



County School Facilities Consortium 2018 Annual Summit

October 4-5, 2018
The Westin Sacramento
4800 Riverside Blvd
Sacramento, CA

Understanding and Preparing for the New Local Audit Requirements

Lettie E. Boggs
Colbi Technologies, Inc.

Speaker Biography

Lettie Boggs

CEO
Colbi Technologies, Inc.

Lettie Boggs held fiscal and facilities positions in school districts and universities for over twenty-one years. She is currently CEO of Colbi Technologies, Inc., a company serving school districts with planning, budgeting, accounting, management, and bidder prequalification software, services, and training for school building programs. Their three premier software products are Account-Ability, Quality Bidders, and Colbi Docs.

Lettie has served on the boards of the Coalition for Adequate School Housing (CASH) and Californians for School Facilities (CSF). She was founding co-chair of the CASH Urban Issues Committee and served on the Implementation Committee. She has chaired the Facilities Professional Development Committee for CASBO.



THE NEW SFP AUDIT

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THE NEW REALITY

Prop 51 – No change to the program!

Changing the rules in the middle of the game!

So here are the changes:

- New upfront grant agreements
- OPSC Close Out
- Independent Audits

Apply to all apps approved from April 2017 forward

UPFRONT GRANT AGREEMENTS

Some checks remain

Routine Restricted Maintenance at 3% and an Ongoing & Major Maintenance Plan

Implemented a Facilities Inspection system

They will verify the 60% hard costs

We suggest

Save the GL Annually

<https://www.dgs.ca.gov/opsc/Resources/GrantAgreements.aspx>

STATE OF CALIFORNIA
GRANT AGREEMENT
 SCHOOL FACILITY PROGRAM
 NEW (06/17)

STATE ALLOCATION BOARD
 OFFICE OF PUBLIC SCHOOL CONSTRUCTION
 Page 1 of 8

Office of Public School Construction Application Number: _____

GENERAL INFORMATION

Grantee Name: _____

School Name: _____

Grant Amount: _____ of which _____ is Financial Hardship Assistance.

Authority: _____ (Relevant Bond Act(s))

SFP Program Funding Source: _____ (e.g., New Construction, Modernization, Charter Schools Facility Program, or Career Technical Education Facilities Program)

Future Priority Funding Rounds: _____ (first priority funding window, second priority funding window, etc.)

PROJECT DESCRIPTION

Type of Work: _____ (e.g., New Construction, Modernization, Career Technical Education Facilities Program, New Construction, Facility Hardship replacement work funded with New Construction grants, Facility Hardship replacement work funded with Modernization grants, etc.)

New School or Addition to an Existing Site: _____

Number of Classrooms: _____

Financial Hardship Approval Date: _____

Financial Hardship Status is valid until: _____ (date)

Agreement includes Grants for: _____ (Site Acquisition; Department of Toxic Substances Control fees and hazardous waste removal, etc.)

Agreement includes Grants for: _____ (Site Development, if appropriate)

Other Facilities being newly constructed, modernized, replaced, or rehabilitated: _____

THE NEW AUDITS

They happen per the guidelines

Entrance interview – a chance to explain your approach and how you accounted for it

We recommend you begin your audit prior to submitting your Final 50-06!

And you pay for it!

- So hire well – someone who has been paying attention
- Work with fiscal when they hire or change

The SAB 50-06 DLOPE is the scope of the audit

- Only include allowable expenditures – or you will owe OPSC money!

THE ERA FOR GOOD ACCOUNTING

Keep track of the info you need in addition to the accounting

- Begin with the end in mind
- Good internal controls
- Followed by all – cross departments
- Maintain the project record

Index of items to keep for audit

Green highlights are the new items

Binder or digital – ok

PROJECT NAME:
#PSC NUMBER:

