

# California League of Bond Oversight Committees

## CalBOC

### Operational Guidelines for Bond Oversight Committees

CALBOC is an all volunteer, non-partisan association of bond oversight committee ("BOC") members, current and past, and other experts, who are interested in helping BOC members throughout California. Our mission is to help BOC members perform the civic duties they have taken on in the best manner possible. <sup>1</sup>

Some have asserted the bond oversight committees are a public relations ploy designed to make bond passage easier, while giving the committees no real power. Others have asserted that districts should enhance the independence of oversight committees and thus the credibility of the committee and the district's standing in the eyes of the public.

It is the mission of CalBOC to support BOCs and districts to gain the trust and confidence of voters in the expenditure of school bond funds. These Operational Guidelines are committed to that purpose.

Most BOC members step into their position without any training. The lack of knowledge makes the work harder than it needs to be and the members less effective as well. The purpose of these Operational Guidelines is to provide a basis for the BOC to perform a self-assessment of their committee operations and identify training needs. This document could also be used as an outline for developing a training program for committee members.

CalBOC believes that these Operational Guidelines will enhance the effectiveness of the oversight that voters rely upon when making decisions at the ballot box on school bond measures. These Operational Guidelines were also written with the intent to provide meaningful guidelines that BOCs can consider in order to meet Education Code 15264(a), which states it is the intent of the Legislature that "vigorous efforts are undertaken to ensure that the expenditure of bond measures...are in strict conformity with the law."

CalBOC would also like to thank the Contra Costa Grand Jury for recommending, among other things, that school districts make available to BOCs for their consideration "in creating committee bylaws and operating procedures" copies of CalBOC's Operational Guidelines (referenced as "recommended Best Practices") in the Grand Jury's report 1208, "School Bond Oversight Committees – Raising the Bar." (Report 1208 can be found under the "CalBOC Training" tab in our website or: <http://www.calboc.org/reports/CCCGJ1208.pdf>)

The Operational Guidelines are divided into two sections within this document:

- Section I: Legal Requirements set forth by the **California Constitution** and **Education Code**
- Section II: Recommended Best Practices

SECTION I		
Legally Required by <i>California Constitution</i> and <i>Education Code</i> (EC)	Reference	OK
1. <b>Appointment:</b> Governing board shall establish and appoint members to an independent citizens' oversight committee within 60 days of the date that the governing board enters the election results on its minutes	EC Section 15278(a)	

<sup>1</sup> CALBOC commenced on December 5, 2008 and is a 501(c)3 charitable organization, which was founded by Anton Jungherr and Michael Day, who have both served for years on bond oversight committees overseeing complicated school bond programs. These Operational Guidelines have been updated as of November 20, 2015.

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SECTION I (Cont'd...)	Reference	OK
<b>2. Review Expenditures:</b> The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayers' money for school construction	EC Section 15278(b)	
<b>3. Inform the Public:</b> The citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues.	EC Section 15278(b)	
<b>4. Actively Review and Report:</b> The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayer's money for school construction.	EC Section 15278	
<p><b>5. Advise the Public:</b> The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of Section 1(b)(3) of Article XIII A of the California Constitution.</p> <p>Section 1(b)(3) of Article XIII A includes four subparagraphs, i.e., 3A through 3D, known as "accountability requirements." These accountability requirements are listed below and in Item 6 and 7:</p> <p>Section 1(b)(3)(A)...<i>A requirement that the proceeds from the sale of the bonds be used only for the....construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities...and NOT (emphasis added) for any other purpose, including teacher and administrator salaries and other school operating expenses.</i></p> <p>Section 1(b)(3)(B)...A list of the specific school facilities projects to be funded [project list] and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.</p>	EC Section 15278  California Constitution: Section 1(b)(3) of Article XIII A	


