

Board Office Use: Legislative File Info.	
File ID Number	12-0217
Committee	Facilities
Introduction Date	1-25-2012
Enactment Number	12-0185 B
Enactment Date	1-25-12



OAKLAND UNIFIED
SCHOOL DISTRICT

Memo

Board of Education

Tony Smith, Ed.D., Superintendent

Timothy White, Assistant Superintendent, Facilities Planning and Management

January 25, 2012

Division of Facilities Planning and Management P.O. Less than \$50,000.00

Ratification by the Board of Education of the attached contracts for the Division of Facilities Planning and Management.

File ID	Vendor Name	\$	Funding Source	Type	Site	Period	City
12-0203	Acoustics by the Bay	\$18,000.00	GO Bond-Measure B	P.O.	Highland E.S.	1-25-2012 thru 12-31-2012	Oakland
12-0204	Applied Remedial Services, Inc.	\$14,436.00	GO Bond-Measure B	P.O.	Prescott E.S.	12-1-2011 thru 1-31-2012	Walnut Creek, CA
12-0205	Associate Comfort Systems	\$13,900.00	Fund 35	P.O.	Facilities	10-24-2011 thru 12-10-2011	San Leandro, CA
12-0206	Bosch Security Systems	\$450.00	GO Bond-Measure B	P.O.	Skyline Wellness Center	12-1-2011 thru 6-30-2012	Lancaster, PA
12-0207	CDW Government	\$11,847.06	GO Bond-Measure B	P.O.	Jefferson ES	11-11-2011 thru 12-30-2011	Chicago, IL
12-0208	Central Equipment Services	\$5,748.15	Fund 35	P.O.	La Escuelita (Downtown)	11-31-2011 thru 2-1-2012	San Jose, CA
12-0209	Chussy International	\$519.88	GO Bond-Measure A	P.O.	Facilities	10-28-11 thru 11-4-2011	Oakland, CA
12-0210	Logical Choice Technologies	\$7,250.00	GO Bond-Measure A	P.O.	Claremont M.S.	12-5-2011 thru 2-3-2012	Lawrenceville, GA
12-0212	North American Fence & Railing, Inc.	\$2,320.00	Developer Fees	P.O.	Garfield E.S.	10-15-2011 thru 12-31-2011	Oakland, CA
12-0213	Premium Roofing Waterproofing	\$3,200.00	GO Bond-Measure B	P.O.	Prescott E.S.	11-1-11 thru 01-01-2012	Oakland, CA
12-0214	Quill	\$217.28	GO Bond-Measure B	P.O.	Facilities	12-6-2011 thru 12-8-2011	Philadelphia, PA
12-0215	Rusco, Inc.	\$43,469.00	Fund 35	P.O.	Oakland Technical H.S.	12-1-2011 thru 3-1-2012	San Gabriel, CA



OAKLAND UNIFIED SCHOOL DISTRICT

1-3029	Vista Real Estate Partners	\$7,000.00	GO Bond-Measure B	P.O. Increase	Facilities	3-23-11 thru 8-23-11	Oakland, CA
2-0217	Yano Accountancy Corporation	\$31,250.00	GO Bond-Measure B	P.O.	Facilities	12-30-2011 thru 6-30-2012	Oakland, CA
2-0218	Yovino-Young Inc.	\$11,000.00	GO Bond-Measure B	P.O.	Golden Gate and Hawthorne	12-21-11 thru 01-01-2012	Berkeley, CA

Discussion:

Among the key purposes of the District's Facilities Master Plan is to provide an academic environment for the Oakland community that will give every student, educator, and community member using our facilities the best possible opportunity for learning.

Through implementation of the Facilities Master Plan, the District intends to improve the District's facilities in terms of structural integrity, safety, reliability of operating (mechanical) systems, access to modern resources, number and type of appropriate laboratories and specialized instruction rooms, opportunities for physical education, and attractiveness, such that the Oakland Public Schools are second to none. Operation of the District schools under the planned approach is intended to ensure safety, cleanliness, and orderliness for all individuals participating in the learning process.

The basic facility needs of students such as proper lighting, functional roofs, noise control and well maintained buildings, not only convey the message that we value our students and teachers but may foster a sense of school pride and community ownership which may improve attitudes towards learning. The implementation of the Facilities Master Plan is our first step in that direction.

Fiscal Impact:

Various

Recommendation:

The Board of Education is requested to approve the Facilities Planning and Management to OUSD school sites.

