

WCCUSD
CITIZENS' BOND OVERSIGHT COMMITTEE

MINUTES

Meeting of November 9, 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 2:01 pm.

C) ROLL CALL

Present: John Anderson, Sallie DeWitt, Don Gosney, Lorraine Humes, Anton Jungherr, Cameron Moore

Absent: Maisha Cole, Guadalupe Enllana

8 members ~ 5 required for a quorum; a quorum was present.

Staff Present: SeungJa Cha, Luis Freese, Ellen Mejia-Hooper, Melissa Payne, Margarita Romo, Phyllis Rosen, Imelda Sanchez

Board Liaison: Absent

D) APPROVAL OF AGENDA

Note that the meeting began with Item F, to accommodate scheduling of the presentation from Christy White. After the presentation, the agenda was approved via consent.

E) PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

None.

F) ENTRANCE CONFERENCE WITH CHRISTY WHITE (Don Gosney and Anton Jungherr)

Michael Ash, Partner at Christy White Associates provided a background and overview of the bond fund financial audit process. Discussion questions centered on timing of the bond fund and the general District financial audits, length of time to complete the audit, and what the audit covers.

G) ENTRANCE CONFERENCE WITH EIDE BAILLY, LLP (Don Gosney and Anton Jungherr)

Nathan Edelman, Partner at Eide Bailly made a presentation (attached) providing background on the firm and an overview of the performance audit process. Eide Bailly was recently engaged by the District to conduct the Prop 39 compliance only performance audit and the verification review of certain of the VLS FAI Recommendations. In 2019, Eide Bailly acquired the firm Vavrinek, Trine, Day & Company, which performed bond performance audits for the District for FY 2014-2016. Mr. Jungherr asked questions regarding firm credentials and performance and asked Mr. Edelman provide follow-up information and documentation on (1) the firm's peer review report, (2) details on how the firm was engaged, since the services were not subject to an RFP, and (3) a response to issues related to the firm's audit of the Vallejo USD.

WCCUSD
CITIZENS' BOND OVERSIGHT COMMITTEE

H) DO YOU KNOW HOW BONDS WORK? (Lorraine Humes)

Ms. Humes provided details on the proposed informational seminar on school bonds to be led by former CBOC member Gregg Visineau.

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

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

Mr. Freese presented the project reports.

Ms. Mejia-Hooper provided an update on the approval of the Lake Elementary site educational specifications. The Board requested some additional public outreach and raised some questions about whether to utilize the learning suite design adopted for Michelle Obama School or a traditional classroom design. Two additional virtual public meetings have been scheduled and the District will seek approval at a future Board meeting.

Ms. Payne provided highlights from the financial reports.

J) BOARD OF EDUCATION LIAISON REPORT (Consuelo Lara)

No report.

C B O C R E P O R T S

CONSENT ITEMS

The consent items were approved with no objections.

K) ADOPTION OF MINUTES (Cameron Moore)

10.19.20 CBOC Draft Minutes

09.30.20 Joint Board of Education/CBOC Draft Minutes

L) CBOC MEMBER INFORMATION REQUEST LOG (Don Gosney)

11.09.20 CBOC Member Information Requests Status Log

M) APPROVED RECOMMENDATIONS BY THE CBOC (Don Gosney)

11.09.20 CBOC Approved Recommendations

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

N) MEMBERSHIP (Cameron Moore)

Mr. Gosney introduced Jason Lindsey, Business Agent for Iron Workers Local 378, who is considering joining the CBOC as the Building Trades Council representative. Mr. Lindsey provided his background.

O) MEMBERSHIP ROSTER (Don Gosney)

Mr. Gosney noted the current roster.

P) CHAIRPERSON REPORTS (Don Gosney)

WCCUSD
CITIZENS' BOND OVERSIGHT COMMITTEE

Mr. Gosney noted his reports to the Board, which are included in the agenda packet.

Q) FACILITIES MASTER PLAN PRIORITIZATION COMMITTEE (Don Gosney)

Mr. Gosney provided a summary of the first meeting of the prioritization committee; the presentation from the meeting is included in the agenda packet.

R) ANNUAL REPORT UPDATE (Sallie DeWitt and Lorraine Humes)

Ms. DeWitt and Ms. Humes proposed 3 amendments to the 2019 Annual Report draft presented in the agenda packet to address corrections. Ms. DeWitt motioned to approve the report as amended, seconded by Mr. Jungherr. Mr. Moore noted that there were some additional corrections that needed to be fixed, and as he had highlighted in the October meeting, wanted to discuss references to the Obama School, and changing the Compliance A opinion. After some discussion about whether it would be possible to address these issues in the meeting, Ms. DeWitt withdrew her motion to approve the report. It was agreed that the Annual Report Subcommittee would meet with Mr. Moore to address his concerns and the 2019 Annual Report would be resubmitted for approval at the December meeting.

S) AUDIT SCHEDULES (Anton Jungherr)

No changes.

T) CALENDAR (Don Gosney)

No changes.

U) FUTURE AGENDA TOPICS (Don Gosney)

No new topics.

V) ADJOURNMENT

The meeting was adjourned at 5:15 pm.

