

# Los Angeles Unified School District



## **2005-2006 AUDIT HANDBOOK FOR CENTRAL OFFICES**

Prepared by:  
Division of Accounting and Disbursements  
April 2006

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# **Message from the Controller**

# Los Angeles Unified School District

## Accounting and Disbursements Division

ROY ROMER  
*Superintendent of Schools*

Betty T. Ng  
*Controller*

Charles Burbridge  
*Chief Financial Officer*

April 28, 2006

Dear Administrator:

It is my pleasure to present the first Los Angeles Unified School District Audit Handbook for Central Offices. The handbook was developed for the purpose of assisting administrators and office personnel through the annual independent audit process. In addition to this handbook, I hope you had an opportunity to attend the Audit Training and Preparation workshop on April 17.

An external financial audit is mandated by California Education Code 41020. The legislative intent of these audits is to encourage sound fiscal management practices among local educational agencies for the most efficient and effective use of public funds for the education of children by strengthening fiscal accountability at the district level.

Our objective is to provide pertinent information, guidelines, helpful hints to central offices in order to reduce the time and efforts devoted to these audits. More importantly, I hope that the materials would help to strengthen our internal controls, protect valuable District assets, and ensure resources are spent appropriately. In addition to this handbook, and the workshop, we will make every attempt to provide additional and personalized support and assistance.

After the audit is completed, our District will prepare a Comprehensive Annual Financial Report (CAFR). This document will include District-prepared financial and statistical information as well as the auditor's opinions regarding our financial statements, fiscal health, compliance with federal and state requirements, and audit findings. The latest CAFR is available at the following website: [www.lausd.net/cfo](http://www.lausd.net/cfo).

I hope that you will find this handbook helpful. We welcome your comments and suggestions regarding this document and how my office can be of better service to you.

Sincerely,



Betty Ng  
Controller  
[betty.ng@lausd.net](mailto:betty.ng@lausd.net)

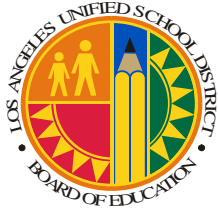
# Audit Calendar

**Los Angeles Unified School District  
Office of the Controller**

**Summary of 2005-2006 Audit Calendar Highlights**

<u>Major Tasks</u>	<u>2006</u>
1. Preparation and training session for District personnel	April 17
2. Preparation and training session for KPMG	April 17
3. Preliminary field work for federal programs begins	April 18
4. Preliminary field work for state programs begins	May 1
5. School site field work begins	May—June
6. Entrance interviews—federal programs	April 18-19
7. Entrance interviews—state programs	Week of April 27
9. Entrance interviews—financial audit	April 19
10. Fiscal year ends	June 30
11. Year end closing period	July—mid August
12. State statutory financial reports completed	August 17
13. Board receipt of state report (1 <sup>st</sup> meeting)	August 22
14. Board action of state report (2 <sup>nd</sup> meeting)	August 29
15. Statutory filing due date of District unaudited financial report	September 15*
16. Completion of LAUSD schedules and reports for KPMG audit	September 18
17. Final field work begins	September 18
18. Board review of audit report/Comprehensive Annual Financial Report (CARF)	December 12
19. Filing of audit report/CAFR	December 13
20. Statutory filing due date of audit report/CAFR	December 15*

\*Statutory deadlines



**Los Angeles Unified School District  
Office of the Controller**

**2005-2006 Annual Financial Audit Calendar  
COMPLETED ACTIVITIES  
As of May 5, 2006**

	<b>Description</b>	<b>Responsible Party</b>	<b>Start Date</b>	<b>Target Completion Date (2006)</b>	<b>Actual Completion Date (2006)</b>
1.	<b>Audit Firm Selection</b> <i>Multi-year contract Statutory Deadline is April 1</i>	Inspector General		N/A	N/A
2.	<b>Audit Calendar – Draft No. 1</b>	Controller		February 17	February 17
3.	<b>Audit Guide Review</b> <i>When available from the state Current audit guide was issued May 2005 and updated in October. Additional supplement in process.</i>	Controller		February 28	February 28
4.	Audit Calendar Draft No. 2 <i>LAUSD Controller recommends preliminary draft of audit calendar to Chief Financial Officer</i>  <i>Hold Finance meetings</i>	Controller		February 24	February 24
5.	<b>Audit Calendar Draft No. 3</b> <i>KPMG signs off on audit calendar</i>  <i>Hold external meetings or E- mail for finalization</i>	Controller & KPMG		February 28	February 28
6.	<i>Communication to all divisions</i>	Controller		April 28	April 17

	<b>Description</b>	<b>Responsible Party</b>	<b>Start Date</b>	<b>Target Completion Date (2006)</b>	<b>Actual Completion Date (2006)</b>
	<i>and schools regarding calendar highlights.</i>				
7.	<i>LAUSD and KPMG go over audit work papers to identify all schedules and reports that need to be prepared (PBC) by LAUSD.</i>	KPMG & Controller		April 19	April 19
8.	<b>Provide training for LAUSD</b> <ul style="list-style-type: none"> <li>• <i>Audit requirements</i></li> <li>• <i>Documentation requirements</i></li> <li>• <i>Compliance requirements</i></li> <li>• <i>Updates on audit guide</i></li> <li>• <i>Updates on other audit procedures</i></li> <li>• <i>Prior year audit findings</i></li> <li>• <i>Audit calendar</i></li> <li>• <i>Communication protocol</i></li> <li>• <i>Expectations—KPMG &amp; District</i></li> </ul>	KPMG & Controller	April 17	April 17	April 17
9.	<b>Provide training for KPMG</b> <ul style="list-style-type: none"> <li>• <i>District org chart</i></li> <li>• <i>District contact persons</i></li> <li>• <i>Audit calendar</i></li> <li>• <i>Communication protocol</i></li> <li>• <i>Policy and procedural changes</i></li> <li>• <i>Expectations—KPMG &amp; District</i></li> </ul>	KPMG, Controller & Director of Accounting	April 17	April 17	April 17
10..	<i>Field work preparation—list of school sites, major program identification, files, and other requirements provided to LAUSD (Compliance Audit)</i>	KPMG (Hensley)		March 31	March 31

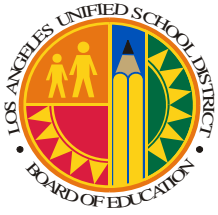


	<b>Description</b>	<b>Responsible Party</b>	<b>Start Date</b>	<b>Target Completion Date (2006)</b>	<b>Actual Completion Date (2006)</b>
11.	<i>Field work preparation—list of school sites, major program identification, files, and other requirements provided to LAUSD</i> <b>(Financial Audit)</b>	KPMG (Ray)		March 31	March 31
12.	<i>List of draft/final PBC items to LAUSD, including names of responsible LAUSD division head for each item</i> <b>(Compliance Audit)</b>	KPMG		April 21	April 21
13.	<i>List of draft PBC items to LAUSD, including names of responsible LAUSD division head for each item</i> <b>(Financial Audit)</b>	KPMG		April 21	April 21
14.	<i>Based on list of schools provided by KPMG, determine field work schedule with consideration for testing dates, end of school and other site activities</i>	Audit Facilitation Team		May 2	May 2
15..	<i>Communication to AALA and school sites regarding requirements for field work</i>  <i>Notice to sites must take place at least 20 working days in advance.</i>	Director of School Fiscal Services		April 26	April 26
16.	<i>Communication to central offices regarding requirements for field work</i>	Controller		April 19	April 19
17	<i>Communication to local</i>	Director of		April 26	April 26

	Description	Responsible Party	Start Date	Target Completion Date (2006)	Actual Completion Date (2006)
	<i>superintendents regarding documentation for school site field work.</i> <b>(Compliance Audit)</b>	School Fiscal Services			
19.	<i>Work paper review</i>	KPMG & Audit Facilitation Team		April 19	April 19
19a	Field work entrance interview <b>(Financial Audit)</b>	KPMG & LAUSD		April 19	April 19
41.	Brief presentation at ABT regarding 05/06 audit—First status	Controller		April 20	April 20

**This audit calendar and task completion assumes ongoing and continuous communication between KPMG and district executives.**

**Issues, findings and observations must be communicated as soon as they surface in order to allow sufficient time for resolution during the audit process and not at the end.**



**Los Angeles Unified School District**  
Office of the Controller

**2005-2006 Annual Financial Audit Calendar**  
**On Going Activities**  
**As of May 5, 2006**

	<b>Description</b>	<b>Responsible Party</b>	<b>Start Date</b>	<b>Target Completion Date</b>	<b>Actual Completion Date (2006)</b>
18.	<i>Field work entrance interview</i> <b>(Compliance Audit)</b>	KPMG & LAUSD		May 3	
20.	<i>Field Work – Federal</i> <b>(Compliance Audit)</b>	KPMG (Carey)	April 18		
21.	<i>School site field work</i> <b>(Compliance Audit)</b>	KPMG	Mid May	June 30	
22.	<i>Preliminary central office testing work</i> <b>(Compliance Audit)</b>	KPMG	April 18	June 30	
23.	<i>Preliminary central office testing work</i> <b>(Financial Audit)</b>	KPMG	April 19	June 30	
24.	<i>Hold weekly status meetings .</i> <i>Thursdays</i> <b>Compliance Audit – 10:00 am</b> <b>Financial Audit – 11:00 pm</b>	KPMG & District	May 4	On-going	
25.	<i>KPMG communicates draft audit adjustments, findings and observations on a weekly basis</i> <b>(Compliance Audit)</b>	KPMG	On-going	On-going	

	<b>Description</b>	<b>Responsible Party</b>	<b>Start Date</b>	<b>Target Completion Date</b>	<b>Actual Completion Date (2006)</b>
26.	<i>KPMG communicates draft audit adjustments, findings and observations on a weekly basis</i> <b>(Financial Audit)</b>	KPMG	On-going	On-going	
27.	<i>District books are closed and ending balances determined and frozen.</i>	LAUSD		August 8	
28.	<i>State SACS unaudited actuals financial reports prepared</i>	LAUSD		August 17	
29.	<i>Distribute SACS forms to board members</i>	LAUSD		August 17	
30.	<i>Board receipt of unaudited actuals (1<sup>st</sup>)</i>	LAUSD		August 22	
31.	<i>Board approval of unaudited actuals, along with final budget (2<sup>nd</sup>)</i>  <i>Statutory deadline for unaudited actuals is September 15 and for final budget is September 8. Unaudited actuals provides beginning balance for final budget.</i>	LAUSD		August 29	
32.	<i>Schedules and documentations prepared for auditors</i>	LAUSD	September 1	September 15	
33.	<i>Account balances available for auditors</i>	LAUSD		September 18	
34.	<i>List of updated PBC items to LAUSD, including names of responsible LAUSD division head for each item</i>	KPMG		On Going	

	<b>Description</b>	<b>Responsible Party</b>	<b>Start Date</b>	<b>Target Completion Date</b>	<b>Actual Completion Date (2006)</b>
35.	<i>Send reminders to LAUSD divisions regarding beginning of final field work. Include PBC list of responsible items.</i>	District's Controller's Office		August 22	
36.	<i>Begin final central office testing work (Financial Audit)</i>	KPMG		September 1	
37.	<i>Entrance interview for final test work</i>	KPMG & LAUSD		September 1	
38.	<i>Status of prior year findings</i>	LAUSD		September 1	
39.	<i>Hold weekly status meetings</i>	KPMG & LAUSD		Beginning Sept. 7	On-going
40.	<i>KPMG communicates draft audit adjustments, findings and observations on a weekly basis (Financial Audit)</i>	KPMG		On-going	On-going
41 a.	<i>Brief presentation at ABT regarding 05/06 audit—status</i>	LAUSD		October 19	
42.	<i>First draft of CAFR to KPMG</i>	LAUSD		October 30	
43.	<i>Finalization of district responses to compliance findings and questioned costs (Refer to separate table)</i>	LAUSD		November 13	

	<b>Description</b>	<b>Responsible Party</b>	<b>Start Date</b>	<b>Target Completion Date</b>	<b>Actual Completion Date (2006)</b>
44.	<i>Finalization of district responses to management observations and recommendations</i> (Refer to separate table)	LAUSD		November 13	
45.	<i>Finalization of audit adjustments</i> (Refer to separate table)	KPMG & LAUSD		November 13	
46.	<i>Second draft of CAFR in final form to KPMG partners for cold review</i>	LAUSD		November 20	
47.	<i>Brief presentation at ABT regarding 05/06 audit and preliminary findings and observations—Second status</i>	LAUSD		November 16	
48.	<i>Send CAFR to printer</i>			December 4	
49.	<i>Distribute CAFR to board members</i>	LAUSD		December 7	
50.	<i>Board review of audit report</i>	KPMG & LAUSD		December 12	
51.	<b>Filing of audit report / Comprehensive Annual Financial Report with agencies:</b> <ul style="list-style-type: none"> <li>• <i>Los Angeles County Office of Education</i></li> <li>• <i>State Controller</i></li> <li>• <i>State Department of Education</i></li> <li>• <i>Federal Audit Clearinghouse</i></li> <li>• <i>Circular A-133 for Title IV</i></li> <li>• <i>Investors and Rating Agencies</i></li> </ul>	Director of General Accounting		December 13	
52.	<i>Post CAFR on district website.</i>	Division of		December 13	

	<b>Description</b>	<b>Responsible Party</b>	<b>Start Date</b>	<b>Target Completion Date</b>	<b>Actual Completion Date (2006)</b>
		School Fiscal Services			
53.	<i>Communicate with investors and rating agencies regarding CAFR</i>	CFO		Beginning December 13	
54.	<i>Send letters to cities within LAUSD boundaries regarding availability of CAFR on website</i>	Controller		December	
55.	<i>Exit interview to discuss success and improvements</i>	KPMG & LAUSD		December	
56.	<i>Detail presentation of audit findings and recommendations at ABT or Budget &amp; Finance Committee</i>	KPMG & LAUSD		December 21 (ABT)	
57.	<i>Submit CAFR for Government Finance Officer Association (GFOA) award</i>	District		December 22	
58.	<i>Develop Popular Annual Financial Statement (PAFR)</i>	District		Dec. 13—22	
59.	<i>Submit PAFR for GFOA award</i>	District		December 22	
60.	<i>Prepare summary of findings in a matrix format</i>	District		January	
61.	<i>Prepare detail listing of findings for district follow up</i>	District		January	

**This audit calendar and task completion assumes ongoing and continuous communication between KPMG and district executives.**

**Issues, findings and observations must be communicated as soon as they surface in order to allow sufficient time for resolution during the audit process and not at the end.**



**Table of Notices and Responses for  
Findings, Observations, Audit Adjustments**

	<b>First Notice from KPMG</b>	<b>Last Notice of New Items from KPMG (2006)</b>	<b>District Responses Due (2006)</b>
Federal Compliance Findings & Questioned Costs	Ongoing on a weekly basis	October 16	November 13
State Compliance Findings & Questioned Costs	Ongoing on a weekly basis	October 16	November 13
Management Letter Observations and Recommendations	Ongoing on a weekly basis	November 6	November 20
Audit Adjustments	Ongoing on a weekly basis	November 3	November 13
Summary of Auditor's Results on Compliance Opinions	Ongoing on a weekly basis	November 13	N/A

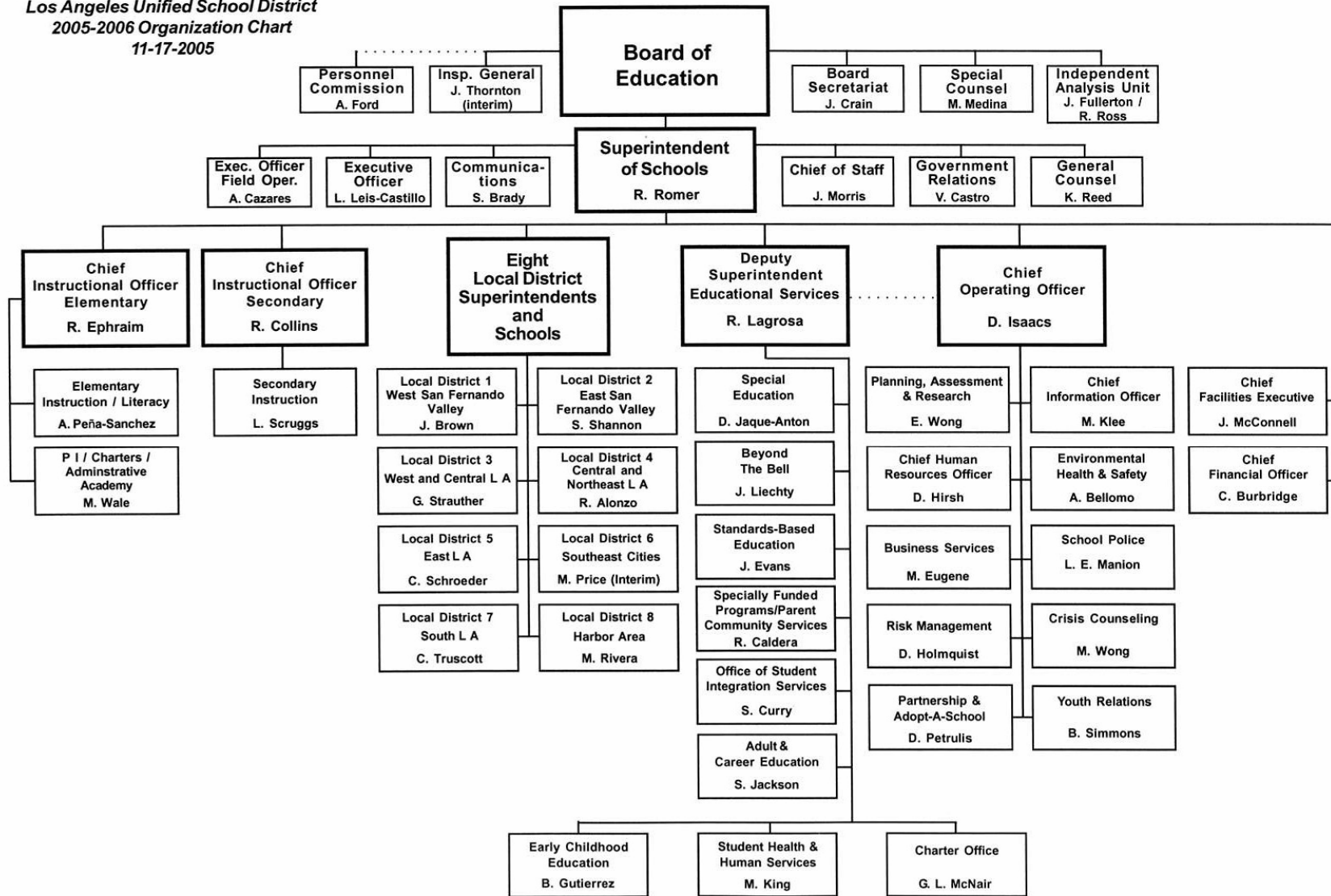
# **LAUSD**

# **Organizational**

# **Charts**

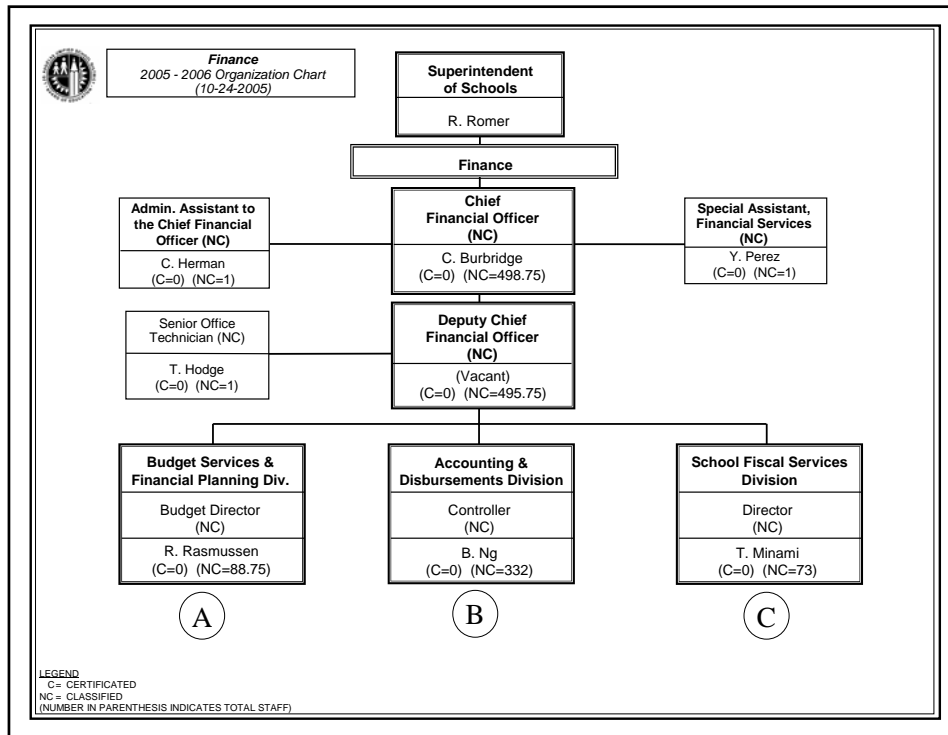
# Los Angeles Unified School District 2005-2006 Organization of Central Support System

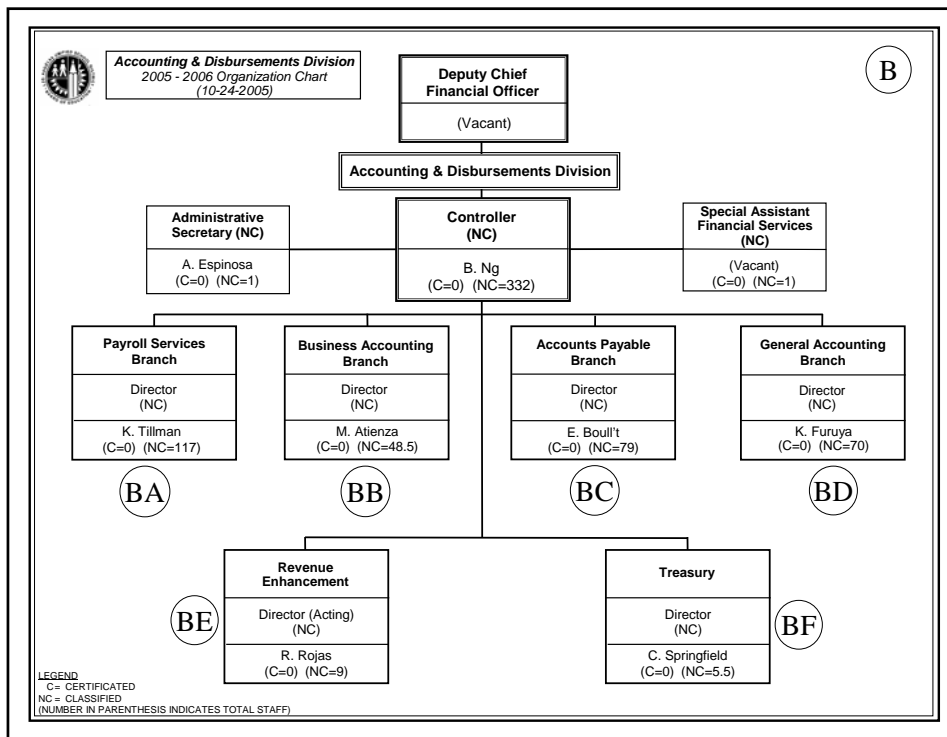
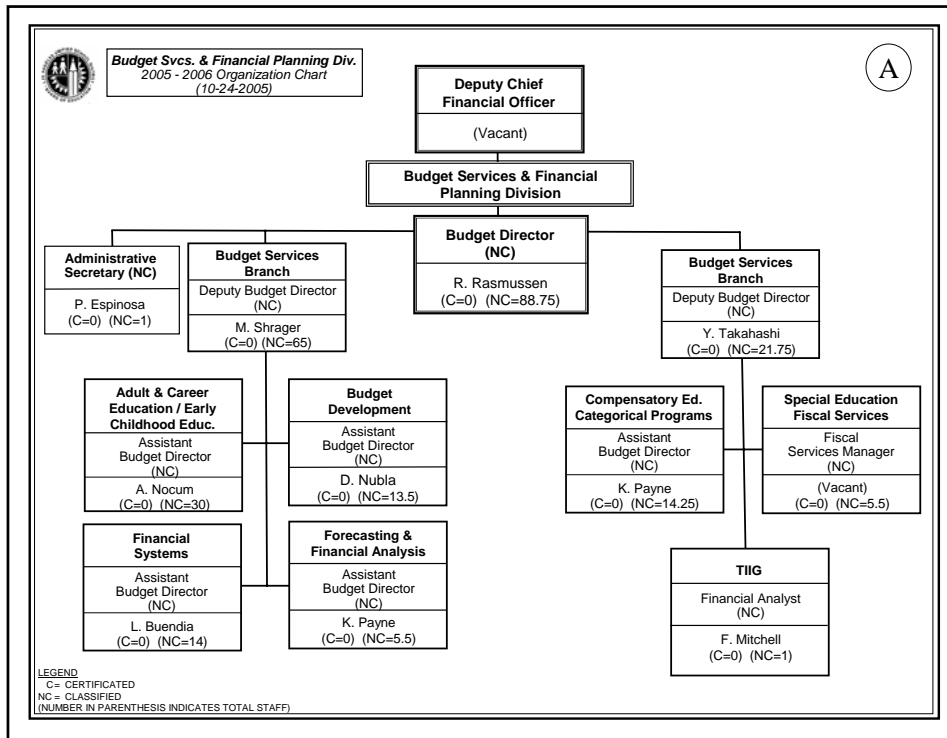
Los Angeles Unified School District  
2005-2006 Organization Chart  
11-17-2005

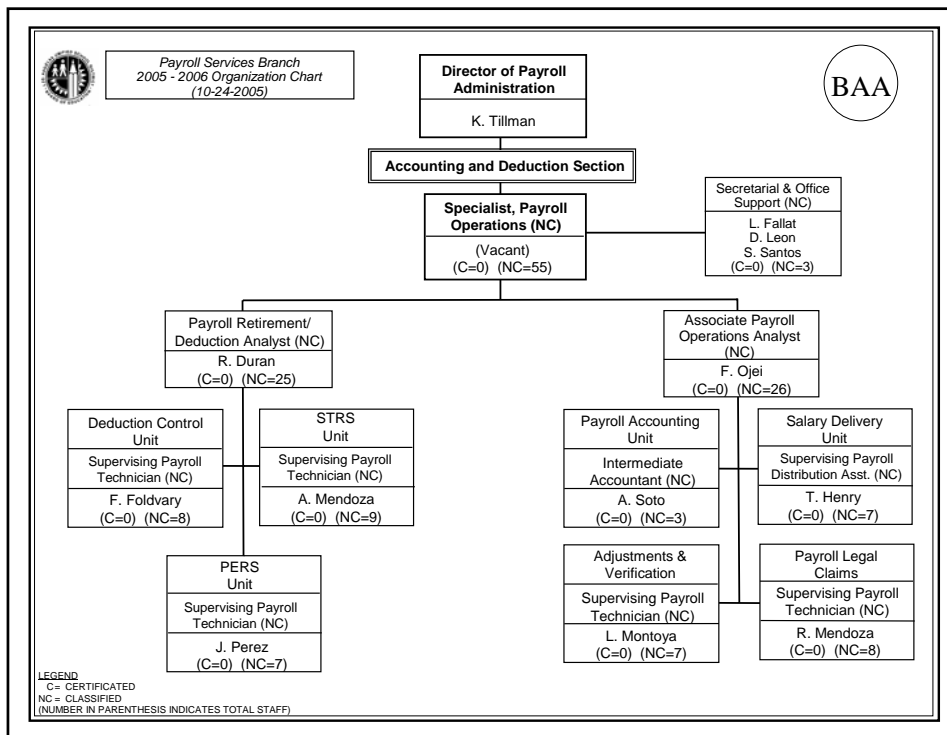
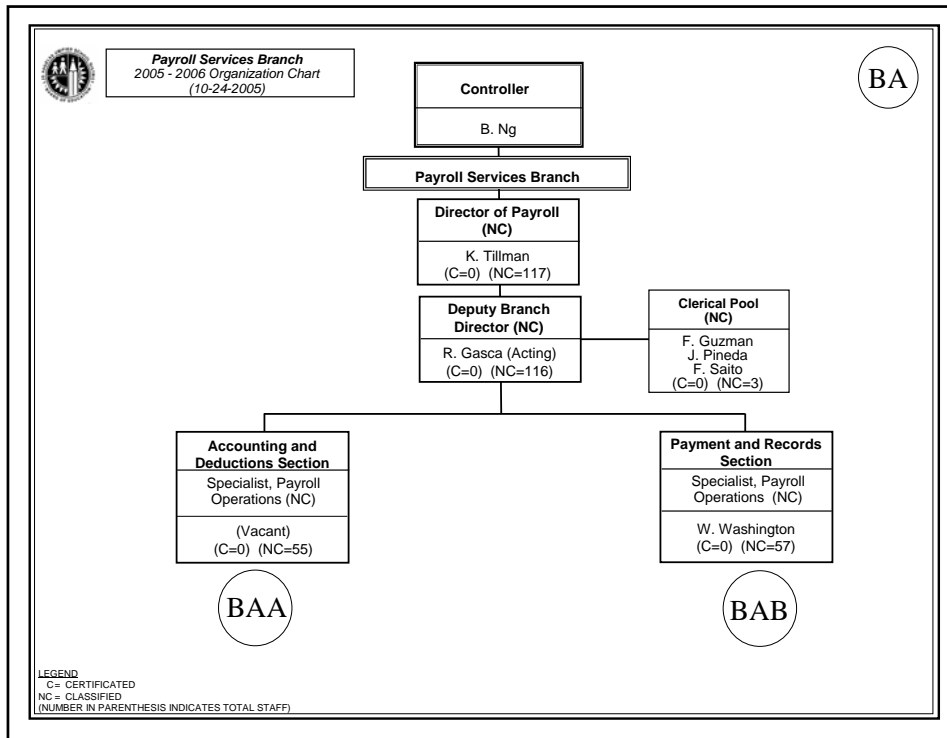


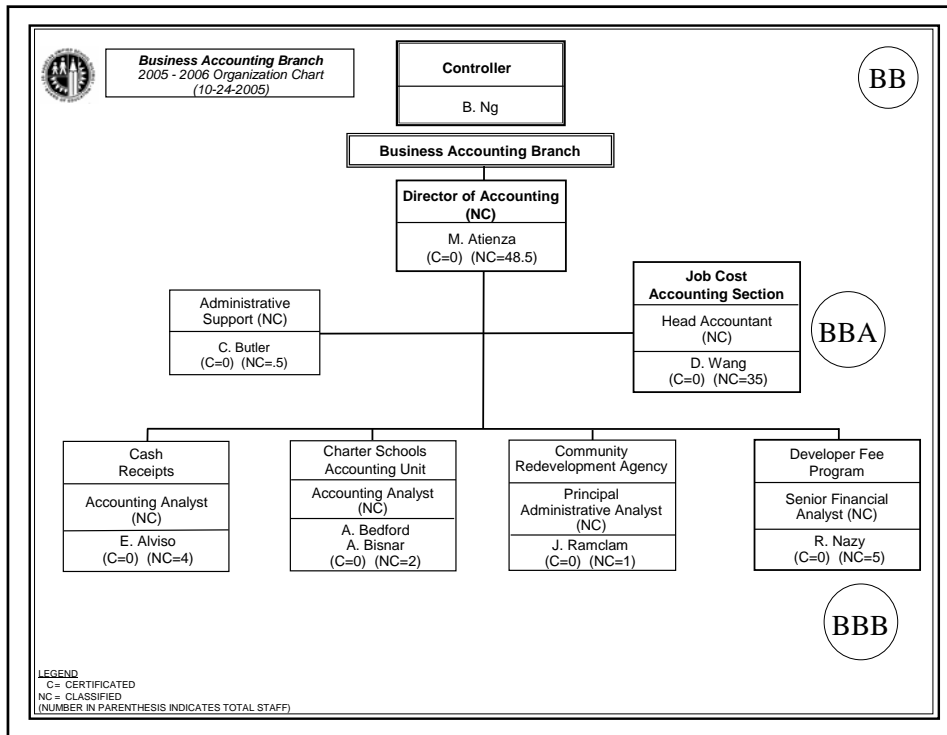
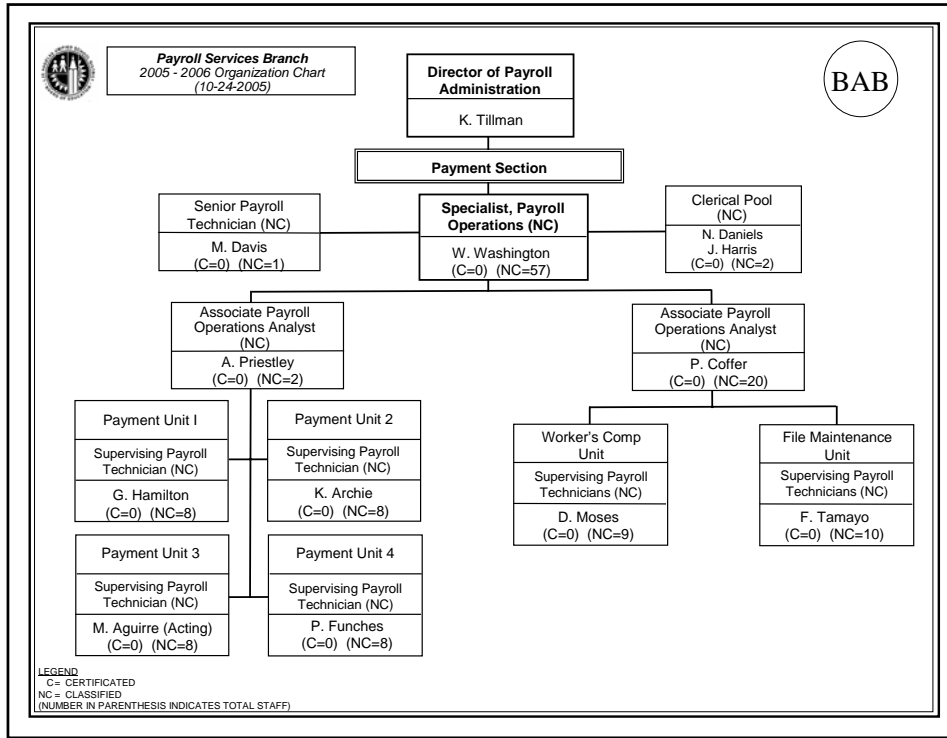