OAKLAND UNIFIED SCHOOL DISTRICT
Department of Facilities Planning & Management

AGREEMENT REQUEST FORM

DATE SUBMITTED 12-12-11 SUBMITTED BY: Tadashi Nakadegawa

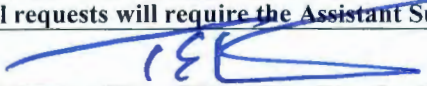

SECTION I. TYPE OF AGREEMENT (PLEASE CHECK ONE BOX)

1.) A&E (Architects and Engineers) Contract	<input type="checkbox"/>	5.) "Small"(under \$15,000.00) Construction Contract	<input type="checkbox"/>
2.) IOR (Inspector of Record) Contract	<input type="checkbox"/>	6.) Resolution Awarding Bid & Construction Contract	<input type="checkbox"/>
3.) Agreement for Professional Services-Testing Etc.	<input type="checkbox"/>	7.) Change Order	<input type="checkbox"/>
4.) Amendment to Agreement for Professional Services (Amendment #--)	<input checked="" type="checkbox"/>	8.) Purchase Order	<input type="checkbox"/>


Vendor Number: _____
Fiscal Year: 2011-2012
P.O. Under \$50K: _____
Date Processed: 12-21-2011
To: MB 12/21 To DR: _____

SECTION II LOCAL BUSINESS PARTICIPATION PERCENTAGE

Local Business	Small Local Business	Small Local Resident Business	Total Percentage

All requests will require the Assistant Superintendent's and the Director of Facilities Authorization and Signature			
			
Timothy E. White	Date	Tadashi Nakadegawa	Date
Assistant Superintendent		Director of Facilities	<u>12/14/11</u>

SECTION III. AGREEMENT INFORMATION:

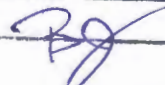
Project Name:	Audit of Bond Measure B (OUSD)	Project No:	<u>9189901807-5825</u>
Vendor Name:	Yano Accountancy Corporation	Vendor Contact:	Eugene Yano, Principal for Yano Accountancy Corporation
Vendor Phone Number:	Tel: 510/582-9970 Fax: 510/482-9042 yano@uanoCPA.com	Vendor Mailing Address:	6051 Girvin Drive, Oakland, CA 94611-2458
Agreement Start & Stop Dates:	Start: 12/30/11 Stop: 06-30-12	Amounts:	Current Contract Amount: Not to Exceed Amount: \$31,250.00 Revised Contract Amount:
Has Work Started?	Yes <input type="checkbox"/> No <input type="checkbox"/> If yes give an explanation:	Has Work Been Completed?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Certificate of Insurance Attached	<input type="checkbox"/> Yes <input type="checkbox"/> No	Date provided:	Certified:  Edgar Rakestraw, Jr., Secretary Board of Education

For Construction Contracts \$15,000, please provide or attach the following:

- | | |
|--|--|
| 1) Number of Bids Received, List of Bidders and Amounts (Bid Form) <i>(Attach Bid Documents)</i> | 6) Performance Bonds Attached _____ |
| 2) Date(s) of Bid Advertisement _____ | 7) Payment Bonds Attached _____ |
| 3) Date of Bid Opening _____ | 8) Number of Phases _____ |
| 4) Name of Architect _____ | |
| 5) Liquidated damages per day _____ | (Sections 6 & 7 to be completed by Contract Administration department) |

Scope of Work: *(Needed to prepare Executive Summary Financial and performance audit of Bond Measure B for Oakland Unified.)*

Discussion Information *(Needed to prepare Executive Summary)*

LEGISLATIVE FILE
 File ID No. 12-0217
 Funding Source _____
 Introduction Date 1-25-2012
 Enactment No. 12-0185
 Enactment Date 1-25-12


Budget Number: _____
RECEIVED
12-21-2011

**OAKLAND UNIFIED SCHOOL DISTRICT
BOND MEASURE B**

**Proposal to Provide Financial
and Performance Auditing Services**

Yano Accountancy Corporation

Yano Accountancy Corporation

Litigation and Financial Consulting • Forensic Accounting
Certified Public Accountants

November 9, 2011

Mr. Timothy E. White
Assistant Superintendent
Oakland Unified School District
Department of Facilities Planning and Management
955 High Street
Oakland, CA 94601

Dear Mr. White:

Thank you for the opportunity to present this proposal for the Fiscal Year 2011 financial and performance audit of Bond Measure B for the Oakland Unified School District (OUSD). As you read our proposal, we would like to highlight the reasons why our team is highly qualified to provide you with the responsive professional services you desire:

Our Team Has a Proven Track Record

Drawing from our years of public sector experience, our team has a complete understanding of the environment in which governments operate and its unique and complex financial transactions. We take pride in our record of service and commitment and will continually strive to improve upon it. Our team has a vast understanding of governmental and local education agencies. Our team includes auditors for school districts and governmental entities throughout the State of California and nationwide, we have gained an excellent understanding of the financial transactions and the related accounting, reporting and operational issues that affect school systems.

Our team's experience conducting financial and compliance audits of government contracts will prove invaluable to OUSD, as will the team members' experience conducting the Measure B audit for the Oakland Unified School District for the last five years. Financial, performance and contract audits are the hallmark of the TCBA practice. We have school district expertise combined with government construction contract audit expertise. We also believe that, as we provide professional service to our clients, we become partners with them in their and our own success.