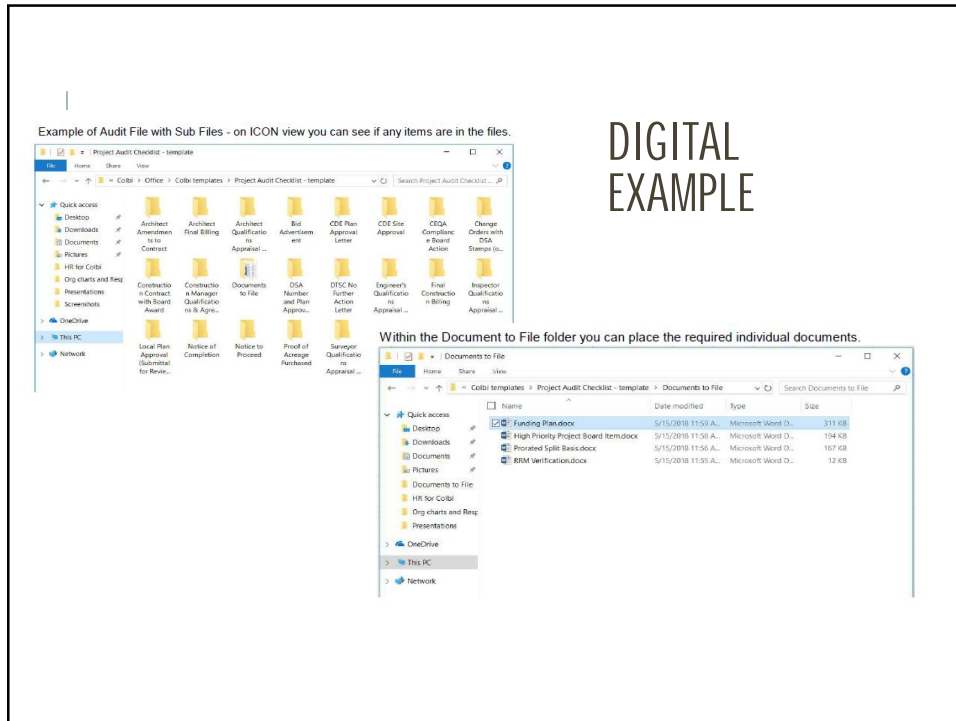
Category	Item	Date of Doc.	Tab.	
Site	- CDE Site Approval Letter		1	
Site	- Final of Airspace Particulars		2	
Site	- CDEA Compliance Board Action		3	
Site	- DTSC No Further Action Letter		4	
Planning	- Architect Qualifications Approval & Agreement		5	
Planning	- Architect Amendments to Contract		6	
Planning	- Architect Final Bidding		7	
Planning	- Construction Manager Qualifications & Agreement		8	
Planning	- Surveyor Qualifications Approval & Agreement		9	
Planning	- Engineer's Qualifications Approval & Agreement		10	
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Planning	- Local Plan Approval (Submitted For Review And Comment)		12	
Planning	- DSA Number And Plan Approval Letter		13	
Construction	- Bid Advertisement		14	
Construction	- Notice To Proceed		15	
Construction	- Inspector Qualifications Approval & Agreement		16	
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Construction	- Change Orders With Dual Stamps (Or Architect Letter)		18	
Construction	- Final Construction Billing		19	
Construction	- Notice of Completion		20	
Doc to File	- Complete Number of CDE or Plans to the SO-04		21	
Doc to File	- If shared project, Funded Split Items		22	
Doc to File	- Funding source plan		23	
Doc to File	- If applicable, the High Priority Project designation		24	
Doc to File	- Revenue Responder Blank, Annex 7% Verification (Each %)		25	
State	- S&B SO-04 And Amount Spent On report Costs		26	
State	- S&B SO-05 And Occupancy Date		27	
State	- Advisory Letters, if any		28	
State	- S&B Agenda Items related to the project		29	
State	- S&B SO-06 Final and DLOPE		30	

Note: All contracts and payment records for the project will need to be retained for audit.

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AUDIT ITEMS

- Major Contracts
 - Contract +/- Changes = Total
 - Final Invoice
- Some new – Some not
- But all mentioned in the Audit Guideline
- Document to File
 - Prorated Split Basis
 - Funding Source Plan
 - High Priority Project Designation
- New State Docs to File
 - Advisory Letters
 - SAB Agenda Items

PLANNING & CONSTRUCTION CONTRACTED AMOUNTS

Architect Contracts

Base Contract
 +/- Amendments specific
 to the State Project
 = Final Contract Amount
 Compare to Final Invoice
 and Total of Invoices

Construction Contracts (Design-Bid-Build)

Base Contract
 +/- Approved Change
 Orders
 = Final Contract Amount
 Compare to Final Invoice
 and Total of Invoices

Construction Contracts (Typical of Lse – Lse Back)

Base Contract with Allowances
 - Payouts of Unused Allowances per
 Contract
 = Final Amount
 Compare to Final Invoice and Total
 of Invoices

