

WCCUSD CITIZENS' BOND OVERSIGHT COMMITTEE
(Bond Measures D, E and R)
August 15, 2022 at 6 pm
Meeting Minutes
1400 Marina Way South, Richmond CA 94804
In Person/Virtual Meeting

Meeting video recording available on YouTube

<https://www.youtube.com/channel/UC9u1R1iSWbHzhieeGC5LvYA/videos>

A. Opening Procedures

B. Call to Order/Pledge of Allegiance

Mr. Anderson called the meeting to order at 6:11 pm.

Roll Call

John Anderson, Sallie DeWitt Lorraine Humes, and Jason Lindsey
(4 members with 3 required for a quorum)

Member present: Sallie DeWitt, Lorraine Humes, John Anderson

Members Absent: Jason Lindsey

Staff present: Luis Freese, Ellen Mejia-Hooper, Melissa Payne

C. Approval of Agenda

To discuss a Consent Calendar item, it must be removed from the agenda by a member of the committee or member of the public.

Agenda was approved by unanimous consent.

D. Public Comment for items not on the Agenda

Items already on the agenda may not be spoken on in this section. Speakers wishing to address a specific agenda item they must fill out a Speaker Form with the appropriate agenda item listed. Speakers will be allowed three minutes

No Public Comments

ACTION

E. Consent Items

Unless pulled from the agenda by a member of the committee or public. Consent items are approved without discussion by unanimous consent.

a. CBOC Records Log July 25, 2022

b. June 13, 2022 Meeting Revised Draft Minutes

Consent Items were approved by unanimous

DISCUSSION

F. 2021 CBOC Annual Report (Lorraine Humes/Jason Lindsey)

a. Update annual due dates for the Annual Reports that were established in Resolution 21-3

Ms. Humes reviewed the transitioning from calendar year to fiscal year. (comments and notes attached)

b. Discuss required input from WCCUSD staff (Final Financial Reports Fiscal Year ending June 30, 2022)

Mrs. Payne said that the 6-30-22 report was preliminary and the final report would be available sometime in September.

Mr. Anderson and Ms. Humes shared comments on the uniqueness of this 18-month report.

Public Comments

Mr. Jungherr

Mr. Gosney

DISCUSSION AND ACTION

G. Ad Hoc committee Draft WCCUSD Board Policy Citizen's Bond Oversight Committee BP 7214.2

a. Overview (Melissa Payne, Luis Freese, Sallie DeWitt, John Anderson)

Mr. Anderson gave a brief overview of the drafted BP 7214.2 which includes recommendations of the Grand Jury. Mrs. Payne continued explaining how the committee took the existing policy and created a spreadsheet and examined each segment. The committee looked at the strengths of the policy and also where organization could be improved. They reviewed and modified the application process.

Mrs. DeWitt stated that the committee was pretty careful to reference the statute or basis for the policy or procedure that was called for in this policy. She wanted the Board and future Board and CBOC committee members to understand that the bones of this policy are the statutes

Mr. Freese added comments.

Ms. Humes pulled out the 2015 revisions and had some suggested revisions that she sent to Mr. Anderson for comments. Ms. Humes reviewed the revisions she was suggesting with the committee. She commented that the draft audit should be presented to the CBOC by March 31 and that did not happen this year. She suggested

adding a step allowing the CBOC to send their suggestions to the auditors, to use or not use, before the final report was presented to the BOE.

Mrs. Payne stated that the audit report was shared with the committee as soon as the district received. She commented that due to staffing shortages on both sides the reports were later than usual, but still met the statutory deadline.

Revision/Addition-the Performance Audit Report and the Financial Audit Report were emailed by Luis Freese to John Anderson and Tom Panas on 3-31-22. The auditors made their presentation to the CBOC at the May 9, 2022 meeting. The reports were originally scheduled to be presented at the April 11, 2022 meeting but the meeting was canceled.

Mrs. DeWitt had clarification on the applications on the webpage being the blank applications not the submitted applications.

b. Discussion and Public Comments

Public Comments

Don Gosney
Anton Jungherr

Ms. Humes feels that the committee meetings and any voting items should proceed no matter how many members are in the committee.

Mrs. DeWitt agreed there are flaws in the policy, one being where the BOE picks the applicants for the CBOC which is suppose oversee the district's bond program. Agreed that there should be an independent legal counsel for the CBOC.

Mrs. Payne explained the steps the Board takes when approving Board policies. She also reviewed other parts of the policy. Explained how and why the Grand Jury recommendations were incorporated in the policy.

Mr. Anderson and Ms. Humes gave their opinions on the suggested revisions.

Mr. Freese stated that the Board would like to hear the opinions and recommendations from the CBOC members.

