

Aligning Bond Audits to our Practice

Citizens' Bond Oversight Meeting
March 14, 2022

Overview of Bond Program Audits

[Current & Historical Reports](#) available online

Required Bond Audits

- ★ Annual Bond Financial Audit
 - ★ Annual Bond Performance Audit
 - ★ Project Specific SFP Audit
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Supplemental Bond Program Audits

- ★ Forensic Accounting Investigation Report, FY 2008-2016
- ★ Program Effectiveness Audit, FY 2017 - 2019
- ★ Independent Review of the Forensic Investigation Implementation, Phase 1, 1.5 & Phase 2

Required Bond Program Audits

- ★ Annual Bond Financial Audit
- ★ Annual Bond Performance Audit
- ★ Project Specific SFP Audit

Annual Bond Program Financial Audit, Christy White

The Bond Program Financial Audit reviews the 2010 Measure D and 2012 Measure E General Obligation Bonds Building Fund's basic financial statements. This annual audit is required by Proposition 39.

Auditor: Christy White

Financial Audit: FY 2020: The audit did not result in any recommendations or negative findings.

[Bond Financial Audit, FY 2021 Timeline](#)

Auditor: Christy White

October 2021 - March 2022: Document production and field work.

March 2022*: The CBOC will review and receive the report.

*The legal deadline is March 31.

Annual Bond Program Performance Audit, Eide Bailly

The Bond Program Performance Audit verifies that Bond proceeds are used on projects listed in the ballot measure and not on District's general administration or operations. This annual audit is required by Proposition 39.

Auditor: Eide Bailly **Performance Audit:** The audit includes 1 time auditing recommendation documenting the basis for distributing salary between the narrow category of bond-compliant construction projects and routine everyday school facilities administrator expenses.

Implementation Status: The implementation of the audit recommendation began in March 2020 and continues to be fully implemented.

[Bond Performance Audit, FY 2021 Timeline](#)

Auditor: Eide Bailly

November 2021 - March 2022: Document production and field work.

March 2022*: The CBOC will review and receive the draft reports.

*The legal deadline is March 31.

Project Specific School Facility Program (SFP) Audits, Christy White

Education Code §41024 requires that any District that receives SFP funds after April 1, 2017, complete an independent third-party close-out performance audit for each funded application.

Auditor: Christy White

Completed Project Audits*: All four completed audits found that the District expended School Facilities Program funds in accordance with Education Code Section 41024.

Completed SFP Project Audits

Site (Application)	State Dollars Received
Helms (58/61796-00-008)	\$5,341,020
Coronado (57/61796-00-047)	\$946,931
Gompers (57/61796-00-045)	\$2,071,166
Peres (57/61796-00-044)	\$1,101,173

\$9,460,290

Project Specific School Facility Program (SFP) Audit, Christy White

Active/Ongoing SFP Project Audits

Site & Application	Funds Received	Status	Due Date
King (58/61796-00-009)	\$2,106,032	In Progress	March 2022
ECHS (58/61796-00-010)	\$2,472,732	In Progress	April 2022
ECHS Bldg E (58/61796-00-011)	\$218,382	In Progress	April 2022
PVHS (57/61796-00-051)	\$23,400,090	Active	June 2022
KHS (57/61796-00-049)	\$1,193,070	Active	June 2022

\$29,390,306

Supplemental Bond Program Audits

- ★ Forensic Accounting Investigation Report, FY 2008-2016
- ★ Program Effectiveness Audit, FY 2017 - 2019
- ★ Independent Review of the Forensic Investigation Implementation, Phase 1, 1.5 & Phase 2

Forensic Accounting Investigation Report, Vicenti, Lloyd & Stutzman

Phase II Forensic Accounting Report was accepted by the Board on September 21, 2016 resulting in 112 recommendations

Outstanding Recommendations:

- CBOC Board Policy & CBOC budget
- District business ethics policy for District staff and Board
- Independent review of recommendations implemented (Performed in Phase 1, 1.5 & 2.0)

The Forensic Accounting Report is available online <https://www.wccusd.net/domain/1723>

Independent Review of the Implementation of the Forensic Report Recommendations

Phase 1: Review and verification of 62 recommendations deemed implemented by June 30, 2017

Auditor: Moss Adams

#	Deemed Status as of 6/30/17
33	Implemented
19	Partially Implemented
3	Not Implemented as of 6/30/17
7	Undetermined

Phase 1.5: Review and verification of 29 recommendations not deemed implemented in Phase 1 PLUS 26 Performance Effectiveness Audit FY 17-19 recommendations.

