

NEVADA COUNTY SUPERINTENDENT OF SCHOOLS A REVIEW OF TRANSPARENCY AND POLICY

SUMMARY

A complaint was received by the Nevada County Grand Jury concerning the lack of transparency and policy regarding credit card expenses and receipts of the Nevada County Superintendent of Schools and actions of the Nevada County Board of Education. The Nevada County Grand Jury conducted several interviews and exit interviews to confirm facts and findings.

The Nevada County Superintendent of Schools is an elected position. The Nevada County Superintendent of Schools answers to the electorate. The Nevada County Board of Education has financial oversight for the budget including credit card expenses per Nevada County Board of Supervisor's *Resolution 79-137*. Currently there is nothing in the *Nevada County Office of Education Policy* that defines allowable credit card expenses.

The Nevada County Grand Jury conducted interviews and reviewed all documentation received from the Nevada County Superintendent of Schools. The Nevada County Superintendent of Schools stated that all documents concerning credit card use and accounts payable procedures had been provided.

The Nevada County Grand Jury discovered several issues of concern:

- Accounts Payable, travel expenses, and credit card guidelines are not adequate and up-to-date.
- There is not a comprehensive external audit of expense reports or credit card receipts.
- The Nevada County Superintendent of Schools, Board Policy §3220 states that purchases of alcohol shall not be made using the issued Commercial Credit Card.
- Commercial credit card purchases between January 2008 and January 2014 indicated eight purchases of alcohol.
- The Nevada County Board of Supervisors transferred financial oversight to the Board of Education per *Resolution 79-137*.
- The Nevada County Board of Education did not perform due diligence by voting 3 to 2 against oversight of the Nevada County Superintendent of Schools expense reports and commercial credit card receipts. Consequently, the Nevada County Board of Education was not aware of any alcohol purchased on the commercial credit card in violation of its own policy.
- Nevada County Board of Education Board Policy §3220 states that excessive spending not be allowed but there are no guidelines which define “excessive spending”.

- The Nevada County Superintendent’s Expense Report is reviewed and signed off by the Nevada County Associate Superintendent of Schools for Business.
- There is not a Nevada County Office of Education Policy on the Nevada County Superintendent of Schools website.
- California Public Records Act (Government Code §6250 et seq. was not followed by the Nevada County Superintendent of Schools office when records were requested.

The Nevada County Grand Jury recommends that the Nevada County Board of Education implement a definitive policy concerning use of the commercial credit card and review an existing memorandum concerning the use of the commercial credit card. Nevada County Board of Education should enforce rules for surrender of the commercial credit card when prohibited items are purchased.

The Nevada County Grand Jury recommends the Nevada County Board of Education develop and implement a policy which parallels the California Public Records Act and ensures that the provisions of the policy are followed to enhance transparency of the organization.

The Nevada County Grand Jury recommends that the Nevada County Board of Education post their Nevada County Office of Education Policy manual on the Superintendent of Schools website for transparency purposes.

The Nevada County Grand Jury recommends public funds should not be used by the Nevada County Board of Education or any agent of the Nevada County Office of Education to purchase alcoholic beverages or incur questionable expenses. The Nevada County Board of Education should be more pro-active in its oversight of expenditures and transparency.

The Nevada County Grand Jury recommends that the Nevada County Board of Education provide oversight of Nevada County Superintendent of School’s expenses.

GLOSSARY

Grand Jury - Nevada County Grand Jury.

Office - the office of the Nevada County Superintendent of Schools.

Superintendent - the Nevada County Superintendent of Schools, an elected position.

credit card(s) - Commercial credit card authorized by the Nevada County Superintendent of Schools.

Board - Nevada County Board of Education, an elected body.

CPRA - California Public Records Act found in Government Code §6250 et seq.

BACKGROUND

The Nevada County Grand Jury (Grand Jury) received a complaint in July 2014 concerning the lack of transparency regarding the use of credit cards and credit card charges dating back to 2008.

The Nevada County Superintendent of Schools (Superintendent) is required to follow the Education Code, a product of the California legislative process.

On May 23, 1979, the Nevada County Board of Supervisors issued *Resolution No. 79-137* which transferred functions from the Board of Supervisors to the Nevada County Board of Education (Board). These functions included, but were not limited to, all expense oversight, organization and/or reorganization of school districts. Employees assigned to the office of the Nevada County Superintendent of Schools would no longer be county employees, but some services provided by Nevada County would continue.