There was further discussion from committee members and staff on the revisions and previous comments by members. This included whether to vote on the revisions at this time or to revisit it at a future meeting.

Public Comments

Mr. Gosney

H. Resolution No. 22-02, August 1, 2022, Recommend Revised Board Policy 7214.2 (Sallie DeWitt)

- a. Motion**
- b. Discussion**
- c. Vote**

Motion was tabled to next meeting to give members a chance to re-evaluated the revisions and submit further comments.

I. Next Meeting**a. September 12, 2022 6 pm****J. Adjournment**

Mr. Anderson adjourned the meeting.

Disability Information

Upon written request to the district, disability related modifications or accommodations—including auxiliary aids or services—will be provided. Contact the Superintendent's Office at (510) 231-1101 at least 48 hours in advance of the meeting

Agenda 8.15.2022 item G (a)(1)**Annual Reports Transitioning from Calendar Year to Fiscal Year Agenda 8.15.2022 G(a)(1) & H(b)(2)**

AR	2019	2020	2021	2022	2023
Period covered	1/2019 – 12/2019 (calendar year)	1/2020 – 12/2020 (calendar year)	Transitional Period (CY to FY)	1/2021 – 6/2022 (fiscal Year)	7/2022 – 6/2023 (fiscal year)
CBOC report approval	12/14/2020	12/13/21	9/2022 (target date for Audit & Compliance reports)	11/30/2022 (target date)	11/30/2024 (target Date)
District Reports -. #13,FMP, FAI, etc.	1/2019 – 12/2019	1/2019 – 12/2020		1/2021 – 6/2022	7/2022 – 6/2023
Audit period	FY end 6/30/2019	FY end 6/30/2020	FY end 6/30/2021	FY end 6/30/2022	FY end 6/30/2023
Audits presentation	3/9/2020 Fin – Christy White & Perf -Moss Adams	3/8/2021 Fin – Christy White & Perf - Edie Bailly	5/9/2022 Fin – Christy White & Perf - Edie Bailly	3/31/2023 (target Date)	3/31/2024 (target Date)
Fin Audit Draft	None	None	None		
Perf Audit Draft	Title & watermark	None	None		
Fin Audit Partner	Michael Ash, Partner	Michael Ash, Partner	?		
Performance Audit	Lawrence Stepovich & Stephen Bacchetti Senior Managers	Nathan Edelman	?		

Agenda 8.15.22 File G (a)(2)

Resolution 21-3, Change CBOC Annual Report Reporting Period to Align with WCCUSD Fiscal Year Reporting Period.

Resolved item 3.

have a report, including a CBOC Compliance Statement, with the results of the June 30, 2021 financial and performance audits, be approved by June 30, 2022.

Status - We have missed this deadline because the Board of Education has not yet accepted the 2021 Financial Audit's and Performance Audit's final reports.

Timeline for June 31, 2021 Financial and Performance Audits:

April 11, 2022 - CBOC meeting - cancelled due to lack of a quorum (Audits were scheduled to be presented)

Apr. 27, 2022 – Bd. Of Ed. meeting - given audit presentations but tabled voting on accepting them due to CBOC not having had the audit presentations yet.

May 9, 2022 – CBOC meeting - given the audit presentations – passed Res 22-02 to send performance audit to the CA. State Controller to review it and give feedback as to whether it meets the states auditing standards.

Aug. 3, 2022 – Bd. of Ed. Meeting – agenda item on audits pulled from the agenda due to the late start of the meeting.

Resolution 22-02, Performance Audit as of 6/31/2021 :

At our May 9, 2022 meeting, a representative of Eide Bailey presented their findings for the WCCUSD Performance Audit ending June 30, 2021 to the CBOC. Some members had questions about the thoroughness of the audit, in regards to, Opinion No. 04-110, from their 2020 Performance Audit, that deals with a District timekeeping system. Member Panas presented Resolution 22-02, proposing that the

CBOC Chair John Anderson send copies of the audits for 2020 and 2021 to the California State Controller to see if the 2021 audit meets the government Auditing Standards.

Status - John Anderson, the CBOC Chair, sent the 2020 and 2021 Performance Audit reports to the California Controller but has not heard back from that office yet.

