

C.A.S.H. 26<sup>th</sup> Annual Conference on School Facilities

# **Beyond the Bond**

## **Keeping the Promise for School Facilities**

Room# 306  
Wednesday, March 2, 2005  
9:00 a.m. - 10:30 a.m.  
Sacramento Convention Center

### **WORKSHOP #15**

## **OPSC FISCAL SERVICES UPDATES**

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# [ School Facility Program Audit Overview ]

Office of Public School Construction  
Julie Ennis, SFP Audit Supervisor  
Jason Hernandez, SFP Audit Supervisor  
Lori Namba, SFP Audit Supervisor  
Noé Valadez, SFP Audit Supervisor

MARCH 2005

## [ Financial Hardship News ]

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- Financial Hardship Updates
  - Bonded Indebtedness
  - Interim Housing Calculation
  - Financial Hardship Brochure
- Financial Hardship and the Three Year Time Clock – What it Means to You
  - Savings
  - Over Expend

## [ Substantial Progress Audit ]

Substantial Progress (*Regulation Section 1859.105*)

- Separate Design
- Separate Site
- Environmental Hardship
- Adjusted Grant
  - In-Depth Review

## [ Substantial Progress Audit ]

- **Separate Design:** 40% Of Adjusted Grant Released Early to District
- Must Meet **One** of the Following:
  - Adjusted grant application package
  - Certification: Division of the State Architect Plan Approval
  - Separate Site Application, or
- Narrative, including request for an 18-month time extension

## [ Substantial Progress Audit ]

- **Separate Site**
- Must Meet **All** Of The Following:
  - Final Site Appraisal, and
  - CEQA, and
  - CDE Site Approval, and
  - Final Escrow or Condemnation Proceedings, or
- Narrative, including request for an 18-month time extension

## [ Substantial Progress Audit ]

- **Adjusted Grant**
- Must Meet **One** Of The Following:
  - 75% Site Development Complete
  - 90% Construction Under Contract
  - 50% Construction Work Complete
- Narrative, including 18-month time extension

## Planning for a Successful Audit

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### Proper Accounting

- Separately for each project
  - Subsidiary Funds for each project
  - Within the School Facility Fund (Fund 35)
  - Within other Capital Facility Fund(s)

## Planning for a Successful Audit

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### Proper Accounting

- Track Interest
  - Separately for each project
  - Report only interest earned in the School Facility Program Fund (Fund 35)

## Planning for a Successful Audit

### Proper Accounting

- Identify Savings
  - Separately for each project
  - Both State and District share
  - Calculation to Determine Savings:  
State grant + District match + Interest earned  
less Eligible project expenditures = Savings

## Planning for a Successful Audit

### Proper Accounting

- Document Savings Usage (*Regulation Section 1859.103*)
- Non-Financial Hardship
  - Other High Priority Capital Facility Needs
  - District's matching share

## [ Early Site Adjustment ]

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- Early Site Adjustment
  - One Time Only
  - Expenditures Verified
    - Agreements
    - Contracts
    - Relocation Plans
    - Remediation Action Plans, etc.
  - SAB item to Adjust Site Apportionment

## [ Final Expenditure and Certification Audit ]

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- *Expenditure Report* (Form SAB 50-06)
  - Required for Every Project
  - Report Only Eligible Project Expenditures
  - Annual Reporting Requirement
  - Final Expenditure Report Deadline

## Final Expenditure and Certification Audit

- Detailed Listing of Project Expenditures

- Purpose:

- Supports *Expenditure Report* (Form SAB 50-06)
    - Classifies Expenditures
    - Tracks Savings Usage, if Applicable

## Final Expenditure and Certification Audit

- Expenditure Audit

- District Responsibility

- Project Expenditures *Only*
    - Categorize Expenditures Appropriately
    - Notate Description/Purpose

## Final Expenditure and Certification Audit

- OPSC Requirements
  - Audit Started Within 2 Years
  - Audit Completed Within 6 Months

## Final Expenditure and Certification Audit

- Basic Audit
- Historical Lease-Purchase Program Data
  - Cost Categories Identified
  - Categorical Thresholds
  - Problem Areas Identified
- In-depth Audit

## Final Expenditure and Certification Audit

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- Expenditure Audit
- Expenditures Reported
  - Project Expenditures Only
  - Categorize Appropriately
  - Proper Description/Purpose

## Final Expenditure and Certification Audit

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- Expenditure Audit
- Expenditures Reported
  - Project Expenditures Only
  - Categorize Appropriately
  - Proper Description/Purpose

## Final Expenditure and Certification Audit

- In-depth Audit
- Expenditure Report
  - Backup Documentation Requested
  - Project Verified
  - Certifications Verified

## Final Expenditure and Certification Audit

- Backup Documentation Requested
  - Selective Sample of Warrants
  - Architect/Engineer Agreements
  - All Construction Contracts
  - All Change Orders
  - All Contractor Final Billing

## Final Expenditure and Certification Audit

- Project Verified
  - Scope of Project
  - 180-Day Grandfathering
  - 8/27/98 – Modernization Reimbursement

## Final Expenditure and Certification Audit

- Certifications
  - *Application for Funding* (Form SAB 50-04)
  - *Fund Release Authorization* (Form SAB 50-05)
    - 18-months from the State Allocation Board funding approval
    - District Certifies that:
      - 50 Percent Construction Work Under Contract
      - Notice to Proceed Issued

## Final Expenditure and Certification Audit

- In-depth Audit Certifications
  - Restricted Maintenance Deposit
  - Force Account Labor
  - Disabled Veterans Business Enterprises Contracting Requirement
  - District's Share Deposited

## Final Expenditure and Certification Audit

- In-depth Audit Certifications
  - 60 Percent Commensurate
  - Competitive Bidding
  - Qualification Appraisals
  - Labor Compliance Program (LCP)

## [ What's New!!! ]

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- LCP Additional Grant
- Hazardous Waste Grant Adjustment Legislation
- Williams Lawsuit
  - Needs Assessment Grant Program
    - Document the process of hiring the Assessor
    - Document the expenditures made to the Assessor
    - Document any expenditures made with the remaining funds
  - Emergency Repair Program
    - Document expenditures
    - Retain Agreements, Contracts, warrants, etc.
  - Audit Guide Coming soon

## [ Resources ]

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- OPSC Website ([www.opsc.dgs.ca.gov](http://www.opsc.dgs.ca.gov))
  - Financial Hardship Information Brochure
  - SFP Substantial Progress and Expenditure Audit Guide
  - Forms, Checklists, and Worksheets
  - SFP Regulations
  - Coming Soon: Williams Lawsuit Settlement Audit Guide

## [ Resources - Supervisors ]

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- OPSC Fiscal Supervisors
  - Bryan Breaks (916) 445-3156 (Audits)
  - Julie Ennis (916) 445-0019 (Audits)
  - Jason Hernandez (916) 324-4687 (Audits)
  - Lien Hoang (916) 322-0315 (Audits)
  - Lori Namba (916) 322-0140 (Audits)
  - Noé Valadez (916) 322-7628 (Audits)
  - Wan Wong (916) 323-3454 (Accounting)

## [ School Facility Program Audit Overview ]

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- Questions????