On May 23, 1979, the Nevada County Board of Education accepted *Resolution No. 79-137* and in doing so, accepted responsibility of financial oversight.

A commercial credit card (credit card) is authorized through the Nevada County Superintendent of Schools to various individuals for use in the course and scope of their duties.

The records of the Superintendent of Schools office (Office) are open to public review. The authority is found in the California Public Records Act (CPRA) and Article 1 of the California Constitution.

The complainant stated that records concerning credit card use and receipts were at first denied and then provided, but the documentation lacked certain checks and balance notations or authorizations.

The Grand Jury reviewed the documentation provided by the complainant and observed that there were prohibited purchases of alcohol and other expenses that could be considered excessive because of lack of supporting documentation for authorization of these expenses.

The Grand Jury requested and received specific credit card payment files that did contain additional information that had not been provided to the complainant.

APPROACH

Initial interviews were conducted with the complainant, Office personnel, and a Board member.

Follow-up interviews were conducted with Office personnel, the Superintendent, and a Board member validating report findings. The following documents were received and reviewed:

- Local memoranda for accounting and budget, policy and transparency,
- Accounts payable memorandum of payments of liabilities and claims for payment,
- The CPRA for transparency,
- *Nevada County Superintendent of Schools Commercial Card Procedures* [a 1-1/2 page memorandum] ,
- *Nevada County Superintendent of Schools Conference Travel Claim* form [1 page],
- *Nevada County Superintendent of Schools Requisition* form [1-page],
- *Nevada County Superintendent of Schools Claim for Mileage & Incidental Expenses* form [1-page],
- *Nevada County Superintendent of Schools Purchasing and Expense Reimbursement Reminders - August 2014* [1-page],
- *Nevada County Superintendent of Schools Mileage Reimbursement Memoranda* [1- page],
- *Nevada County Superintendent of Schools Accounts Payable Reminders* [1 page],
- *Nevada County Superintendent of Schools Accounts Payable Guidelines* [2 pages],
- Credit Card receipts from January 2008 through October 2013,
- Board Policy §3220 [1/2 page] and §808 [2 pages includes Request Form],
- Education Code §32435 and §35160,
- Nevada County Board of Supervisors Resolution 79-137 May 1979,
- Board minutes of March 12, 2014, April 09, 2014, and July 9, 2014.

Additionally, the Grand Jury researched the Superintendent's website which does not reference the Nevada County Office of Education Policy.

Additionally, the Grand Jury researched and found two authorized websites used to determine authorized per diem state rate amounts using location and date of activity. They are www.gsa.gov and www.calhr.ca.gov.

DISCUSSION

The Superintendent is responsible for authorizing credit card(s) for use by selected individuals. A Board member was unaware that a credit card was issued to the Superintendent. Several interviewees disagreed as to the exact number of cards issued.

Nevada County Superintendent of Schools Commercial Credit Card Procedures is a 1-1/2 page document, which establishes criteria for credit card use. This document is organized into three sections: 1) General Standards, 2) Documentation of Purchases, and 3) Unauthorized Expenditures. (Appendix 1).

A *Responsibility and Acknowledgement Agreement* form is used for requesting credit card(s). This form is signed by the recipient of the credit card with acknowledgement that the card-holder has read and understands the *Nevada County Superintendent of Schools Commercial Card Procedures*. (Appendix 2).

Daily and monthly credit card purchase limits vary per card-holder. These credit card charges may include meals and other essentials of doing the business of the Office. There are varying levels of allowed expenses for meals. Pre-planned meal expenses are outlined in Nevada County Office of Education Policy BP§808, *Travel Expenses as Allowed by County Board of Education*. The Board's responsibility is to oversee the Superintendent's budget per Nevada County Board of Supervisor's *Resolution 79-137*.

The use of the credit card for purchase of alcohol is specifically forbidden by Education Code §32435. " (a) No school district, county board of education, or county superintendent of schools shall expend any public funds on the purchase of alcoholic beverages."

