

## FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT FOR AB 139 REVIEW

This study agreement, hereinafter referred to as Agreement, is made and entered into by and between the Fiscal Crisis and Management Assistance Team, hereinafter referred to as the Team or FCMAT, and the Santa Clara County Office of Education, hereinafter referred to as the Client or county superintendent of schools; collectively, Team and Client are hereinafter referred to as the Parties. This Agreement shall become effective from the date of execution hereof by FCMAT.

### **1. BASIS OF AGREEMENT**

The Team provides a variety of services to local education agencies (LEAs). Pursuant to the provisions of Education Code (EC) 1241.5(b), county superintendents may review or audit the expenditures and internal controls of any school district in their county if they have reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. Furthermore, pursuant to the provisions of EC 1241.5(c), county superintendents may review or audit the expenditures and internal controls of any charter in their county if they have reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination.

The county superintendent of schools has requested that FCMAT assign professionals to conduct an Assembly Bill (AB) 139 review consistent with EC 1241.5 (b) or (c), as applicable. Such AB 139 review is in fulfillment of the county superintendent of school's authority under EC 1241.5(b) or (c), as applicable. The review conducted by the county superintendent shall be focused on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and shall be conducted in a timely and efficient manner. The assigned professionals will include FCMAT staff and may include professionals from county offices of education, school districts, charter schools, community colleges, other public agencies or private contractors. All professionals assigned shall work under the direction of FCMAT. All work shall be performed in accordance with the terms and conditions of this Agreement.

The county superintendent of schools has received information regarding possible fraud, misappropriation of funds or other illegal fiscal practices at the Mountain View Whisman School District, hereinafter referred to as Subject Entity.

### **2. SCOPE OF THE WORK**

#### **A. Scope and Objectives of the Review**

1. The focus of this AB 139 review is to determine, based on sample testing performed and auditors' judgment, whether fraud, misappropriation of funds, or other illegal fiscal practices may have occurred at the Subject Entity.
2. Based on that assessment, either recommend or not recommend that the county superintendent of schools notify the governing board of the Subject Entity, the State Controller, the state superintendent of public instruction, and the local district

attorney that sufficient evidence exists to indicate that fraud, misappropriation of funds or other illegal fiscal practices may have occurred, and that the county superintendent of schools has concluded its review.

3. The team will review and test the Subject Entity's expenditures and internal controls for vendor selection, contracted services and governing board approval to determine whether the district was involved in any undisclosed or inappropriate related-party transactions that were in conflict with state and local policies and standards, or that violated conflict-of-interest laws.
4. The team will sample associated transactions within fiscal years 2022-23, 2023-24 and 2024-25 to date. Disbursements selected for testing will be based on the Team's judgment as to sample size, sample selection technique and conclusion. Sample testing and review results are intended to provide reasonable but not absolute certainty about whether the Subject Entity's disbursements and related internal controls were sufficiently appropriate.

**B. Services and Products to be Provided**

1. **Orientation Meeting for Client**  
The Team will conduct an orientation session at the Client's location to brief the Client on the Team's procedures and the purpose and schedule of the review. This orientation meeting shall be held prior to commencing fieldwork for the study.
2. **Orientation Meeting for Subject Entity**  
The Team will conduct an orientation session at the Subject Entity's location to brief the Subject Entity's superintendent or head of school, as applicable, on the Team's procedures and the purpose and schedule of the review. This orientation meeting is normally held at the beginning of fieldwork for the review.
3. **Fieldwork**  
The Team will conduct fieldwork at the Subject Entity and/or the Client's office and/or school site(s), or other locations as needed. Limited fieldwork may also be conducted remotely via telephone or videoconferencing services, in addition to the Public Safety Considerations outlined in Section 13 below.
4. **Progress Reports**  
The Team will provide periodic written and/or verbal updates to the Client on any material issues as the review progresses. Such updates will normally be provided at the conclusion of fieldwork and the conclusion of the initial report writing phase but prior to the release of a draft report. Updates will also be provided at any time the Client requests.
5. **Draft Report**  
An electronic copy of a preliminary draft report will be delivered to the Client's point of contact for review and comment.

