

Friday Memo - Forensic Accounting Investigation Implementation Review - Lisa LeBlanc

In the Friday Memo to the Board on March 1, 2018, district staff communicated an update on the review of the Forensic Accounting Report recommendations. The District has now received the final report from Moss Adams which included changes suggested by the Citizens' Bond Oversight Committee and its Audit Subcommittee. The final report is attached for the Board's review. Please note that Moss Adams will be doing a presentation on the report at the Board/CBOC joint meeting on March 27, 2019. Please feel free to contact me to discuss if you have any questions.



Proprietary & Confidential

FINAL REPORT

West Contra Costa Unified School District

FORENSIC ACCOUNTING INVESTIGATION IMPLEMENTATION REVIEW

March 7, 2019

Moss Adams LLP
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MOSSADAMS

March 7, 2019

Mr. David Johnston
Executive Director, General Services
West Contra Costa Unified School District
1400 Marina Way South
Richmond, CA 94804

Dear Mr. Johnston:

Thank you for the opportunity to perform the implementation plan review for the West Contra Costa Unified School District Bond Program. This report summarizes the results of the first phase of the Forensic Accounting Investigation Implementation Review.

This engagement was performed in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accounts and delivered in accordance with phase one of our professional services agreement dated November 14, 2017. The scope of this engagement is outlined in the body of our report. This report was developed based on our review of information and criteria provided by the District.

This report is intended solely for the use of the West Contra Costa Unified School District, and may not be provided to, used, or relied upon by any third parties. Moss Adams LLP does not accept any responsibility to any other party to whom this report may be shown or into whose hands it may come.

We appreciate the opportunity to help you continuously improve your construction program performance. Please do not hesitate to contact me if you have any questions or need further assistance regarding this important matter.

Sincerely,

MOSS ADAMS LLP

Moss Adams LLP

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I. EXECUTIVE SUMMARY

Moss Adams LLP (Moss Adams) reviewed the implementation progress of recommendations provided in Vicenti, Lloyd & Stutzman LLP's (VLS) Phase II Report of Forensic Accounting Investigation (FAI Report). We reviewed 62 of the third-party recommendations noted as implemented by the West Contra Costa Unified School District (the District) as of June 30, 2017. As part of this review, we interviewed District and Bond Program personnel and reviewed relevant documentation to determine the status of implementations identified within VLS's report dated September 16, 2016. Through inquiry and review of documents, we confirmed that of the 62 recommendations outlined in the District's DRAFT Phase II Forensic Accounting Investigation Report Implementation Plan (Implementation Plan), provided by the Implementation Task Force and dated July 2017, 33 out of 62 of the recommendations were implemented, 19 out of 62 were partially implemented, three out of 62 were not implemented, and seven out of 62 were undetermined through June 30, 2017. Category classifications are defined below:

- **Implemented** - The District implemented the FAI recommendations through June 30, 2017.
- **Partially Implemented** - Steps towards implementation were noted through June 30, 2017; however, District deliverable exceptions were identified.
- **Not Implemented** - Evidence of implementation or steps towards implementation by the District was not available through June 30, 2017.
- **Undetermined** - Implementation could not be determined due to either attorney-client privileged documentation held by the District or unverifiable implementation evidence. As such, the documentation was not made available for review by the District and Moss Adams was unable to determine whether implementation had occurred. Additionally, formal policies and procedures were not updated.

Management responses from District facility staff are reported below. Moss Adams reviewed the specific recommendations given to the District within the FAI Report, the District's implementation response (noted as "Deliverables" within the District's Implementation Plan), and the date of implementation through June 30, 2017. The District's Implementation Plan and associated Deliverables were available on the District's website. Observations for each of the recommendations can be found in the report. In certain instances, Moss Adams classified a recommendation as not implemented, partially implemented, or undetermined which differed from District management's classification as implemented. This was due either because information was not available to Moss Adams, recommendation implementation Deliverables were not well-defined, and/or implementation occurred



after June 30, 2017. We recommend that these instances be revisited in the subsequent implementation review to ensure appropriate District classification. Please see recommendations below for additional information.

To summarize the implementation evaluation, we categorized the status of each recommendation as follows:

IMPLEMENTATION STATUS CATEGORY	RECOMMENDATIONS REVIEWED	VLS RECOMMENDATION REFERENCE NO.
Recommendation Implemented as of June 30, 2017	33	TC: 4-1, 4-3, 4-4, 4-5, 7-2, 8-3, 8-5, 8-6, 9-1, 11-4, 11-5, 12-2, 13-3, 13-4, 13-9, 16-9 FI: 3-2, 3-3, 3-4, 3-5, 4-1, 4-2, 7-2, 7-4, 7-5, 7-6, 8-1, 11-1, 11-2, 7-3 Admin Nos.: 1, 3, 4
Partially Implemented as of June 30, 2017.	19	TC: 1-1, 4-2, 4-6, 6-2, 6-3, 6-4, 6-5, 6-6, 7-1, 7-3, 7-4, 7-5, 8-1, 8-2, 8-4, 13-2, 13-5, 13-7, 13-8
Not Implemented as of June 30, 2017	3	TC: 16-5, 16-6, 16-10
Undetermined	7	TC: 11-2 FI: 1-4, 1-5, 3-6, 3-8, 10-1, 10-2
Total Reviewed Recommendations	62	

RECOMMENDATIONS

The District has made progress towards the implementation of VLS's Phase II recommendations; however, there are areas where implementation can be improved upon. The District should consider the following as part of their effort to effectively implement VLS recommendations in a reasonable, transparent manner:

1. The District should review all reported implementation exceptions and ensure processes are consistently implemented going forward. The District should review each of these recommendations and the processes associated with these



implementations to ensure the intended process and control improvements are consistently applied. Development of proper policies and procedures will help formalize these processes and reduce the risk of noncompliance.

2. The District should consider improving its current Implementation Plan by ensuring measurable Deliverables for all VLS recommendations. Based on our audit procedures performed, certain Deliverables identified within the Implementation Plan were determined to not be measurable. For example, the Deliverables section of the District's Implementation Plan for TC 6-4 stated, "Up the duties of the Principal Accountant" and for TC 7-2 stated, "This is current practice." Furthermore, FI11-1 had no Deliverable specified to address VLS's recommendation. The District should ensure each VLS recommendation's implementation Deliverable is well-defined, with a specific action and measurable results, if possible. This will ensure a measurable plan of action while promoting transparency of approach and resolution.
3. The District should consider exploring opportunities to utilize external services for policy and procedure drafting and formalization. In recent fiscal years, the District has experienced reduced Bond Program staffing due to employee departure and turnover. This has caused expanded duties and higher workloads for current employees during the interim. As a result, auxiliary objectives, such as policy and procedure drafting and formalization, have been restricted even further. With current staffing resource restrictions, the District should consider exploring the use of external professional services to achieve specialized objectives such as policy and procedure drafting. Utilizing an external service provider can free up internal resources while also leveraging external expertise and expediting the completion of current objectives.



II. BACKGROUND INFORMATION

On October 7, 2015, the District Board of Education awarded a contract to Vicenti, Lloyd & Stutzman LLP (VLS) to provide the Subcommittee for the Clay Investigation (the Subcommittee) with:

- A fraud risk assessment of a District employee's complaint, which alleged acts of gross mismanagement, negligence, and malfeasance in the District's bond program, identifying the highest risks of waste or improper expenditure
- Guidance to the Board's Subcommittee in providing a scope for a forensic accounting investigation
- A scope of work for completion of the forensic accounting investigation of high-priority items for approval by the Board's Subcommittee

On January 7, 2016, VLS delivered to the Subcommittee a two-part deliverable as contracted for in Phase I of the Forensic Accounting Investigation. This consisted of the Bond Program Fraud Risk Assessment Matrix and a Proposed Scope of Work for Phase II forensic accounting services.

On September 16, 2016; the District received the Phase II Report of Forensic Accounting Investigation Final Report (FAI Report) prepared by VLS. The Phase II report included updated risk scores, additional testing and investigation, and implementation recommendations. Specifically, 75 recommendations resulting from their test of controls (TC), 33 recommendations resulting from their forensic investigation (FI), and four recommendations resulting from overall operational and administrative efficiencies review, for a total of 112 recommendations.

During VLS's investigation and development of the Phase II report, the District was provided an opportunity to review and respond to each recommendation. At the time the recommendations were provided to the District, the results of the testing (or background work) were not provided to the District prior to the report being finalized and published. However, in general, the District agreed with the recommendations. Subsequently, as recommended by VLS, the District formed an Implementation Task Force, assigned with creating an implementation plan and monitoring and reporting the plan's implementation.

Per the District's Implementation Task Force, District management released an implementation matrix, noting the status of each of the 112 recommendations. As of June 30, 2017, the matrix noted that 62 of the 112 recommendations had been implemented.

On November 7, 2017, the District awarded a contract to Moss Adams LLP for a two-part review of the VLS recommendation implementations. Part One was to review and report on the status of the 62 recommendations stated as implemented by the



District as of June 30, 2017. Part Two was to review and report on the remaining recommendations once they have been implemented. This report incorporates Part One of the review.



III. OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this assessment was to provide the District with a review of the implementation progress of VLS's forensic accounting investigation recommendations. The District's forensic accounting investigation report dated September 16, 2016 and the District's implementation matrix showed that 62 of the 112 recommendations had been implemented as of June 30, 2017. These 62 recommendations, marked as implemented, comprised the scope of this initial review. Specific areas of review included:

- Recommendations provided by VLS and confirmed by the District
- The District's implementation plan and subsequent updates as provided to the facilities subcommittee
- Additions and modifications made to policies and procedures to verify they meet the objectives identified within District Implementation Plan Deliverables as a result of the Forensic Accounting Investigation, if applicable
- Sampled documents to confirm procedures have been put into practice when applicable. The following samples were selected and reviewed for Budget Transfers and Amendments, Vendor Payments, Vendor Contract Procurement, and Vendor Change Orders and Amendments between the period of December 1 2016 and June 30, 2017:
 - Budget Transfers and Amendments – A population of 387 separate budget transfers and amendments occurred during the review period. A total of 107 transfers and amendments were sampled.
 - Vendor Payments – A population of 1,404 vendor payments totaling \$55,257,981 occurred during the review period. Thirty-four vendor payments were sampled, totaling \$20,020,798.
 - Vendor Contract Procurement – A population of 39 vendor contracts totaling \$1,374,939 were procured during the review period. Eight vendor contracts were sampled, totaling \$801,365. Five of these samples included professional and special service vendors, totaling \$384,035. The remaining three samples were for construction vendors, totaling \$417,330.
 - Vendor Change Orders and Amendments – A population of 104 vendor change orders and amendments totaling \$2,309,001 occurred during the review period. Twenty change orders and amendments were sampled, totaling \$1,066,760.
- The roles and responsibilities of relevant District staff and conducting interviews
 - Interviewees included the Associate Superintendent, Director of Contract Administration, (former) Director of Internal Audit, Internal Auditor



IV. OBSERVATIONS

A. IMPLEMENTED THROUGH JUNE 30, 2017

The following table is organized by Implementation Status Category (i.e., Implemented, Partially Implemented, Not Implemented, and Undetermined) through June 30, 2017, with each recommendation referenced by its original VLS Phase II - Forensic Accounting Investigation Final Report identifying number.

VLS REPORT REFERENCE		DISTRICT REFERENCE	MOSS ADAMS OBSERVATION	MANAGEMENT RESPONSE PROVIDED BY THE DISTRICT	
VLS Ref. No.	VLS Risk Rating	ITF Ref. No.	Observation	Management Response	Planned Resolution Date
TC 4-1	Medium	ML# 4	The District implemented the TC 4-1 Compliance with Legal Requirements and Board Policies - Governance recommendation provided in the FAI Report. We reviewed the Governance Handbook (revised May 17, 2017, BOE approved July 19, 2017) inclusion of Board member management limitations. Per the Deliverables section of the District's Implementation Plan, "Revised Governance Handbook BOE 11/2/2016. Revised Governance Handbook with newly added Vendor and Relations section (page 19) providing guidance on how board members should refrain from performing management functions, prohibits board members from directing the work of vendors, consultants, contractors, or others. Revisions also include language on site visitations which incorporates BP 9200." We reviewed the Governance Handbook's inclusion of Board member responsibilities, noting the explicit exclusion of day-to-day management activities (pg. 11) and a Vendor and Relations section (pg. 19).	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
TC 4-3	Medium	ML# 6	The District implemented the TC 4-3 Compliance with Legal Requirements and Board Policies - Governance recommendation provided in the FAI Report. We reviewed the Governance Handbook (revised May 17, 2017, BOE approved July 19, 2017) inclusion of Board member restrictions related to conflict of interest. Per the Deliverables section of the District's Implementation Plan, "Revised Governance Handbook BOE 11/2/16. Revised Governance Handbook on page 21 to add a summary of existing bylaw 9270 which sets out the District's conflict of interest code. Language was also incorporated	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented



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			regarding solicitation of donations and ethical conduct.” We reviewed the Governance Handbook’s Conflicts of Interest section (pg. 21).		
TC 4-4	Medium	ML# 7	The District implemented the TC 4-4 Compliance with Legal Requirements and Board Policies - Governance recommendation provided in the FAI Report. We reviewed the Governance Handbook (revised May 17, 2017, BOE approved July 19, 2017) inclusion of Vendor Communications Relations and Board member disclosure requirements. Per the Deliverables section of the District’s Implementation Plan, “Revised Governance Handbook BOE 11/2/2016. Revised Governance Handbook on page 19 to address Vendor Communications and Relations. Legal Counsel recommended that the Governance Handbook / Board Policies not be modified to include language to require disclosure in every instance due to it being unprecedented and would be difficult to administer. Board discussion with legal counsel on 11/2/2016 regarding this matter.” We reviewed the Governance Handbook’s inclusion of a Vendor and Relations section (pg. 19). Required Board member disclosure of any relationship was not included in the handbook, as the District determined it unnecessary. Board of Education Regular Meeting minutes dated 11/2/16 included Action Item F.1, “Discuss and Approve Governance Handbook Revisions,” and was approved unanimously by the Board.	The District has implemented this recommendation. The District will update the District’s Implementation Plan to acknowledge the Auditor’s observation confirming the recommendation has been implemented.	Implemented
TC 4-5	Medium	ML# 8	The District implemented the TC 4-5 Compliance with Legal Requirements and Board Policies - Governance recommendation provided in the FAI Report. We reviewed the Governance Handbook (revised May 17, 2017, BOE approved July 19, 2017) inclusion of guidance on Board member appropriateness of proposing contract amendments. Per the Deliverables section of the District’s Implementation Plan, “Legal Counsel recommended that the Governance Handbook and Board Policies not be modified due to a concern of practicality. A formal process for contract amendments, including review by counsel in every instance, would significantly increase the cost and time necessary for contract amendment approval. Legal counsel provided memorandum dated 10/19/2016. Legal counsel made recommendation (above) to BOE on 11/2/16 (see agenda).” We reviewed the Governance Handbook’s inclusion of Board member	The District has implemented this recommendation. The District will update the District’s Implementation Plan to acknowledge the Auditor’s observation confirming the recommendation has been implemented.	Implemented



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			responsibility for making contract amendments (pg. 19). No legal counsel review of modification to contract terms was included in handbook, as it was determined unnecessary by the District. Board of Education Regular Meeting minutes dated 11/2/16 included Action item F.1, "Discuss and Approve Governance Handbook Revisions," and was approved unanimously by the Board.		
TC 4-6	Medium	ML# 9	The District implemented the TC 4-6 Compliance with Legal Requirements and Board Policies - Governance recommendation provided in the FAI Report. We evaluated Board member governance handbook training frequency hosted by the District. Per the Deliverables section of the District's Implementation Plan, "Workshop/training for Board conducted by attorney covering Governance Handbook provisions. Workshop completed on 1-25-17 on: The role of the Board, Brown Act/Board Communications, Board Meeting Process and Procedures, Conflict of Interest. Superintendent to schedule annual trainings with the Board." We reviewed Governance Handbook training workshop presentation materials and confirmed training was held during the Board of Education Special Meeting dated January 25, 2017. We noted four of five members were present for the meeting and Governance Handbook training. Annual training was evidenced by the District; however, policies and procedures were not modified to reflect annual practice.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
TC 7-2	Medium	ML# 22	The District has implemented the TC 7-2 Vendor Contract Administration - Vendor Due Diligence recommendation prior to June 30, 2017. We evaluated documented Contractor License review prior to Contract execution. Per the Deliverables section of the District's Implementation Plan, "This is current practice." However, the District's deliverable to address VLS's recommendation was determined to not be measurable for our audit procedures (see Recommendation No. 2 for further information). The VLS recommendation stated, "Ensure that the review of contractor's license information is documented and maintained for all construction contracts to demonstrate completion of this critical compliance step." We sampled three construction contractors procured	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented



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			by the District, noting documentation of contractor licenses was available and print dated prior to contract execution, consistent with the VLS recommendation.		
TC 8-3	Medium	ML# 28	The District implemented the TC 8-3 Vendor Contract Administration - Vendor Contracts recommendation provided in the FAI Report. We evaluated annual updates from legal and reviewed sampled vendor contracts for significant deviations. Per the Deliverables section of the District's Implementation Plan, "Legal counsel provides annual updates for all contract templates to ensure comprehensive protection for the District. The District requires legal counsel approval for any deviations from the approved contract templates." We reviewed updates from legal, noting front-end legal document updates were attached from the legal counsel email dated March 27, 2017. Additionally, no significant contract deviations were noted within sampled contracts.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
TC 8-5	Medium	ML# 30	The District implemented the TC 8-5 Vendor Contract Administration - Vendor Contracts recommendation provided in the FAI Report. We evaluated vendor payment workflow and controls to mitigate vendor payment before confirmation of an executed agreement. Per the Deliverables section of the District's Implementation Plan, "The executed contract is a required attachment in the financial system prior to the financial record being released into workflow approval. If a financial record is released without the required attachments, it will be rejected until the contract is complete." We performed a walkthrough of vendor payment workflow in the Munis system, noting that a payment can only be made after the record's Contract status is changed to "Posted." A Contract record will not be marked as "Posted" until an executed contract is attached. The systematic status change and contract attachment is administered by the Director of Contracts.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
TC 8-6	Medium	ML# 31	The District has implemented the TC 8-6 Vendor Contract Administration - Vendor Contracts recommendation provided in the FAI Report. We evaluated the Notice to Proceed document updated December 14, 2016. Per the Deliverables section of the District's Implementation Plan, "Revised Notice to Proceed." We reviewed the updated	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation	Implemented



