# San Diego Taxpayers Educational Foundation

1855 1st Avenue, Suite 201| San Diego, CA 92101 | T: 619-234-6423

# School Bond Transparency In San Diego County

## SUMMARY REPORT

### *July 2018*

Since 1988, the *San Diego Taxpayers Educational Foundation* (SDTEF) has conducted research on issues relevant to taxpayers such as transparency and accountability. Taxpayers should be able to quickly determine if school district officials have carried out the new schools, classroom upgrades, and security improvements promised to voters at the time of a facilities bond measure proposal. Technological advancements have made this information easier to find today than it has been in the past. This report compiles the existence of that information and may serve as a tool that San Diego County school districts can use in the ongoing process of improving transparency with respect to school facilities bond programs.

While there are many criteria that go into making a school facilities bond program effective, the scope of this study focuses solely on transparency, defined as the accessibility of information that makes it possible for taxpayers to assess the performance of school facility bond programs. This study is the most recent update of the SDTEF study first published in 2007. The study focuses on the transparency of currently active school facility bond programs' Independent Citizen Oversight Committees (ICOCs). To better inform districts of the criteria used to appraise transparency, the SDTEF created the San Diego County Taxpayers Association's "Oversight Committee Best Practices" in 2010 and amended it 2015. SDTEF first released a scorecard evaluating school districts based on these practices in 2013.

The Transparency Scorecard summarizes the findings of this study by providing an accounting of information made available by school districts. **The Transparency Scorecard only makes note of the existence of the criteria examined and does not comment on the quality of the material available or the ease of access.** However, our recommendations note how to improve these aspects of a district's bond program.

Currently, twenty-three school districts in San Diego County have an active facilities bond program. These districts include the following:

Cajon Valley Union School District
Cardiff School District
Carlsbad Unified School District
Chula Vista Elementary School District
Dehesa School District
Encinitas Union School District
Escondido Union School District
Fallbrook Union High School District
Grossmont Union High School District
Grossmont-Cuyamaca Community College District
Lakeside Union School District
Lemon Grove School District
MiraCosta Community College District
National School District
Oceanside Unified School District
Palomar Community College District
San Diego Community College District
San Diego Unified School District
San Dieguito Union High School District
San Marcos Unified School District
Solana Beach School District
Southwestern Community College District
Sweetwater Union High School District

Our findings show that the average transparency grade of ICOCs has increased from 88% in 2017 to 91% in 2018. This represents an 3% positive change over the past year. Trends on overall transparency have fluctuated over the past three: improving in 2016, not being fully sustained through 2017, and increasing back again in 2018. Of the twenty-three school districts with bonds passed, only one failed to meet at least 65% of the criteria examined. Nineteen of these twenty-three school districts (76%) met over 85% of the categories compared with fifteen districts (52%) in 2017. Eight districts had perfect scores. While the performance of school districts in regard to transparency has improved overall, there is still room for improvement.

SDTEF has concerns about the inability of districts' ICOCs to update all of its bond-related materials in a timely manner. Another consistent area of concern is with the school districts' bond performance audits, as they do not address the use of best practices for construction management, project delivery, construction technology, and similar aspects of construction performance. They also do not assess the performance of Oversight Committees themselves. Additionally, because these performance audits do not measure more than law compliance, they often offer no further recommendations for the oversight committee and bond program to improve. Because

performance audits have rarely gone beyond measuring compliance with the law, the SDTEF decided not to penalize school districts at the time in which the data was gathered.

One of SDTEF's recurring criteria for the Transparency Scorecard is "**Performance Audits meet SDCTA Standards**," which is based off SDCTA's "Oversight Committee Best Practices" and which districts have failed to meet in 2017 and in 2018. In the past, SDTEF has sent each district with a current facilities bond program a copy of the Oversight Committee Best Practices and incorporated the Best Practices into its educational courses on bonds. Given the discussed inconsistencies and demonstrated need for improvement in performance audits for districts across San Diego County, SDTEF believes that efforts to educate districts on best practices for these audits should be emphasized, and it looks forward to identifying the cause of systemic issues during a working group, to which all districts will be invited to participate, to refresh and improve the Transparency Scorecard standards in 2019. Therefore, the "Performance Audits Meet SDCTA Standards" criterion will not impact 2018 Transparency Scores but will be included in the calculation of 2019 Transparency Scores as best practices are amended.