Our Team Has the Right People

Professional services are only as good as the people who provide them. When two firms team together to provide services to government agencies, this becomes even more important, as it is critical that all team members work together. Yano Accountancy Corporation (YAC), an Oakland CPA firm, has teamed with Thompson, Cobb, Basilio & Associates PC (TCBA), who has been your lead audit firm for the past five years. Our two firms recently teamed together to complete the performance audit of the Fox Theater renovation project, so we work well together – a key trait in ensuring successful professional services engagements. Professionals from

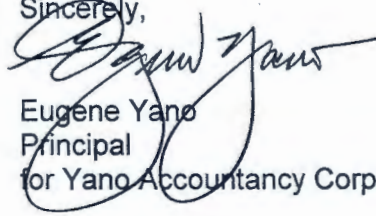
Mr. Timothy E. White
November 9, 2011 — Page 2

both of our firms have over two decades of special expertise in meeting the needs of federal, state, and local government agencies.

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Again, we appreciate this opportunity to be of service to the Oakland Unified School District. We believe that the information provided in our proposal, particularly our team's demonstrated performance with OUSD and overall experience qualifies us strongly to be your audit firm. You have my personal commitment, as well as that of all of the professionals at both Yano Accountancy Corporation and Thompson, Cobb Basilio & Associates, PC to quality and timely service. Please contact me at 510/482-9970 or Eugene.Yano@YanoCPA.com if you have any questions.

Sincerely,



Eugene Yano
Principal
for Yano Accountancy Corporation

Yano Accountancy Corporation

TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	i
A. Firm Organization.....	1
B. Project Team	3
C. Scope of Work.....	4
D. Quality Control.....	6
E. Experience.....	8
F. Cost Proposal.....	17

A. FIRM ORGANIZATION

Yano Accountancy Corporation (YAC) is a 14-person consulting and public accounting firm with offices in Oakland and San Francisco. Founded in 1995 as Yano & Associates and incorporated as Yano Accountancy Corporation in 2000, YAC is certified as a Local Business Enterprise in Oakland, Small Local Business Enterprise in Alameda County and Small Business Enterprise by the State of California.

The firm provides a wide range of financial consulting, auditing, accounting and tax services to both public- and private-sector clients, to include financial and compliance audits, performance audits, contract audits, indirect cost plan preparation and audits and forensic accounting/audits.

As shown in the following table, 10 of the firm's 13 professionals (non-administrative employees) spend significant hours on assurance (i.e., audit or attestation) engagements.

Labor Category	Total Headcount	Assurance Concentration
Principals	2	2
Managers	3	2
Seniors	3	2
Associates	5	4
Administrative	1	N/A
Total	14	10

YAC will serve as the prime contractor for this engagement and has complemented its audit team by subcontracting with **Thompson, Cobb, Bazilio & Associates, PC (TCBA)**. TCBA is a minority-owned full-service accounting and consulting firm that has been in business since 1983. Since that time, TCBA has grown to one of the largest minority owned and controlled CPA firms in the United States. The firm's growth has resulted from its commitment to excellence and the superior quality of services provided to each client.

TCBA has Offices in California (Los Angeles County), Washington, D.C., Pennsylvania, Connecticut, Maryland, and Virginia. TCBA is duly licensed to practice accounting in the state of California. The firm also has more than 200 professionals, each of whom has significant experience in his or her field. The firm employs some of the best and brightest auditors, accountants, management and information technology consultants, as well as tax and other technical specialists in their professions and has gained a reputation for consistently high-quality work and practical, value-added solutions. Many of our personnel are certified – as public accountants, fraud examiners, and or information systems auditors. Others have advanced degrees in business administration, public administration, and law. A breakdown of TCBA staff by labor category is as follows:

Labor Category	Audit	Tax	Consulting	Total
Partners	3	1		4
Principals/Directors	6		9	15
Managers	15	2	17	34
Staff	66	4	101	171
Administrative	12	1	6	19
Total	102	8	133	243

TCBA's Los Angeles County office has expanded over the years to meet specific client needs. Among the services offered by TCBA are:

- Financial and compliance auditing
- Performance auditing
- Contract auditing
- Internal control reviews
- Cost containment and revenue enhancement
- Grant management and cost accounting
- Financial management and budgeting
- Accounting system design, implementation, and training
- Internal audit assistance
- Program and organization assessment
- Business process reengineering
- Bench-marking and best practices

B. PROJECT TEAM

YAC and TCBA have consistently provided high-quality, on time service to its clients. In no small part, the quality of our service is the result of the experience and knowledge of the key personnel who perform the work. YAC/TCBA proposes an engagement team of senior professionals with extensive experience and knowledge in auditing local governments. The skill and know-how of our engagement team are combined with a well thought-out approach with individual commitments to high-quality and timely service. We have a management structure in place to demonstrate our commitment and to make available additional resources as necessary.

Eugene Yano, CPA, MBA, CFF – Project Director
Luk Yuen, CPA – Audit Manager
Rustico Cabilin – Senior Auditor
Katherine Yoshii – Senior Auditor

Eugene Yano, MBA, CPA, CFF is the principal in charge of Yano Accountancy Corporation, and will serve as the project director on the engagement. He will be responsible for the quality and timeliness of all services provided by the YAC/TCBA team. Mr. Yano's current and recent government assurance clients include the City of Oakland, Port of Oakland, Alameda Contra Costa Transit District, County of Alameda, San Francisco Public Utilities Commission, San Francisco International Airport and San Francisco County Transportation Authority. For his government clients, he has performed financial audits, single audits, performance audits and California Constitution-mandated agreed-upon procedures, and prepared cost allocation plans.

