

2018 – 2019 Civil Grand Jury

Riverside County Unified School District Superintendents Strong Contracts Enhance Ethical Behavior

Background

The Coachella Valley Unified School District (CVUSD) is a public school district in Riverside County. The District serves a 1,250-square-mile area, including the city of Coachella, a portion of Indio, south of Avenues 48 or 49, Thermal, Mecca and includes Salton City located in Imperial County. The median income is \$30,475, with 91.3% of the student body listed as socioeconomically disadvantaged. English learners comprise 46.3% of the district's approximately 18,000 student population. CVUSD has 14 elementary schools, three middle schools, three high schools, one continuation high school and one specialized school that accommodates teenage mothers.

In July of 2011, the Board of Trustees of CVUSD (Board) entered into a three year contract with the former school district Superintendent. Section 4 of that contract addressed expense reimbursement for *actual and necessary expenses incurred within the scope of the Superintendent's employment and in the scope of his duties. An expense in excess of Fifteen Hundred dollars (\$1,500.00) shall require prior approval of the Board.* Sub section 4(a) titled Automobile Expenses provided the Superintendent up to \$700 per month for job-related automobile expenses and the use of a School District fuel card. The fuel card was to be used *for District business, except for reasonable amounts for personal matters.* The contract also contained sections on salary, fringe benefits, commitment to an annual evaluation along with general responsibilities and duties of the Superintendent. New contracts with the former Superintendent were entered into in 2014 and 2015, with only Section 2 of the contract, pertaining to salary, being changed.

In November 2016 the Superintendent, citing medical problems, submitted his resignation effective December 31, 2016. The new Superintendent was hired by the School Board in June 2017.

During an evaluation of the district's internal controls, policies and procedures, including fuel and credit card use, numerous questionable transactions that may not have been in compliance with published school

board policies were identified. These findings were turned over to the Riverside County Superintendent of Schools.

Education Code Section 1241.5(b) (c) permits a county Superintendent of Schools to review or audit expenditures and internal controls of any school district or charter school in the county if he or she has reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred. This review is known as an AB 139 extraordinary audit and is conducted by the Fiscal Crisis and Management Assistance Team (FCMAT).

FCMAT is an agency created by Assembly Bill (AB) 1200 in 1992, *to assist California's K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges*. Following and enforcing district policy is precisely why strong leadership and a strong ethical tone at the top is important. In July 2017, FCMAT and the Riverside County Office of Education entered into an agreement to conduct an AB 139 extraordinary audit of the Coachella Valley Unified School District. The audit's focus was to evaluate the internal control activities of the district's use of fuel credit cards and expenditure of funds for personal or non-district business purposes.

METHODOLOGY

Interviews

- Riverside County Superintendent of Schools
- Riverside County Deputy Superintendent of Schools
- Present Coachella Valley School Board President
- Former Coachella Valley School Board President
- Coachella Valley Unified School District Superintendent
- Coachella Valley Unified School District Assistant Superintendent-Business
- Jurupa Valley Unified School District Superintendent
- Moreno Valley Unified School District Superintendent
- Val Verde Unified School District Superintendent

Documents and Articles Reviewed

- Fiscal Crisis and Management Team (FCMAT) Assembly Bill 139 Extraordinary Audit of the Coachella Valley Unified School District
- Statutory Functions of County Boards of Education & County Superintendents of Schools Approved for Publication by the California County Superintendents Educational Services Association (CCSESA) Board of Directors on August 4, 2014
- California Education Code §1241.5 (b) (c) Business Code Audit
- Assembly Bill (AB) 1200 FCMAT Formation

- Coachella School Board Policy 2140 (BP) Superintendent Evaluation

Riverside County School Boards and Administrative Polices Reviewed Online

- Alvord Unified School District
- Banning Unified School District
- Beaumont Unified School District
- Coachella Valley Unified School District
- Corona-Norco Unified School District
- Desert Center Unified School District
- Desert Sands Unified School District
- Hemet Unified School District
- Jurupa Valley Unified School District
- Lake Elsinore Unified School District
- Menifee Union Unified School District
- Moreno Valley Unified School District
- Murrieta Valley Unified School District
- Nuvview Union Unified School District
- Palm Springs Unified School District
- Palo Verde Unified School District
- Perris Union Unified School District
- Riverside Unified School District
- Romoland Unified School District
- San Jacinto Unified School District
- Temecula Valley Unified School District
- Val Verde Unified School District

