





District's regular ongoing operations. These necessary steps should be presented to the Board of Trustees at the same time as the District's revised Debt Issuance and Management Policy for approval.

- 1.8 Request the Assistant Superintendent of Business Services to report, no later than June 30, 2026, on the outcomes of the District's efforts to improve adherence to the revised debt management policy.

#### **Recommendations to improve documentation of accounting procedures**

The Board of Trustees should:

- 1.9 Direct the Assistant Superintendent for Business Services to develop and submit to the Board of Trustees for approval a Finance and Accounting Policies and Procedures manual, incorporating all the elements that are recommended by GFOA, by December 31, 2025.

#### **Recommendations to improve documentation of staff time charged to bond projects**

The Board of Trustees should:

- 1.10 Require the Assistant Superintendent for Business Services to prepare a detailed cost allocation study, in consultation with District finance staff, bond counsel, and municipal advisors, to establish and document the appropriate allocations of District staff time between bond project-related activities and non-bond project-related activities. This cost allocation study should be reviewed and revised at least annually.
- 1.11 Direct the Assistant Superintendent for Business Services to request and retain detailed staff time reporting documentation to support the cost allocation study and review these reports when revising the study to ensure the District is accurately and appropriately charging staff salaries and benefits to bond projects.

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## **Section 2: Bond Program Oversight, Public Transparency, and Communications**

The District did not adequately report on bond projects to the Board of Trustees or the public during our audit scope years of FY 2021-22, FY 2022-23, or FY 2023-24. The District has not appointed sufficient members or provided support to its Proposition 39 Citizens' Bond Oversight Committee, as the California Education Code requires, and there is no documentation that any citizen oversight activities, such as reviewing annual audits, conducting site visits, or reviewing project expenditures, were carried out for District bond projects or bond expenditures since 2021. The District was also unable to provide evidence of any significant public outreach on the



### **Recommendations to improve public reporting and transparency**

The Board of Trustees should:

- 2.5 Require District staff to prepare a single report to the Board of Trustees and the public at least annually on: (a) debt proceeds received and expended, and (b) status of projects financed with debt proceeds, (c) the status of bond-funded projects, (d) high-level progress towards bonds program goals, and other relevant information about the bonds program over the course of the year.
- 2.6 Direct District staff to update the District’s bonds program website, along with other regular communications forums for District parents and guardians, to provide up-to-date information about the District’s bonds program, in particular about bond-funded projects, at least quarterly. The Board should also direct staff to post all annual reports and any other updates to the Board or CBOC (once the CBOC begins meeting regularly) online.

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## **Section 3: Bond Program Management**

The District lacked sufficient bond program management capacity beginning in 2023 and as a result was unable to provide evidence of bond program record-keeping or reporting. During the three-year scope of our audit, the District violated several agreements and statutory requirements, including a District-wide Community Workforce Agreement and the State requirement for a Citizens’ Bond Oversight Committee. The District transitioned from external to in-house bond program management in 2023 but has been unable to hire the in-house positions it identified as needed to staff this effort. Additionally, the District is unable to provide evidence that it followed its internal procurement policies for a sample of bond program Requests for Proposals (RFPs)/Requests for Qualifications (RFQs) and resulting bids and contracts that we requested to review for this audit. Staff does not conduct performance evaluations or contract monitoring for bond program contractors, despite a recommendation from the California State Auditor in 2019 that they do so. The State Auditor also recommended that the District determine which contractors should be required to file statements of economic interests, but the District reported that it has not implemented that recommendation and does not require any contractors to disclose their financial interests and potential conflicts of interest.

We recommend that the District review and possibly modify its recruiting efforts for the vacant bond program management positions, update its purchasing handbook, adopt and implement a contract monitoring policy, and determine which contractors should be required to disclose their financial interests through a California Form 700 financial disclosure statement. Implementation of these recommendations will improve District procurement processes and outcomes for the

bonds program, improve staffing levels and therefore improve bonds program capacity, and bring the District in line with procurement and contract monitoring best practices.

