



FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services

Pleasant Valley School District

Organization/Staffing Review

May 12, 2017



Joel D. Montero
Chief Executive Officer







CSIS California School Information Services

May 12, 2017

Angelica Ramsey, Ed.D., Superintendent
Pleasant Valley School District
600 Temple Ave.
Camarillo, CA 93010

Dear Superintendent Ramsey:

In August 2016, the Pleasant Valley School District entered into an agreement with the Fiscal Crisis and Management Assistance Team (FCMAT) to review the central office's organization and staff. Specifically, the study agreement states that FCMAT will perform the following:

1. Review the internal controls and operational processes and procedures of the Business Services Department and make recommendations for improved efficiency, if any, in the following areas:

Budget development

Budget monitoring

Payroll

Position control

Accounts payable

Accounts receivable

Purchasing, including outside service contracts

2. Evaluate the workflow and distribution of functions within the department, and make recommendations for improved efficiency, if any.

During fieldwork on December 6-8, 2016, the FCMAT study team visited the sites, conducted interviews, and reviewed documentation. This report contains the study team's findings and recommendations. We appreciate the opportunity to serve you and we extend our thanks to all the staff of the Pleasant Valley School District for their cooperation and assistance during fieldwork.

Sincerely,



Joel D. Montero
Chief Executive Officer

FCMAT

Joel D. Montero, Chief Executive Officer

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About FCMAT

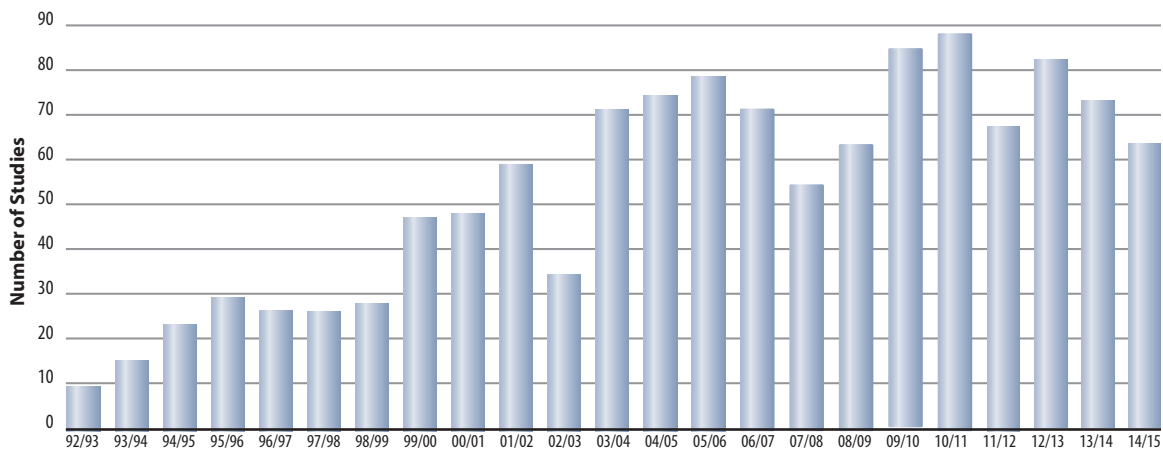
FCMAT’s primary mission is to assist California’s local K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT’s fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials and help to create efficient organizational operations. FCMAT’s data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and inform instructional program decisions.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the LEA to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of K-14 LEAs and the implementation of major educational reforms.

Studies by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website (www.ed-data.org) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its state-wide data management work. AB 1115 in 1999 codified CSIS’ mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. AB 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform more than 1,000 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Located in Ventura County, the Pleasant Valley School District has a five-member elected governing board and serves approximately 6,528 students in kindergarten through eighth grade. The district has six elementary, three TK-8 and two middle schools and is the authorizing agency for a charter school.

The district employs approximately 388 certificated and 298 classified employees including administration.

Study Team

The study team was composed of the following members:

Eric D. Smith, MPA FCMAT Intervention Specialist Templeton, CA	Michele Huntoon, CPA FCMAT Consultant Union City, CA
Leonel Martínez FCMAT Technical Writer Bakersfield, CA	Sylvia Treanor FCMAT Consultant Bakersfield, CA

Each team member reviewed the draft report to confirm its accuracy and to achieve consensus on the final recommendations.

Study and Report Guidelines

FCMAT visited the district on December 6-8, 2016 to conduct interviews, collect data and review documents. This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Organizational Structure
- Budget Development
- Communication
- Customer Service
- Elimination of Duplicated or Unnecessary Work
- Position Control
- Internal Controls
- Accounts Receivable
- Nonprofit Board Action of Salary Increases
- Costing of Positions Without Job Descriptions
- Maintenance of Fixed Assets
- Purchasing Services
- Competitive Bidding
- Human Resources

In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

Executive Summary

FCMAT conducted an organizational and staffing review to provide the governing board and district administration with an independent and external review of its business office and to provide recommendations for improved efficiency.

The district's goals are clear, feasible and achievable, identifying communication as a priority with all those affected. However, communication is not effective on a day-to-day basis between all departments at the district. It has experienced an unusually high turnover rate in senior leadership over the last several years, which can lead to a lack of communication.

Some staff indicated the Business Department communicates ineffectively with other departments or school sites. For example, the implementation of changes in processes related to timelines, forms, and department authority are not reported to other departments or school sites in a timely manner or not at all. Moreover, some line staff at the district office indicated they felt isolated and uninformed regarding the issues faced by the district. The superintendent should take the lead in establishing better communication throughout the district office. This could start by holding a monthly district officewide staff meeting to share important information. This meeting should be scheduled at the first of every month.

The district requires all employees, including all administration and the superintendent, to submit timesheets for payroll monthly. The positions of management and administration are considered exempt, and the requirement to fill out a timecard is unnecessary work. Employees at this level do not receive overtime for hours beyond an eight-hour day, or a 40-hour work week. The risk of having exempt employees filling out timesheets is the potential for those employees to be paid for hours over the limit for nonexempt employees. This process was implemented many years ago and has been maintained because it was done in the past. When a process is reviewed for implementation, the district should determine why it is performed and the most efficient way to complete the task.

The district does not utilize a fully integrated position control system. Human Resources established and maintains a database in place of an electronic position control system. The database is available to some but not all employees who require the information for budgeting purposes.