2021 Transitional Annual Report for CBOC 8/15/22 Meeting G(b)

Transitional Timeframe:

- 2020 Annual Report period – 1/1/2020 through 12/31/20
- Resolution 21-3, aligning CBOC annual report with WCCUSD fiscal year period, passed by CBOC 12/13/21
- 2021 Transitional Annual Report period - 1/1/2021 through 6/30/21 (include 2021 Financial and Performance Audits & Compliance Statement)
- 2022 Annual Report period- 7/1/21 – 6/30/22

Other Documents needed for 2021 Transitional Annual Report

- Resolution 21-3*
- 2021 Financial Audit Report*
- 2021 Performance Audit Statement*
- Compliance Statement*

District Documents needed for 2022 Transitional Annual Report

Financial:

- Financial Report #13 for 12/31/21*
- Financial Report #13 for 6/30/22

- Financial Report #13A for 1/31/21 – 6/30/22
- Other Financial reports for 6/30/22 (Rpt. #2, Consolidated Fund 21 & 35, Master Plan Projects 2016, Measure R Projects)

Other Staff Documents:

- Measure R Bond Sales, July 2021*
- Estimated tax rates after Measure R
- FMP Implementation update for Measure D(2010) & Measure E(2012), 6/2021 – **slide #5** – project status
- FMP Updating the 2016 Facilities Master Plan Prioritization for Project Sequencing of Measure R 2020, June 23, 2021 – **slide 6**
- FAI Implementation reports Phase 1.5 and 2.0

CBOC Reports:

- CBOC Resolutions for 1/1/21 through 6/30/22*
- Other CBOC, Board, and District actions in between 1/1/21 – 6/30/21*
 - PMP approved by BOE at their 5/19/21 meeting
 - BOE tabled Board Policy (CBOC Bylaws) Revision Approx. 6/9/21
 - BOE approved renaming Juan Crespi Middle School to Betty Reid Soskin Middle School at their meeting on 6/23/21
 - West Contra Costa Unified Superintendent Matthew Duffy announced, in Nov. 2020 that he would not seek re-appointment when his contract ended, June 2021.
 - As of 5/14/21, Superintendent Dr. Kenneth "Chris" Hurst, Sr. is WCCUSD's 10th permanent superintendent.
 - West Contra Costa Unified Superintendent Matthew Duffy announced on November 5, 2020, that he was not going to seek re-appointment when his contract ends at the conclusion of the school year next June 30.2021.
(Robert McIntire Ed.D. was appointed Interim CBO)

- Seung Ja Chu promoted from the Fiscal Coordinator for Facilities, Operations Dept. to Exec. Dir of Business Services
DATE?

(Status of the Fiscal Coordinator for Facilities position - has not been filled.)

* Already have these documents

Agenda 8/15/2022, H(b)

LMH Review of Proposed Board Policy 7214.2 Revision (Agenda Packet 8/1/2022)

4. COMMITTEE DUTIES & AUTHORIZED DUTIES

a. Items 4.2.2.1. Annual Performance Audit and 4.2.3.1. Financial Audit both deal with the CBOC and the Board receiving draft reports of the audits, in order to, review and comment on them.

This is not presently done. For instance, we did not receive draft copies of the 2021 audits. The CBOC and the Board first received the audit reports in the CBOC Agenda Packet for its May, 9, 2022 meeting (our April 11, 2002 meeting was canceled) and the Board of Education Agenda Packet for its April 27, 2022 meeting. The report findings slide presentations and the reports, received by both groups, were identical. Neither audit reports were water marked or labeled DRAFT and the Board's reports supporting document files were named 'Final Report'. Also, the Board Agenda items were under the Consent Section of the agenda with the comment that the staff recommends that the Board accept the reports. This is probably why there was no interest, by the Eide Bailly representative to change the wording in their report following our written comments and review session.

Note: The slide presentation for the report findings had a complete slide dedicated to the prior report findings and its resolution (see attachment).

My opinion:

I think we should keep the sections about receiving the draft reports in the board policy but add a section, under each audit stating:

Following its review and comment meeting with the auditor's representatives, the CBOC will write a review of its findings to the Board. This way, if there is a difference of opinion between the auditors and the CBOC, concerning the reports, the Board will be aware of this prior to voting on accepting the report.

We should also look at the audit contracts to see if they mention supplying drafts of their reports for review and comment.

(I also think that, since at their last meeting, due to getting a late start, the Board tabled voting on accepting the 2021 audits, that the CBOC inform the Board of our disagreement with the Eide Bailly Performance Audit representative about including the mention of the prior audit opinion and resolution in the 2021 report's scope and conclusion sections.)

b. Both 4.2.2.2 and 4.2.3.2 the Board giving the CBOC a written response to the audit findings.

At the beginning of each statement we should add the phrase:

Within three months of receiving the audits, the District...

This time limit is stated in Ed Code 15280, (a)(2). See attachment

c. We should add a statement about entrance and exit conferences with the auditors.