6. Final Report

An electronic copy of the final report will be delivered to the Client's point of contact following completion of the review. FCMAT's work products are public and all final reports are published on the FCMAT website.

7. Follow-up Support

The Team will meet with the Client and/or the Subject Entity to discuss the findings, conclusion and recommendation in the final report after the final report has been issued.

3. **PROJECT PERSONNEL**

The personnel assigned to the review will be led by a FCMAT staff person (job lead) and will include at least one other professional. FCMAT will notify the Client of the assigned personnel when the fully executed copy of this Agreement is returned to the Client.

FCMAT will communicate to the Client any changes in assigned project personnel.

4. **PROJECT COSTS**

The cost for AB 139 reviews shall be as follows:

- A. \$1,400 per day for each FCMAT staff member while conducting activities associated with the review. This includes, but is not limited to, planning, on-site or virtual document collection and review, interviews, conducting fieldwork at other locations, conducting analysis, preparing reports, or participating in meetings. The cost of independent FCMAT consultants will be billed at their daily rate for all work performed.
- B. All out-of-pocket expenses, including travel and its associated costs, and miscellaneous items necessary to complete the scope and objectives of the study.
- C. The applicable indirect rate at the time work is performed on the review will be added to all costs billed.
- D. The Client will be invoiced for 50% of the not-to-exceed cost shown below following completion of fieldwork (progress payment) and the remaining amount shall be due upon the issuance of the final report (final payment). The Parties agree that changes documented in a revised study agreement may change the original not-to-exceed amount shown below. If changes are made before or during fieldwork, the new not-to-exceed amount documented in such a revised study agreement will constitute the basis for the progress payment. If changes are made after fieldwork, 100% of the total changed value documented in a revised study agreement, less progress payments made, will constitute the final payment due. All payments shall be due immediately based on the terms of the invoice.

**Based on the scope and objectives of the review, the total not-to-exceed cost of the review will be \$65,000.**

- E. Any change to the scope of work will affect the total cost. Changes may include, but are not limited to, delays, revisions to the scope of services, and substitution or addition of personnel. The need for changes shall be communicated by FCMAT to the Client in advance in the form of a revised study agreement.
- F. The Client may be eligible for full or partial reimbursement from the State of California for the costs of this review under EC 1241.5(b) or (c). Further information and the reimbursement request form are available on the FCMAT website at: [Reimbursements to COEs 2024.pdf](#).

Payments for FCMAT's services are payable to Kern County Superintendent of Schools, Administrative Agent, 1300 17th Street, City Centre, Bakersfield, CA 93301.

## **5. RESPONSIBILITIES OF THE CLIENT**

The Parties recognize that the Subject Entity is not a party to this Agreement. The Parties further recognize that many of the responsibilities outlined below are best fulfilled by the Subject Entity. The Client shall take responsibility to secure the Subject Entity's full cooperation with this AB 139 review and to facilitate the performance of each of the following responsibilities.

- A. Notify the Subject Entity in writing that an AB 139 review has been requested and will commence. Provide FCMAT with a copy of this notice.
- B. Return current organizational chart(s) that show the Subject Entity's management and staffing structure with the signed copy of this Agreement. Organizational charts should be relevant to the scope of this Agreement.
- C. Provide private office or conference room space for the Team's use during fieldwork at the Subject Entity's facility or other facilities that FCMAT may agree to.
- D. Provide for a Client and/or a Subject Entity employee to upload all requested documents and data to FCMAT's online SharePoint repository per FCMAT's instructions. Provide FCMAT with the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT with the signed copy of this Agreement.
- E. Provide documents and data requested on the Team's initial and supplementary document request list(s) by the date requested.

All documents and data provided shall be responsive to FCMAT's request, in quality condition, readable and in a usable form. With few exceptions, documents and data requested are public records and records maintained by LEAs in the routine course of doing business. Some data requested may require exporting LEA financial system reports to Microsoft Excel or another usable format agreed to by FCMAT.

All documents shall be provided to FCMAT in electronic format, labeled as instructed by FCMAT. Upon approval of this Agreement, access will be provided to FCMAT's online SharePoint repository, to which the Client and/or the Subject Entity will upload all requested documents and data.

