

# Implementation Plan Update

Forensic Accounting Investigation Report dated September 2016

Facilities Subcommittee

July 18, 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 2016, December 2016, March 2017, June 2017
- 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

# Meeting and Reporting Timeline

Implementation Task Force Meetings:

December, March, June, September

Facilities Subcommittee:

January, April, July, October

Board of Education:

February and November

# Update on the June Implementation Task Force Meeting

- The internal auditor reported on a fraud video for district-wide training
- A flow chart for contract/requisition approval was provided and discussed by the taskforce
- The taskforce reviewed the recent recommendations that were implemented to date
- The definition of “completed” was revised to “implemented” to indicate that the implementation of recommendations can be revised and refined on an ongoing basis as needed
- The taskforce established a target date of 24 months, i.e. October 1, 2018, for all recommendations to be completed with the exception of “future” recommendations

# Progress to Date on All Recommendations

Status	Recommendations Implemented as of January 2017	Recommendations Implemented as of March 2017	Recommendations Implemented as of July 2017
Implemented	36	54	62
Under Review / In Process	71	53	45
For Future Implementation	5	5	5
TOTAL	112	112	112
<b>Percentage Complete</b>	<b>32%</b>	<b>48%</b>	<b>55%</b>

*Note: Once a recommendation is implemented the status will be labeled “implemented”. Many recommendations require ongoing implementation, adjustment, or refinement to ensure continuation of best practices and controls.*

# Progress to Date on Recommendations Assigned Risk

Status	Number of Recommendations Assigned risk	High Risk	Medium Risk	Low Risk
Implemented	39	5	32	2
Under Review / In Process	35	16	19	0
For Future Implementation	4	0	4	0
	78			

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

# Operations Update

- TC-16-4 Citizens Bond Oversight Reports

Once consensus is reached between the CBOC and the District regarding the report naming, presentation, format, and content; and once report development is finalized, develop written procedures for the preparation and distribution of reports so that processes can continue when there are changes in personnel. The written procedures should include the following:

- a. Identify the type of reports to be generated.
- b. Indicate the interval with which reports should be generated, such as monthly.
- c. Require that the Executive Director of Business Services, Bond Finance reviews the reports prior to distribution to other management, staff, or other users.
- d. Identify the individuals that should receive the reports generated and the process for communicating questions or comments back to the Bond Finance department.

# Progress and Next Steps on CBOC Reports

- Board approved a budget authorization form on October 19, 2016 which confirmed expenditures since 2001 on a site level basis
- There were numerous projects at each site that required line-by-line adjustments to reflect the expenditures confirmed by the Board
- As reported to the Facilities Subcommittee on April 18, 2017, 49 sites at the project level reflected the Board approval of October 19, 2016
- The remaining 18 sites have now been completed allowing reports 2, 3 and 4 to be finalized
- Board approval to confirm the cost code adjustments is now anticipated by September 30, 2017
- In the process of memorizing the procedures in writing



# CBOC Reports

	REPORTS	Status
1	Bond Program KPI	Provided
2	Bond Program Spending by School Site	Provided
3	Bond Program Summarized Cost Codes	Provided
4	Bond Program Spending by Cost Code Percentage	Provided
5	Bond Program Active Project List	Provided
6	Change Order Summary Information	Provided
7	Pinole Valley HS Expenditures Program to Date	Provided
8	Building Fund 21 Cash Flow	Provided
9	Bond Program Staffing	Provided
10	Budget Summary	Provided
11	Project Budget Report	Provided
12	Accounts Payables Check List	Provided
13	Bond Program Unencumbered Funds	Provided

\* Red indicates progress since last Implementation Plan Update to Facilities Subcommittee <sup>9</sup>

# Contracts Update

- TC 7-5 Formal, Documented Process for Vendor Conflict of Interest

Incorporate a formal, documented process to perform a conflict of interest check for all vendors submitting proposals to the District for the bond program. In this process, the District should require vendors to disclose to the District as part of the proposal process the following information:

- a. Any potential familial relationships between the vendor or its employees and District Board members or employees,
- b. Any potential financial interests between the vendor and District Board members or employees, and
- c. Contributions made to and/or gifts and entertainment purchased on behalf of District employees, Board members, or individuals/entities related to or affiliated with Board members or employees.

The disclosures made by the potential vendors should be reviewed by the District and compared to the District's conflict of interest policy. If potential conflicts are identified, the District must evaluate and determine whether (1) the potential conflict prohibits the vendor from conducting business with the District, or (2) if certain decision makers within the District must abstain or refrain from making decisions involving the vendor. If appropriate, the District should seek guidance from legal counsel.

# TC 7-5 Formal, Documented Process for Vendor Conflict of Interest

- Conflict of interest language added in procurement and contract documents
- Staff training on conflict of interest and ethics conducted by legal counsel
- Annual training will continue for bond and finance

# Next Updates

- Facilities Subcommittee – October 2017