

WCCUSD
CITIZENS' BOND OVERSIGHT COMMITTEE

MINUTES

Meeting of June 8, 2020

A) OPENING PROCEDURES

Note: this meeting was held on line using the Zoom platform and was open to the public to attend.

B) CALL TO ORDER/PLEDGE OF ALLEGIANCE

Mr. Gosney called the meeting to order at 2:05 pm.

C) ROLL CALL

Present: Sallie DeWitt, Guadalupe Enllana, Don Gosney, Vanessa Hill, Lorraine Humes, Anton Jungherr, Cameron Moore

Absent: None

7 members ~ 4 required for a quorum; a quorum was present.

Staff Present: Luis Freese, Julio Arroyo, Melissa Payne, SeungJa Cha, Tony Wold (till 2:30 pm)

Board Liaison: Absent

Guests: John Anderson, Ken Burns, Maisha Cole (CBOC applicants), Stephanie Sequeira

Mr. Gosney introduced Mr. Burns, who is an applicant for the CBOC Building Trades position.

D) APPROVAL OF AGENDA

Mr. Freese asked that the District financial reports be presented first. There were no objections and the agenda was approved.

E) PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

None.

D I S T R I C T R E P O R T S

F) BOND PROGRAM PROJECTS STATUS and FINANCIAL REPORTS (Luis Freese/Melissa Payne)

Ms. Payne presented the financial reports. A key highlight was that the SAB (California State Allocation Board) has approved the \$23.4 million grant for PVHS, and its on schedule to be paid in July 2020.

Mr. Wold provided a summary of the \$130 million bond issuance under the remaining authorization of Measures D and E. The bonds were issued at a 2.6% interest rate, which is the lowest ever rate for the District.

Mr. Freese presented the project reports. Highlights included: the Korematsu fall protection contract was approved and awarded, and the PVHS fields project received its DSA approval

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(the bleachers subproject was submitted as a separate request and is still under review). He expected the proposed change order related to soils condition at Obama School to be submitted later this month. In response to a question from Ms. Hill, he indicated that the change order would be funded from unallocated project budget, rather than from the District contingency budget for the project. Ms. Humes asked if the project would be completed by the 7/28/2020 schedule date, and Mr. Freese indicated that some work would continue on till September 2020, but that the plan is to have the school ready to occupy by the original target date of August 2020.

G) BOARD OF EDUCATION LIAISON REPORT (Consuelo Lara)

There was no report, as the Liaison did not attend the meeting. Ms. Hill asked Mr. Gosney to reach out to the Board to formally request that the Liaison attend the meeting so as to address COVID-19 impacts on the program, among other items.

C B O C R E P O R T S

CONSENT ITEMS

The consent items were approved with no objections.

H) ADOPTION OF MINUTES (Cameron Moore)

05.11.20 CBOC Draft Minutes

I) CBOC MEMBER INFORMATION REQUEST LOG (Don Gosney)

06.08.20 CBOC Member Information Requests Status Log

J) APPROVED RECOMMENDATIONS BY THE CBOC (Don Gosney)

05.11.20 CBOC Approved Recommendations

K) AUDIT SCHEDULES (Don Gosney)

06.08.20 Audit Schedules

C O M M I T T E E R E P O R T S

L) MEMBERSHIP (Cameron Moore)

There was some input provided on the format of the attendance report.

M) NEW MEMBER APPLICATIONS (Don Gosney)

Mr. Gosney noted Mr. Burn's application.

N) MEMBERSHIP ROSTER (Don Gosney)

No discussion.

O) CHAIRPERSON REPORTS (Don Gosney)

Mr. Gosney referred to a table he prepared with age and location of schools on the facilities master plan in the agenda packet.

P) ANNUAL REPORT UPDATE (Sallie DeWitt and Don Gosney)

Ms. DeWitt provided an update on the status of the 2019 annual report and requested that the new prospective members participate in report preparation.