With this in mind, SDTEF offers four recommendations to best address continuing school bond transparency problems.

**Recommendation #1: Update all information on the ICOC's website on a regular basis, including posting up-to-date agendas, minutes, financial and performance audits, and annual reports.**

Access to up-to-date information is vital to transparency. Districts should frequently update all website materials to reflect the most accurate information. Audits and financial reports should be available in a timelier fashion, as they should take no longer than a few months to prepare. Similarly, project status updates should be regularly provided— not just as budget updates, but construction progress with expected timelines for completion as well. School districts should know that during next year's Transparency Scorecard, the SDTEF, along with its working group on the issue, may reward districts that have the pertinent information 30 days after it is issued.

**Recommendation #2: Adjust ICOC website organization to make it easy to navigate and find specific information.**

Simply including all of the recommended information such as financial audits and meeting minutes does not guarantee transparency. Instead, an ideal ICOC website would organize these files by type and date in separate links, so that any interested party could easily find the information available. All files are important, but they are often not easy to differentiate between, especially when uploaded with a nondescript file name. Grossmont-Cuyamaca Community College District, Cajon Valley Union School District, and San Diego Community College District work as good models for how to organize the ICOC website, and can serve as a starting point for other districts. These districts stand out for having a

website with a user-friendly interface in which all information is categorized and presented separately for better navigation.

**Recommendation #3: Performance audits should be conducted by auditors with demonstrated knowledge in project management and construction industry best practices. These audits should address performance beyond merely compliance with the law.**

As was the case in 2017, all of the latest audits fail to truly evaluate the performance of a school district's facilities bond program. This is because the independent auditor who executes the performance audit is commonly the same auditor responsible for the financial audit. However, a performance audit's aim should not be to evaluate financial compliance with law. Instead, a performance audit should aim to increase accountability in the actual construction process. Auditors who are well-versed in financial auditing are not necessarily knowledgeable in project management and/or construction. As such, auditors with performance audit expertise should be sought out to conduct performance audits rather than giving priority to the financial auditor. Because producing meaningful performance audits is and continues such a widespread issue across districts, the planned 2019 SDCTA Transparency Scorecard working group will discuss this systemic issue.

**Recommendation #4: Use the best established ICOCs as models when starting an ICOC.**

In order to properly establish themselves, new school districts and their ICOCs should turn not only to the San Diego County Taxpayers Association's "Oversight Committee Best Practices," but should also look toward the most transparent established ICOCs as models for success. By following the already established methods that have proven successful in other school districts, such as the proper and timely dissemination of information that districts like Grossmont-Cuyamaca Community College District, Cajon Valley Union School District, and San Diego Community College District have shown, new ICOCs can more easily establish themselves as transparent.

**Recommendation #5: Participate on the upcoming SDCTA working group to revise current "Oversight Committee Best Practices" in 2019.**

The San Diego County Taxpayers Association's "Oversight Committee Best Practices" were approved by its Board in 2011 and last amended in 2015. Following concerns from the districts about their ability to meet that criteria, the SDCTA has included in its 2019 plans the creation of a working group to revise its current best practices in a way that correctly captures how much information a district is able to share with taxpayers, and whether it is doing so or not. We highly encourage all districts to actively participate in this process, as it will provide evaluators with a better understanding of the source of recurring issues and with an opportunity for districts to address their concerns.

<u>Description of Criteria</u>

*On the District's ICOC Website*

**Committee Bylaws:** A link to the committee bylaws is available on the ICOC website.

**Member Information:** A list of the names of all ICOC members is available on the ICOC website.

**Meeting Minutes/Agendas:** Links to the most up-to-date meeting minutes and agendas are available on the ICOC websites.

