

Dennis Clay

My name is Dennis Clay. I work at the West Contra Costa Unified School District, and I am a whistle blower. On April 22, 2015 I sent documents to the District's Board of Education, most of which had been previously given to the District's performance auditors Vavrinek, Trine, Day & Co, LLP. Then I went to Martinez and gave the same documents to a grand jury. I included some attachments, including my email.

It's been almost a year and a half since I released the documents. I have controlled very little of what has happened since then. It was funny to work at my desk and listen to an attorney discuss state law at our last Citizens' Bond Oversight Committee (CBOC), as to whether or not I was a whistle blower.

There is a Board sub-committee on the Dennis Clay allegations that I attended once. And I occasionally would be mentioned in the local paper, more so last year than this. But notoriety hardly pays the bills, and certainly doesn't get you promoted. On July 5, 2016 I received my first and only performance evaluation in West Contra Costa, in which I was found deficient in every possible way. I have since filed a state retaliation complaint against the District.

West Contra Costa USD has hired Vicenti, Lloyd, Stutzman, LLP to perform a forensic audit. They did a risk analysis in the fall of 2015 that found sixteen high risk areas, and twelve medium risk areas. By the time of the Little Hoover hearings in Sacramento the full results of their audit will be in. I suspect it will be more damning than the District expects.

But that's not what I want to talk about. The commission has the ability to call anyone they want to testify that is more informed on the audit than me. I'm just one of the accounting dweebs that answer the auditors' questions.

I want to talk about public reporting, District governance, audits, and CBOC's.

Reporting

In June 2011 I was one of two people interviewed by the District for the job of Director of Bond Finance. I used the opportunity to present my analysis of the West Contra Costa's Bond Program financial reporting, in which I showed that we were off by \$7.5 million net, more in gross. Needless to say, they hired the other guy.

Because the District did not change or correct its reporting, and because I was not allowed to tell anyone about it, the next year I did a similar analysis comparing project expenditures in the performance audits to the financial audits. It showed that in Fiscal 2010-2011 the reporting was off by \$18 million. Because this analysis only came from public documents I was allowed to show it to the performance auditors, or more correctly I successfully threatened to show this to more than just the auditors.

The only change was that the Performance auditors stopped reporting project expenditures.

To say that the District Bond Program financial reporting was off by \$7.5 million over ten years, or \$18 million for one year understates how bad the reporting was. The report used, the Capital Asset Management Report (CAMP) was bad in multiple different ways. And it was the District's only reporting tool from about 2004 to 2013.

The CAMP report:

- Showed only budgeted revenues, never actual.

- Double counted some revenues.
- Did not show remaining budget for projects.
- Moved project costs between projects without indication or notification.
- Was based on the District's project management system PPACS, that was incompletely reconciled to the District's accounting system. And was not reconciled for the last few years.
- Reported budgets that were not authorized by the Board.
- Changed by budgets monthly without indication or notification of changes.
- And was designed to look like it reported expenditures by Bond Measure, but didn't.
- Adjusted amounts reported without backup or notification.
- Though technically owned by the District, PPACS was not used or overseen by District personnel.

In 2014 the CAMP report was replaced by District controlled expenditure reports. And I am pleased to say that in 2016 District revenues, less expenditures reported to the CBOC, reconcile to cash within thirty-one cents. And I found the thirty-one cents.

But we still don't report on project expenditures by bond measure. The District now has an accounting system that can report project expenditures by bond for fiscal years since 2013-14, but the only way we can do so historically is through the use of data on spreadsheets.

This is probably more than most people want to know about District reporting, but I emphasize it because it's been my life for five years, but more importantly it is at the core of what has gone wrong at West Contra Costa.

Over fifteen years, beginning with \$150 million of 2000 Measure M bonds, and going through four more subsequent bonds, the District has had about \$1.6 billion in bonds authorized, and has spent more than \$1.3 billion of it to date. And for fourteen of those fifteen years the public could not adequately tell what was going on.

Instead of getting a promotion to Director of Bond Finance, I moved sideways to work with operations on implementing a new project management system. And I started attending the CBOC meetings. I knew things weren't good, but I didn't know how bad it was.

After I was first hired in 2004, my first boss told me the story of how the original 2000 Measure M bond projects went over budget. It wasn't accidental. It mostly happened in public. But very few in the public were able to tell why a bond authorized for \$150 million had projects amounting to \$300 million. And then we authorized 2002 Measure D for \$300 million, and then 2005 Measure J for \$400 million.

Each bond was increasingly used to pay off the prior bond's projects. 2000 Measure M paid a few million for prior projects that was first reported, then taken out of reports. 2002 Measure D paid about half of its funds for the 2000 Measure M projects. That meant that some 2002 Measure D projects for largely paid for by 2005 Measure J, and later 2010 Measure D. It ended up such that when the District's voters authorized \$360 million in 2012 Measure E bonds none of the money went for new projects, except for \$35 million in technology infrastructure and equipment.

None of this was accidental; none of it was a surprise to West Contra Costa staff. But the public didn't know. I remember one CBOC meeting where the District was complimented because we were able to keep our projects under budget. At another meeting, my good friend Anton Jungherr accused the District of lying in its reporting. Afterwards I told my boss, "he's a pain in the ass, but he's right". My boss agreed, but told me to not say that too much.

West Contra Costa likes to claim transparency, but for the most part it has actively worked against it. And to be fair, things have improved in Operations in the last two years. But as I told the District's Engineering Officer, every one of the reports my boss gives to the public is designed to obfuscate and confuse. I have learned more by working here about how to deceive with reports than I have ever really wanted to know.

It is so bad that we even have a hard time even complying with the Public Records Act (PRA). The CBOC had requested a "data dump" of the information going into the project reports. I would hold up my key ring, which has a thumb drive, and tell them it's right here if the District wants it. After months of informally requesting it, they did a PRA request. After dithering months about it my boss finally sent them general ledger reports that were incomplete, inaccurate, without project information, and password protected.

From an email sent July 21, 2016:

Mark clearly was never intending to comply with the PRA on the CBOC request for data. He used shallow and deceptive arguments to justify not using the data given to the forensic auditors. He never discussed the request with me, and to my knowledge never discussed it with the other members of the Controls Group (David Page, Chet Ratliff). He used an old Bitech report that gave inadequate data, and then did it badly. Plus he put it into a unusable format, and then password protected it.

He is counting on not being contradicted in public by his fellow managers. And he doesn't believe non-managers count, because we are not allowed to speak in public.

West Contra Costa released the data August 17, 2016.

The only way the public will know what our Districts and local governments are doing is through accurate reporting. The only way School Boards and public officials will be held accountable is through accurate reporting. And West Contra Costa, despite assertions, still doesn't want to be transparent.

Governance

When I started work with West Contra Costa the District had a strong Board member, Charles Ramsey, who alternated between Board President and Board Secretary, but was always chairman of the Board Facilities Sub-Committee. He used to like to say that he knew more about this (Bond Program finances) than staff¹. He didn't, but it was close enough that he knew what he was doing.

We also have a Program Management company, The Seville Group, Inc. (SGI) that liked to say they worked for the Board, not staff. And they did. I would go to meetings with my boss where the SGI manager purposely antagonized him, causing nothing to do get done, which served their purposes.

It is the only time I witnessed a vendor create a purposeful antagonistic and adversarial relationship with their client. Oh, occasionally an SGI employee would go too far and get removed, like the one that told the District's Engineering Officer that he didn't work for him, or the SGI manager writing an email telling a contractor that he thought the contractor was right². Eventually even the SGI manager that enjoyed antagonizing my boss was told he was not allowed on District property.

Charles Ramsey left office December 10, 2014. SGI now works for District staff. In 2015, after my release of the documents, I was told by a Board Member that the Superintendent was saying that with Charles Ramsey

¹ After he left office I was asked if he really did say that. Yes he did, more than a few times.

² Or the manager that accidentally put a dick photo on the screen in a public meeting. Or the construction manager that was arrested for pedophilia. I never could find out if we had a background check on him before (or during) employment.

out of office, that the problem was gone. I told her no, very little had changed. District staff had facilitated what had gone wrong; and as long as they were here it would not change.

I have had four bosses in the District, two non-accountants, two CPAs³, but no cost accountants. I tell people that I don't know what is worse, the corruption, or the incompetence. But it would be a mistake to think they are different phenomenon.

People in the West Contra Costa, and maybe in government in general, are not hired based on competence, but as the District's Associate Superintendent of Business Services Sheri Gamba said, on cultural fit. And the culture at West Contra Costa has been to hide that anything has ever gone wrong, ever. I told the auditors that we had devolved to a criminal organization whose current criminality is a conspiracy to hide that WCCUSD had ever committed a crime.

The power that staff has is that it is able to control the flow of information. They can say whatever they want to the Board and public without fear of contradiction. I have sat in more than a few public meetings where false statements were made by Board or staff without being able to say a thing, which is why I believe in accurate reporting, and the power of advisory committee's like the CBOC's. And why I believe the District's unwillingness to comply with PRA requests is so important.

Audits

I wish I could say that I believed in audits, but I don't. I think West Contra Costa has sufficiently demonstrated an ability to game the system, despite clamoring from the CBOC, to put that faith to rest.

In September 2015 Superintendent Harder promised the CBOC a program and effectiveness audit, and then the Associate Superintendent of Business Services without Board authorization signed a contract with Vavrinek, Trine, Day & Co, LLP (VTD) for a compliance audit with attached "agreed upon procedures". The difference between the two standards is as between night and day.

