



San Diego Unified
SCHOOL DISTRICT

Prop. S ICOC
January 21, 2010, Exhibit 6.2.2

Jennifer Almond
Contracts Specialist
Professional Services Contracts
858.637-6254
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January 5, 2010

Nigro Nigro & White, PC
2727 Camino Del Rio S.
Suite 219
San Diego, CA 92108
FAX: (619) 260-9085

FAXED

Subject: San Diego Unified School District
Conduct Proposition S Audit
Provide Work Description for Proposition S Performance Audit for Fiscal Year
Ending June 30, 2009

This letter constitutes your notice-to-proceed (NTP) to provide a work description for the above-referenced project in accordance with your proposal dated January 4, 2010 in the fixed fee amount of \$19,770.00 as follows:

Description	Fixed Fee Amount
Annual Financial & Performance Audit of Proposition S General Obligation Bond for Fiscal Year ending June 30, 2009	\$19,770.00
Total NTP 01	\$19,770.00

NOTE: There are no reimbursable expenses authorized for this project.

Your district technical Point of Contact is George Harris, who can be reached at (858) 637-6269. For contract concerns, please contact Graham Champion at (858) 496-1902.

Sincerely,

George Harris
Contracts Compliance Manager

/ja

cc: Graham Champion, Interim Contracts Facilities Supervisor

**Nigro Nigro & White (NNW) Work Description for
Proposition S Performance Audit for Fiscal Year Ended June 30, 2009**

Basic Objective of Performance Audit

A performance audit completed in accordance with Article 13A of the California Constitution and Proposition S ballot language. Both require the auditor to "ensure that the funds have been expended only on the specific projects lists." This includes all items listed in Parts 1 and 2 of Proposition S.

Agreed to Procedures for Performance Audit Included Within Contract Fee

In addition to the financial audit, complete a performance audit to satisfy Article 13A and using the *Government Auditing Standards* for Performance Audits. NNW will: (1) ensure independence; (2) plan the engagement; (3) design tests based on audit and fraud risk assessments; (4) communicate to management, the oversight committee and board; (5) supervise the audit work; (6) employ internal quality control procedures; and, follow *AICPA Generally Accepted Auditing Standards* in addition to *Government Auditing Standards*.

NNW has agreed to conduct the following procedures:

1. Internal Control Understanding and Documentation (includes approvals, compliance, needs assessment, project expenditure tracking, development of budgets, how the District is meeting sustainability standards, issuing bonds to manage tax rate) (Note: NNW will identify and document District internal controls and report any noted weaknesses. An opinion on internal controls will not be rendered under the scope of the original contract.)
2. Fraud Risk Assessment and Inquiries, in accordance with Statement on Auditing Standard #99
3. Independent Citizen's Oversight Committee (ICOC)
 - a. Minutes review
 - b. Proper establishment of the committee
 - c. Ensure financial amounts provided to ICOC agree to official accounting records
 - d. ICOC review and acceptance of annual audits
4. Analytical Review of Financial Amounts
5. Verification of Balance Sheet Account Balances for the Building Fund – Proposition S
6. Substantiation of Revenue (e.g.; bond proceeds, interest and interfund receipts)
7. Substantiation of Expenditures - from a list of expenditures paid by project NNW will:
 - a. Examine invoices, purchase orders and contracts
 - b. Test compliance and allowance with legal requirements
 - c. Test that expenditures are described in budget and facilities planning document; including, but not limited to: site discretionary fund allocations and expenditures, and salaries
8. Test of Contracts and Bid Requirements - from a list of contracts NNW will:
 - a. Examine bid documents and contractor selection methods for compliance with Public Contract Code (PCC)
 - b. Compare total expenditures to total contract
 - c. Examine change orders for approvals and legal requirements
 - d. Examine bid security and insurance
 - e. Consider fraud and audit risk assessment and customize audit tests (note: if indications of fraud are found, it will be communicated to the proper level of the organization and a fraud investigation recommended)

9. Facilities Inspections (i.e.; site walks to verify project expenditures were made in accordance with Part 1 and 2 of Proposition S and approved facilities plans)
10. Summarize Results of performance audit, preparing:
 - a. Applicable Financial Statements and related notes
 - b. Performance report and applicable GAAS opinions
 - c. Supplemental schedules (expenditures by project, a budget to actual comparison)
 - d. Findings and recommendations