Reviewed Contracts

- Former Coachella Valley Unified School District Superintendent 2011, 2014 and 2015
- Present Coachella Valley Unified School District Superintendent 2018
- Jurupa Valley Unified School District Superintendent 2018
- Val Verde Unified School District Superintendent 2018

Internet Resources

- Fiscal Crisis & Management Assistance Team (FCMAT) California School Information Services (CSIS) Riverside County Office of Education Coachella Valley Unified School District March 29, 2018 <http://fcmat.org/Coachella+Valley+Report>
- California School Boards Association (CSBA) GAMUT-Contracts <https://www.csba.org/ProductsAndServices/AllServices/Gamut.aspx>
- California School Board Association <https://www.csba.org>

- Desert Sun Newspaper [cvusd.superintendentresigns](https://desertsun.newspapers.com)
<https://desertsun.newspapers.com> November 9, 2016

FINDINGS

Vague Contracts

1. In their audit, FCMAT found that even though the CVUSD former Superintendent had a \$700 a month allowance for automobile expenses, he used the district fuel card 777 times in just over a three year period. These transactions accounted for over 11,500 gallons of fuel valued at \$39,156.45. It was discovered that the Superintendent was fueling multiple personal vehicles, sometimes several times a day, using these vehicles for family excursions and other personal uses. The auditors concluded that the lack of specificity in the 2011 contract as to what constituted *personal matters or reasonable amounts*, contributed to the abusive and unethical use of the fuel card by the Superintendent.

Overlooked Evaluations

2. The former Superintendent's contracts with CVUSD, 2011, 2014 and 2015, specify in Section 8 that the Board will provide the Superintendent with an annual evaluation no later than May 31st of each year. They shall meet quarterly to review and offer feedback as to progress in meeting mutually agreed upon goals. The Board and Superintendent were to reach an agreement as to the format of the evaluation.

It is also stated that the Superintendent had the responsibility to place the subject of his evaluation on the Board's agenda. Though he served for over five years, the Superintendent received only one evaluation and that encompassed the school year of 2011-2012. For the following five years, no formal evaluation occurred. When the Superintendent was asked by the FCMAT auditors as to why no evaluations were performed, he stated when he brought up the matter, the board president simply would say "forget about it, you are doing a great job." In an interview, one board member stated that due to this failure, the Board essentially relinquished any oversight control over the Superintendent's actions. Both the Board and the Superintendent failed to meet their contractual obligation regarding evaluations thus causing the entire system of internal controls to suffer. CVUSD Board Policy 2140 outlines the specific steps to be taken to complete an evaluation of the Superintendent, but fails to address when the evaluation is to take place and who has the obligation to put it on the Board's agenda.

Recommendations

Riverside County Board of Supervisors Riverside County Superintendent of Schools Coachella Valley Unified School Districts Superintendent

Vague Contracts

1. School District Boards must exercise their fiduciary duties when approving contracts pertaining to district employees authorized to use a district-issued credit card for fuel or other purchases. Such contracts, when reviewed by district counsel, must eliminate any subjective or ambiguous language and provide specific boundaries and parameters as to what is permissible to be charged to the credit card.

Overlooked Evaluations

2. The current Superintendent's contract states: "The Board and Superintendent shall annually agree upon performance goals and objectives that shall serve as a basis for an annual evaluation. Such goals and objectives shall be established no later than the first meeting of the Board in September of each year." A specific date must be agreed upon and that date should appear both in the Board Policy and the Superintendent's contract. A review of several other school district Superintendent's contracts showed great specificity as to the actual dates when an evaluation would take place. This step is necessary in order to have a strong contract that ensures annual evaluations are conducted.