In 2014 I released the documents to the Board and a grand jury. But first I gave them to VTD. In February 2015 I took about two inches of documentation to their office in Pleasanton. I had tears in my eyes the entire hour long drive because I knew that my life was going to irrevocably change, and that I would need to tell Luis Freese, the District's Engineering Officer, what I had done.

I left the documents with the receptionist, and then went back a few days later to talk to one of their partners. I explained that I had given them evidence of illegal conduct, and spent a little more than an hour explaining some of it.

And nothing happened.

In 2015 the West Contra Costa hired the same auditors. I know they were in the building because I saw the log in sheet. But as far as I could tell, and I asked, they did not talk to anyone below Director in our building, and I am not aware of them talking to anyone below Director in Business Services. Most people in Operations were not aware they were ever there.

Our financial auditors have been better, if not always good. My first boss told me that it was to our benefit that the auditors weren't very good.

³ Don't think I am saying the CPAs were incompetent, they weren't. One I ended up hating, one I loved, but both I respected.

Two of our auditors let a \$6-\$11 million trust account go unverified for five years. When I told people that we have a \$10 million cash account that is not verified by the auditors they are generally shocked, then on explanation decided that being trust accounts should be OK. But when I did see and investigate transactions that appeared similar to what I imagined a possible theft scenario would be, I was reprimanded and later written up for it.

On West Contra Costa's 2014-15 Financial Audit it was noted that the District failed to accrue \$2.4 million for three invoices. What the auditors didn't note was that there were more un-accrued invoices, that it was caused by a weakness in accounting controls, that a manager had signed off on all three invoices, and that they, Christy White Associates, had been notified of the additional issue.

When people, and especially my counterpart at SGI, ask me why the auditors don't write up any of the problems with West Contra Costa's Bond Program, I tell them it's not their job.

Citizen Bond Oversight Committees

I cannot say enough about West Contra Costa's CBOC. They are composed of largely public spirited individuals who volunteer their free time in order to make their communities better. CBOC's perform a necessary function; they are the only people with a hope of looking over the shoulders of the Board and staff to understand the complex issues involved with bond programs.

When I first started attending the meetings they were frequently contentious, with most of the time spent arguing about process not issues. They wrote and re-wrote the bylaws to mandate constantly changing ideas about proper behavior. We had a couple years with wars about the Brown Act. With fourteen to seventeen members, most of whom wanted to speak on most subjects, not much ever got done.

But two years ago an interesting thing happened. They started putting all the members on sub-committees. The sub-committees actually started accomplishing things. I would like to think that I had an effect, but in truth they started before I spoke out.

It was the CBOC that discovered that West Contra Costa was paying our program management company, SGI, employees sick and vacation time, not our financial or performance auditors. The CBOC is the one that pushed for more effective reporting by the District; and the CBOC that has been pushing for audits worth the money⁴.

The citizen advisory committees are the only real oversight District bond programs have. Sacramento is too far away, and there are too many local governments to supervise. The local committees are our only hope.

Conclusion

I understand that there is likely to be further regulation of bond sales, and local access to bond money, as a result of these hearings. My friend Mr. Jungherr and the California League of Bond Oversight Committees have recommendations. I'm sure others do also.

I have confidence that West Contra Costa will admirably fulfill, if not surpass, any new regulations and disclosures that are enacted. Our bond and facilities consultants are good people. I like them. But they get paid only if the District gets its money, and they make more than State employees.

⁴ Over fifteen years we have paid Total School Solutions \$2.7 million, and VTD a few hundred thousand more.

I'm here to tell you that you don't have a bond problem, you have a management problem. As long as there managers remain, and are promoted, based on their willingness to go along; as long as companies are not liable for enabling misbehavior; as long as nobody is touched personally; you will have a bond problem.

Schools run on two things, money, and manager outcomes. Nothing that you do that does not affect one or the other will change what has been going on. That is why whatever you decide must put management and consultants personally at risk.

I have worked at West Contra Costa Unified School District for twelve years. I've seen only one manager fired for incompetence, and it took a Board member noticing it in a public meeting to make that happen. I suspect, but will probably never know, that our former superintendent was let go over the allegations I made, and the resulting forensic audit risk analysis.

I have also seen two managers fired for resisting the corruption. Oh, the District will deny that's what happened, but the first was given a fifteen month severance package, and the second was demoted and allowed to actively job hunt on work time.

That is at best even odds for getting fired for incompetence or corruption, or for trying to do the right thing. You can't depend on other school districts having three people like us. You can't even depend on them having one person like me. And I don't know that I could have done what I did without their efforts before me.

It shouldn't take the careers of two managers, a whistle blower, and a million dollar forensic audit to figure out how to do things right, because not many people are going to risk their careers and their families' stability at two to one against odds.

From my public comment at the July 27, 2016 CBOC meeting:

I love Tom. He is one of the most important people on the committee. He brings people together, but he has one failing. He's a businessman; the concept of good will. It's a legal concept. I'm sure Peter could tell us about it. It's important in dealings with each other to believe that everybody has good will.

The District is a government. It does not require good will in its dealings with the public. Some do; some don't. It doesn't take 18 months to fix our budgets. It doesn't take 18 months to fix our reports.

And despite public assertions, we still are not transparent. I cannot release a report that I planned on attaching to my testimony because West Contra Costa does not want you to know that we discriminate against Hispanics.

Thank you.

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**West Contra Costa Unified School District
Citizens' Bond Oversight Committee
(CBOC)
Partial transcript of July 27, 2016 Meeting
Remarks of Dennis Clay and related comments**

Mr. Clay: My name is Dennis Clay. I think that's been for the format for public comment for a while here.

___: Would you get closer to the mic, please?

Mr. Clay: I'm sorry. Dennis Clay. You guys dealing with the budget, I've been –

Mr. Chau: I'm sorry. I don't mean to interrupt, but is there a time limit for public comment?

Mr. Panas: We've never imposed a time limit before at the CBOC.

Mr. Clay: I –

Mr. Panas: I'm hoping we don't go excessively long.

Mr. Clay: I'm not planning on taking long. I've been tearing my hair out for four years over this stuff. The Pinole Valley High School 2.4 million, that was pointed out, is in the wrong phase. It is for temporary housing. There is excess budget in the phase for temporary housing, but we've put it in the wrong spot.

The budget for temporary housing doesn't have it put in – most of the budget is in construction, not temporary housing. That's the kind of stuff that's been going on here for a while.

WCCUSD CBOC Transcript of Dennis Clay's Remarks at July 27, 2016 CBOC Meeting

27 Part of the problem you're looking at is that historically, we've always made budget
28 equal to historic- – actual cost plus encumbrances or, for actual projects, maybe expected cost.
29 And so, we've never had a process where we have outlined how much we plan on spending,
30 and then measured the results against that.

31 For the most part, in 2013, a decision was made not to update budgets with it, and since
32 then, there's been a couple of exceptions, but not many: the primary one being Pinole Valley
33 High School.

34 So, now you know.

35 In the packet I turned out, I have – the first item is a gift for Tom. It's Report #13. It's
36 not hardly exact. It comes up roughly to the 164 million that the District has been talking
37 about, less the 15 million IT budget that was just passed. It's mostly, pretty much, comes from
38 the public reports. It doesn't – has two million projected for – coming from the State. I'm not,
39 you know, don't recall exactly where I got it, but it's a round number like that.

40 I know that the District has been asking for this report for upwards of a year. I've been
41 aware of it since November. I thought Tom should be able to get a going away gift.

42 The reason, though, that I'm here: two things. I don't know if the committee as a
43 whole has been aware of it, but there's been a Public Records Act request for the data going
44 into the school cost reports – project cost reports. We've been able to provide that data for
45 months. We did provide it to the forensic auditors. Management knows that we provided it, and
46 they have refused to give it.

47 What they gave, two months after the official request, about six months after the
48 unofficial request, is data badly done, out of the GL, without project information. It doesn't
49 equal the audits; it doesn't equal what's reported; it has no project information; it's put into a
50 PDF and then, password-protected; it's all but worthless.

51 As a result, I took the query that is used to make the reports that you're seeing every
52 month and modified it so it didn't summarize it; put it into – expanded the normal Excel table I

WCCUSD CBOC Transcript of Dennis Clay's Remarks at July 27, 2016 CBOC Meeting

53 use, so it could hold the data; verified that it came up with the same results as the report that
54 you [break in recording].

55 Now, Mark's right. We're still holding June open, so there's a little bit of differences,
56 because of the open month issue, but I verified that it came up with the normal report. And
57 then, I also, because there's been some criticism of using Excel spreadsheets for financial
58 information, put it into a Microsoft Access database. The district has it. They – the – what I
59 gave you is the email that I sent telling them what I'd done and that they could choose to do
60 with it what they want.

61 Now, also what's happening at this time – it's kind of what set me off – is Mark has
62 been discussing in management meetings his desire to terminate me; and he's taking steps to
63 do so. And so, I'm in the process of refuting his stuff, and like that. And that'll probably go on
64 for a while.

65 I've also announced to the District, or sent an email to the District, including the people
66 – staff here, that I intend to bring a uniform complaint of incompetence, retaliation, and
67 deception to the public.

