

September 8, 2009

Honorable Jamie Jacobs-May
President Judge
Santa Clara County Superior Court
191 North First Street
San Jose, CA 95113

FILED

SEP 17 2009

DAVID H. YAMASAKI
Chief Executive Officer/Clerk
Superior Court of CA County of Santa Clara
BY D. ALDYCKI

RE: Moreland School District
Response to Santa Clara County Schools, Inventory Practices - \$300M+ Taxpayer
Investment – But Who’s Counting?

Dear Judge Jacobs-May,

Following are the requested responses regarding the noted Grand Jury Report:

Finding 1

Community colleges and K-12 boards of trustees are responsible for inventory control. However, after interviewing ALL board of trustee presidents it was evident they were unaware of their obligations under the law.

Response Finding 1 – We agree with this finding, that boards are responsible for inventory control. However, it is not known whether, K-12 Boards of Trustees are aware of their obligations under the law.

Recommendation 1

Trustees should review and be knowledgeable of Education Code 35168 for K12

Response Recommendation 1–This recommendation will be implemented. A copy of Education Code 35168 will be added to the next regular communication with the Board of Trustees. It bears noting that the California Education Code 35168 was first enacted in 1976 and revised last in 1984. The amount of \$500 has not been changed since 1984 and is out-of-date.

Finding 2

No trustees or superintendents have been trained in inventory control. Inventory control training for board members and superintendents is not mandated by the State, resulting in a lack of familiarity and inconsistent application of inventory requirements by districts.

BOARD OF TRUSTEES

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Response Finding 2 – We agree that training on inventory control is not mandated by the state for superintendent or the Board. We have no familiarity of the application of inventory requirements of other districts.

Recommendation 2

All Santa Clara County school board trustees and superintendents should be required to review and understand Education Code 35168 and BAM requirements for inventory control.

Response Recommendation 2a – This recommendation will be implemented in our district. The Board of Trustees will be given a copy of Education Code 35168 before the next board meeting.

For K-12 districts, the COE should take the lead in providing comprehensive training on inventory control, in conjunction with the release of the new inventory tracking module within Quintessential Software Systems spearheaded by the COE.

Response Recommendation 2b --The attached flow chart was developed using Education Code 35168 and the California School Accounting Manual. This document will be used to train board members and superintendent on inventory control requirements. The District will also take part in any and all comprehensive training on inventory control provided by the Santa Clara County Office of Education.

Finding 3

All district superintendents and district staff report incomplete inventory information to their boards. This results in lack of knowledge about the value and size of their inventory.

Response Finding 3 – We disagree with this finding. We have not seen the data and are not in the position to comment on the knowledge of all district Board members and superintendents.

Recommendation 3

All Boards of Trustees should require a presentation on the results of their districts biennial inventory, including total value, variances resulting from reconciliation between past and current inventories and a proposed plan to resolve discrepancies.

Response Recommendation 3--The Moreland School District performs their biennial inventory in every odd year. The inventory is performed in October, with data returned to the District by December of that year. District staff will

report to the Board in April of each even year, the total value, reconciliation variances and the resolution plan to such variances.

Finding 4

With the exception of Santa Clara Unified and Los Gatos Unified School Districts, all K-12 districts fail to understand the need to reconcile inventories from previous years to the latest inventory update. Without reconciliation, the opportunity to: identify lost, missing or stolen items, take preventive measures, and obtain timely reimbursement may be lost.

Response Finding 4 – We disagree. We have no knowledge whether or not other districts fail to understand the need to reconcile inventories, etc.

Recommendation 4

All K-12 school districts should reconcile the most current, full inventory with prior inventories, to identify missing items and potential losses/thefts. The results will enable the districts to implement safeguards to prevent future losses.

Response Recommendation 4—In April of each even year (off biennial inventory) inventory information is submitted to sites and departments for review. The information is due back to the Business Office by June of that year. Information reviewed by site and departments shall review and reconcile to the previous year's biennial report. In the odd year the biennial report shall be reconciled to the previous year's inventory information. The reconciled information will be reported out to the board of trustees each April.

Finding 7

There is a potential for abuse in K-8 districts when those who report to superintendents approve credit card transactions and purchase orders made by their superintendent.

Response Finding 7 – We agree that it is advisable for the Superintendent to submit monthly credit card statements directly to the Board of Trustees for approval.

Recommendation 7

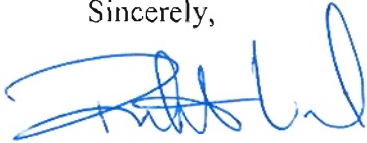
To strengthen internal controls and ensure fiscal accountability, purchases made by the K-8 superintendents should be approved by the board of trustees prior to purchase. In the event an immediate purchase is required, post-approval by the board would ensure no conflicts of interest or abuses occur.

Expenditures should be presented separately from the board's consent calendar to ensure prior scrutiny.

Credit card statements and a listing of disbursements should be provided to the board for approval.

Response Recommendation 7—The superintendent of the Moreland School District does not have a credit card issued by the District. The District has two credit card holders – Assistant Superintendent, Business & Support Services and Office Manager. The President of the Board reviews credit card expenditures of the Office Manager during agenda setting meetings with the superintendent. The superintendent reviews credit card expenditures of the Assistant Superintendent, Business and Support Services. The District prepares monthly board reports on credit card purchases that appear on the first monthly agenda. These items along with a purchase order report for all purchases of the superintendent’s department are detailed and appear under the consent agenda. If a Board member wishes to discuss an item on the consent calendar, it can be pulled and scrutinized.

Sincerely,



Robert Varich
Board President
Moreland School District

Physical Inventory Management

The purpose of taking a physical inventory is to verify the physical existence of District property and equipment

