

Marc B. Liebman, Ph.D.
Superintendent

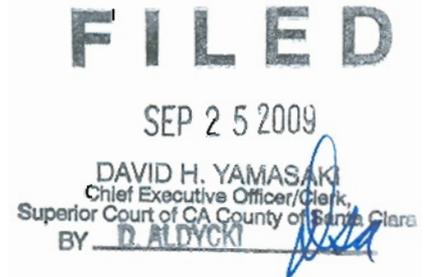
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September 16, 2009

Don Kawashima, Foreperson
2009-2009 Civil Grand Jury
Superior Court Building
191 N. First Street
San Jose, CA 95113



Dear Mr. Kawashima:

I am responding to your June 24, 2009 grand jury report entitled, "Santa Clara County Schools Inventory Practices - \$300M+ Taxpayer Investment - But Who's Counting." The District believes the report addresses an important issue related to the investment our county schools make in equipment.

In the attachment the District has responded to the specifics of each of the areas relevant to the Berryessa Union School District. The two year study by the Grand Jury has impacted how the District conducts and maintains our inventory. The changes have been positive and allowed the district to improve our practices, procedures, and policies.

Should you have any questions related to this matter, please do not hesitate to contact me.

Sincerely,

Marc B. Liebman, Ph.D.
Superintendent

c: Board of Trustees

Attachment

BOARD OF TRUSTEES

Linda Chen

Richard Claspill

David Cohen

Alkesh Desai

Khoa Nguyen



DISTRICT RESPONSE TO THE 2008-2009 SANTA CLARA COUNTY GRAND JURY REPORT,

“Santa Clara County Schools Inventory Practices - \$300M+ Taxpayer Investment – But Who’s Counting”

Finding 1

Community colleges and K-12 boards of trustees are responsible for inventory control. However, after interviewing ALL board of trustee presidents it was evident that they were unaware of their obligations under the law.

- *All K-8 and K12 and Community College Districts*

District Response

The Berryessa Union School District accepts the accuracy of the finding.

Recommendation 1

Trustees should review and be knowledgeable of Education Code Section 35168 for K-12 and Education Code Section 81600 for community colleges to ensure complete implementation.

- *All K-8 and K-12 and Community College District Boards of Trustees*

District Response

The District has reviewed Education Code Section 35168 with the Board of Trustees as part of updating our board policy and administrative regulation related to the equipment inventory procedures. The Board is now aware of what the law requires and has completed their responsibilities related to policy development and approval.

Finding 2

No trustees or superintendents/chancellors have been trained in inventory control. Inventory control training for board members and superintendents is not mandated by the State, resulting in a lack of familiarity and inconsistent application of inventory requirements by many districts.

- *All K-8 and K-12 and community college districts*

District Response

The Berryessa Union School District agrees in general with the finding though the Superintendent has not only been trained in inventory control but has in the past been responsible for large inventory control systems in public agencies.

Recommendation 2

All Santa Clara County school board trustees and superintendents/chancellors should be required to review and understand Education Code Sections 35168 and 81600 and BAM requirements for inventory control.

For K-12 districts, the COE should take the lead in providing comprehensive training on inventory control, in conjunction with the release of the new inventory tracing module within Quintessential Software Systems spearheaded by the COE.

For community colleges, the CC Board should investigate additional training in the area of inventory control offered through organizations such as the American Association of Community Colleges and the Community College League of California.

- *All K-8 and K-12 and Community College District Boards of Trustees*
- *COE Board of Trustees*

District Response

The Board of Trustees and Superintendent have reviewed Education Code Section 35168 in the process of updating board policy and administrative regulation related to inventory control.

The District has chosen not to use the QSS inventory control software and has instead contracted with an outside vendor to conduct biennial physical inventories of all district sites. The first of these inventories was completed in February, 2009. On-going inventory control (additions, deletions, etc.) is maintained under the direction of the Assistant Superintendent – Business Services.

Finding 3

All district superintendents, chancellors and district staff report incomplete inventory to their boards. This results in lack of knowledge about the value and size of their inventory.

District Response

The District provides the Board of Trustees with evidence that board policy and administrative regulations related to equipment inventory have been fully implemented. Specifically, education code and district policy do not require specific information about the size and value of the district's equipment to be shared with the Board though that information is maintained and available to the Board and public upon request.

