

Update on Audit Contract

**CITIZENS
OVERSIGHT BOARD**



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Citizens Oversight Board Meeting

Imbrecht Hearing Room

Sacramento, California

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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.
 - Contract from 6/30/2016 through 6/30/2019.
- \$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 CCCCCO 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, CCCCCO, 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.
 - Stay with State Controllers Office for interagency contract?
 - 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