The district uses the Escape financial reporting software used by the Ventura County Office of Education and its member districts. This software contains the accounting and position control systems used by the district for its financial activities, but the position control module has not been fully implemented by the district. Because salary and benefit costs constitute more than 85 percent of the district's general fund budget, it is imperative that the Business Department have access to timely and accurate information on full-time equivalent employees hired by the district. Staff is unable to determine the number of employee and full-time equivalents for budgeting purposes. Additionally, use of a reliable position control system prevents the omission from the budgeting process of routine annual expenses tied to other line-item expenditures in the budget, such as substitutes, extra duty pay, stipends, vacation payouts and estimated column changes.

FCMAT's review of the district's California Uniform Public Cost Construction Cost Accounting Act (CUPCCAA) program found that the district's board adopted a resolution authorizing the district to participate in the CUPCCAA program, but that the resolution was not filed with the state controller's office until December of 2016. The district had not complied with the requirements to notify trade journals annually and to maintain a master list of interested contractors.

The Human Resources Department is staffed with two HR specialists, one assigned to classified staff and one to certificated, and an administrative assistant. The assistant superintendent for HR position is vacant. An interim part-time director of classified personnel works with the personnel commission and classified staff functions, and the superintendent manages the certificated functions.

Interviews with school site principals found that while relations with the HR Department are good, the process of hiring and replacing classified personnel takes an excessive amount of time. The positions most affected by this are food service workers and instructional aides. While the merit system process is sometimes cumbersome, the major delays are in the district's process itself because of the volume and lack of staff resources. The sites also reported that contacting HR is difficult, with no one answering the phones at times and questions going unanswered. No cross training occurs between the two HR specialists, and no other department staff is trained in their basic functions. When either of these staff members is out of the office, no one can answer most of the questions or continue the work assigned to that desk. Both specialists reported that they hesitate to take vacation days because a significant amount of work is generated while they are gone.

Findings and Recommendations

Organizational Structure

All school districts should be staffed according to the basic theories of organizational structure used in other school agencies of similar size and type. The most common of these theories are span of control; chain of command; and line and staff authority.

Span of Control

Span of control refers to the number of subordinates reporting directly to a supervisor. While there is no agreed-upon ideal number of subordinates for span of control, the span can be larger at lower levels of an organization than at higher levels since subordinates at lower levels typically perform more routine duties, and therefore can be more effectively supervised.

Chain of Command

Chain of command refers to the flow of authority within an organization. Chain of command is characterized by two guiding principles. The first is unity of command, where a subordinate is only accountable to one supervisor. The second is the scalar principle, where subordinates at every level within the organization follow the chain of command and only communicate through their immediate supervisor. As a result, a hierarchical division of labor is established in the organization.

Line and Staff Authority

The organizational structure of local school agencies reflects both line and staff authority. Line authority is the relationship between supervisors and subordinates, and refers to the direct line in the chain of command. For example, the district superintendent has direct line authority over the chief business officer and the chief business officer has direct line authority over the business office and so on. Conversely, staff authority is advisory in nature. Staff personnel do not have the authority to make and implement policy decisions. Rather, they act in support roles to line personnel.

A schools district's organizational structure establishes the framework and the delegation of specific responsibilities and duties for all staff members. FCMAT's review found that the business office lacks an up-to-date organizational chart. An organizational chart is important because it shows the structure and the relationship of all positions. This document is also necessary to identify the chain of command and the responsibility for functional areas for each staff member.

Recommendation

The district should:

1. Develop an organizational chart identifying all business office positions and the chain of command.

Budget Development

The annual budget should include revenues and expenditures by school site, department and resource in sufficient detail to identify variances and determine whether financial goals were achieved. Material variances in revenues and expenditures should be investigated promptly and thoroughly. This includes ensuring that potential revenues and expenditures for ASB funds are identified at the start of each year.

Budget development integrates the district's educational goals with its revenues. The budget is a policy document and a fiscal document that allocates limited resources to meet these goals. The budget establishes the district's expenditure practices and provides a road map for management and staff to follow during the course of the year. Once a sound budget has been developed, the document and resulting actions should reflect the school district's educational philosophy, priorities and financial strengths and needs.

To be useful, the budget must be based on the following:

- Accurate data
- Budget guidelines that embody the educational and financial goals and plans of the school district
- Assumptions that reflect the best information available
- A formal system that realigns the budget during the year to be consistent with actual revenues/expenditures

All parties responsible for the district's educational and financial performance should collaborate to develop a budget that includes all of these items. Budget development should include input from and participation by governing board members, the superintendent, cabinet members, district business officials, site and program directors, and the educational staff.

The district budget is the single most important policy document over which the board exercises control. In the past several years, the district has experienced significant turnover that has affected the consistency of process and procedures for budget development. The district has experienced a shift from one administration to another, including collaborative styles. During fieldwork, there was a consistent lack of collaboration regarding position-control information and the process for its dissemination. Position control information has not been readily available to the Business Department through budget development or throughout the fiscal year in a manner that is timely or efficient. This information is necessary for the organization as a whole to be effective and meet the financial and educational goals established by the government board. Although information was developed, it was not distributed in a collaborative manner. At the time of fieldwork, the district had not begun its budget development process for the upcoming fiscal year. The new administrative team appeared to be working effectively within the Business Department. Staff interviews indicated collaboration outside the Business Department can be strengthened, allowing for information to flow from Business to all other departments, eliminating a centralized process. Most budget decision-making resided in the business office before 2016-17.

While the district can exercise only limited control over revenues, it has much more control over expenditures. Decisions as to expenditure levels, including salaries, employee benefits, and any pay raises or other contractual obligations to employee organizations, largely determine the relative priorities of different school districts. As the superintendent, staff, and board develop a budget, each priority must be considered in light of the services that the board perceives students

need most. The needs of a particular district may change over time, and collaboration should be maintained to continue meeting student needs.

A formal budget calendar should be developed that reflects the activities for the closing year and the budget development activities for the budget year. The calendar should include activities that involve the board, superintendent, CBO, administrative staff and business staff. The budget calendar should specify activities that indicate a goal-setting process or an indication that the district's goals are used to drive the budget. The district began the 2016-17 with several new administrative staff. At the time of fieldwork, not all positions had been filled. The district should continue to strength the collaborative efforts with all departments as positions are filled.

Recommendations

The district should:

1. Continue to perform a monthly review of the budget to adjust estimates when preparing budget updates during the year. It is appropriate for the budget to be prepared conservatively and be based on information known at the time, and that the total variance between budget and actual activity be positive.
2. Use historical spending patterns; taking into account the effect of budget reductions, track actuals-to-date to determine carryovers and unspent balances, and frequently communicate the changes in the projected ending fund balance to all those affected.
3. Revise its budget development calendar to reflect the budget development process to include steps that ensure that the expected funds from restricted, donated and unrestricted sources are aligned with the district's LCAP goals every year.
4. Strengthen communication between all departments beginning with budget development and continuing throughout the fiscal year.