68 I love Tom. He is one of the most important people on the committee. He brings people
69 together, but he has one failing. He's a businessman; the concept of good will. It's a legal
70 concept. I'm sure Peter could tell us about it. It's important in dealings with each other to
71 believe that everybody has good will.

72 The District is a government. It does not require good will in its dealings with the
73 public. Some do; some don't. It doesn't take 18 months to fix our budgets. It doesn't take 18
74 months to fix our reports.

75 I've been sitting in the Peanut Gallery, watching what's going on, largely not speaking
76 or speaking only outside of public forums. Basically, it's to the point where I may not be able
77 to stay – probably won't be able to stay, no matter what happens. I've thought you deserve to
78 know. Thank you.

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79 Mr. Panas: Okay. Thank you for your public comment. Mr. Chau.

80 Mr. Chau: I'm not responding to the comments but I just want to state for the record,
81 I'm not a lawyer and if there is any type of legal issues, I would direct them to our independent
82 counsel, Mr. Ferber, over there. Thank you.

83 Mr. Panas: Thank you, Mr. Chau. Mr. Jungherr.

84 Mr. Jungherr: [In] a state law that protects whistleblowers. I've discussed this matter
85 with the State Attorney General office. I've given them the facts as Mr. Clay is outlining
86 tonight; and based on that discussion, the attorney I was talking to in the State Attorney
87 General office felt there was a basis for a complaint, and urged me to ask Mr. Clay to file a
88 formal complaint with the Department of Industrial – with the State of California. The State
89 Attorney General then provides legal advice to that department. There's a retaliation unit in
90 Oakland, and I've urged Mr. Clay to move forward to do that. And I would to –

91 I would like us to support Mr. Clay in this effort, and I would like to follow up with
92 Mr., what Peter has suggested, to ask our legal counsel, who is the legal counsel to the CBOC,
93 not to the District – you recall, we changed the contract – to ask him what we can do that's
94 appropriate – what we can do as a CBOC that's appropriate to support Mr. Clay in this battle.

95 Mr. Panas: Mr. Ferber, is that something you'd like to comment on right now?

96 Mr. Ferber: Candidly, I think it would be a good time to just – to table this matter, to
97 give your Chair an opportunity to speak with me. I don't feel comfortable making legal –
98 offering legal opinions without sufficient research, and on the fly.

99 I think this is kind of surprising and I think it would just be better to keep it in place at
100 this point. We are a public body and I think this would be a good time to just table this matter
101 to the next meeting.

102 Mr. Panas: Thank you. Mr. Chau, you had a comment?

103 Mr. Chau: In the discussion between our Independent Counsel and the Chair, if we can
104 fi- – if I can get an answer to the question that I have in my head, which is, what is a

WCCUSD CBOC Transcript of Dennis Clay's Remarks at July 27, 2016 CBOC Meeting

105 whistleblower and is that a legal designation? The newspaper has used that word and,
106 unfortunately, I cannot find any other justification for it right now, especially because the
107 forensic auditor has not released their final report.

108 So, if we can get an answer to that, Mr. Ferber and Mr. Panis, that would be wonderful.
109 That's the very first question I have in my mind: what is a whistleblower?

110 And two, this seems like a personnel issue. I'm not – is that within our jurisdiction as a
111 bond oversight committee? That would be the second issue that I think that Mr. Ferber could
112 address.

113 But I think these are issues that have to be – if memory serves, we have to vote on this
114 as a body – right? – before we can direct these issues to Mr. Ferber. So maybe I should –
115 maybe I'll defer to the conversation that you two will have, and I'm wondering whether we've
116 exceeded the scope now of our agenda.

117 Mr. Panas: Thank you. The executive committee technically has the ability to engage
118 the legal counsel. I'm not saying that we're going to ask him to do a lot of research without
119 talking to the committee about it. I think we're very close to the edge of our scope. You know,
120 this did come up as a public comment on an agenda item, which we're in the middle of right
121 now. So, as Mr. Ferber suggested, I suggest we just move on with the report that Mr. Freese
122 was going to present.

123 [Two talk at once]

124 __: Oh, I'm sorry. Go ahead.

125 Mr. Gosney: As we're all contemplating what Anton has suggested, I'm not sure that
126 the CBOC is the place to be trying this case, to decide who we should support, one way or the
127 other. We're not going to get all the information that we need. We heard a few minutes'
128 presentation here. Some of you have had more dealings with Dennis Clay. We have not heard
129 from Mark Monet or anybody else on there. I think it's inappropriate for us to be trying this
130 case here, in this venue, with the limited amount of resources and information that we have –

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131 for us to be able to go on record saying, yes, we're supporting one side against another. And
132 that's for a completely deliberative body to be discussing, in my opinion.

133 Mr. Panas: Thank you. Mr. Waller?

134 Mr. Waller: Yeah, the only comment I wanted to make, I share of the comments that
135 Mr. Gosney just mentioned, but to understand any of this throws into question the quality and
136 the integrity of the information that we look at as a part of doing our duties; that, to me, is
137 central to any concerns that I might have, and with regard to the work of this body. To me, it's
138 the quality and the integrity.

139 I mean, I, as an outgoing CBOC, could make a comment that says, as I look back over
140 these four years, I have not seen what I will call the forth comingness of information that
141 relates to our work. But that's – it's a little bit tangential, but I think, to me, the core issue
142 round what we're talking about here, aside from what we may personally think about the
143 parties or the issues and so forth, what relates to the business of the CBOC, in my mind, is the
144 quality and the integrity, and the forthrightness of information that comes our way.

145 So. I just wanted to say that for the record.

146 **END OF REMARKS OF DENNIS CLAY AND RELATED COMMENTS**

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CERTIFICATION

I, Jason Mundstuk, certify the following: I am a professional transcriptionist with 15 years experience that includes legal, medical and forensic transcriptions. I have extensive experience in preparing deposition summaries. I am a citizen of the United States. I am over 18 years of age. My business address is 5500 College Avenue, Oakland, CA 94618 dba Randy Black & Associates.

I declare under penalty of perjury that I have truly, accurately, and completely transcribed the recording provided to me to the best of my ability and that the transcript is provided above. I further guarantee the confidentiality of this material.

Electronically signed on this day, July 29, 2016 ,in the County of Alameda, California.

Jason Mundstuk

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Note: Names of speakers added by Anton Jungherr, CBOC Secretary on July 29, 2016.

Clay, Dennis

From: Clay, Dennis
Sent: Wednesday, May 18, 2016 1:55 PM
To: LeBlanc, Lisa; Gamba, Sheri; randallenos@sbcglobal.net; Block, Elizabeth; Cuevas, Valerie; toddagroves@gmail.com; mkronen@aol.com
Cc: dclay1@sbcglobal.net; Bonnett, Mark; Freese, Luis; 'Flor Hotchkiss'; 'Ana Rodriguez'; 'dennisclay9@gmail.com'
Subject: FW: Project Budget Increases
Attachments: PVHS budget increase.pdf; Greenwood.pdf; 01396.pdf; Project Budgets - Greenwood & Coronado.pdf

Proposed project budget changes were presented to the Board Sub-Facility meeting yesterday (Project Budgets – Greenwood & Coronado.pdf).

After working for literally months on budgets, we couldn't get one budget adjustment correct. We have gone years without increasing our admin budget, are now twenty million over budget, and the proposed changes are solely to highlight the forensic audit cost.

Either project budgets matter, or they don't. If they do, we are out of compliance. If they don't, we have spent a lot of money for not much. Perhaps a planning tool of sorts, but a very bad one.

If project budgets aren't controlling we should tell the public that, and stop deceiving them as to our intent. If they are controlling, the Board and staff should be held responsible for spending without authorization.

This isn't a Dr. Harder problem. It isn't even a Charles Ramsey problem. It is a systemic problem.

Thank you.

This is an open letter.

From: Clay, Dennis
Sent: Wednesday, May 18, 2016 10:35 AM
To: Freese, Luis <LFreese@wccusd.net>; Bonnett, Mark <mark.bonnett@wccusd.net>
Cc: LeBlanc, Lisa <lisa.leblanc@wccusd.net>; Page III, David <DPage@wccusd.net>; Ratliff, Chester <cratliff@wccusd.net>; AJungherr@aol.com; 'tmpanas@yahoo.com' <tmpanas@yahoo.com>
Subject: Project Budget Increases

In reviewing the documents from yesterday's Facility Sub-Committee a couple things relating to our current budgeting occurred to me.

First it is good that we are looking at increasing some of the project budgets. It is long overdue, and our budgets could probably use a comprehensive overhaul.

Second, my understanding is that when the Board voted to accept the PVHS Lathrop contract that it also increased the budget by \$32,288,702. I've attached the page from the Board packet that was used for the amount and authorization for this increase (PVHS budget increase.pdf). Per management direction this increase has already been implemented.

Project budgets are attached to projects. Identifying the Greenwood project(s) to be increased would help keep things clear on a project that hasn't been especially transparent. The Greenwood modernization is actually two projects, 35801212 and 35801366, that are under budget by a total of \$2,296,067 (Greenwood.pdf). Without the project being identified on the Board documents it is subject to (mis)interpretation what the Board approves. Plus, this will be helpful for outsiders and District personnel in future years.

Lastly, we haven't been trying to budget at the cost code level for admin costs. I've attached a printout of the 2010D administration project budget and actuals by cost code (01396.pdf). We are currently \$22 million under budget as of April 2016. The fiscal audit cost code where VLS is charged (844AUDT) is under budgeted by \$1.5 million, and legal fees by \$2.2 million. It might make better sense to update the budgets for all the cost codes at once.

