

Audit Working Group October 9, 2012 Presentation by Michael Bishop

Thanks for the opportunity to contribute to this very worthy cause. Below are the notes I spoke from. If I can be of additional assistance, please let me know. Thanks

A). My experience with OPSC performed close-out audits/reviews:

- 1). They were not audits, but rather 100% documentation reviews.
- 2). Generally no CPAs were involved.
- 3). The audit did not rely on the work of either the COE or independent auditor or Prop 39 auditor.
- 4). District had to copy every single piece of paper and deliver it to Sacto.
- 5). As a consequence, the audit becomes a complete 100% review of the project from inception to completion, involving essentially every document. This triplication or quadification of effort serves to be a waste of taxpayer funds.

B). Difference between the three current options:

- 1). OPSC audit - 100% project audit that involves compliance, financial and document focus covering in most cases multiple years.
- 2). Single financial audit - financial and compliance audit performing established procedures determined by the K-12 audit guide involving sampling and one fiscal year.
- 3). Prop 39 audit - an agreed upon procedures audit performing a scope that covers at least the components specified by the EC involving sampling in most cases and one fiscal year.

C). What can be done:

- 1). Seek to eliminate the current duplication, triplication or quadification of effort.
- 2). Currently most of the procedures performed in the OPSC Closeout audits have been performed by others parties independent of the district
 - COE review of bid and award process
 - COE review of contracts and expenditures prior to payment by district
 - Independent CPA single financial and compliance audit
 - Independent CPA Prop 39 audit
- 3). Expand the scope of the single and/or Prop 39 audits.
- 4). Cause OPSC to rely on work of COEs and licensed CPAs.
- 5). Cause districts to submit Closeout "reports" using a process that superintendent and governing board approve and submit under penalty provision imposing penalties for material misstatement.

Respectfully, Michael P. Bishop, Sr. CBO Santa Ana Unified School District