The Grand Jury was provided with a limited number of pages from the Nevada County Office of Education Policy. The Grand Jury reviewed the Superintendent of Schools website with express intent to locate the Nevada County Office of Education Policy. There was no reference to the Nevada County Office of Education Policy. Receipts and testimony provided by witnesses showed that there were several purchases of alcoholic beverages on at least one credit card, as follows:

- January 2008
- November 2008
- January 2009
- November 2009
- November 2010
- January 2013
- May 2013
- October 2013

All the above listed receipts were approved for payment. Subsequently, on July 9, 2014, the Board voted 3 to 2 to reject monthly financial oversight of expenses.

Nevada County Office of Education Policy, BP §3220 references meetings - Item #7, authorizes expenditures under the condition that: "Costs are not excessive". An interviewee provided some printed examples of excessive spending:

- Retreat - August 2009 - \$909.34 (including supplies, dinner and literature)
- October 2010 - \$437.84 (CSR Dinner Meeting, requiring spouse reimbursement)
- January 2012 - \$445.54 (Montrio Bistro, Monterey, tipping at 24%)
- January 2012 - \$742.87 (Montrio Bistro, Monterey, tipping at 23%)
- Misc. - May 2013 - \$250.00 (No detail for significance of this receipt)
- Retirement - July 2013 - \$538.00 (Payment to US Bank Corporate)
- Gift - August 2013 - \$553.59 (Handwritten note asking where is reimbursement)
- February 2013 - \$413.90 (gift cards, no details)
- October 2013 - \$430.66 (Flavor Bistro – no explanation)
- April 2014 - \$684.16 (Trellune, Montecito)
- January 2014 - \$883.38 (Monterey, The Fish Hopper, no details provided)

Office personnel stated that "excessive spending" is a judgment call, and the person submitting the receipt can be questioned as to receipt amounts. The Board has voted to reject monthly oversight of credit card expenses of the Superintendent.

Additionally, the Grand Jury researched and found two authorized websites used to determine authorized per diem state rate amounts using location and date of activity. They are www.gsa.gov and www.calhr.ca.gov.

The Office has an Accounts Payable section. This section receives and processes claims from employees for payment of direct expenses and payment of Credit Card charges.

Nevada County Superintendent of Schools - Accounts Payable Guidelines is a two-page document that outlines approval process, online purchases, appropriate backup, reimbursement claims, and on-account charges. (Appendix 3).

Board meeting minutes of March 12, 2014, stated two members of the Board verbally requested Accounts Payable documentation concerning the Superintendent's credit card use. The request was denied by the Superintendent.

At the Board meeting of April 09, 2014, a member of the Board submitted a written request for Accounts Payable documentation concerning the Superintendent's credit card use. The request was denied by the Superintendent.

A member of the Board submitted a CPRA request to review charges made on credit cards. The Superintendent stated this documentation did not have to be produced. Based upon the

CPRA request records were released and received by the complainant but did not include complete information.

Interviewees stated that each credit card is in the name of the card-holder, and alcohol purchase is forbidden. If a second purchase of alcohol is listed on commercial credit card receipts, the credit card could be revoked. To the knowledge of other interviewees, a credit card has never been revoked. Another interviewee stated that alcohol purchased on the credit card must be reimbursed. An interviewee stated, "However, our office does not get involved in the revocation of government cards".

Current credit card expense payment approval begins with a review by the card-holder's supervisor. The approved expenses are then forwarded to the Superintendent for approval. The Superintendent forwards individual expense payment requests to the Associate Superintendent for Business Services. All Credit Card expenses are combined and approved as a "batch approval" and forwarded to Accounts Payable for payment. Current rules and guidelines for expenses and expense reimbursement are non-specific, inadequate, and ambiguous.

Interviewees, including the Superintendent, Board, and Office personnel did not know when the last update was made to accounts payable memorandum and references issued by the Office of Superintendent of Schools.

FINDINGS

- F. 1** The Office lacks a definitive written policy or policy manual to define allowable expenses, excessive spending, or reimbursement regarding travel expenses.
- F. 2** The Office would benefit by having charges reviewed by the Board and Board approval for the Superintendent's credit card charges and reimbursements.
- F. 3** The policy that prohibits alcohol purchases is being violated.
- F. 4** The Office did not follow the California Public Records Act and did not provide all relevant information requested by the complainant, in a timely manner.
- F. 5** The public would benefit by having electronic access to the Nevada County Office of Education Policy.
- F. 6** There is an appearance of inappropriate and excessive spending using a commercial credit card.
- F. 7** Supporting documentation for credit card charges was insufficient.

