



San Diego Unified
SCHOOL DISTRICT



Prop. S ICOC
July 15, 2010, Exhibit 6.2.1

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June 30, 2010

Mr. Gil Johnson, Chairman
Proposition S ICOC
2643 Ariane Drive
San Diego, CA 92117

Dear Mr. Johnson:

Subject: Performance Audit Scope of Work

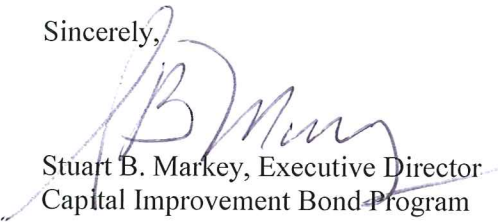
The Independent Citizens' Oversight Committee (ICOC) has asked the San Diego Unified School District (District) to provide information pertaining to how the District plans to meet its obligation to conduct an annual performance audit. This letter is forwarded to provide a proposed scope of work to accomplish the task.

The proposed scope of work (exhibit A) is the outcome of meetings held with the ICOC Audit Subcommittee on (prior dates), May 10, June 14, and June 25, 2010, as well as meetings with the full ICOC, its consultant, and the 2008-09 auditing firm Nigro Nigro and White. This scope reflects basic requirements outlined in the Education Code and California Constitution. Further additional scope has been added reflecting recommendations from the ICOC.

It is the District's intention to issue a Request for Qualifications/Request for Proposals no later than August 15, 2010. It is anticipated that the audit will commence in October 2010. Please note that the ICOC's participation in the selection of the vendor is most welcomed.

Your comments to the scope of work are welcomed and appreciated. Please note that the District must receive your comments no later than August 1, 2010.

Sincerely,


Stuart B. Markey, Executive Director
Capital Improvement Bond Program

SBM:dg

Encl: "Exhibit A"

c: K. Alvin, G. Cantor, J. Gordon, G. Hillegas, P. Hom, D. Morales, L. Pinson, M. Spathas, D. Spheh,
J. Stump, W. Kowba, P. Stover, J. Salkeld, R. Polley, C. Brown, L. Dulgeroff, J. Watts, G. Harris, C. Reed
Porter, A. Champy

“Exhibit A”

Conduct Performance Audit:

- Conduct Performance Audit in accordance with the State of California Education Code, and State of California Constitution.
- Test that funds are used in accordance with Prop 39 requirements and State of California Constitution.

Bond Project Program Management Assessment:

Conduct the following in accordance with applicable Generally Accepted Government Auditing Standards (GAGAS) and generally accepted industry standards.

1. Examine Bid Documents and Contractor Selection Process for compliance with applicable State of California Public Contracting Code.
2. Compare total individual contract awards to total project expenditures.
3. Document and review change order and claims procedures for compliance with applicable Board of Education Policy and applicable State of California public contract code.
4. Document and review management’s efforts to minimize change orders and avoid claims. Verify change order rates.
5. Consider fraud risk assessment and incorporate in audit tests.
6. Substantiate that expenditures are described in budget.
7. Verify that the facilities project expenditure tracking system reconciles to district financial records.
8. Determine whether bond projects and related expenditures are consistent with board approved priorities.
9. Document and review management’s efforts in streamlining payment procedures.
10. Document and review use of purchase orders in procurement process.
11. Document, review, and comment on district internal controls process.
12. Document and review management’s efforts to identify, apply for, and acquire non bond funded financial and other resources.
13. Document and review management’s efforts to reduce costs in areas such as professional services, site preparation, sustainability, plan development, and joint use.
14. Review the use of cost-effective and efficient reusable facility plans.
15. Conduct site walks to verify project expenditures. Document and review outcome of site visits.

“Exhibit A” continued

16. Document and review management’s efforts to monitor planning and execution of projects.
17. Document and review management’s quality control/quality assurance efforts.
18. Document and review communication protocols and procedures between District departments.

Special Interest Items:

1. Document and review management’s efforts at soliciting and monitoring the participation of local firms and workers.
2. Determine district compliance with labor compliance regulations.
3. Determine district compliance with applicable project labor agreements.
4. Determine district compliance with board approved staffing plan.
5. Document activities of Bond Oversight Committee.
6. Document and review management’s efforts to inform and engage community stakeholders about bond-funded projects

Deliverables:

- a. Summarize the Results of the Performance Audit.
- b. Provide a performance report and Generally Accepted Auditing Standard Opinion.
- c. Provide a supplemental schedule of expenditures by project.
- d. Provide a supplemental schedule of budget to actual comparison.
- e. Provide Findings and Recommendations.

Other:

Attend not more than five scheduled meetings with the ICOC and District Staff to discuss issues pertaining to the scope, project progress and other issues of interest, as well as to present audit results, findings and recommendations.