Thanks.

Clay, Dennis

From: Clay, Dennis
Sent: Thursday, July 21, 2016 7:36 PM
To: Bonnett, Mark; Freese, Luis; Gamba, Sheri; LeBlanc, Lisa
Cc: Duffy, Matthew; 'Ana Rodriguez'; 'Flor Hotchkiss'; Whittemore, Kenneth; Williams, Marci; 'tmpanas@yahoo.com'; 'ckelley510@yahoo.com'; AJungherr@aol.com; Walton, Marcus; 'dennisclay9@gmail.com'
Subject: CBOC Public Records Act request
Attachments: public records act.pdf; 2016-June #2 Spending by School Site - PRA.pdf; CBOC Request for Information 2016-01.pdf; email 2016-07-15 - RE_ The Primavera data.pdf; email 2016-07-21 - RE_ Primavera Cost Question.pdf

Mark has put his fellow employees in a bind. I've attached a summary of the PRA, and we clearly haven't complied with it for the CBOC data dump request.

Since the request asks for the data used to create the monthly CBOC reports, I modified the query used to create the reports so as to not summarize the results. The files are in the FOC H: drive under <H:\CBOC Meetings\2016-07-PRA>.

There are two versions of the data: the first a spreadsheet with the un-summarized data, and the adjustments used in creating the monthly CBOC reports. And the second a MS Access mdb file with only the raw data. I also saved the query used to produce the data for documentary purposes.

Because June is still open until the year is closed, the totals are little off compared to the report prepared for the next CBOC meeting. Therefore I included a School KPI produced at the same time as the data dump.

Mark clearly was never intending to comply with the PRA on the CBOC request for data. He used shallow and deceptive arguments to justify not using the data given to the forensic auditors. He never discussed the request with me, and to my knowledge never discussed it with the other members of the Controls Group (David Page, Chet Ratliff). He used an old Bitech report that gave inadequate data, and then did it badly. Plus he put it into a unusable format, and then password protected it.

He is counting on not being contradicted in public by his fellow managers. And he doesn't believe non-managers count, because we are not allowed to speak in public.

I have provided you with the files requested by the CBOC. You can choose to do with them what you want.

Thank you.

PS. I have also attached an email sent to the forensic auditors earlier today discussing some of these issues.

MEMORANDUM**West Contra Costa Unified School District**

DATE: August 23, 2016

TO: Dennis Clay, Fiscal/Project Account Analyst

FROM: Mark Bonnett, Executive Director, Business Services 

SUBJECT: Confirmation of discussion today of your Capital Spending Report

This Memo is to document our meeting today of your report Capital Spending July 1995 to December 2015, dated August 29, 2016. I directed you to not to release the report as it was not authorized by the District. No member of District Administration asked for you to produce the 278 page document. You also were directed to remove all West Contra Costa Unified School District logos and names of Board Members and employees from the above mentioned report.

We also discussed your use of the word racist in the following sentence, "The third major conclusion is that capital spending for high schools in its effect, if not in its cause (though possibly also in cause), is racist." This is not the view of the District. I also expressed my concern with your use of District resources in the production of this document, whether it was your use of District time or District supplies. It has become evident that you did use District resources in the production of this report. Dennis you can't use West Contra Costa Unified School District resources for your personal benefit and notoriety.

January 7, 2016

Subcommittee for the Clay Investigation
West Contra Costa Unified School District
1400 Marina Way South
Richmond, CA 94804

Re: West Contra Costa Unified School District (WCCUSD) Board of Education Forensic Accounting for the Clay Investigation—**Phase I Bond Program Fraud Risk Assessment**

Dear Subcommittee for the Clay Investigation:

Vicenti, Lloyd & Stutzman, LLP (VLS) submits the attached Phase I Fraud Risk Assessment on the District's school construction bond program, which is prepared for the internal use of the West Contra Costa Unified School District (WCCUSD), pursuant to our engagement letter dated September 30, 2015 between VLS and the WCCUSD.

The overall scope of our work and approach is conducted utilizing standards in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Consulting Services contained in Rule 21 of the AICPA Code of Professional Conduct; and the Code of Professional Standards of the Association of Certified Fraud Examiners (ACFE) In accordance with these standards, no opinion is expressed by VLS regarding the legal culpability of any person, party or organization.

Phase I of the Fraud Risk Assessment is comprised of a two-part deliverable, the Bond Program Fraud Risk Assessment and the Proposed Scope of Work for Phase II. The attached document addresses the **Bond Program Fraud Risk Assessment**.

Overview of the Bond Program Fraud Risk Assessment

On November 30, 2015, VLS presented a DRAFT of the Risk Assessment to the Clay Investigation Subcommittee which identified a Risk Score to the identified Risk Category. Scores of High, Medium or Low were assigned. It should be noted that the Risk Scores assigned to the DRAFT Risk Assessment have not changed. The Risk Areas and Risk Scores assigned on November 30, 2015 are the same for this Risk Assessment dated January 7, 2016.

The Controls to Minimize Risk, Phase II Scope of Work, and New Risk Score columns are new columns for this final risk assessment and were not included in the November 30, 2015, DRAFT Risk Assessment.

The final Bond Program Fraud Risk Assessment, dated January 7, 2016 begins on page 4 of this document. This document is divided into five (5) main areas as follows:

- Risk Area
- Risk Score
- Controls to Minimize Risk
- Phase II Scope of Work
- New Risk Score

The **Risk Area** is divided into the following columns:

- **Number** - This column identifies the number assigned by VLS. This number is not an indicator of priority, importance or value.
- **Risk Category** - This column identifies the Risk Area categories assigned by VLS based on the allegations, concerns, and questions provided to VLS in Phase I.
- **Sub Category** - This column summarizes the allegations, concerns, and questions as provided to VLS in Phase I. These are not findings of VLS.
- **Risk to the District** - This column identifies, as defined by VLS in Phase I, the potential impact to the District if controls were not in place to prevent the allegation/concern identified in the risk subcategory. This is the potential impact based on the information that was provided to VLS in Phase I.

The **Risk Score** column signifies the following:

- **Risk to District (based on historical controls)** - This column identifies the overall level of risk of fraud, waste or abuse to the District based on the Phase I assessment performed by VLS.

The **Controls to Minimize Risk** column identifies the following:

- **Identified Internal Controls** - This column summarizes the District's internal controls identified by VLS during work performed in Phase I. This is not a comprehensive list of

all internal controls which may be in place as there may be additional controls that the District has adopted related to the risk areas that were not communicated to VLS during Phase I. During Phase I, VLS did not test these controls to ensure that they are implemented and functioning as intended.

The **Phase II Scope of Work** column signifies the following:

- **Proposed Phase II Scope of Work** - This column identifies the proposed Phase II scope of work. See attached Phase II Proposed Scope of Work documents - "Test of Controls" (TC) and "Forensic Investigation" (FI). The number assigned to the TC and FI corresponds to the same TC and FI referenced in the attached Phase II Proposed Scope of Work documents. This number is not an indicator of priority, importance or value.

The **New Risk Score** column signifies the following:

- **New Risk to District (based on current controls that will be tested in Phase II)** - This column illustrates the potential new overall risk level after completion of Phase II test of controls to be completed at the end of Phase II. This column is currently intentionally left blank.

The Fraud Risk Assessment Matrix was the foundation which VLS used to identify the Proposed Scope of Work for Phase II.

VLS appreciates the opportunity to assist the Subcommittee for the Clay Investigation during Phase I of this investigation.

Sincerely,



Ernest C. Cooper, CPA, CFE
Vicenti, Lloyd & Stutzman LLP - Partner

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 PHASE I - BOND PROGRAM FRAUD RISK ASSESSMENT
 January 7, 2016**

| Risk Area | | | | Risk Score | Controls to Minimize Risk | Phase II Scope of Work | New Risk Score |
|---|---|--|---|--|--|---|---|
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| 1 | Conflict of Interest | Ramsey controlled the Board and agenda items presented to the Board | A District Board member was possibly overriding and/or circumventing District controls and management decisions. The directives may not have been in the best interest of the District and its finances. This could have resulted in inappropriate payments to vendors and contractors and/or the District overpaying for services rendered. | High | Two new Board members have been elected, and Charles Ramsey is no longer on the Board. The current Board is not involved in the day-to-day decisions and operations. The District has implemented various procedures to ensure that decisions are being evaluated and staff is making recommendations to the Board. The Board members are scheduled to receive governance training in the 2015/16 school year and have a draft governance handbook available, which the Governance subcommittee is working on completing. | TC (4) | |
| 2 | Conflict of Interest | Brown Act violation - Decisions were made outside of public meetings | Agreements or actions taken that are determined to be a Brown Act violation could result in invalidation of the actions taken and/or civil action against the District to prevent future violations. These actions could result in the District incurring legal fees in its defense as well as having to pay legal fees to the plaintiff, if the plaintiff is successful. There could also be delay of projects if certain contracts or decisions are deemed invalid. | High | The District has implemented a Governance subcommittee. A draft Governance Handbook is available on the District website in the Governance Subcommittee section. The Handbook discusses details concerning the Brown Act and includes a Board Governance calendar listing Brown Act training in July (implement in 2016). | TC (4) | |