Luk Yuen, CPA, a manager at Yano Accountancy Corporation, will serve as the audit manager on the engagement. Mr. Yeun's current and recent government assurance clients include the City of Oakland and San Francisco International Airport. For his government clients, he has performed financial audits, single audits, performance audits and California Constitution-mandated agreed-upon procedures, and prepared cost allocation plans.

Rustico Cabilin and Katherine Yoshii will serve as senior auditors. They will perform the day-to-day audit procedures and document those procedures in the form of working papers. They will also assist with planning the audit. Rustico worked on the Measure B fiscal and performance audit for Oakland Unified School District for the year ended June 30, 2008 and 2009 and has over 9 years of audit experience in both the private and public sectors. Ms. Yoshii's government assurance clients during her four years at Yano Accountancy include the City of Oakland, Port of Oakland, County of Alameda, San Francisco Public Utilities Commission and San Francisco Municipal Transportation Agency. For her government clients, she has performed financial audits, single audits, performance audits and California Constitution-mandated agreed-upon procedures, and prepared cost allocation plans.

C. SCOPE OF WORK

In order to accomplish our responsibility, our audit will be divided into three phases; planning, interim and year-end. The following general approach will be followed:

PLANNING

This phase will focus on understanding the District's organization and its operating environment for the Bond Program in order to formulate an audit strategy. This is accomplished by performing the following:

- Conduct an entrance conference with appropriate personnel to discuss areas of concern, new developments, background information, time frames and the appropriate lines of communication.
- Prepare a document request of the schedules, statements and documents necessary to complete the audit. Normally the document request is given to the client in advance in order to allow sufficient time to compile the information.
- Review of any prior year's audits that disclose information about the District's bond funds or program.
- Perform risk assessments to evaluate audit risk considerations will be prepared for material account balances and classes of transactions to identify areas and types of testing to be performed.
- Determine materiality levels will be determined for each fund and account type.
- Prepare audit programs to best accomplish our audit objectives.

INTERNAL CONTROLS

This phase concentrates on the evaluation of the organization's internal controls and tests of compliance. We will obtain an understanding and evaluate OUSD's internal control structure for the bond program and test transactions as deemed necessary. In this phase, the engagement team will gain a greater understanding of the OUSD's bond program and obtain information necessary to select specific areas for further evaluation in the detailed phase. The significant internal control cycles we will evaluate are the following:

- Bond Revenues and Cash Management
- Purchasing and Cash Disbursements
- Payroll and Personnel Policies and procedures
- Procurement policies and practices
- Compliance with applicable state law, guidelines

PERFORMANCE AND FINANCIAL AUDIT

Based on our review of internal controls, YAC/TCBA will assess how well OUSD has met its goals and perform detailed testing of balances and transactions of the District's Building fund, with an emphasis on the allowability, reasonableness and accounting in accordance with generally accepted accounting principles. In order to accomplish these tasks, the following approach will be taken:

- Substantive testing of material account balances is performed in order to ensure appropriateness, allowability and reasonableness.
- Test cash disbursements to determine if costs are allowable as indicated in the Bond Measure, Public Contract Code and in accordance with District procedures and guidelines.
- Assess whether the bond project management have achieved its stated goals and objectives by evaluating results of programs put in place to achieve those goals and objectives.
- Evaluate the bond project management's ability to achieve proposed or newly established objectives.
- Assess whether performance measures have been used as part of effective management control systems to measure, report and monitor project results.
- Analyze outcomes, achievements, and related effects for the selected programs and activities to identify the overall impact of the programs- both negative and positive effects.
- Analyze project costs in relation to reported results or outcomes to obtain indicators of project efficiency problems. Evaluate the reasonableness of project results in relation to project costs.
- As appropriate, chart trend data of project results to show the effectiveness of the selected projects.
- Prepare performance and financial audit report including notes to the financial statements, detailing summarized project costs and other data that is deemed necessary. The report will include an executive summary, conclusions and specific recommendations:
- An exit conference is convened with appropriate personnel to summarize the audit and to discuss recommendations OUSD should consider.
- Report will include recommendations to improve fiscal and programmatic controls and improve the District's ability to track any salaries paid from bond funds to ensure proper allocation.
- We will also include recommendations regarding "best practices" for management of procurements and expenditures of materials and services in order to increase efficient use and accountability of bond funds.

PROPOSED COMPLETION DATES

The following timeline will serve as a guide to give OUSD an indication of our proposed schedule. We will modify this schedule to meet the needs of OUSD:

	<u>Number of Days</u>
Conduct an entrance conference with appropriate personnel	Start date to be determined
Planning phase	Day 1
Interim field work	Days 1-5
Detailed field work	Days 6-16
Preliminary report	Days 17-19
Draft and final report	Days 20-30

D. QUALITY CONTROL

Below we describe key elements of our management structure, which are practical applications of the guidelines presented in generally accepted government auditing standards. The proposed team is committed to meeting time and budget constraints. Within those constraints, provide the quality service that OUSD expects and deserves. Furthermore, the proposed team will continue with the engagement until its completion.

