

Santa Clara County  Office of Education  
Charles Weis, Ph.D.  
County Superintendent of Schools

FILED

SEP 21 2009

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

September 8, 2009

Don Kawashima, Foreperson  
2008-2009 Civil Grand Jury  
Superior Court Building  
191 N. First St.  
San Jose, CA 95113

Dear Mr. Kawashima:

I am responding to your June 9, 2009 letter entitled "Santa Clara County Schools, Inventory Practices--\$300 Million + Taxpayer Investment – But Who's Counting?"

Our responses are submitted in compliance with California Penal Code 933.05. As you review our submission, please keep in mind that the County Office of Education and the county's thirty-one (31) school districts are separate entities. In many instances our governance differs from that in school districts.

The SCCOE continues to subscribe to the implementation of best practice policies and procedures within the budgetary constraints under which we are all operating.

Thank you and your colleagues for your work. Your commitment toward ensuring that there is accountability related to the expenditure of public funds is commendable. Should you have any questions related to this matter please do not hesitate to contact me at (408) 453-6511.

Sincerely,



Charles Weis, Ph.D.  
County Superintendent of Schools

Enclosure

***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.*

**SCCOE Response:** SCCOE agrees that Boards are responsible for inventory control. However SCCOE is not in the position to know whether Board members are aware of their obligations under the law.

***Recommendation #1:** Trustees should review and be knowledgeable of Education Code 35168 for K-12 and Education Code 81600 for Community Colleges.*

**SCCOE Response:** This recommendation will be implemented. SCCOE is incorporating California School Boards Association (CSBA) language into the Board of Education's policies and procedures and will incorporate a review of Education Code 35168 within the 2009-10 fiscal year.

***Finding #2:** No trustees or superintendents/chancellors 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 many districts.*

**SCCOE Response:** SCCOE agrees that inventory control training for board members and superintendents is not mandated by the state. The SCCOE is not in the position to know if trustees and superintendents have been trained.

***Recommendation #2:** All Santa Clara County school board trustees and superintendents/chancellors should be required to review and understand Education Code 35168 and 81600 and BAM (Community College Budget and Accounting Manual) requirements for inventory control.*

**SCCOE Response:** This recommendation will be implemented in the 2009-10 fiscal year. SCCOE is incorporating CSBA language into the Board of Education's policies and procedures and will incorporate a review of Education Code 35168 within the 2009-10 fiscal year.

*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.*

**SCCOE Response:** This recommendation will be implemented. SCCOE plans to launch the inventory tracking/asset module of the Quintessential Software Systems in fiscal year 2009-10 and will offer training for interested districts.

***Finding #3:** All district superintendents, chancellors and district staff report incomplete inventory information to their boards. This results in lack of knowledge about the value and size of their inventory*

**SCCOE Response:** We disagree. SCCOE has not seen the data, and consequently is not in the position to determine which boards have a lack of knowledge about the value and size of their inventory.

*Recommendation #3: All Boards of Trustees should require a presentation on the results of their districts' biennial inventory, including total value, variances resulting from the reconciliation between past and current inventories and a proposed plan to resolve discrepancies.*

**SCCOE Response:** This recommendation will be partially implemented. The results of the annual inventory are contained in the Combined Annual Financial Reports which are presented to the SCCOE Board each year.

*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.*

**SCCOE Response:** Based upon the information contained in the matrix, the SCCOE is not required to respond to this finding.

*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.*

**SCCOE Response:** Based upon the information contained in the matrix, the SCCOE is not required to respond to this finding.

*Finding #5: Many K-12 Districts are not following requirements for inventory control as stated in Education 35168, and/or their own policies:*

**SCCOE Response:** Based upon the information contained in the matrix, the SCCOE is not required to respond to this finding.

*Recommendation #5: See categories (A)(B)(C)(D):*

**SCCOE Response:** Based upon the information contained in the matrix, the SCCOE is not required to respond to this finding.

*Finding #6: Some school districts observed by the Grand Jury had a demonstrated understanding of the need for inventory control. Best practices include documenting and following a process, conforming to the Education Code requirements, and performing reconciliation to prior inventories. The following districts are to be commended on their best practices:*

- Fremont Union School District
- Los Gatos Elementary District

Santa Clara County Office of Education

Response to Grand Jury Report: Santa Clara County Schools, Inventory Practices . . .

- *Moreland School District*
- *Orchard School District*
- *Santa Clara Unified School District*

**SCCOE Response:** Based upon the information contained in the matrix, the SCCOE is not required to respond to this finding.

*Finding #7: There is a potential for abuse in K-8 and K-12 districts when those who report to superintendents approve credit card transactions and purchase orders made by their superintendent.*

**SCCOE Response:** We agree there is potential for abuse when appropriate internal controls are not established and followed.

*Recommendation #7: To strengthen internal controls and ensure fiscal accountability, purchases made by the K-8 and K-12 Superintendents should be approved by the Boards 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.*

**SCCOE Response:** This recommendation will not be implemented because it is unreasonable. Given that the board only meets once or twice each month it is not practical to require advance approval for all purchases. The SCCOE will analyze the feasibility of implementing post-approval action by the board.

*Expenditures should be presented separately from the Board's consent calendar to ensure proper scrutiny.*

**SCCOE Response:** The recommendation will not be implemented because it is not warranted. Board members can request that any consent item be moved to study action for discussion and review.

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

**SCCOE Response:** This recommendation will be implemented by January, 2010. The County Superintendent will provide the credit card statement and the monthly financial report which details disbursements. These items will be submitted to the board for approval.