

Implementation Plan Update

Forensic Accounting Investigation Report dated September 2016

Board of Education Meeting
February 15, 2017

Implementation Task Force Members:

Matthew Duffy, Superintendent

Lisa LeBlanc, Associate Superintendent

Jackie Kim, Director of Internal Audit

Melissa Payne, Director of Contracts

Rhem Bell, Solutions Team Member

Auna Harris, Citizens' Bond Oversight Committee Member



Background

- Phase II Forensic Accounting Report was accepted by the Board on September 21, 2016 and provided a 30-day public comment period
- The report contains 112 recommendations to reduce the District's risk, improve overall operational and administrative efficiencies
- The Board approved an Implementation Task Force which met October 21, 2016 and December 16, 2016
- The Draft Implementation Plan was approved by the Task Force on October 21, 2016
- Reporting timeframes for the Facilities Subcommittee and Board were approved by the Task Force
- A progress report was made to the Facilities Subcommittee on January 17, 2017

Meeting and Reporting Timeline

Implementation Task Force Meetings:

December, March, June, September

Facilities Subcommittee:

January, April, July, October

Board of Education:

February and November

Focus Areas of Recommendations

- Conflict of Interest
- Compliance with Legal Requirements and Board Policies
- Budgeting Practices
- Vendor Contract Administration
- Billings and Performance of Outside Construction Manager
- Change Order Approval and Accounting Practices
- Project Accounting Systems – Munis
- Project Accounting Systems – Primavera
- Financial Reporting

Draft Phase II Implementation Plan

Executive Summary

- Background
- District's Response to Recommendations

Appendix A: Key Recommendations

- Master list of all 112 recommendations
- All recommendations have been assigned to a Responsible Party
 - Superintendent (M. Duffy)
 - Operations (L. LeBlanc)
 - Bond Fiscal (M. Bonnett)
 - Contracts (M. Payne)
 - Auditor (J. Kim)
 - Engineering Officer (L. Freese)

Appendix B: Matrix of Recommendations

- Responsible Party
- Forensic Audit reference listing & Master List assignment
- Recommendation
- Start Date
- Completion Date (Est.)
- Completion Date (Act.)
- Deliverables
- Status (Completed, Under Review / In Process, Future Implementation)

Progress to Date on All Recommendations

Status	Number of Recommendations
Completed	39
Under Review / In Process	68
For Future Implementation	5

Note: Once a recommendation is implemented the status will be labeled “completed”. Many recommendations require ongoing implementation to ensure continuation of best practices.

Progress to Date on Recommendations Assigned Risk

Status	Number of Recommendations Assigned risk	High Risk	Medium Risk	Low Risk
Completed	22	3	17	2
Under Review / In Process	52	16	36	
For Future Implementation	4	0	4	
	78			

Note: There are a total of 112 recommendations, however, only 78 were assigned a risk score of high, medium, or low.

Superintendent & Operations Update

- Board of Education received closed session guidance from legal counsel on several matters as recommended by the auditor
- Revisions to the Governance Handbook were discussed and approved by the Board on November 2, 2016 (areas included conflict of interest and vendor relations)
- Board received training on Brown Act and Governance Handbook provisions on January 25, 2017

Bond Fiscal Update

- Staff reconciled site budgets to reflect actual expenditures and commitments. As a result, the Board approved the Site Budget Authorization form on October 19, 2016 affirming the expenditures and commitments in the bond program. Site expenditures included those that occurred since 2001.
- The Board ratified a resolution for budget revisions, resulting transfers, increases and/or decreases for the 2016-17 budget. The first resolution of this type included budget increases and transfers from fund balance. This resolution was approved by the Board on November 16, 2016.

Engineering Officer Update

- The District implemented a change order checklist to verify that all required signatures and documents are included, prior to submission for the BOE. The change order checklist is signed by the Director of Contract Administration and Chief Engineering Officer to document the review prior to submission for the Board.
- The above implementation addressed four recommendations in the audit

Internal Auditor Update

- Fraud Hotline is available on the District website and brochures and posters are now being distributed to each school site and department to address the need for a fraud reporting mechanism
- Fraud Hotline number is **(800) 782-7463** and is available 24/7

Contracts Update

- Staff implemented a new Board precis format for professional services contracts and amendments that includes historical contract information and full back up documentation to provide greater transparency.
- Legal counsel reviewed the recommendations related to contractual revisions to strengthen the existing contract and amendment templates. Bond program contracts been revised to include additional language for:
 - ✓ Right to audit clause
 - ✓ Duration of the contract
 - ✓ Invoicing requirements

Keeping the Public Informed

Online Repository of Records (<http://www.wccusd.net/audit>) :

- Phase II Forensic Investigation Accounting Report
- Public Comments & CBOC Comments
- Friday Memos to the Board
- Facilities Subcommittee & Board of Education Meeting presentations including the Draft Implementation Plan