

PERALTA COMMUNITY COLLEGE DISTRICT
Board of Trustees Agenda Report
For the Trustee Meeting Date of June 22, 2010

ITEM # 21

ITEM TITLE: *(Please define the subject; e.g., change order – Berkeley City College)*

Consider Approval of Independent Contract for Fiscal Crisis & Management Assistance Team Study Agreement (FCMAT)

SPECIFIC BOARD ACTION REQUESTED:

Consider approval of independent contract for fiscal crisis & management assistance team study agreement (FCMAT), including the Chancellor's Office on behalf of the California Community College Board of Governors, not to exceed \$125,000 plus reasonable expenses, as defined in the attached agreement, to investigate, review, and audit the District's fiscal operations. All Board recommended contracts are subject to negotiation and execution by the Chancellor. The Chancellor recommends approval.

ITEM SUMMARY: *(PLEASE DISCUSS THIS ITEM)*

Contract is attached.

BACKGROUND/ANALYSIS:

ALTERNATIVES/OPTIONS:

EVALUATION AND RECOMMENDED ACTION:

SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):

GENERAL FUNDS FROM THE CHANCELLOR'S BUDGET

OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):

YES _____ No **XX**

COMMENTS:

WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING?

CHANCELLOR HARRIS

DID A BOARD STANDING COMMITTEE RECOMMEND THE ITEM? YES _____ No _____
_____ IF "YES", PLEASE INCLUDE THAT INFORMATION IN YOUR SUMMARY.

(*****Board contract approval is subject to negotiation and execution by the Chancellor.)

PLEASE ACQUIRE SIGNATURES IN THIS ORDER:

DOCUMENT PREPARED BY:

Prepared by: _____ Date: _____
[Nancy Koo, Executive Assistant, Chancellor's Office]

DOCUMENT PRESENTED AND APPROVED BY:

Presented and approved by: _____ Date: _____
[Chancellor Harris, Chancellor]

FINANCE DEPARTMENT REVIEW

_____ Finance review required _____ Finance review *not* required

If Finance review is required, determination is: ___ Approved ___ Not Approved

If not approved, please give reason: _____

Signature: _____ Date: _____
Finance and Administration Approval

GENERAL COUNSEL (Legality and Format/adherence to Education Codes):

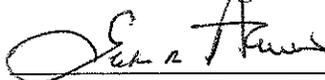
_____ Legal review required Legal review *not* required

If Legal review is required, determination is: ___ Approved ___ Not Approved

Signature: _____ Date: _____
Thuy T. Nguyen, General Counsel

CHANCELLOR'S OFFICE APPROVAL

___ Approved, and Place on Agenda ___ Not Approved, but Place on Agenda

Signature:  _____ Date: 4/15/16
Elihu Harris, Chancellor

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT

February 4, 2010

Amended April 29, 2010

The **FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT)**, hereinafter referred to as the FCMAT Team, and the Chancellor's Office on behalf of the California Community College Board of Governors, hereinafter referred to as the Chancellor's Office, mutually agree as follows:

1. BASIS OF AGREEMENT

The FCMAT Team provides a variety of services to school districts, county offices of education, charter schools, and community college districts upon request. The Peralta Community College District has requested that the FCMAT Team provide for the assignment of professionals to study specific aspects of the district's operations based on the provisions of Education Code section 84041. *There is concern that past practices in the district have possibly caused an imminent threat to the fiscal integrity of the district as a result of fraud, misappropriation of funds, or other illegal fiscal practices.* The Chancellor's Office agrees to have the FCMAT Team provide investigative, review and auditing services pursuant to item 6870-107-0001 of the State Budget Act of 2007, Education Code section 84041 and applicable regulations adopted by the Board of Governors.

All requests from districts for the services of FCMAT shall first be directed to and approved by the Project Monitor in the Chancellor's Office. Then the Chancellor's Office Project Monitor and FCMAT's Project Director will review the request and mutually agree whether to conduct a particular investigation, review or audit and define the scope and cost.

Upon signature by the Project Monitor and the Project Director, the Project Authorization for the specific investigation, audit or review shall be deemed a part of this contract as though fully set forth herein.

These professionals may include staff of the Chancellor's Office, FCMAT Team, County Offices of Education, the California State Department of Education, school districts, charter schools, community colleges, or private contractors. All work shall be performed in accordance with the terms and conditions of this Agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The scope and objectives of this study are to:

- 1) In accordance with Education Code section 84041 (a) and (c) the Peralta Community College District may request the FCMAT Team pursuant to Education Code section 42127.8, to assist the district to establish and maintain sound financial and budgetary conditions that comply with principles of sound fiscal management and review the following:
 - Review of payroll/benefits irregularities with attention to tracking absence, vacation, overtime, comp-time and sick leave.
 - Use of assets including inventory procedures, and conflict of interest policies and procedures related to acquisition and disposition of assets.
 - Perform review and analysis of Measure A bond expenditures, reconciliation, accounting requirements consistent with Board policy, bond oversight guidelines and Statutory Authority.
 - Provide review and analysis of employee/board travel, conferences and use of district issued credit cards consistent with district policy, BAM and Statutory Authority.
 - Timeliness and accuracy of posting to Financial Ledger (payroll, AP, AR, site fees, financial aid, Site and district Transactions, Disbursements).
 - Review and analysis of report writing, process and ability to extract financial data from the PeopleSoft financial reporting software.
 - Review and analysis of bond arbitrage and rebate calculation for Measure A and 2000 Series C Bonds.
 - Update on the value of the Deferred Compensation Trust Fund.
 - Review the district's plan or ability to pay for the district's long-term debt financial obligations.
 - Review and analysis of selected grants
 - Perform reconciliation of bank accounts in the county treasury