ESTABLISHING THE SPLIT CAPITAL VALUE BETWEEN SITES

Value established by the Contractor

In Bid or Schedule of Values
 By requiring the Contractor to do
 the split on the invoice

Value established by the District

By square footage
 By cost estimate
 By feature counts
 (ex: number of classrooms)

Or other agreed method

Whatever method used, it should be agreed upon, consistently followed,
 and documented to file

“VERIFY ... DISTRICT MATCHING FUNDS HAVE BEEN DEPOSITED IN (F35) OR EXPENDED BY THE DISTRICT FROM THE MATCHING FUNDING SOURCE PRIOR TO NOC”

OPSC has always advised deposit of matching funds into Fund 35

This has NEVER been BEST PRACTICE in school accounting, so is rarely done

Districts have need to maintain varying nexus for their varying capital facilities sources:

- F 21-24 Local Bonds Bond Language
- F 25/CFD Developer Fees Growth Projects (by area or nexus)
- F 35 SFP Funds State Project Parameters
- F 40 Restricted Funds Per Restriction or Source

THE FUNDING PLAN

The image displays several financial reports from AccountAbility:

- Project Aging Table:** Shows budget and actuals for various projects across different fiscal years (FY 2018 to FY 2022).
- Budget vs Actuals Table:** Compares budgeted amounts with actual expenditures for various categories like Planning, Construction, and Equipment.
- Total Funding Chart:** A bar chart showing the total funding available from different sources, with a total of \$1,000,000.
- Summary of Budgets:** A table summarizing the total funding for different project types and categories.

HIGH PRIORITY DESIGNATION

Annual Board Item

- Some LEA's do an annual board workshop and do an approval to work a list of projects
- This is also the meeting where the Board/County Supt may designate an amount to which the Asst Supt or Director can make budget adjustments without going receiving prior approval

Project Level Board Item

- Some Districts take each project to board, and also each change

Designation by Elected County Superintendent

- Elected officials may choose to directly authorize

STATE FORMS

The OPSC will be posting them, but you are to have your copies for the auditor

- SAB Agenda items
- Project Funding Worksheet (from the website)
- SAB 50-04, 50-05, and final copy of the 50-06 with Detailed Listing of Project Expenditures
 - Only allowable expenditures! And only to the value of the Grant + Match!
- Advisory Letters

THE DLOPE

A new way of looking at this document

And actually a new document

Contracted Amount Check
 Allowable Expenditures Only
 Ineligible Expenditures will result in payback to the OPSC

<http://www.dgs.ca.gov/opsc/Forms/formsbynumber.aspx>

WHAT GOES ON THE 50-06 DLOPE

EXPENDITURE WORKSHEET													
DEPARTMENT OF PUBLICATIONS AND COMMUNICATIONS													
FUND CODE													
OBJECT CODE													
COURT													
PROJECT NUMBER													
REPORT NUMBER													
DATE	FAISE	MARKET NUMBER	APN NUMBER	FUND CODE	OBJECT CODE	PURCHASE PRICE OF PROPERTY	APPRAISAL FEES	ESCROW AND SURVEY COSTS	POESA/PEA COSTS	DTSC FEES	HAZARDOUS WASTE REMOVAL	OTHER SITE COSTS	DESCRIPTION/PURPOSE

- New column for APN
- New columns for Fund and Object
- Former Appraisal, Escrow, & Survey are now combined
- POESA, PEA, DTSC Fees, and Haz Removal are now separate

This appears to be to aid the auditors as the site grants are more differentiated than the other sections

PLANNING & CONSTRUCTION CONTRACTED AMOUNTS

While the district may not pay more than the contracted amount, you are not required to put all payments for a project on the DLOPE, it is a sub-set of the project

- If the District spent more than the Grant+Match on the project, the DLOPE will be a sub-set of the project
- The items on the DLOPE should all be allowable items only
- No Changes are allowed to the Final DLOPE!

(For Financial Hardship and Reduction to Costs Incurred –
You must put all expenditures on the DLOPE!)

ALLOWABLE EXPENDITURES

This list does not change much from what you are used to –

READ IT!

Your final amount may be

Grant + Match + Interest + Savings

And the rules apply to all of monies

INELIGIBLE EXPENDITURES

A sample of Ineligible Expenditures:

- Administrative and overhead costs including indirect costs for general management
- Campus supervision
(campus security – NO, construction security – OK)
- Repair of damages incurred during construction
- Operational costs (service contracts, maintenance expenses, commissioning)
- Supplies (! this is the challenging one for lab spaces !)