Communication

The district has published a mission statement adopted by the governing board, clarifying its responsibility to provide all students with educational resources encouraging positive self-concept, creative expression, critical thinking, and academic excellence challenging students to reach their highest potential. The district has established the following goals to support the mission statement:

1. A highly qualified staff will provide a safe, healthy, positive and effective learning environment.
2. Engage in open, meaningful, and continuous communication with all stakeholders.
3. Promote a culture of excellence.
4. Maintain a fiscally, sound budget that equitably aligns and maximizes available revenue, while providing long range plans for the safe and effective use of facilities based on students and community needs.

These goals are clear, feasible and achievable, identifying communication as a priority with all those affected. However, communication is not effective on a day-to-day basis between all departments at the district. It has experienced an unusually high turnover rate in senior leadership over the last several years, which can lead to a lack of communication.

During fieldwork, some staff indicated the Business Department communicates ineffectively with other departments or school sites. For example, the implementation of changes in processes related to timelines, forms, and department authority are not reported to other departments or school sites in a timely manner or not at all. Sometimes the communication received is inconsistent between departments and/or school sites.

Effective communication is essential in providing a sense of stability and effective leadership. Without open and regular communication, inaccurate information may circulate and be assumed accurate. During interviews, many district staff members indicated the district office lacks sufficient communication. The superintendent does not conduct monthly staff meetings, and some district office departments have no meetings at all. Some departments do not participate in cross-department meetings or receive information about decisions that affect them.

Although the face-to-face meeting is preferable, a consistent form of communication that lists current and upcoming projects by department would be effective. This type of communication would make it easier to plan for projects individually and by department to avoid delays in completion time, payments, and meeting deadlines.

One important aspect of meetings is to ensure agendas are prepared in advance. To promote collaboration, the draft agenda should be distributed a week ahead of time so participants can request topics. This timeline allows staff attending to be prepared to discuss the items that may be their responsibility. The agenda should also relate in some manner to the district's vision, mission, and goals statements to emphasize their importance and demonstrate how district office work is directly related to student learning and outcomes. Questions from staff can often be answered in the meetings, which can also communicate critical information. This is also an efficient and effective way to train new staff and build trust among leadership and staff.

During fieldwork, some line staff at the district office indicated they felt isolated and uninformed regarding the issues faced by the district. Once the new superintendent becomes more accustomed to the position, she should take the lead in establishing better communication throughout the district office.

The district should foster cooperative communications and collaborative decisions. This type of decision-making will demonstrate support and value for employees.

Recommendations

The district should:

1. Ensure the superintendent sets the tone of the organization and provides staff with the resources needed to perform their duties, including training, direction and communication.
2. Ensure the superintendent takes measures to make certain that all employees are heard and included.
3. Have the superintendent convene monthly district office staff meetings at the district office.
4. Require department personnel who interact with each other daily to meet as departments monthly or bimonthly to improve communication.
5. Prepare written agendas before each meeting.

Customer Service

During fieldwork, some school site staff indicated that not all district-level departments provide a level of support that meets the needs of the school sites. The history of district-office personnel turnover has affected the district focus on students and impeded clear direction to staff. The district's mission and goals include the promotion of a culture of excellence. With new leadership beginning in the 2016-17 fiscal year, the district has an opportunity to foster a student-focused culture at the district office and school sites. Some employees indicated they are frustrated that not everyone has the same student-focused attitude or supporting one another to promote a culture of excellence. In some cases, it is as simple as answering a phone call or email regarding necessary information. The district should establish essential agreements among staff, prescribing how district staff will conduct business with each other and those affected.

Recommendations

The district should:

1. Adopt communication policies that include expectations for student-focused customer service.
2. Consider including communication standards such as answering phone calls within a certain number of rings, adhering to specific turnaround times for responding to emails, phone calls, and other queries and requests, and other behaviors as appropriate for all district office departments.
3. Support incentive and reward programs and develop a program to recognize staff members who consistently exhibit the behaviors expected and for those that go above and beyond.
4. Communicate the roles and responsibilities of all staff, including the direct line of authority, to all departments and school sites.

Elimination of Duplicated or Unnecessary Work

The district requires all employees, including all administration and the superintendent, to submit timesheets for payroll monthly. The positions of management and administration are considered exempt, and the requirement to fill out a timecard is unnecessary work. Employees at this level do not receive overtime for hours beyond an eight-hour day, or a 40-hour work week. The risk of having exempt employees filling out timesheets is the potential for those employees to be paid for hours over the limit for nonexempt employees. This process was implemented many years ago and has been maintained because it was done in the past. When a process is reviewed for implementation, the district should determine why it is performed and the most efficient way to complete the task.

Recommendation

The district should:

1. Eliminate the use of timesheets for all contracted employees, including managers, administration, and superintendent.

Position Control

The district does not utilize a fully integrated position control system. Human Resources established and maintains a database in place of an electronic position control system. The database is available to some but not all employees who require the information for budgeting purposes.

The district uses the Escape financial reporting software used by the Ventura County Office of Education and its member districts. This software contains the accounting and position control systems used by the district for its financial activities. The district has discussed the use of position control possibly since 2008 or before, but some indicated it was never fully implemented because of the lack of knowledge and training on the system. However, the county office provides ongoing training to all districts in the county. The district participates in both the live and online trainings provided by the county office.

The Human Resources Department developed an Access database for personnel as an alternative to tracking full-time equivalence (FTE) in the Escape financial system. Multiple personnel indicated that this database is not accessible to all applicable personnel in the district.

Requests for personnel (RFP) forms are used to make changes in personnel (e.g., hire, terminate, name change, birth, death, etc.). However, RFPs are not encumbered in the financial system and are often lost.

One of the most critical elements in budgeting is salary and benefits costs. Because these costs constitute more than 85 percent of the district's general fund budget, it is imperative that the Business Department have access to timely and accurate information on full-time equivalent employees hired by the district. Staff is unable to determine the number of employees and full-time equivalents for budgeting purposes. Additionally, a reliable position control system prevents the omission from the budgeting process of routine annual expenses tied to other line-item expenditures in the budget, such as substitutes, extra duty pay, stipends, vacation payouts and estimated column changes.

Recommendations

The district should:

1. Request that the county office fully evaluate the Business and Human Resources departments' use of the Escape financial system and provide recommendations and a timetable for implementation so the district can use the financial system more effectively.
2. Work with the county office to implement the position control module that the district has access to through the Escape financial system. Full implementation will reduce the risk for errors that can occur when establishing and updating the budget throughout the fiscal year.
3. Clearly delineate the roles and responsibilities of the Human Resources and Business departments related to the implementation of position control and ongoing operational functions for each of the departments.