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			Notice to Proceed template document, noting notice to proceed date and contract execution date sections were present.	confirming the recommendation has been implemented.	
TC 9-1	Low	ML# 34	The District implemented the TC 9-1 Vendor Contract Administration - Bidding Process recommendation provided in the FAI Report. Per the Deliverables section of the District's Implementation Plan, "The proof of publishing will be retained in the Project file. The proof of publishing will also be retained in the central program file." We sampled three construction contractors procured by the District, noting two instances of proof of publication documentation available and one instance as not applicable (under the \$45,000 threshold for bidding procedures).	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
TC 11-4	Medium	ML# 38	The District has implemented the TC 11-4 Vendor Contract Administration - Invoice Payments recommendation provided in the FAI Report. Procedural documents were drafted; however, they were not approved by the Board as of June 30, 2018. We sampled District expenditures during the review period confirming payment approval form completion. Per the Deliverables section of the District's Implementation Plan, "The Facilities Planning Specialist prepares the coversheet and ensure all signature are collected for approvals. Once all signatures are completed, the invoice and approval coversheet is provided to the Fiscal department for a secondary confirmation and processing within the financial system." We reviewed sampled District expenditures occurring between December 2016 and June 2017, noting payment approval forms were signed and completed prior to payment processing for all sampled expenditures.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
TC 11-5	Medium	ML# 39	The District has implemented the TC 11-5 Vendor Contract Administration - Invoice Payments recommendation provided in the FAI Report. Procedural documents were drafted; however, they were not approved by the Board as of June 30, 2018. We sampled District expenditures during the review period confirming payment approval form completion. Per the Deliverables section of the District's Implementation Plan, "The Facilities Planning Specialist prepares the coversheet and ensure all signature	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented



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			are collected for approvals. Once all signatures are completed, the invoice and approval coversheet is provided to the Fiscal department for a secondary confirmation and processing within the financial system. (See ML#38)" We reviewed sampled District expenditures occurring between December 2016 and June 2017, noting payment approval forms for construction projects were signed by the District Project Manager.		
TC 12-2	Medium	ML# 41	The District has implemented the TC 12-2 Billings and Performance of Outside Construction Manager Recommendation provided in the FAI Report. Procedural documents were drafted, however, were not board approved through June 30, 2018. We evaluated review and approval of staffing level and rate changes for Construction Management Services. Based on the Deliverables section of the District's Implementation Plan, "Staff reviews and approves staffing levels and bill rates." We performed walkthrough of Director of Contract's analysis and review of billing rate charges on August 31, 2018 for Construction Management Services for Roebbelen Construction Management to prevent any rates charges not compliant with the Contract. Excel sheets were maintained locally by the Director of Contracts; however, no specific or formal confirmation, approval, or procedure was in place. We also noted construction management contract template article 7.2 requires any proposal for change in personnel to be communicated in writing by the vendor.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
TC 13-3	Medium	ML# 44	The District implemented the TC 13-3 Change Order Approval and Accounting Practices recommendation provided in the FAI Report. We evaluated Primavera forms utilized for District change order approval and compliance. Per the Deliverables section of the District's Implementation Plan, "The forms have been updated in Primavera. The change order checklist documents compliance with all the signature requirements." We reviewed change order checklist forms, noting they were updated to include appropriate signatures for construction change orders.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented



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TC 13-4	Medium	ML# 45	The District implemented the TC 13-4 Change Order Approval and Accounting Practices recommendation provided in the FAI Report. We evaluated sampled change order packet contents and staff approval and execution of change order document. Per the Deliverables section of the District's Implementation Plan, "The District has implemented a process that includes: printing the Board precis the day after the Board meeting and including it in the change order packet for every change order approved by the Board. The full packet is provided to staff for signature ratification after the Board approval / ratification." We sampled 13 construction change orders procured by the District, noting the change order packet contents were available for all samples, dated prior to staff signature execution of change order document.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
TC 13-9	Medium	ML# 50	The District implemented the TC 13-9 Change Order Approval and Accounting Practices recommendation provided in the FAI Report. We evaluated sampled add service change request board presentations for inclusion of historical information. Per the Deliverables section of the District's Implementation Plan, "The format was revised. The approved format will be used for all future Bond add-service requests. Example: BOE 10/5/16, Item G10 including two attachments (Engineering Approval Table, Engineering Contract Amendments) All changes were communicated to the Board and community in a Friday Memo (9/30/16). " We sampled seven add service change requests, noting Board presentation included professional service summary tables, including prior contract total, proposed amendment amount, scope of services, and scope of service changes.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
TC 16-9	Medium	ML# 74	The District implemented the TC 16-9 Financial Reporting recommendation provided in the FAI Report. We evaluated the use of commitment terminology within the "Bond Program Spending by Site" report. Per the Deliverables section of the District's Implementation Plan, the District "will use word 'commitments' instead of 'encumbrances' on multi-year report." We performed an on-site review of the multi-	This item has been implemented. Staff will continue to be trained to ensure this continues.	Implemented



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			year spending by site reports, noting the use of the commitment term and the absence of the encumbrance term.		
FI 3-2	N/A	ML# 86	The District implemented the FI 3-2 Vendor Contract Administration - SGI recommendation provided in the FAI Report. We evaluated Friday Memo contents and sampled vendor contracts. Per the Deliverables section of the District's Implementation Plan, "Legal counsel reviewed the recommendations and provided contractual revisions to strengthen the existing contract and amendment templates. Friday Memo to the Board (12-30-16)" We reviewed the Friday Memo contents, confirming the communication of various contract revisions to the Board on December 30, 2016, including changes to invoicing, subcontractors, duration of services, and the right to audit clause. Additionally, a right to audit clause was noted in sampled contracts.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
FI 3-3	N/A	ML# 87	The District implemented the FI 3-3 Vendor Contract Administration - SGI recommendation provided in the FAI Report. We sampled District expenditures during the review period confirming payment approval form completion. Per the Deliverables section of the District's Implementation Plan, "Notification was sent to all vendors providing hourly services in October 2016 identifying the invoice requirements. In November, any vendor that failed to provide the invoicing detail requirements were notified and invoices were rejected. Legal counsel reviewed the recommendation and provided contractual revisions to strengthen the existing contract and amendment templates." We reviewed sampled District expenditures occurring between December 2016 and June 2017, noting all invoices for vendors paid on actual hours included timecard detail for vendor employee charges.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
FI 3-4	N/A	ML# 88	The District implemented the FI 3-4 Vendor Contract Administration - SGI recommendation provided in the FAI Report. We evaluated Friday Memo contents and sampled vendor contracts. Per the Deliverables section of the District's Implementation Plan, "Legal counsel reviewed the recommendations and provided contractual revisions to strengthen the existing contract and amendment templates. Friday Memo	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation	Implemented



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			to the Board (12-30-16). Legal counsel amended the District's Right to Audit section. (June 2017)." We reviewed the Friday Memo contents, confirming the communication of various contract revisions to the Board on December 30, 2016, including changes to invoicing, subcontractors, duration of services, and the right to audit clause. Additionally we noted an updated right to audit clause within one sampled vendor contract occurring in June of 2017.	confirming the recommendation has been implemented.	
FI 3-5	N/A	ML# 89	The District implemented the FI 3-5 Vendor Contract Administration - SGI recommendation provided in the FAI Report. We evaluated District asset procurement methods by vendors and responsible parties for inventory tagging. Per the Deliverables section of the District's Implementation Plan, "The proposal approval form and Munis document the authorization for all purchases. The inventory process is implemented for asset management and tracking." We reviewed sampled vendors, noting no vendors were permitted to purchase assets for the District. Per the Director of Contracts, no vendors can purchase assets for the District; the District procures all its own assets. Inventory tagging for asset management is administered by the Director of General Services.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
FI 4-1	N/A	ML# 93	The District implemented the FI 4-1 Vendor Contract Administration - SGI recommendation provided in the FAI Report. We evaluated Friday Memo contents and an RFQ/RFP example including legal review. Based on the Deliverables section of the District's Implementation Plan, "Legal counsel reviewed the recommendations and provided contractual revisions to strengthen the existing contract and amendment templates. Friday Memo to the Board (12-30-16). Legal counsel prepared draft RFQ/RFP incorporating all recommendations." We reviewed the Friday Memo contents, confirming the communication of various contract revisions to the Board on December 30, 2016, including changes to invoicing, subcontractors, duration of services, and the right to audit clause. Additionally, an RFQ/RFP preparation example was provided for the Crespi MS Gymnasium Seismic project, which included the legal review and revisions for the contract template, dated October 31, 2016.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented



