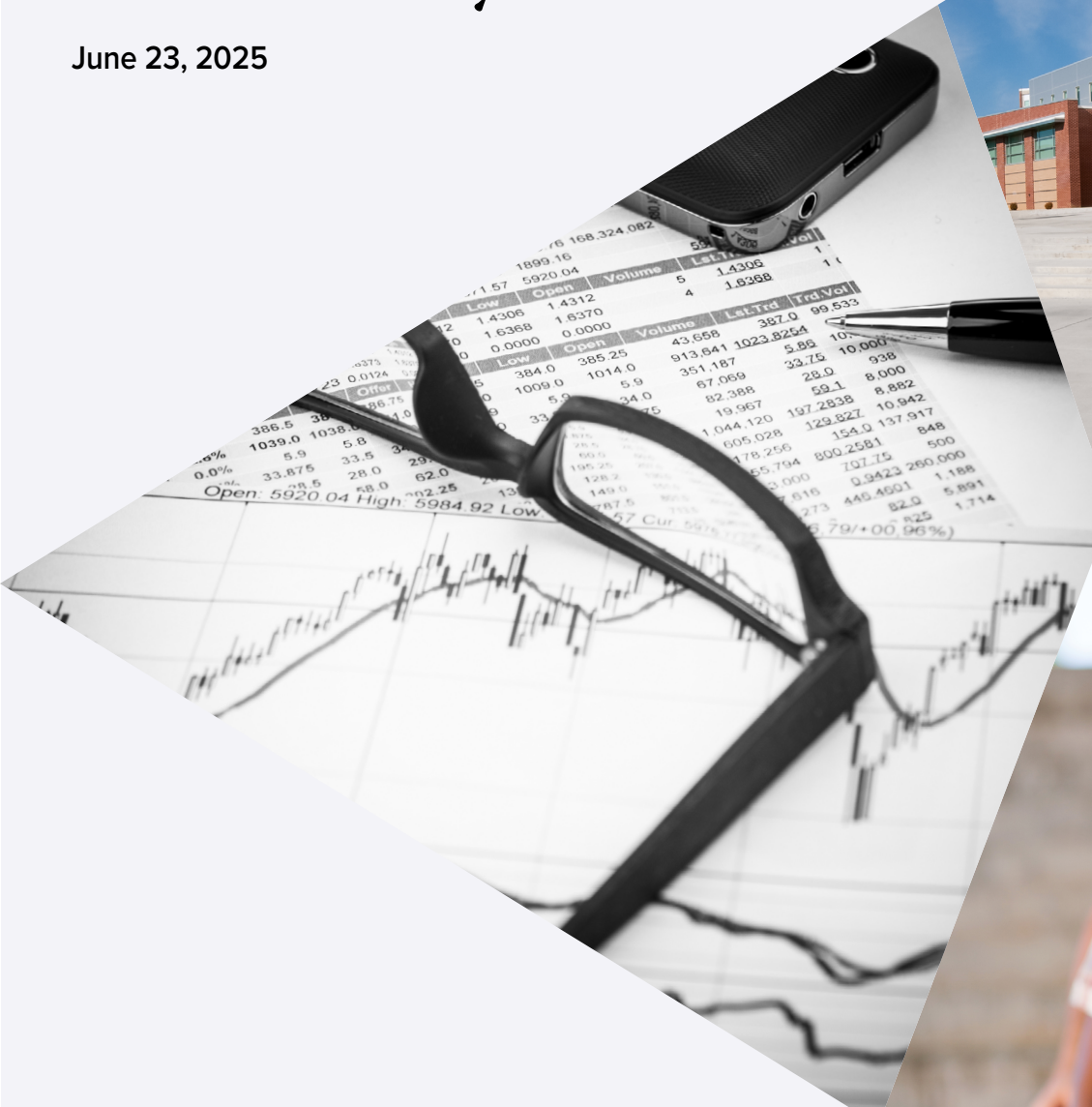


Extraordinary Audit

June 23, 2025



Ipakanni Early College Charter School

Michael H. Fine
Chief Executive Officer

June 23, 2025

Mary Sakuma
Butte County Superintendent of Schools
1859 Bird Street
Oroville, CA 95965

Dear Superintendent Sakuma:

On April 14, 2025, the Fiscal Crisis and Management Assistance Team (FCMAT) issued its report containing the study team's finding and recommendations regarding the extraordinary audit of the Ipakanni Early College Charter School as requested by the Butte County Superintendent of Schools. Recently, additional, subsequent information related to the study team's findings and recommendations has been received.

Page 27 of the April 14, 2025, report describes three emails sent to both Ramona Williams and Benjamin Clark dated December 9, 10, and 27, 2024, asking them to meet with the FCMAT team. The charter school director and business manager were made aware of this request, and the charter school director told Ramona Williams and Benjamin Clark by email on December 9, 2024, that personnel from FCMAT would be reaching out to set up a meeting. Neither Ramona Williams nor Benjamin Clark responded to any of these emails. Had they met with FCMAT, questions such as those described on page 28 of the April 14, 2025, report could have been discussed, and any claims that their signatures were forged could have been made and investigated.

