefit from this program. Specifically, Charles Ramsey's two children benefitted from the program and Todd Groves' daughter benefitted from the program."

Please bear with me as I explain about these two Board members and then ask yourself, if this were you, would you appreciate the suggestion of corruption based on erroneous information?

With both of Boardmember Ramsey's daughters, as the ILC administrators, Ms. Kronenberg and I discussed whether they should be allowed to participate in the program. Both were students in the District and we decided that we would not

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discriminate against them. Numerous District employees have benefitted from the many programs offered by the District with NO ONE ever suggesting that they received those benefits because one of their parents was an employee of the District.

Trustee Ramsey was never even consulted about the matter and Ms. Kronenberg and I decided that since the ILC has NEVER discriminated against any applicant in the past, we were unwilling to start with his children simply because Mr. Ramsey was unpopular in some arenas.

We normally redact on the application all references to an applicant's school and city of residence to ensure that there is no discrimination for or against them based on this. For the interviews with his daughters, though, we also removed all references to the applicant's last names.

For each of the three sets of interviews, the interview panelists never knew that any of the applicants were related to Mr. Ramsey.

And, to help ensure the appearance of propriety, Mr. Ramsey was not even allowed in the area on the day of the interviews.

With Mr. Groves, his daughter was awarded her scholarship in the second week of January. Her father wasn't convinced to run for the Board until the following July and he was sworn in at the Board meeting the following December. She had earned her scholarship, attended her class at Brown University and returned home before her father finally made up his mind to run for a seat on the Board.

Isn't the order of this alleged benefit backwards? If the ILC was influenced by Mr. Groves' stature, were we supposed to have guessed that he might run and be elected nearly a year later? Really? Isn't this pretty much what is being suggested in this flawed report?

When the FBI investigated this in November of 2014 their response was to roll their eyes and laugh at how they had been set up with allegations of corruption that were only in the minds of the people pointing their fingers at their political enemies. [The FBI reviewed all of the applications and interview videos for every applicant for those four sets of interviews and saw that EACH of the three applicants EARNED their scholarships.

Had VLS even bothered to speak with me (as the person who knew more about the day to day operations of the ILC than anyone else), Mr. Ramsey or Mr. Groves, perhaps those sentences never would have made it into their report.

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By the way, had they bothered to ask, they also might have learned that Mr. Ramsey donated \$17,000 to the ILC, which more than covered the expense of his daughters' scholarships. So where was the benefit to Mr. Ramsey and Mr. Groves that the rest of the world was not also privy to?

People's names and reputations were damaged because of the faulty reporting in this audit. Should the District sanction this kind of shoddy work by accepting this report as written and paying a fortune for it?

How many more errors will be spotted when the Board seeks public review?

## TRANSPARENCY

The way this report was presented to the PUBLIC made it VERY difficult for the public to print and work with. I'm not referring to the versions presented to the Board members. I'm referring to the version presented to the public.

There are numerous technical aspects of the PDF that would have made it much easier to print a usable document.

First, the PDF is SECURED which means that readers cannot highlight it online, they can't pull segments for copying and pasting (such as the 22 pages of recommendations) or even converting a page to a different format.

Second, the majority of the report is formatted in a normal standard letter size format but several sections—such as the matrix of recommendations—is in legal page size format. When printed out, this means that more than 50 pages are of a different size paper and cannot be bound into the same book or binder. When these are printed onto standard letter sized paper, the font size approximates 3 point font—hardly readable. [These concerns were expressed in a 17 page letter to VLS last February—the same letter they seemed to ignore.] Were they even considering the public? It's hardly been a secret that VLS voiced their displeasure when they learned that the public would even be a part of the Clay Subcommittee presentation.

Third, it appears as if VLS never intended for the public to be able to print out their report. After each title page there should have been an intentionally blank page so the printing could be handled seamlessly. Likewise, blank pages should have been inserted in appropriate locations to allow for the title pages (more than 50) to be printed without the end of the previous section being on the opposite side of the page.

Fourth, there are two exhibits that are referenced but are empty (begs the question why these exhibits were even referenced).

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## **LACK OF ATTRIBUTION**

Already in the blogs and comments to the numerous news articles, people are referencing the allegations made in this report. Yet there is not a single allegation that has been attributed to a particular person. Why? Has everyone been granted immunity by VLS to make anonymous allegations?

Likewise, there is no reference to when most of these allegations were supposed to have taken place or under what context.