**Additional Meeting Material:** Links to attachments, appendixes, presentations, and other additional materials for every ICOC meetings are available on the ICOC website.

**Annual Reports:** A link to the Annual Reports is available on the ICOC website.

**Performance Audits:** A link to separate Performance Audits is available on the ICOC website, or under a separate heading within the Financial Audits.

**Financial Audits:** A link to the Financial Audit is available on the ICOC website.

**Project List:** All projects currently being funded by the bond are listed on the ICOC website.

**Project Descriptions:** A brief written description of each project can be found on the ICOC website.

**Project Progress:** The current status and plan of action for each project can be found on the ICOC website.

**Bond Background:** A brief description of the bond, for what it is intended, when it was passed, and its amount can be found on the ICOC website.

**Contact Information:** The school district phone number and an email address of the ICOC point of contact is listed on the ICOC website.

**Vacancies listed:** Any committee vacancies, expected vacancies, or lack of vacancies are listed on the ICOC website.

**Number of Vacancies:** The number of current ICOC committee vacancies is listed on the ICOC website. While this is not a scored criterion, SDTEF recommends having no vacancies when possible.

**2016 Reports Available:** The 2016 Audits and Annual Reports are available on the ICOC website. This criterion must be met in order to meet the criteria listed below.

**Budget Overview:** A breakdown of how the budget was allocated for the past year is found in the annual report or audit.

**Program Status Updates:** An explanation of the current status of the bond program is found in the annual report or audit.

---

*On the 2017 Annual Report/Audits*

**Detailed Discussion of Projects:** A detailed discussion about what was accomplished in the past year and future plans for bond projects are found in the annual report.

**Basic Financial Information:** Basic financial information can be found in the audit in accordance with general auditing standards.

**Expenditures Itemized by Project/Site:** All expenditures are itemized by project within the Financial Audit.

**Prop 39 Required Audit Findings:** Audits fulfill the requirements set forth by Prop 39.

**Additional Recommendations:** There is a separate heading within the Audit called "Additional Recommendations," or a clear list of recommendations by the Auditor is easily found within the Audit.

**Detailed ICOC Member Information:** Section includes member's name and position, as well as contact information for at least one member.

**Project Progress Report:** The current status of all projects, further work that needs to be completed, and a general timeline for expected completion can be found in the annual report or audit.

**Audits Performed by Third Party:** Audits are performed by an independent auditor in accordance with the law.

**\*Performance Audits meet SDCTA Standards:** Performance audits are in line with SDCTA's Oversight Committee Best Practices.

*This criterion is not included in the 2018 Transparency Score but **WILL** be included in the 2019 Transparency Score, as amended during the 2019 Bond Transparency working group.