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Q) AN INDEPENDENT CBOC (Anton Jungherr)

Discuss and act on a resolution with suggestions to the Board of Education which includes a list of recommendations pulled from the Little Hoover Commission.

Mr. Jungherr provided background and summary on the Little Hoover Report and resolution. Mr. Moore commented that while he supported many of the recommendations of the report, he was disappointed in its quality, as the report did not support its conclusions with statistical evidence, rather only anecdotal evidence from a small number of individuals. Each item was discussed and voted on separately.

Resolved: That the WCCUSD Citizens' Bond Oversight Committee (CBOC) support Little Hoover Commission legislative changes to enhance the independence of the CBOC and provide authority for CBOC "best practices" as displayed below:

- Res 20-1A: "Amend statutory code on performance audits to include the effectiveness and results of the bond program."

Motion by Mr. Jungherr, second by Ms. Hill. Roll call vote: Yes (7), No (0), Abstain (0), Absent (0). The motion passed.

- Res 20-1B: "Expand the role of Citizens' Oversight Committees in selecting and interacting with bond program auditors."

Motion by Mr. Jungherr, second by Ms. DeWitt. Roll call vote: Yes (6), No (0), Abstain (0), Absent (1, Enllana). The motion passed.

- Res 20-1C: "Require bond measures proposed to voters under the reduced threshold to include specific project lists."

Motion by Mr. Jungherr, second by Ms. Hill. After some discussion, Mr. Jungherr withdrew his motion.

- Res 20-1D: "Change the appointment authority for members of Citizens' Bond Oversight Committees."

Motion by Mr. Jungherr, second by Ms. DeWitt. Roll call vote: Yes (5), No (2, Gosney, Moore), Abstain (0), Absent (0). The motion passed.

- Res 20-1E: "Require districts to provide a minimal budget for the oversight committees, including a budget to hire independent counsel with municipal bond expertise."

Motion by Mr. Jungherr, second by Ms. Humes. Roll call vote: Yes (6), No (1, Enllana), Abstain (0), Absent (0). The motion passed.

- Res 20-1F: "Require districts to provide and maintain a Web presence for Citizens' Bond Oversight Committees to prominently display meeting agendas, reports and background information."

Motion by Mr. Jungherr, second by Ms. Humes. Roll call vote: Yes (7), No (0), Abstain (0), Absent (0). The motion passed.

Resolved: Res 20-1G: That the WCCUSD CBOC urge the WCCUSD Board of Education to support these Little Hoover Commission legislative changes.

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Motion by Mr. Jungherr, second by Ms. DeWitt. Roll call vote: Yes (7), No (0), Abstain (0), Absent (0). The motion passed.

R) BOARD POLICY 7214.2 UPDATE (Don Gosney)

Mr. Gosney provided a summary of the Board discussion on the BP 7214.2 revision at the meeting of May 27, 2020. Several amendments were discussed at the Board meeting, but no vote taken. It is not clear what the next steps will be.

**S) NEW MEMBER ORIENTATION PRIMER
(Lorraine Humes)**

Ms. Humes provided a brief summary of her draft member orientation primer and members were encouraged to provide her comments and feedback.

T) MOVING THE CBOC FORWARD (Lorraine Humes)

Ms. Humes provided a brief overview of her website suggestions, which will be taken up at a future meeting.

**U) ANNUAL EVALUATION OF PERFORMANCE AND FINANCIAL AUDITORS
(Don Gosney)**

Members provided written (attached as Appendix 1 and 2) and verbal feedback on auditor performance.

V) ACCEPTANCE OF FINANCIAL AND PERFORMANCE AUDITS (Don Gosney)

Ms. Enllana motioned to accept the 2019 performance audit report, second by Ms. Humes. Roll call vote: Yes (7), No (0), Abstain (0), Absent (0). The motion passed.

Ms. Hill motioned to accept the 2019 financial audit report, second by Ms. Enllana. Roll call vote: Yes (7), No (0), Abstain (0), Absent (0). The motion passed.

