

OFFICE OF PUBLIC SCHOOL CONSTRUCTION

Top Tips For Successful Close-Out Reviews

January 2017

Topics of Discussion

- Successful SFP Review Planning
- Reporting Requirements
- Final Expenditure Review
 - Common Pitfalls to Avoid
- Savings Usage
- Questions

Successful Review Planning

▶ District Accounting

- Track and report each SFP project separately for expenditures, interest and savings
- Set up a subsidiary fund for each project
 - School Facility Fund (Fund 35)
 - Other Capital Facility Fund(s)

Successful Review Planning

- ▶ Two Concurrent Reporting Requirements:
 - Substantial Progress
 - Expenditure Close Out Audit

Successful Review Planning

▶ Substantial Progress Review

▶ Time Line for Submitting Evidence:

- Due 18 months from the date of Fund Release
 - Separate Design (Financial Hardship)
Regulation Section 1859.105(c) (1-5)
 - Separate Site (Financial Hardship)
Regulation Section 1859.104(b)
 - Adjusted Grant
Regulation Section 1859.105(a)

Successful Review Planning

- ▶ Substantial Progress Review
 - ▶ Time Line for Submitting Evidence:
 - Due 12 months from apportionment date
 - Separate Site (Environmental Hardship) Regulation Section 1859.105(b)

Successful Review Planning

▶ Substantial Progress Review

▶ Type of Evidence Required

- Separate Design Checklist (Financial Hardship)

http://www.documents.dgs.ca.gov/opsc/Forms/Checklists/Subst_Progress_Chklist_Design.pdf

- Separate Site Checklist (Environmental Hardship)

- Separate Site Checklist (Financial Hardship)

- Adjusted Grant Checklist

http://www.documents.dgs.ca.gov/opsc/Forms/Checklists/Subst_Progress_Chklist_Site.pdf

Successful Review Planning

▶ Substantial Progress Review

- Progress Review (Checklist Review)
- Review Response
- Close-out Process

Reporting Requirements

▶ Expenditures

▶ Track and report each project separately

- Annual report required

- Report all project expenditures on *Expenditure Report (Form SAB 50-06)* and cumulative *Detailed Listing of Project Expenditures Worksheets*

- Regulation Section 1859.106

http://www.documents.dgs.ca.gov/opsc/Forms/SAB_50-06.pdf

<http://www.documents.dgs.ca.gov/opsc/Forms/Worksheets/ExpenditureWrksht.xls>

Reporting Requirements

▶ Expenditures

- Final Expenditure Report deadlines from final fund release
 - Elementary School—3 years
 - Middle/High School—4 years
- Note: OPSC will only accept expenditures encumbered by contracts signed before end of 3/4 year deadline or occupancy

Reporting Requirements

▶ Interest

- Track and report each project separately
and
- Report interest earned in the School Facility Fund (Fund 35) on *Expenditure Report (Form SAB 50-06)*
- Report Interest earned on all funds used on the project

Reporting Requirements

▶ Savings

- Track and report each project separately
- Savings = State Grant + District Match + Interest *less* Eligible Project Expenditures
- Report state and district share on *Expenditure Report (Form SAB 50-06)*
- Savings reported annually until exhausted

Final Expenditure Review

▶ Close Out Review Trigger

- District indicates 100% complete, or
- District's 3/4 year expenditure deadline expires