RECOMMENDATIONS

- R. 1** The Nevada County Board of Education should:
- Ensure all accounts payable forms are accurate and up to date and have a policy manual in place to address expenses on credit cards. (F1)
 - implement use of the State Rate for allowed travel expenses that include hotel, meals, and miscellaneous expenses. (F1)
 - consider using an independent auditor or themselves to check for expense report accuracy and credit card receipt expenditures. (F2)
 - ensure there is a policy paralleling the California Public Records Act and follow it for openness and transparency of operations. (F4)
 - be pro-active in its general oversight of expenditures and transparency and specifically in its oversight review and approval of the Superintendent's expense reports.
- R. 2** The Nevada County Board of Education should perform due diligence by being the approving authority for the Superintendent's credit card expenses.
- R. 3** The Nevada County Board of Education should ensure that public funds are not used by the Board or any agent of the Nevada County Office of Education to purchase alcoholic beverages or incur questionable expenses.
- R. 4** All alcohol related and excessive credit card charges should be brought to the attention of the Superintendent and Board for discussion and determination of card revocation.
- R. 5** The Nevada County Board of Education should exercise oversight of Superintendent's expenditures.
- R. 6** The Nevada County Board of Education should post the Nevada County Office of Education Policy on the Superintendent of Schools website for transparency purposes.
- R. 7** The Superintendent should complete travel forms and attach appropriate supporting documentation for travel expenses.

REQUEST FOR RESPONSES

Pursuant to California Penal Code section 933.05, the Nevada County Grand Jury requests responses as follows:

Nevada County Superintendent of Schools; August 24, 2015; Recommendation 7

Nevada County Board of Education; September 24, 2015
Recommendation 1,2,3,4,5, and 6

Nevada County Superintendent of Schools Commercial Card Procedures

Overview

These guidelines establish the procedures for the use of the U.S. Bank Commercial Card for all Nevada County Superintendent of Schools (NCSoS) card holders and employees. Everyone who is issued a commercial card is responsible for knowing and following these guidelines. The following guidelines have been established to ensure internal control and timely payment of charges. Credit card privileges may be revoked if the commercial card procedures are not followed.

These guidelines are organized into three sections:

- 1) General Standards
- 2) Documentation of Purchases
- 3) Unauthorized Expenditures

1) GENERAL STANDARDS

The Program Manager will issue an U.S. Bank Commercial Card to an employee upon written direction of the Director of Business Services or the County Superintendent (or authorized designee). The card holder and/or supervisor is responsible for notifying the Program Manager of any change in status of a card holder as soon as possible after the loss of a card, transfer or termination.

Each card holder will sign a Responsibility and Acknowledgement Agreement regarding proper purchasing procedures. This Agreement will be kept on file with the Program Manager.

Each card holder will receive a paper copy of the month's charges from U.S. Bank via the Program Manager. It is the card holder's responsibility to review immediately upon receipt to verify accuracy of charges and to notify the Program Manager of any discrepancies.

When the card holder receives the U.S. Bank statement, they are responsible for signing the statement and submitting the proper documentation of all purchases within **three** business days to the Program Manager.

If a credit card gets lost or stolen, the card holder must notify their supervisor and the Program Manager immediately. Also, if the card holder is made aware of any fraudulent charges, they must notify their supervisor and the Program Manager immediately.

APPENDIX 1

2) DOCUMENTATION OF PURCHASES

Each card holder is responsible for the accurate documentation of every charge on their card. Proper receipts or invoices and approved Requisitions (if applicable) must be attached to the U.S. Bank statement before submitting to the Program Manager. Each receipt or invoice must clearly state the item(s) purchased, cost, sales tax, shipping, vendor and date of charge. Accounts Payable Guidelines apply to all credit card purchases.

3) UNAUTHORIZED EXPENDITURES

Unauthorized expenditures by the card holder can result in the loss of card privileges and the card holder may be required to reimburse NCSOS all such unauthorized charges.