Submitted by: Cameron M. Moore, Secretary

December 8, 2020

Attachment

Eide Bailly Presentation

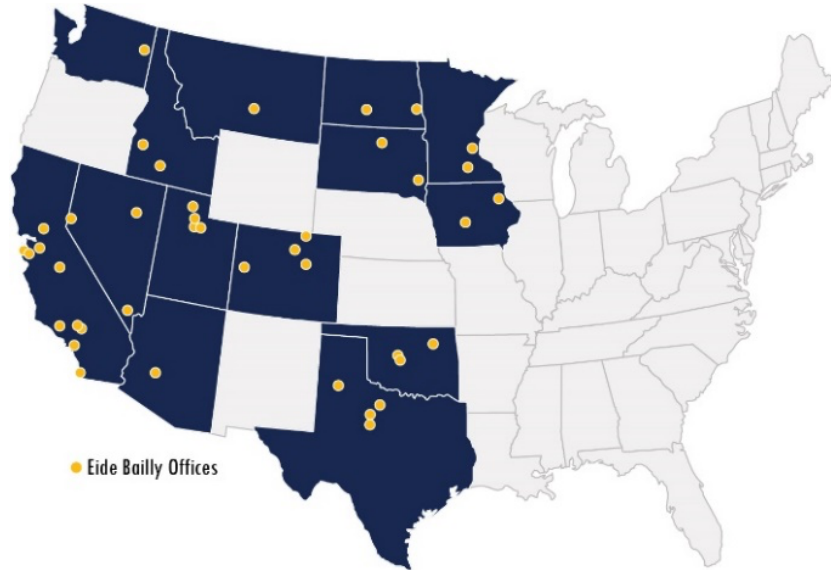


CPAs & BUSINESS ADVISORS

WEST CONTRA COSTA UNIFIED BOND PROGRAM

November 9, 2020

ABOUT US



Eide Bailly is a national, Top 25 CPA firm with offices in 14 states.

- 2,500 staff and 325 partners.
- We work with more school districts in California than any other firm.
- 1,500 construction industry clients, including California school construction bond performance audits.
- National Construction Industry Technical Committee



SCOPE OF WORK

- Proposition 39 Bond Performance Audit (performance audit)
- Agreed Upon Procedures to assess the implementation progress of recommendations provided in Vicenti, Lloyd & Stutzman LLP's (VLS) September 16, 2016, Phase II Report of Forensic Accounting Investigation (FAI Report) (implementation AUP)

PERFORMANCE AUDIT SCOPE

Comply with Prop. 39

- Overall objective is to ensure that a school district spent construction bond funds on allowable construction projects per its ballot language.
- Procedures cover
 - Development and adherence to design and construction budgets.
 - Methods to track the availability of resources versus expenditures.
 - Payment processing
 - Risk management, change orders, and claims avoidance.
 - Public bidding and procurement.
 - Conflicts of interest.
 - Verify that bond fund used only for allowable projects
 - Administrative costs
 - Salaries
 - Project costs

PERFORMANCE AUDIT SCOPE

- Scope of this audit is narrowly defined.
- Conclusions are objective and based on documented evidence.
- Not within the scope of the audit
 - Management or Board decisions about compliant use of funds.
 - Job performance
 - “Grading” the bond program or “ranking” projects
 - Was project A really necessary?
 - Could it have been completed sooner or cheaper?

IMPLEMENTATION AUP SCOPE

For each of the 57 third-party recommendations, determine the current implementation status. Category classifications are as follows:

Implemented as recommended – The District implemented the recommendation as written by the auditor.

Alternative Implementation – The District has implemented proper corrective action to remediate the matter described by the auditor, although not the specific auditor recommended corrective action.

Partially Implemented – The District has made meaningful progress towards implementation described by the auditor, although additional steps are necessary to achieve full implementation.

Not Implemented or undetermined – Evidence of steps towards meaningful implementation is not available.

If an item is considered partially implemented or not implemented, make recommendations towards full implementation.

LOGISTICS

How will you go about getting the information you need for the audit?

Ask questions and inspection documentation.

- Understand operations - Meet with project managers to walkthrough projects from initiation to conclusion.
- Verify the completeness and accuracy of the accounting records.
- Select samples of documentation covering items from contractor selection, Board approval, internal quality control approval, recording, and cash disbursement.

TIMING

Performance Audit

- Fieldwork in December and January.
- Exit conference on Feb. 8.
- Issue report during March.

Implementation AUP

- Fieldwork in February and March.
- Exit conference on May 10.
- Issue report during May.

AUDITOR INDEPENDENCE

- The independent auditor does not work for management.
- As a universal matter of practice, District personnel need to coordinate the communication between the external auditor and the CBOC/Board.
- There is *no* negotiation process about samples, documentation, findings, etc.
- Management will review a draft audit report to ensure that it's factually accurate.
- Our reputation is the basis of why our report is meaningful.



AUDITOR INDEPENDENCE

- Our reputation is the basis of why our report is meaningful.
 - We have a reputation to maintain.
- Internal quality control processes.
- Thousands of independent audits annually.





QUESTIONS?

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.



CPAs & BUSINESS ADVISORS

Find us online:



eidebailly.com