



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

El Camino Real Charter High School
Woodland Hills, California

We have performed the procedures enumerated below, which were agreed to by El Camino Real Charter High School (the specified party), on the Shoup Property construction/renovation transactions of El Camino Real Charter High School. El Camino Real Charter High School's management is responsible for the Shoup Property construction/renovation transactions. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. Identify and read the sections of the School's fiscal policies and procedures ("FPP") to determine the standards/requirements for Shoup Property construction/renovation financial transactions in effect.

We obtained a copy of the El Camino Real Charter High School's then-existing fiscal policies and procedures to read, identify, and determine the standards and requirements for the Shoup Property construction/renovation financial transactions.

2. Perform the procedures as listed in item 3 below for financial transactions related to the construction/renovation to the Shoup Property, including contracts, purchase orders, invoices, change orders, etc. The construction/renovation started in 2017, and was completed in late 2018. The list of transactions will be provided by management of El Camino Real Charter High School.

On May 7, 2020, we obtained a list of the transactions from El Camino Real Charter High School's Executive Director. The transaction list contained 1,954 individual transactions. On August 25, 2020, we received a revised list of the transactions allocated to the Shoup Property containing 856 individual transactions totaling \$2,554,969. The earliest transaction date was June 30, 2017 and the last transaction date was April 22, 2020.

3. Determine whether the Shoup Property construction/renovation financial transactions complied with the School's then-existing FPP by performing the following agreed-upon procedures:
 - a. Confirm all expenditures over \$10,000 had two check signatures by viewing copies of cancelled checks.

We observed that the transaction list contained 65 transactions over \$10,000.

We obtained copies of the cancelled checks over \$10,000. We found of the 65 transactions, 58 transactions had no exceptions. We observed that one check over \$10,000 was voided.

However, we found exceptions for the remaining 6 transactions. 6 transactions contained only one signature on the copy of the cancelled check.

- b. Observe that all contracts that were financed with bond funds complied with California Public Contract Code 20111(a) and (b).

We obtained information, through discussions with management, that the School did not finance the construction/renovation of the Shoup Property with bond funds. Based on this information, we were unable to perform these procedures because they did not apply to the expenditures in the transaction list.

- c. Observe all contracts that exceed \$50,000 were approved by the Governing Board.

We obtained information, through discussions with management, that the Governing Board did not approve individual expenditures; however, the Governing Board did approve the overall project budget for the Shoup Property. Management also shared that the Governing Board approved the contract for the hiring of David S. Honda, a consultant, to provide project management services for the Shoup Property construction/renovation.

We obtained copies of the Governing Board approvals of contracts over \$50,000. We observed that the only copy of the Governing Board's approval of a contract over \$50,000 was a contract for NAEROK to provide design services and permit fees for the Shoup Property at a cost of \$121,530. The transaction list we tested included six NAEROK transactions totaling \$49,210.

We performed a summation of expenditures paid to vendors and determined that 14 vendors received payments equal to or greater than \$50,000. Management did not provide copies of the Governing Board's approval of the expenditures for these 14 vendors, including the expenditures for David S. Honda, which management stated was approved by the Governing Board. We tested 186 transactions recorded for these 14 vendors, which totaled \$1,377,597, and found no approval documented in the Governing Board's meeting minutes.

- d. Observe all purchases over \$100,000 were Board approved and included documentation of a good faith effort to secure the lowest possible expected cost for comparable goods or services. If the purchase did not represent the lowest cost option, a business purpose must be provided. Expected cost considers the product's price, quality, life, future maintenance costs, salvage value, environmental impact, school's mission, source and materials.

As noted at Step 3.c, we obtained a copy of the Governing Board's approval of a contract for NAEROK to provide design services and permit fees for the Shoup Property at a cost of \$121,530. We obtained information, through discussions with management, that there were no other contracts over \$100,000.

However, we performed a summation of expenditures paid to vendors and determined that eight vendors received payments equal to or greater than \$100,000. Management did not provide copies of the Governing Board's approval of the expenditures for these eight vendors. We tested 96 transactions for these eight vendors, which totaled \$924,044, and found that these did not appear to be approved by the Governing Board. We note that these 96 transactions overlap with the results in Step 3.c and represent a portion of the total unapproved expenditures noted in those results.

- e. Confirm the School maintained as evidence of the bidding process, the competitive bids obtained (if any) and the justification of need for any contracts over \$100,000.

We obtained information, through discussions with management, that the Governing Board did not approve any expenditures over \$100,000. Therefore we did not obtain any evidence that a competitive bidding process occurred for the seven vendors that we determined received over \$100,000 in payments.

