

PROGRAM AUDIT OF THE CALIFORNIA CLEAN ENERGY JOBS ACT

PROPOSITION 39 PROGRAM

Audit Report for July 1, 2017, through June 30, 2018



PRESENTED BY:

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Agenda

- Audit Authority and Objectives
- Audit Scope
- Audit Methodology – Local Education Agencies (LEAs)
- Audit Methodology – Community College Districts (CCDs)
- Audit Results (Findings)
- Audit Results (Observation)
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Audit Authority, Objectives, Scope, and Methodology



Audit Authority and Objectives



The State Controller's Office and the Citizens Oversight Board entered into a three-year contract on June 15, 2016 to:

- Assess the California Energy Commission's (CEC's) controls over Program implementation and administration;
- Ensure that expenditures and fund accounting complies with applicable statutes; and
- Audit a selection of completed projects (80% LEAs and 20% CCDs) to determine compliance with Proposition 39 Program guidelines.



Audit Scope

As of June 30, 2018, California schools reported the following completed project costs under the Proposition 39 Program:

- Local Education Agencies – 114 LEAs totaling \$63,057,214
- Community College Districts – 37 CCDs totaling \$22,462,119



Audit Scope

From the listing of completed projects, we judgmentally selected for audit:

- 16 LEAs with reported total expenditures of \$20,158,851 (32% of the total), and
- 3 CCDs with reported total expenditures of \$4,047,423 (18% of the total).

(Our selections included both urban and rural districts throughout various areas of the State)



Audit Methodology - LEAs



We determined whether:

- Planning funds were expended properly and unused funds were applied to project implementation;
- LEAs submitted an Energy Expenditure Plan (EEP) to the CEC consistent with their project priorities;
- The CEC approved the EEPs in compliance with the Proposition 39 Program Implementation Guidelines and EEP Handbook;
- The approved EEPs included all of the required components;
- The final report from the LEA included all information outlined in Public Resource Code sections 26240(b)(1) through section 26240(b)(7);
- LEAs used a competitive bid process and did not use a sole-source process to award project funds;
- LEAs had signed contracts identifying project specifications, costs, and energy savings; and
- Project costs incurred were adequately documented and supported.



Audit Methodology - CCDs

We determined whether:

- CCDs submitted a Proposition 39 Funding Application to the California Community Colleges Chancellor's Office (CCCCO), which approved the application consistent with CCCCCO Implementation Guidelines;
- The CCD submitted a "Call for Projects" form identifying projects as energy efficiency or renewable energy generation;
- Proposition 39 Close-out Project Completion Forms and the Annual Project Expenditure Report submitted to the CCCCCO contained all the required information;
- CCDs used a competitive bid process and did not use a sole-source process to award project funds;
- CCDs had signed contracts identifying project specifications, costs, and energy savings; and
- Project costs incurred were adequately documented and supported.





Controller Betty T. Yee
California State Controller's Office

Audit Results (Findings)

Sole-Sourced Contracts – Sole-sourced contracts totaled:

- \$2,189,993 for seven LEAs; and
- \$823,777 for three CCDs.

Ineligible Expenditures – Ineligible Project Costs totaled:

- \$8,075 for one LEA; and
- \$19,579 for one CCD



Audit Results (continued)

Energy Savings Not Identified – Signed contracts did not specify required projected energy savings for ten LEAs and three CCDs.

Final Project Completion Reports Submitted After the Deadline – Final project completion reports were submitted to the CEC more than 15 months after the deadline for five LEAs.



Audit Results (Observation)

Four LEAs received Proposition 39 funds exceeding the amounts in their approved EEPs, totaling \$26,238. We brought this issue to the attention of the California Department of Education (CDE).

CDE agrees that the four districts received excess payments likely due to changes made in planning fund budgets and the lack of final project completion reports when apportioning funds.

This issue is labeled as an Observation because reconciling funds apportioned by the CDE to final EEP amounts approved by the CEC was not an objective of our audit. However, audit standards require that we report the issue, as it requires the attention of management.



Questions

