IN-PROCESS BOND ACCOUNTABILITY

The Community College Colleges (CCC) and the Board of Governors of the California Community Colleges (Board) perform In-Process Bond Accountability procedures to ensure that the facility or site improvements that a district agreed to provide and that the State of California agreed to finance using Proposition 1D state bonds will be developed consistent with the agreed upon work scope, project cost and development schedule. In-process Bond Accountability is performed through the activities of three independent review structures: Comparative Analysis of the Project Components, Reimbursement Claim Reviews, and on projects where local funds are combined with state bonds to finance the project, Local Citizen Oversight Committees.

Comparative Analysis of Project Components

District staff or their agents prepare Final Project Proposals (FPPs) that are formally approved by District management before they are submitted to the Board’s System Office staff for review. If the System Office staff support these proposal, they use the contents of FPPs to develop Capital Outlay Budget Change Proposals (COBCPs) that form the basis for formal agreements between the District and the State regarding the project proposal presented in the FPP. Once the Board, the Department of Finance, the Legislature, and the Governor approve the state financing of these district proposed COBCPs, the terms of the funded COBCPs become the basis for future evaluation of the project intent, financing array, work scope and project calendar.

Community college projects begin when the Department of Finance releases the initial phase of state funds and directs districts to begin the schematic drawings (identified in state regulations as preliminary plans). Districts must submit on state-funded projects interim design documents to the Board’s System Office staff so that they may compare the interim submission with the previously agreed upon proposal. These comparative reviews of project intent, financing array, work scope, and project calendar are performed at least three times on every project and are performed just prior to the Department of Finance’s interim approvals identified in the State Administrative Manual:

- When the State Public Works Board is to approve the preliminary plans
- When the Department of Finance is to approve the district’s request to place the project out to bid
- When the Department of Finance is to approve an award(s) of a construction contract(s)

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4 [http://sam.dgs.ca.gov/TOC/6000/6851.htm](http://sam.dgs.ca.gov/TOC/6000/6851.htm)
5 [http://sam.dgs.ca.gov/TOC/6000/6852.htm](http://sam.dgs.ca.gov/TOC/6000/6852.htm)
The System Office reviews each district’s five year plan annually and the progress of ongoing projects and may make other comparative analyses of a specific project if they become aware of circumstances that could affect project intent, financing array, work scope, or project calendar of a state funded project. For example, a reassessment of the location and shape of a 100-year flood plan may impact the planned location of the state funded project so knowing that a recently issued report revised a site’s flood plan zone would warrant inquiry regarding potential impacts on the state funded project(s) and could result in further comparative analysis of the project(s) affected by the revised flood plan.

Each time the System Office staff performs a comparative analysis and determines the nature and significance of any change on the project, the staff determines whether formal notice to the administration and Legislature needs to be made. When changes to any state funded project are significant, the System Office notifies the Public Works Board (PWB) staff of the nature of the change. The PWB staff can then recommend either that the state continue to support the project with the changes, seek that the project return to the previously agreed upon scope, cost, and calendar configuration, or refuse to agree to the revised scope, cost, and calendar and seek to remove the state funding from the project.

Reimbursement Claim Reviews

State Proposition 1D bond funds are provided to community college district using a Cost Reimbursement Claim procedure. This procedure is consistent with the System Office handling of the disbursement of prior state bond funds. Under the procedure, a district is required to submit a reimbursement claim form and an expenditure recap sheet that provide the critical information contained on the contractor’s invoice and the district’s warrant that funded the payment. The recap sheet requires a description of the services or items purchased and identification of the individual payment made. If the description is for activities or items not normally part of the project referenced, the System Office staff will require the submission of additional justification, specific contractor invoices, and district warrants that support the reimbursement claim form. On past projects there have been occasions where the System Office staff has required the submission of all invoices and warrants that support large, complex reimbursement claims.

Local Citizen Oversight Committees

Chapter 44, Statutes of 2000, more commonly called Proposition 39, lowered the required percentage for the approval of local general obligation bonds from 66 2/3 percent to 55

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6 http://sam.dgs.ca.gov/TOC/6000/6853.htm
7 http://www.cccco.edu/divisions/cffp/facilities/refs/ref_links/LA-Co_ref_man_Feb%2003.doc
8 http://www.leginfo.ca.gov/pub/99-00/bill/asm/ab_1901-1950/ab_1908_bill_20000627_chaptered.html
percent. This legislation improved in-process bond accountability over projects financed with local bonds by requiring that every district that passes such bonds must have a Citizen Oversight Committee with the authority to review and report on the proper expenditure of taxpayers’ money for construction financed with these local bonds. These committees also have the authority to receive and review annual, independent performance audits of locally funded capital outlay projects that ensure that the funds have been expended only on the specific projects listed. The accountability procedures established by the passage of Proposition 39 substantially increase the accountability over Proposition 1D projects because more than half the community projects partially financed with Proposition 1D monies are also partially financed with local general obligation bonds authorized by Proposition 39. The Citizen Oversight Committees when they review the progress of Proposition 39 funded projects are often verifying the progress of Proposition 1D projects.