# San Diego Taxpayers Educational Foundation

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# School Bond Transparency In San Diego County

## SUMMARY REPORT

### *July 2017*

The San Diego Taxpayers Educational Foundation (SDTEF) conducts research on issues relevant to taxpayers including transparency. Taxpayers should be able to quickly determine if new libraries, new pools, and new classrooms, for example, that school district officials promised to voters while pitching a facilities bond measure have been built. In many districts, this information is easier to find today than it has been in the past. This report is intended to provide tools for San Diego County school districts to 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 – 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 2007 study. It focuses on the transparency of currently active school facility bond programs' Independent Citizen Oversight Committees (ICOCs). From this original study, SDTEF has created the San Diego County Taxpayers Association's "Oversight Committee Best Practices," by which to appraise the transparency of ICOCs. In 2013, SDTEF released a scorecard evaluating school districts based on these practices.

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.

This year, two school districts' bond programs were on hiatus: Escondido Union High School District and South Bay Union School District. Though they are technically current bond programs, these districts have paused issuing bonds and their ICOC members have termed out, therefore SDTEF did not evaluate these programs. Additionally, San Ysidro School District has

a current bond program, however it was passed before ICOCs were required, and therefore cannot be evaluated. It should be noted, though, that while National School District has information available about their Measure N bond program, there is no information available online about their 2016 Measure Hh bond program.

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

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

Overall, our findings show that the transparency of ICOCs has decreased over the past year. Our 2016 evaluation of bond transparency brought marked improvement, but that improvement does not seem to have been fully sustained through 2017. Of the nineteen school districts with bonds passed prior to November 2016, only three failed to meet at least 65 percent of the criteria examined. However, only fifteen of these school districts met over 85 percent of the categories compared with seventeen districts in 2016, and fewer districts met 100 percent of the criteria this year than in 2016.

With the overall performance of school districts in regard to transparency decreasing, there is ample room for improvement in the future. One consistent area of concern is with the school districts' bond performance audits. Although nearly every school district has up-to-date

performance audits, these audits rarely go beyond measuring compliance with the law. They do not address the use of best practices for construction management, project delivery, construction technology, and similar aspects of construction performance, nor do they address the performance of the 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.

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." Given the discussed inconsistencies and demonstrated need for improvement in performance audits for districts across San Diego County, SDTEF believes efforts to educate districts on best practices for these audits should be revamped. In order to address this issue, SDTEF has sent each district with a current facilities bond program a copy of the Oversight Committee Best Practices and will incorporate the Best Practices into its upcoming educational bonds courses. The "Performance Audits Meet SDCTA Standards" criterion will not be included in the calculation of 2017 Transparency Scores, but **will be included in the calculation of 2018 Transparency Scores**.

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

**Recommendation #1: Regularly update all information on the ICOC's website including posting up-to-date audits and financial reports.** Access to up-to-date information is vital to transparency. Websites should be updated frequently 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.

**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, 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. Cajon Valley Union School District, San Diego Community College District, San Dieguito Union High School District, and San Marcos Unified School District work as good models for how to organize the ICOC website, and can serve as a starting point for other districts.

**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.** 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. As producing meaningful performance audits was such a widespread issue across districts, we encourage district superintendents and representatives to participate in San Diego Taxpayers Education Foundation's bond course, which further outlines the components that an ideal performance audit should include.

**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, new ICOCs can more easily establish themselves as transparent. Many of the San Diego region community college districts have established bond programs and ICOCs that can be used as a model for new school districts.

## *Description of Criteria*

**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.

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**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.

**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](#).

> *Note: This criterion is not included in the 2017 Transparency Score but **WILL** be included in the 2018 Transparency Score*

# 2017 SDTEF School Bond Transparency Scorecard

| | GUHSD | LGSD | PCCD | SDUHSD | SMUSD | SWCCD | CVUSD | EsUSD | GCCCD | OUSD | SDCCD | SDUSD | CUSD | SUHSD | EnUSD | LSUSD | DSD | NSD* | CVESD | CSD*^ | MCCCD*^ | SBSD*^ | 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 | |
| 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 | N/A | Y |
| Additional Meeting Material | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | | Y | | Y | N/A | N/A | N/A | N/A |
| Annual Reports | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | Y | N/A | N/A | N/A | N/A |
| Performance Audits | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N/A | N/A | N/A | N/A |
| Financial Audits | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | N/A | N/A | N/A | N/A |
| Project List | 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 | Y | |
| Project Progress | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | | | | N/A | Y | N/A | N/A |
| Bond Background | 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 | |
| Vacancies Listed | Y | Y | Y | Y | Y | Y | Y | | Y | Y | | Y | | Y | Y | Y | Y | Y | | Y | Y | Y | |
| Number of Vacancies | 0 | 0 | 2 | 0 | 4 | 0 | 1 | | 2 | 0 | | 1 | | 2 | 1 | 1 | 1 | 3 | | 0 | 0 | 0 | |
| **2016 Reports Available** | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | | N/A | N/A | N/A | N/A |
| **2016 Audits Available** | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | | N/A | N/A | N/A | N/A |
| **2016 Report/Audit Information Provision** | | | | | | | | | | | | | | | | | | | | | | | |
| Budget Overview | 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 | | | | | | |
| Detailed Discussion of Projects | 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 | | | | | |
| Expenditures Itemized by Project/Site | Y | 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 | | | | | |
| Additional Recommendations | 0 | 0 | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Y | 0 | 0 | 0 | 0 | | | | | |
| Detailed ICOC Member Information | 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 | | | | |
| **Points Out of 25** | 25/25 | 25/25 | 25/25 | 25/25 | 25/25 | 25/25 | 24/25 | 24/25 | 24/25 | 24/25 | 24/25 | 24/25 | 21/25 | 21/25 | 19/25 | 19/25 | 18/25 | 14/25 | 11/25 | 15/15 | 15/15 | 15/15 | 9/15 |
| **Transparency Grade** | 100% | 100% | 100% | 100% | 100% | 100% | 96% | 96% | 96% | 96% | 96% | 96% | 84% | 84% | 76% | 76% | 72% | 56% | 44% | 100% | 100% | 100% | 60% |
| **Change Since Previous Year** | = | + | + | = | + | = | - | | - | | + | - | - | - | - | - | - | + | - | | | | |

*Proposition passed since last update

^No annual reports have been issued to date

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

| ABBREVIATION | DISTRICT NAME |
|---|---|
| GUHSD | Grossmont Union High School District |
| LGSD | Lemon Grove School District |
| PCCD | Palomar Community College District |
| SDUHSD | San Dieguito Union High School District |
| SMUSD | San Marcos Unified School District |
| SWCCD | Southwestern Community College District |
| CVUSD | Cajon Valley Union School District |
| EsUSD | Escondido Union School District |
| GCCCD | Grossmont-Cuyamaca Community College District |
| OUSD | Oceanside Unified School District |
| SDCCD | San Diego Community College District |
| SDUSD | San Diego Unified School District |

| ABBREVIATION | DISTRICT NAME |
|---|---|
| CUSD | Carlsbad Unified School District |
| SUHSD | Sweetwater Union High School District |
| EnUSD | Encinitas Union School District |
| LSUSD | Lakeside Union School District |
| DSD | Dehesa School District |
| NSD* | National School District |
| CVESD | Chula Vista Elementary School District |
| CSD*^ | Cardiff School District |
| MCCCD*^ | MiraCosta Community College District |
| SBSD*^ | Solana Beach School District |
| FUHSD*^ | Fallbrook Union High School District |