INELIGIBLE EXPENDITURES

Specifically:

Band Equipment	Text Books
Band/Mascot Uniforms	Golf Carts, Trailers
Computers	Trucks/Tractors/Cars
Printers	Landscape Equipment/Mowers
Computer Carts	
School maintenance equipment (Floor Polisher/Scrubbers)	
Athletic Team supplies/Training Equipment/Uniforms	
Classroom Supplies/Consumables (Bunsen burners, test tubes, chemicals, mechanic wrenches, etc.)	

Some of these were never allowed, some are newly defined to include items that never were defined that way before

FINANCIAL HARDSHIP PROJECT CLOSE-OUT OR CLOSED TO COSTS INCURRED AUDITS

Verify the amount spent prior to any fund release does not exceed the district or COE contribution

- This will result in a reduction of the FH apportionment and increase in the LEA contribution

Do this verification for each fund release: design, site acquisition, and final construction

FINANCIAL HARDSHIP PROJECT CLOSE-OUT AUDITS

Savings – if a project has savings, as calculated in the same manner as a non-FH project, a district or COE has two choices:

1. Return the savings to OPSC
2. Hold the savings for up to three years to offset the apportionment on a future FH project

FINANCIAL HARDSHIP PROJECT CLOSE-OUT AUDITS

Overspending – if a project is overspent (more eligible expenditures than project funding) a district or COE has three choices:

1. Apply the overspent amount to a future SFP FH project to offset the apportionment within the next three years
2. Remain out of the FH program for three years
3. Return the overspent amount to the state

FOR DIGITAL MATERIALS
CONTACT | leboggs@colbitech.com

NEW CONSTRUCTION PROJECT CHECKLIST

PROJECT NAME:

OPSC NUMBER:

Category	Item	Date of Doc	Tab	⊗
Site	- CDE Site Approval Letter		1	
Site	- Proof of Acreage Purchased		2	
Site	- CEQA Compliance Board Action		3	
Site	- DTSC No Further Action Letter		4	
Planning	- Architect Qualifications Appraisal & Agreement		5	
Planning	- Architect Amendments to Contract		6	
Planning	- Architect Final Billing		7	
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Construction	- Inspector Qualifications Appraisal & Agreement		16	
Construction	- Construction Contract With Board Award		17	
Construction	- Change Orders With Dsa Stamps (Or Architect Letter)		18	
Construction	- Final Construction Billing		19	
Construction	- Notice of Completion		20	
Doc to File	- Compare Number of CRs on Plans to the 50-04		21	
Doc to File	- If shared project, Proated Split Basis		22	
Doc to File	- Funding source plan		23	
Doc to File	- If applicable, the High Priority Project designation		24	
Doc to File	- Routine Restricted Maint. Account 3% Verification (Each Yr)		25	
State	- SAB 50-04 And Amount Spent On Hard Costs		26	
State	- SAB 50-05 And Occupancy Date		27	
State	- Advisory Letter(s), if any		28	
State	- SAB Agenda items related to the project		29	
State	- SAB 50-06 Final and DLOPE		30	

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MODERNIZATION PROJECT CHECKLIST

PROJECT NAME:

OPSC NUMBER:

Category	Item	Doc Date	Tab	✳
Site	- CDE Site Approval Letter		1	
Site	- CEQA Compliance Board Action		2	
Site	- DTSC No Further Action Letter		3	
Planning	- Architect Qualifications Appraisal & Agreement		4	
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Construction	- Change Orders With Dsa Stamps (Or Architect Letter)		17	
Construction	- Final Construction Billing		18	
Construction	- Notice of Completion		19	
Doc to File	- Verify Plans Reflect Zero New Square Footage		20	
Doc to File	- Verify Site Dev Costs Are Only For Replacement/Repair		21	
Doc to File	- If shared project, Proated Split Basis		22	
Doc to File	- Funding source plan		23	
Doc to File	- If applicable, the High Priority Project designation		24	
Doc to File	- Routine Restricted Maint. Account 3% Verification (Each Yr)		25	
State	- SAB Agenda items related to the project		26	
State	- SAB 50-04 And Amount Spent On Hard Costs		27	
State	- SAB 50-05 And Occupancy Date		28	
State	- Advisory Letter(s), if any		29	
State	- SAB 50-06 Final with DLOPE		30	

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