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SECTION I (Cont'd...)	Reference	OK
<p><b>6. Performance Audit: A requirement that the school district board, community college board, or county office of education conduct an annual independent performance audit to ensure that the funds have been expended only on the <u>specific projects listed</u>.</b></p> <p>The performance audit shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. (This requirement was a result of CaLBOC co-sponsored legislation – Wyland Senate Bill No. 1473, Chapter 294, September 23, 2010.)</p> <p>The BOC should review the performance audit. Further, the performance audit for the preceding fiscal year <u>shall be submitted to the BOC at the same time</u> the audit is submitted to the <u>school district or community college district</u>, no later than March 31 of each year. (This requirement is a result of CaLBOC co-sponsored legislation - Wyland's Senate Bill No. 423, Chapter 237, September 6, 2011.)</p> <p>The governing board of the district shall provide the BOC with responses to any and all findings, recommendations, and concerns addressed in the annual, independent performance audit within three months of receiving such audit. (This requirement is a result of CaLBOC co-sponsored legislation – Wyland's Senate Bill No. 581, Chapter 91, August 12, 2013.)</p>	<p>EC Section 15278(c)(1)</p> <p>EC Section 15286</p> <p><b>California Constitution Section 1(b)(3)(C) of Article XIII A</b></p> <p>EC 15280(a)(2)</p>	<p>OK</p>
<p><b>7. Financial Audit: The requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.</b></p> <p>The Financial Audit shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States.</p> <p>The BOC should review copies of the financial audit. Further, the Financial Audit for the preceding fiscal year shall be submitted to the BOC at the same time the audit is submitted to the school district or community college district, no later than March 31 of each year.</p> <p>The governing board of the district shall provide the BOC with responses to any and all findings, recommendations, and concerns addressed in the annual, independent financial audit within three months of receiving such audit.</p>	<p>EC Section 15278(c)(3)</p> <p>EC Section 15286</p> <p><b>California Constitution Section 1(b)(3)(D) of Article XIII A</b></p> <p>EC 15280(a)(2)</p>	<p>OK</p>

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SECTION I (Cont'd...)	Reference	OK
<b>8. Inspect Facilities:</b> Inspect school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of Section 1(b)(3) of the California Constitution. (See Item 5 above.)	EC Section 15278(2)(c)  California Constitution Section 1(b)(3) of Article XIII A	
<b>9. Deferred Maintenance:</b> Receive and review copies of any deferred maintenance proposals or plans developed by a district.	EC Section 15278(c)(4)	
<b>10. Professional Fees:</b> Review efforts by the district to maximize bond revenues by mechanisms designed to reduce the costs of professional fees.	EC Section 15278(c)(5)(A)	
<b>11. Site Preparation:</b> Review efforts by the district to maximize bond revenues by mechanisms designed to reduce the costs of site preparation. (See Section on Cost Reduction Measures in Attachment)	EC Section 15278(c)(5)(B)	
<b>12. Joint Use Core Facilities:</b> Review efforts by the district to maximize bond revenues by mechanisms designed to reduce costs by joint use of core facilities. (See Section on Cost Reduction Measures in Attachment)	EC Section 15278;	
<b>13. School Site Design:</b> Review efforts by the district to maximize bond revenues by mechanisms designed to reduce costs by incorporating efficiencies in school site design. (See Section on Cost Reduction Measures in Attachment)	EC Section 15278; CalBOC	
<b>14. Reusable Facility Plans:</b> Review and encourage efforts by the district to maximize bond revenues by mechanisms designed to reduce the costs by the use of cost-effective and efficient reusable facility plans. (See Section on Cost Reduction Measures in Attachment)	EC Section 15278	
<b>15. Support:</b> The governing board shall, without expending bond funds, provide the citizens' oversight committee with any necessary technical assistance and shall provide administrative assistance in furtherance of its purpose and sufficient resources to publicize the conclusions of the citizens' oversight committee.	EC Section 15280(a)	