Project Monitoring and Supervision

The objective of project monitoring is to provide sufficient management oversight to ensure high-quality service and deliverables and to avoid project difficulties by surfacing potential problems early and resolving them immediately. Proper supervision also ensures that project team members always know whom to turn to when questions arise. YAC/TCBA has extensive experience in successfully managing complex, large-scale engagements. The audit manager will be responsible for conducting and monitoring fieldwork and reviewing project work papers to ensure that the OUSD receives the service it expects.

Interactive Management

Prior to beginning its work, our engagement team and the OUSD will agree on a schedule of planned communications in the form of meetings and reports. We view ourselves as partners with the OUSD in achieving the objectives of this project. As a result, our communication is not limited to formality and will include interactive communication in which both OUSD management and YAC/TCBA management will contact each other as necessary regarding specific issues or questions. We encourage communications with the Board. As is traditional in the audit field, we will make a presentation of the final audit to the full Board. In addition, we are available to meet with the Board, at their convenience, to discuss our planning process, areas of concern that they may have and the status of the engagement.

Peer Review

Quality assurance is a vital concern to both YAC and TCBA. Both firms are members of the American Institute of Certified Public Accountants' (AICPA) and participate in the AICPA's peer review program in which a peer CPA firm review the firms' quality assurance policies and procedures, and their implementation, to determine whether they meet the standards set by the AICPA. Both firms received unqualified opinions in our most recent peer reviews, which is the best possible opinion that can be rendered. We apply the same standards of quality assurance to our in-house operations as we do for our client engagements. Our management structure enables us to consistently provide high-quality service and assure clients that problems can be resolved or, better, avoided.

Certifications/Licenses/Insurances

YAC's federal identification number is 94-3356660 and TCBA's federal identification number is 52-1563500. YAC was incorporated in 2000 and provides a wide range of financial consulting, auditing, accounting and tax services to both public and private-sector clients. These services include financial and compliance audits, performance audits, contract audits, indirect cost plan preparation and audits and forensic accounting/audits. TCBA was established in 1983 and offers a full scope of accounting, auditing, tax, management consulting, financial consulting, and

computer systems design and support services. Both firms as properly licensed in the State of California as certified public accountants. Both firms are financially stable and have insurance coverage that meets the requirements of government entities. Financial statements and insurance certificates will be furnished upon request.

EXPERIENCE

YAC - GOVERNMENT AUDITING EXPERIENCE

Below are some descriptions of YAC's relevant government audit experience.

City of Oakland

YAC has been part of the audit team at the City of Oakland since 1997, performing financial and single audits of various component units, districts and funds, to include the Port of Oakland, Oakland Base Reuse Authority, one bond fund, two pension plans and one special assessment district. In addition, YAC has assisted in the preparation of the Port of Oakland's schedule of indirect costs for eleven of the past fifteen years.

County of Alameda, California

YAC was one of the two team members performing the single audit of the County of Alameda for seven years (2003-2009).

San Francisco Public Utilities Commission

YAC has one of the two team members on the Statement of Changes in the Balancing Account audit since 1996, a specialized audit of San Francisco Public Utilities Commission (SFPUC) charges allocable to the various purchasers of water on the San Francisco peninsula. A component of this audit specifically addresses whether debt service payments charged to the various water customers are supported by allowable and allocable bond expenditures.

San Francisco International Airport

YAC has performed a number of assurance projects for the San Francisco International Airport (SFO). We evaluated the completeness of landing fees paid by ten airlines; completed a performance/compliance audit of SFO's engineering and design activities of the proposed runway expansion, and assisted in the preparation of the Schedule of Indirect Costs in three different years.

TCBA - SCHOOL DISTRICT AUDITING EXPERIENCE

Below are some descriptions of TCBA's school finance experience. We have separated TCBA's qualifications into individual experience performing financial and compliance audits of California School Districts, local and regional financial and compliance audits and other school district/public education audit experience. TCBA has performed financial, compliance and internal audits of California and East Coast school districts.

Measure B Performance Audit for the Oakland Unified School District

TCBA was engaged by the Oakland Unified School District to a fiscal and performance audits of School Bond Measure B funds for the years ended June 30, 2007 through 2010. In 2006 the voters of Oakland, California passed School Facilities Bond Measure B pursuant to Article 13A, section (b) (3) and Article 16 (b) of the California Constitution and Education Code Section

15278, authorizing the issuance of \$435,000,000 of Measure B bonds for school renovation, modernization and new construction. The primary objectives of our audit were to (1) determine whether Measure B funds were expended only for purposes described in the bond measure, (2) assess OUSD's Measure B procurement procedures for compliance with State law, (3) assess the adequacy of internal controls over Measure B invoice review and approval processes, and (4) identify alternatives that could achieve Bond Program goals and objectives more effectively and efficiently.

DC Public Schools

TCBA conducts financial and compliance audits of the general purpose financial statements. TCBA is in its third year serving as auditor of D.C. Public Schools (DCPS). We perform the financial statement audit and the single audit in accordance with *OMB Circular A-133* and *Government Auditing Standards*.