VLS REPORT REFERENCE		DISTRICT REFERENCE	MOSS ADAMS OBSERVATION	MANAGEMENT RESPONSE PROVIDED BY THE DISTRICT	
VLS Ref. No.	VLS Risk Rating	ITF Ref. No.	Observation	Management Response	Planned Resolution Date
FI 4-2	N/A	ML# 94	The District implemented the FI4-2 Vendor Contract Administration - SGI recommendation provided in the FAI Report. We evaluated sampled vendor contracts and performed walkthroughs of rate confirmation procedures performed during the payment process by the Director of Contracts. Per the Deliverables section of the District's Implementation Plan, "Legal counsel reviewed the recommendations and provided contractual revisions to strengthen the existing contract and amendment templates. Friday Memo to the Board (12-30-16)". We sampled eight vendor contracts, noting start and end dates were identified for all sampled vendor contract documents procured after the District's reported implementation date. Additionally, we walked through payment processing procedures, noting contractual rates are confirmed by the Director of Contracts before invoices are approved. Excel sheets are maintained locally by the Director of Contracts; however, no specific or formal confirmation, approval, or procedure was in place.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
FI 7-2	N/A	ML# 99	The District implemented the FI 7-2 Vendor Contract Administration - Architect Firms recommendation provided in the FAI Report. We evaluated the District's use and maintenance of the Pre-Qualified Architect List. Per the Deliverables section of the District's Implementation Plan, "The District implemented this recommendation for solicitation for the Crespi MS Gymnasium Seismic Retrofit Master Plan Project. The District recently released a new RFQ for Architectural Services." We reviewed the RFP solicitation and price proposals received for the Crespi MS Gymnasium Seismic Retrofit Master Plan Project, noting three proposals were considered for competitive prices. We reviewed the Pre-Qualified Architects List noting an updated RFQ, # 2017AOR – S, dated September 18, 2017 and amended September 22, 2017 was issued for update to the pre-qualified list.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
FI 7-3	N/A	ML# 100	The District implemented the FI7-3 Vendor Contract Administration - Architect Firms recommendation provided in the FAI Report. We evaluated the inclusion of existing condition and related reports and drawings inclusion in construction bid documents. Per the Deliverables section of the District's Implementation Plan, "This is part of the	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation	Implemented



VLS REPORT REFERENCE		DISTRICT REFERENCE	MOSS ADAMS OBSERVATION	MANAGEMENT RESPONSE PROVIDED BY THE DISTRICT	
VLS Ref. No.	VLS Risk Rating	ITF Ref. No.	Observation	Management Response	Planned Resolution Date
			current practice.” However, the District’s deliverable to address VLS’s recommendation was determined to not be measurable for our audit procedures (see Recommendation No. 2 for further information). The VLS recommendation stated, “If the District performs professional services, including, but not limited to, geotechnical, hazardous materials studies, and traffic mitigation, ensure that any reports or drawings related to those services are included in the project prior to going out to bid. If architect design services are required for the project, ensure these reports or drawings are provided to the architect early in the design process. This will help prevent claims from architects related to delays caused by unknown site or other conditions.” We reviewed the bid documentation for two sampled construction vendors procured under formal bid, noting reference to existing conditions and related reports were made within both projects’ bid sets.	confirming the recommendation has been implemented.	
FI 7-4	N/A	ML# 101	The District implemented the F I7-4 Vendor Contract Administration - Architect Firms recommendation provided in the FAI Report. Per the Deliverables section of the District's Implementation Plan, “This is part of the current practice. The process has been formalized through the architectural form of contract.” We sampled four architectural contracts procured by the District, noting a not-to-exceed amount for all four contracts. No instance of a vendor dispute was identified in the sampled vendors.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
FI 7-5	N/A	ML# 102	The District implemented the F I7-5 Vendor Contract Administration - Architect Firms recommendation provided in the FAI Report. Per the Deliverables section of the District's Implementation Plan, “Legal counsel reviewed the recommendations and provided contractual revisions to strengthen the existing contract and amendment templates. Friday Memo to the Board (12-30-16)” We reviewed the Friday Memo contents, confirming the communication of various contract revisions to the Board on December 30, 2016, including changes to invoicing, subcontractors, duration of services, and the right to audit clause.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented



VLS REPORT REFERENCE		DISTRICT REFERENCE	MOSS ADAMS OBSERVATION	MANAGEMENT RESPONSE PROVIDED BY THE DISTRICT	
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FI 7-6	N/A	ML# 103	The District implemented the FI 7-6 Vendor Contract Administration - Architect Firms recommendation provided in the FAI Report. We evaluated the procurement for the most recent master planning services. Based on the Deliverables section of the District's Implementation Plan, "This is current practice." We reviewed the procurement of Long Range Facilities Master Planning Services that occurred in April of 2015, noting a competitive process for obtaining and selecting the provider. The process consisted of an RFQ and RFP procedure to solicit for and establish well-qualified firms; a selection committee consisting of District staff, CBOC members, and community members; and a defined scoring criteria to determine the most qualified and best value to the District. No procurement of master planning services occurred during or subsequent to the review period.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
FI 8-1	N/A	ML# 104	The District implemented the FI 8-1 Vendor Contract Administration - Architect Firms recommendation provided in the FAI Report. Per the Deliverables section of the District's Implementation Plan, "This is current practice." We sampled three construction contractors procured by the District, noting two instances of bidding details documented in Board meeting minutes and one instance as not applicable (under the \$45,000 threshold for District bidding procedures).	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented
FI 11-1	N/A	ML# 107	The District implemented the FI 11-1 Financial Reporting recommendation provided in the FAI Report. We evaluated the General Conditions for Contractor Agreements inclusion of "Specification section 0070." Per the Deliverables section of the District's Implementation Plan, "NO DELIVERABLE WRITTEN BY DISTRICT"; however, the District's deliverable to address VLS's recommendation was determined to not be measurable for our audit procedures (see Recommendation No. 2 for further information). The VLS recommendation stated, "Enforce the guidelines included in specification section 0070 of the General Conditions section of general contractor agreements, which requires that general contractors submit Proposed Change Orders within five days of the knowledge of the circumstances resulting in the Proposed Change Order. This will ensure that the District is made aware of contractor requests	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented



VLS REPORT REFERENCE		DISTRICT REFERENCE	MOSS ADAMS OBSERVATION	MANAGEMENT RESPONSE PROVIDED BY THE DISTRICT	
VLS Ref. No.	VLS Risk Rating	ITF Ref. No.	Observation	Management Response	Planned Resolution Date
			in a timely manner and will result in more accurate reporting of potential project costs.” We reviewed sampled construction contracts and the revised contract template, noting the inclusion of Article 17.7.5 of the general conditions stating the “Contractor shall submit its PCO within five (5) days of the date Contractor Discovers.” The revised template was created March 28, 2017. Similar language was also included in prior templates.		
FI 11-2	N/A	ML# 108	The District implemented the FI 11-2 Financial Reporting recommendation provided in the FAI Report. We evaluated the Munis contract module numbering system for purchase orders. Per the Deliverables section of the District's Implementation Plan, “The Munis contract module does not allow the use of multiple numbers for individual and separate contracts. Each contract will have a unique and separate contract number.” We reviewed the Munis Contract Module noting a “Contract” Number is utilized in place of a purchase order. The Contract number is unique and is utilized for the length for the contract. This numbering system has been consistent for all sampled service contracts.	This item has been implemented. No further action is required.	Implemented
Admin No. 1	N/A	ML# 109	The District implemented the Admin No. 1 recommendation provided in the FAI Report. We evaluated the District's fraud reporting mechanism. Per the Deliverables section of the District's Implementation Plan, “Fraud Hotline will be added to the website by January 31, 2017 Fraud Hotline brochures and posters will be distributed to each school site and department by January 31, 2017.” We confirmed the WeTip hotline (1-800-US-Fraud) was in operation by calling the service on August, 28, 2018. The answering representative noted that the District was an entity covered by the service and any issue received would be reported to the appropriate local authority, and not to the District. On August 31, 2018 we noted the fraud hotline brochure was posted and available at the Operation and Business Services Facility (1400 Marina Way). Per inquiry with the Internal Auditor and Director of Contracts, brochures are posted at every District location.	This item has been implemented. Staff will continue to be trained to ensure this continues.	Implemented



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Admin No. 3	N/A	ML# 111	The District implemented the Admin No. 3 recommendation provided in the FAI Report. We evaluated Board review of District job descriptions for the Internal Audit Department. Per the Deliverables section of the District's Implementation Plan, "New Job Descriptions created for Internal Auditor, Confidential, and Director, Internal Auditor to BOE 11/2/16." We reviewed Board of Education Meeting minutes dated November 02, 2016 for inclusion of proposed job descriptions for the Internal Audit Department (Director, Internal Audit and Internal Auditor) noting unanimous consent vote by the Board.	This item has been implemented. No further action is required.	Implemented
Admin No. 4	N/A	ML# 112	The District implemented the Admin No. 4 Recommendation provided in the FAI Report. We evaluated the District's establishment of the Implementation Task Force and Implementation Plan. Per the Deliverables section of the District's Implementation Plan, "BOE approval of Implementation Task Force on September 21, 2016. BOE 9/21/2016, Item F-5 attachments. Draft Implementation Plan approved by Task Force on October 21, 2016" We reviewed Board of Education Meeting minutes dated September 21, 2016 noting the approval of the Implementation Task Force on a four to one vote in favor of the motion. We also noted the Draft Implementation Plan, dated July 2017, was prepared by the Implementation Task Force and available on the District website.	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the recommendation has been implemented.	Implemented