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SECTION I (Cont...)	Reference	OK
<b>16. Open to Public:</b> All committee proceedings shall be open to the public and notice to the public shall be provided in the same manner as the proceedings of the governing board (Ralph M. Brown open meeting act).	EC Section 15280(b)	
<b>17. Regular Reports and Promptly Report Any Abuse to Public:</b> The citizens' oversight committee shall issue regular reports on the results of its activities.   BOC members should promptly alert the public to any waste or improper expenditure of school construction bond money.	EC Section 15280(b)  EC Section 15264(c)	
<b>18. Annual Report:</b> The citizens' oversight committee shall issue a report on the results of its activities at least once a year (aka, "annual report").	EC Section 15280(b)	
<b>19. Website:</b> Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet website maintained by the governing board.	EC Section 15280(b)	
<b>20. Seven Members:</b> The citizens; oversight committee shall consist of at least seven members to serve for a term of two years without compensation and for no more than two terms.	EC Section 15282(a)	
<b>21. Business Member:</b> One member shall be active in a business organization representing the business community located within the district.	EC Section 15282(a)(1)	
<b>22. Senior Citizens' Member:</b> One member shall be active in a senior citizens' organization.	EC Section 15282(a)(2)	
<b>23. Taxpayers' Organization Member:</b> One member shall be active in a bona fide taxpayers' organization.	EC Section 15282(a)(3)	

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<b>SECTION I (Cont....)</b>	<b>Reference</b>	<b>OK</b>
<b>24. Parent of Child Enrolled Member:</b> One member shall be a parent or guardian of a child enrolled in the district.	EC Section 15282(a)(4)	
<b>25. Parent of Child Enrolled and Parent Teacher Organization Member:</b> One member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization.	EC Section 15282(a)(5)	
<b>26. No Employee Member:</b> No employee or official of the district shall be appointed to the citizens' oversight committee.	EC Section 15282(b)	
<b>27. No Vendor, Contractor, or Consultant Member:</b> No vendor, contractor, or consultant of the district shall be appointed to the citizens' oversight committee.	EC Section 15282(b)	
<b>28. No Financial Interest:</b> BOC members shall not be financially interested in any contract made by the district.	EC Section 15282(b)	
<b>29. No Conflict of Interest:</b> Committee members shall not engage in any employment, activity, or enterprise for compensation, which is in conflict with his or her duties.	EC Section 15282  Government Code Article 4 and 4.7, Division 4 of Title 1	

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<b>SECTION II – Operational Guidelines</b>	
<b>BOC Member Selection Process and Appointment</b>	<b>OK</b>
<p><b>Guiding Principles:</b> Bond Oversight is the fair and impartial selection of Bond Oversight Committee members. While the ultimate authority to select the individual members of the Bond Oversight Committee rests with the Governing Board, the process for selection of member should fair and impartial to ensure BOC members are truly independent and are the most qualified to fill the required minimum number of positions (i.e., 7 members).</p>	
<p><b>Desirable Characteristics:</b> It is highly desirable that the BOC consist of a balance individuals posses the following employment backgrounds:</p> <ul style="list-style-type: none"> <li>• Large scale construction professionals, e.g., project management, builder, architects, engineers</li> <li>• Finance Professionals</li> <li>• CPAs/Internal Auditors/Accountants</li> <li>• Real estate acquisition or sales professionals</li> <li>• Experts in environmental laws or regulations</li> <li>• Information Technology professionals</li> </ul>	
<p><b>When to Appoint the BOC:</b></p> <p>Although the requirement is to appoint BOC members within 60 days of a bond measures voter approval, it is recommended that the BOC members be appointed no later than 30 days after such voter approval so that the BOC is in place to scrutinize the terms of the initial bond sale and to be able to review which projects will be funded with priority.</p>	
<p><b>Notice of BOC Vacancies:</b></p> <p>Inform the public of vacancies by advertising via all available means, such as announcement on district website, newspaper, social media, bona fide taxpayer organizations, etc., until the vacancy is filled.</p>	

