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The HCCSD has relied on advice from the Office of Mono County Counsel and use of best practices. Specifically, some of the actual dollar ceilings used for HCCSD decision-making on what contracts can be direct awarded and/or need a competitive bid process come from Mono County thresholds and the County's legal department. It is important to note that the actual ceiling for competitive bidding is \$25,000 and applies specifically to construction projects vs. in this example a snow removal contract where no threshold is specified. HCCSD has no current contracts anywhere near that figure; actually, most contracts fall well below \$10,000.00. Our Interviewees were able to demonstrate to the Grand Jury that in many cases they do use competitive bidding policy and procedure regardless of contract value both for reasons of transparency but also to increase the number of potential applicants for the required services.

The committee also found that the HCCSD faces challenges in securing vendors for the required contracts both by way of available, interested and/or qualified vendors and vendors who have the specified heavy equipment available in the defined service area boundary. Lastly, HCCSD also seeks vendors that meet requirements of scrutiny to avoid potential conflicts of interest or charges of nepotism.

## **FINDINGS**

**F1.** The investigation found that the HCCSD has relied appropriately on advice and use of best practice from the Office of Mono County Counsel with regard to the bidding process. Additionally, HCCSD appears to be operating within an appropriate level of due diligence and oversight overall.

**F.2.** The HCCSD has usually followed their own guidelines related to the dollar threshold or ceiling for third party contracts. However, they have been inconsistent in what available contracts have been offered for competitive bids and/or made as direct awards.

**F3.** The investigation discovered incomplete and/or out of date Policy and Procedure Documents.

**F4.** The investigation discovered inconsistent delivery of information and bidding documents to interested third-party vendors.

**F5.** The investigation discovered inconsistent posting of available contracts through various media sources i.e. the newspaper ads.

## **RECOMMENDATIONS**

The following are the recommendations from the HCCSD Investigative Committee to improve the overall administration of Third-Party Contracts:

**R1.** None

**R2.** It is imperative that HCCSD administer their third-party contracts offerings in the same manner each and every time. Timeline: Beginning with next round of contract expirations and/or next competitive bid cycle.

**R3.** The Committee recommends the HCCSD review and restructure policies and procedures to ensure adequate information is communicated to allow a level of competition and fairness and to avoid any appearance of impropriety. Timeline: By January 1, 2020.

**R4.** Create and provide consistent bidding documentation and the delivery process of said documents to interested third-party service providers. Timeline: Beginning with next round of contract expirations and/or next competitive bid cycle.

**R5.** HCCSD needs to improve its communication process and notifications for all future bidding by developing a template for the broadest possible communication to the public for any future available contracts. Timeline: Beginning with next round of contract expirations and/or next competitive bid cycle.

# **2018-2019 MONO COUNTY GRAND JURY MONO COUNTY OFFICE OF EDUCATION FINAL REPORT**

## **SUMMARY**

Each year, the Mono County Grand Jury (Grand Jury) as a whole, discusses areas of investigation to be reviewed. One area of interest agreed upon by the Grand Jury was a review of the Mono County Office of Education (MCOE). As a result, the Grand Jury began an investigation with a review of policies, procedures, and responsibilities of the elected MCOE Board of Trustees (MCOE BOT) and MCOE management.

## **BACKGROUND**

The MCOE Investigative Committee (Committee) of the 2018/2019 Grand Jury received a complaint concerning the MCOE Administration and actions regarding stipends from the charter school income, and the dismissal of staff. The Committee then learned the office of Mono County District Attorney (MCDA) had completed a full investigation of the same issues contained in the complaint. The MCDA determined that there was no criminality. In addition, the issues addressed by the complaint were not in the purview of the Committee but did lead to other questions and concerns regarding administrative practices. As a result, the Committee determined an overall investigation of the management of charter schools was warranted.

Per the guidelines from the California Grand Jury Association for grand jury investigative committees concerning school districts, including charter schools, the Grand Jury can investigate the administration, the financial matters, and compliance with adopted procedures, but not the curriculum, policy choices or personnel decisions. The Committee also reviewed the contractual relationship between MCOE and a charter school operator located outside of Mono County, focusing on how it benefits the students of Mono County.

