

Revised Schedule to Publish Forensic Audit Report – Lisa LeBlanc

Attached is a memorandum from James Kawahara, Special Legal Counsel, regarding the request by Vicenti, Lloyd and Stutzman LLP (VLS) for an additional nine (9) days to publish the forensic audit report. As communicated to the Clay Investigation Subcommittee, along with the Board on August 10, 2016, the report was originally going to be published on August 31, 2016. VLS has requested the additional time to thoroughly address the complex issues relating to the audit. The report will still be presented to the Board on September 21, 2016. The updated dates are as follows:

Publication of Forensic Audit Report	September 9, 2016
Clay Investigation Subcommittee Meeting	September 15, 2016 at 5 p.m.
Report to the Board of Education	September 21, 2016

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MEMORANDUM

TO: Liz Block, Chair
Clay Investigation Subcommittee

From: James K. Kawahara, Special Legal Counsel

Date: August 17, 2016

Subject: **Revised Schedule** to Publish Report of the Clay
Investigation Subcommittee

I am writing on behalf of Vicenti Lloyd & Stutzman LLP (“VLS”) to confirm an extension of nine (9) additional days to prepare the draft forensic audit report for public release. This extension will also result in rescheduling the subcommittee meeting date. VLS has requested additional time to thoroughly address the complex issues pertaining to the audit. The report to the Board will still be presented on September 21st.

The report release date and subcommittee meeting date will be revised as follows:

Revised Date to Release Draft Report: From August 31, 2016 to September 9, 2016

Clay Investigation Subcommittee meeting: Moved from September 8, 2016 at 5:00 p.m. to September 15, 2016 at 5:00 p.m.

For the purpose of planning how the Subcommittee may complete its report to the Board, I have prepared the following **revised** timeline with the new deadlines and tasks to be completed.

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As a reminder, VLS was retained to conduct a phase 2 forensic accounting of the risk areas identified in the phase 1 risk assessment. There were sixteen areas where VLS was asked to test accounting controls (i.e. "TC"s), and eleven forensic investigation items (i.e. "FI"s).

In addition to retaining VLS to conduct the forensic audit, the Subcommittee was tasked by the Board with the assignment of "assisting the special counsel and audit firm in combining the findings from the forensic audit with a report of legal findings to the Board of Education." [Motion - Board Meeting. F.1, July 21, 2015.] Part of our discussion today will be used to decide the best approach for the Subcommittee to carry out this duty to the Board.

REVISED Timeline

Time frame	Task
July 14 to August 1	Draft recommendations to address findings from "Testing of Controls" ("TCs") have been prepared by VLS and sent to Kawahara Law and District staff for comment per standard operating procedures for this type of audit.
August 12 to August 25 ¹	Draft recommendations to address findings from the "Forensic Investigation" ("FIs") to be prepared by VLS and sent to Kawahara Law and District staff for comment per standard operating procedures for this type of investigation.
August 27 ²	VLS to present remaining sections of draft report to Kawahara Law (see report outline).
August 27 to September 9	VLS and Kawahara Law to revise draft report and to address District staff comments; prepare "final draft" VLS forensic accounting report.
September 9 ³	Draft VLS forensic accounting report is presented to Kawahara Law and Clay Investigation Subcommittee.
September 9	Kawahara Law presents legal findings and draft recommendations based on VLS forensic accounting report to the Clay Investigation Subcommittee.
September 9 to September 16	[possible] Additional District staff comments provided to VLS and Kawahara Law on any outstanding draft recommendations from the FIs.
September 15 (5 p.m.) ⁴	Clay Investigation Subcommittee meets to discuss draft VLS forensic accounting report and Kawahara Law legal findings and draft recommendations [likely closed session items].
September 15 to September 16	VLS and Kawahara Law to finalize report to incorporate outstanding District staff comments (for FIs only) and feedback from Clay Investigation Subcommittee
September 21	Clay Investigation Subcommittee Report (including Final VLS Report and Final Kawahara Law Findings and Recommendations) Presented to Board [likely closed session items].

¹ Moved from August 15th

² From August 17th

³ From August 31st

⁴ From September 8th