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BOC Member Selection Process and Appointment	OK
<p><b>Process:</b></p> <ul style="list-style-type: none"> <li>• A standard application form should be completed by interested BOC applicants.</li> <li>• Applicants should also provide a resume along with a letter as to why they to be a member of the BOC.</li> <li>• As many of the members as possible should be recommended and appointed by another entity recognized as being bona fide and independent (e.g. Local Taxpayers Association, Building Contractors Association).</li> <li>• Professional advocates for interested groups who have a potential financial stake in Bond Project decisions should be discouraged, e.g., union president for an electrical contractors union representing electricians who receive bond proceeds.</li> <li>• There should be an evaluation Committee to conduct interviews consisting of at district staff, an existing BOC member, and the Human Resources Department.</li> <li>• Create an Evaluation Committee to make recommendations to the Superintendent who would then forward them to the governing board.</li> <li>• The BOC member shall be truly independent of the district bond program by having no significant historical or personal ties with vendors, contractors, district staff or board.</li> <li>• BOC members filling the two community-at-large positions are preferred to live in the district.</li> <li>• The district should provide the governing board with relevant information that is being relied upon by district staff in approving a BOC applicant.</li> <li>• The governing board may conduct interviews of finalists for the BOC vacant positions.</li> <li>• For the five legally required BOC members, the district should verify that the applicant does in fact meet the requirements.</li> </ul>	

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Orientation	OK
<p><b>Orientation/Training:</b> Prior to start, provide comprehensive orientation to new BOC members prior to them beginning work. The orientation/training of the new BOC member should be organized and conducted by the Chair of the Committee or his/her designee:</p> <p>Training material should include, at a minimum, copies of the following:</p> <ul style="list-style-type: none"> <li>• CaLBOC's Operational Guidelines</li> <li>• Legislative history of Proposition 39, AB 1908 Lempert (2000), and its subsequent legislation: SB 1473 (Wyland – September 2010); AB 1199 (Brownley – July 2012); SB 423 (Wyland – September 2011); SB 581 (Wyland – September 2013), SB 584 (Wyland – September 2013), AB 2551 (Wilk – October 2014)</li> <li>• User's Guide to the Ralph &amp; Brown Act (California open meeting laws)</li> <li>• Robert's Rules of Order</li> <li>✓ • Copy of the Contra Costa Grand Jury Report 1208, "School Bond Oversight Committees – Raising the Bar" (2012)</li> <li>• Copies of most the district's recent financial and performance audit</li> <li>• Current By Laws</li> <li>• Ballot measure language and corresponding board resolution that includes the text of the Projects List approved by voters and governing board</li> <li>• Current District Facilities Master Plan and spending priorities</li> <li>• A description of planned and forecasted projects</li> </ul> <p>Bond Oversight Committee members should also refer to the CaLBOC website to obtain access to additional training materials and resources. The training program should emphasis that the BOC member has a responsibility to the taxpayers to ask the probing questions and review substantive data to ascertain whether the district and governing board have expended bond proceeds in a manner authorized by the voters.</p>	
Role of the Bond Oversight Committee	OK
<p><b>Purpose of the Committee:</b> The purpose of the Committee shall be to inform the public concerning the proper expenditure of the bond proceeds. The Bond Oversight Committee is both prospective and retrospective in nature and holds the District accountable for how the Bond money has been spent to "call out" where money has been spent inappropriately, and comment on proposed or pending District spending decisions ie. the BOC has the duty to comment on all expenditures whether proposed or actually spent.</p>	
<p><b>Committee Relationship to District Functions:</b> The Bond Oversight Committee should not be drawn into believing their primary role is to defend or justify district decisions. Their role is to question decisions where appropriate as well as report the positive aspects of the district's bond program.</p>	