B. PARTIALLY IMPLEMENTED THROUGH JUNE 30, 2017

VLS REPORT REFERENCE		DISTRICT REFERENCE	MOSS ADAMS OBSERVATION	MANAGEMENT RESPONSE PROVIDED BY THE DISTRICT	
VLS Ref. No.	VLS Risk Rating	ITF Ref. No.	Observation	Management Response	Planned Resolution Date
TC 1-1	Low	ML# 1	The District has taken steps to address the TC 1-1 Conflict of Interest - CBOC recommendation provided in the FAI Report. However, based on available documentation the District was unable to provide evidence of CBOC membership openings per the District eNewsletter. We evaluated the methods of reaching out to the entire community to advertise the opportunity of membership in the CBOC. Based on the Deliverables section of the District's Implementation Plan, "Added openings to the District website on October 1. Will add openings to the District eNewsletter on Nov. 1. (provided by Marcus Walton 10/26/16)" We observed evidence for implementation of website CBOC openings posting on August, 27, 2018. Evidence of a published eNewsletter was not available and was confirmed by the District as not available on October 31, 2018. Absent evidence of a published eNewsletter, we were unable to validate that the District implemented this recommendation. Per inquiry with the District, the Implementation Plan will be updated to better reflect the District's intended implementation deliverable.	<p>The District agrees that it has taken steps on this recommendation.</p> <p>The recommendation identifies various ways in which to advertise the opportunity for membership in the CBOC. A District e-newsletter was published in December 2016 which had a link entitled "Bond Oversight Committee Seeks Members" to the CBOC website to "join the team." The district continues to have "quick links" on its main page entitled "Board Committee/Subcommittee Information" and "Citizens Bond Oversight Committee" that directs potential committee members to the appropriate page. The website and e-newsletter are not the most effective way in which to recruit members. The most success comes from individual networking and verbal communications by CBOC members and district staff which is not applicable to be set forth in policies and procedures.</p> <p>The District will update the Implementation Plan deliverable to more clearly state how the recommendation is</p>	Ongoing



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				currently being implemented by the District.	
TC 4-2	Medium	ML# 5	The District has taken steps to address the TC 4-2 Compliance with Legal Requirements and Board Policies - Governance recommendation's Implementation Plan Deliverable prior to June 30, 2017. However, per Board meeting minute documentation, full Board attendance was not evident during the Brown Act Training workshop. We evaluated the Brown Act training workshop and Board member attendance. Per the Deliverables section of the District's Implementation Plan, "Attend Brown Act training sponsored by the District and Lozano, Smith on 1-25-17." We reviewed Brown Act training workshop presentation materials and confirmed training was held during the Board of Education Special Meeting dated January 25, 2017. We noted four of five members were present for the meeting and Brown Act training. No documentation was provided by the District to evidence makeup training sessions for absent Board members. Based on inquiry with the District, the Board in its entirety was trained on the Brown Act on February 7, 2018. Absent full Board attendance documentation, we were unable to validate that the District implemented this recommendation prior to June 30, 2017.	The District has implemented this recommendation.	Implemented
TC 4-6	Medium	ML# 9	The District has taken steps to address the TC 4-6 Compliance with Legal Requirements and Board Policies - Governance recommendation's Implementation Plan Deliverable prior to June 30, 2017. However, per Board meeting minute documentation, full Board attendance was not evident during the training workshop. We evaluated the frequency of Board member governance handbook training hosted by the District. Per the Deliverables section of the District's Implementation Plan, "Workshop/training for Board conducted by attorney covering Governance Handbook provisions. Workshop completed on 1-25-17 on: The role of the Board, Brown Act/Board Communications, Board Meeting Process and Procedures, Conflict of Interest. Superintendent to schedule annual trainings with the Board." We reviewed Governance Handbook training workshop presentation materials and confirmed	The District has implemented this recommendation.	Implemented



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			training was held during the Board of Education Special Meeting dated January 25, 2017. We noted four of five members were present for the meeting and Governance Handbook training. No documentation was provided by the District to evidence makeup training session for absent Board members. Annual training was evidenced by the District; however, policies and procedures were not modified to reflect annual practice. Based on inquiry with the District, the Board in its entirety was trained on the Board Handbook and other required trainings on January 6, 2018. Absent full Board attendance documentation, we were unable to validate that the District implemented this recommendation prior to June 30, 2017.		
TC 6-2	High	ML# 13	The District has taken steps to address the TC 6-2 Budgeting Practices - Adequacy/Completeness recommendation's Implementation Plan Deliverable prior to June 30, 2017. Per our change order sample, the District was unable to document budget verification prior to approval of the contract, contract amendment, or Board approval of budget transfers; however, procedural documents were drafted. Per the Deliverables section of the District's Implementation Plan, "Developed, presented, and Board ratified resolution for budget revisions, resulting transfers, increases and/or decreases for the 2016-17 budget. The first resolution of this type included budget increases and transfers from fund balance. See attached Board documents. Board approval November 16, 2016." We sampled eight vendor's procurement records and 20 contract change orders noting no instance of budget verification or sign-off present on the proposal approval form or change order checklist. No other verification documentation was made available. Absent budget verification and sign-off on proposal approval forms or change orders, we were unable to validate that the District implemented this recommendation.	Staff will be counseled and trained regarding this recommendation. For a contract to be processed, it must have funding available in the associated line item. If there is insufficient funding, a budget transfer can be initiated by the processor of the contract, or by a department member who has access to the MUNIS financial system. Sign off can then be done by the appropriate project or department manager. This will be fully implemented by June 30, 2019.	June 2019
TC 6-3	High	ML# 14	The District has taken steps to address the implementation of the TC 6-3 Budgeting Practices - Adequacy/Completeness recommendation's Implementation Plan Deliverable prior to June 30, 2017. Based on our sample, the District was unable to document budget verification approval by the Fiscal Coordinator on the proposal	The District has taken steps to implement this recommendation. Current practice requires the principal accountant to verify the budget and	February 2019



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			approval form; however, procedural documents were drafted. Per the Deliverables section of the District's Implementation Plan, "The Fiscal coordinator will initial and date the Proposal Approval form to document the budget verification has been performed." We sampled eight vendor's procurement records, noting no instance of budget verification or sign-off present on the proposal approval form. No other verification documentation was made available. Six of the sampled vendors were procured during or after March 2017 (the District's reported implementation date). Absent budget verification and sign-offs present on proposal forms, we were unable to validate that the District implemented this recommendation. Per inquiry with the District, the Implementation Plan will be updated to better reflect the District's intended implementation deliverable.	provide the account code for all expenditures on the proposal approval cover sheet. Historically, the budget verification and account code was provided by the fiscal coordinator or principal accountant. The District will update the Implementation Plan deliverable to more clearly state how the recommendation is currently being implemented by the District.	
TC 6-4	High	ML# 15	The District has taken steps to address the TC 6-4 Budgeting Practices - Adequacy/Completeness recommendation provided in the FAI Report. Based on our sample, the District was able to document the Accountant's signature, although implementation was inconsistent. Per the Deliverables section of the District's Implementation Plan, "Up the duties of the Principal Accountant." However, the District's deliverable to address VLS's recommendation was determined to not be measurable for our audit procedures (see Recommendation No. 2 for further information). The VLS recommendation stated, "Require the Principal Accountant to initial and date the Munis Contract & Purchase Order Form to document that the budget string was reviewed for accuracy. In addition, the Principal Accountant must verify that the affected general ledger account string is appropriate and accurate for the specific contract based on the assigned budget string. This will ensure that there is proper review and oversight in this step and provide the proper audit trail documentation." We sampled eight vendor's procurement records, noting two instances of Principal Accountant sign-offs present on the proposal approval form, both occurring in May of 2017. The other six sampled vendors did not include Principal Accountant sign-offs on the proposal approval forms. Absent timely approvals and	Staff will be counseled and trained regarding this recommendation. Budget verification can be done by any staff member with MUNIS access. Sign off can be done by the Principal Accountant, or other financial/department supervisor. This will be fully implemented by June 30, 2019.	June 2019



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			appropriate signs-off, we were unable to validate that the District implemented this recommendation.		
TC 6-5	High	ML# 16	The District has taken steps to address the TC 6-5 Budgeting Practices - Adequacy/Completeness recommendation provided in the FAI Report. However, Project Budget Amendment/Transfer Approval Forms were inconsistent. We sampled budget amendments and transfers during the review period to confirm Principal Accountant review was present. Per the Deliverables section of the District's Implementation Plan, "Up the duties of the Principal Accountant." However, the District's deliverable to address VLS's recommendation was determined to not be measurable for our audit procedures (see Recommendation No. 2 for further information). The VLS recommendation stated "Require that the Principal Accountant continue the review of the Project Budget Amendment/Transfer Form to verify that the budget amount(s) is accurate and project string(s) is appropriate. Add a section to the form for the Principal Accountant's initials and date to document that this review occurred. Additionally, add a section where the funding source and total amount of the amendment/transfer(s) can be documented." We reviewed sampled budget amendments and transfers occurring between December 2016 and June 2017, noting approval forms were completed; however, the Principal Account review was only present on five of 20 samples, all occurring after May 30, 2017 (the District's reported implementation date). Additionally, sampled amendment and transfer approval forms occurring after May 30, 2017 were inconsistent, resulting in a lack of review signature from the Principal Account and other noted approvers on the form. Absent timely approvals and appropriate signs-off, we were unable to validate that the District implemented this recommendation.	Staff will be counseled and trained regarding this recommendation with full implementation by June 30, 2019.	June 2019
TC 6-6	High	ML# 17	The District has taken steps to address the TC 6-6 Budgeting Practices - Adequacy/Completeness recommendation provided in the FAI Report. However, Fund 21 Budget Summary Reports were not approved monthly, nor was a reconciling log available. We sampled budget amendments and transfers during the review period to	Staff will be counseled and trained regarding this recommendation with full implementation by June 30, 2019.	June 2019