Auditor: Eide Bailly

Cost: \$70,000

Anticipated: Summer 2022

Phase 2: Review and verification of the remaining 50 recommendations implemented after June 30, 2017.

Auditor: Moss Adams

Cost: \$50,000

Anticipated: Summer 2022

Bond Program Program Effectiveness Audit, Moss Adams

The Program Effectiveness audit covers performance and controls review for 22 additional criteria.

Effectiveness Audit: Moss Adams completed the audit for fiscal year 2017, 2018 & 2019. The successive audit report resulted in 26 recommendations which primarily focus on the publication of detailed processes and procedures.

Implementation Status: 24 recommendations were deemed fully implemented when the Board adopted the Bond Program Management Plan.

2 recommendations relate to the CBOC Board Policy and the CBOC website.

Aligning our Audits to our Practice:

*Demonstration of Implementation
Bond Program Management Plan
(PMP)*

Available online <https://www.wccusd.net/Page/13520>

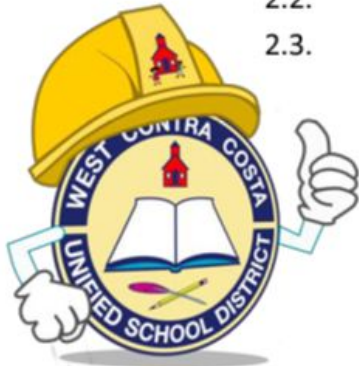
The Bond Program Management Plan is a living document that provides the documentation of the internal controls that properly implement the District's policies, safeguard its assets, provide compliance with state and federal laws and regulation, and produce timely and accurate financial information.

Demonstration of Implementation Bond Program Management Plan (PMP)

SECTION 5. APPENDICES TABLE OF CONTENTS

2. AUDIT APPENDIX

- 2.1. Master List of 2016 Forensic Accounting Investigation Phase II Report & FY 17-19 Program Effectiveness Audit
- 2.2. Audit Reference Guide for the 2016 Forensic Accounting Investigation Phase II Report
- 2.3. Audit Reference Guide for the FY 2017-2019 Program Effectiveness Audit



Master List of Recommendations, Audit Status & PMP Locations

Forensic Accounting Investigation Phase II Report
Recommendation Guide
as of May 14, 2021

Abbreviation Legend				
PO	Program & Operations			
A	Administrative			
PM	Project Management			
F	Fiscal			
App	Appendix			
ML #	VLS #	Brief Description	PMP Location	Implementation & Verification
1	TC 1-1	Advertise CBOC membership opportunities	PO 3.2	Phase 1.5
2	TC 2-1	Clarify "review period" in Master Plan	PO 1.2.2	Phase 2
3	TC 2-2	Bond Measure ballot language should refer to Long-Range Facilities Master Plan	N/A	Phase 2
4	TC 4-1	Revise Governance Handbook to clarify Board role v. Management functions	N/A	Implemented
5	TC 4-2	Board Member Brown Act training	N/A	Phase 1.5
6	TC 4-3	Revise Governance Handbook to strengthen Conflict of Interest section	N/A	Implemented
7	TC 4-4	Board Policy on Conflict of Interest specific to Board members & District vendors	N/A	Implemented
8	TC 4-5	Governance Handbook & Board Policy of Board members authority over amendments	N/A	Implemented
9	TC 4-6	Annual Board Member training on the Governance Handbook	N/A	Phase 1.5
10	TC 5-1	Annual Internal Review of Long Range Facilities Master Plan	PO 1.2.2	Phase 2
11	TC 5-2	Procedure for multi-year budgets for Priority Schools in Facilities Master Plan	F 1.1; App 1.6.1, 1.5.1	Phase 2
12	TC 6-1	Procedure for budgeting practices: preparation, tracking, reporting & approval	F 1.1; App 1.6.1, 1.5.2	Phase 2
13	TC 6-2	Budget verification prior to approval of contract or change order by Board	F 1.3.1, F 2.1; App 1.5.2, 1.6.3	Phase 1.5
14	TC 6-3	Budget verification documentation	F 1.3.1, F 2.1; App 1.5.2, 1.6.3	Phase 1.5
15	TC 6-4	Budget account code verification documentation	F 1.3.1, F 2.1; App 1.5.2, 1.6.3	Phase 1.5
16	TC 6-5	Budget amount and account code verification documentation	F 1.3.1, F 2.1; App 1.5.2, 1.6.3	Phase 1.5
17	TC 6-6	Project Budget Amendment/Transfer Form	F 1.3; App 1.6.2	Phase 1.5
18	TC 6-7	Procedure for preparation and submission of Bond Project Budget	F 1.1; App 1.5.1, 1.6.1	Phase 2
19	TC 6-8	Procedure for preparation and submission of Bond Project Budget increase/decrease	F 1.4; App 1.4.3, 1.5.2, 1.6.2	Phase 2