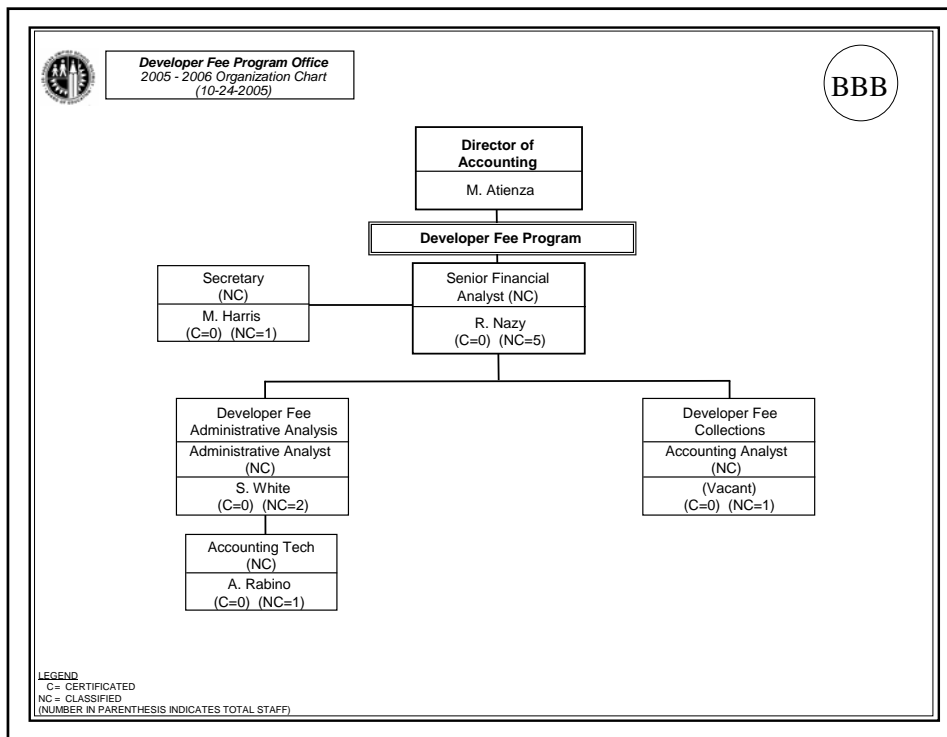
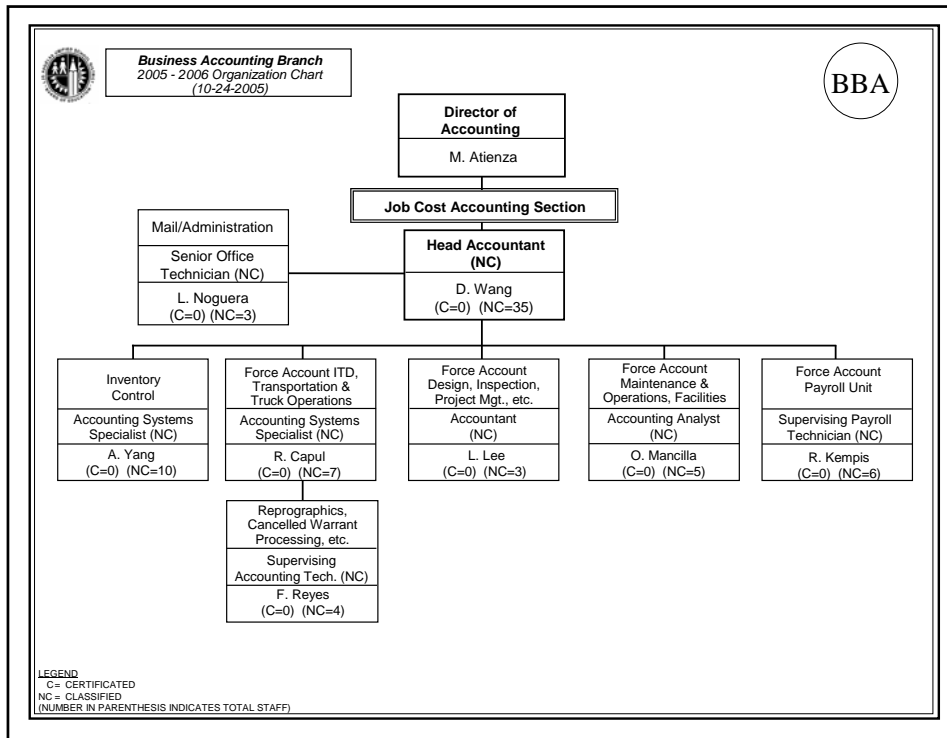
# Finance





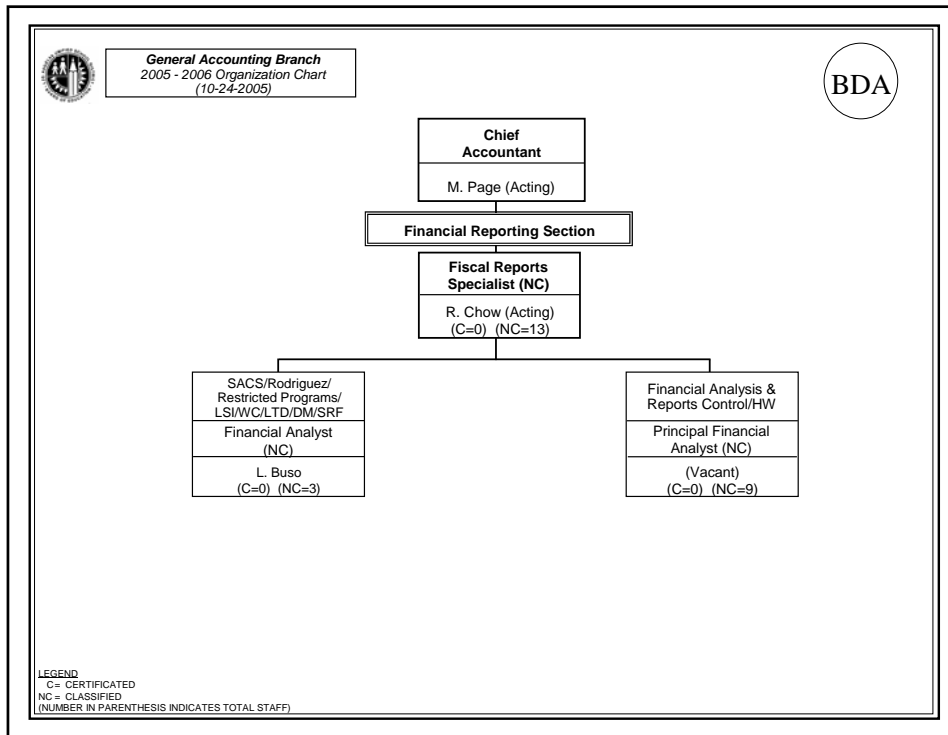
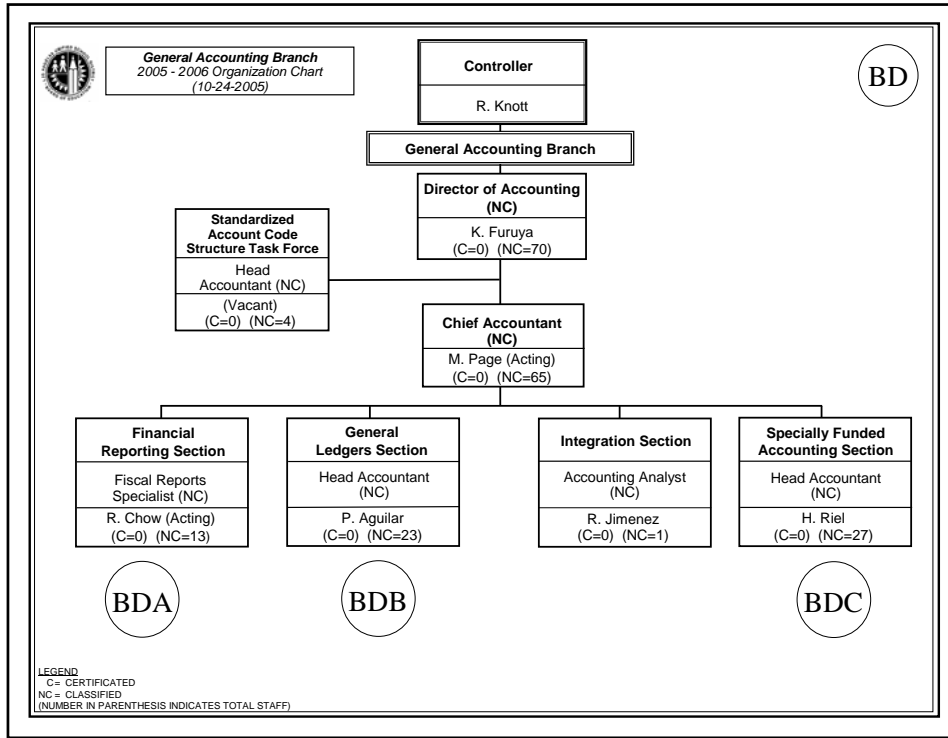


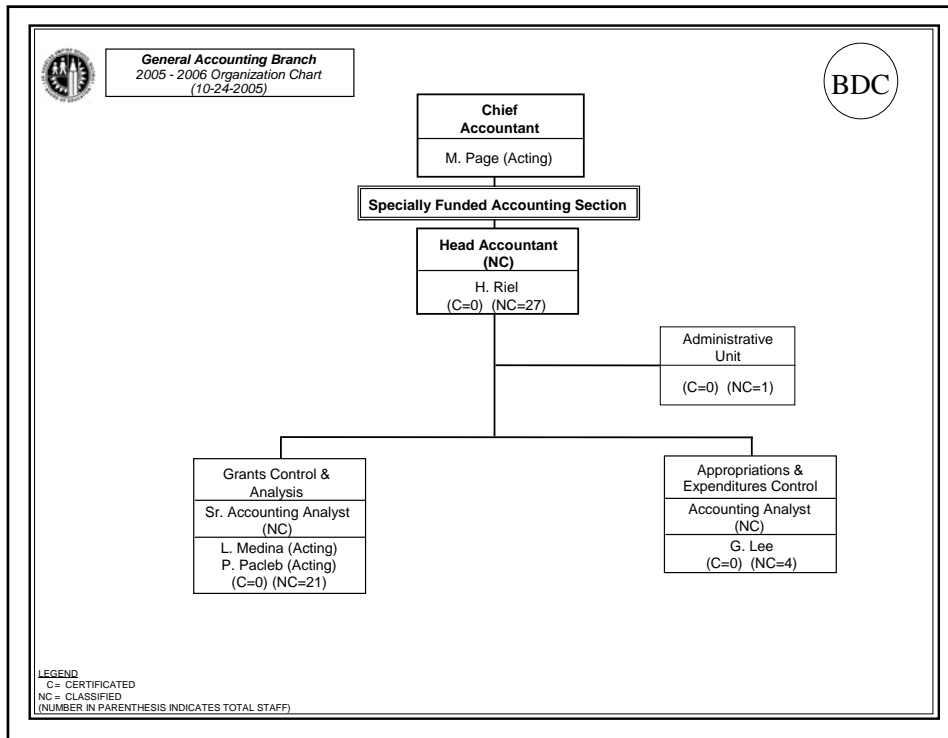
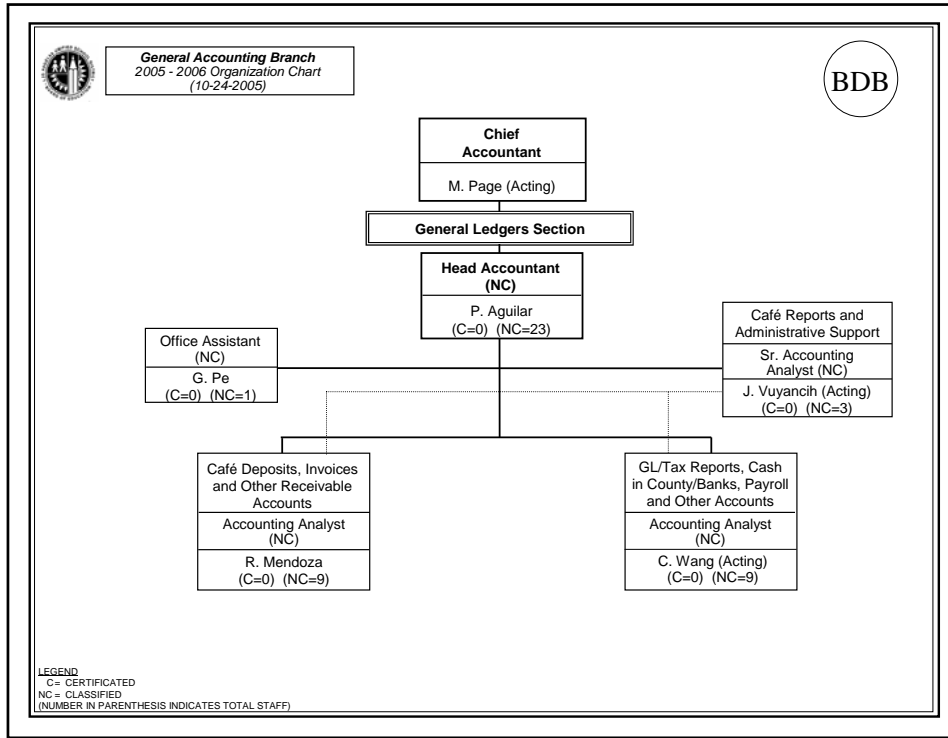


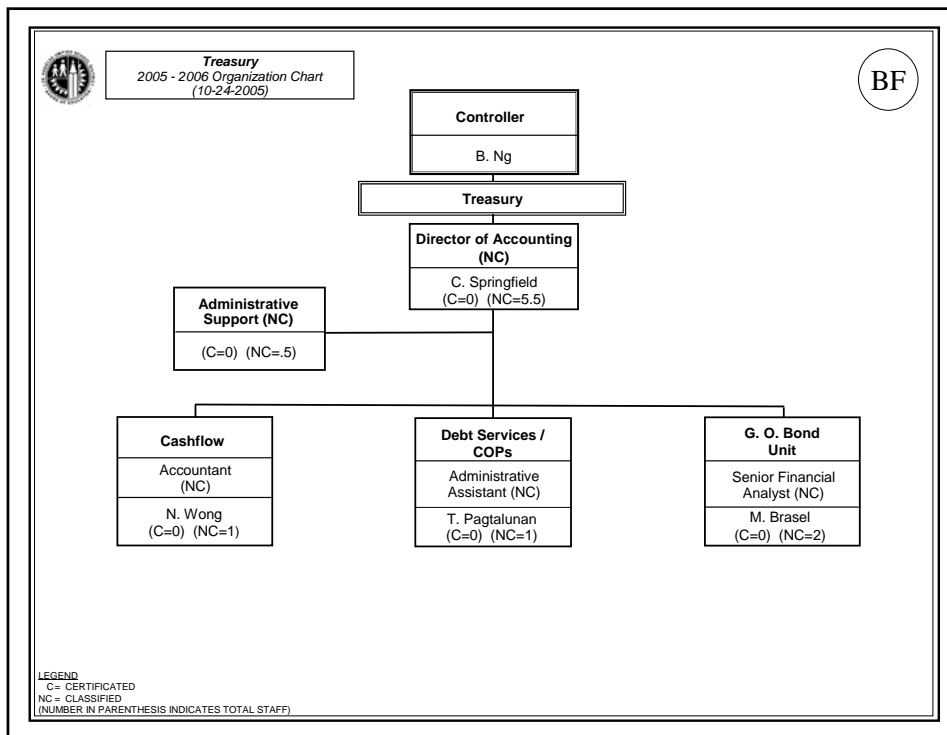
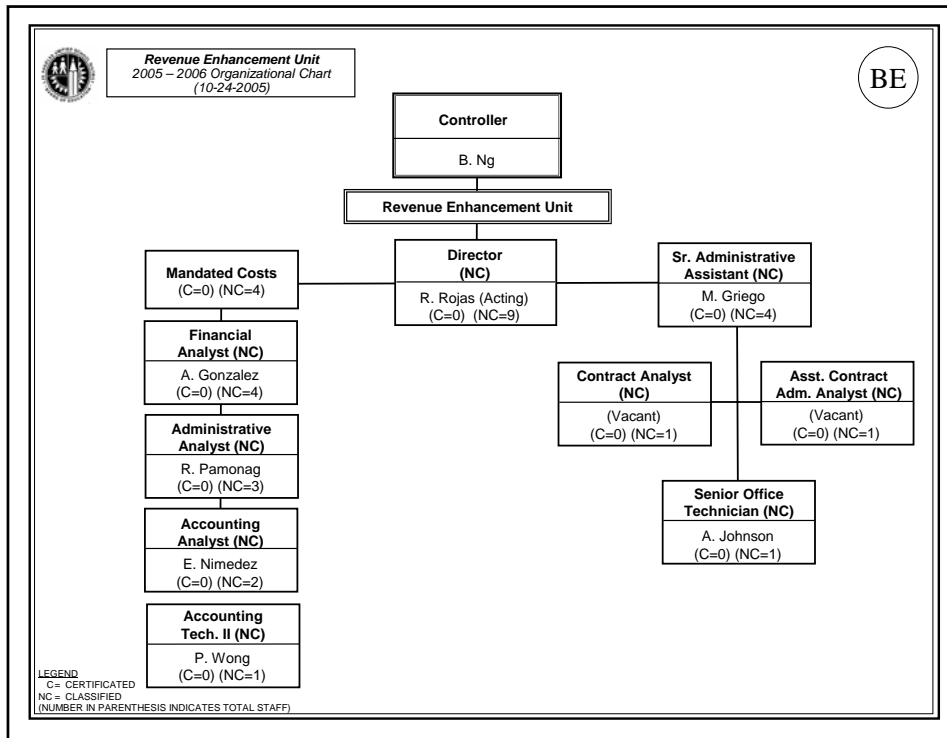


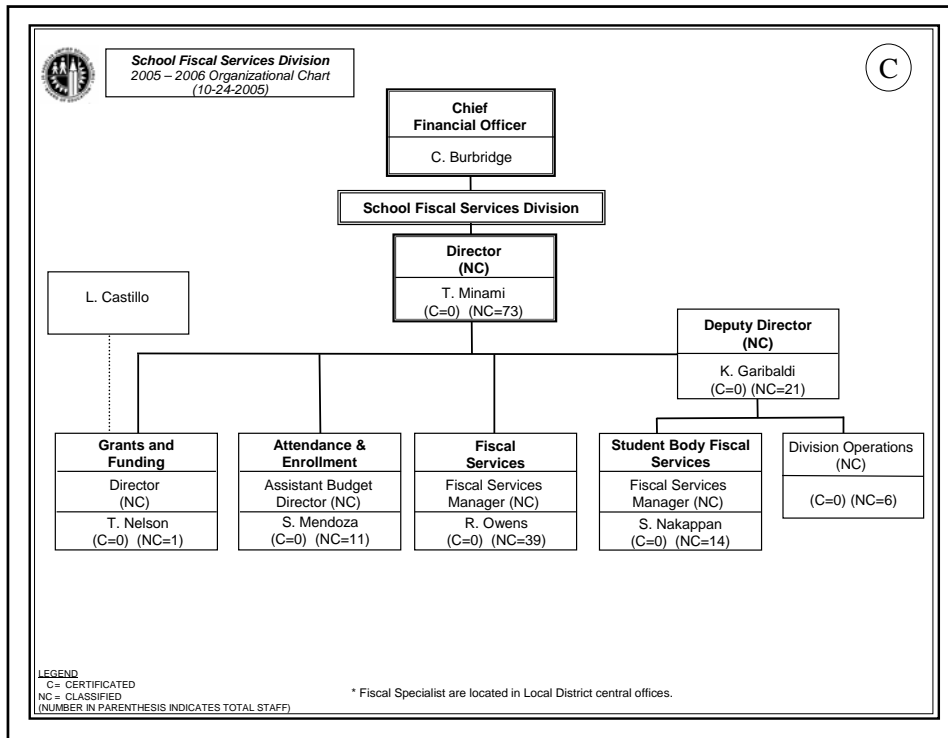




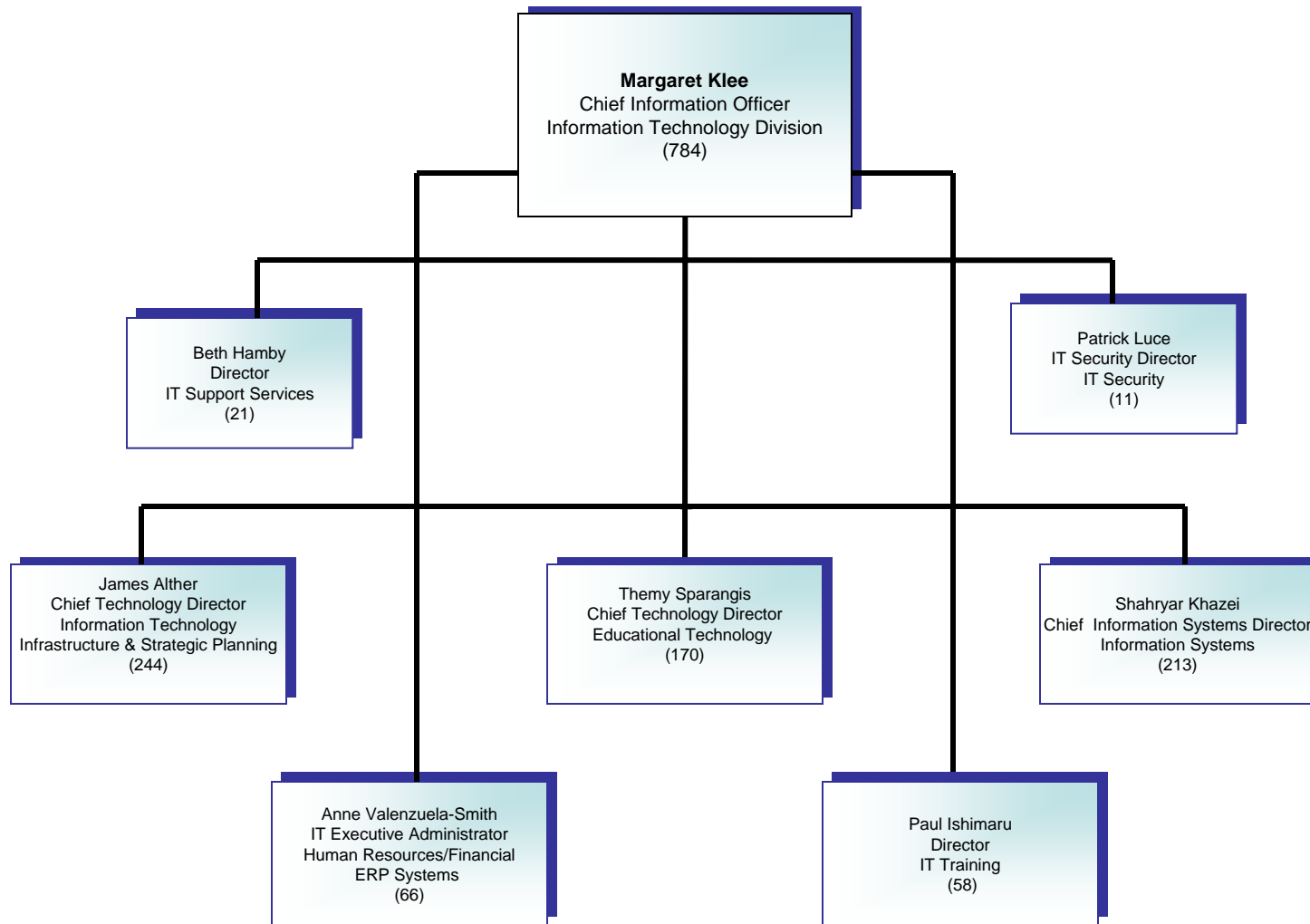






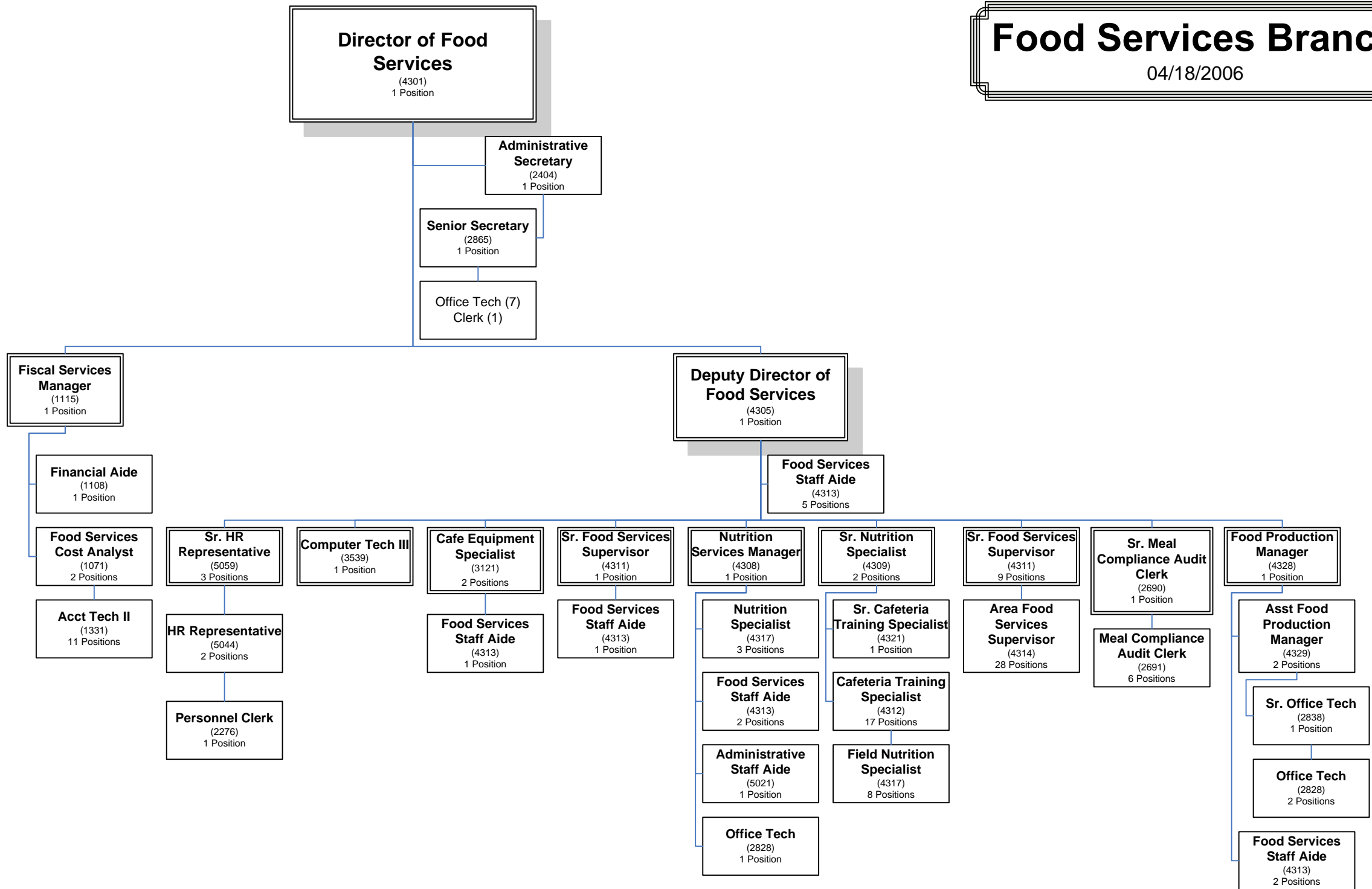


# INFORMATION TECHNOLOGY DIVISION



# Food Services Branch

04/18/2006



# Federal Programs Audited



## **2005-2006 Federal Programs Audited**

- Child Care Food Program
- School Nutrition Cluster (e.g. School Lunch)
- FEMA Hazard Mitigation
- Title I, Part A
- Vocational Education
- Safe and Drug Free Schools
- Smaller Learning Communities
- 21<sup>st</sup> Century Learning Centers
- State Grants for Innovative Programs
- Child Care Cluster

# Prior Year's Audit Findings



## Major Areas of Audit Focus

- Revenue Generation and Collection
- Resource Allocation
- Procurement Process
- Resource Management Processes
  - Financial Management Process
    - Treasury
    - Financial Accounting and Reporting
    - Grants Management/Service and Product Delivery
  - Human Resource Management Process
  - Information Management Process
- Risk Management Process



## Prior Year Management Letter Comments

- Accounts Receivable
  - Segregation of Duties (Prior Year Observation)
- Cash and Investments
  - Financial and Treasury – Check Receipt Process (Prior Year Observation)
  - Bank Reconciliation (Prior Year Observation)
  - Use of Service Organizations (Prior Year Observation)
  - Bank Reconciliations of Imprest Accounts (Prior Year Observation)



## Prior Year Management Letter Comments

### Compliance

Grants management

### Financial Reporting

CAFR Preparation (Prior Year Observation)

Analytical Review (Prior Year Observation)

### Fixed assets

Completion Dates of Projects

Accounting for Leases

Lease Disclosures



## Prior Year Management Letter Comments

### Fixed assets (Continued)

Calculation of Minimum Lease Payments

Accounting for Completed Projects

Fixed Assets – Monitoring Signs of Impairment (Prior Year Observation)

### Information Systems

Lack of Change Management Procedures

Physical Security

Restoration Process

Risk of Obsolescence of Legacy Systems (Prior Year Observation)

Lack of Business Continuity Plan and Disaster Recover Plan (Prior Year Observation)



## Prior Year Management Letter Comments

### Information Systems (Continued)

HRS Position Control Component (Prior Year Observation)

Lack of Periodic Application Security Review (Prior Year Observation)

### Payroll

Record Keeping of Payroll Information

Review Over Payroll Reconciliation

File Retention

Pay Rate Changes (Prior Year Observation)

Timesheet Approval (Prior Year Observation)

### Procurement

Vendor Database Review Process

Signature Identification

### Revenue

Submission of Statistical Report

Calculation of Meals Served

Risk of Inaccurate Average Daily Attendance (ADA) calculation

### Other Matters

Audit Committee (Prior Year Observation)



## Federal Compliance Audit – Prior Year Findings

### Allowable Cost Findings

Missing payroll certifications and documentation

Missing documentation to support program expenditures

Program manager review of expenditures

Classification of indirect program expenditure as direct

Support for attendance hours claimed

Grants awarded to separate legal entity

Eligible project costs computed incorrectly

FEMA OIG audit findings



## Federal Compliance Audit – Prior Year Findings, cont.

### Cash Management

Interest income from advances not returned to State or Federal Government

### Davis-Bacon Act

Prevailing wage rate exceptions

### Eligibility

Errors in annual eligibility determination

Controls over school ranking for CONAPP

### Equipment

Equipment management policies

Program equipment disposals



## Federal Compliance Audit – Prior Year Findings, cont.

### Matching, Level of Effort & Earmarking

No support for District matching funds

Administrative costs over the restricted 2% limit

Transfers of program funds over the maximum limits under transferability provisions

### Period of Availability

Expenses not claimed in proper period

### Program Income

Controls over cash receipts collected at school sites



## Federal Compliance Audit – Prior Year Findings, cont.

### Procurement, Suspension and Debarment

- No suspension or debarment certification
- No support for required quotations or waivers for competitive bidding
- Missing required federal contract provisions

### Reporting

- Errors or unsupported attendance reports
- Missing documentation and errors in monthly claim reports
- Late expenditure and attendance reports
- Expense claim report not supported by general ledger