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VLS Ref. No.	VLS Risk Rating	ITF Ref. No.	Observation	Management Response	Planned Resolution Date
			confirm Board approval was available. Per the Deliverables section of the District's Implementation Plan, "New forms were developed and have been approve by the Board for budget amendments and budget transfers. Used in November 2016 and March 2017." We reviewed sampled budget amendments and transfers occurring between December 2016 and June 2017, noting Board ratification was provided on March 1, 2017 and May 24, 2017 through the Bond Fund for Capital Outlay Fund 21 Budget Summary Report. However, Board ratification of budget transfers and amendments did not regularly occur on a monthly basis. Additionally, a log was not available to reconcile sample budget amendments and transfers to the Bond Fund for Capital Outlay Fund 21 Budget Summary Report and we were therefore unable to confirm Board ratification of individual sampled budget transfers and amendments. Absent timely Budget Summary Report approvals and reconciling logs, we were unable to validate that the District implemented this recommendation.		
TC 7-1	Medium	ML# 21	The District has taken steps to address the TC 7-1 Vendor Contract Administration - Vendor Due Diligence recommendation provided in the FAI Report. However, based on our sample of construction contractors, the District was unable to document full implementation of procedural documents. Per the Deliverables section of the District's Implementation Plan, "The procedures were prepared in October 2015 to outline the process for procurement, and contracting construction services. The process is currently being updated to reflect current practice, including recommendations from the Forensic Audit." We sampled three construction contractors procured by the District, noting documentation demonstrating a full implementation of the procedures was not made available for the sampled construction contracts. Implementation requirements are outlined in the procedural documents. For instance, the Construction Bid Coordination Checklist and/or Proposal Approval Checklists were not provided or incomplete for two formal bid samples. Additionally, competitive quote documentation, Notice of Award, and Notice to Proceed documentation was not available for one CUPCCA bid proposal sample under \$25,000. Absent complete procurement documentation per the procedural documents, we were unable to validate that the	The District has taken steps to implement this recommendation. Current practice does not require a Notice of Award or Notice to Proceed for construction contracts less than twenty-five thousand. Current practice also does not require retention of the Bid Coordination checklist, it is used as an internal checklist to verify the information needed to advertise and publish bid documents. Current practice does require completion of the proposal approval coversheet; however, the use and format of the proposal approval cover sheet has evolved from the original form. The district recognizes the	June 2019



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VLS Ref. No.	VLS Risk Rating	ITF Ref. No.	Observation	Management Response	Planned Resolution Date
			District fully implemented this recommendation. Per inquiry with the District, procedural documents and the Implementation Plan will be updated to better reflect the District's intended procedures and implementation deliverable.	importance of maintaining policies and procedures that align with acceptable practices to fulfil the District's duty to be accountable and transparent to the public. The District will update the Implementation Plan deliverable and procedure to more clearly state how the recommendation is currently being implemented by the District.	
TC 7-3	Medium	ML# 23	The District has taken steps to address the TC 7-3 Vendor Contract Administration - Vendor Due Diligence recommendation provided in the FAI Report. However, based on our sample of professional service vendors, the District was unable to document full implementation of procedural documents. Per the Deliverables section of the District's Implementation Plan, "The procedures were prepared in October 2015 to outline the process for procurement, and contracting Professional & Special Services. The process of procurement and associated approvals are part of the contract files." We sampled five professional service's procurement records, noting documentation demonstrating a full implementation of the procedures was not made available for any of the sampled professional service contracts. Implementation requirements are outlined in the procedural documents. For instance, documentation was not available to demonstrate a fair, competitive selection process for three of the four professional services samples requiring such per District procedural documents. Additionally, Proposal Approval Checklists were incomplete available for the samples. Samples included professional and special service contracts both under and over the Board approval threshold. Four of the five sampled contracts were procured after March 2017 (the District's reported implementation date). Absent complete procurement documentation per the procedural documents, we were unable to validate that the District fully implemented this recommendation. Per inquiry with the District, procedural	The District has taken steps to implement this recommendation. The samples selected by the auditor included both professional services and special services which have completely different procurement processes. Special services were procured pursuant to the procurement process set forth in Government Code §53060 which does not require a competitive selection process. The additional architectural services within the existing DSA application that were contracted for Korematsu & Ohlone ES were assigned to the Architect of Record based on previous procurement and prior Board approval. The District recognizes the importance of maintaining policies and	June 2019



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			documents and the Implementation Plan will be updated to better reflect the District's intended procedures and implementation deliverable.	procedures that align with acceptable practices to fulfill the District's duty to be accountable and transparent to the public. The District will update the Implementation Plan deliverable and procedure to more clearly state how the recommendation is currently being implemented by the District.	
TC 7-4	Medium	ML# 24	The District has taken steps to address the TC 7-4 Vendor Contract Administration - Vendor Due Diligence recommendation provided in the FAI Report. Based on our sample, while the District was able to document proposal review and selection process for professional services, implementation was inconsistent. Per the Deliverables section of the District's Implementation Plan, "The procedures were prepared in October 2015 to outline the process for procurement, and contracting Professional & Special Services. The process of procurement and associated approvals are part of the contract files." We sampled five professional service's procurement records, noting one instance of complete procurement documentation in January 2017. Implementation requirements are outlined in the procedural documents. Complete procurement documentation (e.g., proposals, firm ratings, results of interviews, etc.) was not made available by the District for the other four samples requiring such per District procedural documents, all occurring during or after March 2017 (the District's reported implementation date). Absent complete procurement documentation per the procedural documents, we were unable to validate that the District implemented this recommendation. Per inquiry with the District, procedural documents and the Implementation Plan will be updated to better reflect the District's intended procedures and implementation deliverable.	The District has taken steps to implement this recommendation. The samples selected by the auditor included both professional services and special services which have completely different procurement processes. Special services were procured pursuant to the procurement process set forth in Government Code §53060 which does not require a competitive selection process. The additional architectural services within the existing DSA application that were contracted for Korematsu & Ohlone ES were assigned to the Architect of Record based on previous procurement and prior Board approval. The District recognizes the importance of maintaining policies and procedures that align with acceptable	June 2019



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VLS Ref. No.	VLS Risk Rating	ITF Ref. No.	Observation	Management Response	Planned Resolution Date
				practices to fulfil the District's duty to be accountable and transparent to the public. The District will update the Implementation Plan deliverable and procedure to more clearly state how the recommendation is currently being implemented by the District.	
TC 7-5	Medium	ML# 25	The District has taken steps to address the TC 7-5 Vendor Contract Administration - Vendor Due Diligence recommendation provided in the FAI Report. Based on our sample, while the District was able to document formal conflict of interest check during the proposal process, implementation was inconsistent. Per the Deliverables section of the District's Implementation Plan, "This was reviewed by legal counsel. Training from legal counsel was provided for all Bond Team staff members in October 2016." Based on the VLS recommendation, recommendation implementation included the following: "Incorporate a formal, documented process to perform a conflict of interest check for all vendors submitting proposals to the District for the bond program." We confirmed training from legal counsel was evidenced through training materials and Board meeting minutes. Additionally, we sampled eight vendor's procurement records, noting that only one instance had available documentation of a formal conflict of interest check during the proposal process in January 2017. Documentation of conflict of interest checks during the proposal process was not made available by the District for the other seven samples, including one professional service procurement occurring in June 2017 (the completion date per the District's Implementation Matrix). Absent formal conflict of interest certifications, we were unable to validate that the District implemented this recommendation. Per inquiry with the District, the Implementation Plan will be updated to better reflect the District's intended implementation deliverable.	The District agrees that it has taken steps on this recommendation. Current practice for construction contracts, the contractor provides a Non Collusion Declaration, pursuant to Public Contract Code §7106. Current practice for non-construction contracts, the RFQ/RFP procurement process includes conflict of interest certification. In addition, legal counsel has prepared a conflict of interest certification document that may be incorporated into an Agreement for services. Staff is preparing a formal documented process that will highlight all the of steps being proactively taken during the procurement process to identify any potential conflict of interest. The District will update the Implementation Plan deliverable and	June 2019