Recommendation 3

All Boards of Trustees should require a presentation on the results of their districts' biennial inventory, including total value, variances resulting from reconciliation between past and current inventories and a proposed plan to resolve discrepancies.

District Response

The District has fulfilled this recommendation through the updating of district policy and administrative regulation and providing information to the Board on the February, 2009 inventory.

Finding 4

With the exception of Santa Clara Unified and Los Gatos Unified School Districts, all K-12 districts fail to understand the need to reconcile inventories from previous years to the latest inventory update. Without reconciliation, the opportunity to identify lost, missing or stolen items, take preventive measures, and obtain timely reimbursement may be lost.

- All K-8 and K-12 Boards of Trustees (except Santa Clara Unified and Los Gatos Unified)

District Response

The District disagrees with this finding only in the fact that the Berryessa Union School District has not only updated its inventory in February 2009, but reconciled that new report with previous reports. This was completed in March 2009.

Recommendation 4

All K-12 school districts should reconcile the most current, full inventory with prior inventories, to identify missing and potential losses/thefts. The results will enable the districts to implement safeguards to prevent future losses.

- All K-8 and K-12 Boards of Trustees (except Santa Clara Unified and Los Gatos Unified)

District Response

The District has complied with this recommendation (see above).

Finding 5

No District response required.

Recommendation 5

No District Response required.

Finding 6

No District response required.

Recommendation 6

No District Response required.

Finding 7

There is a potential for abuse in K-8 and K-12 districts when those who report to superintendents approve credit card transactions and purchase orders made by their superintendent.

District Response

The Superintendent does not have access to nor uses a district credit card and has limited use of credit cards to only two individuals. One is the purchasing agent. The other is the Superintendent's Administrative Assistant. With the exception of registration for

conferences and air fare to those conferences, neither individual uses the district credit cards for any purchases related to the Superintendent. In those situations, the Superintendent is required to follow all of the same procedures for providing appropriate receipts for conference registration, hotel registration, and airline tickets. All Superintendent travel and conference attendance is approved by the Board of Trustees.

Purchase orders requested by the Superintendent are completed by his Administrative Assistant following all of the procedures required of other employee in the district including budget analysis, and required purchase information (vendor, amount, description of item, etc.). Upon receipt of goods, the Superintendent is required to provide detailed receipts confirming the purchase as is any other employees. All purchase made by the Superintendent are approved by the Board of Trustees.

The Superintendent infrequently requests reimbursement for other expenditures (less than 5 times a year). On those occasions he is required to complete the same documentation and provide the same evidence of purchase to the business department as any other employee. The Board of Trustees approves all of those expenditures.

Recommendation 7

To strengthen internal controls and ensure fiscal accountability, purchases made by the K-8 and K-12 Superintendents should be approved by the Boards of Trustees prior to purchase. In the event an immediate purchase is required, post-approval by the Board would ensure no conflicts of interest or abuses occur.

Expenditures should be presented separately from the Board's consent calendar to ensure proper scrutiny.

Credit card statements and a listing of disbursements should be provided to the Board for approval.

- All k-8 and K-12 District Boards of Trustees

District Response

The District will work with the Board of Trustees to establish a system by which:

- the Superintendent will receive prior approval from the Board President for expenditures of \$250 or more;
- the Board President initials purchase requisition and reimbursement claims initiated by the Superintendent;
- in cases where time urgency prevents having the Board President initialing a purchase requisition initiated by the Superintendent, the Superintendent will get either e-mail or phone approval of the Board President prior to the processing of that purchase requisition; and,
- confirmation of the above approvals will be communicated to the Board.

The above procedure will be used in lieu of having items considered separately from other routine purchase and reimbursement expenditures. Board members, having been given the information directly always have the opportunity to have purchase orders, reimbursements, and/or conference and travel approvals pulled from the consent agenda if they wish further consideration of these items.

As the Superintendent does not have use of a district credit card, it is not necessary to provide the Board with a separate listing of credit card expenditures made by the Superintendent.

Finding 8

No District response required.

Recommendation 8

No District Response required.

Finding 9

No District response required.

Recommendation 9

No District Response required.

Finding 10

No District response required.

Recommendation 10

No District Response required.

Finding 11

No District response required.

Recommendation 11

No District Response required.

Conclusion

The District supports the findings and recommendations included in this report. We are also proud of the fact that we are in total compliance with education code and the findings and recommendations provided by the Grand Jury in this report.