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
PHASE I - BOND PROGRAM FRAUD RISK ASSESSMENT
January 7, 2016**

| Risk Area | | | | Risk Score | Controls to Minimize Risk | Phase II Scope of Work | New Risk Score |
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| 3 | Conflict of Interest | Allegations of kickbacks to Charles Ramsey | Vendors may have been hired based on willingness to pay kickbacks and not on qualifications or bids. The District may not have hired the most qualified vendors and vendor billings may have been "padded" thus creating an improper expenditure for the District. | High | <p>Two new Board members have been elected, and Charles Ramsey is no longer on the Board.</p> <p>The current Board is not involved in the day-to-day decisions and operations.</p> <p>The Board members are scheduled to receive governance training in the 2015/16 school year and have a draft governance handbook available, which the Governance Subcommittee is working on completing.</p> <p>Unknown whether or not the District has a control in place to conduct a through due diligence on District vendors for Bond Program.</p> | TC (7) FI (1) | |
| 4 | Conflict of Interest | Charles Ramsey controlled daily activities of the District and SGI related to the bond program | A District Board member was possibly overriding and/or circumventing District controls and management decisions. The directives may not have been in the best interest of the District and its finances. This could have resulted in inappropriate payments to vendors and contractors and/or the District overpaying for services rendered. | High | <p>Two new Board members have been elected, and Charles Ramsey is no longer on the Board.</p> <p>The current Board is not involved in the day-to-day decisions and operations.</p> <p>The District has implemented the following to improve controls: (1) established a master planning process for the remaining school projects based on remaining funding, (2) improved processes and procedures for reviewing invoices and change orders, (3) hired a Director of Contract Administration that is working on improving processes and procedures related to contracting with vendors, and (4) has taken steps to move certain decision making processes from consultants to District personnel.</p> | TC (5), TC (13) FI (5) | |

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
PHASE I - BOND PROGRAM FRAUD RISK ASSESSMENT
January 7, 2016**

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| 5 | Conflict of Interest | SGL told employees they worked for the Board | Risk of fraud - individual on Board may have made management decisions | High | New Board members have been elected. Current Board president is not contacting SGL to make management decisions. | TC (4) | |
| 6 | Conflict of Interest | Charles Ramsey amended the SGL contract during a Board meeting so that SGL could not be terminated for convenience | The District may have agreed to specific contract clause that may be too restrictive and be against benefit to District. | High | New Board members have been elected. Current Board president is not directing what is presented to the Board. | TC (4) | |
| 7 | Conflict of Interest | Charles Ramsey controlled who was on CBOC | The CBOC, as an oversight body of the bond program, may have not questioned information or actions of the Board/District if the individuals selected had loyalties to a certain Board member or District employee. This could taint the independence of the CBOC and result in limited or no oversight. | High | The District is in the process of revising its policy related to how members of CBOC are appointed. Previously, each Board member was able to appoint one member of the CBOC. The District's intention is to remove these appointments to prevent any loyalties to Board members. | TC (1) | |

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 PHASE I - BOND PROGRAM FRAUD RISK ASSESSMENT
 January 7, 2016**

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| 8 | Conflict of Interest | The District is spending more money on school improvements in affluent areas than in less affluent areas. | The District may have expended bond funds inequitably across schools in the District. District may not complete all projects promised to voters when the measures were passed. District may lose voter confidence and not be able to pass additional bond measures, which would prevent the District from obtaining necessary funds to complete additional projects. | High | <p>All but one major project at the District has been stopped until the facilities master plan is complete.</p> <p>The final master plan is expected to go to the Board in late April 2016.</p> <p>The process for developing the master plan involved identifying the schools that have had no work or very little work done and performed a needs assessment.</p> <p>A Steering Committee and Prioritization Committee have been established to review the needs assessment and prioritize the schools based on their needs and pre-established criteria.</p> <p>The architect involved in the process has no prior relationship with the District and was hired solely to assist with the master planning.</p> | TC (2) , TC (3) | |

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
PHASE I - BOND PROGRAM FRAUD RISK ASSESSMENT
January 7, 2016**

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| 1 | Compliance with Legal Requirements and Board Policies | Approval votes in the Facilities Subcommittee were treated as sufficient. | Circumventing of approval procedures established by the District may have resulted in inappropriate or wasteful project expenditures. | High | <p>VLS requested documentation related to the formation, operation, and authorities given to the Facilities Subcommittee. According to the District, these documents do not exist.</p> <p>New Board members have been elected.</p> <p>District has implemented a new position of Director of Contract Administration.</p> <p>District working on ensuring contracts are thoroughly evaluated and are now being memorialized and administrative regulations and procedures are being drafted.</p> | TC (8) | |

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 PHASE I - BOND PROGRAM FRAUD RISK ASSESSMENT
 January 7, 2016**

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| 2 | Compliance with Legal Requirements and Board Policies | Charles Ramsey told District staff and SGI what to do | A District Board member was possibly overriding and/or circumventing District controls and management decisions. The directives may not have been in the best interest of the District and its finances. This could have resulted in inappropriate payments to vendors and contractors and/or the District overpaying for services rendered. | High | <p>Two new Board members have been elected, and Charles Ramsey is no longer on the Board.</p> <p>The current Board is not involved in the day-to-day decisions and operations.</p> <p>The District has implemented the following to improve controls: (1) established a master planning process for the remaining school projects based on remaining funding, (2) improved processes and procedures for reviewing invoices and change orders, (3) hired a Director of Contract Administration that is working on improving processes and procedures related to contracting with vendors, and (4) has taken steps to move certain decision making processes from consultants to District personnel.</p> <p>The Board members are scheduled to receive governance training in the 2015/16 school year and have a draft governance handbook available which the Governance subcommittee is working on completing.</p> | TC (4), TC (5), TC (8), TC (13) FI (1), FI (5) | |

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
PHASE I - BOND PROGRAM FRAUD RISK ASSESSMENT
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| 3 | Compliance with Legal Requirements and Board Policies | The CBOC has overstepped its legal responsibilities in providing oversight of the bond program | District decision making processes are potentially being slowed, which could result in not meeting deadlines. The District is expending resources to satisfy the requests of the CBOC, which includes funds spend on outside professional services and well as internal staff time. To the extent the costs for professional services and staff time are expensed to the bond fund, these costs are depleting available bond resources. | High | No known controls - see Phase II | FI (6) | |
| 4 | Compliance with Legal Requirements and Board Policies | SGI was slow to adopt and enforce the use of Primavera | Inaccurate/incomplete information recorded in Primavera may have resulted in inaccurate/incomplete information submitted to the CBOC, the Facilities Subcommittee, and the Board. Potential vendor/contractor claims may be unidentified and not quantified. | Medium | <p>Proposed change orders are submitted by the Construction Manager to the Project Manager for review with the Engineering Officer and are recorded in Primavera.</p> <p>Specific written procedures for Construction Managers for identifying, submitting, and tracking of proposed change orders are in place.</p> <p>The District has developed a manual titled "2014 Construction Procedures Manual" and provided training regarding the required process.</p> <p>The District has communicated with SGI that all proposed change orders must be entered into Primavera.</p> <p>The District has a Project Manager assigned to each of the school locations with current bond related construction projects.</p> | TC (15) FI (11) | |

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
PHASE I - BOND PROGRAM FRAUD RISK ASSESSMENT
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| 5 | Compliance with Legal Requirements and Board Policies | District employees were negligent in fulfilling their roles and responsibilities to the District related to the bond program | The proper oversight was not administered related to the bond program and/or the proper internal control procedures were not implemented or followed. The District may have expended bond funds in a wasteful manner or on inappropriate transactions. | Medium | The current Board is not involved in the day-to-day decisions and operations. The District has implemented the following to improve controls: (1) established a master planning process for the remaining school projects based on remaining funding, (2) improved processes and procedures for reviewing invoices and change orders, (3) hired a Director of Contract Administration that is working on improving processes and procedures related to contracting with vendors, and (4) has taken steps to move certain decision making processes from consultants to District personnel. | TC (4), TC (5), TC (8), TC (13) FI (1), FI (5), | |
| 6 | Compliance with Legal Requirements and Board Policies | What is the legal rationale for using bond funds to purchase computer supplies or limited life products? | District may have used long term debt to purchase short lived assets thus paying interest on bonds for many years after the purchased items are obsolete. | Low | Director of Facilities & Construction has implemented a process for master planning of remaining schools that have had no construction. Part of this master planning is assessing remaining funds and schools with significant and/or immediate needs. The District has had a Performance Audit conducted each fiscal year, which should include a review and assessment of the nature of expenditures paid with bond funds. | TC (5), TC (18) FI (1), FI (7), FI (12), FI (14) | |

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January 7, 2016**

| Risk Area | | | | Risk Score | Controls to Minimize Risk | Phase II Scope of Work | New Risk Score |
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| 1 | Budgeting Practices | Unbudgeted/under budgeted projects | There is no mechanism in place to plan project spending and control costs. The District has weak fiscal accountability within the bond program, may not be able to complete all projects desired with available funds, and may be questioned by the public. | High | Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward. Director of Facilities & Construction has implemented a process for master planning of remaining schools that have had no construction. Part of this master planning is assessing remaining funds and schools with significant and/or immediate needs. | TC (5), TC (6) FI (1), FI (2) | |
| 2 | Budgeting Practices | District increases budgets to match actual costs | There is no mechanism in place to control project costs. The District has weak or limited fiscal accountability within the bond program, may not be able to complete all projects desired with available funds, and may be questioned by the public. | High | Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward. Director of Facilities & Construction has implemented a process for master planning of remaining schools that have had no construction. Part of this master planning is assessing remaining funds and schools with significant and/or immediate needs. | TC (5), TC (6) FI (1), FI (2) | |