## Federal Compliance Audit – Prior Year Findings, cont.

### Subrecipient Monitoring

- Federal award identification to subrecipients
- Monitoring procedures over subrecipients
- Missing required federal contract provisions

### Special Tests and Provisions

- Policies for newly hired highly qualified teachers
- No support for equitable share of expenditures to private schools
- Errors in verification of student meal applications
- Transfers out of school food accounts that do not benefit school food service



## State Compliance Audit – Prior Year Findings

### Errors in attendance computations

- Primary Schools
- Secondary Schools
- Independent Study
- Continuation Schools
- Community Day Schools

Missing kindergarten continuance approval forms

Independent study agreements missing required elements

Unable to support non-concurrent enrollment for independent study students



## State Compliance Audit – Prior Year Findings, cont.

Missing support for work experience students enrolled in continuation education

Inadequate support for staff development (buy back days)

Unsupported transfers of disallowed federal expenditures into bond funds

Unallowable loan made on school district bond funds

Unallowable expenditures charged to State school facilities funds

Identified textbook and material deficiencies not corrected within required deadlines



# Highlights Federal & State Compliance Audit & New GASB

**Complete Guidelines available on  
line at**

<http://www.whitehouse.gov/OMB/circulars/a133/a133.html>

[http://www.whitehouse.gov/omb/circulars/a087/a87\\_2004.html](http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html)

<http://www.eaap.ca.gov/NewWebSite0804/AuditGuide.htm>



## Federal Compliance Audit

### What are the Federal Requirements?



## Federal Compliance Audit – 14 Compliance Requirements

There are 14 compliance requirements:

- Activities allowed or Unallowed
- Allowable cost/Cost principles
- Cash Management
- Davis-Bacon Act
- Eligibility
- Equipment and Real Property Management
- Matching, Level of Effort, Earmarking
- Period of Availability of federal funds



## Federal Compliance Audit – 14 Compliance Requirements, cont.



Procurement and Suspension and Debarment  
Program Income  
Real Property Acquisition and Relocation Assistance  
Reporting  
Subrecipient Monitoring  
Special Tests and Provisions



## Federal Compliance – Activities Allowed or Unallowed



### A. Activities Allowed or Unallowed

This type of compliance requirement specifies the activities that can or cannot be funded under a specific program

Activities allowed or unallowed can be generally found in the grant agreement

#### Sample audit procedures:

Selecting a sample of invoices and determine whether nature of expense, amount was an activity allowed. Also determine whether properly charged to the appropriate grant



## Federal Compliance – Allowable Costs/Cost Principles

### B. Allowable Costs/Cost Principles

This type of compliance requirement relates to the direct and indirect cost allocated to a program

Direct costs must be expended in accordance with A-87 and grant award document

#### Indirect costs

Cost allocation plan (CAP) must be filed in accordance with A-87

Must be approved by the state/federal cognizant agency



## Federal Compliance – Allowable Costs/Cost Principles, cont.

### Sample audit procedures:

Direct cost are generally tested in conjunction with activities allowed requirement

Indirect cost are tested by review of the CAP and selecting a sample of invoices to determine whether nature of expense was appropriately classified and test for compliance



## Federal Compliance – Cash Management

### C. Cash Management

This type of requirement addresses three issues:

- Entities funded on a reimbursement basis

- Entities funded with advance payments

- Interest income earned on advances



## Federal Compliance - Cash Management, cont.

### Sample audit procedures:

- Entities funded on a reimbursement basis

  - Program costs must be paid for by entity funds before reimbursement is requested from the funding source

  - Selecting a sample of funding requests and review supporting documentation to determine whether expenditure paid prior to request for reimbursement



## Federal Compliance - Cash Management, cont.

### Sample audit procedures, cont.

#### Entities funded with advance payment

Minimal time elapsed between when received advance and disbursement. Procedures must also be established for entities that advance funds to sub-recipients

#### Interest income earned on advances

Determine whether interest income earned was remitted to the funding source

Determine whether interest calculation was proper and accurate



## Federal Compliance – Davis-Bacon Act

### D. Davis-Bacon Act

This type of requirement specifies that all laborers and mechanics employed by contractors or subcontractors for contracts in excess of \$2,000 financed by federal funds must be paid wages not less than those established by the DOL



## Federal Compliance - Davis-Bacon Act, cont.

### Sample audit procedures:

Select a sample of construction contracts and determine the following:

- Prevailing wage rate clause included in the contract

- Select sample of payroll submissions and determine whether rates are in accordance with prevailing wages rates established by DOL



## Federal Compliance - Eligibility

### E. Eligibility

Three major eligibility categories:

- Eligibility for Individuals

- Eligibility for Group of Individuals or Area of Service Delivery

- Eligibility for Subrecipients

This type of requirement is unique to each federal program and is generally found in the grant agreement or contract



## Federal Compliance - Eligibility, cont.

Sample audit procedures:

Select a sample of program participants:

- Review the documentation that supports eligibility

- Review award amounts for conformity with rules and regulations



## Federal Compliance – Equipment and Real Property Management

Equipment and Real Property Management

Equipment means tangible nonexpendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.





## Federal Compliance - Equipment and Real Property Management, cont.

This type of requirement requires the following:

- Equipment records shall be maintained
- Physical inventory of equipment taken at least once every two years and reconciled to the equipment records
- Appropriate control system be used to safeguard equipment
- Equipment be adequately maintained

Equipment sold, disposed or transferred to other program with FMV > \$5000

Federally funded share of proceeds must be remitted to the funding source

Permission must be granted by funding source



## Federal Compliance - Equipment and Real Property Management, cont.

Sample audit procedures:

Select sample of equipment transactions and determine accuracy of inventory records

Physically inspect equipment to determine existence and proper identification as federally funded

For items disposed or transferred, determine whether records properly reflect disposition and whether proceeds were remitted to the funding source and/or permission was granted



## Federal Compliance – Matching, Level of Effort and Earmarking



### G. Matching, Level of Effort, and Earmarking

This type of requirement address three separate and distinct requirements that are unique to each federal program

Generally found in contract or grant agreement



## Federal Compliance - Matching



Matching or cost sharing includes requirements to provide contributions (usually non-federal) of a specified amount or percentage to match Federal awards

Matching can be in the form of allowable costs incurred or in-kind contributions (including third party contributions)

Sample audit procedures:

Review documentation that supports amounts reported as matching contributions





## Federal Compliance - Level of Effort

Level of Effort can include three requirements:

A specified level of service to be provided from period to period

A specified level of expenditures from non-federal or Federal sources for specified activities to be maintained from period to period

Federal funds to supplement and not supplant non-federal funding of services



## Federal Compliance - Level of Effort, Cont.

- Supplement not Supplant:
- In the following instances, it is presumed that supplanting has occurred:
  - The District used Federal funds (except Bilingual) to provide services that the District was required to make available under other Federal, State or local laws.
  - The District used Federal funds to provide services that the SEA or LEA provided with non-Federal funds in the prior year.
  - The District used Title I, Part A or MEP funds to provide services for participating children that the District provided with non-Federal funds for nonparticipating children.
- These presumptions are rebuttable if the District can demonstrate that it would not have provided the services in question with non-Federal funds had the Federal funds not been available.



## Federal Compliance - Level of Effort, Cont.

### Sample audit procedures:

- Review documentation and analysis that supports compliance with level of effort requirements
- Review documentation and analysis that supports non-supplanting of federal funds:
  - Perform procedures to determine whether the Federal program funded services that were previously provided with non-Federal funds.
  - Perform procedures to ascertain if the total level of services applicable to the requirement increased in proportion to the level of Federal contribution.



## Federal Compliance - Earmarking

Earmarking includes requirements that specify the minimum and/or maximum amount or percentage of the program's funding that must /maybe used for specified activities

Earmarking may also be specified in relation to the types of participants covered

### Sample audit procedures:

Perform procedures to verify that the financial records show that at least the minimum amount or no more than the maximum amount for this type of service was charged to the program



## Federal Compliance – Period of Availability of Federal Funds



### H. Period of Availability of Federal Funds

This type of requirement specifies a time period during which the entity may use the federal funds

The entity may only charge expenditures for the program during the specified time period and any obligated funds (encumbered) must be liquidated within 90 days after the expiration period

Grant may specify that funds may be carried over and charged for obligation of the subsequent period

Federal agency may extend the deadline upon request



## Federal Compliance - Period of Availability of Federal Funds, cont.



### Sample audit procedures:

Select a sample of transactions and supporting documentation charged to the program during and subsequent to the expiration date and determine whether transaction occurred during proper period



## Federal Compliance – Procurement, Suspension and Debarment

### Procurement and Suspension and Debarment

#### Procurement

The District must use procurement policies that comply with federal law and A-102 Common Rule.

#### Suspension and Debarment

The District is prohibited from contracting with or making subawards under covered transactions to parties or their principals that are suspended or debarred. Covered transactions include contracts for goods or services equal to or in excess of \$25,000 and all subrecipients



## Federal Compliance – Procurement, Suspension and Debarment, cont.

- Procurement by small purchase procedures
  - Relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$100,000
  - Price or rate quotations shall be obtained from an adequate number of qualified sources
- Procurement by sealed bids
  - Bids are publicly solicited and awarded to the lowest responsible bidder.
- Procurement by noncompetitive proposals
  - Solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.



## Federal Compliance – Procurement, Suspension and Debarment, cont.

- Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following:
  - Rationale for the method of procurement
  - Selection of contract type,
  - Contractor selection or rejection
  - Basis for the contract price



## Federal Compliance – Procurement, Suspension and Debarment, cont.

Sample audit procedures:

Select a sample of procurements:

Verify that policies comply with federal and/or State requirements

Verify support for cost/price analysis or competitive bidding (as appropriate)

Verify that suspension and debarment certifications were received

Verify that the sample procurements are not on the “*List of Parties Excluded from Federal Procurement or Non-procurement Programs*” (can be found at [www.arnet.gov/eplis](http://www.arnet.gov/eplis))



## Federal Compliance – Program Income

### J. Program Income

This type of requirement relates to gross income received that is directly generated by the Federally-funded project

Program income includes such items as:

- Fees for services
- Use or rental of real or personal property
- Sale of commodities
- Payments of principle and interest on loans



## Federal Compliance – Program Income, cont.

- Program income does not include:
  - Interest on grant funds
  - Rebates, credits, discounts, refunds, etc.
  - Interest earned on any of them
  - Proceeds from the sale of equipment or real property





## Federal Compliance – Program Income, cont.

Program income may be used in one of three methods:

- Deducted from outlays of federal awards

- Added to the project budget

- Used to meet matching requirements

However, unless specifying addressed in the grant agreement, program income should be deducted from outlays



## Federal Compliance – Program Income, cont.

Sample audit procedures:

- Review grant agreement to ascertain the requirements for recording and using program income

- Select sample and determine accuracy of calculation and whether properly accounted for in the accounting records



## Federal Compliance – Real Property Acquisition and Relocation Assistance

### K. Real Property Acquisition and Relocation Assistance

This type of requirement has two elements:

Provides for equitable and uniform treatment of persons displaced by Federally-assisted programs from their homes, businesses or farms

Covers the payments of moving related expenses and reestablishment expenses incurred by displaced businesses and farm operations



## Federal Compliance – Real Property Acquisition and Relocation Assistance

### K. Real Property Acquisition and Relocation Assistance

This type of requirement has two elements:

Provides for equitable and uniform treatment of persons displaced by Federally-assisted programs from their homes, businesses or farms

Covers the payments of moving related expenses and reestablishment expenses incurred by displaced businesses and farm operations





## Federal Compliance – Real Property Acquisition and Relocation Assistance, cont.

### Sample audit procedures:

For property acquisitions, select a sample and determine whether an appraisal was done and compensation was consistent with appraised value

For replacement housing payments, select a sample and obtain supporting documentation

For Business Relocations, select a sample and verify mathematical accuracy of payments

For business reestablishment expenses, verify Displacee was eligible to receive assistance



## Federal Compliance - Reporting

### L. Reporting

This type of requirement is specific to the program however generally requires monthly, quarterly and/or annual status reports to be submitted to the funding source

Such reports may be financial, performance or special reporting



## Federal Compliance - Reporting, cont.

### *Financial Reporting*

- Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency.
- The reporting requirements for subrecipients are as specified by the pass-through entity. In many cases, these will be the same as or similar to the requirements for recipients.



## Federal Compliance - Reporting, cont.

### *Performance Reporting*

- Recipients shall submit performance reports at least annually but not more frequently than quarterly. Performance reports generally contain, for each award, brief information on each of the following:
  1. A comparison of actual accomplishments with the goals and objectives established for the period.
  2. Reasons why established goals were not met, if appropriate.
  3. Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.



## Federal Compliance - Reporting, cont.

### *Special Reporting*

- Non-Federal entities may be required to submit other reporting which may be used by the Federal agency for such purposes as allocating program funding.



## Federal Compliance - Reporting, cont.

### Sample audit procedures:

For financial reports, ascertain the accounting basis used to generate reports

For performance and special reports, determine the criteria and methodology used in compiling and reporting data

Verify that financial reports agree with audited financial statements and the SEFA

Trace the reported data to underlying source record



## Federal Compliance – Subrecipient Monitoring

### M. Subrecipient Monitoring

This type of requirement is only applicable if the entity passes the funding to a third party

The entity is ultimately financially responsible for any violations of federal requirements



## Federal Compliance – Subrecipient Monitoring, cont.

The entity is responsible for the following with the subrecipient:

Communicating federal award information such as CFDA # and title, award name, and name of federal agency

Monitoring subrecipient activities to assure they are administering in accordance with federal requirements

Ensuring required audits are performed and prompt corrective action plans for any finding

Evaluating the impact of sub-recipient activities on the entities ability to comply with federal regulations





## Federal Compliance – Subrecipient Monitoring, cont.

### Sample audit procedures:

Obtain contracts or agreements to determine whether entity communicated award information and audit requirements

Verify whether the entity monitored the activities of the sub-recipients

If sub-recipient received federal funding in excess of \$500,000, verify whether the entity obtained A-133 reports from the sub-recipients



## Federal Compliance – Special Tests and Provisions

### Special Tests and Provisions

This type of requirement is specific to the program and varies among grants

Special Test and Provisions are generally found in the grant agreement

A special test is considered any requirement not addressed in other requirements





## Federal Compliance – Special Tests and Provisions, cont.

- Common DOE Special Tests and Provisions:
- Participation of Private School Children
  - Must provide eligible private school children and their teachers or other educational personnel with equitable services or other benefits under these programs.
- Schoolwide Programs
  - A school participating may, in consultation with the State, use its Title I, Part A funds, along with funds provided from the above-identified programs and other Federal, State, and local education funds, to upgrade the school's entire educational program in a schoolwide program.



## Federal Compliance – Special Tests and Provisions, cont.

- Comparability
  - An auditee is considered to have met the statutory comparability requirements if it has implemented:
    - (1) Auditee-wide salary schedule;
    - (2) Policy to ensure equivalence among schools in teachers, administrators, and other staff; and
    - (3) Policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.
- Access to Federal Funds for New or Significantly Expanded Charter Schools
  - An auditee must ensure that a charter school that opens for the first time or significantly expands its enrollment receives the funds under each covered program for which it is eligible.





## State Compliance Audit

### What are the State Requirements?



## State Compliance Audit – Attendance Reporting

- Attendance Reporting
- Determine whether the Second Principal (P2) and Annual (P3) Reports of Attendance submitted to the California Department of Education reconcile to the supporting documents by verifying the ADA calculations for each reporting line item.



## State Compliance Audit – Attendance Reporting, cont.

- Sample Procedure:
- Select one test month and perform the following:
  - Reconcile the monthly totals of days of apportionment attendance on school's summary to the District summary for Second Principal and Annual attendance reports
  - Select a sample of classes and trace the monthly totals to original documentation
  - Select a sample of absences and compare to documentation to verify that absences were not included in ADA



## State Compliance Audit – Kindergarten Continuance

- Kindergarten Continuance
- A signed parental agreement to continue form, approved in form and content by the CDE, must be completed for each pupil who continued in kindergarten after completing one school year of kindergarten
- Sample Procedure:
  - Select a sample of pupils enrolled in kindergarten classes for 2006 and 2005
  - Review the records of each pupil to determine if continued after completing one year
  - Review signed parental agreement



## State Compliance Audit – Independent Study

- Independent Study
- Determine whether the Second Principal (P2) and Annual (P3) Reports of Attendance submitted to the California Department of Education reconcile to the supporting documents
- Determine written agreements exist for each pupil which outline the terms and conditions of assignments.



## State Compliance Audit – Independent Study, cont.

- Sample Procedure:
- Select one test month and perform the following:
  - Select a sample of pupils and trace the days of apportionment attendance to original documentation (including work samples)
  - Reconcile the monthly totals of days of apportionment attendance on school's summary to the District summary for Second Principal and Annual attendance reports
  - Review a sample of written agreements for all required elements as required by Education Code



## State Compliance Audit – Continuation Education

### Continuation Education

- Determine whether the Second Principal (P2) and Annual (P3) Reports of Attendance submitted to the California Department of Education reconcile to the supporting documents by verifying the ADA calculations for each reporting line item.
- Determine whether the continuation pupils enrolled in work experience education attended 4-hours in each week and received at least one instructional period of classroom instruction work experience or counseling



## State Compliance Audit – Continuation Education, cont.

- Select one test month and perform the following:
  - Reconcile the monthly totals of days of apportionment attendance on school's summary to the District summary for Second Principal and Annual Attendance Reports
  - Select a sample of classes and trace the monthly totals to original documentation
  - Select a sample of pupils and trace to weekly attendance records to the teacher's attendance register
- Select a sample of pupils enrolled in work experience and review support for attendance and required instructional periods



## State Compliance Audit – Adult Education

- Determine whether the Second Principal (P2) and Annual (P3) Reports of Attendance submitted to the California Department of Education reconcile to the supporting documents by verifying the ADA calculations for each reporting line item.
- Determine whether concurrently enrolled K-12 students were enrolled in compliance with Education Code.



## State Compliance Audit – Adult Education, cont.

- Sample procedures:
- Select one test month and perform the following:
  - Reconcile the monthly totals of days of apportionment attendance on school's summary to the District summary for Second Principal and Annual Attendance Reports
  - Select a sample of classes for both exclusively adult education and concurrently enrolled K-12 pupils and trace the totals to original documentation
  - Verify hourly attendance accounting was used
  - Verify attendance was not credited for more than scheduled class time



## State Compliance Audit – Adult Education, cont.

- Select a sample of concurrently enrolled K12 pupils and perform the following:
  - Review concurrently enrolled pupil's file for documentation of required counseling session
  - Review District's records for proof that it submitted a list of all courses provided to CDE for approval, in advance



## State Compliance Audit – Regional Occupational Centers and Programs

- Same procedures as Adult Education, with the exception of concurrently enrolled students which are not applicable for ROC



## State Compliance Audit – Instructional Time

- Determine if instructional minutes are in compliance with the requirements of Education Code
- Sample Procedures:
- Select a sample of schools and perform the following:
  - Review attendance calendar and bell schedules
  - Compare the amount of instructional minutes offered per grade level to requirements
  - Determine if offered optional classed to satisfy instructional minutes requirements



## State Compliance Audit – Community Day Schools

### Community Day Schools

- Determine that school day included at least 360 minutes of school classroom instruction and pupils are scheduled for at least minimum day
- Determine if attendance records support additional funding claimed for 5<sup>th</sup> and 6<sup>th</sup> hours of attendance
- Determine if attendance records support additional funding claimed for 7<sup>th</sup> and 8<sup>th</sup> hours of attendance



## State Compliance Audit – Community Day Schools, cont.

- Sample procedure:
- Select one test month and perform the following:
  - Select a sample of pupils and verify scheduled to attend at least 360 minutes
  - Verify room assignments and employment records to verify classroom instruction proved by certificated employee of District
  - Reconcile the monthly totals of hours of apportionment attendance on school's summary to the District summary for Second Principal and Annual attendance reports
  - Select a sample of classes and trace the monthly totals to original documentation for 1-4 hours of attendance, 5<sup>th</sup> and 6<sup>th</sup> and 7<sup>th</sup> and 8<sup>th</sup> hours of attendance



## State Compliance Audit – Class Size Reduction

### Class Size Reduction

- Determine that kindergarten through 3<sup>rd</sup> grade classes claimed for incentive funding for class size reduction had teacher to student ratios of no more than an average of 20.4
- Sample procedures
  - Select a sample of classes claimed and select 15 random days from all instructional days between the 1<sup>st</sup> day of instruction through April 15<sup>th</sup> and calculate the teacher to student ratio
  - Perform more in-depth procedures if ratio is over the maximum of 20.4





## State Compliance Audit – Instructional Materials

- Determine if governing board of District held a public hearing on or before the end of the 8<sup>th</sup> week from the 1<sup>st</sup> day pupils attend school for that year, prior to making determination as to the sufficiency of textbooks or instructional materials
- Determine if board resolution stated each pupil in each school had sufficient textbooks or instructional materials, or if there was an insufficiency in any one of the following subjects:
  - Mathematics
  - Science
  - History-social science
  - English/language arts (including English language development)



## State Compliance Audit – Instructional Materials, cont.

- Determine whether board made written determination on sufficiency of textbooks and instructional materials and that content was consistent with state board of education for the following subjects:
  - Foreign language
  - Health course
- Determine whether board determined availability of laboratory science equipment for grades 9-12



## State Compliance Audit – Instructional Materials, cont.

### Instructional Materials Realignment Program

- Determine if District's instructional materials purchased were adopted by State Board of Education and are in one of the four eligible subjects for K-8
- Determine if District's instructional materials purchased were aligned with State Board of Education adopted content standards for 9-12
- Determine board certified each pupil had been provided with standards-aligned textbook or basic instructional materials



## State Compliance Audit – Ratio of Administrative Employees to Teachers

- The maximum ratios of administrative employees is 8 to each 100 teachers in unified school districts
- Sample procedures:
  - Review ratio calculation performed by District
  - Select a sample of employees and review if classified in the proper category



## State Compliance Audit – Early Retirement Incentive

### Early Retirement Incentive

- A governing board of a school district may determine by formal action that because of impending curtailment of or changes in the manner of performing services, it would be in the best interests of the district to encourage certificated employees or academic employees to retire for service and that the retirement will result in a net savings to the district
- An additional two years of service credit shall be granted under this part to a member of the Defined Benefit Program if certain conditions exist.



## State Compliance Audit – Early Retirement Incentive, cont.

- Sample procedures:
  - Verify approval from County Office of Education
  - Verify reasons are consistent with Education Code requirements of the program
  - Verify support for justification of early retirement



## State Compliance Audit – School Construction Funds

### School District Bonds

- Determine bond funds are expended as specified in official statement or statements of bonds indenture

### State School Facilities Funds

- A grant for new construction may be used for any and all costs necessary to adequately house new pupils in any approved project
- A grant for new construction may also be used to acquire an existing government or privately owned building, or a privately financed school building, and for the necessary costs of converting the government or privately owned building for public school use.



## State Compliance Audit – School Construction Funds, cont.

- Sample procedures:
  - Select a sample of bond expenditures and verify that bond proceeds were expended only for purpose for which the bonds were issued
  - Select a sample of state school facilities expenditures in county school facilities fund and verify they were only for qualifying expenditures or high priority capital outlay purposes



## State Compliance Audit – Alternative Pension Plans



- Alternative Pension Plans
  - Applicable only for pension plans not administered by:
    - California Public Employees Retirement System (CALPERS)
    - State Teachers Retirement System (STRS)



## State Compliance Audit – Proposition 20 Lottery Funds



- Proposition 20 Lottery Funds
- Determine that District expended funding for either instructional materials, technology-based materials, or tests in accordance with Education Code
- Sample procedures
  - Select a sample of expenditures and compare to Education Code definitions of allowable expenditures





## State Compliance Audit – State Lottery Funds

- Funds allocated from the California State Lottery Education Fund shall be used exclusively for the education of pupils and students and no funds shall be spent for acquisition of real property, construction of facilities, financing of research, or any other non-instructional purpose.
- School districts and other agencies receiving funds distributed pursuant to this chapter may at their option utilize funds to provide additional funds for the purpose of enrichment or expansion.



## State Compliance Audit – State Lottery Funds, cont.

- Sample procedures:
- Select a sample of expenditures and determine whether funds were used for acquisition of real property, construction of facilities, or financing of research.



## State Compliance Audit – California School Age Families Education (Cal-SAFE)

### Cal-SAFE Program

- Determine whether the CalSAFE annual report of attendance submitted of the California Department of Education reconciles to supporting documentation
- Sample procedures:
  - Select a sample of students and verify ADA calculation and trace to supporting documentation
  - Determine ADA was not generated in more than one program



## State Compliance Audit – School Accountability Report Card

### School Accountability Report Card

- A school district shall use the uniform complaint process it has adopted to help identify and resolve any deficiencies related to instructional materials, emergency or urgent facilities conditions that pose a threat to the health and safety of pupils or staff, and teacher vacancy or misassignment.





## State Compliance Audit – School Accountability Report Card, cont.

- Sample procedures:
  - Select a sample of schools and obtain copy of interim evaluation instrument and review against School Accountability Report Card
  - Select a sample of schools and compare the information on the availability of sufficient textbooks and other instructional materials to the District's resolution on sufficiency



What's New in 2006







## What Will Be Different for the 05/06 Audit

### Financial statement audit

New GASB pronouncements

### Federal compliance audit

New programs that are expected to be tested

### Bond audits and agreed upon procedure projects

### State compliance audit

New State compliance requirements



## Financial Statement Audit

### What's New in 2006



## Financial Statement Audit – New GASB Pronouncements

Statement No. 41, *Budgetary Comparison Schedules—Perspective Differences*

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans—April*

Technical Bulletin 2004-1, *Tobacco Settlement Issues—April*

Statement No. 44, *Economic Condition Reporting: The Statistical Section—May*

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Plans—June*

Statement No. 46, *Net Assets Restricted by Enabling Legislation—December*

Statement No. 47, *Accounting for Termination Benefits*

Technical Bulletin 2004-2, *Recognition of Pension and OPEB Expenditure/Expense by Cost-Sharing Employers—December*



## Effective Dates

June 30, 2006

Statement 34, Retroactive infrastructure—Phase I

Statement 42

Statement 44

Statement 46

Statement 47

June 30, 2007

Statement 34, Retroactive infrastructure—Phase II

Statement 43—Phase I

June 30, 2008

Statement 43—Phase II

Statement 45—Phase I



## GASB Statement 42

### Implementation Issues



### Amount of Effort Depends on How the Definition Is Applied

Asset impairment is *a significant, unexpected decline in the service utility of a capital asset*

Two key words—*significant and unexpected*



## How to Identify Impairments

Events or changes in circumstance that indicate impairment should be prominent

Generally expected to have prompted discussion by governing board, management, or media



## Look for Indicators of Impairment—They Will Find You

Evidence of physical damage

Enact or approval of laws or regulations or other environmental factors

Technological development or evidence of obsolescence

A change in the manner or expected duration of use of an asset

Construction stoppage



## Measurement of Impairment

- Restoration cost approach—cost to restore versus current value
- Service units approach—can be based on useful life
- Deflated depreciation replacement cost approach—value of asset in current use



## Statement 42—Effective Date

Years beginning after December 15, 2004

June 30, 2006, earlier application encouraged

Retroactive implementation

(But do not write up previous impairments)



## GASB Statements 43 and 45

### Other Postemployment Benefits



## Other Postemployment Benefits (OPEB)

The term refers to postemployment benefits other than pensions.

### OPEB include:

Postemployment healthcare benefits (medical, dental, vision, hearing)

Also, other forms of postemployment benefits when provided separately from a pension plan (for example, life insurance, long-term care, cash stipends if compensation for services).



## Measurement— A Statement 27 Approach

All postemployment benefits (OPEB as well as pensions) will be reported using the same general approach.

### Broad steps:

- Project cash outflows for benefits

- Discount projected benefits to present value

- Allocate the present value of projected benefits to periods using an acceptable actuarial cost method



## Projection of Future Benefit Payments

Should be based on the types of benefits provided under the substantive plan\* at the time of each valuation, including any changes made and announced to plan members

\* The plan as understood by the employer and plan members



## Projection of Future Benefit Payments

Should take into consideration the established pattern of sharing of benefit costs between the employer and plan members to that point (for example, 80% paid by employer and 20% paid by plan members)



## Implicit Rate Subsidies

Difference between premium charged and rate if retirees' rate calculated as separate group

Original ED proposed exemption if employer does not otherwise contribute to retirees' benefits

Board reversed its position based on comments received during due process





## Recognition in Government-wide and Proprietary Fund Financial Statements



Employers would report OPEB expense in an amount equal to annual OPEB cost for the period, regardless of the amount paid

The cumulative difference between amounts expensed and contributions or benefits paid would create a liability (or asset) called the net OPEB obligation



## Recognition—Governmental Fund Financial Statements



Employers should recognize as OPEB expenditures the amount contributed to the plan or “expected to be liquidated with expendable available financial resources”



## Frequency of Calculations

Plans with total membership over 200—  
actuarial valuations at least biennially

Plans with total membership of 200 or fewer—actuarial  
valuations at least triennially

Plans with total membership of 100 or fewer—option to  
use alternative calculation method with certain simplifying  
assumptions (defined and illustrated)



## The Alternative Measurement Method\*

Would involve the same three broad  
measurement steps as an actuarial valuation,  
and most parameters would apply

But would allow simplification of certain  
assumptions and techniques to permit  
application by non-specialists

\* Illustrated in the Statements



## Required Schedule of Funding Progress (RSI)

Discloses multi-year trend information about the UAAL and progress made in funding the plan, as for pension plans, including:

Actuarial accrued liability (AAL)

Actuarial value of plan assets--generally a market related value

UAAL (AAL minus plan assets)



## Required Schedule of Funding Progress (RSI)

Funded ratio (actuarial value of plan assets/AAL)

Ratio of UAAL to covered payroll

Notes to RSI regarding changes affecting the interpretation of trends in the amounts reported



## Effective Dates

Phased implementation June 30, 2008 to June 30, 2010

Based on same “phase” used for Statement 34 implementation



## GASB Statement 44

Economic Condition—  
Statistical Section



## Why Update the Statistical Section?

Current standards in NCGA Statement 1 are vague, just a list of schedules

Current standards provide no guidance to governments other than general purpose local entities

Need to incorporate Statement 34



## Types of Statistical Section Information

Financial trends information

Revenue capacity information—factors affecting ability to generate own-source revenues

Debt capacity information

Demographic and economic information

- Understand socio-economic environment

- Facilitate comparisons over time and among governments

Operating information—contextual information about operations and resources



## Effective Date and Transition Provisions

Effective for periods beginning after June 15,  
2005 (June 30, 2006)

Retroactive reporting encouraged, but not  
required

Encouraged, but not required, to report  
government-wide information retroactively to the  
year Statement 34 was implemented



## GASB Statement 46

*Net Assets Restricted by  
Enabling Legislation*





## Background

Statement 34 identifies three sources of restrictions on net assets—external parties, constitutional provisions, and enabling legislation

Enabling legislation is a type of legislation that authorizes the raising of a **new** revenue (that is, it does not earmark existing revenues) and that contains a **legally enforceable** restriction on the purpose for which those revenues can be used



## Objectives

Intended to address difficulties some governments were having interpreting the legal enforceability requirement

Specifies how net assets should be reported when the circumstances surrounding enabling legislation change



## Legal Enforceability

Legal enforceability means that an external party—such as citizens, a public interest group, or the judiciary—can compel a government to abide by the restriction

Remains a matter of professional judgment, which may include reviewing determinations for similar legislation, obtaining the advice of legal counsel, or other actions



## Legal Enforceability

Restrictions should be reviewed on a case-by-case basis:

If a restriction is found to no longer be legally enforceable, a government may reevaluate the legal enforceability of similar restrictions, but should not necessarily conclude that **all** such restrictions are unenforceable

Prohibitions against one legislature binding a subsequent legislature generally are not, on their own, sufficient basis for determining a restriction is not enforceable





## Changes in Circumstances

If new enabling legislation is passed to replace prior enabling legislation, or if resources are used for purposes not specified by enabling legislation, a government should review the legal enforceability of the restriction



## Reporting Requirement

Requires that the portion of net assets restricted by enabling legislation should be disclosed in the notes to the financial statements

The Exposure Draft proposed to require separate display of enabling legislation restrictions on the face of the statement of net assets, but the Board changed the requirement to disclosure in response to the public comments it received



## Statement 46—Effective Date

Periods beginning after June 15, 2005 (June 30, 2006)



## GASB Statement 47

*Accounting for  
Termination Benefits*





## Recognition Requirements

In financial statements prepared on the accrual basis of accounting recognize a liability and expense for voluntary termination benefits (for example, early-retirement incentives) when the offer is accepted and the amount can be estimated

A liability and expense for involuntary termination benefits (for example, severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated.



## Recognition Requirements, Continued

In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources.