Performance Audit Report Content

The Performance Audit report will include the objectives, scope, and methodology; the audit results, including findings, conclusions, and recommendations, as appropriate; a reference to compliance with generally accepted government auditing standards; the views of responsible officials; and, if applicable, the nature of any privileged and confidential information omitted. The Performance Audit report should also include any significant deficiencies in internal control, all instances of fraud and illegal acts unless they are clearly inconsequential, significant violations of provisions of contracts or grant agreements, and significant abuse. The Performance Audit report that will address the following subjects:

1. Bond proceeds used only for listed Bond projects, and use is limited to allowed purposes, (CA Constitution Article XIII A Section 1(b) (3))
2. Listed Bond projects based on evaluation of safety, class size reduction, and information technology needs to improve learning and accommodate student enrollment, (CA Constitution Article XIII A Section 1(b) (3) (B))
3. Annual independent performance audits of Bond have been completed, (CA Constitution Article XIII A Section 1(b) (3) (C))
4. Annual independent financial audits of Bond have been completed, (CA Constitution Article XIII A Section 1(b) (3) (D))
5. Comment on management practices and internal controls

Signed: Christy White Date: 1/4/2010

Requisition: NTP #1 - Wk Desc Prop S Audit

Requester: Jennifer Almond **Business Unit:** SDUSD **Requisition ID:** 0000120262 **Date:** 1/11/2010

Comments: Annual Financial & Performance Audit of Proposition S General Obligation Bond for Fiscal Year ending June 30, 2009

Line	Description	Qty	Price	Curr	UOM	Total
1	Nigro, Nigro, & White...	1	19770.000	USD	JOB	19770.00

Line Comments
 << Requestor: Jennifer Almond (858-637-6254) Buyer: Joanne Pilgrim (858-522--5840) This agreement was awarded November 10, 2009 I.31. Agreement with Nigro, Nigro & White PC to Conduct Proposition S Audit; BUDGETED: YES, PROP S BUILDING FUND & GENERATED REVENUE (OE-7) Meeting: 11/10/2009 Category: I. SUPERINTENDENTS CONSENT AGENDA Agenda Type: Action (Consent) Preferred Date: Fiscal Impact: Yes Absolute Date: Dollar Amount: \$60,492.00 Budgeted: Yes Budget Source: Prop S: Building Fund and Generated Revenue Agenda Item Content RECOMMENDATION: Approve agreement with Nigro, Nigro & White PC for the Annual Financial and Performance Audits of the Proposition S General Obligation Bond for fiscal year ended June 30, 2009, plus the optional renewal periods for fiscal years ending June 30, 2010 and June 30, 2011. FISCAL IMPACT: Total compensation shall not exceed the amount of \$60,492.00. With payments for each respective year as follows: Fiscal Year ending June 30, 2009, in the amount of \$19,770.00 Fiscal Year ending June 30, 2010, in the amount of \$20,161.00 Fiscal Year ending June 30, 2011, in the amount of \$20,561.00 Budget strings: 481 02135 00 5853 8500 0000 21300 8541 and 5481 02130 00 5853 8500 0000 21300 8541. IMPACT TO DISTRICT STAFFING: None. BACKGROUND: Proposition S was approved by voters on November 4, 2008. In order to comply with the requirements of Proposition S, an audit of the Proposition S Building Fund must be done by an external auditor for fiscal year ending June 30, 2009, and for fiscal years ending June 30, 2010, and June 30, 2011. [Originator/Contact: Ken Leighton, Controller, Office of the Chief Financial Officer, 619.725.7667, kleighton@sandi.net] >>

Sched Line	Ship To	Attention	Due Date	Qty	Total
1	Facilities Planning & Const	Jennifer Almond	6/30/2011	1	19770.00

Line	Location	Req Qty	Amount	Pct	GL Unit	DeptID	Resource	Bud Ref	Account
1	5481A	1	19770	100	SDUSD	5481	02130	00	5853
Program	Class	Fund	Extended						
8500	0000	21300	8541						