W) CALENDAR (Don Gosney)

Mr. Gosney suggested that until further notice, the online meetings would take place at 2:00 pm and members and staff agreed.

X) FUTURE AGENDA TOPICS (Don Gosney)

Ms. Humes reminded Mr. Gosney to add Brown Act training to the agenda topic list and he agreed to do so.

Y) ADJOURNMENT

Mr. Gosney adjourned the meeting at 5:00 pm.

Appendices

Appendix 1 – Financial Auditor Evaluations

Appendix 2 – Performance Auditor Evaluations

Submitted by: Cameron M. Moore, Secretary

Date: July 13, 2020



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ANNUAL EVALUATION of WCCUSD BOND PROGRAM FINANCIAL AUDITOR (CHRISTY WHITE) for FY 2019

Anton Jungherr:
Excellent.

Gregg Visineau:
General Comments:

- Engaged well with the Audit Subcommittee (ASC) members: Entrance Conference calls, Exit Conference calls and interim engagements between calls. Responded completely and forthrightly to written questions/suggestions provided in advance, as well as to off-the-cuff questions/suggestions on the spur-of-the-moment. It was only very rarely that an auditor had to revert back, and they always did.
- Draft audit reports and final reports were always delivered on time for ASC/CBOC/District review/comments/discussion. There were definitely "crunch times" [more than I care to remember!] for draft reports and final reports, but these were ALWAYS driven by District constraints, never by reticence, incompetence, low productivity or "failures to perform" by the auditors.
- Performed well in spite of nearly constant District staff "disruptions": Much like the CBOC, the auditors faced nearly-constant turnover in Internal Auditors (Directors & staff), bond accountants & Finance Directors, and Associated Superintendents (Business Services, Operations). Think, for example: Kim, Elzerman, Romo; Clay, Bonnett;



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and Mount-Benitez, al-Amin, Wold, LeBlanc and Freese, respectively. That's a LOT of turnover and District "learning curves" to accommodate and adjust to by each Auditor.

- In person presentations of the final audit reports to the CBOC and Board were decidedly underwhelming. By this I mean that, in the case of both CWA and MA, over the course of multiple years, there was some hard-hitting content in the written Bond Fund Financial Audits and -- particularly -- in the written Bond Program Performance Audits which was "soft-soaped" during their in-person presentations to the CBOC and the Board. I'm sure this is a reflection of political and commercial considerations (they are, after all, contracted with and paid by the District they are reporting on). But it was still disappointing -- to me -- even in the face of pinpointed questions from the CBOC on some of this content.
- Auditor personnel were, by and large, always available to ASC and CBOC personnel for offline engagement (usually by phone and/or by email) for scheduling; leading up to and coming out of Entrance Conference calls; interim to draft reports; between draft and final reports; and subsequent to the final report and Exit Conference calls. This is a HUGE plus for the CBOC and for transparency!

More specifically:

(1) We had turnover at the top -- their lead Auditor -- during the course of my stint with them. The turnover was somewhat awkward -- last minute, no personal introductions -- but nonetheless effective in the end.

(2) It's not clear to me, even now, how much actual offline (i.e., "behind the scenes", away from the CBOC and its ASC) management engagement there was between the District and CWA with regards to suggestions/comments/questions from the CBOC and its ASC. That is: During Entrance Conference calls and followup queries interim to the final audit report, there were frequent instances where the Auditor deferred an answer to the District; where the District then said they'd work with the



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Auditor on a response; and where there was no obvious resolution communicated back to the CBOC and its ASC. These appeared to be, by default then, kind of “action by inaction” or “resolution by silence”.

Cameron ‘Mac’ Moore:

Noting the modest aspect of the bond program financial audit, I think the firm has done fine.

Don Gosney:

Unlike performance audits, a financial audit is more cut and dried in that the audit deals almost entirely with numbers. They either add up or they don't.

It would be difficult to find fault with Christy White' Financial Audit.