## Measurement Requirements

Healthcare-related termination benefits that are provided as the result of a large-scale, age-related program (for example, an early-retirement incentive program that affects a significant portion of employees) should be measured at their discounted present values based on projected total claims costs (or age-adjusted premiums approximating claims costs) for terminated employees, with consideration given to the expected future healthcare cost trend rate.

Employers that provide healthcare-related termination benefits that are not part of a large-scale, age-related termination program are permitted, but not required, to measure the cost of termination benefits based on projected claims costs for terminated employees.



## Measurement Requirements, Continued

The cost of non-healthcare-related termination benefits for which the benefit terms establish an obligation to pay specific amounts on fixed or determinable dates should be measured at the discounted present value of expected future benefit payments (including an assumption regarding changes in future cost levels during the periods covered by the employer's commitment to provide the benefits).

If, however, the benefit terms do not establish an obligation to pay specific amounts on fixed or determinable dates, the cost of non-healthcare-related benefits should be calculated as either (a) the discounted present value of expected future benefit payments or (b) the undiscounted total of estimated future benefit payments at current cost levels.



## Termination Benefits That Affect an Employer's Defined Benefit Pension or OPEB Obligations

As an exception to the general recognition and measurement requirements discussed above, the effects of a termination benefit on an employer's obligations for defined benefit pension or other postemployment benefits should be accounted for and reported under the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, or Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as applicable.



## Disclosure Requirements

This Statement requires employers to disclose

- a description of the termination benefit arrangement,
- the cost of the termination benefits (required in the period in which the employer becomes obligated if that information is not otherwise identifiable from information displayed on the face of the financial statements), and
- significant methods and assumptions used to determine termination benefit liabilities.



## Effective Date

The requirements of this Statement are effective in two parts.

For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of Statement 45.

For all other termination benefits, this Statement is effective for financial statements for periods beginning after June 15, 2005. Earlier application is encouraged.

In the initial year of implementation, the requirements of this Statement should be applied to any previous commitments of termination benefits that remain unpaid at the effective date of the Statement.

The cumulative effect of applying this Statement should be reported as a restatement of beginning net assets (or equity or fund balance, as appropriate). Financial statements for prior periods are not required to be restated.



## Federal Compliance Audit

### What's New in 2006



## Federal Compliance Audit – New Programs Tested in 2006



State Administrative Expenses for Child Nutrition  
(California Nutrition Network)

FEMA Public Assistance

Gaining Early Awareness and Readiness for  
Undergraduate Programs (GEAR-UP)

Reading First Grants

Education Technology Grants

Special Education Cluster

Grants to States

Preschool Grants



## Bond Audits and Agreed Upon Procedures

### What's New in 2006





## Bond audits and agreed upon procedure projects

- No changes expected in the bond audits
  - Similar procedures to financial statement audit except for:
    - Procedures will be specific to bond expenditures
    - Scope
- Agreed upon procedures could change at the discretion of management and the board



## State Compliance Audit

### What's New in 2006





## State Compliance Audit – New State Compliance Requirements in 2006

### Charter Schools

Records of Attendance

Non-classroom Based Instruction/Independent  
Study

Additional Non-classroom Based Instruction

Determination of Funding for Non-classroom  
Based Instruction

Classroom Based Annual Instructional Minutes

### Staff Development Program

Removed from Required Procedures



## State Compliance Audit – Charter Schools

### Charter Schools Attendance

- Determine whether the Second Principal reports of attendance is supported by written contemporaneous records that document all pupil attendance included in the charter school's ADA calculations

### Sample Procedures

Trace the ADA numbers from the Second  
Principal report of attendance to supporting  
documentation

Classroom Based Annual Instructional Minutes



## State Compliance Audit – Charter Schools cont.

- Non-classroom Based Instruction/ Independent Study
  - Applicable if ADA was reported by the charter school through non-classroom based instruction (independent study)



## State Compliance Audit – Charter Schools cont.

### Additional Non-classroom Based Instruction

- Determine whether the ADA reported to the CDE by the Applicable if ADA was reported by the charter school through classroom based instruction
- Pupils were engaged in educational activities required and were under the immediate supervision and control of an employee who possessed a valid teaching certification
- At least 80% of instructional time offered was at school site used principally for classroom instruction
- Pupils required to be in attendance at school site at least 80% of minimum instructional time.



## State Compliance Audit – Charter Schools cont.

### Determination of Funding or Non-classroom Based Instruction

- Applicable if more than 20% of ADA was generated through non-classroom based instruction (independent study)



## State Compliance Audit – Charter Schools cont.

- Annual Instructional Minutes – Classroom Based
- Determine if the Charter School's instructional minutes are in compliance with the requirements of Education Code
- Sample Procedures:
  - Review attendance calendar and bell schedules
  - Compare the amount of instructional minutes offered per grade level to requirements
  - Determine if offered optional classed to satisfy instructional minutes requirements

# Bulletins

- Bulletin 889.2      *Multi Funded Personnel Time Reporting*
- Bulletin 888.1      *Semi-Annual Certification Federal Categorical Programs*
- Bulletin 953      *Control of Site Equipment*
- Bulletin 426.1      *Professional Services Contract*
- Reference 1606.1      *Final Payment of Bills for 2005-2006*
- Reference 918      *Low Dollar Value Professional Services*
- Reference Guide C-24      *Purchasing Procedures and Delegated Authority*

# **Bulletin 889.2**

## **Multi Funded Personnel Time Reporting**



**LOS ANGELES UNIFIED SCHOOL DISTRICT  
POLICY BULLETIN**

**TITLE:** MULTI-FUNDED PERSONNEL TIME REPORTING

**NUMBER:** BUL-889.2

**ISSUER:** Betty Ng, Controller  
Accounting and Disbursements Division

**DATE:** March 31, 2006

**ROUTING**  
Administrators  
Secretaries  
Time Reporter

**POLICY:** This Policy Bulletin outlines federal and state regulations implemented by the California Department of Education requiring that all personnel who are compensated from more than one funding resource must document actual time so as to support the cost distribution provided to each program.

However, employees funded jointly by Title I School-Wide Program and School-Based Coordinated Program must complete a semi-annual certification form.

**MAJOR CHANGES:** This revision updates Bulletin 889.1 of the same subject dated August 6, 2004. A sample log of daily activities has been added (Attachment B).

**GUIDELINES:** The following guidelines apply.

**PROCEDURES**

Except as noted above, all multi-funded personnel who are compensated from more than one funding resource are required to maintain a daily record of the number of hours and a log of daily activities provided to each program. At the end of each pay period, this record will be signed by the employee and certified by the school principal/supervisor. A multi-funded time-reporting sheet is enclosed (Attachment A).

- The timekeeper will receive a copy of the time card and total all hours on the report for each program and charge the employee's hours accordingly.
- The multi-funded time reports and the log of daily activities (Attachment B) must be retained at the school for five years for audit purposes.

**AUTHORITY:** This is State policy for all employees who are compensated from more than one funding resource.

**RELATED RESOURCES:** Bulletin No. Bul-888.1 Semi-Annual Certification - Federal Categorical Programs

**ASSISTANCE:** For assistance or further information please contact Specially Funded Programs, General Accounting Branch at (213) 241-7914 or Specially Funded Programs, Compliance and Technical Support Branch at (213) 229-2000.

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Accounting and Disbursements

BULLETIN NO. BUL-889.2  
March 20, 2006

ATTACHMENT A

**Los Angeles Unified School District  
Multi-Funded Time Report**

Employee Name: \_\_\_\_\_  
Class Code Title: \_\_\_\_\_  
\_\_\_\_\_

Pay Period No. \_\_\_\_\_  
Employee No. \_\_\_\_\_

Program	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Budgeted Hours	Actual Hours		

Certification:

I certify that the information recorded on this Daily Time Report is true and correct to the best of my knowledge.

For the period of \_\_\_\_\_ through \_\_\_\_\_, I spent my time on the following programs:

_____ %		
		Program
_____ %		
		Program
_____ %		
		Program
_____ %		
		Program

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Principal/Supervisor

\_\_\_\_\_  
Date

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Accounting and Disbursements

BULLETIN NO. BUL-889.2  
March 20, 2006

ATTACHMENT B

**ACTIVITY LOG**

**Employee Name:** \_\_\_\_\_  
**Class Code Title:** \_\_\_\_\_

**Pay Period No.** \_\_\_\_\_  
**Employee No.** \_\_\_\_\_

DATE	DAY	ACTIVITY	Hours Program #1	Hours Program #2	Hours Program #3	Hours Program #4	Total Hours
	Mon						
	Tue						
	Wed						
	Thu						
	Fri						
	Sat						
	Sun						

I certify that the information recorded on this Activity Log is true and correct to the best of my knowledge.

\_\_\_\_\_  
Signature of Employee:

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Signature of Principal/Supervisor:

\_\_\_\_\_  
Date:



# **Bulletin 888.1**

## **Semi Annual Certification Federal Categorical Programs**



**LOS ANGELES UNIFIED SCHOOL DISTRICT  
POLICY BULLETIN**

**TITLE:** SEMI-ANNUAL CERTIFICATION-  
FEDERAL CATEGORICAL PROGRAMS

**ROUTING**  
Administrators  
Secretaries

**NUMBER:** BUL-888.1

**ISSUER:** Betty Ng, Controller  
Accounting and Disbursements Division

**DATE:** March 31, 2006

**POLICY:** As a result of new federal employees time-reporting requirements, semi-annual certification forms for employees who are fully-funded (100%) by a single federal categorical program are required to be maintained on file at schools and offices.

**MAJOR CHANGES:** This revision updates Bulletin 888 of the same subject dated April 2, 2004. It requires employees working in a single indirect cost activity, and employees funded jointly by Title I School-Wide Program and state funds under the School-Based Coordinated Program to complete a semiannual certification of such employment.

**GUIDELINES:** The following guidelines apply.

**PROCEDURES**

For employees who are fully funded by a single federal categorical program during the fiscal year, and employees funded jointly by Title I School-Wide Program and state funds under the School-Based Coordinated Programs, two certifications are necessary, one covering the first half of the fiscal year and the other covering the second half of the fiscal year, stating that the employee spent 100 percent of his/her time on the single federal program that funded the employee. If the employee is unavailable, the immediate supervisor should prepare, sign, and date the certification. (See Attachment A)

For employees who are funded from more than one funding source, the procedures outlined in Accounting and Disbursements Bulletin No. BUL-889.2 Multi-Funded Personnel Time Reporting dated March 20, 2006 should be used.

These documentations must be retained at the school for five years for audit purposes.

**AUTHORITY:** This is federal policy for all employees who are fully funded (100%) by a single federal categorical program.

**RELATED RESOURCES:** Bulletin No. BUL-889.2 Multi-Funded Time Reporting – March 31, 2006.



## LOS ANGELES UNIFIED SCHOOL DISTRICT POLICY BULLETIN

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**ASSISTANCE:** For assistance or further information please contact Specially Funded Programs, General Accounting Branch at (213) 241-7914 or Specially Funded Programs, Compliance and Technical Support Branch at (213) 229-2000.

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Accounting and Disbursements

BULLETIN NO. BUL-888.1  
March 20, 2006

ATTACHMENT A

**SEMI-ANNUAL CERTIFICATION**

Period Ending \_\_\_\_\_

Fiscal Year \_\_\_\_\_

Name \_\_\_\_\_

School/Office \_\_\_\_\_

Program Code \_\_\_\_\_

Categorical Program \_\_\_\_\_

I hereby certify that I was funded solely (100%) from the above federal categorical program funds and worked solely on that federal categorical program.

\_\_\_\_\_  
Employee  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
\*Responsible Office  
Signature

\_\_\_\_\_  
Date

\*Supervisory Official having first-hand Knowledge of the activities.

# Bulletin 953

# Control of Site Equipment



**TITLE:** Control of Site Equipment  
**NUMBER:** BUL-953  
**ISSUER:** Richard Knott, Controller  
Accounting and Disbursements Division  
**DATE:** May 10, 2004

**ROUTING**  
**Local District**  
**Superintendents**  
**Local District**  
**Support Directors**  
**Local District**  
**Business Manager**  
**Secretaries**  
**Principals**  
**Administrators**

**POLICY:** The primary purpose for performing annual inventories and maintaining permanent inventory records is to maintain accountability for, and to account for changes in quantities of site equipment from year to year. Each school or office administrator must assign a staff member the responsibility for site equipment control, especially for highly desirable and portable equipment. Records must be maintained for all items of equipment at a site. The records must reflect when equipment is received, disposed of, stolen, loaned, transferred, sent in for repair or sent to salvage. In addition, the records should reflect the room or office at the site where the equipment is located. Equipment inventory records are subject to audit at any time, therefore, it is important to keep these records up-to-date.

Newly assigned site administrators should determine that equipment records are maintained and that a staff member is assigned the responsibility for equipment control.

Schools and offices that have purchased equipment with categorical funds (e.g. Title I, State Compensatory Education, etc.) should refer to Reference Guide No. REF-823, "Inventory of Equipment Purchased through Categorical Programs" dated March 20, 2004, issued by the Division of Specially Funded and Parent/Community Programs, for additional inventory requirements.

**MAJOR CHANGES:** This revision replaces Bulletin No. BUL-273 of the same title issued on July 8, 2003, from the Accounting and Disbursements Division. The content has been updated to reflect current District policy and restructuring, and the current language contained in Education Code 35168, Board Rule No. 1703, and Board Rule No. 1704.



**GUIDELINES:** The following guidelines present the minimum requirements of an equipment inventory control system:

- A. Schools and offices should complete an annual equipment inventory to verify that inventory records are complete and up-to-date. Equipment items should have an original unit price of \$500 or more. Equipment is defined as "...moveable personal property of a relative permanent nature and/or significant value". It does not involve supplies, building fixtures or personal property. See Office of the Chief Financial Officer, Bulletin No. DB-18 (Rev.) "Accounting for Supplies and Equipment Purchases" dated June 12, 2002.

Changes in quantities on hand (based on the physical counts) from the previous annual inventory to the current inventory must be explained by completing the "Comments" column on the Room Equipment Inventory Sheets (e.g., received, disposed of, stolen, loaned, transferred, sent in for repair or sent to salvage).

Show all equipment on the inventory regardless of source of funding, i.e., Title I, Gifted, etc. (excluding Cafeteria and Student Body-owned equipment). Cafeteria equipment inventories are maintained separately by the Food Services Branch and are not included. Student Body inventories are maintained by the Financial Manager at secondary schools and the School Administrative Assistant at elementary schools - these are also not to be included.

- B. When equipment is received during the year, the staff member assigned the responsibility for equipment inventory control should make sure that room and central office equipment records are updated to reflect the new additions. Changes in the inventory must be recorded on the Room Equipment Inventory Sheet as they occur during the year.
- C. Pre-numbered identification labels should be placed on all equipment. The labels are available in the District Store's Warehouse and may be ordered as Stock No. 966-70-15571, 250 to a package, for \$9.00.
- D. A Room Equipment Inventory Sheet (Attachment C) must be used to list equipment located in each room. This sheet may be accessed in the District Communication System (LAUSD NET – Inside LAUSD). A copy is also attached to this Bulletin No. BUL-953, dated May 10, 2004 and can be reproduced as needed.



Copies of the Room Equipment Inventory Sheet should be retained in a central location at each site, to facilitate inspection and audit by auditors.

As stated in Reference Guide No. REF-823, "Inventory of Equipment Purchased through Categorical Programs" issued by the Specially Funded and Parent/Community Programs Division; a copy of the Room Equipment Inventory Sheet (Attachment C) must be sent to the local district office by June 30, 2004. The local district office must then forward a copy of the Room Equipment Inventory Sheet to the Specially Funded Programs Branch by August 1, 2004.

DO NOT SEND ORIGINAL AND/OR COPY OF THE ROOM EQUIPMENT INVENTORY SHEET TO THE OFFICE OF THE CONTROLLER

- E. An annual physical inventory must be conducted at the end of the school year, and reconciled to the quantity shown on the Room Equipment Inventory Sheet. Room Equipment Inventory Sheets prepared by the staff should be submitted to the administrator in charge and included as a routine check-out requirement along with roll books, keys, collections of money and other school records.

It is recommended that software or an automated system be used if the site has access to a personal computer. The system must contain, as a minimum, the data elements prescribed for the manual system.

- F. During the annual physical equipment inventory, note the following conditions on your room inventory sheets. Unless noted otherwise, equipment will be deemed to be serviceable and in good working condition.
1. Equipment that needs to be repaired. Refer to Office of the Chief Information Officer, Bulletin No. K-22 "Closure of Office Machine Repair" dated August 20, 2001 for list of recommended repair vendors.
  2. Obsolete equipment not being used. Refer to Chief Administrative Officer, Business and Finance, Bulletin No. DB-16 "Transportation Order for Equipment to be Transferred to Salvage Warehouse or Another District Location" dated August 2, 1999.





- G. Equipment may not be loaned to any District employee, group or other persons for personal use. Equipment which is temporarily taken away from the site to perform District functions must be strictly controlled and accounted for. Refer to Office of the Chief Financial Officer, Bulletin No. DB-15 "Written Authorization for Possession of District Equipment Offsite" dated July 25, 2001. The time period that equipment is temporarily away from the site should be kept at a minimum and should not exceed six months. All such equipment must be returned to the site prior to taking the annual equipment inventory.
- H. Highly desirable and portable equipment, such as computers, typewriters, VCRs and televisions, must be anchored with security devices and housed in rooms that can be secured. When these items are not in use, they should be stored in secured rooms or locked closets. Equipment shall not be taken home to be stored. In addition, all highly desirable and portable equipment items must be permanently marked "Los Angeles Unified School District" in a prominent area on the equipment. Assistance in securing equipment and rooms can be obtained from your Maintenance Area. See the District Store's Warehouse Supplies and Equipment Catalog for appropriate security devices.
- I. Reporting Requirements:
1. No later than June 30 each year, the principal/administrator shall submit to the appropriate Local District Superintendent/Division Head, a written statement (Attachment A) indicating the completion of the annual equipment inventory.

DO NOT SEND ATTACHMENT A TO THE OFFICE OF THE CONTROLLER

2. The offices that report directly to the General Superintendent should send their written statements (Attachment A) to the:

Office of the Superintendent  
Beaudry Building – 24<sup>th</sup> Floor  
ATTN: Chief of Staff

DO NOT SEND ATTACHMENT A TO THE OFFICE OF THE CONTROLLER



3. For equipment purchased through categorical programs, a copy of the Room Equipment Inventory Sheet (Attachment C) must be sent to the local district office by June 30, 2004. The local district office must then forward a copy of Attachment C to the Specially Funded Programs Branch by August 1, 2004.

DO NOT SEND ATTACHMENT C TO THE OFFICE OF THE CONTROLLER

4. Each Local District Superintendent/Division Head will assure that his/her reporting units have complied with the equipment inventory requirements, and will forward a summary status report, such as that shown by Attachment B, to the:

Office of the Controller  
Business Accounting Branch  
Accounting and Disbursements Division  
Beaudry Building – 27<sup>th</sup> Floor  
ATTN: Director, Business Accounting Branch

**AUTHORITY:** This is policy adopted based on the following authorities:

Education Code Section 35168 – Inventory of Equipment

The governing board of each school district shall establish and maintain a historical inventory, or an audit trace inventory system or any other inventory system authorized by the State Board of Education, which shall contain the description, name, identification numbers, and original cost of all items of equipment acquired by it whose market value exceeds five hundred dollars (\$500) per item, the date of acquisition, the location of use as well as time and mode of disposal. A reasonable estimate of the original cost may be used if the actual cost is unknown.

Board Rule No. 1703 – Responsibility of Principals for School Property

Responsibility for all property belonging to, or located at a particular school rests with the principal thereof, who shall have general charge of the grounds, buildings, furnishings and equipment. (Also see Board Rule 1306)

Board Rule No. 1704 – Responsibility of Employees for School District Property

Teachers and other employees under direction of the principals are held responsible for the care of school property, particularly such property as is located in the room or rooms to which they are assigned or is directly related to activities of students under their charge.



**RELATED**

**RESOURCES:** Reference Guide No. REF-823, "Inventory of equipment purchased through Categorical Programs" dated March 20, 2004, issued by the Division of Specially Funded and Parent/Community Programs.

Bulletin No. DB-18 (Rev) "Accounting for Supplies and Equipment Purchases" dated June 12, 2002, issued by the Office of the Chief Financial Officer.

Bulletin No. K-22 "Closure of Office Machine Repair" dated August 20, 2001, issued by the Office of the Chief Information Officer.

Bulletin No. DB-15 "Written Authorization for Possession of District Equipment Offsite" dated July 25, 2001, issued by the Office of the Chief Financial Officer.

Bulletin No. DB-16 "Transportation Order for Equipment to be Transferred to Storage Warehouse or Authorized District Location" dated August 2, 1999, issued by the Chief Administrative Officer.

District Store's Warehouse Supplies and Equipment Catalog

**ASSISTANCE:** For assistance or further information please contact the Business Accounting Branch at 213-241-2736.

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Accounting and Disbursements Division

BULLETIN NO. BUL-953  
May 10, 2004

ATTACHMENT A

TO: **(LOCAL DISTRICT SUPERINTENDENT/DIVISION HEAD)**

DATE:

FROM: **(PRINCIPAL/ADMINISTRATOR)**

SUBJECT: ANNUAL EQUIPMENT INVENTORY

In accordance with Accounting and Disbursements Division Bulletin No. BUL-953, dated May 10, 2004, the equipment inventory records at \_\_\_\_\_ (school/office) have been updated to reflect the transactions which occurred during the \_\_\_\_\_ school year. These records are available for inspection or audit at this location

**DO NOT SEND ORIGINAL AND/OR COPY OF THIS  
ATTACHMENT A OR ATTACHMENT C TO THE OFFICE OF THE  
CONTROLLER**

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Accounting and Disbursements Division

BULLETIN NO. BUL-953  
May 10, 2004

ATTACHMENT B

TO: **OFFICE OF THE CONTROLLER**  
Business Accounting Branch  
Accounting and Disbursements Division  
Attention: Director, Business Accounting Branch

DATE:

FROM: **(LOCAL DISTRICT SUPERINTENDENT/DIVISION HEAD)**

SUBJECT: ANNUAL EQUIPMENT INVENTORY

In accordance with Accounting and Disbursements Division Bulletin No. BUL-953, dated May 10, 2004, the equipment inventory records for all reporting units under my responsibility have been updated to reflect transactions which occurred during the \_\_\_\_\_ school year.

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Accounting and Disbursements Division

BULLETIN NO. BUL-953  
May 10, 2004

ATTACHMENT C  
(Page 1 of 2)

INSTRUCTIONS FOR COMPLETING ROOM EQUIPMENT INVENTORY

Completing the Count:

1. Complete a "Room Equipment Inventory" for each room or area at school; including playground, office and custodial equipment.
2. List and count all equipment items as defined in Office of the Chief Financial Officer, Bulletin No. DB-18 (Rev.) "Accounting for Supplies and Equipment Purchases" dated June 12, 2002.
3. Use the catalog-type description, starting with noun (i.e., "chair") followed by size, type or distinguishing features.
4. Count all of the same items on one line, i.e., "chair, 18," except that multiple items of serially-numbered equipment must be entered individually, one line per item to record the individual serial number.
5. For all serially-numbered items (office machines, shop machinery, audio-visual equipment, etc.), indicate the manufacturer, model number and serial number.
6. Record date of acquisition and IFS program code for the funding source, i.e., "IMA," CE-IASA TITLE I, "etc."
7. Record the acquisition price.
8. Indicate the quantity on hand as of the inventory date. Explain changes in quantity on hand from the previous count in the "Comments" column.
9. For missing items, record disposition with a reference to the appropriate disposition document (Transfer Req. No., Pick-up No., Security Section Report No. for losses, etc.).

Disposition of Forms:

1. Keep original report in identifiable location/folder at each reporting location.
2. Keep copy (updated as required) on file in the Main Office.

**PERMANENT RECORD – DO NOT DESTROY**  
**USE BLACK INK OR TYPE**

**ROOM EQUIPMENT INVENTORY**

BUILDING: \_\_\_\_\_

ALL ROOM EQUIPMENT MUST BE LISTED  
(See Reverse for instructions)

\_\_\_\_\_  
School/Office

Room or Office No.: \_\_\_\_\_

LIST MULTIPLE ITEMS WITH DIFFERENT  
SERIAL NUMBERS ON SEPARATE LINES

\_\_\_\_\_  
Location Code

Name or Room Use: \_\_\_\_\_

Person Responsible: \_\_\_\_\_

DESCRIPTION OF EQUIPMENT	MANUFACTURER'S NAME OR MAKE	MODEL/SERIAL#	LABEL NO.	AQUISITION DATE	IFS PROGRAM CODE	ACQUISITION PRICE	Inventory Quantity on Hand					COMMENTS/FINAL DISPOSITION*
							2001	2002	2003	2004	2005	

**DO NOT SEND ORIGINAL AND/OR COPY OF THIS ATTACHMENT C OR ATTACHMENT A TO THE OFFICE OF THE CONTROLLER**

\* Final Disposition: Indicate basis for disposition (transferred req., p/u document, SS Report No., or other)

Inventoried by: \_\_\_\_\_  
Original retained by Responsible Person  
File Copy in Main Office  
Page # \_\_\_\_ of \_\_\_\_

# Bulletin 426.1

# Professional Services Contract





LOS ANGELES UNIFIED SCHOOL DISTRICT  
Policy Bulletin

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**TITLE:** Professional Services Contracting Policies

**NUMBER:** BUL-426.1

**ISSUER:** Michael Eugene, Business Manager  
Business Services Division

**DATE:** January 9, 2006

**ROUTING**

All Schools  
All Offices

**POLICY:** The procurement of professional services shall be done in a manner where qualified and responsible vendors are notified of Los Angeles Unified School District requirements and have a fair opportunity to enter into the competitive negotiation process.

**MAJOR CHANGES:** This bulletin updates policies and procedures outlined in Bulletin No. BUL-426, Professional Services Contracting Policies, dated November 3, 2003. This bulletin makes the following changes:

- Transfers the responsibility for creating low-dollar value purchase orders for professional services (i.e., valued at \$5,000 or less) to the contract sponsor
- Clarifies the Request for Proposal waiver process
- Adds guidelines regarding contract termination
- Updates the Request for Contract Action (Form CS001)
- Reinforces the prohibition against after-the-fact contracts and limits exceptions to urgent and compelling necessity. This Bulletin supersedes information previously provided in Memorandum No. MEM-429, "After-the-Fact Contracts--Urgent and Compelling," dated November 3, 2003.



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### I. INTRODUCTION

A contract is a legally binding agreement between two or more parties. A professional services contract is an agreement with an independent contractor to provide special services that cannot be obtained through regular District sources. This bulletin reinforces existing District policies concerning professional services contracts with independent contractors.

### II. AUTHORITY TO ENTER INTO CONTRACTS

Under State law, only the Board of Education may enter into professional services contracts to be paid for with District funds. Schools, Local District and central office administrators are not authorized to do so. Any agreement not authorized by the Board of Education is not valid and not authorized for payment.

- A. For a contract or amended contract in the amount of \$250,000 or less, the Board of Education has delegated approval authority to Contract Administration, Procurement Services Group. Such contracts are signed by those delegated such authority and then are ratified by the Board of Education. The contractor may not perform the services until the contract has been approved and executed by Contract Administration.
- B. For a contract over \$250,000 or an amendment that increases the total amount to more than \$250,000, advance Board approval is required. The contractor may not perform services until the contract or amendment has been approved by the Board of Education and executed by Contract Administration.
- C. Any contract or amendment which increases the aggregate amount payable to a particular vendor to over \$500,000 for the current fiscal year requires advance Board approval, unless the contractor is a government or non-profit agency. In no event shall the contractor perform services until the contract or amendment has been approved by the Board of Education, or via Contract Administration's delegated authority, and executed by Contract Administration.
- D. Any District employee who fails to adhere to the above policy shall be subject to disciplinary action by his/her supervisor.

### III. POLICIES ON APPROPRIATE USES OF PROFESSIONAL SERVICES CONTRACTS

- A. Professional services contracts can be used to engage qualified individuals or firms to provide temporary special services in areas such as financial, economic, accounting, engineering, legal, or administrative matters.
- B. Professional services contracts may not be used to hire persons who should be classified as employees rather than as contractors under Internal Revenue Service (IRS) guidelines, or to



perform work that could be assigned to certificated, classified, or unclassified District employees.

Legal Requirements for a Valid Independent Contractor Relationship.

1. Under federal and State law, an independent contractor is one who renders a specified service for a specified result, under the control of the District as to work only, not as to the manner and means of accomplishing the result. If the District has the right to control the method of performance, the worker is an employee and may not be hired by contract.
2. The independent contractor relationship must comply with IRS requirements.
3. Examples of workers who cannot be hired as contractors:

administrators	substitutes	tutors
teachers	school bus drivers	cafeteria workers
specialty teachers	clerical staff	counselors
instructors	athletic coaches	custodians
proctors	librarians	nurses
psychologists	examination monitors	

- C. If individuals are needed to provide services which do not meet IRS contractor guidelines, please contact the Personnel Commission at (213) 241-7800 for assistance concerning clerical or other services similar to those performed by classified employees; or Personnel Research and Assessment Section at (213) 241-6356 for assistance concerning instructional or other services similar to those performed by certificated employees and for information regarding hiring and Professional Experts and Temporary Certificated Assignments (e.g., academic coaches).
- D. Education Code section 45103.1 (Senate Bill 1419, Alarcon) further restricts the District's ability to contract for professional services. As of January 1, 2003, the District must show that a new contract for personal (professional) services provides cost savings to the District or that it falls into one of the following statutory exceptions, or else it must hire an employee to perform the services:
  1. The contract is for new functions mandated or authorized by the Legislature to be performed by independent contractors;
  2. The services are not available with the District or cannot be satisfactorily performed by District employees or require expertise or technical knowledge;



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3. The services are incidental to a purchase or lease contract (e.g., office equipment maintenance);
4. The policy, administrative or legal goals and purposes of the District cannot be accomplished through the regular or ordinary hiring process;
5. The work meets criteria for emergency appointment as defined in statute;
6. Equipment, materials, facilities, or support services will be provided that could not feasibly be provided by the District; or
7. The services are of an urgent, temporary, or occasional nature, which could otherwise be frustrated by the hiring process.

#### IV. PROHIBITION AGAINST AFTER-THE-FACT CONTRACTS

##### A. Definitions.

1. After-the-Fact Contract: A contract that is approved by the Board of Education and executed by Contract Administration after the contractor has already begun providing services.
2. Urgent and Compelling Necessity. A situation where the District's need for the services is of such an urgent and compelling nature that the District would be seriously injured unless the contractor is permitted to begin services before the contract is approved by the Board or via Contract Administration's delegated authority. (This definition is consistent with Board Rule 1758 and Public Contract Code section 20113, which, generally, allow the Board to make contracts when necessary for the continuation of existing school classes or to avoid danger to life or property.)

- B. Policy. Board policy prohibits a school or office from allowing a contractor to start providing services prior to receiving Board approval. Exceptions to this policy will only be granted if the contract sponsor can demonstrate an urgent need based on an urgent and compelling circumstance. Only the Chief Procurement Officer or his/her designee may approve an after-the-fact contract.

##### C. Examples of Urgent and Compelling Necessity

1. Delayed receipt of grant funds or grant award letter. This may occur when a school or office is awarded a grant, but the contractor's services are needed prior to receipt of grant funds or grant funding will be lost if services do not begin by a certain date.



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2. Protection of health and welfare. The District operates several school-based health clinics and other essential health-related programs that are heavily dependent on outside funding. In order to avoid any interruption in the care provided through these programs while funding is secured, requests for extensions or renewals of those contracts after the fact may be considered under the designation of urgent and compelling necessity.
3. Discovery of unanticipated issues. Occasionally, the unanticipated passage of legislation or other government actions affect the District's ability to enter into a contract before the contractor starts services. An example would be where the District historically received essential services that are paid for by an outside agency, but new legislation requires that the District pay for the services directly. In this case, the District would be required to contract with the service provider in order to pay him/her directly. To avoid an interruption in service, the District may allow the contractor to continue providing services during the contract approval process, thereby creating an after-the-fact situation.
4. Emergency Situations. In the event of an emergency when repairs, alterations, work or improvements are necessary for the continuation of existing school classes or to avoid danger to life or property, Board policy may permit a contractor to begin services prior to final contract approval.

### D. Situations That Do Not Constitute an Urgent and Compelling Necessity

1. Failure to plan for a contract and/or the procurement process. Schools and offices must not allow a contractor to begin services unless and until the contract has been approved by the Board or via Contract Administration's delegated authority, regardless of the length of time it takes for that approval to be granted. Similarly, if the request is for a contract amendment, the contract sponsor must not allow the contractor to continue services once the contract expires.
2. Potential expiration of funds. Fear of losing funds due to impending budget cuts is not a valid reason to spend limited funds on professional services contracts, nor is end-of-the-year spending to avoid loss of funds that do not carryover into the new fiscal year.

### E. Approval Procedure. Requests for after-the-fact contracts will be processed only if the contract sponsor can demonstrate an urgent need based on an urgent and compelling circumstance. Any contract not meriting urgent and compelling necessity will be rejected.