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| 3 | Budgeting Practices | Project budgets in Munis do not match Board approvals | Project costs may exceed budgeted/contracted amounts approved by the Board. There is weak or limited fiscal accountability within the bond program. | High | <p>The Board adopts the fiscal year budget in June of each year and during 1st interim reporting to the State. Both are done at the SACS reporting level.</p> <p>Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.</p> <p>Associate Superintendent of Operations has implemented reporting of a detailed line-by-line budget for the most recent large construction project, and plans to continue using detailed line-by-line budgets moving forward.</p> | TC (6), TC (14) | |
| 4 | Budgeting Practices | There is no system, process, or individual, responsible or capable of controlling project spending | There is no mechanism in place to control project costs. The District has weak or limited fiscal accountability within the bond program, may not be able to complete all projects desired with available funds, and may be questioned by the public. | High | <p>The District is undergoing master planning for remaining projects to be completed with remaining bond funds.</p> <p>Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.</p> <p>Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent major construction project and plans to continue using a detailed line-by-line for budgets moving forward.</p> | TC (6), TC (14) FI (1) | |

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| 5 | Budgeting Practices | Bond program budgets submitted to the Board are one page summaries; The beginning balance does not match the prior report's ending balance. | There is weak or limited fiscal accountability within the bond program. Decisions may have been made based on incomplete and/or inaccurate information presented to the Board. | High | Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward. | TC (6), TC (14) FI (2) | |
| 6 | Budgeting Practices | Pinole Valley HS budget approved was \$180 million; Current budget is \$181.9 million. | Actual project costs may exceed approved budgeted amounts. There is weak or limited fiscal accountability within the bond program. | High | Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward. Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board. | TC (6), TC (14) | |
| 7 | Budgeting Practices | Contracts approved by the Board are in excess of budgeted amounts. | Actual project costs may exceed approved budgeted amounts. There is weak or limited fiscal accountability within the bond program. The District may not be able to complete all projects desired with available funds. | Medium | Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward. Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board. The District has hired a Director of Contract Administration who is responsible for reviewing bond related contracts. The Director of Contract Administration is in the process of reviewing and drafting District procedures related to contracting. The plan is to bring the controls process into the District rather than being outsourced to SGI. | TC (6), TC (8), TC (14) | |

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| 8 | Budgeting Practices | Bond money received from later measures were used to fund projects promised in previous measures. | District is not able to complete all projects promised to voters when the measures are passed. District may lose voter confidence and not be able to pass additional bond measures, which would prevent the District from obtaining necessary funds to complete additional projects. | Low | Ballot language includes provisions related to funding projects promised in previous measures. For example, the Measure J (2005) bond language states: "Complete any remaining Election of November 7, 2000, Measure M, projects;" and "Complete any remaining Election of March 5, 2002, Measure D, Projects." [source: 6/30/2013 Performance Audit] The District is undergoing master planning for remaining projects to be completed with remaining bond funds. | FI (1), FI (13) | |

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| 1 | Vendor Contract Administration | Architects hired to begin conceptual plans for schools decades in advance | The District may have used long-term debt to pay for services far in advance of need. These conceptual plans may need revisions and/or updates once the District is ready to use the plans, and this may cause the District to incur additional expense. | High | <p>Associate Superintendent of Operations has begun communication with the Board and community regarding the process for facilities master planning.</p> <p>A transparent process has been put into place and all projects, except one large project, have been halted until the facilities master plan is approved by the Board.</p> <p>The final master plan is expected to go to the Board in late April 2016.</p> <p>The process for developing the master plan involved identifying the schools that have had no work or very little work done and performed a needs assessment.</p> <p>A Steering Committee and Prioritization Committee have been established to review the needs assessment and prioritize the schools based on their needs and pre-established criteria.</p> <p>The architect involved in the process has no prior relationship with the District and was hired solely to assist with the master planning.</p> | TC (2), TC (5), TC (8) FI (1), FI (7) | |
| 2 | Vendor Contract Administration | SGL worked without a contract for some years. What is termination date of 2013 contract with SGL? | The District may have continued to award work to SGL without a current contract. | High | <p>District has implemented a new position of Director of Contract Administration</p> <p>The District is working on ensuring contracts are thoroughly evaluated.</p> <p>The District is working on ensuring that contracts are memorialized and that all vendors have written contracts.</p> | TC (7), TC (8) FI (5) | |

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| 3 | Vendor Contract Administration | The Facilities Subcommittee recommended to the Board that SGI be selected against staff recommendation. | Facilities sub committee may have made recommendations to board based on political influence instead of relying on expert staff recommendation. | High | No known controls - see Phase II | TC (4) FI (1), FI (3) | |
| 4 | Vendor Contract Administration | Board does not approve contracts or approves contracts after they have been entered into. | The District may have entered into contracts without proper Board approval. | High | The District has implemented a new position of Director of Contract Administration. The District is working on ensuring contracts are thoroughly evaluated. The District is working on ensuring that contracts are memorialized and that all vendors have written contracts. The District policy, in agreement with Education code 17604, states that to be valid, all contracts must be approved and/or ratified by the Board. | TC (7), TC (8) FI (5) | |

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| 5 | Vendor Contract Administration | Discrepancies in single contract amounts | The District may have awarded vendor contracts may have exceeded Board approved budgets. | High | <p>The District has implemented new position of Director of Contract Administration.</p> <p>The District is working on ensuring contracts are thoroughly evaluated.</p> <p>The District is working on ensuring that contracts are memorialized and that all vendors have written contracts.</p> <p>The District policy, in agreement with Education code 17604, states that to be valid, all contracts must be approved and/or ratified by the Board.</p> | TC (7), TC (8) FI (5) | |
| 6 | Vendor Contract Administration | The Board is not told if a project has sufficient budget for a contract | The District may have entered into contracts without proper Board approval. | High | <p>Associate Superintendent of Operations has implemented reporting of a detailed line by line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward.</p> <p>Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.</p> <p>The District has hired a Director of Contract Administration who is responsible for reviewing bond related contracts. The Director of Contracts is in the process of reviewing and drafting District procedures related to contracting. The plan is to bring the controls process into the District rather than being outsourced to SGI.</p> | TC (6), TC (8), TC (14) | |

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| 7 | Vendor Contract Administration | No Board approval of bidding and/or no Board action to approve one award and rescind another | The District may not be compliant with legal requirements and/or Board policies regarding public bidding. District may be exposed to civil action from contractors. | High | The District has an informal as well as a formal bidding process that includes step 8 which is submission to the Board for approval. If the Board approves award of contract, a notice of award is prepared. If the Board rejects all bids, notice to bidders is prepared. | TC (9) FI (8) | |
| 8 | Vendor Contract Administration | SGL using the District Facilities Operation Center without paying portion of lease. SGL contract may allow for some items that should not be allowed | The District may have paid in excess of contractual agreement for items that may have been vendor's responsibility. | Medium | The District has implemented new position of Director Contract Administration. The District working on ensuring contracts are thoroughly evaluated. The District is working on ensuring that contracts are memorialized and that all vendors have written contracts. | TC (6), TC (8), TC (14) FI (3), FI (4), FI (5) | |
| 9 | Vendor Contract Administration | There is no mechanism to stop a purchase order, contract, or invoice from being paid if there is no Board approved budget for it | The District may have incurred expenditures in excess of Board approved budgets. | Medium | Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board. Associate Superintendent of Operations has implemented reporting of a detailed line-by-line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward. | TC (14), TC (6) FI (5) | |

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| 10 | Vendor Contract Administration | Contracts and information was lost because server went down | Significant contract and project information may have been lost and not recovered. The District may not have had sufficient information or history to properly manage contracts. This may have resulted in inaccurate/incomplete information submitted to the CBOC, the Facilities Subcommittee, and the Board. Potential vendor/contractor claims may be unidentified and not quantified. | Medium | The District implemented the use of the Primavera system, which resides on the District's server. The District also implemented a back-up system so that data could be restored in the event of a similar occurrence. | TC (15) | |
| 11 | Vendor Contract Administration | SGI/Architects told to help with promotion of Bond campaign | It may have been perceived by the public as a conflict of interest to require District vendors to promote bond measures. | Medium | The District has implemented a more strict contract review process that includes drafting administrative regulations and procedures. | TC (4), TC (8) | |
| 12 | Vendor Contract Administration | SGI did not do reporting as required by contract | The District Board may not have been informed as intended by contract requirements. | Medium | The new Board is proactive in requesting relevant reports from SGI. Executive Director of Business Services office has begun a reconciliation process between Primavera, which is used by SGI and the Munis Ledger, which is administered by the District. | TC (10) | |
| 13 | Vendor Contract Administration | SGI forced out subcontractors by not paying them | The District's reputation may have been damaged if subcontractors were not paid after performing work on behalf of the District. If the District had sufficient knowledge of a contractor's nonpayment to its subcontractors, does the District hold any legal responsibility? | Medium | The District has hired a Director of Contract Administration, who is working on revised policies and procedures related to vendor contracting. The District plans to transition additional services currently performed by SGI to in-house employees. | TC (8) FI (3) | |