Considering that the WCCUSD staff has been cut to the bone during this time period, it would be very difficult for any vendor to work with the District without there being friction and frustration. I applaud Christy White for the work they performed under such conditions.



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ANNUAL EVALUATION of WCCUSD BOND PROGRAM PERFORMANCE AUDITOR (MOSS ADAMS) for FY 2019

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Gregg Visineau:
General Comments:

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Operations). Think, for example: Kim, Elzerman, Romo; Clay, Bonnett; and Mount-Benitez, al-Amin, Wold, LeBlanc and Freese, respectively. That's a LOT of turnover and District "learning curves" to accommodate and adjust to by each Auditor.

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More specifically:

(1) There was some very early turnover at the top -- for example, loss of a lead Auditor with a CCA (Certified Construction Accountant) certification - but this was quickly and more-than-adequately addressed by MA. Continuity of leadership from MA with the District, the CBOC and its ASC was very much recognized and appreciated by me.

(2) Since the Bond Program Performance Audit were, to some extent, more "qualitative" than the "hard core", Generally Accepted Government Auditing Standards (GAGAS, or "Yellow Book" standards) adhered to in the Bond Fund Financial Audits, MA had a much harder row to hoe for



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District engagement, documentation and cooperation. I give them the highest marks here!

(3) Much more than CWA on the Bond Fund Financial Audits, MA was frequently under severe time pressure to produce their final reports coming out of late-running draft reports. By the District's own admission, and my own firsthand knowledge, this was NOT the fault of MA, but rather a result of last-minute machinations from District leadership. I never once saw Moss Adams sweat the deadlines (regardless of what may have been happening behind the scene at their shop): Kudos for this!

Cameron 'Mac' Moore:

In general, I agree with Gregg Visineau's comments.

However, there are a couple of areas where I would like to see improvement:

First, I think the firm's Executive Summaries are difficult to read and interpret. In my view, a key reason we are doing enhanced audits is to let the public know how well or not the Bond Program is being managed and performing. It is difficult for the layperson to draw any conclusions from the Executive Summary.

Second, I don't think Moss Adams provides sufficient information on benchmarking the WCCUSD Bond Program relative to other bond programs statewide. While perhaps these aspects would be similar if we engaged other firms, I support soliciting competitive proposals for the performance auditor both to see what other firms have to offer and as a general best practice to have open solicitation every few years.

Don Gosney:

I very strongly believe that one of the areas that a performance audit should focus on is the effectiveness of communication with the community and the community's ability to oversee the Bond Program.



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Through the Citizens' Bond Oversight Committee, the community has representatives meeting to perform such oversight.

Since being allowed to speak with Moss Adams, I have been unable to convince them of the value of evaluating this interaction between the CBOC/community and the District (through the Board and staff).

Part of the problem—at least at my end—was my inability to get specific responses to specific questions.

When asked directly about the numerous areas of concern I brought up about the breakdown in communication between the District and the community and, more importantly, the breakdown in communication and trust between the Board/staff and the CBOC/community, I could never get an answer about whether this would even be considered.

I was told repeatedly that I would have to ask staff whether these question were even allowed to be asked. I was told I had to ask staff whether that was included in the scope of Moss Adams' contract.

I was even told that I had to ask staff whether it was permissible for them to even speak with me [I had to get staff's blessing to call MA just to schedule a meeting. MA didn't not say that I needed permission to schedule the meeting—I needed permission to make the phone call.]

I still do not know the limitations of the scope of their contract because MA won't tell me what they can consider and what they cannot.

A straight answer was requested and without straight answers, my faith in Moss Adams was diminished.



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I have yet to see anything in their Performance Audit that addresses the specific areas of concern that I brought to their attention. Over the past several years, these concerns have occupied several dozens of pages.

If they were to tell me that they were not allowed to address those concerns because of District imposed limitations, I could understand this and make efforts to remedy this at our end. But I received no such details about the scope of their work.

WORKING DRAFT