Unauthorized use of the commercial card includes but is not limited to the following:

- Cash advances
- Personal expenses
- Purchases without appropriate documentation

APPENDIX 1

Nevada County Superintendent of Schools
Commercial Card Procedures

Responsibility and Acknowledgement Agreement

Card Holder Name: _____

Program/Department: _____

Credit Limits: Monthly _____ Daily _____

I accept responsibility for the Commercial Card that will be issued to me and I have read and understand the Nevada County Superintendent of Schools (NCSoS) Procedures. I agree to use the Commercial Card in accordance with the terms and conditions of those procedures. I understand that using the card for personal expenses is prohibited. I understand that I am personally liable for any unauthorized Commercial Card charges that I incur. I understand that I am responsible to obtain appropriate backup for the charges that I make using the NCSoS Commercial Card. If it is determined that I have used this credit card for unauthorized purposes, I understand that I may lose credit card privileges and NCSoS may require reimbursement of all such unauthorized charges.

Card Holder signature

Director of Business Services or designee

Date: _____

Date: _____

PROGRAM MANAGER USE ONLY

Card Number: _____

Date issued: _____

Credit limit increase/decrease: _____

Date returned: _____

APPENDIX 2

Nevada County Superintendent of Schools

Accounts Payable Guidelines

- **Approval process:**

Check budget for adequate funding

Must obtain appropriate approval before making purchases:

Prepare a Requisition setting out details of purchase, including applicable shipping/handling charges and sales tax (NOTE: Includes on-line purchases)

Obtain signature on Requisition of supervisor, Program Director, Superintendent or Director of Business Services before making purchase

Purchase Order number (if needed) can be obtained from A/P Business Technician by submitting an original approved Requisition (see step above)

Allow a minimum of one business day for PO # to be issued

NOTE: If A/P Tech is not present, follow up with a reminder email that a Requisition has been submitted

W-9 must be on file for every Vendor

1. Verify with A/P Tech
2. If W-9 not on file, download "W-9 blank form" from Z:\EmployeeInfo\forms
3. Vendor must complete, sign and submit with invoice

Complete an Independent Contractor questionnaire and Agreement, if applicable (both forms can be downloaded from Z:\EmployeeInfo\forms)

NOTE: All above steps to be done PRIOR to ordering items or contracting services

- **Online purchases:**

Follow same procedure as local Vendor purchases set out above

Print receipt page with credit card payment showing net \$0 owing and detail of item(s) ordered

NOTE: Requisitions are required. Purchase Order may not be required

- **Appropriate backup to include but not limited to:**

Original detailed cash register receipt-each item needs its own description and amount

Original credit card receipt

Original invoice from Vendor

APPENDIX 3

Packing slip and/or shipping label, if provided

Screen print receipts and/or invoice for online purchases

If a receipt cannot be submitted, write a memo explaining the reason the receipt is not available and obtain a supervisor's signature on the memo acknowledging the circumstance

- **Reimbursement claims:**

Reimbursement Claim form is available on the server under Z:\EmployeeInfo\forms. The file is "Expense Claim form.xls"

Submit Reimbursement claims for travel and items monthly

Reimbursement requests greater than 90 days for mileage and/or items purchased will NOT be processed without prior approval from Associates Superintendent, Business

Signature of claimant with name printed or typed below signature

Signature of supervisor

Program to be charged (i.e. Safe Schools, FYS, etc.)

Use current form reflecting correct mileage rate (currently FY 2014/15 is .56¢ per mile)
If mileage reimbursement is outside your normal area, attach backup (i.e. MapQuest)

Per diem for meals can be claimed in lieu of receipts (see back of claim form for limits)

NO personal items to be included on the receipt. A separate receipt must be obtained if purchasing personal item(s).

NOTE: A/P runs weekly and checks are available on Friday. Claims are due on Mondays and allow a minimum of one week for processing payment.

- **On-Account charges: (i.e. SPD)**

Submit original cash register receipt within one business day to A/P Business Technician

Obtain approving signature of supervisor on receipt (except Program Directors)

Program Directors sign original receipt

Write the program to be charged on the receipt

APPENDIX 3

Nevada County Board of Education

112 Nevada City Highway
Nevada City, CA 95959
(530)478-6400

VIA U.S. MAIL

September 10, 2015

The Honorable Thomas M. Anderson
Nevada County Superior Court
201 Church Street
Nevada City, CA 95959

Subject: Response to Grand Jury Report
Nevada County Superintendent of Schools: A Review of Transparency and Policy

Dear Judge Anderson:

The following is the Nevada County Board of Education's ("Board") response to the Findings and Recommendations #1-6 of the 2014-15 Nevada County Grand Jury's Report entitled "Nevada County Superintendent of Schools: A Review of Transparency and Policy." For purposes of readability, we have shown the Grand Jury's findings and recommendations in **bold**.