1. Contractor has not yet begun providing services.
  - a. The contract sponsor shall submit a memorandum to the Chief Procurement Officer or his/her designee requesting pre-approval for the contractor to begin providing services prior to Board approval, citing the appropriate urgent and compelling



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circumstance. The memorandum must be substantially in the same format as the “Sample After-the-Fact Memorandum,” Attachment A.

- b. Once the Chief Procurement Officer or designee approves the urgent and compelling necessity, the contract sponsor shall complete a Request for Contract Action (Form CS001, Rev. 1/06) and submit it to Contract Administration. Contract Administration will prepare the appropriate contract instrument under Contract Administration’s delegated authority to allow services to begin prior to contract finalization and final Board approval.
  - c. Once the contract is approved by the Board or via Contract Administration’s delegated authority, the temporary contract instrument will be replaced (superseded) by a final contract.
2. Contractor began services prior to Board approval. If services are allowed to start prior to contract approval, the contract sponsor must provide appropriate justification to the Chief Procurement Officer that the services meet the definition of urgent and compelling necessity, above, by following the process outlined below.
- a. Complete a memorandum approved by the appropriate executive administrator and addressed to the Chief Procurement Officer, citing the urgent and compelling circumstance for allowing the contractor to begin services prior to receiving Board approval. The memorandum must be substantially in the same format as, “Sample After-the-Fact Memorandum,” Attachment A
  - b. Complete a Request for Contract Action (RFCA) (Form CS001, Rev. 1/06) and an online requisition (RX) for the services.
  - c. Submit the RFCA, RX and memorandum to Contract Administration for review.

If the Chief Procurement Officer determines that the contract request meets the requirement of urgent and compelling necessity, and the appropriate executive administrator approves, Contract Administration will process the contract for approval by the Board or via Contract Administration’s delegated authority.

- F. Denial. If the Chief Procurement Officer determines that the contract does not meet the requirement of urgent and compelling necessity, the contract will not be approved and the contract request will be returned to the contract sponsor.





V. POLICY GOVERNING SELECTION OF CONTRACTORS, INCLUDING REQUEST FOR PROPOSAL (RFP) REQUIREMENTS

Consistent with Board Rule 1850, adopted June 24, 2003, the procurement of professional services shall be done in a manner where qualified and responsible vendors are notified of District requirements in the area of professional services and have a fair opportunity to enter into the competitive negotiation process. All professional services procured must meet high performance standards and be performed in a manner that meets the best interests of the District. Professional services contracts above the formal bid threshold must be competitively procured through an RFP process.

A. Contract Value \$5,000 or Less

The contract sponsor shall obtain at least two (2) telephone quotes from potential contractors. The quotes must be documented and kept on file at the requesting school or office. See Reference Guide No. REF-918 (dated 5/04) for detailed procedures.

B. Contract Value: Over \$5,000 but Less than the Bid Threshold (Currently \$62,400)

The contract sponsor shall obtain at least three (3) written quotes/proposals from potential contractors. When evaluating the quotes and choosing the contractor, cost should be considered; however, the ultimate goal is to obtain the services at the best value for the District. Quote information or a justification for not collecting quotes must be included in the Request for Contract Action (Form CS001, Rev. 1/06).

C. Contract Value: Over the Bid Threshold (Currently \$62,400) to \$100,000

An Informal Request for Proposal (IRFP) process is required for obtaining professional services with a value over the bid threshold (currently \$62,400) to \$100,000.

D. Contracts Value: Over \$100,000

A formal Request for Proposal (RFP) process is required for obtaining professional services with a value over \$100,000.

VI. SMALL BUSINESS ENTERPRISE PROGRAM

The District Board of Education has established a goal of 25% Small Business Enterprise (SBE) participation. Firms responding to competitive District RFPs valued at or above \$100,000, and all firms negotiating contracts over \$250,000, must respond to this goal by reporting their SBE attainment and completing the SBE Utilization Report. (See Attachment G, Small Business Enterprise Program Utilization Report.) All SBE firms listed, either as prime contractors or subcontractors, must be certified.



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Failure to respond to the SBE requirement may result in a proposal being rejected as non-responsive, and failure to utilize SBE firms listed on a project team may result in contract termination or a later finding of non-responsibility.

All other contractors or vendors negotiating or receiving contracts over the formal bid threshold but under \$250,000 must report their SBE status to the Small Business Unit in the manner approved by the Small Business Unit.

Firms seeking details about the SBE program may contact Vendor Services at (213) 241-3064 or via e-mail to [psg-vs@lausd.net](mailto:psg-vs@lausd.net). General information about the program, assistance preparing responses, certifications accepted by the District, and lists of certified firms will be provided upon request.

### VII. NON-COMPETITIVE SITUATIONS: SELECTING A CONTRACTOR WITHOUT A RFP

#### A. How to Obtain a Waiver

In the event the contract sponsor proposes to select a contractor without going through the RFP process, advance written approval is required. After selecting a contractor, the contract sponsor must submit an Inter-Office Memorandum to, and receive approval from, the Chief Procurement Officer, or designee. The memo must include an explanation as to why the sponsor did not adhere to the RFP requirement, using the waiver criteria described in Section C, below. (See Attachment E, Sample Waiver Memorandum.) The sponsor must attach a completed Request for Contract Action (Form CS001, Rev. 1/06), the contractor's proposal and/or scope of work, and the payment schedule.

For contracts valued at over \$5,000 to the bid threshold, exceptions to the three (3) written quotes/proposals must be approved by the Principal (schools) or Branch Director (offices).

For contracts valued at over the bid threshold to \$100,000, exceptions to the RFP process must be approved by Local District Superintendent (schools and Local Districts). If the contract requester is an office, the next higher-level administrator above Branch Director must provide approval.

For contracts valued at over \$100,000, the approval of the Chief Procurement Officer, Procurement Services Group, is required in addition to the appropriate Local District Superintendent (schools and Local Districts) or next higher-level administrator (offices). Request for RFP waivers initiated by the Business Services Division must be approved by the General Counsel.



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B. If the Chief Procurement Officer, or designee, rejects the selection of the contractor, the sponsor must adhere to the procurement procedures for competitive contracts, described in Section XI, below. Schools and offices are strongly advised to submit waiver requests well in advance of the contract start date (i.e., 60 to 90 days, minimum), in the event the waiver requested is not approved.

C. Waiver Criteria.

Written quotations or formal RFPs may not be required in certain, limited, non-competitive contracting situations. Examples may include, but are not limited to:

1. Contractor is identified as a partner or services provider by a process similar to the RFP process but without the formality. Examples include parent involvement in contractor or service provider selection; collaborative partnering with other agencies in delivery of services to students; identification of partners to be included in grant application where timeline for submittal of application is insufficient to conduct a competitive process.
2. The service is available from only a single source. For example, a source has been identified through a State of California competitive process and use of that source is required as a condition of receipt of grant funds. Another example is off-the-shelf proprietary software that meets a specific District need and whose development would be likely to cause unacceptable delays or substantial cost duplication.
3. The District's needs are so urgent that the District's interest will be seriously injured unless a limit on sources is permitted. Poor planning is not an acceptable justification in this instance.
4. Award to a particular contractor is necessary to maintain that source in case of a District emergency.
5. The terms of the agreement between the District and another organization have the effect of requiring the use of noncompetitive procedures; for example, the State of California requires the use of a specific source.
6. A law or grant expressly authorizes that the procurement be made from a specified source; for example, a source named for performance in a grant.

D. A waiver will not be granted on the basis of any of the following circumstances:

1. The lack of adequate planning for the procurement of the required services.



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2. Delays in the procurement caused by administrative delays, lack of sufficient personnel to support the procurement, or improper handling of procurement requests or competitive procedures.
3. Pending expiration of a budget authority.

VIII. POLICY GOVERNING REQUIRED ADMINISTRATIVE APPROVAL LEVELS (See “Summary Chart of Delegation of Authority,” ATTACHMENT B)

- A. Contracts and amendments in the amount of the bid threshold (currently \$62,400) or less require the approval signature of the Principal/Branch Director.
- B. Contracts and amendments over the bid threshold to \$250,000 require the additional approval and signature of the appropriate Local District Superintendent if the request originates from a school, or of the next higher-level administrator if the request originates from an office.
- C. Contracts and amendments over \$250,000 to \$500,000 require the additional approval and signature of the appropriate Assistant Superintendent, Associate Superintendent, or Division Administrator or designee.
- D. Contracts and amendments over \$500,000 require the additional approval of the Chief Financial Officer, Chief Human Resources Officer, Chief Information Officer, Chief Facilities Executive, Chief Operating Officer, Chief Instructional Officer, Deputy Superintendent, General Superintendent, or designee of one of these administrators within each administrator’s area of responsibility.

IX. ADDITIONAL DISTRICT APPROVALS

- A. Effective January 9, 2006, all contract requests valued at over \$5,000 originating from schools require the approval of a Local District Director of Instruction in addition to the approval of administrators listed in Section VIII, above.
- B. Consistent with current Board policy, Contract Administration Branch may seek additional approval for certain types of contracts based on the type of services. Examples of contracts requiring additional approvals include the following:

Description of Services	Additional Approval Required
Evaluation Services valued at over \$15,000	Program Evaluation and Research Branch
Health Services rendered to students and Healthy Start Programs	Student Health and Human Services
Mural Painting	Maintenance & Operations Branch
Technology Services	Information Technology Division



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### C. Pre-Award Audits

1. Definition. A Pre-Award Audit, conducted by the Office of the Inspector General (OIG), examines the reasonableness of a contractor's cost proposal. It may also include an examination of the contractor's internal controls, accounting and billing systems, and financial capabilities.
2. Contract Administration Branch shall request that the OIG perform a Pre-Award Audit on all contracts valued at over \$5 million. Contract Administration Branch may request a Pre-Award Audit for contracts valued at \$5 million or less.
3. Timeline. The OIG endeavors to complete Pre-Award Audits within 30 days of the request.

## X. INSURANCE AND FINGERPRINTING

### A. Insurance

The District requires that all vendors, contractors, and professional service providers comply with contractual insurance requirements and provide evidence of insurance. The Division of Risk Management and Insurance Services (ORMIS) will request a Certificate of Insurance from the contractor prior to contract execution. A contract cannot be executed, and the vendor cannot receive payment, unless and until evidence of compliant insurance is provided.

A description of the District's basic insurance requirements is provided as Attachment H, Vendor Basic Insurance Requirements. Sole proprietors are not required to carry Workers' Compensation. However, they must sign the District's Waiver of Workers' Compensation form, which can be obtained from ORMIS.

### B. Fingerprinting

California Education Code section 45125.12 requires that all contractors who may come into contact with pupils submit to fingerprinting and a background check in a manner authorized by the California Department of Justice. When services will be provided on a District campus, Contract Administration shall include the Education Code requirements in the contract terms.

- C. Additional information on District insurance and fingerprinting/background check requirements may be obtained from ORMIS at (213) 241-3139.



## XI. PROCEDURES FOR REQUESTING PROFESSIONAL SERVICES CONTRACTS

Note: Attachment C, Request for Contract Action (RFCA), (Form CS001, Rev. 1/06) contains an Instructions page as well as a Checklist to assist schools and offices in submitting the necessary contract request forms and appropriate documentation.

### A. Value: \$5,000 or Less

Schools and offices shall initiate their own purchase orders online through IFS. Procedures for selecting a contractor for contracts valued at \$5,000 or less are set forth in Reference Guide No. REF-918, Low-Dollar Value Professional Services Contracts (dated 5/04). The contract request should not be sent to Contract Administration.

### C. Value: Over \$5,000 to the Bid Threshold (Currently \$62,400)

The contract sponsor must complete a Requisition (RX) online, and complete and submit the RFCA and supporting documents to Contract Administration. Contract Administration will prepare the contract on the sponsor's behalf.

### D. Value: Over the Bid Threshold to \$100,000

Selection of a contractor to perform professional services valued at over the bid threshold (currently \$62,400) to \$100,000 must go through an Informal Request for Proposal (IRFP) process. The contract sponsor is responsible for conducting the IRFP process. Once the process is completed, the sponsor must complete and submit the RFCA, the statement of work and the contractor's proposal to Contract Administration. Contract Administration will prepare the contract on the sponsor's behalf.

### E. Value: Over \$100,000

A formal Request for Proposal (RFP) process is required for obtaining professional services with a value over \$100,000. Contract Administration will work with the contract sponsor to conduct the RFP process and prepare the contract on the school or office's behalf. To initiate an RFP, the contract sponsor must complete and submit the necessary contract request documents, including the RFCA with the RX number, statement of work and evaluation criteria, to Contract Administration.

### F. Right to Negotiate Contract Price, Terms and Conditions

In all cases, Contract Administration reserves the right to further negotiate prices and other contract terms and conditions to ensure that the District obtains the services at the best possible value.



## XII. POLICY REGARDING CONTRACT AMENDMENTS – THE “75% RULE” AND DEAD CONTRACTS

A contract can be amended to extend the period of performance, increase the fee to obtain additional services, allow for a minor change in the current contract scope of services, or any combination of the above. An RFCA (Form CS001, Rev. 1/06), shall be used to request a contract amendment.

A contract cannot be amended if there is a significant change in the contract scope of services, or if the contract value increases to greater than 75% of the original contract amount. Under limited circumstances, the Chief Procurement Officer or designee may waive the 75% Rule if it is in the best interest of the District. Adequate justification must be submitted and approved prior to continuation of the service.

Additionally a contract cannot be amended if the contract period ended prior to the date of the amendment request (also known as a “dead contract”). In such cases, the contract sponsor may need to initiate a new contract instead, adhering to the policies and procedures outlined in Section XI.

## XIII. TERMINATING A CONTRACT

All professional services contracts have a definite start date (the date when the contractor begins the services) and end date (the latest date by which the contractor is expected to the successfully complete the services). Occasionally, the contract sponsor may need to terminate the contract prior to the contract end date.

A. Reasons for Early Contract Termination. Reasons for early contract termination may include, but are not limited to, the following situations:

1. Lack of funding, including implementation of a Districtwide freeze on expenditures for contract services.
2. Contractor completes services earlier and at a lower cost than originally contemplated.
3. Contractor performance is unsatisfactory.

B. Importance of Written Documentation. In each of the above circumstances, the contract sponsor shall document any conversations he or she has with the contractor to notify the contractor why early termination may be required. Such documentation is especially important when the contractor’s performance is unsatisfactory.

C. Authority to Terminate a Contract. While a contract sponsor may suspend a contractor’s performance, only authorized personnel in Contract Administration may officially terminate a contract.



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- D. Procedure. To terminate a contract, complete a Request for Contract Action (Form CS001, Rev. 1/06) and submit it to Contract Administration along with copies of any correspondence sent to contractor and a chronology of events leading up to the request for termination, if applicable. Contract Administration will work with the contract sponsor to either assist the contractor in improving his performance or terminate the contract in conformance with the contract terms. The sponsor shall also complete and submit a Contractor Assessment Form (Form CS0010, Rev. 1/06).

### XIV. PROHIBITION AGAINST USING A COMPLETED RFP FOR MEETING THE RFP REQUIREMENT

Once the RFP process has been completed and a contract awarded, that RFP may no longer be used to select a vendor to perform work under the same scope of work. Instead, the contract sponsor will need to initiate a new RFP process to select a new contractor.

### XV. INITIATING A CONTRACT FOR PROFESSIONAL SERVICES WHEN FUNDS ARE PENDING

- A. Often schools and offices receive grant award notification and are required to begin service prior to receipt of funds by the District. In such cases, the contract sponsor is still required to submit the necessary forms to Contract Administration in accordance with Section B below, to initiate the contract. In addition, the sponsor shall provide a copy of the grant award notification letter as evidence of funds availability.
- B. It is strongly recommended that grant recipients contact Budget Services to ensure grant funds are placed in the appropriate account as soon as grant award notification is received. Budget Services can work with the grant recipient to establish a zero budget line, if necessary, to allow funds to be encumbered for expenditure on grant-funded contract services as soon as possible. Note: A zero-budget line will allow you to pre-encumber grant money not yet received, but you will also need a budget override to accept/pass the transaction.
- C. Upon receipt of an RX for purposes of pre-encumbrance, Contract Administration will create the purchase order and negotiate and execute the final contract with the selected contractor.

### XVI. USING A REQUISITION TO ORDER SERVICES UNDER MASTER SERVICES AGREEMENTS

Schools and offices may process Orders for Services under a Master Services Agreement (MSA) using a Requisition, regardless of the dollar amount of the order, as long as the order does not exceed the MSA cap. The usual administrator approvals based on dollar amount will apply. (See Section VIII.)





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See Reference Guide No. REF-427, Enrichment Activities - Master Services Agreements, and Reference Guide No. REF-428, Professional Services - Master Services Agreements, for lists of master contractors, information about the services offered by each master contractor, and procedures for ordering services under master services agreements.

### XVII. PROGRAM EVALUATION AND RESEARCH BRANCH EVALUATION OF CONTRACTORS

Memorandum No. Mem-430, Evaluation of Professional Services Contracts describes the District's formal process of having contractors who provide instruction-related services to schools, curriculum-related services, and/or professional development for principals, teachers, and paraprofessionals evaluated by the Program Evaluation and Research Branch (PE&RB). For the most current information regarding contractors that have passed and/or failed PE&RB evaluation, contact Contract Administration at (213) 241-3089.

### XVIII. TIMELINE FOR PROCESSING CONTRACT REQUESTS

- A. The timeline for processing a contract is dependent on three factors: the dollar value of the services, whether or not a competitive process is used, and/or the complexity of the contract terms.

In general, a school or office must complete a Requisition (RX) online, and complete and submit a Request for Contract Action (RFCA) (Form CS001, Rev. 1/06), to Contract Administration for processing as soon as the need for services is determined. Contract Administration will engage in the appropriate action to procure the requested services.

Contract Administration will forward all contract requests valued at over \$100,000 to the Office of the General Counsel, Business Services Team, for legal review and approval as to form.

- B. Competitive Process, i.e., Request for Proposal (RFP) – At Least 90 Calendar Days

Because of the complexity of the formal RFP process, the contract sponsor should submit contract request documents to Contract Administration at least three months (90 calendar days) prior to the date when services are needed. Again, a formal RFP process is required for all services valued at over \$100,000.

In a formal RFP process, the contract sponsor in concert with Contract Administration uses the contract sponsor's scope of work and evaluation criteria to solicit proposals from contractors capable of providing the services. This process requires a significant amount of time in order to refine the scope of work and evaluation criteria as necessary, advertise the need for services, review and evaluate proposals, negotiate contract terms, select the



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prospective contractor, and obtain Board approval or Contract Administration approval through delegated authority.

### C. Informal Request for Proposal Process – At Least 60 Calendar Days

In an informal RFP (IRFP) process, it is not necessary to advertise the RFP nor have formal evaluation and negotiation teams. However, the contract sponsor must perform some evaluation of the proposals received. Once the contract sponsor completes the IRFP process, he or she should submit the necessary contract request documents, including the scope of work and the selected contractor's proposal, to Contract Administration at least 60 calendar days prior to the date when services are needed. Contract Administration Branch will provide guidance to the sponsor on conducting the IRFP process.

### D. Non-Competitive Process (i.e., without a RFP) – At Least 30 Calendar Days

The deadline for Contract Administration Branch to receive all contract request documents is 30 days prior to the date services are expected to begin.

## XIX. INCOME CONTRACTS FOR PROFESSIONAL SERVICES

Occasionally the District enters into professional services contracts with other entities where the District receives payment for services it renders to the outside entity. Contracts covering such relationships are called "Income Contracts."

Examples of Income Contracts include:

- Detached Services Agreements (also know as Reimbursement contracts), where District staff provide services to other school districts or non-profit entities. Detached Services Agreements must be requested through Human Resources.
- District as subgrantee, where a grant recipient contracts with the District for professional services.
- Agreements to provide business services to other school districts.

To initiate an Income Contract, the contract sponsor should complete as much of the Request for Contract Action (Form CS001, Rev. 1/06) as possible and submit it with the scope of work and payment schedule to Contract Administration. It is not necessary to complete a Requisition.

## XX. NO-COST CONTRACTS

Contracts where a contractor provides services to the District at no charge may require processing through Contract Administration, especially if the services can be valued on a



## LOS ANGELES UNIFIED SCHOOL DISTRICT Policy Bulletin

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monetary basis and/or expose the District to potential liability. Contact a Contract Administration Branch representative for more information.

- ATTACHMENTS**
- After-the-Fact Memorandum (Attachment A)
  - Summary Chart of Delegation of Authority (Attachment B)
  - Request for Contract Action (Form CS001, Rev. 1/06) (Attachment C)
  - Contractor's and Consultant's Code of Conduct, FORM CS007 (Rev. 11/02) (Attachment D)
  - Sample IRFP/RFP Waiver Memorandum (Attachment E)
  - Contractor Assessment (Form CS0010, Rev. 1/06) (Attachment F)
  - Small Business Enterprise (SBE) Utilization Program and Small Business Program Utilization Report (Attachment G)
  - Vendor Basic Insurance Requirements (Attachment H)

The above documents may also be downloaded from the Contract Administration Branch website: <http://contracts.lausd.net>.

**AUTHORITY:** Board Rule Number 1850

**RELATED RESOURCES:** Reference Guide No. REF-427, Enrichment Activities – Master Services Agreements  
Reference Guide No. REF-428, Professional Services – Master Services Agreements  
Memorandum No. MEM-430, Evaluation of Professional Services Contracts  
Reference Guide No. REF-918, Low-Dollar Value Professional Services Contracts

**ASSISTANCE:** Contract Administration Branch: (213) 241-3089  
Website: <http://contracts.lausd.net> E-mail: [psg-contracts@lausd.k12.ca.us](mailto:psg-contracts@lausd.k12.ca.us).

Vendor Services and SBE: Email [psg-vsu@lausd.net](mailto:psg-vsu@lausd.net)

Ethics Office: Ask Ethics (866)-322-5788 Website: <http://ethics.lausd.net>

Insurance and Fingerprinting/background checks: Call ORMIS (213) 241-3139.

Accounts Payable: (213) 241-4800.

Los Angeles Unified School District  
Inter-Office Correspondence

SAMPLE AFTER-THE-FACT MEMORANDUM

**TO:** Chief Procurement Officer **DATE:**  
**FROM:** Jane Q. Administrator  
**SUBJECT:** REQUEST FOR AFTER-THE-FACT CONTRACT APPROVAL –  
[CONTRACTOR NAME]

The purpose of this memorandum is to explain why the contract for [CONTRACTOR NAME] is being submitted for approval after the fact.

Contract Purpose: *This section describes the purpose of the contract and includes a brief description of the contractor's duties.*

Contract Period: *This section states the contract start and end dates.*

Contract Amount: *This section states the contract amount.*

After-the-Fact Explanation: *This section describes the "urgent and compelling" circumstance that required the contractor to commence services prior to contract approval and execution. The circumstance should meet one of the criteria listed in Section IV, Bulletin No. BUL-426.1.*

For additional information, please contact contract sponsor [Name] at [phone number].

-----  
APPROVED: \_\_\_\_\_ DATE: \_\_\_\_\_  
By Local Dist. Supt. (school)/Next Higher-Level Administrator (office)

APPROVED: \_\_\_\_\_ DATE: \_\_\_\_\_  
By General Superintendent or Chief Operating Office (if contract value over \$250,000)

APPROVED: \_\_\_\_\_ DATE: \_\_\_\_\_  
By Chief Procurement Officer

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Business Services Division

BULLETIN NO. BUL-426.1  
January 9, 2006

ATTACHMENT B

**SUMMARY CHART OF DELEGATION OF AUTHORITY  
REQUIRED APPROVALS FOR PROFESSIONAL SERVICES CONTRACTS**

CONTRACT AMOUNT	REQUIRED APPROVALS	REQUIRED CONTRACTOR SELECTION PROCESS			ACCOUNTABILITIES/ CONTROL
		TELEPHONE QUOTES	WRITTEN QUOTES	RFP PROCESS	
Up to Bid Threshold*  • Up to \$5,000  • Over \$5,000 to Bid Threshold	Principal Branch Director	2 recommended	3 required		Contract sponsors must certify compliance with selection procedures including justification documents for exceptions.  Random audits will be conducted by the Office of the Inspector General. Indications of non-compliance may result in disciplinary action.
Over Bid Threshold to \$250,000	Local District Supt. Branch Director			X	Non compliance with procurement regulations will be reflected in administrator's performance evaluation.
Over \$250,000 to \$500,000	Asst. Supt. Assoc. Supt. Div. Admin. or designee** or designee			X	
Over \$500,000	CFE or designee CFO or designee CHRO or designee CIO or designee COO or designee Chief Instructional Officer or designee Supt. or designee			X	

**REQUIRED APPROVALS FOR RFP WAIVER**

CONTRACT AMOUNT	REQUIRED APPROVAL
Over Bid Threshold to \$100,000	Local District Superintendent Next Higher Level Administrator (office)
Over \$100,000	Chief Procurement Officer or designee <b>in addition to</b> above approvals

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Business Services Division

BULLETIN NO. BUL-426.1  
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ATTACHMENT C

**INSTRUCTIONS FOR COMPLETING  
REQUEST FOR CONTRACT ACTION FORM**

**PAGE 1**

1. **REQUESTOR.** Enter the contact information for the school/office requesting the contract.
2. **ACTION REQUESTED.** There are three (3) options:
  - a. **Amend/Terminate Existing Contract.** Check if you have an existing contract that is still in effect and you need to (i) extend the time period to complete the services, (ii) increase the amount of an existing contract, (iii) make minor changes to the contract services, or (iv) terminate the contract. *NOTE: You cannot amend an expired contract.*
  - b. **Create New Contract – Non-Competitive, Income, or No-Cost Contract.** Check if you have selected a contractor through a process other than use of a Request for Proposal. Be sure to provide the selection criteria used. *Note: All payout contracts for services valued at over \$62,400 must go through a RFP process. Check this option if the District will receive payment (Income Contract) or if the services provided at no cost (No-Cost).*
  - c. **Create New Contract – Competitive.** *All contracts for services valued at over \$62,400 must go through a RFP process. Check if you selected a contractor through a RFP process (contract value is over \$62,400 to \$100,000) or if Contract Administration will perform the RFP for you (contract value over \$100,000).*
3. **CONTRACT/AMENDMENT TERM AND VALUE.** Enter start and end dates for a new contract. Enter original start date and new end date for a contract amendment that extends the contract period. Enter contract amount (or provide an estimate if Contract Administration will conduct the RFP); enter the increase or decrease in contract amount, if applicable, for an amendment.
4. **CONTRACTOR INFORMATION.** Enter contractor contact information.
5. **SCOPE OF WORK.** Provide a brief description of the services the contractor will provide. If the contract value is over \$62,400 to \$100,000, attach the Scope of Work and proposal of the contractor that was selected through the Informal RFP process. If the contract value is over \$100,000, attach a Scope of Work and Evaluation Criteria and Contract Administration will conduct the RFP on your behalf.
6. **FUNDING.** Required only for contract requests, including those to be handled through a RFP process, where the District pays the contractor. *Important: Identify whether services are federally funded and/or grant-funded. Submit a requisition (RX) for the requested services online.* Enter the requisition number on the RFCA.

To create the RX online, use the following document numbering formula: TRANS = RX; AREA = \_\_ \_\_ \_\_; DOCUMENT NUMBER = CS#. Use Commodity Code 9610200000. For services to be procured via an RFP process with an estimated value over \$100,000, use dummy vendor code **000000** when doing the RX.

**REQUIRED SIGNATURES.** Refer to Bulletin No. BUL-426.1, Attachment B, Summary Chart of Delegation of Authority, for list of required approvals. Additional approvals are required for the following "Specialty Contract" types: Evaluation Services, Healthy Start, Student Health Services, Technology, and Legal Services. If a contract is requested and has not gone through a competitive process, an Inter-Office Memorandum requesting a waiver must be submitted and signed by the appropriate administrator(s). Refer to Bulletin No. BUL-426.1, Attachment E, Sample Waiver Memorandum.

**PAGE 2**

Answer all questions as thoroughly as possible. Attach applicable documents (refer to check boxes) and submit to Contract Administration via School Mail at Beaudry Bldg., 28<sup>th</sup> floor or via fax to (213) 241-8945.

For assistance completing the RFCA, please contact Contract Administration at (213) 241-3089. The RFCA may also be found on the Procurement Services Group website: <http://contracts.lausd.net>.

# Request for Contract Action

Contract Administration

Los Angeles Unified School District

Procurement Services Group

Complete all information and send to Contract Administration, Beaudry Bldg., 28th Floor or fax to (213) 241-8945 or complete form online: <http://contracts.lausd.net>.

For assistance, call (213) 241-3089 or e-mail questions to [psg-contracts@lausd.k12.ca.us](mailto:psg-contracts@lausd.k12.ca.us).

School/ Office): \_\_\_\_\_ Loc. Code: \_\_\_\_\_ Local Dist.: \_\_\_\_\_ Requisition No. CS \_\_\_\_\_ Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ Date: \_\_\_\_\_ Email Address: \_\_\_\_\_

### ACTION REQUESTED (Please Check Appropriate Box)

- Amend/Terminate Existing Contract. Contract No. \_\_\_\_\_ Exercise Option # \_\_\_\_\_
- Create New Contract - Non-Competitive (No RFP), Income Contract or No-Cost Contract.
- Create New Contract – Competitive (IRFP/RFP). Refer to Bulletin No. BUL-426.1, Section V, "Policy Governing Selection of Contractors, Including RFP Requirements."

### CONTRACT OR AMENDMENT TERM AND VALUE

Start Date: \_\_\_\_\_ End Date: \_\_\_\_\_  
(If Amendment, enter original start date and new end date.)

Amount (Not to Exceed): \$ \_\_\_\_\_  
(If Amendment, enter amount of increase/decrease. If No-Cost or Time Extension only, enter "0.")

### CONTRACTOR INFORMATION

Contractor Name: \_\_\_\_\_ Contact Person: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email Address: \_\_\_\_\_

Non-Profit?  Yes  No Will contractor provide services on school campus?  Yes  No

### SCOPE OF WORK. Briefly describe services requested:

- \$5,000 to \$100,000 (or Income Contract of any amount): attach Scope of Work and Contractor Proposal.
- Over \$100,000, attach Scope of Work and Evaluation Criteria. Contract Administration will conduct RFP.

FUNDING: Override used to pass RX?  No  Yes Federally Funded?  No  Yes (If Yes, check if Title I used ) Grant Funded?  No  Yes - Exp. Date \_\_\_\_\_

### \*REQUIRED SIGNATURES:

Principal/ Branch Director: \_\_\_\_\_ Date: \_\_\_\_\_

Print Principal/Director Name and Title: \_\_\_\_\_

Next Higher-Level Administrator: \_\_\_\_\_ Date: \_\_\_\_\_  
(Required for contracts over \$62,400)

Print Administrator Name and Title: \_\_\_\_\_

Director of Instruction Approval: \_\_\_\_\_ Date: \_\_\_\_\_  
(Required for all school contracts)

Director of Instruction Name (Print): \_\_\_\_\_

Executive Administrator: \_\_\_\_\_ Date: \_\_\_\_\_  
(Required for contracts over \$250,000)

Print Executive Admin. Name and Title: \_\_\_\_\_

\* Signature certifies that I have reviewed Education Code Section 45103.1 and have determined that this request is consistent with that statute (regarding the preference for using District personnel rather than personal service contracts with third parties for services customarily performed by classified District employees). Signature also certifies compliance with District procurement policies and procedures and that there is no conflict of interest with the vendor selected.

CONTRACT ADMINISTRATION USE ONLY:  
BULLETIN NO. BUL-426.1

Contract/RFP No.:
Amendment No.:

**LOS ANGELES UNIFIED SCHOOL DISTRICT  
REQUEST FOR CONTRACT ACTION**

A. Contract Sponsor's Name \_\_\_\_\_ Title \_\_\_\_\_ Date: \_\_\_\_\_

School/ Office \_\_\_\_\_ Loc Code \_\_\_\_\_ Phone \_\_\_\_\_

School/ Office Address: \_\_\_\_\_

B. Answer the following three (3) questions:

1. What is the purpose of the contract? \_\_\_\_\_  
\_\_\_\_\_

2. What impact does the contract have on District policy? \_\_\_\_\_  
\_\_\_\_\_

3. Which of the eight (8) District 2005-06 goals does the contract support? (Check one. See list on next page.)

√	Goal	√	Goal
	(1) Improve learning; raise performance; eliminate achievement gap		(5) Enhance efforts to recruit/retain highly qualified staff
	(2) Effectively use data		(6) Support school construction and renovation
	(3) Ensure access to core curricula for students with disabilities		(7) Establish Small Learning Communities in secondary schools
	(4) Strengthen parent/community involvement		(8) Align/manage programs to support student achievement

If the work has already begun, follow procedures in Section IV, "Prohibition Against After-the-Fact Contracts"

C. Companies contacted/Suggested sources of services. (Attach separate sheet if necessary.)

Company Name	Contact	Phone	Cost
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____

D. Attach all of the following documents that are applicable to this contract request. Incomplete submissions will be returned to requestor. Check appropriate attachments.