Internal Controls

A system of internal controls consists of policies and procedures designed to provide management with reasonable assurance that the school district achieves its objectives and goals. Traditionally referred to as hard controls, these include segregation of duties, limiting access to cash, management review and approval, and reconciliations. Other types of internal controls include soft controls such as management tone, performance evaluations, training programs, and maintaining established policies, procedures and standards of conduct. The internal control environment also includes the integrity, ethical values and competence of personnel; the philosophy and operating style of management; the way management assigns authority and responsibility and organizes and develops its people; and the attention and direction provided by the governing board and executive management.

Effective internal controls are designed to ensure the following:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Internal controls can provide reasonable but not absolute assurance that the district will succeed in achieving its goals and objectives.

Ineffective internal controls may include, but are not limited to, the following:

1. Failure to segregate duties and responsibilities of authorization
2. Unrestricted access to assets or sensitive data (e.g. cash, fixed assets, personnel records)
3. Not recording transactions, resulting in lack of accountability
4. Not reconciling assets with the appropriate records
5. Unauthorized transactions
6. Unimplemented controls because of unqualified personnel
7. Collusion among employees where little or no supervision exists

During fieldwork, accounting staff reported that the district lacks checks and balances and invoices are not paid separately or in a timely manner to vendors when multiple invoices are received. This can lead to audit exceptions for federal and state funding and increase the risk to the district's assets. The safeguarding of cash awaiting deposit is an important control and is in jeopardy because cash bags used to transport cash are not equipped with locking mechanisms. Although the district has a vault available for temporarily storing cash and assets, the district places unlocked cash bags in a locked drawer.

Another internal control weakness is allowing the accounts payable staff members to have custody of the warrants after the county office processes them. Proper internal controls would prevent the same person from initiating and distributing warrants. The district should review its warrant distribution process and consider making adjustments such as reassigning the processing of warrants for mailing/distribution to the department's administrative assistant.

Desk manuals have not been developed or implemented in the district. These manuals should be prepared and include step-by-step procedures for business-related job duties. These manuals help ensure consistent application of internal controls and designate each position's internal control responsibilities.

Similarly, desk manuals provide an opportunity to plan and diagram internal controls and written standards for the business office, school sites and other district departments. Desk manuals are especially helpful for new staff in providing training, helping preserve institutional knowledge, and documenting and monitoring segregation of duties districtwide. These manuals should be developed and made available to the district office, school sites and other district departments to assist with processes and standards regarding accounts payable transactions and best practices.

The district should maintain a system of checks and balances with a formal process for implementation to initiate, approve, execute, record and reconcile transactions. The procedures should identify the employee responsible for each step and the time period for completion. Key areas of checks and balances include payroll, purchasing, accounts payable and cash receipts.

Separation of duties

Ensure that payment documents are processed correctly by having different people involved in the payment process; separation of duties.

- The best practice is to have different people perform the following:
 - Approve purchases
 - Receive ordered materials
 - Approve invoices for payment
 - Review and reconcile financial records
- Potential consequences when duties are not separated include the following:
 - Erroneous or fraudulent invoices approved for payment
 - Unauthorized payments made to nonexistent vendors

Accountability, authorization, and approval

Accountability ensures that the district authorizes, reviews, and approves invoices for payment based on signed agreements, contract terms, and purchase orders.

- The best practices are as follows:
 - Review and update signature authorizations periodically.
 - Obtain preapproval of consultant agreements by purchasing.
 - Verify receipt of goods and services to contract/purchase order and invoice information.
 - Reconcile ledgers for accuracy of recorded transactions.
 - Monitor that invoices are paid in a timely manner.

- If accountability does not exist, the potential consequences are as follows:
 - Unauthorized, unnecessary, or fraudulent payments or purchases
 - Unauthorized work performed by vendors
 - Loss of supplier discounts due to late payments
 - Improper charges to incorrect account/funds
 - Conflict of interest when paying a district employee for unauthorized outside work

Security of assets

Once purchased goods are received, materials should be secured in a safe location. To account for resources, inventory should be periodically counted and the results compared with the amounts shown on control records.

- The best practices are as follows:
 - Secure goods received in a restricted area.
 - Restrict inventory access to appropriate staff.
 - Lock up goods and materials, and provide key or combination to as few people as possible.
 - Keep inventory records and periodically calculate beginning and ending inventory amounts.
- If assets have not been secured, the potential consequences include the following:
 - Theft of goods
 - Inventory shortages
 - Additional costs incurred for replacement of goods

Review and reconciliation

FCMAT's observation of reconciliation activities confirms the district pays for approved purchases and is billed correctly. Ledger reconciliations should be performed monthly to catch improper charges and validate transactions.

- The best practices are as follows:
 - Review vendor invoices for accuracy by comparing charges to purchase orders.
 - Verify that the goods and services purchased have been received.
 - Perform monthly reconciliations of operating ledgers to assure accuracy and timeliness of expenses.
- If review and reconciliation is not performed, the potential consequences are as follows:
 - Improper charges made to department budgets
 - Disallowances resulting from costs charged to incorrect accounts/funds
 - Payments made for items or services not provided

Accounts Receivable

The district's accounts receivable function has adequate segregation of duties. The senior accountant performs invoicing, and the accounting assistant receipts money to post against the accounts receivable deposit.

Two accountants are assigned to count cash, and it is then sent to local bank to clear before checks are cut against funds in the revolving cash account. The senior accountant is responsible for reconciling the revolving cash account.

The district should establish procedures to provide adequate internal control and ensure that accounts receivable general ledger accounts reflect net realizable receivables.

- Wherever possible, the maintenance of the receivable accounts and related subsidiary ledgers should be separated from the functions of (1) posting to the receivables accounts, (2) recording cash receipts and preparing the deposits, and (3) approval of any adjustments or write-off to any receivable accounts.
- When necessary, subsidiary ledgers should be established. A trial balance of the subsidiary ledgers should be taken at the end of each fiscal period and reconciled with the related control account. Differences should be investigated and adjusted promptly.
- All charges, collections, and adjustments to the accounts pertaining to a fiscal month should be recorded for an appropriate cutoff at the end of the fiscal period. (i.e., year end).
- Billings to students, retirees, and others should be issued in a timely manner. (i.e., lost books, outstanding food services accounts).
- Billing and collection transactions should be reviewed periodically to ensure compliance with established procedures.
- Past due accounts should be reviewed monthly and follow-up collection efforts made.
- If necessary, a reserve for doubtful accounts should be established to reflect the net collectible valuation of the related receivable account. Review procedures should be established to provide a realistic reserve based on past collection experience and anticipated losses on the receivables.
- Requirements for approval of write-off of accounts determined to be bad debts and adjustments for disputed amounts or other items should be established.