How is anyone supposed to defend themselves if they aren't allowed to confront their accusers or questions the validity of the allegations?

Without attribution, the integrity of the source cannot even be questioned. Should we have to remind the Board that when considering any statement or allegation the source must also be considered? Some people are more expert than others, some have a greater involvement and others simply have their own agenda to push. Surely this Board should have learned this lesson when they read the debunked Grand Jury report and when the IRS, SEC and FBI queries went nowhere. Those were all based on allegations from persons with an axe to grind.

## **“QUOTES”**

In several locations VLS “quoted” vendors but, in the small print at the bottom of the page, they admitted that these weren't really quotes. To quote their footnotes, “These statements represent summaries of some of the statements provided to VLS and are not meant to be exact quotes of individuals interviewed or documents reviewed.”

Will this Board even question VLS about why, for a million dollars, they needed to “summarize” the quotes instead of quoting their sources and providing attribution? Considering the damage done to organizations and individuals based on the contents of this audit report, shouldn't the people of this District be given more?

One quote in particular actually comes across as a quote and is quite damaging yet no name is attached and no time reference. [“It was pretty well known that if didn't contribute to what Ramsey says; you're not going to get work with the district.”] This is a VERY damning statement that severely impugns the integrity of Mr. Ramsey yet it's 100% unattributed. VLS—and by proxy—the District—is accusing Mr. Ramsey of some serious charges yet they're condemning him without giving him the opportunity to defend himself.

## **UNQUESTIONED SOURCES**

How can there be an investigation of the Bond Program without questioning the architect of the Bond Program—the one person who knows more than anyone else?

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How could VLS conduct a believable audit **without even trying** to speak with Charles Ramsey?

How could VLS conduct an audit of the Bond Program without working closely with Sheri Gamba? [If I'm mistaken that she was interviewed I'll back off but I've been informed otherwise.]

How could VLS write about the Ivy League Connection without speaking to the person who has run the day-to-day operations for the past 7 years and been the principal fundraiser for the past 4 years? An interview was scheduled by Ernie Cooper for Friday July 8<sup>th</sup> but on the afternoon of the 7<sup>th</sup> Mr. Cooper cancelled that interview with a promise to reschedule. [That rescheduling was never attempted.]

It's been postulated that VLS bit off more than they could chew and, when they realized that they were bleeding money and running out of time, they simply skipped on those interviews that would be costly and time consuming. Perhaps the Board should formally ask why they never spoke to these and other key people involved with the Program?

## RECOMMENDATIONS

1. **DO NOT** accept this **DRAFT** audit report at this time. What is the rush? Why does it have to be accepted before the Board, Staff and the public has a full opportunity to review it, discuss it and consider options?
2. Create a subcommittee that can review the report, actually listen to the public, and report back with a detailed report on the report and the recommendations included therein.
3. **DO NOT** accept the full list of recommendations as a batch. They need to be reviewed and considered individually. They're very serious and should be considered seriously.
4. Create a mechanism to allow for written public comments that will be incorporated in the FINAL version of the audit report with full and complete responses to each of the written comments. This is commonly done with reports prepared by other elected bodies. Provide a reasonable amount of time to provide comments (45 days minimum) and then a reasonable amount of time to address the comments.
5. Require that unsubstantiated or unattributed allegations be removed. Should the Board really stoop this low?
6. Require that names, positions and time frames be included.
7. **DO NOT** submit final payment until VLS has corrected their numerous errors. Sadly, they cannot be trusted to find them completely on their own and, as distasteful as this might be for them, they will need to solicit assistance from the very people that they are vilifying in their audit.

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## **GOOD ENOUGH FOR GOVERNMENT WORK**

We've all heard that phrase used and it's never used in a complimentary tone. That's what the acceptance of this version of this audit will come across as. Why would this Board spend such a tremendous amount of the taxpayers money—especially now that their attorneys are agreeing with what I've been telling you all for the past year about how bond funds could not pay for audits (or at least some parts of the audits)? How can you go to the students, their parents, to UTR and the teachers and tell them that this Board has taken many hundreds of thousands of dollars out of the classrooms to be used on an audit that has been put together in such a slipshod manner?

What kind of message does it send to our students about the importance of doing the best job possible when this Board spends well over a million dollars—borrowed dollars with a debt repayment of 1.4 to 1 (that's \$1.4 million in interest alone)—for an audit that is so full of holes?

Put the brakes on this process and give it the kind of consideration that the audit and this community deserves.

Sincerely,  