**Recommendations to improve bond program management capacity**

The Board of Trustees should:

- 3.1 Direct District staff to review recruiting efforts and approach for the two vacant Bonds Manager positions to determine if another hiring approach should be taken or if changes are warranted in salaries and benefits offered or other conditions of employment. Additionally, the Board should consider reassessing the decision to move bond program management in-house if these additional recruitment efforts are unsuccessful.

**Recommendations to improve procurement and contracting procedures and documentation**

The Board of Trustees should:

- 3.2 Direct District staff to incorporate procedures for procurement that include the District’s bidding policies into its Purchasing Department Handbook for staff. The Board should also require staff to maintain documentation of all of the District’s bidding requirements, and required documentation to be maintained in District records should be clearly delineated in the Purchasing Department Handbook.
- 3.3 Consider revising its bidding policies and purchasing procedures to incorporate National Association of State Procurement Officials best practices including making explicit the requirement that the best contractor be selected in competitive procurement for architecture, construction, and program management services.
- 3.4 Adopt a contract monitoring policy that incorporates the components from the California State Auditor’s 2019 audit of the District, including defined staff roles and responsibilities. The Board should also direct staff to write and implement a contract monitoring procedure that guides staff through their contract monitoring responsibilities, including retaining evidence of monitoring efforts in a designated location.

**Recommendations to improve disclosure of conflicts of interest**

The Board of Trustees should:

- 3.5 Require (a) that District staff determine which of its contractors should file a California Form 700 statement of economic interests to avoid potential conflicts of interest in their











































Without a comprehensive debt issuance and management policy in place when the District issued \$59 million of General Obligation bonds in FY 2022-23 (Measures I and S), District staff did not have written direction on all key matters related to the issuance of debt including the issuance process itself (e.g., timing, selection of municipal advisors, bond counsel and disclosure counsel, criteria for choosing the method of sale, etc.). Having a set of comprehensive procedures in place would reduce the risk of the District incurring unnecessary costs and would provide the Board of Trustees and the public assurance that District resources are being appropriately and effectively used.

Although the District's Debt Issuance and Management Policy was approved by the Board of Trustees in 2017, it was not added to the Board Policy Manual, and the District has not incorporated compliance with the policy into its regular operations. For example, although the policy requires the Assistant Superintendent of Business Services to plan and manage the District's Capital Improvement Program, as discussed earlier in this section, the District did not prepare a capital improvement plan or budget at any point in FY 2021-22, FY 2022-23, or FY 2023-24, the scope years for this audit. Similarly, although the policy requires the District to post annual reports of the independent Citizens' Bond Oversight Committee (CBOC), no CBOC reports have been produced or posted since 2019. (The Citizens' Bond Oversight Committee is discussed in more detail in Section 2 of this report.)

Separately, as mentioned above, California Government Code section 8855 requires an agency issuing debt to certify that its debt issuances comply with its adopted debt management policy. The District has certified this fact to CDIAC in its Reports of Final Sale and in Board of Trustees resolutions authorizing the issuance and sale of bonds. However, by not fully adhering to its own Debt Issuance and Management Policy, the District may not be fully in compliance with this requirement of the Education Code or with its own authorizing resolutions.

**Recommendations:** To bring the District into compliance with its own policy, the Board of Trustees should direct the Assistant Superintendent of Business Services to identify the steps necessary to incorporate the District's revised Debt Issuance and Management Policy into the District's regular ongoing operations. These necessary steps should be presented to the Board of Trustees at the same time as the District's revised Debt Issuance and Management Policy for approval. The Board of Trustees should also request the Assistant Superintendent of Business Services to report, no later than June 30, 2026, on the outcomes of the District's efforts to improve adherence to the revised debt management policy.

## Accounting Internal Controls

As part of our audit fieldwork, we randomly selected a sample of 30 bond fund transactions to review. We requested the underlying documentation for these transactions from the District, as well as the District's available accounting policies, to evaluate how well the District is following its own policies as well as adhering to accounting best practices.

## Signatures and Documentation Required for Invoice Payment

District Board Policy Manual section 3314 states that the Superintendent or their designee shall ensure that purchasing, receiving, and payment functions are kept separate. The policy also states that the



























