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Role of the Bond Oversight Committee (Cont'd...)	OK
<p><b>Committee Functions:</b></p> <ul style="list-style-type: none"> <li>• Actively review and report about the expenditure of bond proceeds to ensure expenditures are only for those items on the projects list authorized by the voters and for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities.</li> <li>• Ensure that no funds are used for any teacher or administrative salaries or other school operating expenses by reviewing detail to timecards for in-house district employees being paid salaries and benefits out of bond proceeds. Some in-house district employees work on the bond program and unrelated duties. BOCs should ensure bond proceeds are not used to pay for unrelated bond program duties.</li> </ul> <p>(See also Attorney General Opinion 04-110 published November 9, 2004.)</p> <ul style="list-style-type: none"> <li>• Receive and review copies of the annual independent performance audit. Ensure the district has responded to any findings, observations, and concerns noted by the auditor.</li> <li>• Receive and review copies of the annual independent financial audit. Obtain an understanding of internal controls concerning cash disbursements, purchase orders, and accounting systems used by the district and construction management firm.</li> <li>• Conduct regular BOC initiated site tours to inspect school facilities and grounds to ensure bond revenues are expended in compliance with Article XIII A, Section 1(b)(3) of the California Constitution.</li> <li>✓ <u>• Receive and review copies of any deferred maintenance proposals or plans developed by the school district including Education Code Section 17584.1.</u></li> <li>✓ <u>• Review efforts by the school district to maximize bond revenues and review the district's implementation of cost saving mechanisms, including, but not limited to:</u> <ul style="list-style-type: none"> <li>✓✓ Mechanisms designed to reduced the cost of professional fees;</li> <li>✓✓ Mechanisms designed to reduce the costs of site preparation;</li> <li>✓✓ Recommendations regarding the joint use of core facilities;</li> <li>✓✓ Mechanisms designed to reduce costs by incorporating efficiencies in school site design; and</li> <li>✓✓ Recommendations regarding the use of cost-effective and efficient reusable plans. [Education Code §15278(c)].</li> </ul> </li> </ul> <p>✓ The District and BOC shall encourage incentives for contractors to identify cost saving measures without compromising its reliability or performance characteristics.</p>	

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Role of the Bond Oversight Committee (Cont'd...)	OK
<p><b>Expenditure Review:</b></p> <p>BOCs have broad authority to report on the expenditure of bond proceeds during all phases of project implementation up to the time projects are completed.</p> <p>BOCs should review whether proposed spending/projects and the district's Facilities Master Plan and relating phasing are consistent within the context of the voter approved ballot language.</p> <p>BOCs should verify whether expenditures were disclosed in the projects listed in the voter approved ballot language. BOCs should be provided detailed schedules to assist in monitoring:</p> <ul style="list-style-type: none"> <li>• progress of construction projects;</li> <li>• budgets showing updated forecasted project costs vs. actuals;</li> <li>• cash flow schedules showing an accounting of available bond proceeds, amounts committed, and available cash;</li> <li>• change orders and claims detail;</li> <li>• detail of expenditures, including detailed soft costs; and</li> <li>• detail of any additional funds, such as developer fees and state matching funds that are being used to subsidize projects that are also funded with bond proceeds.</li> </ul> <p>BOCs should also review contracts to major projects to understand the type of agreed upon expenditures.</p> <p>BOCs should be aware of EC 15284, which provides taxpayers a remedy, on a prospective basis, to seek an action to obtain a restraining order against the district to prevent any expenditure of bond funds that is for purposes not authorized and/or in violation of Section 1(b)(3) of Article XIII A of the Constitution and where such unauthorized expenditures, even if subject to litigation, will continue to be made and will produce waste or great or irreparable injury.</p> <p>The action provided under EC 15284 is known as the "School Bond Waste Prevention Action."</p>	
<p><b>Meetings:</b> BOCs are in charge of scheduling and organizing meetings. Meetings should be held monthly. An agenda should be posted within 72 hours of the meeting in accordance with the Ralph &amp; Brown Act. The Agenda should be posted on the district's website, along with meeting minutes and all documents received by the BOC should be provided on the website.</p>	
<p><b>Liaison:</b> The district's Superintendent/Chancellor should designate a staff person to act as a liaison to the BOC. The Liaison should be made at meetings along with any other staff person, such as Chief Business Official, Facilities personnel, third-party project manager, and legal counsel (in-house or third party expert) in order to assist the BOC carry out its duties.</p>	
<p><b>Clerical Support:</b> The district's Superintendent/Chancellor should designate a staff person to provide clerical support to the BOC including electronic recording of meetings, preparation of agendas and minutes, and maintenance of the BOC's website.</p>	
<p><b>Budget Request:</b> Prepare and submit annually to the district a request for funding to support the work of the BOC, including cost of receiving training.</p>	