Inglewood Unified School District

TCBA conducted a financial and compliance audit of the general purpose financial statements. We perform the financial statement audit and the single audit in accordance with *Government Auditing Standards*, *OMB Circular A-133 and Standards and procedures for audits of California K-12 Local Education Agencies*.

Compton Unified School District

During State Administration, TCBA functioned as the Internal Audit Department for the Compton Unified School District (CUSD). TCBA was hired as the District's internal audit function to assist in the review, assessment, and correction of internal control deficiencies. TCBA was instrumental in the recent State of California decision to transition the control of school district operations back to the CUSD Board of Directors.

Los Angeles Unified School District

TCBA provide internal audit support services to the Los Angeles Unified School District – the second largest school system in the nation with more than 700,000 students and a budget of nearly \$9 billion – to provide internal audit services. Our engagement team works with the school district's management to make risk assessments of school programs and activities and develop an audit plan for reducing the risk.

Prince George's County Public Schools

TCBA participated in a comprehensive performance audit of the Prince George's County Public Schools. The purpose of the study was to complete a comprehensive performance assessment of the following areas:

- Central offices and other offices which provide instructional or support services direction (i.e., including executive administration, the Division of Budget, Finance and Management, and other administrative offices)
- Procurement processes

- Administrative services for Risk Management, Pupil Transportation, Plant Operations, and Facilities Maintenance; the Office of School Security
- The administrative offices of Pupil Personnel Services, Student Records, and Student Transfers
- Guidance, School Psychologists, and Staff Development Administration
Special Education Administrative Services

TCBA - FINANCIAL AND COMPLIANCE AUDITS

TCBA has vast experience performing financial, compliance, and performance audits. TCBA has provided audit and audit-related services to numerous government, nonprofit, and commercial organizations. These audits have been performed in accordance with *Government Auditing Standards* and auditing standards prescribed by the American Institute of Certified Public Accountants, Governmental Accounting Standards Board, the U.S. Office of Management and Budget, and the U.S. General Accounting Office.

Financial and Compliance Audit of Proposition A and Proposition C Funds

TCBA conducted an audit of the receipt and expenditure of Proposition A and Proposition C sales tax revenues for the Los Angeles County Metropolitan Transportation Authority for the years 1992 to 1998 and 2000, as required by passage of the MTA Reform and Accountability Act of 1998. We audited approximately \$6 billion in Proposition A and C funds for the audit periods. As part of our audit, TCBA obtained an extensive understanding on how Proposition A and C funds are received by MTA, accounted for, assigned to projects and reported to management.

Financial and Compliance Audits of Air Quality Improvement Funds for the South Coast Air Quality Management District

TCBA performed financial and compliance audits of cities and other entities receiving air quality improvement funds. Under Assembly Bill 2766, the AQMD is authorized to impose a motor vehicle registration fee to be used by AQMD and local governments to reduce air pollution. TCBA conducted audits of 56 recipients of these funds to ensure proper accountability of AB 2766 funds and to determine whether the expenditures were in compliance with program requirements.

First 5 Commission of San Diego

The Office Audits and Advisory Services of the County of San Diego retained TCBA to conduct financial audits of First 5 Commission of San Diego ("The Commission") for FY's ending June 30, 2002 through June 30, 2009. The Commission was established in 1998 to provide leadership for a network of support for all children from the prenatal stage through age five and their families, developed and operated in partnership with communities and families and accountable to them for improving outcomes in children's health and learning. Because The Commission is reported as a blended component unit on the San Diego County's Comprehensive Annual Financial Report, the audit reports were issued in accordance with GASB 34.

National Association for the Advancement of Colored People

The NAACP is a nationally recognized nonprofit organization established to fight racial discrimination. It has more than 200,000 members. Its network includes seven regional offices representing 2,200 branches and 400 youth units, an economic development office, and a Washington, D.C. bureau. The organization is supported by dues paid by members.

TCBA has conducted the annual financial audit of the NAACP for the last 6 years. We also conduct the single audit and perform tax services for the NAACP and its wholly owned subsidiary, Crisis Publishing Company, Inc., the NAACP Special Contribution Fund, and its defined pension plan. Audits of the NAACP's investments are performed according the requirements of SFAS 124, Accounting for Certain Investments Held by Not-for-Profit Organizations.

Chinatown Service Center

TCBA has conducted the annual financial audits FY's June 30, 2005 through 2011 for the Chinatown Service Center (CSC). We are also engaged to provide the related tax services. The CSC provides education, health and human services to Asian and other immigrant communities to enhance their ability to contribute to the social, economic and cultural fabric of the United States. The audits included a Single Audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Single Audit Act of 1984.

Koreatown Youth and Community Center

TCBA was engaged by the Koreatown Youth and Community Center (KYCC) to perform the financial statement audit and single audit for FY June 30, 2006. The mission of the KYCC is to serve the evolving needs of the Korean American population in the greater Los Angeles Area as well as the multi-ethnic Koreatown community. KYCC's programs & services are directed toward recently immigrated, economically disadvantaged youth and families, and to promote community socioeconomic empowerment. We also prepared their non-profit federal and state tax returns.