WCCUSD Bond Performance
Program Effectiveness Audit
FY 2017-2019
Recommendation Guide
as of May 14, 2021

Abbreviation Legend				
PO	Program & Operations			
A	Administrative			
PM	Project Management			
F	Fiscal			
App	Appendix			
Master List #	Performance & Program Effectiveness 2017 -2019	Brief Description	PMP Location	Implementation Verification Phase
113	CAPA	Reimburse School Facility Consultants cost	N/A	Phase 1.5
114	CAPA	Timekeeping for District Bond Program Staff	PO 2.3 App 1.3.6	Phase 1.5
115	1	Process for Annual Staffing Plan	PO 2.3	Phase 1.5
116	2	Process for Reporting including Cash Flow	PO 2.3; App 1.3	Phase 1.5
117	2017; 2018;3; 2019:3a	Procedure for Design & Construction Budget Management	F 1.1; App 1.5 & 1.6	Phase 1.5
118	3b	Process for Reporting including Project level expenditures	PO 3.4 App 1.2.2, 1.3	Phase 1.5
119	2017:4; 2018 & 2019:4a	Procedure for Bidding & Procurement Thresholds	A 1	Phase 1.5
120	4b	Process for Design-Build procurement	A 1.4; 3.5	Phase 1.5
121	4c	Process for Documenting Competitive Pricing	A 4.3	Phase 1.5
122	5	Procedures for Fraud Prevention	PO 3.1; A 1	Phase 1.5
123	6a	Process for Master Planning	PO 1.2; PM Intro	Phase 1.5
124	6b	Process for Bond Program Reporting	PO 3.4; App 1.3	Phase 1.5
125	8	Process for Claims Avoidance	App 1.11.3	Phase 1.5
126	9	Process for Updating Material Specifications Log	PM 1.2.2.1; App 1.11.4	Phase 1.5
127	10	Process for Value Engineering & Cost Benefit Analysis	PM 1.3.1.1	Phase 1.5
128	11	Process for Project Closeout & Warranty Management	PM 2.4, 2.7, 2.8	Phase 1.5
129	13a	Process for Change Orders	PM 2.3	Phase 1.5
130	13b	Process for Change Order Reporting	App 1.9.4	Phase 1.5
131	2017:5; 2018; 2019:13c	Process for Professional & Special Services Amendments	A 3	Phase 1.5
132	14	Procedure for Vendor Payment Processing	F 3; App 1.7.5, 1.8	Phase 1.5
133	15	Procedure/Checklist for Project Close-Out	PM 2.4	Phase 1.5
134	16	Pricing Goals	F 5	Phase 1.5
135	19	Process for Timely Invoice Processing	F 3.1.1; App 1.7.5 & 1.8	Phase 1.5
136	20	Process for Local Capacity Building	A 2.2.5	Phase 1.5
137	21	Board Policy for CBOC	N/A	Phase 1.5