The district should also consider the following areas to ensure internal controls are implemented:

Inventory records

Inventory records should be maintained that identify the items and quantities purchased and sold or designated as surplus. Physical inventory should be taken periodically and reconciled with inventory records. Typical inventoried items include computer equipment, warehouse supplies, food service commodities, maintenance and transportation parts, and student store goods.

Recommendations

The district should:

1. Review warrant distribution and make necessary adjustments such as reassigning warrant processing for mailing/distribution to the department's administrative assistant.
2. Develop individual desk manuals for each position and ensure that each employee includes in his or her manual the step-by-step procedure for all assigned duties.
3. Utilize cash bags with locking mechanisms installed.
4. Safeguard the district's cash and assets through the use of the vault temporarily until deposits are completed with the financing institution.
5. Research the use of armored vehicles to transfer deposits from the school sites to the financing institution in the most efficient manner to effectively safeguard assets.
6. Maintain a system of checks and balances with a formal process for implementation to initiate, approve, execute, record and reconcile transactions. The procedures should identify the employee responsible for each step and the time period for completion.

Nonprofit Board Action of Salary Increases

The governing board approves all positions in the district, which includes placement by staff on the salary schedule. The district received a grant from a not-for-profit organization and hires the appropriate personnel.

The not-for-profit board approved a salary increase for district personnel. The nonprofit board took action to provide an increase in salary for the appropriate district staff members providing program services. However, there are questions regarding the legitimacy of a nonprofit board authorizing an increase for school district employees. All salary increases for district employees must be approved by the district's governing board in concert with the district's uniform salary schedules applicable to all like-employees .

Recommendations

The district should:

1. Ensure the governing board approves all salary increases for district staff.
2. Communicate district policies and procedure to all staff to avoid misunderstandings about the hiring of personnel by the governing board.

Costing of Positions Without Job Descriptions

Business Department staff require information from Human Resources when determining placement of employees on the salary schedule in the budget. However, it is difficult to develop a salary schedule without job-description information from HR. During interviews, staff indicated the Business Department was requested to identify where position should be placed on the salary schedule for budgeting purposes for position without job descriptions.

Recommendation

The district should:

1. Establish a process to develop salary schedules after the job description has been completed and approved by the governing board.

Maintenance of Fixed Assets

Education Code Section 35168 requires LEAs to maintain an inventory of items costing more than \$500. For accountability and internal control purposes, organizations typically maintain inventories of many items of property they do not capitalize on their financial statements.

The duties assigned to the senior office assistant include maintenance of the fixed asset inventory system. Education Code Section 35168 and the district's Administrative Regulation (AR) 3440 require it to maintain an inventory of equipment for all items valued at more than \$500 with a complete physical inventory conducted every two years (34 Code of Federal Regulations section 80.32). Noncapitalized equipment \$500-capitalization level should be tagged and tracked according to the Education Code. Capitalized equipment (Obj 6000) should be recorded in a subsidiary ledger to track depreciation and be reflected on the balance sheet and net position statement per GASB 34.

The staff indicated that a complete physical inventory of the 6000 expenditure object classification has not been updated since 2012.

Recommendations

The district should:

1. Maintain an annual inventory of its assets to protect and safeguard them and minimize the risk of loss to the district.
2. Update the fixed asset inventory to reflect expenditures in the 6000 expenditure objects from fiscal year 2011-12 forward to ensure financial statements are in compliance with Governmental Accounting Standards Board statements No. 34.

Purchasing Services

In local education agencies (LEAs), including school districts, the process of purchasing supplies, equipment and services is dictated by statute, local board policy, and district procedures and practices. Sections of the Education Code, Public Contract Code, Government Code, and California Code of Regulations provide the legal basis and parameters within which a school district must conduct its purchasing functions consistent with board policies, administrative regulations, procedures and guidelines and controls that are designed to protect school districts by meeting various purchasing and contract needs efficiently while considering lowest cost and highest value.

The district's board recognizes its fiduciary responsibility to oversee prudent expenditure of funds. Board Policy (BP3312) delegates spending authority to the superintendent or designee in accordance with the Public Contract Code and other statutes. District policy further states the following:

In order to best serve district interests, the Superintendent or designee shall develop and maintain effective purchasing procedures that are consistent with sound financial controls and that ensure the district receives maximum value for items purchased. He/she shall ensure that records of expenditures and purchases are maintained in accordance with law.

Purchasing staff receives little training and professional development. These employees need to receive mandated, ongoing training to keep their skills up to date. Technology advancements have created new and more efficient ways for public purchasing officials to do business, and the Purchasing Department needs to establish and maintain these skills to benefit the district as a whole.

General guidelines and best practices for LEA purchasing include the following:

1. Board policies and administrative regulations to provide the foundation and expectation that purchasing follows legal requirements, provides strong internal controls and meets procurement objectives.
2. Designation of staff member(s) responsibilities and authority throughout the purchasing process.
3. Standardized procedures for vendor selection, requisition generation, and issuance of purchase orders. These procedures should also establish competitive bidding process to ensure prudent and optimal use of funds and appropriate minimum standards and compatibility requirements for supplies and services.

The district does not have a purchasing handbook. This type of document should act as a reference for all district personnel engaged in any aspect of the purchasing process and should reflect current laws, board policies and administrative regulations pertaining to purchasing. A sample handbook is available at <http://www.hemetusd.org/ourpages/purchasing/Purchasing%20Handbook.pdf>.

The district also lacks guidelines for informal and formal quotes, and FCMAT's review of vendors found the same ones have been used continuously over the last year. LEAs, including school districts, often set dollar limits for formal and informal quotes. Verbal quotes from three separate sources are usually required for informal quotes (e.g. where a good or service exceeds \$5,000 in value). Conversely, formal quotes (Public Contract Code Section 20111(a)) for services, equip-

ment and materials require three formal written quotes. Quotes are then attached to the purchase requisition.

The district has a history of creating positions of less than eight hours in the Purchasing Department. As a result, it continues to lose employees placed in these jobs to neighboring districts that provide full-time positions. The delivery driver position is seven hours a day and 11 months a year, but should be 12 months and eight hours, and the child nutrition fund should be charged as prescribed in the California School Accounting Manual (CSAM), since the position performs duties for that department.