- F. Ensure appropriate senior-level staff are available for the orientation meetings for both the Client and the Subject Entity.
- G. Facilitate access to requested Subject Entity’s board members, officers and staff for interviews.
- H. Facilitate access to requested information and facilities to include, but not be limited to, files, sites, classrooms and operational areas for observation.
- I. Review a draft of the report and return it to FCMAT by the date FCMAT requests with any comments regarding the accuracy of the report’s data. The Team will review this feedback in a timely manner and make any adjustments it deems necessary before issuing the final report. This is a Client only responsibility; the Subject Entity is not provided a copy of the draft report.
- J. Follow the recommendation of the report and make all necessary notifications as outlined in the report.
- K. Return the requested evaluation survey to FCMAT as described below.

**6. PROJECT SCHEDULE**

Time is of the essence. The Parties acknowledge that the goal of the scope and objectives of the review under this Agreement is to produce a timely and thorough report that adds value for the Client. To accomplish this goal, the Parties agree to communicate and mutually agree to honor established time commitments. These commitments include the Client providing, or facilitating the provision of, requested documents, setting and keeping interview appointments and returning comments on the draft report consistent with the established project schedule.

The following project schedule milestones will be established by FCMAT upon receipt of a signed Agreement from the Client:

| <b>ACTION</b>   | <b>TIMELINE</b>  |
|---|--|
| FCMAT provides Client with a draft Agreement.   | Draft Agreements are usually provided within 30 business days Client’s initial request for services. |
| Client returns partially executed Agreement to FCMAT along with the applicable Subject Entity organizational charts and the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT. | Draft Agreements are valid for 30 business days.   |
| FCMAT returns a fully executed Agreement to the Client and identifies the project schedule and the lead and other personnel assigned to the job.  | Within five business days of the Client’s return of the signed Agreement.                            |
| Client and/or the Subject Entity uploads  | Within 20 business days of the Client’s  |

| ACTION   | TIMELINE  |
|--|---|
| initial requested documents and data to FCMAT's online SharePoint repository.  | receipt of the FCMAT document and data request list.  |
| Fieldwork  | Mutually agreed upon; usually, to commence within 20 business days of FCMAT's receipt of requested documents and data.    |
| Orientation meeting for the Client   | Prior to commencing fieldwork   |
| Orientation meeting for the Subject Entity   | First day of fieldwork at the Subject Entity's location.  |
| Initial follow up fieldwork, if needed (e.g., rescheduled interview, additional interviews).                           | Mutually agreed upon; usually, within five business days of FCMAT's request.  |
| Additional follow-up fieldwork, if needed (e.g., additional interviews).   | Mutually agreed upon; usually, within five business days of FCMAT's request.  |
| Client and/or the Subject Entity uploads supplemental documents and data to FCMAT's online SharePoint site repository. | Within two business days of the Client's receipt of FCMAT's supplemental document and data request(s).                    |
| Draft report submitted to the Client   | To be determined, usually, within 90 days of the conclusion of fieldwork and receipt of all documents and data requested. |
| Client comments on draft report  | Within 10 business days of FCMAT providing a draft report to the Client.  |

The Client acknowledges that project schedule deadlines build upon and are contingent on each previous deadline. Missed deadline dates will affect future deadline dates and ultimately the timing of the final report. For example, if the Client or the Subject Entity does not provide requested documents and data by the specified date, the fieldwork may not be able to proceed as originally planned.

The Parties acknowledges that the Subject Entity has an educational program to administer, is balancing many priorities, and in some cases may have records management difficulties, staffing capacity issues, staff on various types of leave, or other circumstances, all of which will affect the project schedule.

The Parties commit to regular communication and updates about the review schedule and work progress. FCMAT may modify the usual timelines as needed.

## **7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK**

FCMAT will commence work as soon as it has assembled an available and appropriate review team, taking into consideration other jobs FCMAT has previously undertaken, assignments from the state, and higher priority assignments due to fiscal distress. The Team

will work expeditiously to complete its work and deliver its report, subject to the cooperation of the Client, the Subject Entity and any other related 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 report. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed.

