



CALIFORNIA'S
COALITION
for ADEQUATE
SCHOOL HOUSINGSM

www.cashnet.org

C.A.S.H. WORKSHOP:

OPSC Audits

Tuesday, January 26, 2010

9:00 a.m. to 12:30 p.m.

Doubletree Hotel

2001 Point West Way

Sacramento, California

PREPARING FOR THE AUDIT:

What To Anticipate

MATT PETTLER

School Facility Consultants

CALIFORNIA'S COALITION *for* ADEQUATE SCHOOL HOUSING

1130 K Street, Suite 210 • Sacramento, CA 95814 • Phone (916) 448-8577 • Fax (916) 448-7495 • www.cashnet.org

Handout materials are available online after the workshop. To download the materials, visit www.cashnet.org/meetings and click on the link labeled "Workshop and Conference Handouts."

**C.A.S.H January Workshop
OPSC Audit**

**Preparing for the Audit:
What to Anticipate**



General Audit Planning

- Preparation for the audit should begin as soon as you begin planning your project.
 - Audit consists of a review of documents from architect selection process materials through final retention payments to contractors.
 - Many projects are complex (multiple SFP funding sources and/or multiple contracts). Set up your accounting for the projects to match the prorates established with the application submittals to the OPSC.
- Projects can be “live” for many years planning through closeout. Create a clear audit file so that others can understand.

What's New?

- In District meeting and audit conference
- Review of District fiscal processes
- Physical inspection of facilities
- Savings audits

In District Meeting and Audit Conference

- 2-3 Days in District .
- OPSC audit staff explains audit process asks questions prompted by review of District Expenditure Report submittal information.
- Tests risk level of District by reviewing internal controls and completing an in-depth review of selected projects.
- Bring “program side knowledge” of how the School Facility Program works as auditors may not be familiar with all program side requirements.
 - Know Regulations in effect when the project was filed.
 - Know cost threshold requirements (60% commensurate test, 100% State project budget, etc.).
 - Know CDE approved classroom counts.

Review of District Fiscal Process

- Focus on auditing performance (i.e. ensuring the construction of the building) in addition to evidence of contract, warrant issued, etc.
- Bring BOTH District Facilities and Fiscal Representatives to be able to explain and document internal processes for issuing a contract, paying a warrant, etc.
- Be ready to explain the District's financial and accounting systems as they differ from District to District and yours may be new to the auditors.

Physical Inspection of Facilities

- Make sure that you have access to all facilities and have someone from the facilities department participate in the inspection that is familiar with BOTH the OPSC funding application and the school construction.
- Review the DSA plans submitted on the project before the site walk.
- Most projects have some changes from the original DSA approved plans. Know and have documentation of the changes and know what types of changes are material to funding received on the project.

Savings Audits

- More of a focus on savings expenditures in the new audit process.
- Saving is a great tool that give District's local control and flexibility to complete projects. At the same time OPSC has stated an obligation to track and audit the use of savings.
- Savings must be used on "other high priority capital outlay needs" and must be "declared in writing "by the District."
 - Don't forget to declare savings in writing.
 - Take an affirmative action to identify your other high priority capital outlay projects (Board Resolution, etc.).
- Track savings expenditures just as you do project expenditures.