VLS REPORT REFERENCE		DISTRICT REFERENCE	MOSS ADAMS OBSERVATION	MANAGEMENT RESPONSE PROVIDED BY THE DISTRICT	
VLS Ref. No.	VLS Risk Rating	ITF Ref. No.	Observation	Management Response	Planned Resolution Date
				procedure to more clearly state how the recommendation is currently being implemented by the District.	
TC 8-1	Medium	ML# 26	The District has taken steps to address the TC 8-1 Vendor Contract Administration - Vendor Contracts recommendation prior to June 30, 2017. Based on our sample, while the District was unable to document a completed proposal approval form, procedural documents were drafted. Per the Deliverables section of the District's Implementation Plan, "The Proposal Approval Checklist must be completed and approved before any new contracts or requisitions can be entered into the District's financial system." We sampled eight vendor's procurement records, noting no instance of a completed proposal approval form including all signatures being provided by the District. Sampled proposal approval forms were often missing one or more signatures, dates, and/or had incomplete status sections. Absent completed proposal approval checklists with adequate sign-off documentation, we were unable to validate that the District implemented this recommendation. Per inquiry with the District, the Proposal Approval Checklist and the Implementation Plan will be updated to better reflect the District's intended approval procedure and implementation deliverable.	The District agrees that it has taken steps on this recommendation. In an effort to continually improve our practice, the use and format of the proposal approval cover sheet has evolved from the original form. The District will update the Implementation Plan deliverable to more clearly state how the recommendation is currently being implemented by the District.	February 2019
TC 8-2	Medium	ML# 27	The District has taken steps to address the implementation of the TC 8-2 Vendor Contract Administration - Vendor Contracts recommendation prior to June 30, 2017. Based on our sample, the District was unable to document a completed proposal approval form, including a budget review section. While procedural documents were drafted, they were not Board approved through June 30, 2018. Additionally, proposal approval templates present in procedural documents, dated October 2016, included a budget approval section; however, they were inconsistent with approval forms utilized in vendor procurement. Per the Deliverables section of the District's Implementation Plan, "The proposal approval checklist includes a budget review section. The process was updated to reflect best practices, including recommendations from the forensic audit." We sampled eight vendor's procurement records, noting no instance of a	The District has implemented this recommendation. In an effort to continually improve our practice, the use and format of the proposal approval cover sheet has evolved from the original form. In March 2017, a budget review section was added to the proposal approval cover sheet to incorporate the fiscal approval into the same form. In May	February 2019



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			completed proposal approval form including a budget review section. No other budget verification documentation was made available. Six of the sampled vendors were procured during or after March 2017 (the District's reported implementation date). Based on the District's response, this recommendation was implemented; however, absent budget verification and sign-off present on proposal approval forms, we were unable to validate that the District implemented this recommendation. Per inquiry with the District, the Proposal Approval Checklist and the Implementation Plan will be updated to better reflect the District's intended approval procedure and implementation deliverable.	2017, the principal accountant and financial coordinator joined the fiscal team, and assumed responsibility to sign the form and provide the account code. The integration of fiscal, procurement, and engineering approval on a single form for all contracts and requisitions/purchase orders was very helpful for the team. In June 2017, the team reformatted the form to provide greater clarity for the fiscal team including a breakdown by fiscal year for multi-year contracts, and an area to indicate and track if/when a budget transfer/amendment was necessary. The District will update the Implementation Plan deliverable to more clearly state how the recommendation is currently being implemented by the District.	
TC 8-4	Medium	ML# 29	The District has taken steps to address the TC 8-4 Vendor Contract Administration - Vendor Contracts recommendation provided in the FAI Report. Based on our sample, the District was able to document a conflict of interest clause in vendor contracts, although implementation was inconsistent. Based on the Deliverables section of the District's Implementation Plan, "Legal counsel reviewed the recommendations and provided contractual revisions to strengthen the existing procurement and contracting." We sampled eight vendor's procurement records, noting one instance of a conflict of interest clause within the vendor contract, occurring in January 2017. Conflict of interest clauses were not identified within the other seven sampled vendor contracts	The District agrees that it has taken steps on this recommendation. Current practice for construction contracts, the contractor provides a Non Collusion Declaration, pursuant to Public Contract Code §7106. Current practice for non-construction contracts, the RFQ/RFP procurement process includes	June 2019



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			provided. Six of the sampled vendors were procured during or after March 2017 (the District's reported implementation date). Absent conflict of interest clauses within contracts, we were unable to validate that the District implemented this recommendation. Per inquiry with the District, the Implementation Plan will be updated to better reflect the District's intended implementation deliverable.	conflict of interest certification. In addition, legal counsel has prepared a conflict of interest certification document that may be incorporated into an Agreement for services. Staff is preparing a formal documented process that will highlight all of the steps being proactively taken during the procurement process to identify any potential conflict of interest. The District will update the Implementation Plan deliverable and procedure to more clearly state how the recommendation is currently being implemented by the District.	
TC 13-2	Medium	ML# 43	The District has taken steps to address the TC 13-2 Change Order Approval and Accounting Practices recommendation provided in the FAI Report. Based on our sample of vendor change orders, the District was able to document the completion of change order review and approval prior to board presentation, although implementation was inconsistent. Per the Deliverables section of the District's Implementation Plan, "The District implemented a change order checklist to verify that all required signatures and documents are included, prior to submission for the BOE. The change order checklist is signed by the Director of Contract Administration and Chief Engineering Officer to document the review prior to submission for the Board." We sampled 13 construction change orders procured by the District, noting no documented instances of change order review and approval prior to Board presentation. Documentation was not made available for all 13 sampled construction change orders identifying change order approval by the Director of Contracts and the Chief Engineering Officer prior to board presentation. For all sampled change orders, a	The District agrees that it has taken steps on this recommendation. The District will modify the existing change order checklist to include a date field.	February 2019



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			change order checklist was utilized; however, date of approval was either not documented and/or signatures were absent for all of the samples. Absent timely approved forms, we were unable to validate that the District implemented this recommendation.		
TC 13-5	Medium	ML# 46	<p>The District has taken steps to address the TC 13-5 Change Order Approval and Accounting Practices recommendation provided in the FAI Report. Based on our sample of vendor change orders, the District was able to document the completion of change order review and approval prior to Board presentation, although implementation was inconsistent. Per the Deliverables section of the District's Implementation Plan, "The District implemented a change order checklist to verify that all required signatures and documents are included, prior to submission for the BOE. The change order checklist is signed by the Director of Contract Administration and Chief Engineering Officer to document the review prior to submission for the Board." We sampled 13 construction change procured by the District, noting no documented instances of change order review and approval prior to Board presentation. Documentation was not made available for all 13 sampled construction change orders identifying change order approval by the Director of Contracts and the Chief Engineering Officer prior to Board presentation. For all sampled change orders, a change order checklist was utilized; however, date of approval was either not documented and/or signatures were absent for all of the samples. Based on the District's response, this recommendation was implemented; however, absent timely approved checklists, we were unable to validate that the District implemented this recommendation. Per inquiry with the District, the Implementation Plan will be updated to better reflect the District's intended implementation deliverable.</p>	<p>The District has implemented this recommendation.</p> <p>The District will update the Implementation Plan deliverable to more clearly state how the recommendation is currently being implemented by the District.</p>	February 2019
TC 13-7	Medium	ML# 48	<p>The District has taken steps to address the TC 13-7 Change Order Approval and Accounting Practices recommendation provided in the FAI Report. Based on our sample of change orders, the District was able to document the utilization of the proposal approval form for vendor add service change requests; however, forms were</p>	<p>The District agrees that it has taken steps on this recommendation.</p> <p>The District will update the Implementation Plan deliverable to more</p>	February 2019



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VLS Ref. No.	VLS Risk Rating	ITF Ref. No.	Observation	Management Response	Planned Resolution Date
			incomplete. Based on the Deliverables section of the District's Implementation Plan, "The Proposal Approval Checklist form is used for every add-service proposal." We sampled seven add service change requests, noting the proposal approval form was utilized for all samples. However, the proposal checklists were incomplete and did not include all appropriate signatures for all seven samples. Five of the seven samples occurred during or after February 2017 (the District's reported implementation date). Absent timely approved forms, we were unable to validate that the District implemented this recommendation.	clearly state how the recommendation is currently being implemented by the District.	
TC 13-8	Medium	ML# 49	The District has taken steps to address the TC 13-8 Change Order Approval and Accounting Practices recommendation provided in the FAI Report. Based on our sample of change orders, the District was able to document the utilization of the proposal approval form for vendor add service change requests; however, forms did not include Associate Superintendent approval. Per the Deliverables section of the District's Implementation Plan, "The Proposal Approval Checklist form is used for every add- service proposal." We sampled three add service change requests in excess of \$50,000, noting the proposal approval form was utilized; however, the Associate Superintendent of Operations and Bond Program approval signature was not provided within the Proposal Approval Checklist documenting approval prior to Board presentation. Two of the three samples occurred during or after February 2017 (the District's reported implementation date). Based on the District response, Associate Superintendent of Operations approval is achieved through electronic upload; however, documentation was not evident or provided by the District. Absent timely approval documentation, we were unable to validate that the District implemented this recommendation.	<p>The District has implemented this recommendation.</p> <p>The Associate Superintendent of Operations approves all Board precis prior to uploading agenda items into Agenda-On-Line for board of education upcoming meetings.</p> <p>The District will update the Implementation Plan deliverable to more clearly state how the recommendation is currently being implemented by the District.</p>	February 2019