FINDINGS

F1. The Grand Jury found that the Office lacks a definitive written policy or policy manual to define allowable expenses, excessive spending, or reimbursement regarding travel expenses.

We disagree with this finding. NCSOS has an existing written policy that adequately defines allowable expenses, excessive spending, or reimbursement regarding travel expenses.

F2. The Grand Jury found that the Office would benefit by having charges reviewed by the Board and Board approval for the Superintendent's credit card charges and reimbursements.

We disagree with this finding. Moreover, the statement that "the Office would benefit by having charges reviewed by the Board and Board approval for the Superintendent's credit card charges and reimbursements" is not a finding, but a recommendation, and the imperative to require such review and approval was not established in the report. The Board is satisfied with its level of oversight over the Superintendent's credit card charges and reimbursements. Specifically, the

Board is required to adopt the budget of the NCSOS and review two interim financial reports and annual audit. Furthermore, the Grand Jury report did not demonstrate that the existing authority of the Board has failed to provide appropriate oversight for the Superintendent's credit card charges and reimbursements.

F3. The Grand Jury found that the policy that prohibits alcohol purchases is being violated.

We disagree with this finding. The Grand Jury omitted from its report subdivision (b) of Education Code Section 32435 which provides that if an employee of a school district or county educational agency requests and is erroneously granted reimbursement for the purchase of alcoholic beverages, the employee may refund the reimbursement. Clearly, the state legislature contemplated that mistakes can be made. Here, the few alcohol purchases which were made in error using an NCSOS credit card were promptly refunded as contemplated by Section 32435(b). No public funds have been spent on the purchase of alcoholic beverages.

F4. The Grand Jury found that the Office did not follow the California Public Records Act and did not provide all relevant information requested by the complainant, in a timely manner.

We disagree with this finding. In response to complainant's Public Records Request a complete packet of requested documentation was provided to the complainant and the entire board of education on July 9, 2014.

F5. The Grand Jury found that the public would benefit from having electronic access to the Nevada County Office of Education Policy.

We agree with this finding. Again, this "finding" is actually a generic recommendation which we agree would help facilitate the public's access to NCSOS policies.

F6. There is an appearance of inappropriate and excessive spending using a commercial credit card.

We disagree with this finding. This statement is broad, vague, and not substantiated in the report. The Board regularly reviews NCSOS's interim financial reports and annual audit. Based upon this review, the Board has no concerns about inappropriate and excessive spending using a commercial credit card. This finding is completely subjective and the evidence presented in this report does not support such a sweeping assessment. The Grand Jury's synopsis is selective, one-sided and clearly tailored to reach a predetermined conclusion.

RECOMMENDATIONS

R1. The Nevada County Board of Education should:

- **Ensure all accounts payable forms are accurate and up to date and have a policy manual in place to address expenses on credit cards.**

- **Implement use of the State Rate for allowed travel expenses that include hotel, meals, and miscellaneous expenses.**
- **Consider using an independent auditor or themselves to check for expense report accuracy and credit card expenditures.**
- **Ensure there is a policy paralleling the California Public Records Act and follow it for openness and transparency of operations.**
- **Be pro-active (sic) in its general oversight of expenditures and transparency and specifically in its oversight review and approval of the Superintendent's expense reports.**

Recommendation #1 contains five distinct recommendations which will be addressed separately.

