



**ORANGE COUNTY SUPERINTENDENT OF SCHOOLS
RESPONSE TO THE
2006-2007 ORANGE COUNTY GRAND JURY REPORT
THE ANAHEIM UNION HIGH SCHOOL DISTRICT
MEASURE Z CAPITAL PROGRAM**

Grand Jury Finding # 6 - Prior to the *Operational Forensic Performance Audit*, reporting by District Staff on Measure Z was not transparent. Schedule updates were presented without the prior or original planned schedules for comparison; actual expenditures were presented in overwhelming detail with insufficient summarization; not enough focus was placed on the drop in the construction contingency as the program continued; budget numbers and estimates of available program funds repeatedly changed with little or no explanation or tie-back to prior presentations; and program status and financial reporting was frequently delayed until the information was obsolete.

Orange County Superintendent of Schools Response: **Agree per discussion with district**

Although the Orange County Superintendent of Schools was not privy to the information contained in this finding, based on discussions with district staff our office concurs with this finding.

Grand Jury Finding # 7 – The OCDE/Superintendent of Schools has no effective computerized system available for tracking and controlling multi-year capital expenditure programs like Measure Z.

Orange County Superintendent of Schools Response: **Disagrees Partially**

While the Orange County Superintendent of Schools does not have a proprietary computerized system to offer school districts for tracking and controlling multi-year capital expenditure programs like Measure Z, there are numerous systems available to districts to track these expenditures.

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Grand Jury Finding #8 – Prior to October 2005, the AUHSD, along with other County school districts, lacked the internal expertise to develop a control and tracking system for large-scale multi-site capital programs, or to evaluate the adequacy of systems proposed by outside consultants.

Orange County Superintendent of Schools Response: **Disagree Wholly**

Many districts in Orange County including the Orange County Superintendent of Schools have knowledgeable internal staff with the appropriate expertise to control, track and manage large-scale multi-site capital programs. In addition, there are numerous consultants and systems available to districts that have the capability to assist district staff in the effective tracking and controlling of capital project expenditures for large-scale multi-site capital programs. Many Orange County districts utilize these outside services based on the evaluation of qualified internal staff to assist in their project management requirements.

Grand Jury Finding #16 – Circumstances beyond the AUHSD’s control contributed to cost overruns in the Measure Z program. Unforeseen escalations in materials costs and construction management and architectural fees were being experienced during 2003-2006 by school districts statewide and even nationwide. Overall, construction costs increased 30% during this period.

Orange County Superintendent of Schools Response: **Agree**

Many school districts throughout the state and nationwide did in fact experience significant cost overruns during 2003-2006 due to unforeseen escalations in materials and labor costs associated with increased demand and shortage of available resources.

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RECOMMENDATIONS:

Grand Jury Recommendation #3 – When a County school district begins a major new capital expenditure program affecting multiple school sites, program-specific systems and processes for expenditure authorization, procurement, tracking and control should be integrated with, but distinct from, the existing combined manual and automated systems for day-to-day District operations. (This recommendation arises from Findings, F-5, F-6 and F-7)

Orange County Superintendent of Schools Response: **The recommendation will not be implemented.**

As mentioned previously, there are numerous resources available to districts that have the capability to effectively track and control capital project expenditures for large-scale multi-site capital programs. Choosing the system is a local decision at the purview of the local Governing School Board. This recommendation is outside the scope of the County Superintendent's authority.

Grand Jury Recommendation #4 – The County Superintendent of Schools should investigate developing an automated system for tracking multi-year construction programs for use by county schools, since the Bi-Tech system is not well-suited for this type of multi-year program management functionality. (This recommendation arises from Findings F-5, F-6, F-7 and F-8).

Orange County Superintendent of Schools Response: **The recommendation will not be implemented.**

As mentioned previously, there are numerous resources available to districts that have the capability to effectively track and control capital project expenditures for large-scale multi-site capital programs. Choosing the system is a local decision at the purview of the local Governing School Board. This recommendation is outside the scope of the County Superintendent's authority.

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Grand Jury Recommendation #5 – The Citizens’ Oversight function should have knowledgeable members who have real-world experience in construction, planning, finance, budgeting, and related systems and controls. They should be proactive, and not merely follow the AUHSD Board of Trustees’ recommendations and directives. Consideration should be given to allowing the Citizens’ Oversight Committee to have a direct written and verbal reporting relationship to the Board of Trustees. (This recommendation arises from Finding F-9).

Orange County Superintendent of Schools Response: **The recommendation will not be implemented.**

Identifying individuals to serve on a school district’s Citizens’ Oversight Committee along with related experience and functions are at the judgment and purview of the local Governing School Board. This recommendation is outside the scope of the County Superintendent’s authority.