- Scope of work
- Evaluation criteria (for contracts requiring RFP process)
- Contractor proposal(s)
- Payment schedule
- Copies of memoranda, if applicable:
  - Inter-Office Memorandum addressing non-competitive situations: selecting a contractor without a RFP. (See Section VII, Bulletin No. BUL-426.1.)
  - Inter-Office Memorandum addressing urgent and compelling necessity ("After the Fact").



**LOS ANGELES UNIFIED SCHOOL DISTRICT  
2005-06 GOALS**

1. Improve rigorous, standards-based teaching and learning in core curricular areas for all students, pre-kindergarten through adult, in order to raise student performance and eliminate the achievement gap.
2. Effectively use data to measure student progress toward achievement of the standards, inform instruction, and to gauge professional development needs.
3. Ensure all students with disabilities have access to the District's core curriculum in order to successfully meet all of the mandates of the Modified Consent Decree.
4. Strengthen parent and community involvement at all schools by providing opportunities for meaningful parent engagement that supports improved student achievement.
5. Enhance efforts to recruit and retain highly qualified staff.
6. Effectively utilize a budget supported by voter-passed bonds to help build 150 new schools and renovate existing schools.
7. Establish Small Learning Communities in secondary schools to provide students and teachers with a more personalized and caring learning environment.
8. Align and manage all programs, resources, and services to support student achievement goals.

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Business Services Division

BULLETIN NO. BUL-426.1  
January 9, 2006

ATTACHMENT D

LOS ANGELES UNIFIED SCHOOL DISTRICT

**CONTRACTOR'S AND CONSULTANT'S CODE OF CONDUCT—2002**

1. **Application Of The Contractor's Code Of Conduct.** This *Code of Conduct* shall govern the conduct of all contractors and consultants of the Los Angeles Unified School District ("LAUSD"). These standards supersede all prior written ethics policies duly adopted by the LAUSD which are in conflict with these standards. These standards are to be read in conjunction with the latest editions of applicable LAUSD contracting and procurement policies and procedures. All contractors shall insure that their subcontractors comply with this *Code of Conduct*.
2. **Purpose.** The purpose of this *Code of Conduct* is:
  - To protect the integrity of the procurement process;
  - To provide a comprehensive statement of expectations governing the conduct of contractors doing business with the LAUSD so they will be able to compete fairly, and perform their work and services in an ethical manner.
3. **Expectations.** This document does not address all ethical issues which may arise in the course of doing business with the LAUSD. Each person and entity is expected to act ethically at all times and in all things. The LAUSD Ethics Office is responsible for providing education and advice on ethical issues. Contact the Ethics Office with any questions regarding this *Code of Conduct*.
4. **Enforcement.** The provisions of this *Code of Conduct* are enforced by the LAUSD Inspector General, Office of the General Counsel and other appropriate enforcement authorities. The LAUSD may reject any bid or other proposal, or impose other sanctions against any person, contractor or entity that has not complied with the requirements of this *Code of Conduct* or the *LAUSD Lobbyist Registration Code*.
5. **Prohibitions.** No bidder, proposer, contractor or subcontractor shall fraudulently deceive or attempt to deceive any District official with regard to any material fact pertinent to any pending or proposed LAUSD action. Nor shall they do anything with the purpose or intent of placing any District official under personal obligation to the bidder, proposer, contractor or subcontractor.
6. **Avoid The Appearance Of Impropriety.** All contractors shall refrain from conduct which they know or reasonably should know is likely to create in the minds of reasonable, objective, fair-minded observers the perception that they are using their relationship with the LAUSD in an improper manner.

7. **Lobbying.** Under the *LAUSD Code of Ethics* (Lobbyist Registration Code), a “lobbyist” is defined as any person who receives \$4000 or more compensation in any quarter, other than reimbursement for reasonable travel expenses, to influence any LAUSD action. All persons classified as a lobbyist under this definition shall register with the LAUSD prior to the commencement of any lobbying activity. The LAUSD may disqualify any person or entity that is in violation of this policy from participating in the contracting process. The LAUSD definition of lobbyist may be different than definitions used by other agencies. You should consult the *LAUSD Lobbyist Registration Code* to determine whether you or others retained by you are lobbyists.
8. **Zero Tolerance Regarding Gifts.** No bidder or proposer shall offer, give, or promise to offer or give, directly or indirectly any money, gift or gratuity to any LAUSD procurement employee or consultant at any time.
9. **Zero Tolerance Regarding Offers Of Employment.** No bidder, proposer, or contractor shall offer, or promise to offer, either directly or indirectly, any future employment or business opportunity to any LAUSD employee or consultant, their immediate family, spouse, significant other or business associates of such persons if such offer of employment is conditioned expressly or implicitly on the awarding of a present or future contract, or preference in the awarding of a contract to anyone at any time by the LAUSD.
10. **Contacts By Staff Prior To The Issuance Of A Solicitation.** While informational and market research contacts with prospective contractors are a valuable source of data to the LAUSD, such contacts can be perceived as improper. All parties shall exercise sound judgment and caution to prevent an actual or implied impression that such contacts will result in preferential treatment of the prospective contractor.
11. **Receipt Of Preliminary Information.** No bidder, proposer or contractor shall request, attempt to request or accept from any LAUSD employee or consultant the dissemination of any information regarding present or future contracts, or expectations of such contracts, unless this information is made available at the same time and in the same form to all other bidders, proposers or contractors.
12. **Receipt Of Protected Information.** No bidder, proposer or contractor shall solicit, obtain or accept, directly or indirectly, from any LAUSD employee or consultant, any information developed during the course of the contracting process relating to the procurement prior to the contract award unless this information is a public record under the Public Records Act.
13. **Influencing Contract Decisions, Negotiations and Protests.**
  - a) Commencing with the issuance of a request for proposal, a request for qualifications or any other document initiating the contracting process, and ending at the time the staff recommendation for award is made public, no contractor or representative of a contractor participating in the contracting process shall contact by any means or engage in any discussion concerning the award of the contract with any Board Member or his or her staff, or any LAUSD employee or consultant. Any such contact may be grounds for the disqualification of the contractor. A recommendation for contract award is made public and contact may be initiated when the contract’s board report is published by the Board Secretariat.

- b) During price negotiations of non-competitive bid contracts, contractors or their representatives shall not contact, lobby or otherwise attempt to influence LAUSD employees or consultants (other than negotiation team members), or Board Members and their staff, relative to any aspect of the contract under negotiation. This provision shall apply from the time of award until the recommendation for execution of the contract is made public. Any concerns relative to any contract under negotiation shall be communicated only to the General Superintendent for resolution.
- c) No contractor or their representative who submitted a proposal or bid in response to a request for proposal, a request for qualifications or any other document initiating the contracting process shall contact a Board Member or his/her staff regarding a protest submitted regarding the recommended contract award or any lawsuit or potential lawsuit regarding the recommended contract award, or any dispute, lawsuit or potential lawsuit concerning the contract.

14. **Contractor Qualification.** The LAUSD will accept bids and proposals for contracts and procurement of goods or services having a value, to be determined by the LAUSD, only from firms or entities which are complying with the LAUSD contracting and procurement policies and procedures, the *Contractor's and Consultant's Code of Conduct* and the *Lobbyist Registration Code*.

15. **Disclosure of Former LAUSD Employees.** To prevent former LAUSD employees from using their relationship with the LAUSD, a LAUSD department or current LAUSD employees to improperly influence procurement decision-making, all bidders, proposers and contractors are required to disclose any of their employees, subcontractors or consultants who, within the last three years, have been or are employees of the LAUSD. The disclosure will be in accordance with current LAUSD contracting/procurement guidelines, but will include (at a minimum) the name of the former LAUSD employee, a list of the LAUSD positions the person held in the last three years, and the dates the person held those positions.

LAUSD will not contract with any bidder, proposer or contractor that compensates any former LAUSD employee or consultant to influence any action on a matter pending with LAUSD if that employee, within the last twelve (12) months, held a LAUSD position in which they personally and substantially participated in that matter.

LAUSD will not contract with any bidder, proposer, contractor or sub-contractor that employs a former LAUSD employee or consultant who, while serving in a LAUSD position within the last 2 years, substantially participated in the development of the contract's RFP, requirements, specifications or in any part of the contract's contracting process.

The LAUSD General Superintendent or his/her designee upon a showing of good cause may waive this prohibition in writing with notification to the Board prior to awarding the contract.

16. **Submitting Proposals After Developing Specifications.** No contractor or consultant who participates in the development of a scope of work, solicitation documents, contractual instruments or technical specifications on behalf of the District may participate as a proposer or sub-proposer or perform any work on that particular procurement. The LAUSD General Superintendent or his/her designee upon a showing of good cause may waive this prohibition in writing.

17. **Conflicts Of Interest.** A conflict of interest may exist when an LAUSD Board Member, employee or consultant has a financial interest in or towards a person or entity, which results in a real or apparent advantage to that person or entity. The existence of a financial relationship between a contractor and any LAUSD Board Member, employee or consultant, or a member of that employee's immediate family, who has participated in an LAUSD action or in the making of an LAUSD decision concerning that contractor, constitutes a conflict of interest. A conflict of interest may also exist if the contractor has previously employed, or is currently offering employment to, or considering the employment application of, any LAUSD staff or his or her immediate family.

If the contractor has a financial relationship with any LAUSD Board Member, employee or consultant, the contractor shall disclose this fact in writing to the General Superintendent or his/her designee as soon as this potential conflict of interest is known. The Contractor is under a continuing duty to advise the LAUSD of any conflicts of interest that arise during the term of the contract.

While not all conflicts will cause a contractor to be disqualified, failure to disclose a known conflict may justify disqualification and/or sanctions. **BE SAFE - DISCLOSE.**

The General Superintendent or his/her designee, in consultation with legal counsel, shall determine whether a conflict of interest exists and recommend appropriate action for resolution. If it is determined that an actual or apparent conflict of interest exists, the LAUSD General Superintendent or his/her designee shall notify the contractor in writing of this finding and the action that the LAUSD shall take to resolve this conflict of interest.

18. **Sanctions.** The LAUSD encourages good faith reporting of all suspected violations of this *Code of Conduct*. There shall be no adverse consequences suffered by anyone for making a good faith report of a suspected violation nor shall there be any adverse consequences suffered by anyone accused of violating these standards and subsequently found not to have violated this *Code of Conduct*. The identity of any persons reporting violations of these standards shall be kept confidential to the extent permitted by law.

All suspected violations shall be reported immediately to the Office of the Inspector General or the Ethics Office for investigation. If the Inspector General determines that the allegations have merit, the matter will be referred to the appropriate authorities. The LAUSD may take one or more of the following actions:

- a) Meeting with the contractor to discuss the violation;
- b) Suspending the contract or subcontract involving the offending contractor;
- c) Directing the prime contractor to remove the offending subcontractor from the project;
- d) Rescinding, voiding or terminating the contract; and/or
- e) Any other reasonable sanction deemed appropriate.

The General Superintendent or his/her designee shall state in writing to the contractor his/her findings regarding the violation and, if appropriate, recommend sanctions. The contractor may request an informal hearing with the General Superintendent or his/her designee to explain the contractor's position regarding the alleged violation and/or sanctions prior to the General Superintendent or his/her designee taking action. This request must be made in writing and received by the General Superintendent or his/her designee within ten (10) working days of the recommendation for sanctions. If no request is received within the ten (10) working day period the recommended action shall be taken.

If a timely request for a hearing is received, the informal hearing shall take place within ten (10) days after the General Superintendent or his/her designee receives the request. The contractor may be represented by legal counsel at the contractor's own expense at the hearing. Within ten (10) working days after the informal hearing, the Superintendent or his/her designee shall advise the contractor in writing the outcome of the hearing at which time the decision becomes final.

If the sanctions imposed by the General Superintendent or his/her designee are anything more than a conference with the offending contractor, the offending contractor may:

- a) File an appeal to the Los Angeles Board of Education, which reserves the right to determine whether to hear the appeal. The Los Angeles Board of Education's decision to hear an appeal is within its sole discretion.
- b) Request a full hearing before the American Arbitration Association (AAA) pursuant to its rules and regulations. This request must be in writing and directed to the General Superintendent or his/her designee. This request must be received within ten (10) working days after the General Superintendent's decision becomes final.

The contractor shall bear the costs associated with the arbitration. The hearing shall take place in the County of Los Angeles, State of California and shall take place as soon as possible. Any decision rendered by the AAA shall be binding on all parties.

In the case of a procurement in which a contract has not yet been awarded, the LAUSD shall determine whether to terminate the procurement or take other appropriate action.

**NOTE: FOR UPDATED REVISIONS REFER TO THE FOLLOWING DISTRICT WEBSITE**  
<http://ethics.lausd.net>

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Business Services Division

BULLETIN NO. BUL-426.1  
January 9, 2006

ATTACHMENT E

**SAMPLE WAIVER MEMORANDUM**

**Los Angeles Unified School District  
Inter-Office Correspondence**

**TO:** Contract Administration Branch

**DATE:**

**FROM:** John Smith, Principal  
XYZ Elementary School

**SUBJECT: REQUEST FOR WAIVER FOR SELECTING A CONTRACTOR  
WITHOUT CONDUCTING A RFP**

XYZ Elementary School is proposing to contract with ABC Consultants without having gone through a Request for Proposal process.

ABC Consultants will be providing  (describe services)  in the amount of \$\_\_\_\_\_.

XYZ Elementary School did not adhere to and is requesting a waiver from the RFP requirement because  (provide waiver criteria as indicated in Bulletin No. BUL-426.1, Section VII, Paragraph C.) .

Supporting documentation is attached.

Please contact me at (213) 123-4567 should you require additional information.

Attachment(s) (e.g., grant award letter, program description, etc.)  
-----

**Required waiver approval(s):**

If contract value exceeds bid threshold (currently \$62,400)

Approved: \_\_\_\_\_  
Signature of Local District Superintendent (schools)/Next Higher-Level Administrator (offices)

\_\_\_\_\_  
Print Name

Additional Signature (Required if contract value exceeds \$100,000)

Approved: \_\_\_\_\_  
Chief Procurement Officer, Procurement Services Group

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Business Services Division

BULLETIN NO. BUL-426.1  
January 9, 2006

ATTACHMENT F

**CONTRACTOR ASSESSMENT**

This form must be completed by the Contract Sponsor, Site Administrator, Local District Superintendent, Assistant Superintendent or General Superintendent following receipt of services from any contractor under a professional services contract, including master services agreements. Please forward a copy to the Contract Administration Branch of the Procurement Services Group at the address listed herein or via fax to (213) 241-8945.

Name of Contractor				
Contract Number		Dates of Service:		Contract Value \$
Brief Description of Services:				

Please provide answers to the following questions as frankly and objectively as possible, rating your response on a scale of 1 to 10, with 10 being the most positive/favorable response:

**A. Timely Performance:**

1. Was the contractor responsive to District needs?	
2. Did the contractor adequately schedule the work? Did the contractor meet project milestones?	

Comments: \_\_\_\_\_

**B. Quality of Work:**

1. Did the contractor perform the scope of services that was delineated in the contract?	
2. Did the contractor provide a quality product/service? If the rating is a "6" or lower, please circle the deficiency in quality and the shortcomings in the contractor's quality control system responsible for it or specifically describe it below:	
a. Failure to perform necessary steps.	
b. Inadequate or incomplete documentation.	
c. Failure to identify and correct deficient work.	
d. Inadequate preparation or review of materials.	
e. Incorporation of unspecified or substandard materials.	
f. Other: _____	

Comments: \_\_\_\_\_

**C. Effectiveness:**

1. Did the contractor comply with District requirements as stated in the scope of services?	
2. Was the service performed of practical value to the recipients?	
3. If corrective action was necessary, was it taken without significant District intervention?	
4. Do you believe this service is congruent with the District's goals?	
5. Was the service rendered of such quality as to justify the amount of the contract?	
6. Would you contract again with this vendor?	

Comments: \_\_\_\_\_

**PLEASE PROVIDE THE COMBINED TOTAL OF THE ABOVE NUMERICAL RATINGS:**

**COMBINED TOTAL SCORE** \_\_\_\_\_



**CONTRACTOR ASSESSMENT**

Page 2

Contract Number

**ADDITIONAL COMMENTS:**


**ASSESSMENT:**

**CHECK THE DESIGNATION BELOW THAT CORRESPONDS WITH THE COMBINED TOTAL SCORE.**

	<b>EXCEPTIONAL (90-100)</b>
--	-----------------------------

Performance met contractual requirements and exceeded many to the District’s benefit. The contractual performance of the scope of services was accomplished and highly effective with no problems for which corrective action was required.

All significant program elements, including technical performance and schedule, were above what was planned and the cost remained at or below the originally negotiated cost.

	<b>VERY GOOD (80-89)</b>
--	--------------------------

Performance met contractual requirements and exceeded some to the District’s benefit. The contractual performance of the scope of services was accomplished with some minor problems for which corrective actions taken by the contractor were effective.

Significant program elements took place as planned.

	<b>SATISFACTORY (70-79)</b>
--	-----------------------------

Performance met contractual requirements. The contractual performance of the program elements or sub-elements contained some minor problems, for which corrective actions taken by the contractor appear or were satisfactory.

Some significant program elements were behind what was planned or above the negotiated cost.

	<b>MARGINAL (60-69)</b>
--	-------------------------

Performance did not meet some contractual requirements. The contractual performance of the scope of services reflects a serious problem for which the contractor did not identify corrective actions. The contractor’s proposed actions appeared only marginally effective or were not implemented.

Some significant program elements were greater than 10% behind the plan or well above the negotiated cost.

	<b>UNSATISFACTORY (Under 60)</b>
--	----------------------------------

Performance did not meet most contractual requirements, and recovery did not occur in a timely manner. The contractual performance contained serious problem(s) for which the contractor’s corrective actions appeared or were ineffective.

Name		Date
Title		

**Please send the completed form to: Procurement Services Group, Contract Administration Branch  
Beaudry Building, 28<sup>th</sup> Floor**

**Or via Fax (213) 241-8945**

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Business Services Division

BULLETIN NO. BUL-426.1  
January 9, 2006

ATTACHMENT G

**SMALL BUSINESS ENTERPRISE (SBE) UTILIZATION PROGRAM**

- A. Pursuant to California Public Contract Code Section 4100 *et seq.*, it is the Los Angeles Unified School District's (District) policy to encourage utilization of Small Business Enterprise (SBE) firms in its contracts. On February 25, 2003 the District Board of Education established an SBE goal for all bids/proposals of twenty-five percent (25%) of the total contract price. Therefore, bidders/proposers shall document (on the attached SBE Utilization Report) firms subcontracting or supplying goods and services for the awarded contract.

Certification by DOD, DOT or DOT Unified Certification Program; CalTrans; SBA; MTA; LA County Office of Compliance and Certification; County of Los Angeles Office of Equal Opportunity; the City of Los Angeles; and/or the Metropolitan Water District may be utilized to gain SBE attainment for this program. All firms currently certified by the agencies listed above are accepted as certified by the District. Proposers are responsible for the verification of the currency of the certification status of any firm used in any bid or proposal. Proposers shall obtain a copy of the certification letter from those firms listed in their proposal.

Firms gaining contracts or bids to do business with the District are responsible for reporting SBE payments on invoices presented to the District, and are subject to audit on their annual reports.

Firms not submitting SBE attainment goals and reports shall have to document good faith efforts demonstrating their outreach to small businesses, or clearly demonstrating that there is no availability of SBE firms to do potential subcontracting work. Firms not submitting SBE goals shall be subject to audit on their good faith outreach efforts.

- B. The District affirmatively assures that SBE firms will be afforded full opportunity to submit bids/proposals in response to this IFB/RFP and will not be discriminated against on the grounds of race, sex, color, religion, ancestry, national origin, marital status, age (over 40), or disability (including AIDS, and cancer-related medical condition) in consideration for an award.
- C. District advises potential Bidders/Proposers that the SBE participation which the bidder/proposer commits to in their bid/proposal package becomes the goal of record. The District will enforce the SBE participation proposed.
- D. This action is financed through local funds or funds from the State of California.
- E. Firms will execute a copy of the Utilization Report, provide copies of the Report to all sub contractors listed, and include it in their bid/proposal response. Questions may be addressed to: LAUSD Vendor Services 333 S. Beaudry Ave., 28<sup>th</sup> Floor, Los Angeles, California 90017. Questions regarding certification, good faith outreach, or any terminology not herein defined may also be directed to the Vendor Services Unit at (213) 241-3064.

**F. GOOD FAITH DETERMINATION**

Firms bidding on Invitations for Bid and submitting proposals for RFPs shall be responsible for the submission of plans to utilize SBE firms as part of their Bid/Proposal response per the 25% SBE goal established by the Board.

SBE credit may be gained from the utilization of SBE firms in either prime or subcontracting capacities.

Responding firms will detail, per SBE Utilization Reports, the percentage or amount of any proposal amount to be assigned to SBE firms.

Firms responding to invitations to bid or requests for proposals will, if the established goal for that procurement action is not met in their bid or proposal, state that good faith efforts were made to attain the SBE goal established. Responding firms not meeting the established SBE goal shall be prepared to provide documentation showing steps taken in good faith to attain SBE participation.

**DOCUMENTATION OF GOOD FAITH/COMPLIANCE PROCESS**

Bidders/Proposers who do not meet a SBE goal must make diligent efforts to pass the requirement that the Bidder/Proposer made Good Faith Efforts in order to be deemed responsive to the SBE Program requirements. Successful achievement of Good Faith Efforts will be based on an audit of all or any of the criteria below:

- Advertisement
- Community Outreach
- Defining Scope of Work
- Written Requests for Proposal
- Solicitation Follow-up
- Assistance in Bonding and Insurance
- Attend Pre-Bid/Proposal Conference
- List of Proposals from SBE firms

The individual criteria mentioned above are listed below and are described in the following sub articles:

**1. ADVERTISEMENT**

Effort: Bidder/Proposer may advertise for SBE firms in general circulation media, trade association publications, and/or minority focused media. Advertisements should appear at least twenty (20) days prior to the District's bid/proposal due date. If the District solicitation does not allow twenty (20) days, a shorter publication time is acceptable.

Evidence: Include a list of advertisements placed, including a copy of the advertisements and/or tear sheets.

2. COMMUNITY OUTREACH - NOTIFICATION TO PROFESSIONAL ORGANIZATIONS AND COMMUNITY GROUPS

Effort: Notification may be made to outreach to minority, women, and other organizations and should include, at a minimum, a description of the Scope of Work, the company's contact, and the bid/proposal due date.

Evidence: Copies of letters, faxes, telephone logs, etc. used to contact organizations. Include names of organizations/groups, dates, names of contacts, and telephone numbers. Provide copies of correspondence received from any of these organizations/groups acknowledging contact by Bidder/Proposer. The Bidder/Proposer must outreach to a minimum of five (5) organizations/groups.

3. DEFINING SCOPE OF WORK - SELECT PORTION OF WORK TO BE SUBCONTRACTED

Effort: The Bidder/Proposer should determine the portion of the Work that is intended to be performed by its own workforce and that portion of the Work that has been identified for subcontracting to SBE firms.

Evidence: Include documentation showing the portion of the Work that the Bidder/Proposer intends to perform with its own workforce and the portion of the Work that the Bidder/Proposer has identified for subcontracting

4. WRITTEN REQUESTS FOR PROPOSAL/SPECIFICATION INFORMATION

Effort: Extend written Invitations for Quote to SBE firms for all Work that the Bidder/Proposer intends to subcontract and provide specification requirements to SBE firms.

Evidence: Names, contact persons, addresses, phone numbers, and dates of all SBE firms solicited at least ten (10) days prior to bid/proposal due date and by what means (letter, fax, phone, etc.). Include a copy of the solicitation letter.

5. SOLICITATION FOLLOW-UP

Effort: Oral and/or written follow-up of initial solicitation of SBE firms. The Bidder/Proposer negotiates in good faith and does not unjustifiably reject proposals.

Evidence: The Bidder/Proposer shall maintain a log of the contacts made with SBE firms, and a record of the SBE proposals submitted in return.

6. ASSISTANCE IN OBTAINING BONDS AND INSURANCE

Effort: Offer assistance to SBE firms in obtaining bonding and insurance.

Evidence: A brief description of assistance provided by the Bidder/Proposer to SBE firms in obtaining bonding and insurance.

**7. ATTEND PRE-BID/PROPOSAL CONFERENCE**

Effort: Attendance at Pre-Bid/Proposal Conferences scheduled by the District. Although attendance is optional, this is one of the criteria for meeting good faith efforts.

Evidence: Name and date of person(s) attending, to be verified by conference sign-in sheet.

**8. LIST OF PROPOSALS FROM SBE FIRMS**

Effort: Receiving proposals from SBE firms for specific portions of work in specific contracts.

Evidence: Copies of proposals or bids from SBE firms.

**MONITORING/PENALTIES**

The Procurement Services Group will be responsible for the monitoring of the SBE program, and for making quarterly reports to the Board of Education regarding the status of the outreach program as well as SBE attainment during the previous quarter. Monitoring shall include:

- Maintaining current lists of SBE firms for use by project managers, buyers, and contract administrators in soliciting proposals to the District.
- Verifying certification of SBE firms participating in District Bids and RFPs.
- Monitoring SBE attainment in all small procurements, and providing assistance to schools and programs in the implementation of the District SBE programs.
- Monitoring SBE attainment at contract/bid close out.
- Assisting buyers and contract administrators in determining SBE program responsiveness by bidders/proposers.

Failure by a firm to provide a properly executed SBE Utilization Report with each bid/proposal, or failure to adequately document good faith efforts may result in a determination of non-responsiveness.

**LOS ANGELES UNIFIED SCHOOL DISTRICT  
SMALL BUSINESS ENTERPRISE PROGRAM  
UTILIZATION REPORT**

Pursuant to California Public Contract Code Section 4100 *et seq.*, the Los Angeles Unified School District (District) Board of Education adopted a policy to encourage participation by Small Business Enterprises (SBE) firms in District bids/contracts. Bidders/Proposers shall execute a copy of this Report, and provide copies of this Report to all SBE subcontractors. Executed SBE Utilization Reports are to be included in the bid response/proposal package. Questions may be addressed to: LAUSD Vendor Services, 333 S. Beaudry Ave., 28<sup>th</sup> Floor, Los Angeles, California, 90017, or emailed to [psg-vs@lausd.net](mailto:psg-vs@lausd.net).

**Firm/Bid** \_\_\_\_\_

**SBE FIRMS**

**SBE Firm(s) and E-mail address**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Enclose proof of certification for each firm listed.

State percentage of award (bid price) to be attained by each SBE firm.

By signing below bidders/proposers represent that this is an accurate list of the SBE firms that are participating in the awarded contract, and that bidder/proposer has undertaken this responsibility in good faith, as documented.

Representative's Signature: \_\_\_\_\_

Print Representative's Name: \_\_\_\_\_

Date: \_\_\_\_\_

**VENDOR BASIC INSURANCE REQUIREMENTS**  
**Division of Risk Management and Insurance Services**  
**(213) 241- 3139**

**BASIC LIMIT REQUIREMENTS**

Required are INDEMNIFICATION CLAUSES which agree to indemnify, defend, save and hold harmless to the fullest extent permitted by law the LAUSD its members, officers, directors, agents, representatives, employees and volunteers and the BOARD OF EDUCATION its members, officers, directors, agents, representatives, employees, and volunteers.

Evidence of Insurance is required and Insurance Certificates are required to have a 30-day non-renewal/cancellation notice clause.

Required are NAMED ADDITIONAL INSURED ENDORSEMENTS naming the LOS ANGELES UNIFIED SCHOOL DISTRICT and the BOARD of EDUCATION OF THE CITY OF LOS ANGELES as Additional Insureds on the liability policies [CGL, CA].

**COMMERCIAL GENERAL LIABILITY (CGL)**

Includes both bodily injury and property damage  
\$1,000,000 per occurrence  
\$ 100,000 fire damage  
\$ 5,000 med expenses  
\$1,000,000 personal & adv. injury  
\$3,000,000 general aggregate\*  
\$3,000,000 products/completed operations aggregate

\*\$3,000,000 general aggregate can be waived if the policy is endorsed stating that the \$1,000,000 occurrence applies solely and separately to the LAUSD.

**COMMERCIAL [BUSINESS] AUTOMOBILE LIABILITY (CA or BA)**

All owned, hired and non-owned autos, if no owned autos only hired and non-owned is required.

\$1,000,000 combined single limit

**WORKERS' COMPENSATION (WC)**

Part I – Statutory Limits

Part II - \$1,000,000/\$1,000,000/\$1,000,000 Employer's Liability

• SOLE PROPRIETORS WITH NO EMPLOYEES ARE EXEMPT FROM PROVIDING WC COVERAGE, BUT MUST PROVIDE A SIGNED WC WAIVER STATEMENT.

**ERRORS & OMISSIONS (E&O)**

Professional Liability coverage is required for all professional services and consulting contracts. Contact the Division of Risk Management and Insurance Services (ORMIS) if clarification is required.  
- \$1,000,000 per occurrence /\$1,000,000 aggregate

**OTHER COVERAGES & HIGHER LIMITS**

Dependent upon exposure, pollution liability, medical malpractice, or excess may be required; as may performance and fidelity bonds.

**OTHER COMMENTS:**

A. Any deductibles or self-insured retentions (SIRs) shall be declared in writing. Deductibles and SIRs above \$25,000 require District approval.

B. Insurance will be placed with a California authorized insurer with an A. M. Best rating of no less than A-, VII; EXCEPT that for WC coverage, the California State Compensation Insurance Fund [non-rated] is acceptable; and on Professional Liability [E&O] the rating maybe relaxed per the approval of ORMIS.

C. Waivers of insurance requirements require the approval of ORMIS.





# LOS ANGELES UNIFIED SCHOOL DISTRICT REFERENCE GUIDE

**TITLE:** FINAL PAYMENT OF BILLS FOR 2005-2006

**NUMBER:** REF-1606.1

**ISSUER:** Betty Ng, Controller  
Accounting and Disbursements Division

**DATE:** April 19, 2006

**ROUTING**  
Local District  
Superintendents  
Local District Support  
Directors  
Administrators  
Principals  
Secretaries

**PURPOSE:** To insure all 2005-2006 fiscal year expenditures are charged appropriately, the Accounts Payable Branch requires that invoices and online receiving for deliveries made, or services rendered during the 2005-2006 school year, be completed NO LATER THAN 4:30 P.M., JUNE 30, 2006. Receivers accepted in GUI/EZ DOC (IFS) after June 30, 2006, 4:30 p.m. will be charged against 2006-2007 fiscal year funds without exception.

**MAJOR CHANGES:** **As a result of the District’s Annual Financial and Compliance Audit, policy information is provided on the online receipt of materials or services.**

**Recent financial audit findings identified violations of “generally accepted accounting practices” which prohibits the online receipt of materials and services prior to actual delivery by vendor. This reference guide reiterates that all schools and offices must not indicate that materials or service has been “received” in GUI/EZ DOC (IFS) until materials or service has actually been performed or delivered. Violations of District policy and generally accepted accounting practices will be forwarded to O.I.G. for fraud investigation.**

**GUIDELINES:** To enable the Accounts Payable Branch to process payments more promptly, locations are encouraged to process online receivers immediately after the ordered items are delivered or services are rendered. This procedure helps stabilize the volume of documents to be processed in the branch over a longer period of time. Accordingly, this practice leads to a manageable work level that Accounts Payable staff will take on in the month of June as well as throughout the fiscal year.

Payments to vendors utilizing 2005-2006 funds will be processed when both the online receiver and the vendor invoice are presented by June 30, 2006. Purchase Orders showing a received amount entered in GUI/EZ DOC (IFS) as of June 30 or prior, but for which no invoice is available, will be ACCRUED (charged to 2005-2006 Funds). Upon receipt of a properly dated invoice, payments will be processed and charged to 2005-2006 accrued funds.

**INSTRUCTIONS:** The following is a list of the required documentation for complete or partial payments and/or accrual of all Purchase Orders, except Purchase Orders using



## LOS ANGELES UNIFIED SCHOOL DISTRICT REFERENCE GUIDE

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Budget Fund Object Codes 5801, 5802, 5710, 5140, 5150, 5197, and PCCS Purchase Orders issued for Professional Services/Contracts:

### **A. ALL PURCHASE ORDERS: (PD/BPO)**

Upon delivery of materials, schools/offices must enter the receiver (RC) into GUI/EZ DOC (IFS) online and have it system accepted no later than June 30, 2006. **Rejected RCs must be corrected prior to the June 30, 2006 deadline.**

### **B. PURCHASE ORDERS USING BUDGET FUND OBJECT CODES 5801, 5802, 5710, 5140, 5150, 5197 AND PCCS PURCHASE ORDERS ISSUED FOR PROFESSIONAL SERVICES/CONTRACTS**

Schools and offices that disbursed Purchase Orders with the above object codes and PCCS Purchase Orders for Professional Services will receive special instructions, titled "2005-2006 Year End Liabilities Professional Service Contracts" issued by the Director of the Accounts Payable Branch.

Please note that accrual of these types of purchase orders will not be processed without written approval to accrue and the specific amount to be accrued.