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<b>Role of the Bond Oversight Committee (Cont'd...)</b>	OK
<p><b>Subcommittees:</b> BOCs may perform more efficiently and effectively if the BOC delegates time intensive reviews to a subcommittee. Recommended subcommittees can be created for the purpose of reviewing the performance and financial audit; reviewing construction progress over the largest projects; preparing the annual report; and updating and managing the BOC website.</p> <p>Note that subcommittees are generally subject to the Ralph &amp; Brown Act, meaning these meetings would be open to the public, and the subcommittee would be responsible for making regular reports and recommendations to the entire BOC at regularly scheduled monthly meetings.</p>	
<p><b>Significant Program Changes:</b> The governing board shall provide the oversight committee with the opportunity to review and comment upon major changes in each bond program, such as project prioritization, prior to any significant change being finalized.</p>	
<b>Public Disclosure</b>	OK
<p><b>Publicize Conclusions on Website:</b> EC 15280 required the district to provide, without expending bond proceeds, to provide the BOC the necessary technical assistance and shall provide administrative assistance in furtherance of its purpose and sufficient resources to publicize the conclusions of the BOC.</p>	
<p><b>Website:</b> The BOC's website should be available to the public via access from the district's website. The district should provide assistance to update the website with documents, as required by EC 15280, such as BOC meeting agendas, meeting minutes, all documents received by the BOC (such as posting a letter to the BOC from a concerned citizen) and any reports or other communications issued by the BOC on the internet website maintained by the governing board.</p>	
<p><b>BOC Members:</b> BOC members should be display on such website including name, category (business person, senior citizen, taxpayer organization, parent or guardian of child enrolled, parent or guardian of child enrolled, parent teacher organization, or at large), date appointed by governing board, date term starts, date term ends, and contract information such as email address.</p>	

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<b>Financial Audit</b>	<b>OK</b>
<b>Selection:</b> BOCs participate in the process of screening independent auditors for the financial audit of the bond program recognizing that the governing board has the sole authority to make such appointments. The firm or firms performing the annual financial and performance audits should be different from those performing other district audit functions such as the district comprehensive annual financial audit (CAFR).	
<b>Question and Review:</b> BOCs should ask the auditors to explain the internal controls designed to prevent misappropriation and misuse of bond proceeds. Auditors should describe the accounting systems used by the district and project manager. BOCs should ask the auditor to explain what audit procedures were performed while conducting the financial audit.	
<b>Comments:</b> The committee shall review and comment upon the annual financial audit report prior to its presentation to the governing board. The district should inform the BOC of its response to any findings, observations and concerns expressed by the auditor.	
<b>Meeting:</b> The independent financial auditors meet with the BOC at a regularly scheduled meeting no later than March 31 of each year to present the prior fiscal year independent audit.	
<b>Access to Auditors:</b> The BOC shall have unrestricted access to the auditors, including that the BOC should have the opportunity to ask the auditors questions in person during a regularly scheduled meeting.	
<b>Performance Audit</b>	<b>OK</b>
<b>Selection:</b> BOCs should participate in the process of screening independent auditors for the screening independent auditors for the performance audit of the bond program recognizing that the governing board has the sole authority to make such appointments.	
<b>Request for Proposal ("RFP"):</b> BOCs should participate in the preparation of the RFP, including scope of audits.	
<b>Development of Audit Scope and Methodology:</b> Prior to the beginning of each audit the auditors shall meet with the BOC to review the scope the audit and projects to be sampled for testing.  BOCs should have unrestricted access to communicate with auditors throughout the year. BOCs should share with the Auditor any concerns observed in connection with any review of expenditures.	