Audits of Transportation Development Act Funds

For approximately 5 years, TCBA conducted financial and compliance audits of recipients of Transportation Development Act (TDA) funds for the Orange County Transportation Authority (OCTA). OCTA administers the TDA and its various components including Articles 3 and 4. We performed audits on all 32 cities within the County of Orange. OCTA is responsible for ensuring that the TDA funds allocated and disbursed to agencies within the County are used in accordance with applicable TDA rules and regulations and OCTA policies and procedures.

Measure M Compliance Audits for Orange County Transportation Authority

TCBA assisted the Orange Country Transportation Authority in determining compliance with Measure M in 10 Orange County cities. Measure M authorizes a portion of the sales tax collected to be turned back to the cities to supplement local funds spent for transportation. The cities must use the funds for local street and road projects. Our audit included an assessment of the cities' internal controls over the Measure M funds, determination of the cities' eligibility for program participation, determination of their compliance with requirements for depositing and maintaining program funds, and analysis of the cities' spending for local streets and roads.

TCBA - PERFORMANCE AUDITS

TCBA has conducted performance reviews of programs and activities of government agencies and nonprofit organizations. In all such assignments, we combine the discipline, rigor, and objectivity required by *Government Auditing Standards* with the knowledge and know-how that come with experience. Assessing efficiency, effectiveness, and economy are the focus of our performance reviews.

Below are descriptions of some relevant performance audit engagements.

Triennial Performance Audits for the South Coast Air Quality Management District

The South Coast Air Quality Management District (AQMD) is mandated by the State of California to undergo an independent performance audit every three years. TCBA conducted the performance audits of the AQMD for the 1995 – 1997 and 1998 – 2000 periods. The AQMD is an \$86 million agency responsible for air pollution control for the four-county area of the Los Angeles Basin, which is roughly 12,000 square miles.

Our engagement team included specialists in information systems, environmental science, compliance audits, and facilities management. Our first step in conducting the audits was to take a “big picture” view of the agency. In our most recent audit, we interviewed senior and mid-level management in all departments to identify their concerns and issues, and we then analyzed the business processes for each department. Based on that information, we determined specific areas for in-depth review. We also followed up on the recommendations of our earlier audit to determine whether they had been implemented and, if so, what effect they had had on the AQMD's operations. Some of the areas we examined included procurement, facilities utilization, customer support, and use of the Intranet.

We also conducted a customer satisfaction survey of one set of AQMD's customers – businesses to which AQMD issues permits for stationary emissions. The purpose of the survey was to determine their perceptions of AQMD's efficiency and effectiveness. Most respondents indicated that their experience with the permit process was positive.

Management Audit of the Community Outreach Department for the LAUSD Office of the Inspector General

TCBA recently conducted a management audit of the Community Outreach Department (the Department) for the Los Angeles Unified School District Office of the Inspector General. The overall purpose of this engagement was to conduct a comprehensive review of the practices and activities of the Department to determine whether they are in compliance with policies and procedures and established community outreach best practices. The specific objectives of the audit were to evaluate the department's (1) working environment/climate, (2) organizational structure, (3) the outreach process, (4) best practices and enhancements of the outreach process, and (5) the budget process. The Department personnel consisted of 2 senior managers, 3 regional outreach managers, 11 supervisors, 5 senior outreach organizers and 21 staff.

In general, we determined that the department was top heavy, management practices were poor, communications needed improvement, and morale was low. Some of our key recommendations were to (1) provide the staff with adequate training on the outreach process and provide senior managers with cultural sensitivity training, (2) reorganize to reduce the number and type of management layers to enhance communication, reduce duplication of effort and improve management control of the department, and (3) establish and improve various processes and procedures.

Performance Audit of County Service Area Program

TCBA conducted a performance audit of San Diego County's County Service Area Program (CSA), which is designed to ensure that unincorporated areas within the County receive adequate services. When residents of incorporated areas receive road maintenance, tree trimming, culvert maintenance, and other services, these are paid for out of the General Fund. Residents of unincorporated areas, however, must form County Service Areas and be billed for County services they receive.

Our audit reviewed compliance of the CSA program with County laws and regulations, the management information system for tracking services and costs, and the County's recovery of costs. We also examined the use of contractors versus the County's Department of Public Works to provide services.

The study found that the administration of the CSA program was in compliance with applicable laws, and that internal controls over budget and expenditure activities were adequate. However, we found that the management information system did not sufficiently link the services provided and their related costs, so that there was no clear way to determine whether the CSA residents bore the costs of the services they received. In addition, there was no performance measurement system in place to determine whether the program was achieving its objectives. We recommended that contractors be allowed to bid on CSA service projects and that the proposed costs be compared with the cost of providing services by County agencies.