- 2) In accordance with Education Code section 84041(g)(1)(b) the Peralta Community College District may request the FCMAT Team pursuant to Education Code section 42127.8, to assist the district to facilitate training for members of the district governing board and for any district employees whose responsibilities include addressing fiscal issues. Training services shall emphasize efforts to improve fiscal accountability and to expand the fiscal competency of the trainees and will provide the following:
 - Establishment of Business Office desk manuals for the specific areas FCMAT is reviewing for each site to train staff and provide the necessary ongoing documentation necessary to provide functionality and procedural requirements of the business office.

B. Services and Products to be provided

- 1) Orientation Meeting - The FCMAT Team will conduct an orientation session at the district to brief management and supervisory personnel on the procedures of the FCMAT Team and on the purpose and schedule of the study.
- 2) On-site Review - The FCMAT Team will conduct an on-site review at the district office and at college sites if necessary.
- 3) Progress Reports - The FCMAT Team will hold an exit meeting at the conclusion of the on-site review to inform the district of significant findings and recommendations to that point.
- 4) Exit Letter - The FCMAT Team will issue an exit letter approximately 10 days after the exit meeting detailing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.
- 5) Draft Reports - Sufficient copies of a preliminary draft report will be delivered to the district administration for review and comment.
- 6) Final Report - Sufficient copies of the final study report will be delivered to the district following completion of the review.

3. PROJECT PERSONNEL

The study team will be supervised by Anthony L. Bridges, Deputy Executive Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

- A. Michelle Plumbtree, FCMAT Chief Intervention Specialist
- B. FCMAT Community College Consultant(s) to be determined

Other equally qualified consultants will be substituted in the event one of the above noted individuals is unable to participate in the study.

4. PROJECT COSTS

The cost for studies requested pursuant to Education Code section 84041 shall be:

- A. \$800.00 per day for each FCMAT staff member while on site, conducting fieldwork at other locations, presenting reports, or participating in meetings. The cost of independent consultants will be billed at the actual daily rate based on the provisions of Education Code section 84041. **The total projected cost for this study shall not exceed the total amount of \$ 125,000.**
- B. All out-of-pocket expenses, including travel, meals, lodging, etc.
- C. In consideration of satisfactory performance of this Agreement, the Chancellor's

Office agrees to pay the FCMAT Team's costs including contractors in accordance with the approved contract budget, Exhibit G, which is also attached hereto and by reference made a part of this Agreement, and the Project Authorization for each particular investigation, review or audit.

- D. The total amount payable under this Agreement shall not exceed the maximum amount of this Agreement plus reimbursable expenses as specified. Payment shall be made monthly in arrears upon receipt of an invoice, in triplicate, specifying this Agreement Number and the expenditures for the period covered, broken down by Project Authorization. Payment of all invoices will be subject to withholding of ten percent of the expenses billed pending satisfactory performance of this Agreement. No payments shall be made without the written approval of the Project Monitor and the Executive Vice Chancellor, or his/her designee. Such approval is contingent upon the Project Monitor's approval of the progress the Contractor has made within each respective invoicing period. Approval of invoices by the Project Monitor and the Executive Vice Chancellor or his/her designee shall not be unreasonably withheld.

Payments for FCMAT services are payable to Kern County Superintendent of Schools - Administrative Agent.

5. RESPONSIBILITIES OF THE DISTRICT

- A. The district will provide office and conference room space while on-site reviews are in progress.
- B. The district will provide the following (if requested):
1. A map of the local area, location of each college
 2. Existing policies, regulations and prior reports addressing the study request
 3. Current organizational charts
 4. Current and two (2) prior years audit reports
 5. Current financial system report by Fund, Site, Resource and Object or sub Fund
 6. Long Term Debt Schedules
 7. Budget Development Calendar
 8. Board Policies for Purchasing processes
 9. Administrative or Department Procedures for Budget Development
 10. Any additional requests for documents that are made while the team is on site
 11. Adjunct Faculty budget and expenses
 12. Collective Bargaining Agreements
- C. The district administration and Chancellor's Office will review a preliminary draft copy of the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the FCMAT Team prior to completion of the final report.

6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for key study milestones:

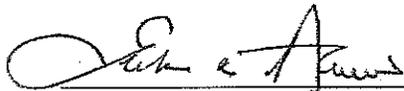
Orientation:	March 1, 2010 or to be determined
Staff Interviews:	To be determined
Exit Interviews:	To be determined
Preliminary Report Submitted	To be determined
Final Report Submitted	To be determined
Board Presentation	To be determined

7. **CONTACT PERSON**

Name of contact person: _____

Telephone: _____ FAX: _____

Email: _____


Elihu Harris, Chancellor
Peralta Community College District

4/3/10
Date

W.F.A.
4/16/10


Anthony L. Bridges
Deputy Executive Officer & Project Director
Fiscal Crisis and Management Assistance Team

April 29, 2010
Date

Frederick E. Harris
Assistant Vice Chancellor & Project Monitor
California Community College Chancellor's Office

Date

Steve Bruckman
Executive Vice Chancellor of Operations and General Counsel
California Community College Chancellor's Office

Date