My opinion:

1. For the 2022 Performance Audit, I would have liked to have been able to make the auditor aware that the CBOC is having trouble monitoring the bond program adequately due to personnel shortages. (The personnel salaries are paid from the Bond funds.)
 - a. We have not had complete financial reports since February 2022. (How can you monitor for waste, fraud, and abuse in program finances without financial reports?)
 - b. Our 2021 audits were not presented to us until April 24, 2022 (legal deadline is March 31, 2022)
 - c. Our FAI implementation audits, Phase 1.5 and 2.0, will not be presented until Summer of 2022 (Phase 1 of the implementation was completed March 7, 2019)

Perhaps they could mention this problem in their report.

2. I would also have liked to explain that due to the CBOC switching from a calendar year annual report to a District fiscal year report that we will not have a 2021 Annual Report but will have a 2021 Transitional Report once the District accepts the 2021 Performance and Financial Audits.

Therefore, having had a conference with the auditor prior to them writing their report would have been helpful.

5.3 A typo

Term. Committee members shall serve for a term of two (2) years. Members of the Committee may be appointed by the Board, in (should be at) its discretion, for no more than three...

5.4 Solicitation and Appointments of Members

The Superintendent or CBOC Liaison and the Committee may advertise for and solicit Applicants ("Applicants") for consideration of appointment to the Committee. The District's Bond Oversight Committee Application ("Application") shall be made publicly available to the community on the District's and Committee's website. Applicants can self-nominate by submitting an Application. The Application shall consist of the contact information, membership criteria, personal statement, and an option to provide a resume. If the Applicant is a Committee member applying to serve an additional term, the Application remains the same.

My opinion:

For privacy considerations, we should not have the applicant's contact information publicly available on the websites.

I suggest - The District's Bond Oversight Committee Application ("Application"), *with the applicant's personal contact information redacted*, shall be made publicly available to the community on the District's and Committee's website.

Agenda 8.15.22 H(b)(2)

Eide Bally 2020 Performance Audit Finding:

2020- Time Documentation

The District does not have a documented basis for distributing salary between the narrow category of bond-compliant construction projects and routine everyday school facilities administrator expenses. For the fiscal year ended June 30, 2020, the District utilized the Annual Staffing Plan to allocate payroll expenditures to the bond fund based on the portion of hours worked on bond projects; however, the Annual Staffing Plan does not reconcile to the employees' actual hours spent on the bond-funded activities as documented on timesheets. As a response to previous years' audit findings, management has developed a protocol to establish the basis of salary allocation to the bond program. The new protocol began implementation as of March 2020. Accordingly, the District could not provide supporting documentation covering the entire year under audit.

Eide Bailly's 2021 Performance Audit Findings Slide Show Presentation:

Title: CURRENT STATUS OF PRIOR FINDINGS (Slide 6 /9)

- Finding: The District does not have a documented basis for distributing salary between the narrow category of bond compliant construction projects and routine everyday school facilities administrator expenses.
 - Recommendation: Continue implementation of the process that was started in March 2020.
 - Status as of June 30, 2021: Resolved
-

Eide Bailly 2021 Performance Audit, Final Report:

West Contra Costa Unified School District 2010 Measure D and 2012 Measure E Bond Funds June 30, 2021

Scope:

Scope of the Audit The scope of our performance audit covered expenditures incurred during the fiscal year of July 1, 2020 to June 30, 2021. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred after June 30, 2021, were not reviewed or included within the scope of our audit or in this report.

Methodology:

7. We obtained the payroll expenditures accounting records and selected 7 out of 16 individuals who were funded by the Measure D and Measure E during the fiscal year 2021. 5 out of 7 individuals tested were full-time District employees with bond related responsibilities and 2 individuals were involved in the non-recurring bond related activity.

8. We tested selected individuals' salaries and benefits charged to the bond funds to verify that the District has a documented basis of allocating based on bond related activity.

9. We reconciled the time documentation received to the actual payroll expenditures recorded in the general ledger and the bond fund allocation percentage based on the annual staffing plan. Based on the review of the position responsibility and time documentation, the payroll expenditure allocation to the bond fund was within the bond-funded allowable activities. We also verified that the actual payrolls are allocated based on the Annual Staffing Plan.

Conclusion:

The results of our tests indicate that, in all significant respects, the West Contra Costa Unified School District has met the compliance requirements of Article XIII A, Section 1(b)(3)(C) of the California

Constitution and Measure D and Measure E as to the approved bond projects list. We noted the following:

- a. Expenditures align with the voter-approved bond project list.
- b. Payroll expenditures are only for directly eligible bond program activities and not school administrators or District operating expenses.
- c. Supporting documents for public bid, procurement, and contract files show compliance with District Policies, public law provisions, and other associated statutes.
- d. Supporting documents for change orders show compliance with the District Policies, public law provisions, and other related regulations.