

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT December 6, 2013

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Santa Rosa City Schools, hereinafter referred to as the district, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to school districts and county offices of education upon request. 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

1. Review the district's budget development process, assumptions, and site allocation methods used to develop the 2013-14 adoption budget, and make recommendations.
2. The analysis of the district's budget assumptions shall include but not be limited to enrollment and average daily attendance projections, Local Control Funding Formula calculations, forecasted revenues, projected expenditures including step and column, position control and collective bargaining agreements, interfund transfers, long term debt, and the recommended reserves for economic uncertainties.
3. The analysis will also include a review of the district's process and procedures for developing its multiyear financial projection and cash flow.

4. Review the internal control structure between the business and personnel departments to provide the district with reasonable assurances, based on a review of governance and business practices, that adequate management controls are in place regarding the reporting and monitoring of transactions. Management controls include the processes for planning, organizing, directing and controlling program operations, including systems for measuring, reporting, and monitoring performance. Specific review objectives will include evaluating board policies and administrative regulations, procedures, internal controls and transactions performed by the district.
5. Evaluate the purchasing and warehouse department's policies, procedures, including compliance with bidding requirements and other purchasing data. The objective of this component will be to provide findings regarding the efficiency and accuracy of the purchasing department and make recommendations for the following:
 - a. Provide reasonable assurance that purchasing transactions are entered by properly authorized personnel and that the transactions are accurately summarized for procurement purposes. The team will obtain data and information necessary to perform testing of various purchase orders and warehouse requisition records. This component will be to evaluate the effectiveness and efficiency of departmental purchasing and warehouse processing and operations which include new vendors, contracts, bid requirements, and system operations.
 - b. Provide reasonable assurance that access to the purchasing and warehouse system is properly secured from unauthorized changes and that the proper internal control systems are in place for data transfers between the purchasing and accounts payable departments.
6. Evaluate the division of labor and segregation of duties between classified and management employees in the purchasing and warehouse department
 - a. Review the purchasing and warehouse department work flow and staffing;
 - b. Review the records processing procedures and file management protocol;
 - c. Evaluate desk manuals and procedures for each departmental employee.

- d. Verify that the district is in compliance with the Education Code and Public Contract code regarding bid limits.
 - e. Review procedures related to deductions and payments to vendors, including but not limited to purchase orders and sample contracts for professional services, construction and other purchases for services.
7. Evaluate the efficiency of the district's facilities and maintenance operations in accordance with the following: (The scope of work excludes grounds and custodial operations).
- a. Review job descriptions for all department positions, evaluate capacity, scheduling, efficiency and functions and make recommendations for staffing and operational improvements. All recommendations will include estimated calculated values for any proposed position reductions or enhancements to the organizational structure.
 - b. Evaluate the current operational work flow of each departmental function for the facilities and maintenance areas and provide recommendations for improved efficiency and standard industry practices, 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 Report - 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 summarizing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.
- 5. Draft Reports - 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, FCMAT will return to the district at no cost six months after completion of the study 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.

3. **PROJECT PERSONNEL**

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

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|---------------------------------------|--|
| A. Marisa Ploog, CPA, CFE, CICA, CGMA | FCMAT Fiscal Intervention Specialist, Project Lead |
| B. To be determined | FCMAT Consultant |
| C. To be determined | FCMAT Consultant |

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

4. **PROJECT COSTS**

The cost for studies requested pursuant to E.C. 42127.8(d)(1) shall be as follows:

- A. \$500 per day for each staff member while on site, conducting fieldwork at other locations, preparing and presenting reports, or participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate.
- 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 2 A, the total estimated cost of the study will be \$25,000

- 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. Existing 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 field work; any delay in the receipt of the requested documents may affect the start 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).

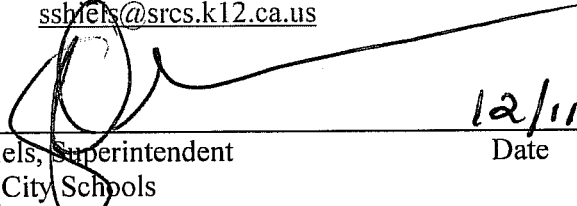
6. PROJECT SCHEDULE

The following schedule outlines the planned completion dates for different phases of the study:

Orientation:	February 2014
Staff Interviews:	to be determined
Exit Meeting:	to be determined
Preliminary Report Submitted:	to be determined
Final Report Submitted:	to be determined
Board Presentation:	to be determined, if requested
Follow-Up Support:	if requested

7. **CONTACT PERSON**

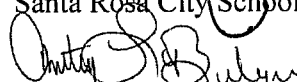
Name: Socorro Shiels
Telephone: (707) 528-5396
E-mail: sshiels@srcs.k12.ca.us



Socorro Shiels, Superintendent
Santa Rosa City Schools

12/11/13

Date



Anthony L. Bridges, CFE, CICA
Deputy Executive Officer
Fiscal Crisis and Management Assistance Team

December 6, 2013

Date