Recommendations

The district should:

1. Direct the Purchasing Department to develop and distribute a purchasing handbook to all school sites and departments.
2. Establish a process and dollar threshold for informal quotes and memorialize the process in board policy and administrative regulation.
3. Restore the delivery driver position to 12 months and eight hours per day with food service paying for the additional time.
4. Provide ongoing professional development for purchasing staff.

Competitive Bidding

FCMAT examined the district bidding policy and processes and found its materials, services and supply acquisition and public works construction bidding procedures mostly in compliance with the law. Public Contract Code (PCC) 20111 requires school districts to publicly bid certain purchases for equipment, materials, supplies or services that are subject to a variety of bid thresholds and criteria. For nonpublic works projects, the PCC 20111 public bid threshold is \$88,300 as of the time of this study and is subject to an annual adjustment for inflation.

District Board Policy (BP) 3311 relates to bids and states the following:

In order to ensure transparency and the prudent expenditure of public funds, the Board of Education shall award contracts in an objective manner and in accordance with law. District equipment, supplies, and services shall be purchased using competitive bidding when required by law or if the Board determines that it is in the best interest of the District to do so. When the Board has determined that it is in the best interest of the District, the District may piggyback onto the contract of another public agency or corporation to lease or purchase equipment or supplies to the extent authorized by law. (PCC20118) Bid specifications shall be carefully designed and shall describe in detail the quality, delivery, and service required.

Administrative Regulation AR 3311 reinforces BP 3311 with further detail and direction on the requirements and process for competitive bidding.

The district's design/bid/build construction projects are bid using the alternative process authorized in PCC 22000-22045, referred to as CUPCCAA. CUPCCAA facilitates public works projects by speeding the process for awarding contracts and simplifying the paperwork involved. CUPCCAA rules allow the following:

1. The employees of a public agency may perform public projects of \$45,000 or less by force account, negotiated contract, or purchase order (PCC 22032(a)).
2. Public projects of \$175,000 or less may be awarded by informal procedures as set forth in this legislation. If all bids received exceed \$175,000, the governing body of the public agency may, by adoption of a resolution by a four-fifths vote, award the contract at \$187,500 or less to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable (PCC 22032(b) and 22034(f)). Public projects of more than \$175,000 shall, except as otherwise provided in this legislation, be allowed to contract by formal bidding procedures (PCC 22032(f)).
3. Agencies may disqualify contractors from the qualified contractors list required according to PCC 22034(a).
4. Agencies may use these increased purchase amounts to purchase materials as long as they are consumed on a public contract subject to and defined by the policies and procedures manual established by the California Uniform Construction Cost Accounting Commission.
5. An agency may elect to withdraw from the act at any time by filing a resolution of this election with the State Controller's Office.

6. However, FCMAT’s review of board policies does not indicate that Pleasant Valley is a CUPCCAA district and cites instead the competitive bid limits included under Sections 20111 and 22003 of the PCC as current board policy and administrative regulation.

CUPCCAA is an effective way for school districts to raise their bidding limits if they have sufficient resources and staff time to generate a master list each year and provide notice to all contractors on the list and the construction trade journals each time the public entity bids a construction contract that is between \$45,000 and \$175,000.). In summary, a public entity should balance the benefit of obtaining a higher formal bid threshold with the following burden:

- Generating contractor lists annually
- Providing notice to all interested contractors on the list and the specified trade journals each time the public entity bids a contract between \$45,000 and \$175,000
- Notifying the trade journals when the public entity formally bids a construction contract of more than \$175,000.

CUPCCAA was created to promote uniformity of cost accounting standards and bidding procedures on construction work performed or contracted by public entities in California. The act raises the formal bid thresholds for public entities to \$175,000 and establishes specific informal and formal bidding procedures. This means that a public entity that has affirmatively adopted the act can use its “informal bidding procedures,” to award public projects of between \$45,000 and \$175,000. CUPCCAA’s “informal bidding procedures” require a public entity to notify specific trade journals each year in November and generate a list of interested contractors from contractor responses received by the public entity to the trade journal notifications. After this “Master List” is created, the public entity must provide all contractors on the Master List with notice for each contract exceeding \$45,000 to be bid at least 10 calendar days before bids are due. Additionally, CUPCCAA requires public agencies to notify these construction trade journals when formally bidding contracts in excess of \$175,000, as a part of the act’s formal bid procedures.

FCMAT’s review of the district’s CUPCCAA program found that the district’s board adopted a resolution authorizing the district to participate in the CUPCCAA program, but that the resolution was not filed with the state controller’s office until the December of 2016. The district had not complied with the requirements to notify trade journals annually and to maintain a master list of interested contractors. Because the facilities, maintenance and operations director is the employee assigned to carryout public works projects in the district, the responsibility for ensuring the district is compliant with CUPCCAA requirements should rest with the Facilities, Maintenance and Operations Department.

Recommendations

The district should:

1. Revise board policy and administrative regulation 3311 to indicate that the district participates in the Office of the State Controller’s CUPCCAA program.
2. Transfer the responsibility for compliance with CUPCCAA to the Facilities, Maintenance and Operations Department.

3. Ensure the Facilities, Maintenance and Operations Department notifies specific trade journals each year in November and generates a list of interested contractors from contractor responses received by the public entity to the trade journal notifications.
4. Notify all contractors on the master list of each contract exceeding \$45,000 to be bid at least 10 calendar days before bids are due, and notify construction trade journals when formally bidding contracts in excess of \$175,000.

Human Resources

Staffing

The Human Resource Department is staffed with two HR specialists, one assigned to classified staff and one to certificated, and an administrative assistant. The assistant superintendent for HR position is vacant. An interim part-time director of classified personnel works with the personnel commission and classified staff functions, and the superintendent manages the certificated functions. The personnel commission is interviewing for a part-time interim director for certificated personnel. Some functions in HR have been transferred through the years to other departments due to staff reductions in HR.

Interviews with school site principals found that while relations with the HR Department are good, the process of hiring and replacing classified personnel takes an excessive amount of time. The positions most affected by this are food service workers and instructional aides. While the merit system process is sometimes cumbersome, the major delays are in the district's process itself because of the volume of work and lack of staff resources. The sites also reported that contacting HR is difficult, with no one answering the phones at times and questions going unanswered. No cross training occurs between the two HR specialists, and no other department staff are trained in their basic functions. When either of these staff members are out of the office, no one can answer most of the questions or continue the work assigned to that desk. Both specialists reported that they hesitate to take vacation days because a significant amount of work is generated while they are gone. They also indicated that overtime is granted to them whenever it is needed.