**Only amounts for services rendered in the 2005-06 fiscal year should be included.**

### **C. FINAL IMPREST FUND CLAIMS**

Schools and administrative offices must submit Final Fund Claims by June 30, 2006, in order to have them charged to the 2005-06 fiscal year. See Accounting and Disbursements Reference Guide No. 1706.1, "Imprest Funds" for instructions on preparing these claims.

Imprest Fund Claims (Form 34-AEH-24) for expenditures that have not been previously reimbursed, must be dated and time-stamped "Received" in the Accounts Payable Branch no later than 4:30 P.M. June 30, 2006, in order to have them charged to fiscal year 2005-2006. This includes resubmission of claims which were previously returned because of insufficient funds. See Accounting and Disbursements Division Reference Guide No. 1706.1, "Imprest Funds" for instructions on preparing these claims.

Administrators are encouraged to submit claims as soon as possible so that school personnel will be available to respond to any questions relating to the claims. Unresolved questions relating to a claim will delay reimbursement and might result in expenditures not being charged to the 2005-2006 fiscal year.



## LOS ANGELES UNIFIED SCHOOL DISTRICT REFERENCE GUIDE

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Administrators with assignment and/or location changes are reminded that the Imprest Fund Account must be cleared by submitting a final claim and a check in the amount of any unexpended funds. See Accounting and Disbursements

Division Reference Guide No. 1706.1, "Imprest Funds" for instructions on closure of Imprest Funds.

### **D. COMPLETED CONFERENCE ATTENDANCE FORM (FORM 10.12)**

Completed Conference Attendance Form (Form 10.12) claims for reimbursement of expenditures, along with any required receipts and other documentation, *must be* "Received" by the Accounts Payable Branch no later than 4:30 P.M., June 30, 2006. This includes resubmission of claims that were previously returned because of insufficient funds, incomplete forms, etc. See Office of the Superintendent Bulletin No. Q-15 "Guidelines for Attendance at Conferences, Conventions, or Meetings," for instructions on preparing these forms.

Individuals are encouraged to submit claims as soon as possible so that school personnel will be available to respond to any questions relating to their claims. Unresolved questions relating to a claim will delay reimbursement and might result in expenditures not being charged to the 2005-2006 fiscal year.

#### **Conference Attendance Purchase Orders (PC CA Purchase Orders)**

Purchase Orders for events taking place on or before June 30, 2006, will be charged to the 2005-2006 budget year if the required receiver (RC) is entered into GUI/EZ DOC (IFS) no later than 4:30 P.M., June 30, 2006.

Purchase Orders for events taking place after June 30, 2006, will be charged to the 2006-2007 fiscal year budget, unless authorized by the Controller as an advance payment.

### **E. EQUIPMENT LEASES (i.e. copiers) – NEW CONTRACTS**

Schools and offices procuring new lease contracts for equipment delivered on or before June 30, 2006, must process online receivers immediately after the ordered equipment is delivered (a copy of the P.O., dated and signed, is acceptable.)

Accounts Payable staff will estimate, accrue, and charge to the 2005-2006 budget *that portion* of the lease expenditure which corresponds to the 2005-2006 fiscal year.

### **F. EXCESS COPY CHARGES**

Invoices for excess copy charges must be dated and time-stamped "Received" by the Accounts Payable Branch, no later than 4:30 P.M. June 30, 2006, in order for charges to be made against the 2005-2006 funds. Invoices for excess charges



# LOS ANGELES UNIFIED SCHOOL DISTRICT REFERENCE GUIDE

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received in the Accounts Payable Branch after June 30, 2006 will be charged to the 2006-2007 fiscal year.

## **G. P-CARD PURCHASES**

To prevent 2005-2006 P-Card purchases from being billed/charged to the 2006-2007 fiscal year, P-Cards should not be used from June 22, 2006 through June 30, 2006. This will ensure proper charges between U.S. Bank and IFS.

Cardholders must finalize all purchases on-line in Pro-Cure by 4:30 p.m. on June 30, 2006 in order to have purchases charged to fiscal year 2005-2006.

### **RELATED RESOURCES:**

**Procurement Services Reference Guide No. 588, "Procurement Cards (P-Cards)"**

**Accounting and Disbursements Division Reference Guide No. 1706.1, "Imprest Funds" Office of the Superintendent Bulletin No. Q-15 (Rev.), "Guidelines for Attendance at Conferences, Conventions, or Meetings"**

**Accounting and Disbursement Division Bulletin No. 1340.1, "On-line Receivers"**

### **ASSISTANCE:**

Schools and offices should contact their Local District Fiscal Specialist or the Accounts Payable Branch, Customer Service Unit at (213) 241-4800.

**Reference 1606.1**

**Final Payment  
of Bills  
for 2005-2006**



# LOS ANGELES UNIFIED SCHOOL DISTRICT REFERENCE GUIDE

**TITLE:** Final Payment of Bills for 2005-2006

**NUMBER:** REF-1606.1

**ISSUER:** Betty Ng, Controller  
Accounting and Disbursements Division

**DATE:** April 19, 2006

**ROUTING**  
Local District  
Superintendents  
Local District Support  
Directors  
Administrators  
Principals  
Secretaries

**PURPOSE:** To insure all 2005-2006 fiscal year expenditures are charged appropriately, the Accounts Payable Branch requires that invoices and online receiving for deliveries made, or services rendered during the 2005-2006 school year, be completed NO LATER THAN 4:30 P.M., JUNE 30, 2006. Receivers accepted in GUI/EZ DOC (IFS) after June 30, 2006, 4:30 p.m. will be charged against 2006-2007 fiscal year funds without exception.

**MAJOR CHANGES:** **As a result of the District’s Annual Financial and Compliance Audit, policy information is provided on the online receipt of materials or services.**

**Recent financial audit findings identified violations of “generally accepted accounting practices” which prohibits the online receipt of materials and services prior to actual delivery by vendor. This reference guide reiterates that all schools and offices must not indicate that materials or service has been “received” in GUI/EZ DOC (IFS) until materials or service has actually been performed or delivered. Violations of District policy and generally accepted accounting practices will be forwarded to O.I.G. for fraud investigation.**

**GUIDELINES:** To enable the Accounts Payable Branch to process payments more promptly, locations are encouraged to process online receivers immediately after the ordered items are delivered or services are rendered. This procedure helps stabilize the volume of documents to be processed in the branch over a longer period of time. Accordingly, this practice leads to a manageable work level that Accounts Payable staff will take on in the month of June as well as throughout the fiscal year.

Payments to vendors utilizing 2005-2006 funds will be processed when both the online receiver and the vendor invoice are presented by June 30, 2006. Purchase Orders showing a received amount entered in GUI/EZ DOC (IFS) as of June 30 or prior, but for which no invoice is available, will be ACCRUED (charged to 2005-2006 Funds). Upon receipt of a properly dated invoice, payments will be processed and charged to 2005-2006 accrued funds.

**INSTRUCTIONS:** The following is a list of the required documentation for complete or partial payments and/or accrual of all Purchase Orders, except Purchase Orders using



## LOS ANGELES UNIFIED SCHOOL DISTRICT REFERENCE GUIDE

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Budget Fund Object Codes 5801, 5802, 5710, 5140, 5150, 5197, and PCCS Purchase Orders issued for Professional Services/Contracts:

### **A. ALL PURCHASE ORDERS: (PD/BPO)**

Upon delivery of materials, schools/offices must enter the receiver (RC) into GUI/EZ DOC (IFS) online and have it system accepted no later than June 30, 2006. **Rejected RCs must be corrected prior to the June 30, 2006 deadline.**

### **B. PURCHASE ORDERS USING BUDGET FUND OBJECT CODES 5801, 5802, 5710, 5140, 5150, 5197 AND PCCS PURCHASE ORDERS ISSUED FOR PROFESSIONAL SERVICES/CONTRACTS**

Schools and offices that disbursed Purchase Orders with the above object codes and PCCS Purchase Orders for Professional Services will receive special instructions, titled "2005-2006 Year End Liabilities Professional Service Contracts" issued by the Director of the Accounts Payable Branch.

Please note that accrual of these types of purchase orders will not be processed without written approval to accrue and the specific amount to be accrued.

**Only amounts for services rendered in the 2005-06 fiscal year should be included.**

### **C. FINAL IMPREST FUND CLAIMS**

Schools and administrative offices must submit Final Fund Claims by June 30, 2006, in order to have them charged to the 2005-06 fiscal year. See Accounting and Disbursements Reference Guide No. 1706.1, "Imprest Funds" for instructions on preparing these claims.

Imprest Fund Claims (Form 34-AEH-24) for expenditures that have not been previously reimbursed, must be dated and time-stamped "Received" in the Accounts Payable Branch no later than 4:30 P.M. June 30, 2006, in order to have them charged to fiscal year 2005-2006. This includes resubmission of claims which were previously returned because of insufficient funds. See Accounting and Disbursements Division Reference Guide No. 1706.1, "Imprest Funds" for instructions on preparing these claims.

Administrators are encouraged to submit claims as soon as possible so that school personnel will be available to respond to any questions relating to the claims. Unresolved questions relating to a claim will delay reimbursement and might result in expenditures not being charged to the 2005-2006 fiscal year.



## LOS ANGELES UNIFIED SCHOOL DISTRICT REFERENCE GUIDE

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Administrators with assignment and/or location changes are reminded that the Imprest Fund Account must be cleared by submitting a final claim and a check in the amount of any unexpended funds. See Accounting and Disbursements

Division Reference Guide No. 1706.1, "Imprest Funds" for instructions on closure of Imprest Funds.

### **D. COMPLETED CONFERENCE ATTENDANCE FORM (FORM 10.12)**

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### **F. EXCESS COPY CHARGES**

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# LOS ANGELES UNIFIED SCHOOL DISTRICT REFERENCE GUIDE

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Cardholders must finalize all purchases on-line in Pro-Cure by 4:30 p.m. on June 30, 2006 in order to have purchases charged to fiscal year 2005-2006.

### **RELATED RESOURCES:**

**Procurement Services Reference Guide No. 588, "Procurement Cards (P-Cards)"**

**Accounting and Disbursements Division Reference Guide No. 1706.1, "Imprest Funds" Office of the Superintendent Bulletin No. Q-15 (Rev.), "Guidelines for Attendance at Conferences, Conventions, or Meetings"**

**Accounting and Disbursement Division Bulletin No. 1340.1, "On-line Receivers"**

### **ASSISTANCE:**

Schools and offices should contact their Local District Fiscal Specialist or the Accounts Payable Branch, Customer Service Unit at (213) 241-4800.

**Reference 918**

**Low Dollar Value  
Professional  
Services Contract**



**TITLE:** Low-Dollar Value Professional Services Contracts

**NUMBER:** REF-918

**ISSUER:** Michael A. Eugene, Business Manager  
Business Services Division

**DATE:** May 3, 2004

**ROUTING**  
Fiscal Services Managers  
Local District Business Managers  
Local District School Support Directors  
Local District Superintendents  
Purchasing Services Coordinators  
School Administrative Assistants

**PURPOSE:** The purpose of this Reference Guide is to instruct schools and offices on procedures for processing low-dollar value purchase orders for professional services.

**MAJOR CHANGES:** Effective May 3, 2004, schools and offices are no longer required to submit to Procurement Services Group, Contract Administration Branch, requests for Professional Service Contracts not exceeding \$5,000. Due to the high volume of such requests, schools and offices can now use the Professional Services Decentralized Purchase Order (PD CS) to procure low-dollar value professional services. The PD CS is a decentralized purchasing process that allows schools and offices to procure professional services directly from contractors. There is a maximum \$5,000 dollar limit on orders for Professional Services using the PD CS; there is no minimum dollar limit. These purchases are subject to District procurement policy, which recommends obtaining two (2) telephone quotes. Orders for professional services valued at over \$5,000 must continue to be processed via the Contract Administration Branch.

**INSTRUCTIONS:** I. AUTHORIZED USES

A PD CS may be used to procure professional services such as those listed below.

- After-School, School Reform, and School Support Services, including test preparation, science/math/literacy activities
- Business/Financial Services, including court reporting, transcription, and administrative hearing officers
- Enrichment Services, Academic and Cultural Activities, including student assemblies/workshops, performing arts (music and dance performances), playwrights, fine arts, book reading, and motivational speakers for students.
- Evaluation and Grant Preparation Services
- Facilities/Environmental Services
- Health and Human Services, including physical and psychological exams for employees. Prior written approval from Student Health and Human Services may be required for services rendered to students. Please contact John DiCecco via email at [john.dicecco@lausd.net](mailto:john.dicecco@lausd.net) or via School Mail at Integrated Student Health Partnerships 333. S. Beaudry Ave., 18<sup>th</sup> Floor.



- Professional Development and Trainer Services
- Technology Services. Technology services for maintenance of site servers may be ordered by schools and offices. For any other technology services, prior written approval by Information Technology Division is required. Please contact Dr. Julie Crum via email at [julie.crum@lausd.net](mailto:julie.crum@lausd.net) or via School Mail at 333 S. Beaudry Ave., 10<sup>th</sup> Floor.

## II. UNAUTHORIZED USES

A PD CS MAY NOT be used to order/pay for:

- Professional Services valued at over \$5,000. Instead, use an online requisition (RX) and complete Form CS001 for submittal to Contract Administration Branch. (See BUL-426, “Professional Services Contracting Policies,” dated November 3, 2003.)
- Services under a Master Services Agreement. Instead, use an online requisition (RX) and complete Form CS015, if applicable, for submittal to the Contract Administration Branch. (See REF-427, “Enrichment Services – Master Services Agreements” and REF-428, “Professional Services - Master Services Agreements,” both dated November 3, 2003.)
- Textbooks or library books. Instead, use the PD BPO process. (See REF C-5, “Book Purchase Orders” and REF C-23, “Commodity Code Usage,” both dated May 9, 2003.)
- Muralist services. Instead, use an online requisition (RX) and complete Form CS001 for submittal to Contract Administration Branch. (See BUL-426.) Approval from your Local District Facilities Complex Project Manager is required.
- Alterations and Improvements (A&I) projects. (Contact your Local District Facilities Complex Project Manager.)
- Any order that does not fit into the categories in Section I, above (e.g., no-cost agreements, memoranda of understanding, reimbursement agreements, etc.). Such orders must be processed through the Contract Administration Branch using Form CS001. (See BUL-426.)

## III. ORDERING SERVICES USING THE PD CS

### A. Selecting a Contractor

1. It is recommended that at least two (2) contractors are contacted to provide a telephone quote for the desired professional services. Document the quotes obtained using the Note Pad table (NOTE) available for IFS or on a separate piece of paper (IFS Menu Driven/School Screen Users). Quote documentation should include the following: vendor name, contact person, phone number, description of services and total dollar value. Print NOTE screen and retain on file at the school/office site so that it is available in case of audit.



## LOS ANGELES UNIFIED SCHOOL DISTRICT REFERENCE GUIDE

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2. Request the date(s), time and location where services are to be performed.
3. Notify contractor that payments will be processed within 45 days from approval of invoice.
4. Ensure selected contractor has a Los Angeles Unified School District Vendor Identification Number. To obtain a Vendor Identification Number, contact the Vendor Services Unit at (213) 241-3115.

### B. IFS Online Procedures for Schools and Offices

1. Enter transaction into IFS as follows:
  - Schools:
    - Transaction entry should read: PD AREA CSn#
    - PD Area - where PD is the transaction type and Area is your school 3-character area code
    - CSn# - where *n* represents the letter of each Local District (e.g., CS A#=Local District A), and where # is the special character for the automatic numbering feature of IFS.
  - Offices:
    - Transaction entry should read: PD AREA CSX#
    - PD Area - where PD is the transaction type and Area is your office 3-character area code
    - CSX# - where # is the special character for the automatic numbering feature of IFS.
2. Enter the Vendor Identification Number assigned to the contractor in the Vendor Code field.
3. Indicate "BILL TO" as Accounts Payable (AP). District policy requires all invoices be mailed directly to Accounts Payable Branch.
4. Enter the appropriate funding line and amount of the services. See Attachment A for the list of object codes to be used for professional services.
5. Use appropriate commodity codes for each line item. See Attachment A for list of approved commodity codes.
6. Enter the contract amount as the Quantity. Enter the Unit Cost as 1.00.
7. Approve the transaction for Offline Processing.
  - For contracts valued at \$1,000 or less, the PD CS transaction requires one level of approval. The site administrator is authorized to APPROVE (PEND1) PD CS transactions in IFS. The transaction will not be approved if commodity code(s) and/or object code(s) used are not listed in Attachment A.



- Contracts valued at over \$1,000 to \$5,000 require two levels of approval. The site administrator approves the PD CS transaction to place it in a PEND2 status. The Purchasing Services Coordinator (schools and Local Districts) and the Contract Administration Branch (offices) are authorized to APPROVE (PEND2) PD CS transactions in IFS. The transaction will not be approved if commodity code(s) and/or object code(s) used are not listed in Attachment A.

C. Procedures for IFS Menu Driven (School) Screen users (offices, Adult Schools and Early Education sites)

1. Follow steps 1 through 4 in Section B, above.
2. Fax a screen print of the PD CS transaction awaiting processing along with the quote documentation to the Local District PSC (schools and Local Districts) or to the Contract Administration Branch (offices). The PSC or Contract Administration Branch will schedule the PD on School Screens and perform the approval process on EZ Doc.
3. Keep a copy of the screen print and quote documentation on file at the school/office site so that it is available in case of audit.

IV. PRINTING AND DISTRIBUTING THE PURCHASE ORDER

- A. Sites that have the ability to print Purchase Orders may print a hard copy Purchase Order after it has been accepted in IFS. Sites without printing capability will receive a hardcopy from Job Cost Accounting.
- B. Have the site administrator sign the Vendor copy of the Purchase Order. Retain a copy of the signed Purchase Order for your records.
- C. Send the signed Vendor copy of the Purchase Order and copy of the Tips to Vendors to Expedite the Invoice Review and Payment Process, Attachment B, to the contractor either by U.S. mail or special overnight mailing service.

V. ACCEPTANCE OF SERVICES

Since a PD CS represents an agreement between a school or office and a specific contractor, the school/office is responsible for all arrangements for the contractor's performance. However, very specific terms and conditions may be required for certain specialized services, such as complex information technology services, and certain health-related services.

The contractor is obligated to perform the services according to the terms specified on the quotation. Therefore, it is important to ensure the quotation includes any specific arrangements to which the contractor has agreed. **District policy prohibits services from being performed prior to the Purchase Order authorization.**



After the contractor performs to the school/office's satisfaction, the responsible administrator acknowledges receipt of the services and completes the online Receiver (RC) via the IFS system. After completion of the receiver process, the Accounts Payable Branch matches the receiver (RC) to contractor invoices. Schools/offices should keep a copy of the PD CS stapled to a copy of the contractor's invoice (if available).

## VI. PURCHASE ORDER MODIFICATION AND CANCELLATION

### A. Modification of a Purchase Order

Purchase Orders can be modified anytime prior to acceptance of the services. Please note: Purchase Orders MAY NOT be modified to amounts greater than \$5,000. Instead, a new Purchase Order must be generated. **NOTE: Splitting contracts to avoid exceeding \$5,000 is strictly prohibited and will be closely monitored.**

### B. When Services May Be Cancelled

Orders placed with a contractor may be cancelled at any time prior to performance of services by mutual agreement between the school/office and the contractor.

Orders for services not provided by the promised date(s) may be unilaterally cancelled by the school/office on grounds that terms of the contract (PD CS) have not been met.

### C. Procedure for Canceling Orders

Notice of cancellation should be given orally to the contractor and confirmed in writing to the contractor.

Schools and offices are responsible for canceling their PD CS transactions in the IFS system.

When a partial cancellation is made, annotate the Report of Goods Received/ blue copy of the PD CS to indicate the quantities and/or dollar amount cancelled and received. The phrase "Consider Order Complete" should be visible on the form. The annotated copy must be sent to the Accounts Payable Branch. Accounts Payable will make payment for services received and cancel the encumbrance of funds for services cancelled.

## VII. PAYMENT FOR SERVICES RENDERED

Accounts Payable can process payment with the following three items: Purchase Order, contractor invoice, and an online receiver.

- A. Purchase Order – A purchase order is generated when a PD CS transaction is successfully entered into IFS by the ordering location.



## LOS ANGELES UNIFIED SCHOOL DISTRICT REFERENCE GUIDE

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- B. Invoice – Contractors are required to send invoices directly to the Accounts Payable Branch. Contractor invoice information is entered into IFS by Accounts Payable staff. Attached is the Tips to Vendors to Expedite the Invoice Review and Payment Process for the Contractor’s reference to insure payments are processed within specified timeframe. (See Attachment B.)
- C. Online Receiver – Schools/Offices submit receivers to Accounts Payable by entering a Receiver (RC) transaction via IFS to verify that services have been received and to authorize payment.

Payment is processed when all three items above are matched in IFS. A report will be available in DSS for locations to view each week listing open invoices that have not been processed for payment.

**NO PAYMENT MAY BE MADE UNTIL THE ONLINE RECEIVER (RC) IS ENTERED IN IFS AND MATCHED BY THE ACCOUNTS PAYABLE BRANCH.**

### VIII. AUDIT AND INTERNAL CONTROLS

All transactions are subject to audit by the Office of the Inspector General and should therefore follow all District policies and procedures listed in this Reference Guide and in all other referenced District Memoranda, Bulletins and Reference Guides. Care must be taken by all schools and offices to maintain files to support the receipt and acceptance of services obtained through this PD CS process.

#### **RELATED RESOURCES:**

Attachment A: Commodity Codes and Object Codes for Low-Dollar Value Professional Services Transactions Using PD CS.

Attachment B: Tips to Vendors to Expedite the Invoice Review and Payment Process.

For information regarding professional services contract policies, refer to Bulletin No. BUL-426. For general IFS processing instructions for the new PD CS, please refer to the IFS GUI PD and IFS EZ Doc PD User Manuals.

#### **ASSISTANCE:**

For assistance with the appropriate process for acquiring professional services, call your Local District Purchasing Services Coordinator (schools) or Contract Administration Branch Help Desk (offices) at (213) 241-3089 or send an email to [psg-contracts@lausd.k12.ca.us](mailto:psg-contracts@lausd.k12.ca.us). For assistance with IFS online ordering or receiving, call the ITD Help Desk at (323) 224-2277. For assistance with contract payments, contact Accounts Payable Branch Customer Service Unit at (888) 241-2726. For vendor identification number assistance, contact the Vendor Services Unit at (213) 241-3115.





Attachment A

COMMODITY CODES  
FOR LOW-DOLLAR VALUE ( $\leq$  \$5,000)  
PROFESSIONAL SERVICES TRANSACTIONS USING PD CS

COMMODITY CODE	DESCRIPTION
9625829001	AFTER SCHOOL, SCHOOL REFORM, AND SCHOOL SUPPORT SERVICES
9625829002	BUSINESS/LEGAL, COURT REPORTING & HEARING OFFICER SERVICES
9625829003	ENRICHMENT SERVICES, ACADEMIC AND CULTURAL
9625829004	EVALUATION AND GRANT PREPARATION SERVICES
9625829005	FACILITIES/ENVIRONMENTAL, INCLUDING MURALS
9625829006	HEALTH & HUMAN SERVICES, INCLUDING PHYS. & PSYCH. EXAMS
9625829007	PROFESSIONAL DEVELOPMENT AND TRAINER SERVICES
9625829008	TECHNOLOGY SERVICES, TROUBLESHOOTING & WEBSITE ASSISTANCE

OBJECT CODES  
FOR LOW-DOLLAR VALUE ( $\leq$  \$5,000)  
PROFESSIONAL SERVICES TRANSACTIONS USING PD CS

OBJECT CODE	DESCRIPTION
5110	PERS SVC CONTRACTS-G.P.-INSTR
5140	PERS SVC CONTRACTS-EL-INSTR
5150	PERS SVC CONTRACTS-SEC-INSTR
5801	PERS SVC CONTRACTS-NONINSTR
5802	OTHER NONINSTRUCTION CONTRACTS



Attachment B

TIPS TO VENDORS TO EXPEDITE THE INVOICE REVIEW AND PAYMENT PROCESS

To expedite the reviewing process for payment processing, contractor's invoice should include the following information:

- Invoice date
- Payee (same as contractor on Purchase Order)
- Address and/or remittance address (same as Purchase Order)
- Invoice number, preferably 8 digits or less. If your invoice number is greater than 8 digits, please inform Accounts Payable which numbers should be included as the 8 digit number. (This invoice number will show on check stub and will facilitate contractor's cash application process.)
- Purchase Order Reference number
- Date(s) of services rendered
- If project, description of phase completed as stated on Purchase Order
- Quantity or number of hours associated with the services
- Unit Price
- Total amount due
- If applicable, deduct from amount due any retention per contract
- Mail one original invoice to:

Los Angeles Unified School District  
Accounts Payable Branch  
333 South Beaudry Avenue, 27th Floor  
Los Angeles, CA 90017

# **Reference Guide C-24**

## **Purchasing Procedures and Delegated Authority**

FOR YOUR INFORMATION

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Office of the Chief Operating Officer

DISTRIBUTION:	All Schools and Offices	<u>ROUTING</u>
SUBJECT:	REFERENCE GUIDE NO. C-24 PURCHASING PROCEDURES AND DELEGATED AUTHORITY	Local District Superintendents Local District Administrators Local District Purchasing Services Coordinator School Principals School Administrative Assistants
DATE:	May 9, 2003	
DIVISION:	Business Services	
APPROVED:	MICHAEL A. EUGENE, Business Manager	

For further information, please call your Local District Purchasing Services Coordinator or the Procurement Services Group at (213) 241-3058.

This reference guide replaces previously issued Bulletin No. C-30, dated December 17, 1999, titled Purchasing Procedures and Delegated Authority, and provides important information concerning revised District policies and legal requirements, which apply when making non-stock purchases of supplies, equipment, and general services.

## I. BACKGROUND

Under state law, purchases of supplies, equipment, and related services may be authorized only by the Board of Education. The Board of Education delegates this purchasing authority to the Chief Procurement Officer and the Director of Purchasing to streamline the purchasing process.

## II. NEW DELEGATED AUTHORITY

Delegated authority allows the Procurement Services Group to efficiently execute purchasing transactions because pre-award Board approval is no longer required for purchases under certain dollar thresholds. At the same time, certain internal controls and accountabilities have been put in place, which include:

- New competitive requirements for selecting vendors including the utilization of Small Business Enterprises (SBE) Program.
- A required Procurement Certification Form signed under penalty of perjury by the requesting administrator whenever a specific vendor is selected and required as a one-bid award.
- “After The Fact” purchases (formerly referred to as Confirmation Requisition).
- Notice that all purchasing transactions will be subject to audit by the Office of the Inspector General.

Detailed procedures for initiating purchasing transactions are covered in “A Guide to Procurement” for Schools and Offices, dated July 2003.

### III. GENERAL PROCEDURES

All orders must conform to state competitive bid laws, which require awarding to the lowest responsible bidder. Orders exceeding \$59,600 may not be issued without following a formal, legal advertised bid procedure (except for items such as textbooks, periodicals, instructional software, and other prepared instructional materials that are exempted by law). Additionally, site administrators have the responsibility to complete the payment process for items/services obtained by the previous site administrator.

#### A. Purchases from the Stores Warehouse

Items in the District’s Stores Warehouse have met the legal purchasing requirements including the formal advertised bid requirement. Schools and offices can order the required top selling commodity group items directly from the Stores Warehouse without delays or dealing with legal purchasing requirements, blue receivers, vendor invoices or procurement certifications. Regular deliveries to schools and offices are made every five-business days. Next day delivery is also available. To find out what is available, the Supplies and Equipment Catalog is available at no cost from the warehouse. For information on the required top selling commodity groups, please refer to the Supplies and Equipment Catalog, which is updated and distributed to all schools and offices at the beginning of each school year.

#### B. Purchases of Non-Stock Items and General Services

For items less than \$1,000, please use the Procurement Card (P-card) or Imprest Funds. For purchasing transactions greater than \$1,000, a non-stock requisition (RX) must be processed online through the Integrated Financial System (IFS). If a school or office site is not online with IFS, a RX should be submitted to General Accounting, Beaudry Building, 27<sup>th</sup> floor. A Procurement Certification Form (Attachment A) must be completed whenever a preferred vendor is identified and required by the requesting administrator. The original Procurement Certification Form must be kept on file and a copy forwarded to the Procurement Services Group for use during the procurement process (see Attachment A).

For information on the Procurement Card and Imprest Fund transactions, please see Reference Guide No. C-15, Business Services Division, “Procurement Card,” dated May 9, 2003, and Reference Guide No. DB-4, Accounting and Disbursements Division, “Imprest Funds,” dated May 9, 2003, respectively.

### C. Unauthorized Practices

- After-the- Fact Purchases - Except as noted in this reference guide, administrators or staff are not authorized to place verbal, telephone or will-call orders directly with vendors and submit resulting invoices through a procedure formerly called a "confirmation" order.
- Bid Splitting - state law prohibits sending in multiple orders to the same vendor to avoid a formal, competitive bid process.
- Fictitious Purchase Orders - Except for Student Body purchase orders, District schools and offices are not authorized to create documents that take the place of official District purchase orders. This includes characterizing a non-stock requisition as a purchase order.
- Accepting Vendor Gifts - Receipt of a gift as an incentive to place an order with a vendor is not allowed.
- Bid Process - District staff are not allowed to communicate with vendors during the competitive bid process. Please refer all calls to the Purchasing Branch.

Note: Individual Local Districts/Divisions may institute more stringent requirements as appropriate.

## IV. EMERGENCY PURCHASES

In an emergency, schools and offices may use the walk-through procedure for stock items, non-stock items, and Book Purchase Orders (BPOs).

### A. Stock Requisition Walk-Through

Schools and offices may obtain emergency supplies immediately or request overnight delivery (in some cases, same-day delivery) using this process. See Reference Guide No. C-25, Business Services Division, "Emergency Requests for School Supplies, Walk-Throughs, and/or Overnight/Same-Day Delivery," dated May 9, 2003.

### B. Non-Stock Requisition Walk-Through (for purchases greater than \$1,000 and less than \$59,600)

Schools may obtain emergency material by requesting their Local District Purchasing Services Coordinator to expedite purchase order production and to contact the school or office making the request within a day. Price quotes from other vendors are required to ensure that the competitive bid process has been followed and prices for the preferred vendor are the lowest.

Offices may also request expedited purchase order production by the Purchasing Branch. However, there can be an expected waiting period of up to one day. If the school or office has identified a preferred vendor, a Procurement Certification Form should be completed by the requesting administrator and provided at the time of the walk-through (see Attachment A).

C. Non-Stock Requisition Walk-Through (for purchases greater than \$59,600)

Unless the requested goods or services are available through an existing master contract, a purchase order cannot be immediately issued. A formal advertised bid process as prescribed by law must be conducted. Please contact your Local District Purchasing Services Coordinator for assistance.

D. Book Purchase Order (BPO) Walk-Through

The BPO is a new transaction almost identical to the School Purchase Order, except it is limited to textbooks, library books, other books, instructional material and admission fees to District approved events. Schools and offices, in emergencies, may request that the vendor's copy of the BPO be printed and mailed to the vendor immediately at their Local District Office. See Reference Guide No. C-5, Business Services Division, "Book Purchase Order," dated May 9, 2003, for procedures to complete a BPO.

V. ITEMS RECEIVED AFTER A PURCHASE ORDER HAS BEEN PAID OR CANCELLED

Schools or offices may want to retain additional shipped materials after invoices have been sent to Accounts Payable for payment or when purchase orders have been properly cancelled. Whenever this occurs, the school or office may:

- Pay for the material with Imprest Funds.
- Submit a requisition to process a purchase order as "confirmation requisition with invoice attached" (now referred to as an "after-the-fact" purchase). A Procurement Certification Form must accompany this type of requisition.
- Refuse the delivery and/or return items to the vendor, at the vendor's expense.

VI. OTHER TRANSACTIONS

If an administrator is not using an established standard purchasing transaction (Stock, Non-Stock Requisition, Procurement Card, Imprest Fund, or the BPO), the proposed purchase should be reviewed with the appropriate Local District Purchasing Services Coordinator for options available to facilitate the transaction. Otherwise, the transaction, if completed, may be subject to a complete audit for legal and District compliance, best business practices, and cost-effectiveness before payment can be made to the vendor. This is necessary in order for the District to ensure that state law and District contractual agreements are not violated and that the District receives the best value for its dollar.

###

LOS ANGELES UNIFIED SCHOOL DISTRICT  
 Business Services Division

PROCUREMENT CERTIFICATION

Date: \_\_\_\_\_

School/Office: \_\_\_\_\_

Contact Name: \_\_\_\_\_

The Imprest fund or Procurement Card (P-card) should be used for transactions for \$1,000 or less. Transactions over \$1,000 but less than \$3,500 require two fax quotations; from \$3,500 to \$59,599 require three written quotations; over \$59,600 require formal competitive bid process.