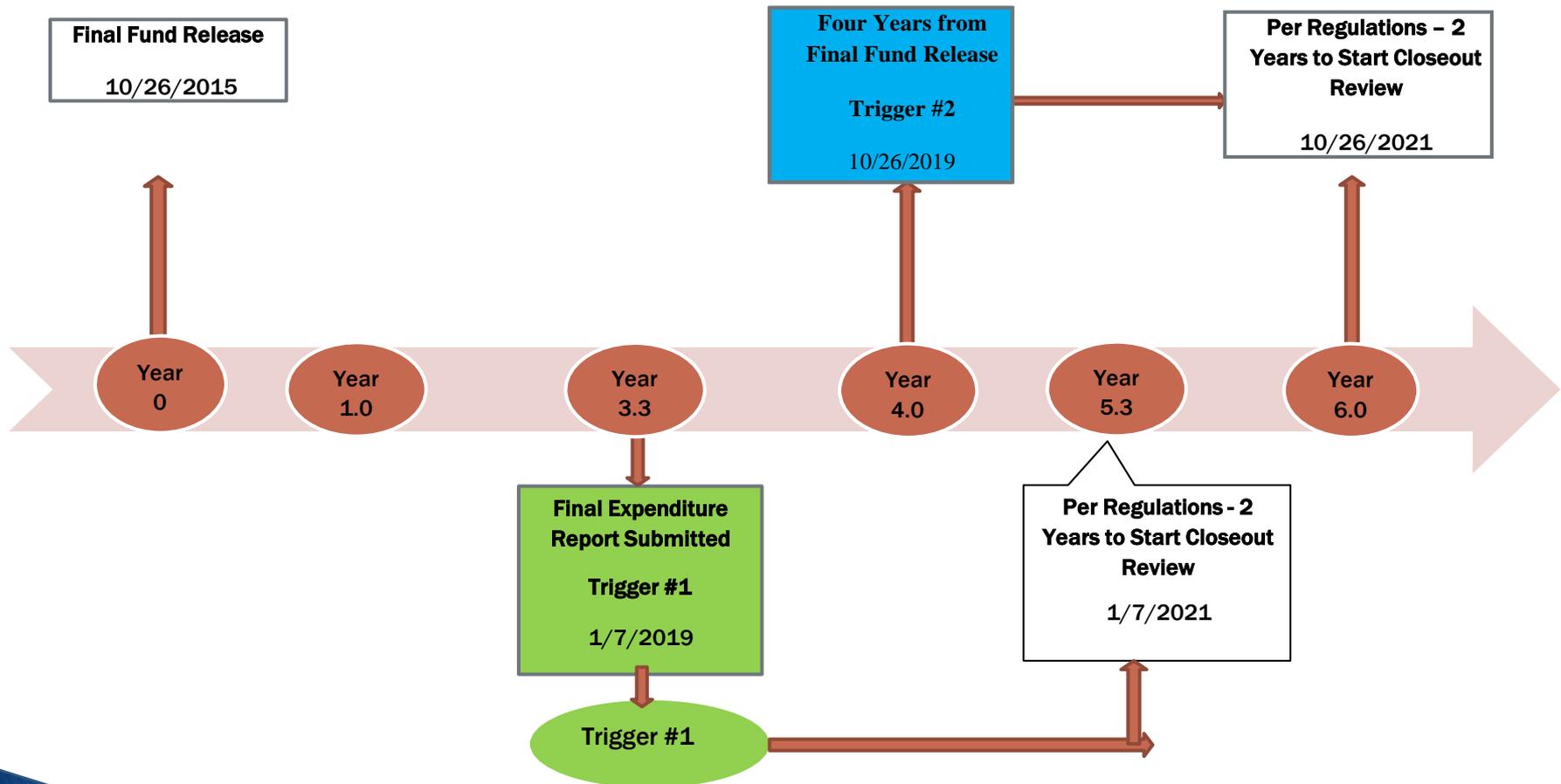
▶ OPSC Timelines

- Review started within 2 years of final Expenditure Report
- Review completed within 6 months of engagement if documents received in timely manner

Triggers for Closeout Review – High School USA

Trigger #1 – Final Expenditure Report Submitted

Trigger #2 – Four Years from Final Fund Release



Final Expenditure Review

- ▶ Possible Documents Requested
 - Bid announcement and summary
 - Disabled Veteran Business Enterprises
 - On-Going Major Maintenance (OMMA)
 - Qualifications appraisal and agreement
 - Architect, Construction Manager, Engineer
 - Labor Compliance Program (LCP) verification
 - Department of Industrial Relations (DIR) approval(s) for duration of project

Final Expenditure Review

- ▶ Possible Documents Requested
 - Main construction contracts
 - Main construction contracts final billing
 - All change orders
 - Sample of warrants and invoices
 - Final general ledger

Final Expenditure Review

▶ District Certifications

- *Application for Funding (Form SAB 50-04)*
- *Fund Release Authorization (Form SAB 50-05)*
 - Funds must be released within 90 days of apportionment
 - District's share deposited, expended or will be expended prior to NOC

Final Expenditure Review

▶ District Certifications

- Force Account Labor
 - District's legal counsel opinion stating district complied with force account labor laws
- Disabled Veteran Business Enterprises
 - DVBE language included in bid advertisement/contracts

Final Expenditure Review

▶ Common Pitfalls to Avoid

- False certifications which may result in material inaccuracy penalties (SB 2066)
- Inappropriate savings reporting/usage
- Project expenditures not substantiated with warrants or other source documents
- Scope changes—adding/deleting classrooms through change orders
- Proration method not documented for multiple bid projects

Final Expenditure Review

- ▶ **Common Pitfalls to Avoid**
 - Not submitting cumulative final Expenditure Report (Form SAB 50-06)
 - Unverifiable QAS documentation or no district certifying statement

Savings Usage

▶ Non-Financial Hardship Projects

- Report savings annually until exhausted
 - State's share of savings used in one of two ways:
 - As matching share on another SFP project of like kind (ie: New Construction to New Construction)
- Or
- High priority capital facility needs of district

Savings Usage

- ▶ Financial Hardship Projects
 - Return savings to state, or
 - Apply savings to future financial hardship project within three years
 - After three years, any unused savings plus interest returned to state

Savings Usage

▶ Other Programs

- Career Technical Education, Charter
 - State share of savings to be returned to the state

OPSC Fiscal Contacts

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Resources

- ▶ OPSC Website (www.opsc.dgs.ca.gov)
 - SFP Regulations
 - [Resources](#) › [Laws and Regulations](#)
 - Forms, Checklists, and Worksheets
 - [Forms](#) › [Forms by Number](#)
 - FAQ'S

Questions