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| 14 | Vendor Contract Administration | Contract retention was released (paid) earlier than in past (Gumper/Greenwood Project) | The District may have paid a vendor in full before a project was accepted as complete by the Board. This may have limited the District's recourse if the contractor had not satisfactorily completed the work based on the terms of the contract. | Low | <p>The Payment for Goods and Services policy states that retention withheld by the District from payments to contractors for public works contracts shall be released within 60 days after the construction or improvement is completed.</p> <p>The 2014 Construction Procedure Manual states that release of retention shall be after approval of the District's Architect's Certificate of Payment, after the satisfactions of the conditions set forth herein, and after thirty-five 35 days of the recording of the Notice of Completion by District.</p> <p>The 2014 Construction Procedure Manual also states that undisputed retention shall be released within 60 days from date of completion.</p> <p>The 2014 Construction Procedure Manual additionally states that timing for release of retention is 30 days after completion.</p> | TC (17) FI (9) | |
| 15 | Vendor Contract Administration | Who paid for the Primavera system and who owns the rights to Primavera? | District may have paid in excess of contractual agreement for items that may have been vendor's responsibility. District may not have access to or full rights to a system it paid for. | Low | <p>The District has implemented a new position of Director of Contract Administration.</p> <p>The District is working on a process to ensure that contracts are thoroughly evaluated.</p> <p>The District is working on a process to ensure that contracts are memorialized and that all vendors have written contracts.</p> | TC (7), TC (8) FI (3), FI (4), FI (5) | |

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 PHASE I - BOND PROGRAM FRAUD RISK ASSESSMENT
 January 7, 2016**

| Risk Area | | | | Risk Score | Controls to Minimize Risk | Phase II Scope of Work | New Risk Score |
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| 16 | Vendor Contract Administration | District's bond program has not been a timely pay for vendors. | The District may have incurred late fees for late payments to vendors; Vendors may have pursued legal action against the District for nonpayment; District may have gained a poor reputation with vendors. | Low | The vendor payment policies and procedures specify that payments to vendors and contractors should be made within 30 days of invoice receipt. | TC (11) FI (5) | |

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| 1 | Billings and Performance of Outside Construction Manager | WLC billed existing design as new design | District paid in excess of industry standards for services received | High | The District has hired a Director of Contract Administration, who is working on revised policies and procedures related to vendor contracting. Invoices are reviewed and approved in the following order: (1) Project Mangers - if appropriate (2) Director of Facilities, Construction (3) Engineering Officer Facilities/Bond (4) Executive Director of Business Services | TC (8), TC (11) FI (5), FI (7) | |
| 2 | Billings and Performance of Outside Construction Manager | SGI Billed for time not worked, sick and vacation time | Potential for improper expenditure billed to and paid by District | High | District Project Managers review and sign SGI invoices prior to submission to Chief Engineering Officer for approval. | TC (11) FI (5), FI (3) | |
| 3 | Billings and Performance of Outside Construction Manager | SGI employee efficiencies and staffing levels | Potential for improper expenditure billed to and paid by District | Medium | The District has hired a Director of Contract Administration, who is working on revised policies and procedures related to vendor contracting. Chief Engineering Officer reviews and approves SGI invoices. | TC (8), TC (11) FI (3), FI (4), FI (5) | |
| 4 | Billings and Performance of Outside Construction Manager | SGI purchase of computers that were not delivered to WCCUSD but were billed to WCCUSD | Potential for improper expenditure billed to and paid by District | Medium | District project managers review and sign SGI invoices prior to submission to Chief Engineering Officer for approval. | TC (11) FI (3), FI (5) | |

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| 5 | Billings and Performance of Outside Construction Manager | SGI billed in excess of actual employee qualifications | Potential for improper expenditure | Medium | Chief Engineering Officer reviews and approves SGI invoices. Chief Engineering Officer is also involved in SGI's process for interviewing, hiring and promoting employees. | TC (12) FI (3) | |
| 6 | Billings and Performance of Outside Construction Manager | Does SGI keep all records current and updated? | District paid for fees or reimbursables which cannot be substantiated by supporting documentation | Medium | SGI invoices are reviewed and approved in the following order: (1) Project Mangers (2) Director of Facilities, Construction (3) Engineering Officer Facilities/Bond (4) Executive Director of Business Services The contract between the District and SGI states that SGI as the Construction Manager shall establish and maintain books, records, and systems of account, in accordance with generally accepted accounting principles, reflecting all business operations of Construction Manager transacted under this agreement. The contract further states that the District, its agent or other representatives, may perform audits of all billing statements, invoices, records and other data related to the services covered by this agreement. | TC (11) FI (3) | |
| 7 | Billings and Performance of Outside Construction Manager | Does SGI add a 5% billing charge? Is it authorized? | District paid fees outside of contract terms | Medium | SGI invoices are reviewed and approved in the following order: (1) Project Mangers - if appropriate (2) Director of Facilities, Construction (3) Engineering Officer Facilities/Bond (4) Executive Director of Business Services | TC (11) FI (3), FI (4) | |

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| 1 | Change Order Approval and Accounting Practices | "Add services" approved for architectural firms were inappropriate (for example, \$7 Million "add service" approved for WLC Architects) | Without an adequate process in place to ensure the appropriateness of change orders (or add services), the District may expend additional funds on vendors for work that is covered by the original contract price or for additional costs that are the contractual responsibility of the vendor. | High | Sufficient information was not obtained to determine if the process followed for review and approval of add services is the same as construction change orders. | TC (13) FI (7) | |
| 2 | Change Order Approval and Accounting Practices | Proposed Change Orders Not in Primavera | Potential vendor/contractor claims may be unidentified and not quantified. | High | Proposed change orders are submitted by the Construction Manager to the Project Manager for review with the Engineering Officer and are recorded in Primavera. Controls will prepare the Board précis and after Board ratification, change order is circulated by controls for final execution. The District has developed a manual titled "2014 Construction Procedures Manual" and provided training regarding the required process. The District has communicated with SGI that all proposed change orders must be entered into Primavera. The District has a Project Manager assigned to each of the school locations with current bond related construction projects. | TC (15) FI (11) | |

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| 3 | Change Order Approval and Accounting Practices | Change orders are not Approved by Board | If change orders are not approved by the Board when required and/or appropriate, transparency and accountability is limited, which could result in excessive project costs. | High | Current procedures require that change orders over 10% or \$250,000 be approved by the Board before the work can be performed. | TC (13), FI (10) | |
| 4 | Change Order Approval and Accounting Practices | Has the District had a process in place to analyze and question change orders before approving? | Without an adequate process in place to ensure the appropriateness of change orders, the District may expend additional funds on contractors for work that is covered by the original contract price or for additional costs that are the contractual responsibility of the contractor. | High | Change orders are evaluated and negotiated by the Construction Manager, Architect of Record, Inspector of Record and District Project Manager. Change orders are reviewed and approved by the Engineering Officer. Approved change orders are provided to the Board for ratification. Change orders greater than 10% or \$250,000 must be approved by the Board before work can begin. Change orders are signed by the Associate Superintendent of Operations and Bond Program after being ratified/approved by the Board. | TC (13) FI (10) | |

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| 5 | Change Order Approval and Accounting Practices | Change orders will be greater than what was communicated by the SGI Construction Manager | The District does not have a full understanding of potential claims and dollar impact from change orders. | Medium | <p>Proposed change orders are submitted by the Construction Manager to the Project Manager for review with the Engineering Officer and are recorded in Primavera.</p> <p>Controls will prepare the BOE précis and after BOE ratification, change order is circulated by controls for final execution.</p> <p>There is communication between the District and SGI regarding proposed change orders and the impacts on cash flow.</p> <p>Current procedures require that change orders over 10% or \$250,000 be approved by the Board before the work can be performed.</p> | TC (13) FI (3), FI (10) | |
| 6 | Change Order Approval and Accounting Practices | Information for expected change orders was lost when the Primavera server went down. These expected change orders are currently uncostered | The District does not have a full understanding of potential claims and dollar impact from change orders. | Medium | <p>The District implemented the use of the Primavera system, which resides on the District's server.</p> <p>The District also implemented a back-up system so that data could be restored in the event of a similar occurrence.</p> | TC (15) FI (11) | |

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| 7 | Change Order Approval and Accounting Practices | A change order was processed as a settlement to a contractor; therefore, the amount paid to the contractor is not captured as change orders (Greenwood project) | The actual cost related to change orders may have been understated in reporting to the CBOC, the Board, and other oversight bodies. The District has weak or limited fiscal accountability within the bond program. | Medium | <p>Change orders are evaluated and negotiated by the Construction Manager, Architect of Record, Inspector of Record and District Project Manager.</p> <p>Change orders are reviewed and approved by the Engineering Officer.</p> <p>Approved change orders are provided to the Board for ratification. Change orders greater than 10% or \$250,000 must be approved by the Board before work can begin.</p> <p>Change orders are signed by the Associate Superintendent of Operations and Bond Program after being ratified/approved by the Board.</p> | TC (13) FI (9), FI (10) | |