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Performance Audit (Cont'd)...	OK
<p><b>Audit Scope:</b> At a minimum the audit scope shall consist of the following review elements and analysis:</p> <ul style="list-style-type: none"> <li>• Financial Activities, including relative risk of future bond program debt service requirements.</li> <li>• A comparison of actual expenditures by project to the projects listed in the bond ballot language.</li> <li>• Compliance with State Law and Regulations, including the Public Contracts Code.</li> <li>• Compliance with district Policies and Regulations.</li> <li>• District and professional services staffing plan for the bond program.</li> <li>• Program Management effectiveness.</li> <li>• Design and construction schedules cash flow analysis.</li> <li>• Design and construction costs and budgets versus industry guidelines for similar type construction.</li> <li>• Bidding and Procurement Procedures.</li> <li>• Change order procedures and practices.</li> <li>• Claim Avoidance Procedures.</li> <li>• Expenditure and payment procedures.</li> <li>• Best practices in procurement.</li> <li>• Monitoring local participation requirements and other related Board Policies.</li> <li>• Review of Bond Oversight Committee Meeting Minutes.</li> <li>• Project priority setting process.</li> <li>• Effectiveness of cost/benefit and life cycle cost analyses.</li> </ul>	

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Performance Audit (Cont'd...)	OK
<p><b>Auditor Selection and Evaluation Criteria and Process:</b> The evaluation of prospective Performance Auditors may consider the following:</p> <ul style="list-style-type: none"> <li>• How the auditors plan the financial and performance audit.</li> <li>• How the auditor's determine the scope and if the auditors seek input from the BOC. Under what circumstances do they allow staff to influence the audit plan.</li> <li>• What types of audit procedures will be performed.</li> <li>• What type of documentary evidence will be reviewed by the auditors? Will the auditors perform onsite inspections and inspect inventory.</li> <li>• To what extent do they rely on other auditor's work. For example, will they rely on any work performed by the auditors of the district's CAFR. Will they rely on the auditor's work performed in prior years?</li> <li>• How do the auditors select what they will sample and their sample size. Under what circumstances are sample sizes expanded.</li> <li>• How do the auditors distinguish between audit "findings" and "observations." How will any observations and findings be communicated to the staff and BOC?</li> <li>• How do the auditors determine the time spent on the financial and performance audit and how do they charge their fees.</li> <li>• Any complaints by the State Board of Accountancy.</li> </ul> <p>BOCs should also ask how the auditors ensure qualified persons are performing the audits and what types of supervision will they provide to the audit staff.</p>	
<p><b>Committee Role in Performance Auditor Selection:</b> The BOC shall be invited to participate in the development of the Scope of Work to be performed by the auditor. In addition, the district should make available to the BOC any evaluation of responses to any RFPs with regard to the procurement of the auditor.</p>	
<p><b>Audit Report Draft Versions:</b> The committee shall receive copies of all draft audit reports at the same time received by the district.</p>	
<p><b>Correspondence Between District and Auditors:</b> The committee shall receive copies of all correspondence, faxes, emails between the district and auditors as the same time received by the district.</p>	

