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Forensic Auditors Find Absence of Strong Internal Controls in West Contra Costa schools Bond Program

Dec. 1, 2015 | By Joyce Tsai | www.contracostatimes.com

EXCERPT: RICHMOND -- The first results from a forensic audit of the West Contra Costa school district bond program, ordered by school trustees in the wake of whistleblower [Dennis Clay's allegations](#) of financial mismanagement, revealed numerous opportunities for waste, abuse or financial irregularities due to a lack of internal controls

The district's [Dennis Clay subcommittee](#), which is tasked with looking into the former project analyst's allegations, heard a presentation Monday on the auditors' early findings. The audit is being performed in two phases, the first will develop a "fraud risk assessment" to assist the board in determining the scope of a later forensic accounting investigation.

"We looked at the risk of waste, abuse and financial irregularities to the district, and here in the conflict of interest category, they are very high," said Ernie Cooper from Vicenti Lloyd & Stutzman LLP, the firm chosen in September as forensic auditors of the district's \$1.6 billion bond construction program. A forensic audit is a more detailed examination of the records than a regular audit entails. Cooper noted that interviews and certain documents revealed the "tone from the top" at the district was one in which "internal controls were overridden by a board member or board members, who inserted themselves into the daily operation." ...

... "There appeared to be a disdain for internal controls, coming from the top, which allowed internal controls to be circumvented or overridden," Cooper said, although he added that they did not find any evidence of criminal violations.

He said that phase one of the audit did not substantiate any of Clay's claims, but would help to determine the scope of the second phase of the audit, in which those issues would be probed in depth.

"I'm not saying today that we have evidence of criminal violations committed by board members," he said. "What we're saying today is your risk of a conflict of interest is very high during that period of time."

Cooper said that based on interviews, it appeared that the district's internal controls have been improved, and phase two of the audit would include testing to verify that progress. ...

... An investigation into the bond program was triggered after Clay alleged earlier this year that there was negligence in contract administration and billing, budgeting and change order approval as well as conflicts of interest and other issues. ...

To read the complete article please visit:

www.contracostatimes.com/news/ci_29186434/forensic-auditors-find-absence-of-strong-internal-controls-in-west-contra-costa-schools-bond-program

Status report & Draft of VLS Risk Assessment PDF: [DRAFTreportrisk11.30.15.pdf](#)

WCCUSD whistleblower documents regarding construction program:

app.box.com/wccusdwhistleblower | dennisclay.wordpress.com/2015/12/01/email-1/

West Contra Costa District Starts Fraud Hotline

November 18, 2015 | By Joyce Tsai | www.contracostatimes.com

EXCERPT: RICHMOND -- West Contra Costa Unified School District has established a fraud hotline, in which anonymous tips can be called in to assist in its bond program investigation.

Members of the public are invited to share relevant information or tips to Vicenti Lloyd & Stutzman LLP, who have been chosen as forensic auditors of the bond construction program. ... The associated toll-free telephone number and website link will go directly to the VLS forensic auditors, and not the district. And information can be reported anonymously or if desired, tipsters can leave their contact information so that one of the auditors can contact them directly.

The 24-hour toll-free number is **(888) 956-7678**. Or to submit tips online...

<https://vlsllp.com/wccusd/>. The password is **wccusd**.

To read the complete article please visit:

contracostatimes.com/education/ci_29131146/west-contra-costa-school-district-starts-fraud-hotline

Can California's K-12 School Districts Adequately and Equitably Fund School Facilities?

Nov. 2015 | By Jeffrey M. Vincent and Liz S. Jain | citiesandschools.berkeley.edu

EXCERPT: ... Our analysis of school facility spending across California finds that, compared to industry standards, there is an ongoing, structural pattern of inadequate and inequitable spending in many school districts:

- Majority of school districts underspend on facilities
- Wealthy districts spend more on facilities, especially on the capital side
- Districts serving low-income students disproportionately spend more per student on M&O from their operating budgets to fund facilities

Overall, these findings suggest that many districts-particularly those serving high-need students-risk grossly underfunded facilities budgets, deteriorating schools, and declining educational outcomes if they are left on their own, without state support for capital needs. The report concludes by identifying policy reforms that will move California to a more coherent system of school facility finance that promotes adequacy, equity, public accountability, and affordability. **To read**

the complete report please visit:

<http://citiesandschools.berkeley.edu/publications>

[GiA_2015_2_page_brief.pdf](#) | [Vincent_Jain_2015_Going_it_Alone_final.pdf](#)

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To promote school district accountability by improving the training and resources available to California's Proposition 39 School Bond Oversight Committees and educating the state legislature, local school boards and the public about the oversight and reporting powers these Citizens' Bond Oversight Committees (CBOCs) have, and to advocate on a state level, where appropriate, on issues of common concern to all CBOCs.

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CaLBOC: CBOC Operation Guidelines

The purpose of the Operational Guidelines is to provide a basis for the BOC to perform a self-assessment of their committee operations and identify training needs. This 18 page document could also be used as an outline for developing a training program for committee members. **PDF**

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