

Berkeley Unified School District

FACILITIES PLANNING DEPARTMENT

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Draft Minutes of the Meeting of February 7, 2013

Members Present: Stephanie Allan Susi Marzuola Eric Weaver Allen Nudel
Nicolie Bolster-Ott Carl Bridgers

Staff Present: Lew Jones, Director of Facilities
Chanita Stevenson, Administrative Coordinator

BUSD Staff Present: Miguel Dwin

1. *Call to Order:* The meeting was called to order at 6:00 PM.
2. *Approval of Meeting Minutes:* Secretary Weaver moved to accept the minutes as amended. Member Bolster-Ott seconded the motion. The minutes were approved unanimously.
3. *Public Comments:* There were no public comments.
4. *Presentation by Charles Raibley, Crowe Horwath LLP regarding the Audit Performance Audit*
 - Crowe Horwath LLP performed a financial and performance audit for both Measure I and AA.
 - A Performance Audit involves the review of the internal controls around the bond expenditure process and reviewed a sample of expenditures from the bond and making sure that the expenditures were made for the purpose of the bond.
 - For Measure AA, They reviewed expenditures from the period of July 1, 2008 to June 30, 2012. They audited a sample of 117 individual invoices, totaling of approximately \$12.1M expenditures out of a population of approximately \$33M of expenditures. Crowe Horwath LLP has an unqualified opinion on this audit meaning they did not find any exceptions. He went on to summarize the document which includes their opinion, all of the bond issuances in Measure AA, and a summary of the procedures used.
 - For Measure I, the performance audit process was the same. They reviewed all of the bond expenditures for fiscal year 2012, and separated and reconciled total bond expenditures. The sample audited was smaller. The sample included a total population of approximately \$12.3M in expenditures. They sampled 50 items which was valued at approximately 4% of the population.
 - *Secretary Weaver asked why a third of the total expenditures were sampled for the Measure AA audit vs. a very minimal percentage was sampled for Measure I. Mr. Raibley responded that it varies depending on if they are looking at a longer period of time there is a higher risk. All the higher risks will be incorporated into their methodology. Sometimes a sample will increase depending on that risk level. They also select high value items, so if there was a larger population of items over a certain dollar threshold those items will be selected. The total coverage amount would increase which does not necessarily mean that they tested a larger volume of items. For Measure AA there was a sample of 117 items over a 4 year period vs. 50 items out of 1200 items over a 1 year period for Measure I. They crossed their sample and stratified across larger and smaller samples to include a higher population of those larger individual invoices.*
 - *Secretary Weaver questioned how the firm determines their sample size given the small sample size for Measure I. The firm has a set methodology that includes a statistical sampling approach. The firm incorporates all the individual invoices into a sampling software, put in the factors of inherit control risk, materiality, and any other considerations in the sample.*

- *Staff noted that he was surprised by the high number of transactions (1200) for Measure I. He expected Measure AA to have more transactions based on the number of projects.*

Financial Audit

- The Financial Audit reviews the cash balances, any accounts receivables and payables, fund balance amounts that are due to other funds. They found no exceptions in this audit. The auditor had an unqualified opinion. At the bottom of the opinion it references another opinion for Government Auditing Standards.
- For Measure AA, at the end of 6/3/2012 it included \$31.6M in fund balance. There were no further bond issuances, there was only interest income and expenditures.
- *Secretary Weaver asked about the expenditures of books and supplies expenditures. Staff responded that most of the expenses in that line are furniture expenses for West Campus. It is not used for books. The auditor noted it includes non-capitalized expenses for the site and it is a standard district wide category used to describe items at a certain dollar value.*
- For Measure I, the same process was used as with Measure AA audit. The ending fund balance for Measure I was \$17,009,508. There were no bond issuances for the current year. There were no other revenues other than interest income. The expenditures are listed.
- Similar to Measure AA financial audit, the auditors discuss the details behind the financial audit.
- *Staff asked if it was challenging to do a performance audit for 4 years. The auditor responded that the challenge was the District office changed location and invoices were in different locations.*

5. *Staff Report*

Project Updates

- **CABS:** CABS have been mentioned in the news. The financial advisor has suggested that the District issues CABS now, because he believes that there may be restrictions around CAB issuance later. BUSD staff has not accepted that advice
- **BHS:** It is going well although there is a dispute over wet soil found under the old bleachers.
- **Derby Field:** This project is going well. The City will self-perform the drainage work.
- **Board Room/Charter Project:** These two projects are being bid as one project.
- **DSA Issues:** There is a new DSA Field Engineer and his approach may cause increased soft costs for the District.
- **Public Process:** Changes have been made to the public process that affect Facilities.
 1. There will be 3 Board meetings and mostly all of Facilities business will occur on the 1st monthly meeting, unless it is a board advertisement or award.
 2. There will be no further facilities presentations from architects. The plan is that all presentations will be videotaped and available for review before the Board meeting.

3. There were also changes to the process of creating a Site Committee. These changes include:
 - The principal selects members which go to Cabinet for approval;
 - Cabinet approves outreach method ahead of the schedule; and
 - Meetings are listed ahead of time and project manager contact information is included.

The Committee expressed concern about these changes. They are interested in further discussing this process as relates to the creation of their new subcommittee.

6. **Action:** Proposed By-Law change to create a Sub-committee to review project design as it relates to cost, efficiency, facility planning and design.

The proposed By-Law was amended to add a preamble that states:

The CBOC submits this proposed by-law with the recommendation that a Board Member be designated as a contact for the Subcommittee. While encouraged to attend all subcommittee meetings, the Subcommittee will specifically notify the designated member of meetings dealing with significant presentations.

Co-Chair moved to approve the change in the By-Laws to create the Subcommittee. Secretary Weaver seconded the motion. The motion was approved unanimously.

7. Committee Member Comments:

- Member Nudel asked about how the BHS Phase II and III project. Staff stated that the project is going well.
- Member Bridgers asked about how the new BHS Stadium Building performed. Staff noted that it is performing well and that the athletic community is happy with the washer and dryers.
- Member Bolster-Ott asked about the discussions related to the restoration of tennis courts where the parking lot is located at Berkeley High School. Staff explained that this issue has been discussed with the City of Berkeley. The City needs to designate a parking area downtown for staff, if the tennis courts will be restored.

8. Monthly Report from the Audit Tracking Committee:

- There were no updates from this Committee. Staff reminded everyone that if there are any questions regarding the audit to email them ahead of the next meeting.

9. Next Meeting Dates:

- Future meetings are scheduled for March 7th and April 11th.

10. Adjournment.

- The meeting adjourned at 7:12PM.