Prince George's County Public Schools

TCBA participated in a comprehensive performance audit of the Prince George's County Public Schools. The purpose of the study was to complete a comprehensive performance assessment of the following areas:

- Central offices and other offices which provide instructional or support services direction (i.e., including executive administration, the Division of Budget, Finance and Management, and other administrative offices)
- Procurement processes
- Administrative services for Risk Management, Pupil Transportation, Plant Operations, and Facilities Maintenance; the Office of School Security
- The administrative offices of Pupil Personnel Services, Student Records, and Student Transfers
- Guidance, School Psychologists, and Staff Development Administration
- Special Education Administrative Services

Wicomico County Public Schools

TCBA conducted a performance audit of Wicomico County (MD) government, including the school system, which accounts for nearly 50 percent of the county's budget. We are performing comparative analysis of the school's business processes and costs and those of other school systems in the region. Our objectives are to identify areas in which the county could reduce costs or improve service, identify activities or expenses that could be consolidated or eliminated, and determine whether there are county-provided services that could better be provided by some other entity. Our review included a review of the school system's budget, payroll, accounts payable/receivable and facilities and instructional departments. We conducted interviews with approximately 20 Administrators and Directors a part of this review.

Business Process Improvement for the U.S. Bureau of the Census

The Bureau of the Census (BOC) Finance Division contracted with TCBA to provide accounting and financial management technical support services. The Finance Division had an urgent need to comply with the demands for more responsive and cost effective operations. The Comptroller and other financial and program managers had to carry out their management responsibilities within an increasingly fast paced and complex environment brought on by the Census 2000 and other reporting requirements.

To operate effectively within that environment, the Finance Division needed assurance that valid accounting and financial management practices were being used and that BOC was reporting accurate account balances and implementing internal controls in accordance with Generally Accepted Government Accounting Principles (GAGAP).

Performance Audit of the Onboard Transportation Program for the City of Glendale, Arizona

In November of 2001 the voters of the City of Glendale, AZ approved proposition 402, which authorized a half-cent sales tax for transportation purposes. The resulting Glendale Onboard (GO) Transportation Program as approved by voters includes federal, state, regional matching funds. Proposition 402 included a commitment to form a Citizen transportation Oversight Commission (CTOC) to ensure that the intent of the voters is carried out. An audit of the GO Program was also included in the GO process to assure voters that voter approved projects are completed in a cost effective and efficient manner.

TCBA is conducted a performance audit of the Onboard (GO) Transportation Program for the City of Glendale, Arizona covering a three year period 2005-06 through 2007-08. The primary objectives of the audit are to 1) document commitments made to voters and determine whether the commitments are being met, 2) determine whether the Citizens Transportation Oversight Commission is meeting legal requirements and serving the public interest, 3) summarize Go transportation elements of previous financial audit reports and determine the disposition of associated findings, 4) determine whether the Go Program is being addressed fairly and accurately in City financial practices and , 5) Determine whether the 25-Year program is financially balanced and based on reasonable estimates.

Performance Audit of the Department of Neighborhood Empowerment

TCBA was engaged by the Los Angeles City Controller's Office to conduct a Performance Audit of the Department of Neighborhood Empowerment (Department). The Department, as established by the City Charter, has the mission of promoting more citizen participation in government and making government more responsive to local needs by developing a citywide system of neighborhood councils (NCs). The Department assists neighborhoods in preparing petitions for recognition for certification, identifying boundaries that do not divide communities, and organizing themselves, in accordance with the plan. The overall objective of the audit was to determine how well the Department is meeting its mission, and whether it is doing so in an efficient manner. The specific objectives are described in our approach described below.

1. Evaluate the Department's organizational structure in delivering service and meeting its mission.
2. Determine whether the Department has the appropriate mix of staff. Assess whether staffing resources are allocated in the most effective manner.
3. Determine customer satisfaction of performance activities by surveying Neighborhood Councils.
4. Determine whether adequate policies and procedures exist.
5. Determine whether the Department has established performance measures. Evaluate the performance measures to assess whether they are in-line with the Department's mission and determine how well the department is performing against those measures.

Management Review of Operational and Internal Controls of the Administrator-Public Guardian Division for Ventura County

TCBA completed a management review of the operational and internal controls of the Public Administrator-Public Guardian (PAPG) Division. In fiscal year 2001-2002, the County of Ventura Grand Jury issued a report identifying serious problems in the PAPG Division, including lack of written policies and procedures, lack of dual control over client assets, inadequate purchasing practices, insufficient supervision and management controls, and staffing workload issues. The primary objective of this review was to determine whether client assets and resources are adequately safeguarded and protected. To accomplish this objective, we 1) evaluated the implementation status of corrective actions steps taken in response to the 2001-2002 County of Ventura Grand Jury report on the PAPG, 2) conducted a comprehensive internal control assessment of the internal controls currently in place at the PAPG Division, and 3) determined PAPG Division compliance with regulatory requirements and applicable governing laws.

F. COST PROPOSAL

Below we provide our fixed, not-to-exceed fee to conduct this audit.

Labor Category	Estimated Hours	Hourly Rate	Cost
Project Director (YAC)	20	\$175	\$ 3,500
Audit Manager (YAC)	30	125	3,750
Senior Auditor (YAC)	90	100	9,000
Senior Auditor (TCBA)	120	125	15,000
Totals	260		\$31,250
Fee Summary by Firm:			
YAC (Prime contractor)		52 %	\$ 16,250
TCBA (Subcontractor)		48 %	15,000
Totals		100%	\$31,250