- The recommendation to ensure all accounts payable forms are accurate and up to date and have a policy manual in place to address expenses on credit cards has not yet been implemented, but will be implemented within the next three (3) months.
- The recommendation to implement use of the State Rate for allowed travel expenses that include hotel, meals, and miscellaneous expenses requires further analysis. Use of the State Rate will be taken into consideration in the process of updating the policies and procedures. The final determination will be made within three (3) months when the updating of policies is complete.
- The recommendation to consider using an independent auditor or the Board to check for expense report accuracy and credit card expenditures will not be implemented because it is not warranted. A comprehensive annual audit of the NCSOS's expenses and credit card expenditures is already performed by a certified public accountant and reviewed by the Board. Furthermore, the Board is satisfied with its level of oversight over expense report accuracy and credit card expenditures.
- The recommendation to adopt a policy paralleling the California Public Records Act will not be implemented because it is not warranted or is not reasonable. It would be contrary to effective and efficient local board policy development to repeat information from state law in local policy. The statute may change, rendering the policy out of date, inaccurate, and potentially in conflict with current law. Consequently, expending the financial resources and staff time needed to pursue the Grand Jury's recommendation would be wasteful.
- The recommendation to be pro-active (sic) in its general oversight of expenditures and transparency and specifically in its oversight review and approval of the Superintendent's expense reports has been partially implemented in that the Board is required to adopt the budget of the NCSOS and review two interim financial reports and annual audit. The more specific recommendation to review and approve the Superintendent's expense reports will not be implemented because it is not warranted for the reasons set forth above.

R2. The Nevada County Board of Education should perform due diligence by being the approving authority for the Superintendent's credit card expenses.

This recommendation appears to be redundant of the fifth recommendation identified in Recommendation #1 addressed above.

R3. The Nevada County Board of Education should ensure that public funds are not used by the Board or any agent of the Nevada County Office of Education to purchase alcoholic beverages or incur questionable expenses.

This recommendation has been implemented in that there is no evidence that public funds have been used to purchase alcoholic beverages or for "questionable expenses."

R4. All alcohol related and excessive credit card charges should be brought to the attention of the Superintendent and Board for discussion and determination of card revocation.

This recommendation has been implemented in that there is no evidence that public funds have been used to purchase alcoholic beverages or evidence of "excessive credit card charges."

R5. The Nevada County Board of Education should exercise oversight of Superintendent's expenditures.

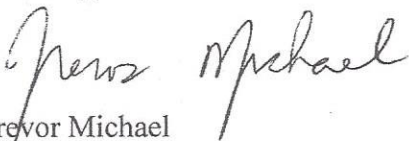
This recommendation appears to be redundant of the fifth recommendation identified in Recommendation #1 addressed above.

R6. The Nevada County Board of Education should post the Nevada County Office of Education Policy on the Superintendent of Schools website for transparency purposes.

This recommendation has not yet been implemented, but will be implemented within the next three (3) months.

Please contact me if you have any questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Trevor Michael".

Trevor Michael
President
Nevada County Board of Education



HOLLY A. HERMANSEN, SUPERINTENDENT

112 NEVADA CITY HIGHWAY
NEVADA CITY, CA 95959
530-478-6400 • fax 530-478-6410

October 1, 2015

The Honorable Thomas M. Anderson
Presiding Judge of the Grand Jury
Nevada County Superior Court
201 Church Street
Nevada City, CA 95959

Subject: Response to Grand Jury Report issued during 2014-15 term not received

Dear Judge Anderson,

This letter serves as my response to the September 28, 2015 Grand Jury letter stating my direct response required as to *Recommendation R7* of the "Nevada County Superintendent of Schools – A Review of Transparency and Policy" report was not received.

Please note that on August 21, 2015, my response was sent via US Mail. Enclosed is a copy of the response.

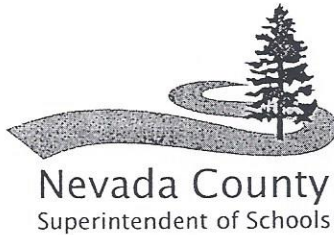
Please contact me if you have any questions or concerns.

Sincerely,

Holly A. Hermansen
Nevada County Superintendent of Schools

Enclosures

Cc Doug Wight, Forman, Grand Jury of Nevada County
950 Maidu Avenue, Nevada City CA 95959



HOLLY A. HERMANSEN, SUPERINTENDENT

112 NEVADA CITY HIGHWAY
NEVADA CITY, CA 95959
530-478-6400 • fax 530-478-6410

VIA U.S. MAIL

August 21, 2015

The Honorable Thomas M. Anderson
Nevada County Superior Court
201 Church Street
Nevada City, CA 95959

Subject: Response to Grand Jury Report
Nevada County Superintendent of Schools: A Review of Transparency and Policy

Dear Judge Anderson:

The following is the Nevada County Superintendent of Schools' (NCSOS's) response to the Findings and Recommendation #7 of the 2014-15 Nevada County Grand Jury's Report entitled "Nevada County Superintendent of Schools: A Review of Transparency and Policy." For purposes of readability, we have shown the Grand Jury's findings and recommendations in **bold**.

