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**WEST CONTRA COSTA UNIF**

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**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**REPORT TO MANAGEMENT**

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We have completed our audit of bond Measures M and D of West Contra Costa Unified School District as of and for the year ended June 30, 2004, and have issued our reports thereon dated November 21, 2004.

The following information summarizes the key findings and results of our audit for the fiscal year ended June 30, 2004.

**FINDING 2004-1**

**Strengthen Controls  
Over Cash Disbursements**

In our review of the internal controls over cash disbursements charged to bond Measures M and D, we noted the following:

- § Most purchase orders were dated and authorized subsequent to the invoice date. The untimely processing of documentation for board agenda and negotiation of contracts causes services to be rendered prior to board approval. For fiscal year ending 2004, we noted 5 exceptions in the 5 items tested. This condition was identified in our audit of the prior fiscal years. See: Prior Year Finding 2003-01, below.

The lack of proper authorization prior to purchase of goods or services can lead to inappropriate or unapproved charges to the District's bond program.

**RECOMMENDATION**

1. The District should take the necessary steps to ensure that authorized purchase orders exist prior to items being purchased or services being performed to substantiate the proper authorization of cash disbursements.
2. Facilities management should strengthen controls over timelines of placing contracts on board agenda and signed by the contractor prior to the contractor providing services

**DISTRICT RESPONSE**

The District has been working and will continue to work with personnel and vendors to help assure that all transactions are authorized and approved prior to work being performed and/or goods being delivered.

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3. All documentation related to the selection process for all contracts should be maintained. A checklist of the requirements should be maintained to ensure all requirements are followed for purchases subject to public bid requirements.
4. Documentation should be maintained to support any rationale that limited competition in those cases where competition was limited.
5. The District should ensure that piggyback bids are board approved.

**DISTRICT RESPONSE**

The development and implementation of a comprehensive central filing system is in process. The District will continue to work with staff and vendors to assure that this important system meets the needs of the District and is implemented in a timely manner. The District has developed a checklist that will be used to document that all required elements and other purchasing information has been received and appropriately filed prior to awarding a contract. District personnel will make every effort to assure that all approvals and actions are completed prior to the issuance of a contract.

**STATUS OF FINDING**

Sufficient remedial procedures have been implemented and the conditions that resulted in the finding did not exist for the fiscal year ended June 30, 2004.

**FINDING 2003-3**

**Strengthen Change  
Order Procedures**

During our review of the District's change order process, we noted the following internal control deficiency:

- § Significant change orders do not have cost/price analysis and a determination that prices are fair and reasonable.
- § Prior to work being performed by the contractor, the District did not always approve change orders. One contractor started and completed one significant change order without District approval. The District never approved change order number 1 to the Albany Construction contract for \$101,101.

**RECOMMENDATION**

1. The District should perform cost/price analysis and determination that prices are fair and reasonable for all significant change orders.
2. The District should advise all contractors that no payment would be made for work performed under a contract change order that has not been approved by the appropriate school District official. This letter should identify who at the District

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has the authority to sign contract change orders and at what dollar thresholds they are authorized to approve.

**DISTRICT RESPONSE**

The District has revised its change order procedures in conjunction with the beginning of construction of the Measure M Phase 1A campuses. These procedures require that a preliminary evaluation of the change order request be made prior to authorizing work to begin. This evaluation includes a review of the reasons for the change order request as well as the estimated costs.

**STATUS OF FINDING**

Sufficient remedial procedures have been implemented and the conditions that resulted in the finding did not exist for the fiscal year ended June 30, 2004.