# 2018 SDTEF School Bond Transparency Scorecard

| | CVUSD | EsUSD | GCCCD | MCCCD*^ | SDCCD | SDUSD | SDUHSD | SWCCD | CSD* | GUHSD | LGSD | OUSD | SMUSD | CUSD | CVESD | EnUSD | PCCD | SBSD* | SUHSD | LSUSD | DSD | NSD* | FUHSD* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Website Information Provision** | | | | | | | | | | | | | | | | | | | | | | | |
| Committee Bylaws | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| Member Information | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| Meeting Minutes/Agendas | Y | Y | Y | Y | Y | Y*** | Y | Y | Y | Y | Y | Y | Y | Y*** | Y | Y*** | Y | Y | Y | Y | Y | Y | Y |
| Additional Meeting Material | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | |
| Annual Reports | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | Y | Y | Y | Y | |
| Performance Audits | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | Y | Y | Y | Y | |
| Financial Audits | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | Y | Y | Y | Y | |
| Project List | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | | |
| Project Descriptions | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | Y | Y | Y | Y | | | | |
| Project Progress | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | | Y | |
| Bond Background | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| Contact Information | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | |
| Vacancies Listed | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| Number of Vacancies | 1 | 2 | 0 | 1 | 1 | 2 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 1 | | 0 | | 3 | 1 | 2 | 0 |
| **2017 Reports Available** | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | Y** | Y | Y | Y | Y | Y** | Y | Y | Y | Y | |
| **2017 Audits Available** | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | Y** | Y | Y | Y | Y | Y** | Y | Y | Y | Y | |
| **2017 Report/Audit Information Provision** | | | | | | | | | | | | | | | | | | | | | | | |
| Budget Overview | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | |
| Program Status Updates | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | Y | | | Y | Y | Y** | Y | | | Y | |
| Detailed Discussion of Projects | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | | | ** | Y | Y | Y** | | | | | |
| Basic Financial Information | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | | Y | Y | Y | Y | | Y | | Y | Y | |
| Expenditures Itemized by Project/Site | Y | Y | Y | | Y | Y | Y | Y | N/A | | Y** | Y | Y | Y | Y | Y** | Y | Y** | Y | | Y | Y | |
| Prop 39 Required Audit Findings | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | |
| Additional Recommendations | 0 | 0 | 0 | | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Detailed ICOC Member Information | Y | Y | Y | | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | Y | Y | Y | |
| Project Progress Report | Y | Y | Y | | Y | Y | Y | Y | | | Y | | Y | Y | Y | Y | Y** | | Y | | Y | | |
| Audits Performed by Third Party | Y | Y | Y | | Y | Y | Y | Y | Y | | Y | | Y | Y | Y | Y | Y | | Y | Y | Y | Y | |
| **Performance Audits meet SDCTA Standards** | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **Points Out of 25** | 25/25 | 25/25 | 25/25 | 10/10 | 25/25 | 25/25 | 25/25 | 25/25 | 23/24 | 24/25 | 24/25 | 24/25 | 24/25 | 23/25 | 23/25 | 23/25 | 23/25 | 22/25 | 22/25 | 21/25 | 20/25 | 19/25 | 5/25 |
| **2018 Transparency Grade** | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 96% | 96% | 96% | 96% | 96% | 92% | 92% | 92% | 92% | 88% | 88% | 84% | 80% | 76% | 20% |
| 2017 Transparency Grade | 96% | 96% | 96% | 100% | 96% | 96% | 100% | 100% | 100% | 100% | 100% | 96% | 100% | 84% | 44% | 76% | 100% | 100% | 84% | 76% | 72% | 56% | 60% |
| Change Since Previous Year | 4%↑ | 4%↑ | 4%↑ | – | 4%↑ | 4%↑ | – | – | 4%↓ | 4%↓ | 4%↓ | – | 4%↓ | 8%↑ | 48%↑ | 16%↑ | 8%↓ | 12%↓ | 4%↑ | 8%↑ | 8%↑ | 20%↑ | 40%↓ |

*Proposition recently passed or in between bond issuances

^No annual reports have been issued to date

**Information Available in Other Documentation

\*\*\* Incomplete/Needs Updating

**Click on your District Acronym to Contact your Citizen Oversight Board Members**

| DISTRICT NAME | ABBREVIATION |
|---|---|
| Cardiff School District | **CSD** |
| Carlsbad Unified School District | **CUSD** |
| Chula Vista Elementary School District | **CVESD** |
| Cajon Valley Union School District | **CVUSD** |
| Dehesa School District | **DSD** |
| Encinitas Union School District | **EnUSD** |
| Escondido Union School District | **EsUSD** |
| Fallbrook Union High School District | **FUHSD** |
| Grossmont-Cuyamaca Community College District | **GCCCD** |
| Grossmont Union High School District | **GUHSD** |
| Lemon Grove School District | **LGSD** |
| Lakeside Union School District | **LSUSD** |
| Mira Costa Community College District | **MCCCD** |
| National School District | **NSD** |
| Oceanside Union School District | **OUSD** |
| Palomar Community College District | **PCCD** |
| Solana Beach School District | **SBSD** |
| San Diego Community College District | **SDCCD** |
| San Dieguito Union High School District | **SDUHSD** |
| San Diego Unified School District | **SDUSD** |
| San Marcos Unified School District | **SMUSD** |
| Sweetwater Union High School District | **SUHSD** |
| Southwestern Community College District | **SWCCD** |