FINDINGS

F1. The Grand Jury found that the Office lacks a definitive written policy or policy manual to define allowable expenses, excessive spending, or reimbursement regarding travel expenses.

I disagree with this finding. NCSOS has an existing written policy that adequately defines allowable expenses, excessive spending, or reimbursement regarding travel expenses.

F2. The Grand Jury found that the Office would benefit by having charges reviewed by the Board and Board approval for the Superintendent's credit card charges and reimbursements.

I disagree with this finding. Moreover, the statement that "the Office would benefit by having charges reviewed by the Board and Board approval for the Superintendent's credit card charges and reimbursements" is not a finding, but a recommendation, and the imperative to require such review and approval was not established in the report. The Board is satisfied with its level of oversight over the Superintendent's credit card charges and reimbursements. Specifically, the Board is required to adopt the budget of the NCSOS and review two interim financial reports and annual audit. Furthermore, the Grand Jury report did not demonstrate that the existing authority

of the Board has failed to provide appropriate oversight for the Superintendent's credit card charges and reimbursements.

F3. The Grand Jury found that the policy that prohibits alcohol purchases is being violated.

I disagree with this finding. The Grand Jury omitted from its report subdivision (b) of Education Code Section 32435 which provides that if an employee of a school district or county educational agency requests and is erroneously granted reimbursement for the purchase of alcoholic beverages, the employee may refund the reimbursement. Clearly, the state legislature contemplated that mistakes can be made. Here, the few alcohol purchases which were made in error using an NCSOS credit card were promptly refunded as contemplated by Section 32435(b). No public funds have been spent on the purchase of alcoholic beverages.

F4. The Grand Jury found that the Office did not follow the California Public Records Act and did not provide all relevant information requested by the complainant, in a timely manner.

I disagree with this finding. In response to complainant's Public Records Request a complete packet of requested documentation was provided to the complainant and the entire board of education on July 9, 2014.

F5. The Grand Jury found that the public would benefit from having electronic access to the Nevada County Office of Education Policy.

I agree with this finding. Again, this "finding" is actually a generic recommendation which I agree would help facilitate the public's access to NCSOS policies.

F6. There is an appearance of inappropriate and excessive spending using a commercial credit card.

I disagree with this finding. This statement is broad, vague, and not substantiated in the report. All spending is done according to policies and procedures and includes documentation for all charges. This finding is completely subjective and the evidence presented in this report does not support such a sweeping assessment. The Grand Jury's synopsis is selective, one-sided and clearly tailored to reach a predetermined conclusion.

F7. The Grand Jury found supporting documentation for credit card charges was insufficient.

I disagree with this finding. Supporting documentation for credit card charges was sufficient in that proper receipts clearly stating the item(s) purchased, cost, sales tax, shipping, vendor and date of charge, have and will continue to be submitted for every charge made using NCSOS credit cards in accordance with NCSOS policies and procedures. Furthermore, NCSOS's financial statements are audited on an annual basis by a certified public accountant and there have been no findings related to insufficient documentation for credit card charges as a result of said audits. The Grand Jury's synopsis of the information provided by NCSOS related to the

credit charges at issue is selective, one-sided and clearly tailored to reach a predetermined conclusion.

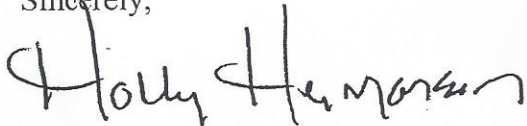
RECOMMENDATIONS

R7. The Superintendent should complete travel forms and attach appropriate supporting documentation for travel expenses.

This recommendation has been implemented in that it reflects existing practice. Specifically, the Superintendent currently provides appropriate documentation for travel expenses associated with performing services for NCSOS in accordance with NCSOS policies and procedures.

Please contact me if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Holly Hermansen". The signature is written in a cursive style with a large initial "H".

Holly Hermansen
Nevada County Superintendent of Schools