C. NOT IMPLEMENTED THROUGH JUNE 30, 2017

VLS REPORT REFERENCE		DISTRICT REFERENCE	MOSS ADAMS OBSERVATION	MANAGEMENT RESPONSE PROVIDED BY THE DISTRICT	
VLS Ref. No.	VLS Risk Rating	ITF Ref. No.	Observation	Management Response	Planned Resolution Date
TC 16-5	Medium	ML# 70	The District was unable to provide evidence of the implementation of the TC 16-5 Financial Reporting recommendation's Implementation Plan Deliverable prior to June 30, 2017. Based on available documentation, the District was unable to provide Cash Flow and Financial Status Reports including footnotes reconciling balances to reported amounts. Per the Deliverables section of the District's Implementation Plan, "Footnotes have been included in Cash Flow Reports. Footnotes have been included in Financial Status Reports." We reviewed Cash Flow Reports and Financial Status reports for April, 30, 2017 and April 30, 2018 noting no inclusion of footnotes reconciling beginning balances. No reconciliation of balances for available monthly reports was provided by the District. No monthly reports including reconciling footnotes were provided by the District.	Staff will be counseled and trained regarding the need for footnotes on the cash flow and financial status reports. This will be implemented by June 30, 2019.	June 2019
TC 16-6	Medium	ML# 71	The District was unable to provide evidence of the implementation of TC 16-6 Financial Reporting Recommendation's Implementation Plan Deliverable prior to June 30, 2017, although evidence was available demonstrating implementation through June 30, 2018. Based on available documentation, the District was unable to provide Monthly Warrant Listing reports including reconciliation footnotes prior to June 30, 2017. However, we evaluated the April 2018 Monthly Warrant Listing report footnotes. Per the Deliverables section of the District's Implementation Plan, "Footnotes on monthly A/P Checklist." We reviewed the Monthly Warrant Listing report dated April 2018, noting the inclusion of a retention reconciliation to the total April expenditure amount.	Staff will be counseled and trained regarding the need for footnotes on the monthly warrant listing reports. This will be implemented by June 30, 2019.	June 2019
TC 16-10	Medium	ML# 75	The District was unable to provide evidence the implementation of TC 16-10 Financial Reporting recommendation's Implementation Plan Deliverable prior to June 30, 2017, although evidence was available demonstrating implementation through June 30, 2018. Based on available documentation, the District was unable to provide cash flow projection reports prior to June 30, 2017. However, we evaluated the preparation of monthly cash flow projections from August 2017 through April 2018. Per the	The District has implemented this recommendation. The District will update the District's Implementation Plan to acknowledge the Auditor's observation confirming the	Implemented



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			Deliverables section of the District's Implementation Plan, "The cash flow projection is reviewed monthly to assess potential adjustments." We reviewed monthly cash flow projection reports for Pinole Valley High School from August 2017 through April 2018, noting a comprehensive project listing and committed cost assessment.	recommendation has been implemented after June 30, 2017.	

D. UNDETERMINED

VLS REPORT REFERENCE		DISTRICT REFERENCE	MOSS ADAMS OBSERVATION	MANAGEMENT RESPONSE PROVIDED BY THE DISTRICT	
VLS Ref. No	VLS Risk Rating	ITF Ref. No	Observation	Management Response	Planned Resolution Date
TC 11-2	Medium	ML# 36	The District was unable to provide evidence of implementation of the TC 11-2 Vendor Contract Administration - Invoice Payments recommendation's Implementation Plan Deliverable prior to June 30, 2017, although evidence was available demonstrating implementation through June 30, 2018. Per the Deliverables section of the District's Implementation Plan, "The process for rejecting an invoice is currently being performed by staff. The development of the full procedure and staffing assignments is in process. See ML#35" We reviewed sampled expenditures noting no instances of invoice rejection, and upon request the District was unable to provide example of the invoice rejection letters implementation prior to June 30, 2017. Per inquiry with the District, no invoices were formally rejected during the audit period. Additionally, no policies or procedural documents including invoice rejection procedures were made available. Therefore, the District's completion of the Implementation Plan deliverable for the improvement recommendation could not be determined prior to June 30, 2017. However, an example of invoice rejection was available for an architectural service	The District has implemented this recommendation. Ongoing practice requires that invoices that cannot be accepted are rejected and returned to the vendor to revise and resubmit. The District will update the Implementation Plan deliverable to more clearly state how the recommendation is currently being implemented by the District.	Implemented



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VLS Ref. No	VLS Risk Rating	ITF Ref. No	Observation	Management Response	Planned Resolution Date
			provider dated May 3, 2018. Absent evidence of an invoice rejection through June 30, 2017, we were unable to validate that the District implemented this recommendation.		
FI 1-4	N/A	ML# 79	The District was unable to provide adequate evidence that steps had been taken to implement the FI 1-4 Conflict of Interest recommendation's Implementation Plan Deliverable prior to June 30, 2017. Per the Deliverables section of the District's Implementation Plan, "Legal counsel consulted and provided attorney-client privileged memorandum to District. Legal counsel had closed session discussion with Board resulting in direction on this matter." Legal Memo and Closed Session meeting minutes' documentation was not made available for our review. Therefore, the District's completion of the implementation plan deliverable for the improvement recommendation could not be determined.	The District has implemented this recommendation. The verbal and written communications from Legal Counsel to the Board of Education on this matter continues to be protected by attorney-client privilege.	Implemented
FI 1-5	N/A	ML# 80	The District was unable to provide adequate evidence that steps had been taken to implement the FI 1-5 Conflict of Interest recommendation's Implementation Plan Deliverable prior to June 30, 2017. Per the Deliverables section of the District's Implementation Plan, "Legal counsel consulted and provided attorney-client privileged memorandum to District. Legal counsel had closed session discussion with Board resulting in direction on this matter." Legal Memo and Closed Session meeting minutes' documentation was not made available for our review to address this recommendation. Therefore, the District's completion of the implementation plan deliverable for the improvement recommendation could not be determined.	The District has implemented this recommendation. The verbal and written communications from Legal Counsel to the Board of Education on this matter continues to be protected by attorney-client privilege.	Implemented
FI 3-6	N/A	ML# 90	The District was unable to provide adequate evidence that steps had been taken to implement the FI 3-6 Vendor Contract Administration - SGI recommendation's Implementation Plan Deliverable prior to June 30, 2017. Per the Deliverables section of the District's Implementation Plan, "Legal counsel was consulted and had closed session discussion with Board resulting in direction on this matter." Closed Session meeting minutes' documentation was not made available for our review to address this	The District has implemented this recommendation. The verbal and written communications from Legal Counsel to the Board of Education on this matter continues to be protected by attorney-client privilege.	Implemented



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VLS Ref. No	VLS Risk Rating	ITF Ref. No	Observation	Management Response	Planned Resolution Date
			recommendation. Therefore, the District's completion of the implementation plan deliverable for the improvement recommendation could not be determined.		
FI 3-8	N/A	ML# 92	The District was unable to provide adequate evidence that steps had been taken to implement the FI 3-8 Vendor Contract Administration - SGI recommendation's Implementation Plan Deliverable prior to June 30, 2017. Per the Deliverables section of the District's Implementation Plan, "Legal counsel consulted and provided attorney-client privileged memorandum to District. Legal counsel had closed session discussion with Board resulting in direction on this matter." Legal Memo and Closed Session meeting minutes' documentation was not made available for our review to address this recommendation. Therefore, the District's completion of the implementation plan deliverable for the improvement recommendation could not be determined.	The District has implemented this recommendation. The verbal and written communications from Legal Counsel to the Board of Education on this matter continues to be protected by attorney-client privilege.	Implemented
FI 10-1	N/A	ML# 105	The District was unable to provide adequate evidence that steps had been taken to implement the FI 10-1 Change Order Approval and Accounting Practices recommendation's Implementation Plan Deliverable prior to June 30, 2017. Per the Deliverables section of the District's Implementation Plan, "Legal counsel consulted and provided attorney-client privileged memorandum to District. Legal counsel had closed session discussion with Board resulting in direction on this matter." Legal Memo and Closed Session meeting minutes' documentation was not made available for our review to address this recommendation. Therefore, the District's completion of the implementation plan deliverable for the improvement recommendation could not be determined.	The District has implemented this recommendation. The verbal and written communications from Legal Counsel to the Board of Education on this matter continues to be protected by attorney-client privilege.	Implemented
FI 10-2	N/A	ML# 106	The District was unable to provide adequate evidence that steps had been taken to implement the FI 10-2 Change Order Approval and Accounting Practices recommendation's Implementation Plan Deliverable prior to June 30, 2017. Based on the Deliverables section of the District's Implementation Plan, "Legal counsel consulted and provided attorney-client privileged memorandum to District. Legal counsel had closed session discussion with Board resulting in direction on this matter." Legal Memo	The District has implemented this recommendation. The verbal and written communications from Legal Counsel to the Board of Education on this matter continues to be protected by attorney-client privilege.	Implemented



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VLS Ref. No	VLS Risk Rating	ITF Ref. No	Observation	Management Response	Planned Resolution Date
			and Closed Session meeting minutes' documentation was not made available for our review to address this recommendation. Therefore, the District's completion of the implementation plan deliverable for the improvement recommendation could not be determined.		