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Annual Report	OK
<b>Preparation:</b> The oversight committee shall be the principal author, with staff assistance as may be requested, of its required annual report to the public.	
<b>Purpose:</b> the Annual Report should identify how well the Bond Program has spent taxpayer funds in relation to being cost effective and consistent with what voters were promised in the Ballot Language authorizing the issuance of bonds.	
<p><b>Report Content:</b> The primary purpose of the Annual Report shall be to report to the public the activity of the Bond Program for the prior Fiscal Year. At minimum, the Annual Report shall consist of the following information in summary form and where appropriate detailed Appendices:</p> <ul style="list-style-type: none"> <li>• A discussion on the progress to date of Bond Program Expenditures in relation to the voter approved ballot language/Project list.</li> <li>• As requested by EC 15278, the BOC should make a statement about whether the district is in compliance with the requirements of Section 1(b)(3) of Article XIII A.</li> <li>• A list of completed and active projects.</li> <li>• A description of the positive accomplishments of the Bond Program.</li> <li>• An identification of the issues and concerns raised by the BOC during the year and the District's response.</li> <li>• An assessment of the transparency and thoroughness of reports and information provided to the BOC.</li> <li>• A summary/synopsis of the major reports prepared on behalf of the Committee</li> <li>• An overall assessment of the District's priority setting process for project expenditures</li> <li>• A description of the bond program.</li> <li>• A synopsis of the Performance Audit.</li> <li>• A listing of the current members and terms of expiration.</li> <li>• A breakdown of existing and project bonded indebtedness including current tax rate, amount of debt issued, amount of bonds not yet sold, assessed value growth rates; and explain any drift from estimated tax rates.</li> <li>• A list of recommendations to the Government regarding cost saving mechanisms that are not in place. (See EC 15278(c)(5).)</li> </ul> <p>As an overall tool the Annual Report should identify how well the Bond Program has spent taxpayer funds in relation to being cost effective and consistent with what voters were promised in the Ballot Language authorizing the issuance of bonds.</p>	
<b>Deadline:</b> The annual report should be completed and approved by the BOC within 60 days after the end of the calendar year or school year.	
<b>Presentation to the Governing Board:</b> The annual report should be presented to the governing board at a joint meeting of the governing board and the BOC.	

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<b>Audit Report (Cont'd...)</b>	<b>OK</b>
<b>Distribution:</b> The report should appear on the BOC website.	
<b>Final Report – All Bond Proceeds Expended:</b> Upon completion of the entire bond fund program, the BOC should prepare and distribute a complete detailed analysis of all expenditures, noting significant variances from the originally stated expenditures in the ballot measure.	
<b>Access to the Governing Board and Superintendent</b>	<b>OK</b>
<b>Meetings with Superintendent:</b> The BOC should meet at least quarterly with the Superintendent.	
<b>Joint Meetings:</b> The BOC should have semi-annual joint meetings with the governing board.	
<b>Reports to the Governing Board:</b> All recommendations approved by the BOC should be presented to the governing board at their next regularly scheduled meeting and shall be included in the board's agenda package.	
<b>Governing Board Response:</b> The BOC shall respond to all BOC recommendations within 60 days of the presentation to the governing board.	
<b>Oversight Committee Acceptance:</b> The BOC should go on record with its acceptance or objection to the governing board's response to BOC recommendations.	
<b>Bond Issuance</b>	<b>OK</b>
<b>Issuance of Bonds:</b> The district shall inform the oversight committee the full details of the selection of bond counsel, underwriters, and the issuance of bonds.	
<b>New Bond Series:</b> The oversight committee shall be fully informed before each new series of bonds are issued, including terms of financing and cost of total debt service.	
<b>Bylaws</b>	<b>OK</b>
<b>Adoption:</b> The governing board has adopted bylaws or administrative regulations outlining fundamental aspects of committee operations and activities, including BOC attendance rules.	
<b>Prior Review:</b> The BOC is granted the opportunity of prior review and proposing changes to said bylaws or administrative regulations.	

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Standard	Reference	OK
<b>3. Local District Requirements</b>		
This section will be developed by each individual district and will list local requirements in board policy, bylaws, or administrative regulations that are not already covered above in Section 1, Legally Required by Education Code or Section 2, Best Practices.	Local authority	
<b>Belmont-Redwood Shores School District</b>		
<b>1. Cost Saving Techniques:</b> Board shall report to the Committee on any cost saving techniques considered or adopted by the Board.	Section 3.5 (d)  Resolution <sup>8</sup>	
<b>2. Appointment:</b> Members of the Committee shall be appointed by the Board through the following Process: (a) appropriate local groups will be solicited for applications	Section 5.5 Resolution	

**WE WILL NOT BE OPENING FOR COFFEE  
SATURDAY, APRIL 10<sup>TH</sup>.**

**SORRY FOR THE INCONVENIENCE, STAY  
WELL!**