Upon written notice to FCMAT, the Client may terminate its request for service at any time up to the issuance of the draft report and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the Client does not provide written notice of termination prior to issuance of the draft report, the Team will complete its work and deliver its final report and the Client will be responsible for the full costs.

FCMAT may terminate this Agreement at any time if the Client or the Subject Entity fails to cooperate with the requested project schedule, provide requested documents and data and/or make staff available for interviews as requested by FCMAT.

## **8. INDEPENDENT CONTRACTOR**

FCMAT is an independent contractor and is not an employee or engaged in any manner with the Client or the Subject Entity. 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 Client or the Subject Entity in any manner without prior express written authorization from an officer of the Client or the Subject Entity.

## **9. RECORDS**

The Client understands and agrees that FCMAT is a state agency and all FCMAT reports are public records and are published on the [FCMAT website](#). Supporting documents and data in FCMAT's possession may also be public records and will be made available in accordance with the provisions of the California Public Records Act.

FCMAT has a records retention policy and practice, and every effort will be made to maintain records related to this Agreement in accordance with this policy.

## **10. CONTACT WITH PUPILS**

Pursuant to EC 45125.1, representatives of FCMAT will have limited contact with pupils. The Client and the Subject Entity shall take appropriate steps to comply with EC 45125.1.

## **11. 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 Client, automobile liability insurance in the amount required by California state law, and workers' compensation as required by California state law. Upon the request of the Client and receipt of the signed Agreement, FCMAT shall provide certificates of insurance, with the Client named as additional insured, indicating applicable insurance coverages.

## **12. HOLD HARMLESS**

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

**13. PUBLIC SAFETY CONSIDERATIONS**

Whether due to public health considerations, extreme weather conditions, road closures, other travel restrictions or interruptions, shelter-at-home orders, LEA closures or other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the Client, and Project Schedule (Sections 2, 4, 5 and 6 herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:

- A. Orientation meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, or other means. References to fieldwork shall be interpreted appropriately given the circumstances.
- B. Activities performed remotely that are normally performed in the field shall be billed hourly as if performed in the field (excluding out-of-pocket costs that can otherwise be avoided).
- C. The Client may be relieved of its duty to provide conference and other work area facilities for the Team.

**14. FORCE MAJEURE**

Neither party will be liable for any failure or delay in the performance of this Agreement due to causes beyond the reasonable control of the party, except for payment obligations by the Client.

**15. EVALUATION**

In the interest of continuous improvement, FCMAT will provide the Client with an evaluation survey at the conclusion of the services. FCMAT appreciates the Client's honest assessment of the Team's services and process. The Client shall return the evaluation survey within 10 business days of receipt.

**16. CLIENT CONTACT PERSON**

The Client's contact person designated below shall be the primary contact person for FCMAT to use in communicating with the Client on matters related to this Agreement. At any time when this Agreement or FCMAT's process contemplates sending information, document request lists, draft report or final report, or when FCMAT makes other requests for the Client to act upon, this is the person whom FCMAT will contact. The Client may change the contact person upon written notice to FCMAT's job lead assigned to the review.

Name: Stephanie Gomez, Assistant Superintendent of Business Services

+ Charles Hinman, Ed.D., Interim County Superintendent of Schools

Telephone: (408) 453-6519  
(408) 453-6511

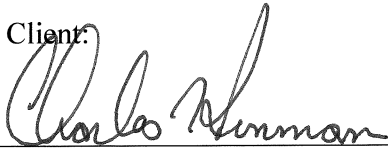
Email: [sgomez@sccoe.org](mailto:sgomez@sccoe.org)  
[chinman@sccoe.org](mailto:chinman@sccoe.org)

FCMAT will ask the Subject Entity to also establish a contact person for FCMAT to use in communicating with the Subject Entity on matters related to the review.

**17. SIGNATURES**

Each individual executing this Agreement on behalf of a party hereto represents and warrants that he or she is duly authorized by all necessary and appropriate action to execute this Agreement on behalf of such party and does so with full legal authority.

For Client:



11/5/24

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Dr. Charles Hinman, Interim County Superintendent  
Santa Clara County Office of Education

Date

For FCMAT:

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Michael H. Fine,  
Chief Executive Officer  
Fiscal Crisis and Management Assistance Team

Date