- f. Observe written contracts clearly defined work to be performed by all contract service providers (i.e. consultants, independent contractors, subcontractors).

We obtained information, through discussions with management, that the Governing Board did not approve individual contracts except for the hiring of David S. Honda to provide project management services for the Shoup Property construction/renovation. However, management provided CLA with copies of proposal agreements that indicated that the School had entered into contracts with contract service providers.

We reviewed the proposal agreements and observed that any vendor that received more than \$50,000 in total expenditures should have had a contract clearly defining the work to be performed. We determined that two vendors that received more than \$50,000 in total expenditures did not have a written proposal agreement clearly defining the work to be performed.

We tested 52 transactions recorded for these two vendors, which totaled \$120,771, and found that these did not appear to have written contracts that clearly defined the work to be performed by all contract service providers.

- g. Confirm contract service providers showed proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance currently in effect.

We obtained information, through discussions with management, that the School's former Chief Business Officer was responsible for overseeing the Shoup Property construction/renovation and would have obtained documentation of the contract services providers' proof of license and bond; however, management currently did not have copies of the documentation.

Therefore, we did not obtain any documentation that confirmed the contract service providers showed proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance in effect at that time.

- h. Observe that the Executive Director or Chief Business Officer approved proposed contracts and modifications in writing.

We obtained information, through discussions with management, that the Governing Board did not approve individual contracts except for the hiring of David S. Honda to provide project management services for the Shoup Property construction/renovation. However, management provided CLA with copies of proposal agreements that indicated that the School had entered into contracts with contract service providers.

We reviewed the proposal agreements and observed that any vendor that received more than \$50,000 in total expenditures should have had a written contract or modifications in writing approved by the Executive Director or Chief Business Officer. We determined that six vendors that received more \$50,000 in total expenditures did not have a proposal agreement approved by the Executive Director or Chief Business Officer.

We tested 108 transactions recorded for these six vendors, which totaled \$588,744, and found that these did not appear to have proposed contracts and modifications in writing approved by the Executive Director or Chief Business Officer.

We also reviewed any estimate, bid, quote, or proposal with an acceptance clause for vendors with expenditures totaling less than \$50,000 that were not approved by the Executive Director or Chief Business Officer in writing. We determined that eight vendors that received less than \$50,000 in total expenditures did not have a proposal agreement approved by the Executive Director or Chief Business Officer.

We tested 25 transactions recorded for these eight vendors, which totaled \$102,429, and found that these did not appear to have proposed contracts and modifications in writing approved by the Executive Director or Chief Business Officer.

- i. Confirm that contract service providers were paid in accordance with approved contracts as work was performed.

We reviewed the approved proposal agreements and observed that any vendor that received more than \$50,000 in total expenditures should have had a contract clearly defining the work to be performed.

We determined that six vendors that received more than \$50,000 in total expenditures did not have an approved contract. Therefore we could not determine if the six contract service providers were paid in accordance with the contract.

Note: These six vendors are the same vendors discussed in the result section of Step 3.h.

- j. Observe potential conflicts of interest were disclosed upfront, and the Executive Director, Chief Business Officer, Assistant Principal(s) and/or Member(s) of the Governing Board with the conflict did not participate in any manner in the preliminary discussions, negotiations, compromises, reasoning, planning and solicitation for applications for the contracts. If an ECRA Board member was financially interested in a contract, the entire Board was prohibited from voting on the contract. Financially interested employees disclosed the conflict in writing and was prohibited from participating in, influencing, or attempting to influence the making of the contract.

We obtained the California Form 700 Statement of Economic Interest forms for the Governing Board Members, Executive Director, Chief Compliance Officer, Chief Business Officer, Chief Information Officer, Assistant Principal, Accounting and Finance Manager, Director of Marketing, Director of Technology, and Director of Sustainability and STEAM Initiatives for the fiscal years 2017-18 through 2019-2020.

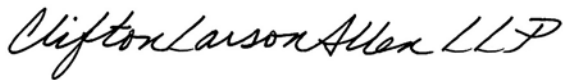
We observed that the potential conflicts of interest were disclosed upfront and that Executive Director, Chief Business Officer, Assistant Principal(s) and/or Member(s) of the Governing Board with the conflict did not participate in any manner in the preliminary discussions, negotiations, compromises, reasoning, planning and solicitation for applications for the contracts.

We found no exceptions as a results of these procedures.

* * *

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Shoup Property construction/renovation transactions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of El Camino Real Charter High School and is not intended to be and should not be used by anyone other than the specified parties.



CliftonLarsonAllen LLP

Glendora, California
October 19, 2020