



**FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
*February 4, 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 Team provides a variety of services to school districts, county offices of education, charter schools, and community college districts upon request. The San Jose-Evergreen 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 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:

In accordance with Education Code section 84041 (a), (b) and (c) the San Jose-Evergreen Community College District has requested the FCMAT Team pursuant to Education Code section 42127.8 to review the district's budget policies and processes to establish and maintain sound financial and budgetary practices that comply with principals of sound financial management. The analysis will include but not be limited to: requisition and purchasing processes, position control, internal controls, competitive bidding, credit card use, cash management and other internal business practices regarding the expenditure or use of funds. The study will focus on the internal controls and budget practices for the Board of Trustees and administration at both district sites for the purposes of identifying issues of potential fraud, misappropriation of funds or other illegal practices that may threaten the fiscal integrity of the district. The team will provide findings and recommendations to strengthen the district's internal controls.

Specific areas of review will include the following:

- Investigation of Alleged Financial Impropriety; In accordance with Education Code section 84041(c)(1), the FCMAT Team will provide management review of the district and its educational programs or an audit of the financial conditions of the district.
- Review decisions made by the previous Chancellor regarding the ability to improperly influence any decision relating to the appointments, assignments, promotions, transfers, professional opportunities including travel and business trips, or other job benefits relating to district employees
- Evaluate employee appointments, assignments, promotions, transfers, professional opportunities including travel and business trips, or other job benefits to which any employees were not entitled or for which they were not qualified. And if so, did the previous Chancellor play a role in receiving those job benefits?
- Review district paid travel claims for employees that were not related to the business of the district, and for which the district did not receive value or services.
- Evaluate the Chancellor's use of district funds for any personal benefit or gain, including but not limited to using public funds for personal travel, goods or services for the Chancellor, family members, or friends.
- Review any violations by the previous Chancellor regarding any district policy, procedure or term of the employment contract and the utilization of district funds, maintained records of expenditures, or the use of business credit card and/or business accounts. This area of the investigation should report both on any improper expenses and any improper process used pursuant to district policies, procedures and the Chancellor's contract.

- Evaluate district pay for any travel of the Board of Trustee members that was not related to the business of the district, and for which the district did not receive value or services for the past three fiscal years.
- Conduct an evaluation of district paid travel for the President of Evergreen Valley College, or the President of San Jose City College that was not related to the business of the district, and for which the district did not receive value or services.
- Conduct an evaluation of the district's payment for any travel for other district administrators that was not related to the business of the district, and for which the district did not receive value or services.
- Evaluate and compute any improper expenditure of district funds, as outlined above regarding the dollar value of these expenditures.

B. Services and Products to be provided

- 1) Orientation Meeting - The Team will conduct an orientation session at the district to brief management and supervisory personnel on the procedures of the Team and on the purpose and schedule of the study.
- 2) On-site Review - The Team will conduct an on-site review at the district office and at college sites if necessary.
- 3) Progress Reports - The 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 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 administration 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. Jim Cerreta, FCMAT Fiscal Intervention Specialist, CFE
- B. Debi Deal, FCMAT Fiscal Intervention Specialist
- C. Regan Romali, FCMAT Community College Consultant(s)
- D. Office of the County Counsel, County of Santa Clara
- E. Jayne W. Williams, Managing Principal, Meyers Nave

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 EC 84041. The total projected cost for this study shall not exceed the total amount of \$145,000.
- B. All out-of-pocket expenses, including travel, meals, lodging, etc.

In consideration of satisfactory performance of this Agreement, the Chancellor's Office agrees to pay FCMAT'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.

The total amount payable under this Agreement shall not exceed the maximum amount of this Agreement plus reimbursable expenses as specified in the Agreement. 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. Budget Development Calendar
 - 7. Board Policies for Purchasing processes
 - 8. Administrative or Department Procedures for Budget Development
 - 9. Any additional requests for documents that are made while the team is on site
 - 10. Adjunct Faculty budget and expenses
 - 11. 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 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, 2009 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: Jeanine Hawk, Acting Chancellor

Telephone: (408) 274-6700 FAX _____

Email: jeanine.hawk@sjeccd.edu

Jeanine Hawk, Acting Chancellor Date
San Jose-Evergreen Community College District



Anthony L. Bridges February 4, 2010
Deputy Executive Officer & Project Director Date
Fiscal Crisis and Management Assistance Team

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

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