## **METHODOLOGY**

The Committee conducted interviews with members of MCOE BOT and MCOE staff. In addition to scheduled interviews and a review of the MCDA investigation report, the Committee reviewed budget documents, policy & procedures manuals, and existing Charter School contracts as set forth in the list below:

- Mono County District Attorney investigation report of MCOE complaint from 2017.
- Office of Education Board of Trustees Agendas and Minutes from 2011 to present.
- Mono County Office of Education, Financial Statements and Supplementary Information with Independent Auditors' Reports. Dated June 30, 2014, and June 30, 2018. (Charter Schools are exempt from this audit report).
- California School Board Association Professional Governance Standards for The Individual Trustee and The Board Guidelines Recommended Guidelines for successful governing.
- Submitted Governance Policy adopted by MCOE.
- Local Control Accountability Plan and Annual Update (LCAP)
- CCSESA Governance Policy & Statutory Functions of County Boards of Education & County Superintendents of Schools
- California State Board Schedule of Training Events available for ongoing continuing education for all Board of Trustee members and Superintendents.
- Mono County Board of Education "Policy and Procedures Manual" accepted as "Bylaws of the Board". (Drafted 2002)
- Fiscal Crisis & Management Assistance Team (FCMAT) Report for 2017-2018 (Verification of Charter School Exemption of Audits.)
- Urban Corps of San Diego County Charter School Contract dated June 2016 & Revised December 2018.
- California Education Code Sections 1000-1042.
- Mono County Revenue and Expenditure Report provided by MCOE Financial Department.

## DISCUSSION

Over a period of several months, the Chair of the MCOE Investigative Committee scheduled interviews with selected MCOE personnel and MCOE BOT members from the district. The Committee sought guidance through Mono County Counsel (MCC) concerning questions of legal counsel for Grand Jury interviewees, MCOE BOT responsibilities, if and when subpoenas should be issued, etc.

Throughout the interview process, it was apparent that the MCOE Board of Trustees did not understand their authority and duties in the management of the district. In addition, the MCOE BOT does not understand their statutory responsibilities concerning the MCOE's overall budget. The MCOE BOT views their role as advisory in nature, despite a clearly defined set of responsibilities, as per the California Legislative Information Code, Title 1, Division 1, Part 2, Chapter 1, County Boards of Education [1001-1097].

ARTICLE 2. Duties and Responsibilities [1040 - 1042] (Article 2 enacted by Stats, 1976, Ch. 1010)

"County boards of education **shall...**

(c) Approve the annual budget of the county superintendent of schools before its submission to the County board of supervisors.

(d) Approve the annual county school service fund budget of the county superintendent of schools before its submission to the Superintendent of Public Instruction.

[http://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=EDC&sectionNum=1041.&article=2.&highlight=true&keyword=County%20boards%20of%20education](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=EDC&sectionNum=1041.&article=2.&highlight=true&keyword=County%20boards%20of%20education)

Following the interviews, additional research concerning the State of California statutes and the Education Code, with respect to the duties and responsibilities for County boards of education, was needed. The Committee researched the California Education Code Article 2, Sections 1040 and 1042, and again sought a legal interpretation and clarification of those statutes from MCC.

MCC advises that “county superintendents of schools do not have independent fiscal authority. Rather, boards of education are created in each county to, among other things, exercise fiscal oversight over superintendents through review and approval of budgets and revenue and expense estimates prepared by the superintendent. In the exercise of that oversight function, boards of education may request additional information from the superintendent, request changes to the budget and/or estimate (or any items within them) and ultimately, determine whether to approve or deny the budget and/or estimates.”(See Cal. Ed. Code §1040; and see Opinion of the California Attorney General at 58 Cal.Ops.Atty.Gen 90).

Upon review of the documents within the Methodology, it was determined that neither the policies and procedures for MCOE staff nor the MCOE BOT have been addressed since 2012. There is no evidence the MCOE BOT has reviewed or approved the current procedural documents pertaining to the operation and administration of the MCOE.

MCOE is currently in a contract with the Urban Corps of San Diego Charter School to remotely administrate a charter school in the San Diego area. MCOE staff indicated that said contract results in additional funds for MCOE schools to be used to improve student performance for Mono County students, with minimal MCOE staff time needed for the administration of the charter school program. There are no charter schools located inside Mono County boundaries at this time.

## **FINDINGS**

**F1.** The Committee finds MCOE BOT has abdicated their oversight and budget responsibilities to the MCOE Staff.