The administrative assistant is new to the department and has attempted to help each specialist and field questions, but only as tasks arise. The department utilized an hourly part-time employee for clerical functions such as making copies, filing and other duties as assigned. However, the work hours varied because of availability, which added to the frustration of the HR specialists because they were uncertain how much assistance to plan for from that position.

Recommendations

The district should:

1. Hire an interim certificated director of HR as soon as possible. Every effort should be made to find a candidate with extensive personnel experience.
2. Once this position is in place, review the duties along with input from the other interim director should occur to evaluate staff needs and assignments.
3. Perform a comprehensive review of HR functions assigned to other departments to determine if they are more appropriately assigned to the HR department.
4. Ensure that HR staff are cross-trained on each other's position and that desk manuals are completed and updated regularly.

Management Configuration

The HR Department has a history of using different management configurations. At one time, it had one director for classified functions and another for certificated, and those departments were geographically separate. These two positions were eventually combined into the assistant superintendent HR. According to interviews, the reason for change is unclear, but seems to be related to financial constraints as well as a vacancy in one directorship. The other director assumed the duties of both and eventually was promoted to an assistant superintendent position. The duties performed by this position involved complaints and legal issues, but HR and business staff provided differing reports of the extent of these functions. Some stated that student complaints may also have been involved. The former HR administrator reported that before her departure, she was overwhelmed by the assignment's duties, reported this to the personnel commissioners and recommended that they hire a full-time classified personnel director. A personnel commissioner indicated that the commission accepted the 50-50 split and felt it worked well, but were concerned by the HR administrator's workload.

School districts use many configurations for HR/Personnel departments, and several maintain two geographically separate departments. These districts generally manage a much higher number of personnel and have larger staff sizes. Having two departments generally results in some similar functions being performed by each department. These may include tracking and maintaining mandatory trainings, performing tuberculosis test updates, posting positions, completing fingerprint clearances and subsequent reports, etc. The ability to utilize staff for similar assignments is lost under this configuration as well as the opportunity for cross-training and backup. In HR's current staffing, this configuration would result in the need for a director and an additional 1.5 FTE support staff. The district should review the assignment of duties performed by the prior administrator and reassign functions to other managers as well as providing additional resources in the HR Department to create an environment managed by one director. This would result in a single HR Department and more efficient use of staff that can cross platforms and assist each other. Communication with school sites and district office will be consistent and managed in one department.

The district should make every effort to hire an experienced HR candidate to manage the department. Many of FCMAT's recommendations require some knowledge of HR functions as well as how to develop desk manuals and provide cross-training. Effort should be made to work cooperatively with the personnel commission to ensure it is comfortable with the shared position. Some of these assignments could be started by the interim directors working with staff. Additionally, it is essential to monitor the director position to ensure this configuration functions effectively.

Recommendations

The district should:

1. Review duties performed by the prior administrator and reassign some functions to other managers to create an environment managed by one director.
2. Cross-train personnel in the Human Resources Department to ensure adequate coverage when an employee is ill or absent.
3. Hire a candidate with experience in Human Resources to manage the department.

Escape System

The district utilizes the Escape System for its business and HR functions; however, interviews with district staff indicated that not all system components are in use and/or integrated. Some of this is because of a lack of training, and some is the result of historic working practices. The district uses the Aesop/Frontline software for absence tracking and substitutes where needed. However, the district does not use this system universally for its functions nor is it linked to the Escape system. This underutilization of available software has resulted in some functions being performed with a paper process using time sheets and requests for personnel (RFP). Reports indicate both are used in some instances. HR staff indicated that spreadsheets are maintained to document much of the data that is also maintained in the Escape system, but they have always used this process for running reports and storing data. This requires the specialists to enter some information twice although they report they are already overwhelmed. Some of the double entry appears to occur because of a lack of training on the Escape System.

Recommendations

The district should:

1. Perform a systematic review of master files and data in the Escape system along with staff and outside personnel who have experience with the programs to determine a systematic use of the package as it was intended. This will include integration of functions such as budget development, payroll, business and HR.
2. Include line staff for their input and acceptance of the changes this will make in their routines.
3. Discontinue the use of spreadsheets once staff is trained in Escape report generation and data entry.
4. Ensure that use of other data collection techniques is kept minimized to reduce double entry.

RFP Process

Interviews with the payroll staff indicated that time sheets and request for personnel forms (RFPs) are used to calculate pay for hourly employees, stipends, extra assignment pay and other compensation related functions. There are conflicting understandings of what is needed for certain functions. For example, some reported that stipends for staff required an RFP and a time

sheet, while others indicated that a blanket transmittal of all names could be attached to an RFP, but a time sheet was still necessary. Samples of RFPs indicate that teachers attended a series of workshops over several months, but some reported these to payroll using one RFP for all three workshops while others used one for each session.

All staff keep time sheets except classroom teachers. This includes many salaried employees such as management even though the timesheet is irrelevant in these cases except to report an absence. This use of time sheets is overwhelming for payroll staff members since they must ensure each employee has submitted one of these documents if it includes only their normal work hours. Additionally some RFPs require a time sheet, and they must verify this as well. The district has no way to track if or where an RFP is in the routing process, and time sheets are frequently received without the backup RFP. In the latter cases, payroll must call to ask if the RFP has been initiated, and if so, they have to track it down. Some departments and sites have started making a copy of the RFP so that if they get a call from a payroll staff member they can walk him or her through the process or at least show that the stipend or extra pay is authorized. All RFPs are required to be signed by the department as well as by the superintendent, CBO and assistant superintendent of HR.

Site staff interviews indicated that inconsistent use and redundancy of paperwork causes not only an increased workload of site staff but also a general slowdown of pay for some extra assignments. Site principals reported poor communication and inconsistencies on some processes regarding RFPs and time sheets.

Two school sites are piloting the use of the Aesop/Frontline system for all substitutes and absence tracking. This elimination of time sheets has worked well for the sites but payroll is concerned that not all absences are reported. Payroll also indicated that it would have preferred to be a part of the discussion on the gradual reduction of time sheets and felt eliminating this function for management would have been an easy first step.

Recommendations

The district should:

1. Review the RFP process to determine which functions are high enough priorities to require signature by cabinet members. This might include requests for additional staff, the replacement of an existing position, and extra help positions for example. The authorizing of stipends, workshop and training attendance, extra duty pay, funding change and schedule changes could be reviewed by program and budget staff, for example. This would reduce the time necessary to complete the process.
2. Investigate an electronic system of processing RFPs. This would expedite the process, eliminate lost documents and allow users to track documents.
3. Review time sheet usage to determine whether these documents should be eliminated from an absence tracking system. Staff should use the Aesop/Frontline system to report leaves and vacation. Time sheet usage should be formalized for hourly and substitutes as well as the reporting of extra hours worked. This discussion should involve payroll and site staff so the usage determined is clearly understood.

