

Review of Relevant Data for Effective Bond Oversight

California Association of Bond Oversight Committees
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Topics

- Public Agency Overview
- Useful Documents
- Design Bid Build
- Required Audits
- Needed District Documentation
- Common Delivery Method
- Common Challenges for School Districts



Public Agency Overview



- Must follow Education Codes, Government Codes, Public Purchasing Code, and other applicable codes
- Must work with many state agencies
 - Division of State Architects (DSA)
 - California Department of Education
 - Department of Toxic Substances
 - Office of Public School Construction et al.
- Local Jurisdictions
 - Exempt from most site zoning
 - Must comply with Fire Department requirements

Useful Documents

- Master Facility Plan
- Facility Needs Assessment
- Enrollment Projections
- Deferred Maintenance Plan
- Construction Program Budget
- Site Construction Budget
- Program Manager and Construction Manager Agreements



Background Information

Design-Bid-Build Construction Delivery Method

Most Common

- Architect designs project and assembles specifications
- District follows a prescribed process and places the project out for public bid
- District publicly opens bids, checks that all requirements are met, and accounts for the apparent bid winner
- The Board of Education approves the bid at a public meeting
- The District notifies the contractor and starts the process
- There are many steps to this process at the end of the year, the process should be reviewed by the auditor to ensure the District is following the legally prescribed process

Required Proposition 39 Bond Audits

- Most school bonds are approved using the Proposition 39 Process which requires independent audits
- Bond Financial Audit Objectives
 - Render an opinion if the financial statements presented are accurate
 - Show the financial position of the program and its change from the prior year
- Bond Performance Audit Objective
 - Expenditures charged made in accordance with a bond project list
 - Determine if salary transactions were charged in support of the program
- Extensive Performance Audits can be performed
 - Can provide more in-debt look into the process and procedures of the program
 - Looks at detailed construction program management procedures
 - Program results



What to look for in Bond Audits

- Unmodified Opinions
 - Known as a clean opinion, assures the Committee that the auditor agrees that the presented financial statements are accurate
 - Typically found in the front of the report in a letter format
- Findings (if any)
 - Lists any procedure that is not properly being followed
- District Response (if there are any findings)
 - The District will respond to any finding and describe the change that will be made to correct the finding

Other Common School Construction Challenges

- **Change Orders**
 - How many?
 - Why did they occur?
 - Reasonable cost?
 - Were they properly approved?
- **Program and Construction Management**
 - Who is advising the District?
 - Is the District satisfied with their work?
 - Are they adding value to the program and in some way saving money?
- **Budgets**
 - Are the budgets for the program accurate?
 - Are the budgets updated?
- **Payments**
 - Is the approval process accurate?
 - What ensures that invoices are paid timely and accurately?
- **Allowance**
 - Are contractors included in the base bid?
 - If so, what process is followed to ensure the district is not being overcharged?

Questions