RX NO. \_\_\_\_\_

PURCHASES

Vendor Name	Contact & Phone No.	Description of Product/Service	Subtotal	Sales Tax	Delivery/Installation	Total
1.						
2.						
3.						

Provide justification for selection of vendor if other than lowest price; or if there are fewer than 2 quotes for transactions less than \$3,500, or fewer than 3 quotes for transactions for \$3,500 and less than \$59,600 \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

CERTIFICATION

I certify under penalty of perjury that I have complied with the selection process required by the Board of Education and that supporting documents are on file in my office and available for inspection upon request. I also certify under penalty of perjury that there is no conflict of interest with the vendor selected above.

Administrator \_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Print Name/Title

###



REFERENCE GUIDE NO. C-24  
May 9, 2003

ATTACHMENT A

LOS ANGELES UNIFIED SCHOOL DISTRICT  
Business Services Division

PROCUREMENT CERTIFICATION

FORM CS008, 4/03

# Frequently Asked Questions

## **FREQUENTLY ASKED QUESTIONS APRIL 2006**

**Q1 What should I do if auditors show up without prior notification to the division administrator?**

**A1** *Call the LAUSD Audit Facilitation Team immediately at 213-241-7889. All audit visits are to be scheduled ahead of time and notification provided.*

**Q2 What kind of accommodation should a division prepare for the auditor(s)? Do we need to provide them with computers, calculators, telephone?**

**A2** *The auditors are provided their working space at the 26th floor of Beaudry building. If your division/branch is located outside the Beaudry building, it is best if you can provide the auditor(s) with a quiet place to work that has electric outlets for computer and internet connection. Auditors will bring their own equipment i.e. computers, calculators and cell phone.*

**Q3 How can we effectively prepare for the audit?**

**A3** *In an attempt to assist central offices prepare for the annual audit, the Controller's Office has provided an Audit Handbook for Central Offices. Please review the materials in the binder and be familiar with the contact persons listed. Every attempt will be made to provide additional and personalized support and assistance.*

**Q4 Who can assist us in understanding the documents/reports that the auditors may require?**

**A4** *You can call the Audit Facilitation Team, who may either respond to your questions or direct you to someone who can help you.*

**Q5 The auditors showed up on a day when my staff are extremely busy with year end closing activities . How can I handle this?**

**A5** *This should not happen. The LAUSD Audit Facilitation Team coordinated the audit schedules to ensure that divisions/departments who are involved in fiscal year end activities are not visited by the auditors during the block of time that the year closing is going on.*

**Q6 How do I treat the auditors?**

**A6** *Be professional. Keep your answers brief and to the point.*

**Q7 How do I submit copies of documents to the auditors after the site visit?**

**A7** *Feel free to make the arrangements directly with the auditors.*

# KPMG PBC List

**Los Angeles Unified School District  
Test of Controls  
Prepared By Client Listing  
6/30/2006**

<u>Area</u>	<u>Account</u>	<u>PBC#</u>	<u>Description</u>	<u>Division</u>	<u>District Contact</u>	<u>Extension</u>	<u>Requested</u>	<u>Due Date</u>	<u>Received</u>	<u>KPMG staff</u>	<u>Remarks</u>
A	General	General	PBC-A-5	2005 Budget – operating and capital	Budget	Roger Rasmussen		04/20/06	05/01/06		
J	Finance & Treasury	Cash	PBC J-1	Listing of all cash accounts	Business accounting	Clayton Springfield		04/20/06	05/01/06		
I	Fixed Asset	BB Bond	PBC I-1	Summary of provisions/restrictions imposed by the Proposition BB initiative, if changes	Facilities	Ken Luper	633-8119	04/20/06	05/01/06		
I	Fixed Asset	BB Bond	PBC I-2	The District's written Facilities Services Division change order policies and procedures	Facilities	Ken Luper	633-8119	04/20/06	05/01/06		
I	Fixed Asset	BB Bond	PBC I-3	Access to the District's policies and procedures manual	Facilities	Ken Luper	633-8119	04/20/06	05/01/06		
I	Fixed Asset	BB Bond	PBC I-4	Revised written change order procedures utilized for Proposition BB Bond Construction Program projects	Facilities	Mark Hovatter	633-3965	04/20/06	05/01/06		
A	General	General	PBC-A-4	Current Strategic Plan	General Accounting	Charles Burbridge		04/20/06	05/01/06		
A	General	General	PBC-A-9	Copies of any actuarial studies (PERS, STERS, Workers' Comp)	General Accounting	Dave Holmquist		04/20/06	05/01/06		
A	General	General	PBC-A-8	Cost Allocation Plan (Indirect Cost Rate Plan; J380)	General Accounting	Emma Gonzales		04/20/06	05/01/06		
A	General	General	PBC-A-3	Organization chart in place during FY 05/06	General Accounting	Ken Furuya		04/20/06	05/01/06		
A	General	Internal Controls	PBC-A-12	Access to staff to update internal control memos, perform tests of design on selected controls and tests of operative effectiveness of those same controls	General Accounting	Kenji Furuya	Jan-52	04/20/06	05/01/06		KPMG to provide update list of individuals we talked to last year.
A	General	General	PBC-A-1	Object code table (hard + soft)	General Accounting	May Lee		04/20/06	05/01/06		
A	General	General	PBC-A-2	Account type table (hard + soft)	General Accounting	May Lee		04/20/06	05/01/06		
A	General	General	PBC-A-7	Pertinent Interim Financial Reports (post 6/30/05 - December and March)	General Accounting	Rouelli Noble		04/20/06	05/01/06		
A	General	General	PBC-A-6	List of current members of Board of Education	General Accounting	Website		04/20/06	05/01/06		District to provide specific website
L	Human Resources	Accrued Payroll	PBC L-20	Payroll Calendar - Certificated & Classified	Payroll	Jim Malloy		04/20/06	05/01/06		
L	Human Resources	Accrued Payroll	PBC L-21	All policies updated during the year.	Payroll	Jim Malloy		04/20/06	05/01/06		

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I	Fixed Assets	Capital Outlay	PBC I-34	List of all leases and copies of contract where deemed significant.			04/20/06	05/01/06			
I	Fixed Assets	Capital Outlay	PBC I-35	Measure Y Bond language			04/20/06	05/01/06			
J	Finance and Treasury	Investment	PBC J-2	2006 Investment Policy	Business Accounting	Clayton Springfield	04/20/06	05/19/06			
J	Finance and Treasury	Investment	PBC J-3	Investment Activity Report (Up to March 31, 2006, needs update to 6/30/06)	Business Accounting	Clayton Springfield	04/20/06	05/19/06			
I	Fixed Asset	BB Bond	PBC I-5	Access to the monthly "Building Fund-Bond Proceeds Activity Status Report" (Status Report)	Business Accounting	Melba Brasel	1-7969	04/20/06	05/19/06		
A	General	General	PBC-A-10	A copy of form 700 (an independence form required by the state) for selected sample individuals, chosen from the listing of all individuals that are required to submit that list. (was due 3/31/06)	Ethics Department			04/20/06	05/19/06		
I	Fixed Assets	Capital Outlay	PBC I-24	Strategic Execution Plan for Fiscal Year 2006	Facilities	Gary Rainwater		04/20/06	05/19/06		
I	Fixed Assets	Capital Outlay	PBC I-25	Listing of construction projects approved for the fiscal year 2006 (Up to March 31, 2006, needs update to 6/30/06)	Facilities	Gary Rainwater		04/20/06	05/19/06		
I	Fixed Assets	Capital Outlay	PBC I-26	Listing of Currently Prequalified Contracts for Formal Competitive Bids (Up to March 31, 2006, needs update to 6/30/06)	Facilities	Gary Rainwater		04/20/06	05/19/06		
I	Fixed Assets	Capital Outlay	PBC I-27	Tabulation of Bid documents from the Bid Folder (Up to March 31, 2006, needs update to 6/30/06)	Facilities	Gary Rainwater		04/20/06	05/19/06		
I	Fixed Assets	Capital Outlay	PBC I-28	Contract Folder for A&E contracts (Up to March 31, 2006, needs update to 6/30/06)	Facilities	Gary Rainwater		04/20/06	05/19/06		
I	Fixed Assets	Capital Outlay	PBC I-29	Prequalified List of Architects for Phase II Projects (Up to March 31, 2006, needs update to 6/30/06)	Facilities	Gary Rainwater		04/20/06	05/19/06		

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I	Fixed Assets	Capital Outlay	PBC I-30	Scoring Sheets and Compilation (Up to March 31, 2006, needs update to 6/30/06)	Facilities	Gary Rainwater		04/20/06	05/19/06		
I	Fixed Assets	Capital Outlay	PBC I-31	Professional Services Agreement (Up to March 31, 2006, needs update to 6/30/06)	Facilities	Gary Rainwater		04/20/06	05/19/06		
I	Fixed Assets	Capital Outlay	PBC I-32	Listing of Authorized Signatures	Facilities	Gary Rainwater		04/20/06	05/19/06		
I	Fixed Assets	Capital Outlay	PBC I-33	Listing of M&O expenditures (Up to March 31, 2006, needs update to 6/30/06)	Facilities	Gary Rainwater		04/20/06	05/19/06		
I	Fixed Asset	BB Bond	PBC I-6	Listing of all project managers who charged to Proposition BB Bond Construction Program projects during the year (needs update to 6/30/06)	Facilities	Gary Rainwater/ Ken Luper	633-8119	04/20/06	05/19/06		
I	Fixed Asset	BB Bond	PBC I-7	Access to funding requests and project manager timesheets supporting hours billed for selected project managers for those project managers who charged time to Proposition BB Bond Construction Program projects (as of 3/31/06) (needs update up to 6/30/06)	Facilities	Gary Rainwater/ Ken Luper	633-8119	04/20/06	05/19/06		
I	Fixed Asset	BB Bond	PBC I-8	Schedule of approved billing rates per the construction manager contracts	Facilities	Gary Rainwater/ Ken Luper	633-8119	04/20/06	05/19/06		
I	Fixed Asset	BB Bond	PBC I-13	Detailed schedule of costs charged to Proposition BB Bond Construction Program projects by project management firms (by project manager)	Facilities	Gary Rainwater/ Ken Luper	633-8119	04/20/06	05/19/06		
I	Fixed Asset	BB Bond	PBC I-9	Schedule of all change orders that took place in the current year on Proposition BB Bond Construction Program projects	Facilities	Gary Rainwater/ Mark Hovatter	633-3965	04/20/06	05/19/06		
I	Fixed Asset	BB Bond	PBC I-10	Schedule of all Type "A" and "B" letters in place with respect to Proposition BB Bond Construction Program projects (Up to 3/31/06) (Need update up to 6/30/06)	Facilities	Gary Rainwater/ Mark Hovatter	633-3965	04/20/06	05/19/06		

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I	Fixed Asset	BB Bond	PBC I-11	Schedule of all agreements entered into by project management firms employed to oversee Proposition BB Bond Construction Program projects (Up to 3/31/06 and update for 6/30/06)	Facilities	Gary Rainwater/ Mark Hovatter	633-3965	04/20/06	05/19/06		
I	Fixed Asset	BB Bond	PBC I-12	Summary of all work authorizations, staffing orders, and amendments to the agreements for each project manager	Facilities	Gary Rainwater/ Mark Hovatter	633-3965	04/20/06	05/19/06		
K	Risk Management	Construction Claims	PBC K-1	Listing of claims made against the District for fiscal year 2006 related to contractual claims (Up to March 31, 2006, needs update to 6/30/06)	Facilities	Max		04/20/06	05/19/06		
A	General	General	PBC-A-11	Analysis of service organizations that provide services to the district that impacts the district's report (i.e., trustees, actuaries, people that the )	General			04/20/06	05/19/06		
G	Revenue & Collection	Internal Controls	PBC G-9	Supporting documents for Grant Awards selected wherein collection is through checks	Grants	Pat Pacleb		04/20/06	05/19/06		
G	Revenue & Collection	Revenue & Collection	PBC G-12	Listing of Grant Awards (Up to March 31, 2006, needs update to 6/30/06)	Grants	Pat Pacleb		04/20/06	05/19/06		
G	Revenue & Collection	Revenue & Collection	PBC G-10	School Calendar with submission dates for Statistical Reports	Grants	Surviva Mendoza		04/20/06	05/19/06		
G	Revenue & Collection	Revenue & Collection	PBC G-11	Attendance Summary Sheets from ACES System (Up to March 31, 2006, needs update to 6/30/06)	Grants	Surviva Mendoza		04/20/06	05/19/06		
G	Revenue & Collection	Revenue & Collection	PBC G-13	Listing of Revenue Programs for fiscal year 2006 (Up to March 31, 2006, needs update to 6/30/06) D724, revenue trial balance	Grants			04/20/06	05/19/06		



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L	Human Resources	Payroll	PBC L-8	Listing of Newly Hired Employees (Certificated and Classified) for fiscal year 2006 (Up to March 31, 2006, needs update to 6/30/06)	Human resources	Deborah Hirsh, and somebody for classified	04/20/06	05/19/06			
L	Human Resources	Internal Controls	PBC L-1	PTRS Reports for Samples Selected	Human resources	Jim Malloy	04/20/06	05/19/06			
L	Human Resources	Payroll	PBC L-9	Listing of Employees with Tax Status Changes (Certificated and Classified) (Up to March 31, 2006, needs update to 6/30/06)	Human resources	Karen Tillman (Division Head)	04/20/06	05/19/06			
L	Human Resources	Payroll	PBC L-10	Tax Bulletins	Human resources	Karen Tillman (Division Head)	04/20/06	05/19/06			
L	Human Resources	Payroll	PBC L-11	Payroll Listing (Certificated and Classified) (Up to March 31, 2006, needs update to 6/30/06)	Human resources	Karen Tillman (Division Head)	04/20/06	05/19/06			
L	Human Resources	Payroll	PBC L-12	Listing of District Separated Employees (Certificated and Classified) (Up to March 31, 2006, needs update to 6/30/06)	Human resources	Karen Tillman (Division Head)	04/20/06	05/19/06			
L	Human Resources	Payroll	PBC L-14	Supporting documents verifying various rates and factors used to calculate employee fringe benefits	Human resources	Karen Tillman (Division Head)	04/20/06	05/19/06			
L	Human Resources	Payroll	PBC L-15	Access to listing of employees sorted by school location (Up to March 31, 2006, needs update to 6/30/06)	Human resources	Karen Tillman (Division Head)	04/20/06	05/19/06			
L	Human Resources	Payroll	PBC L-16	Payroll Reconciliations (Up to March 31, 2006, needs update to 6/30/06)	Human resources	Karen Tillman (Division Head)	04/20/06	05/19/06			
L	Human Resources	Payroll	PBC L-17	Supporting documents approving the transfer of funds to compensate employees (Up to March 31, 2006, needs update to 6/30/06)	Human resources	Karen Tillman (Division Head)	04/20/06	05/19/06			
L	Human Resources	Payroll	PBC L-18	Access to exception Edit Reports (Up to March 31, 2006, needs update to 6/30/06)	Human resources	Karen Tillman (Division Head)	04/20/06	05/19/06			

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L	Human Resources	Payroll	PBC L-19	Statistical Reports (Up to March 31, 2006, needs update to 6/30/06)	Human resources	Karen Tillman (Division Head)	04/20/06	05/19/06			
L	Human Resources	Payroll	PBC L-13	Warrants pertaining to employee fringe benefits	Human resources		04/20/06	05/19/06			
H	Procurement	Contracts	PBC H-5	Listing of Material & Procurement contracts (Up to March 31, 2006, needs update to 6/30/06)	Procurement	George Silva	04/20/06	05/19/06			
H	Procurement	Contracts	PBC H-4	Listing of Professional Services contracts (Up to March 31, 2006, needs update to 6/30/06)	Procurement	Songyee	04/20/06	05/19/06			
K	Risk Management	Health & Welfare	PBC K-3	Listing of new health benefits enrollments for fiscal year 2006	Risk Management	George Tischler	04/20/06	05/19/06			
K	Risk Management	Health & Welfare	PBC K-4	Listing of claims reimbursements for fiscal year 2006 (Up to March 31, 2006, needs update to 6/30/06)	Risk Management	George Tischler	04/20/06	05/19/06			
K	Risk Management	Health & Welfare	PBC K-5	Check Register Schedule for complete listing of warrants issued to date (Up to March 31, 2006, needs update to 6/30/06)	Risk Management	George Tischler	04/20/06	05/19/06			
K	Risk Management	Health & Welfare	PBC K-6	Monthly Excel Spreadsheet documenting invoices that should be recorded (Up to March 31, 2006, needs update to 6/30/06)	Risk Management	George Tischler	04/20/06	05/19/06			
K	Risk Management	Health & Welfare	PBC K-7	Authorization for year-end adjustment for estimated liability for self-insurance	Risk Management	George Tischler	04/20/06	05/19/06			
K	Risk Management	Health & Welfare	PBC K-9	Listing of claims for fiscal year 2006 (Up to March 31, 2006, needs update to 6/30/06)	Risk Management	George Tischler	04/20/06	05/19/06			
K	Risk Management	Health & Welfare	PBC K-10	Listing of claims made against the District for fiscal year 2006 (Up to March 31, 2006, needs update to 6/30/06)	Risk Management	George Tischler	04/20/06	05/19/06			
K	Risk Management	Health & Welfare	PBC K-8	GL Transaction Listing of liability self-insurance expense up to March 31, 2006	Risk Management	Mildred Miyazaki & Susan Rodrigez	04/20/06	05/19/06			

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K	Risk Management	Workers' Compensation	PBC K-23	Obtain SAS 70 Report - Type II	Risk Management	Susan Rodrigez	04/20/06	05/19/06			KPMG to provide the district of organizations that need a SAS 70 report
K	Risk Management	Workers' Compensation	PBC K-25	Listing of settlements made for fiscal year 2006	Risk Management	Susan Rodrigez	04/20/06	05/19/06			
K	Risk Management	Environmental liabilities	PBC K-2	Evaluation of environmental claims, including assessment of insurance coverage regarding all types of self insured liabilities, since some of the liabilities may be partially insured.	Risk Management		04/20/06	05/19/06			
H	Procurement	Accounts Payable	PBC H-3	Material and Procurement contracts (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06)	Accounts Payable		04/20/06	05/26/05			
	Finance & Treasury	Cash	PBC J-4	Cash confirmations	General Accounting	Ken Furuya	04/20/06	05/26/06			
G	Revenue & Collection	Grant revenue	PBC G-2	Checks received corresponding to selections from Listing of Revenue Programs (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06)	Grant	Pat Pacleb	04/20/06	05/26/05			
G	Revenue & Collection	Grant revenue	PBC G-1	Grant Award Notices and/or any supporting documents (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06)	Grant	Pat Pacleb	04/20/06	05/26/05			
G	Revenue & Collection	Grant revenue	PBC G-4	Invoices prepared corresponding to selections from Listing of Revenue Programs (pending KPMG selection) (If IN, not available until year end)	Grant	Pat Pacleb	04/20/06	05/26/05			
G	Revenue & Collection	Grant revenue	PBC G-3	Journal Status Report corresponding to selections from Listing of Revenue Programs (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06)	Grant	Pat Pacleb	04/20/06	05/26/05			

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G	Revenue & Collection	Grant revenue	PBC G-6	Monthly Subsidy Claim Receivable Worksheet (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06)- Food services branch	Grant	Ruben Mendoza		04/20/06	05/26/05		
K	Risk Management	WC-Other Payables	PBC K-51	Monthly loss-run reports for October and March 2006	Risk Management	Dave Holmquist		04/20/06	05/26/06		High Priority
I	Fixed Asset	BB Bond	PBC I-14	Access to invoices and other supporting documentation for selected "materials" charges to Proposition BB Bond Construction Program projects	Accounts Payable	Rick Boull't	1-7684	04/20/06	05/26/06		
I	Fixed Asset	BB Bond	PBC I-15	Access to selected changed orders and relevant supporting documentation (up to 3/31/06) (Need update up to 6/30/06)		Mark Hovatter	633-3965	04/20/06	05/26/06		
I	Fixed Asset	BB Bond	PBC I-16	Access to selected type "A" and "B" letters (Up to 3/31/06 and update for 6/30/06)		Mark Hovatter	633-3965	04/20/06	05/26/06		
I	Fixed Asset	BB Bond	PBC I-17	Access to the proof of submission of a bid guarantee bond for selected type "A" and "B" letters, as applicable (Up to 3/31/06 and update for 6/30/06)		Mark Hovatter	633-3965	04/20/06	05/26/06		
L	Human Resource	Payroll	PBC L-6	Attendance sheet for selected employees (pending KPMG selection)				Pending selection	05/26/05		
K	Risk Management	Health & Welfare	PBC K-15	Authorizations for monthly cash advances from General Fund to Health and Welfare Fund (pending KPMG selection)				Pending Selection	05/26/06		
I	Fixed Assets	Capital Outlay	PBC I-20	Bid and Acceptance Forms (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06)				Pending Selection	05/26/06		
H	Procurement	Accounts Payable	PBC H-1	Cash disbursement packages (PO or Contract, receiving documents, and invoice; pending KPMG selection)				04/20/06	05/26/05		
K	Risk Management	Health & Welfare	PBC K-11	Claims reimbursements and supporting documentation (pending KPMG selection)				04/20/06	05/26/06		

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K	Risk Management	Health & Welfare	PBC K-19	Claims settled with supporting documentation (pending KPMG selection)			Pending Selection	05/26/06			
K	Risk Management	Health & Welfare	PBC K-20	Claims with supporting documentation for the corresponding investigation (pending KPMG selection)			Pending Selection	05/26/06			
I	Fixed Assets	Capital Outlay	PBC I-18	Construction contracts for both existing and new construction (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06)			Pending Selection	05/26/06			
L	Human Resource	Payroll	PBC L-5	Copy of timesheets with principal's certification showing review and approval of hours reported for the pay period (pending KPMG selection)			Pending selection	05/26/05			
I	Fixed Assets	Capital Outlay	PBC I-19	Corresponding advertisements in newspapers of general circulation (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06)			Pending Selection	05/26/06			
L	Human Resource	Payroll	PBC L-3	Documents pertaining to employee hiring process with signature indicating review and approval of salary rates by internal auditor (pending KPMG selection)			Pending selection	05/26/05			
L	Human Resource	Payroll	PBC L-2	Documents pertaining to employee hiring process with signature indicating review by internal auditor (pending KPMG selection)			Pending selection	05/26/05			
K	Risk Management	Health & Welfare	PBC K-13	Emergency Warrant Input Form (pending KPMG selection)			04/20/06	05/26/06			
K	Risk Management	Workers' Compensation	PBC K-27	Fraud and Abuse Reduction and Elimination Task Force minutes and communications (pending KPMG selection)			Pending Selection	05/26/06			
L	Risk Management	Health & Welfare	PBC K-29	Health Benefits Enrollments and substantiating documents to support qualification (pending KPMG selection)			Pending Selection	05/26/06			

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G	Revenue & Collection	Grant revenue	PBC G-7	Invoice Billings corresponding to Subsidy Claim Receivable Worksheet (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06) Maynot be available until 6/30/06.			04/20/06	05/26/05			
I	Fixed Assets	Capital Outlay	PBC I-23	Job Ticket/Order (pending KPMG selection)			Pending Selection	05/26/06			
K	Risk Management	Health & Welfare	PBC K-17	Journal Vouchers (pending KPMG selection)			Pending Selection	05/26/06			
K	Risk Management	Health & Welfare	PBC K-16	Journal Vouchers for missed invoices (pending KPMG selection)			Pending Selection	05/26/06			
K	Risk Management	Health & Welfare	PBC K-14	Manual and Non-manual Warrants pertaining to claims reimbursements (pending KPMG selection)			04/20/06	05/26/06			
K	Risk Management	Health & Welfare	PBC K-18	Monthly medical claims reconciliation (pending KPMG selection)			Pending Selection	05/26/06			
K	Risk Management	Health & Welfare	PBC K-22	Non-manual and Manual warrants pertaining to liability self-insurance and supporting documentation (pending KPMG selection)			Pending Selection	05/26/06			
I	Fixed Assets	Capital Outlay	PBC I-22	Payment Requests (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06)			Pending Selection	05/26/06			
L	Risk Management	Health & Welfare	PBC K-28	Premium Contribution Requests (pending KPMG selection)			Pending Selection	05/26/06			
L	Human Resource	Payroll	PBC L-7	Printed warrants for selected pay period (pending KPMG selection)			Pending selection	05/26/05			
H	Procurement	Accounts Payable	PBC H-2	Professional Services contracts (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06)			04/20/06	05/26/05			
K	Risk Management	Health & Welfare	PBC K-12	Reimbursements and supporting documentation (pending KPMG selection)			04/20/06	05/26/06			

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K	Risk Management	Health & Welfare	PBC K-21	Request for reimbursement of the liability trust fund and supporting documents (pending KPMG selection)			Pending Selection	05/26/06			
I	Fixed Assets	Capital Outlay	PBC I-21	RFQ Approved (pending KPMG selection) (Up to March 31, 2006, needs update to 6/30/06)			Pending Selection	05/26/06			
K	Risk Management	Workers' Compensation	PBC K-26	Settlement Authority Requests (pending KPMG selection)			Pending Selection	05/26/06			
L	Human Resource	Payroll	PBC L-4	Tax certificates for employees (pending KPMG selection)			Pending selection	05/26/05			
G	Revenue & Collection	Grant revenue	PBC G-5	Two Monthly Summary Reports generated by IFS (pending KPMG selection)			04/20/06	05/26/05			
K	Risk Management	Workers' Compensation	PBC K-24	Update letter of SAS 70 report to cover the period under audit			04/20/06	05/26/06			KPMG to provide the district of organizations that need a SAS 70 report
G	Revenue & Collection	Grant revenue	PBC G-8	Weekly Meal Reports (pending KPMG selection)			04/20/06	05/26/05			
I	Fixed Assets	Capital Assets	PBC I-36	Invoices /Backup documents for selected warrant/ journal entries from Object 6000 Pending selection		Maruch Atienza/Clayton Springfield/Rick Boull't	Pending selection	09/18/06			
A	General	Internal Controls	PBC-A-13	List of individuals that should fill out form 700, a form that is required by the state that addresses independence.	Ethics Department		04/20/06				
		<u>General</u>									
		<u>Revenue &amp; Collection</u>									
		<u>Procurement</u>									
		<u>Fixed Asset</u>									
		<u>Finance and Treasury</u>									
		<u>Risk Management</u>									
		<u>Human Resources</u>									

# **2005-2006 Audit Training Plan**



**Los Angeles Unified School District**

**Fiscal Year 2005/2006**

**Audit Training Plan**

**Presented by**

**Betty Ng, Controller  
Division of Accounting and Disbursements  
Office of the Chief Financial Officer**

**April 2006**

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## **Audit Training Plan**

### **Purpose**

The purpose of an audit training plan is to ensure the Los Angeles Unified School District (District) personnel at all levels, central office, local districts and school sites are adequately prepared for the annual independent audit as well as providing an orientation for the District's contracted auditors.

With a more effective and efficient audit process and a team of more informed District personnel, we strive to achieve the following objectives:

- Reduce the number of audit findings
- Reduce the number of questioned costs for the compliance areas and limit the amount of potential disallowed costs
- Reduce audit fees
- Enhance communication
- Emphasize organization and coordination
- Increase accountability
- Better utilization of resources

### **Background**

Each school district in California is required to have an annual independent external audit of its books and accounts pursuant to Education Code Section 41020. The legislative intent of the annual audit is to encourage sound fiscal management practices among local educational agencies for the most efficient and effective use of public funds for the education of children by strengthening fiscal accountability at the district, county, and state levels.

The audit requirements utilized by the District's contracted audit firm must comply with the following:

- Government Auditing Standards issued by the Comptroller General of the United States
- Standards of the American Institute of Certified Public Accountants (AICPA)
- U. S. Office of Management and Budget (OMB) Circular A-133 for federal programs
- Standards and Procedures for Audits of California K-12 Local Educational Agencies (State Audit Guide)

There are four major sections in the audit report: (a) auditor's opinion, (b) financial information, (c) statistical information, and (d) federal and state compliance.

## **Scope**

This audit training plan covers the preparation for the legally required annual audit. It does not cover any audits performed by LAUSD's Office of Inspector General, State Controller's Office, Los Angeles County Office of Education, U. S. Department of Education, other agencies and entities.

## **Targeted Participants**

There are five targeted groups addressed by this audit training plan. The training participants work in the following areas:

- Division of Accounting and Disbursements
- Central Offices
- Local Districts
- Selected Schools for Audit
- All Schools

## List of Training Components

	<b>Type</b>	<b>Targeted Audience</b>	<b>Duration</b>	<b>Date (2006)</b>
1.	District General Audit Training	Key central offices	All Day	April 17
2.	Training for statements issued by Governmental Accounting Standards Board (GASB)	Selected offices and divisions	3 Hours	May 12
3.	Audit Facilitation Team Training	Audit Facilitation Team members	On-Going	On-Going
4.	Specialized Training for Selected Schools	Administrators, support personnel and others for school sites selected for audit	As Needed	May—June
5.	General Training for All Schools	All Schools	As Needed	To Be Determined
6.	Annual School Districts Conference by California CPA Education Foundation	Key Audit Team Members	All Day	May 3
7.	Audit Binders for LAUSD Schools	Selected School Sites	N/A	May 8
8.	Audit Binders for LAUSD Divisions	Key Divisions	N/A	May 15
9.	Audit Binders for Audit Firm (KPMG)	KPMG	N/A	May 22

## **Division of Accounting and Disbursements**

### **Audit Training Plan**

#### **Background**

The Controller reports to the Chief Financial Officer and is the administrator for the Division of Accounting and Disbursements. The Division is responsible for (a) maintaining the official set of books and other accounting records for the District, (b) accounting for all District revenues, expenditures and other transactions, (c) disbursement of District funds through payroll and accounts payable, (d) managing the treasury functions including debt management for the District (e) internal controls and safeguard of District assets, (f) preparation of official District financial statements, (g) integrity of financial data/records and other related duties.

#### **Duties and Responsibilities**

The duties and responsibilities of the Division as they relate to the annual external independent audit of the District are as follows:

- Assist the Chief Financial Officer with engagement letter
- Assist the Chief Financial Officer with executive representation letters
- Facilitate the annual external independent audit
- Develop audit calendar
- Establish the Audit Facilitation Team within the Finance Division
- Identify training needs for targeted groups
- Provide audit training
- Assist divisions in resolving and finalizing audit findings
- Work with auditors on audit adjustments
- Prepare the Comprehensive Annual Financial Report (CAFR)
- Make presentations to the board and board committees

#### **Audit Training Plan**

- Audit training workshop
- Training on statements issued by Governmental Accounting Standards Board (GASB)
- Audit Facilitation Team training
- Annual School Districts Conference presented by California CPA Education Foundation
- 05/06 Audit Handbook for Divisions

## **LAUSD Central Offices**

### **Audit Training Plan**

#### **Background**

Divisions at central offices may be responsible for the oversight and compliance of various federal, state and local grants, entitlements, programs, and other funding. Central offices may have the responsibilities of submitting grant applications, developing and monitoring budgets, preparing financial reports, and other related tasks.

#### **Duties and Responsibilities**

- Work with Audit Facilitation Team from Finance
- Be familiar with program requirements
- Work with external auditors
- Perform oversight of program activities and expenditures to ensure compliance

#### **Audit Training Plan**

- 05/06 Audit Handbook for Divisions
- Audit training workshop
- GASB training for major divisions only, if appropriate

## **LAUSD Selected Schools for Audit**

### **Audit Training Plan**

#### **Background**

School administrators are responsible for the operation of the school, including financial transactions, maintenance of financial records, certification of payroll records and other related tasks. This is accomplished through the support of School Administrative Assistant at the school site, Fiscal Services Managers at the local districts, Fiscal Specialists located in the field but receive directions from the Central Office—School Fiscal Services Division and others.

Each year, the contracted independent audit firm selects a number of schools to be visited based on the auditor's independent selection criteria.

#### **Duties and Responsibilities**

- Attend training provided
- Work with Audit Facilitation Team
- Respond to requests from KPMG
- Follow LAUSD policies, procedures, memoranda, bulletins, and other District guidelines
- Request of assistance from the Audit Facilitation Team, if needed

#### **Audit Training Plan**

- 05/06 Audit Handbook for Schools
- Specialized Training and Assistance for Selected Schools



## **All Schools**

### **Audit Training Plan**

#### **Background**

School administrators are responsible for the operation of the school, including financial transactions, maintenance of financial records, certification of payroll records and other related tasks. This is accomplished through the support of School Administrative Assistant at the school site, Fiscal Services Managers at the local districts, Fiscal Specialists located in the field but receive directions from the Central Office—School Fiscal Services Division and others.

#### **Duties and Responsibilities**

- Attend training provided.
- Be familiar with audit findings and related issues.
- Follow LAUSD policies, procedures, memoranda, bulletins, and other District guidelines.
- Ask for assistance from local district and central offices, if needed.

#### **Audit Training Plan**

- General Training for Selected Schools

# KPMG Audit Team

# KPMG Audit Team

## 2005-2006

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**LAUSD**

**Audit**

**Facilitation Team**

**LAUSD**  
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