Update on Audit Contract

Jack Bastida
Citizens Oversight Board Meeting
Imbrecht Hearing Room
Sacramento, California
March 21, 2019
Citizen Oversight Board Mandates

Public Resources Code Section 26210

- Review all Clean Energy Job Creation Fund expenditures

- **Commission and review an annual independent audit of the Job Creation Fund and of a selection of projects completed to assess the effectiveness of the expenditures**

- Publish complete accounting of expenditures and post on publicly available Web site

- Submit annual evaluation to Legislature identifying changes needed to Clean Energy Jobs Act programs
Current Audit Contract

- Three year inter-agency contract between the Citizens Oversight Board and the State Controllers Office for audit services.
- $300,000 per year towards contract services.
- Contract includes tasks for financial audit and program audit.
  - We have been doing the financial audit every other year (year 1 & 3), to save $ towards the program audit.
Exhibit A - Scope of Work

• Includes tasks and deliverables from the SCO.
  - Task 1- Agreement Management- goes over meetings to establish lines of communication for implementing agreement, how invoices will be sent to COB, and progress reports / final audit report, and project representatives
  - Task 2- Financial Audit of the Job Creation Fund- goes through how the SCO will create a report on the financial statements are in line with generally accepted accounting principles.
  - Task 3-Program Audit of Job Creation Fund Expenditures- lays out the SCO will audit the CEC K-12 and CCCCO energy projects based on implementation guidelines and Public Resource Code.
Exhibit B- Budget Detail and Payment Provision

• Includes invoicing and rate structure.

• This part of the Contract - Exhibit B is updated every year because of changing rate structure of staff classifications.
Current Contract

- Two reports will be released in July, financial audit and program audit reports.

- Financial auditors have met with CDE, CEC, CCCCO, CWDB, and CCC to obtain audit accounting records.

- Program Audit has visited 20 school sites- 16 local educational agency sites (80%) and 4 community college district sites (20%).
  - For K-12 program: represents auditing 126 projects at 16 LEAS, out of a total of 473 projects at 73 LEAS completed for that fiscal year.
  - For Community College program: represents auditing 23 projects at 4 CCDs, out of a total of 121 projects at 37 CCDs completed for that fiscal year.

- The first two years of audit findings have shown sole-sourced and project costs incurred prior to the program eligibility period. In some cases, depending on appeal process, these funds have been recovered because of the audit findings.
Next Steps: New Contract

• Get general direction from Chair and Board members to begin creation of new contract.
  o Stay with State Controllers Office for interagency contract?
  o Single year or multi-year contract?

• COB Staff will meet with SCO to see what worked/lessons learned, what could be improved, changed, updated.

• COB Staff will begin to draft Scope A and B and other documents required, will work with board on potential changes/updates.

• COB Staff will present the new contract to board for vote.
Questions/Discussion