4. Monitor the pilot program to alleviate any concerns that district staff have identified. While there is no evidence of problems, payroll still indicated a lack of confidence.

Communication

Communication has been an issue in the district through many management changes. Site and central office staff reported that many attempts at improvement were made through the years with limited success. The site management interviewed agreed that communication with the new superintendent has improved and they are encouraged by the exchange of ideas and information. However, communication with the district is sporadic and sometimes not helpful. In some instances different answers in like departments, unanswered phones and some questions unanswered waiting for staff to return from a leave were reported. District staff interviewed stated they answer phone calls that should be directed to other departments but go unanswered. While these reports were not generally specific enough to indicate a pattern, it is evident that communication is an issue.

The district office generally indicates communication is poor, both within the HR department and between other departments in the district office. Staff is encouraged by recent changes in management and hope they remain. High turnover in some management positions has made it difficult for employees to keep up with changes; each new manager makes some changes but leaves before the tasks are finished.

Communication is especially important because of the changes planned in the district. Meetings can be an effective way to bring staff together to facilitate change. The district has a clerical meeting each month, with an agenda set by attendees and management. This format was praised by attendees as an effective way to receive information. Departments and sites could use the same format to keep meetings organized, on task and informative. Small department meetings are effective in keeping staff informed on current topics and deal with issues, such as phone calls and customer service.

Recommendations

The district should:

1. Continue holding monthly clerical meetings and allow staff and management to include items on the agenda.
2. Consider assigning the department heads to hold meetings at the first of each month to apprise department staff of current events.

Appendix

A. Study Agreement

Appendix A. – Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT August 19, 2016

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Pleasant Valley School District, hereinafter referred to as the district, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local education agencies (LEAs). The district has requested that the team assign professionals to study specific aspects of the district's operations. These professionals may include staff of the team, county offices of education, the California State Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this agreement.

In keeping with the provisions of Assembly Bill 1200, the county superintendent will be notified of this agreement between the district and FCMAT and will receive a copy of the final report. The final report will also be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The scope and objectives of this study are to:

1. Review the internal controls and operational processes and procedures of the Business Services Department and make recommendations for improved efficiency, if any, in the following areas:

- Budget development
- Budget monitoring
- Payroll
- Position control
- Accounts payable
- Accounts receivable
- Purchasing, including outside services contracts

2. Evaluate the work flow and distribution of functions within the department, and make recommendations for improved efficiency, if any.

B. Services and Products to be Provided

1. Orientation Meeting - The team will conduct an orientation session at the district to brief district management and supervisory personnel on the team's procedures and 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 school sites if necessary.
3. Exit Meeting - 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 – Approximately 10 days after the exit meeting, the team will issue an exit letter briefly memorializing the topics discussed in the exit meeting.
5. Draft Report - Electronic copies of a preliminary draft report will be delivered to the district's administration for review and comment.
6. Final Report - Electronic copies of the final report will be delivered to the district's administration and to the county superintendent following completion of the review. Printed copies are available from FCMAT upon request.
7. Follow-Up Support – If requested by the district within six to 12 months after completion of the study, FCMAT will return to the district at no cost to assess the district's progress in implementing the recommendations included in the report. Progress in implementing the recommendations will be documented to the district in a FCMAT management letter. FCMAT will work with the district on a mutually convenient time to return for follow-up support that is no sooner than eight months and no later than 18 months after completion of the study.

3. PROJECT PERSONNEL

The study team will be supervised by Michael H. Fine, Chief Administrative Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

- A. To be determined*
- B. To be determined*
- C. To be determined*

- FCMAT Staff*
- FCMAT Consultant*
- FCMAT Consultant*

4. PROJECT COSTS

The cost for studies requested pursuant to Education Code (EC) 42127.8(d)(1) shall be as follows:

- A. \$500 per day for each staff member while on site, conducting fieldwork at other locations, presenting reports and participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate for all work performed.
- B. All out-of-pocket expenses, including travel, meals and lodging.
- C. The district will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon the district's acceptance of the final report.

Based on the elements noted in section 2A, the total not-to-exceed cost of the study will be \$16,600.

- D. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT's 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 during on-site reviews.
- B. The district will provide the following if requested:
 - 1. Policies, regulations and prior reports that address the study scope.
 - 2. Current or proposed organizational charts.
 - 3. Current and two prior years' audit reports.
 - 4. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the district and sent to FCMAT in electronic format.
 - 5. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the district will upload all requested documents.

- C. The district's administration will review a preliminary draft copy of the report resulting from 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.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with pupils. The district shall take appropriate steps to comply with EC 45125.1(c).

6. PROJECT SCHEDULE

The following schedule outlines the planned completion dates for different phases of the study and will be established upon the receipt of a signed study agreement:

Orientation:	to be determined
Staff Interviews:	to be determined
Exit Meeting:	to be determined
Draft Report Submitted:	to be determined
Final Report Submitted:	to be determined
Board Presentation:	to be determined, if requested
Follow-Up Support:	if requested

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the district and any other parties from which, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a preliminary draft report and a final report. Prior to completion of fieldwork, the district may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the district does not provide written notice of termination prior to completion of fieldwork, the team will complete its work and deliver its report and the district will be responsible for the full costs. The district understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the district shall not request that it do so.

8. INDEPENDENT CONTRACTOR

FCMAT is an independent contractor and is not an employee or engaged in any manner with the district. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the district in any manner without prior express written authorization from an officer of the district.

9. INSURANCE

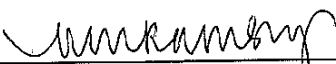
During the term of this agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the district, automobile liability insurance in the amount required under California state law, and workers compensation as required under California state law. FCMAT shall provide certificates of insurance, with Pleasant Valley School District named as additional insured, indicating applicable insurance coverages upon request.

10. HOLD HARMLESS


FCMAT shall hold the district, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement. Conversely, the district shall hold FCMAT, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement.

11. CONTACT PERSON

Name: Angelica Ramsey, Superintendent
 Telephone: (805) 445-8600
 E-mail: aramsey@pvcsd.k12.ca.us



 Angelica Ramsey, Superintendent Date
 Pleasant Valley School District



 Michael H. Fine, August 19, 2016
 Chief Administrative Officer Date
 Fiscal Crisis and Management Assistance Team