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| 1 | Project Accounting Systems - Munis | Munis general ledger and Munis project ledger do not reconcile and are "off by \$7.7 million" | The District is not able to use its financial system to generate reports that accurately present bond program expenditures on a project level. The District must expend additional monies to either (1) manually compile the necessary financial information from various systems or (2) use a separate system to track project costs at the appropriate detailed level. | High | According to the Executive Director of Business Services, a reconciliation process for Munis project ledger and Munis general ledger is currently in place. This reconciliation is performed on a monthly basis. | TC (14) | |
| 2 | Project Accounting Systems - Munis | Munis does not have the ability to control costs to budgets | There is no mechanism in place to control project costs and ensure they do not exceed approved budgets. The District has weak or limited fiscal accountability within the bond program, may not be able to complete all projects desired with available funds, and may be questioned by the public. | High | Associate Superintendent of Operations has implemented reporting of a detailed line-by-line budget for the most recent large construction project and plans to continue using detailed line-by-line budgets moving forward. Director of Facilities & Construction has implemented process for master planning of remaining schools that have had no construction. Part of this master planning is assessing remaining funds and schools with significant and/or immediate needs. Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board. | TC (5), TC (6), TC (14) FI (1) | |

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| 3 | Project Accounting Systems - Munis | Munis does not have the ability to control payments to contract amounts - multiple purchase orders were written for a single contract and there is no control to prevent this | There is no mechanism in place to control vendor payments and ensure they do not exceed approved contract amounts. The District may have made excessive or inappropriate payments to vendors. The District has weak or limited fiscal accountability within the bond program, may not be able to complete all projects desired with available funds, and may be questioned by the public. | High | <p>According to interview with Dennis Clay, contract spending is controlled by the purchase order.</p> <p>The District has hired a Director of Contract Administration who is responsible for reviewing bond related contracts.</p> <p>The Director of Contracts is in the process of reviewing and drafting District procedures related to contracting.</p> | TC (8) FI (11), FI (5) | |
| 4 | Project Accounting Systems - Munis | Munis project ledger was not set up correctly | The District may not be able to easily track project costs by project using the Munis system. This could result in project costs not being recorded properly and/or not being reported accurately. The District must expend additional monies to either (1) manually compile the necessary financial information from various systems or (2) use a separate system to track project costs at the appropriate detailed level. | Medium | <p>The Project Analyst, who works under the Executive Director of Business Services, has created a report that summarizes program expenses and encumbrances to date.</p> <p>The report is prepared by consolidating information from Munis, Primavera, and Bitech (the District's former accounting system) and assigns project names to the information.</p> <p>Executive Director of Business Services has recently implemented the multiyear function in Munis which will enable tracking of project budgets as approved by the Board.</p> | TC (6), TC (14), TC (16) | |

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| 5 | Project Accounting Systems - Munis | Does Munis record change orders? | If Munis does not record change orders, the District would not be able to adequately monitor contract spending and costs. | Medium | <p>The controls change order process states that Primavera is a required tool for use in the first step for proposed change orders that are submitted by the Construction Manager to other Project Manager for review with the Engineering Officer.</p> <p>The change order flow chart states that construction Manager records proposed change orders in District Contract Management system and tracking ID number is created at this time.</p> | TC (13), TC (14) | |
| 6 | Project Accounting Systems - Munis | Who controls the data input into the Munis and Primavera systems? (Amanco, SGI) | The financial records are ultimately the responsibility of management of the District. If the data input into the financial systems is performed by individuals without the requisite experience and/or without proper oversight by the District, there could be errors or omissions of which the District is not aware. | Medium | <p>Data input into the Munis system is the responsibility of the District.</p> <p>Data input into Primavera is the responsibility of SGI, primarily of the Master Scheduler.</p> <p>Construction Managers of SGI also input certain pieces of information into Primavera (proposed change orders).</p> <p>The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.</p> <p>The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).</p> | TC (14), TC (15) | |

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
PHASE I - BOND PROGRAM FRAUD RISK ASSESSMENT
January 7, 2016**

| Risk Area | | | | Risk Score | Controls to Minimize Risk | Phase II Scope of Work | New Risk Score |
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| 1 | Project Accounting Systems - Primavera | Not all projects reflected in Munis are reflected in Primavera | Inaccurate/incomplete information recorded in Primavera may have resulted in inaccurate/incomplete information submitted to the CBOC, the Facilities Subcommittee, and the Board. Potential vendor/contractor claims may be unidentified and not quantified. | Medium | <p>The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.</p> <p>The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).</p> | TC (15) | |
| 2 | Project Accounting Systems - Primavera | Does Primavera record professional service contracts? | Primavera may not capture complete or accurate project cost information. Inaccurate/incomplete information recorded in Primavera may have resulted in inaccurate/incomplete information submitted to the CBOC, the Facilities Subcommittee, and the Board. Potential vendor/contractor claims may be unidentified and not quantified. | Medium | <p>The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.</p> <p>The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).</p> | TC (15) | |

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| 3 | Project Accounting Systems - Primavera | SGI is not inputting information accurately in Primavera | Primavera may not capture complete or accurate project cost information. Inaccurate/incomplete information recorded in Primavera may have resulted in inaccurate/incomplete information submitted to the CBOC, the Facilities Subcommittee, and the Board. Potential vendor/contractor claims may be unidentified and not quantified. | Medium | The District has developed a manual titled "2014 Construction Procedures Manual" and provided training regarding the required process. The District has communicated with SGI that all proposed change orders must be entered into Primavera. The District has a Project Manager assigned to each of the school locations with current bond related construction projects. The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera. The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech). | TC (15) FI (11) | |

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| 1 | Financial Reporting | Munis, the Munis project ledger, and Primavera do not reconcile | Actual bond project costs may have exceeded the amounts presented to the various oversight and governing bodies. Decisions may have been made based on incomplete and/or inaccurate information presented to the decision making bodies (Facilities Subcommittee and Board). Inaccurate and/or incomplete information may have been provided to the public, which could tarnish public confidence. This may make it more difficult for the District to pass future bond measures, if needed to complete remaining projects. | High | The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera. The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech). | TC (15) | |
| 2 | Financial Reporting | WLC, SGI, and the Engineering Officer produced financial reports without financial oversight from the District | Actual bond project costs may have exceeded the amounts presented to the various oversight and governing bodies. Decisions may have been made based on incomplete and/or inaccurate information presented to the decision making bodies (Facilities Subcommittee and Board). Inaccurate and/or incomplete information may have been provided to the public, which could tarnish public confidence. This may make it more difficult for the District to pass future bond measures, if needed to complete remaining projects. | High | The responsibility of producing financial reports related to the bond program has been placed under the Executive Director of Business Services, who is a District employee. SGI and District architects are no longer involved in the process of producing financial reports related to the bond program. Current reports provided by the District include financial status reports and cash flow reports. | TC (16) | |

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| 3 | Financial Reporting | Inaccurate and/or no reports were provided to CBOC and/or the Board | Decisions may have been made based on incomplete and/or inaccurate information presented to the decision making bodies (Facilities Subcommittee and Board). Inaccurate and/or incomplete information may have been provided to the public, which could tarnish public confidence. This may make it more difficult for the District to pass future bond measures, if needed to complete remaining projects. | High | <p>The responsibility of producing financial reports related to the bond program has been placed under the Executive Director of Business Services, who is a District employee. Current reports provided by the District include financial status reports and cash flow reports. CAMP reports are no longer prepared or provided.</p> <p>The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.</p> <p>The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).</p> | TC (15), TC (16) | |

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| 4 | Financial Reporting | KPI and CAMP reports prepared were not accurate | Actual bond project costs may have exceeded the amounts presented to the various oversight and governing bodies. Decisions may have been made based on incomplete and/or inaccurate information presented to the decision making bodies (Facilities Subcommittee and Board). Inaccurate and/or incomplete information may have been provided to the public, which could tarnish public confidence. This may make it more difficult for the District to pass future bond measures, if needed to complete remaining projects. | Medium | <p>The responsibility of producing financial reports related to the bond program has been placed under the Executive Director of Business Services, who is a District employee. Current reports provided by the District include financial status reports and cash flow reports. CAMP reports are no longer prepared or provided.</p> <p>The Master Scheduler (the primary SGI person responsible for updating Primavera) has been working with District staff under the Executive Director of Business Services (the individuals responsible for maintaining the Munis system) to reconcile bond program revenues and expenditures between Munis and Primavera.</p> <p>The Project Analyst (the primary person responsible from the District side involved in the reconciliation) is working on report that will automatically reconcile the information between the systems (which includes the former financial system, Bitech).</p> | TC (15), TC (16) FI (11) | |

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| 1 | Adequacy of Performance Audits | Bond numbers reported by Total School Solutions reported were incorrect | District received audit opinion based on incomplete or faulty audit procedures | Low | CBOC has established an audit subcommittee that is involved in the selection and evaluation of the bond performance and bond financial auditor. | FI (14) TC (18) | |
| 2 | Adequacy of Performance Audits | VTD failed to report that project ledger difference had doubled and did not determine if any corrective actions were being taken | District received audit opinion based on incomplete or faulty audit procedures | Low | CBOC has established an audit subcommittee that is involved in the selection and evaluation of the bond performance and bond financial auditor. | FI (14) TC (18) | |
| 3 | Adequacy of Performance Audits | Has District Auditor done its due diligence and used all available and relevant information? | District received audit opinion based on incomplete or faulty audit procedures | Low | CBOC has established an audit subcommittee that is involved in the selection and evaluation of the bond performance and bond financial auditor. | FI (14) TC (18) | |