Approximately two months after the report was released to public officials as required by law, including the Butte County District Attorney, Ms. Williams telephoned FCMAT. She explained that she had spoken to the district attorney investigator who was looking into the findings of the April 14, 2025, report. She stated that during her meeting with the district attorney investigator, the following conclusions were made:

- The checks showing Ramona Williams' signature were disputed by Ms. Williams as her true signature.
- The district attorney investigator concluded that her signature on the questioned checks had been forged.

Similarly, on June 13, 2025, an attorney representing Benjamin Clark contacted FCMAT. The attorney advised that the district attorney had investigated the questioned checks appearing to bear Mr. Clark's signatures and determined that they had been forged. A letter to that effect from the Butte County District Attorney is now attached to the revised April 14, 2025, report, which now bears today's date as Appendix B. (The original Appendix B is now Appendix C, and the new Appendix B contains the district attorney's June 11, 2025, letter.)

On the basis of the investigation by the district attorney, which information has been conveyed to FCMAT by third parties, the signatures on the questioned checks purporting to be those of Ramona Williams and Benjamin Clark, have been determined to be forgeries and not their responsibility. However, this information does not change FCMAT's finding and recommendations in the April 14, 2025, report. The purpose of the attached revised report is to publicly disseminate this subsequent information.

The report is not a management assistance review and does not contain recommendations regarding the charter school's practices around internal controls. However, the internal business practices of the charter school need to be reviewed and revised in light of this new information confirming forgeries.

Please redistribute the revised report dated today to the parties you originally distributed the April 14, 2025, report to including the Ipakanni Early College Charter School governing board, the Oroville City Elementary School District, the state controller, the superintendent of public instruction and the local district attorney.

Sincerely,

A handwritten signature in black ink that reads "Michael H. Fine". The signature is written in a cursive, flowing style.

Michael H. Fine
Chief Executive Officer

April 14, 2025

Mary Sakuma
Butte County Superintendent of Schools
1859 Bird Street
Oroville, CA 95965

Dear Superintendent Sakuma:

In September 2024, the Butte County Superintendent of Schools and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct an extraordinary audit of the Ipakanni Early College Charter School to determine if fraud, misappropriation of funds or other illegal fiscal practices may have occurred in relation to the charter school's expenditures. Specifically, the agreement states:

1. The focus of this review is to sample the Subject Entity's expenditures to determine whether charter school funds were used for reasons other than legitimate educational purposes.
2. The team will review and test the Subject Entity's cash disbursements by sampling transactions from the fiscal years 2021-22 and 2022-23, as well as from the period of July to October in the 2023-24 fiscal year. Disbursements selected for testing will be based on the Team's judgment regarding sample size, selection techniques, and conclusion. The results of this sample testing and review are intended to provide reasonable, though not absolute, certainty about whether the Subject Entity's disbursements were sufficiently appropriate.
3. Based on the assessment performed, the team will either recommend or not recommend that the county superintendent notify the governing board of the Subject Entity, the chartering authority, 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. The team will state that the county superintendent has concluded their review.

This report contains the study team's findings and recommendations.

FCMAT appreciates the opportunity to serve you and extends thanks to all the staff of the Butte County Office of Education and the Ipakanni Early College Charter School for their cooperation and assistance during this review.

Sincerely,



Michael H. Fine
Chief Executive Officer

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About FCMAT

Purpose and Services

FCMAT was created by the California Legislature to help California's transitional kindergarten through grade 14 (TK-14) local educational agencies (LEAs) avoid fiscal insolvency. Today, FCMAT helps LEAs identify, prevent and resolve financial, management, program, data, and oversight challenges; provides professional learning; produces and provides software, checklists, manuals and other tools; and offers other related school business and data services.

FCMAT may be asked to provide fiscal crisis or management assistance by a school district, charter school, community college, county superintendent of schools, the state superintendent of public instruction, or the Legislature.

When FCMAT is asked for help with management assistance or a fiscal crisis, FCMAT management and staff work closely with the requesting LEA to meet their needs. Often this means conducting a formal study using a FCMAT study team that coordinates with the LEA for on-site fieldwork to evaluate specified operational areas and subsequently produces a written report with findings and recommendations for improvement.

For more immediate needs in a specific area, FCMAT offers short-term technical assistance from a FCMAT staff member with the required expertise.

To help meet the need for qualified chief business officials (CBOs) in LEAs, FCMAT offers four different CBO training and mentoring programs that consist of 11 or 12 diverse two-day training sessions over the course of a full year.

For agencies with professional learning needs, FCMAT offers workshops on specific topics. Popular topics include associated student body operations, use of FCMAT's Projection-Pro online financial forecasting software, use of FCMAT's Local Control Funding Formula (LCFF) Calculator, and data reporting for the California Longitudinal Pupil Achievement Data System (CALPADS). FCMAT staff and management also frequently make presentations at various professional conferences.

The California School Information Services (CSIS) service of FCMAT helps the California Department of Education (CDE) operate CALPADS; helps LEAs learn about CALPADS, resolve data issues and meet reporting requirements; and provides LEAs with training and leadership in data management. CSIS also developed and continues to host and improve the Standardized Account Code Structure (SACS) web-based financial reporting system for all California LEAs, and provides ed-data.org, which gives educators, policy-makers, the Legislature, parents and the public quick access to timely and comprehensive data about TK-12 education in California.

Since it was formed, FCMAT has provided LEAs with the types of help described above on more than 2,000 occasions.

FCMAT's administrative agent is the Kern County Superintendent of Schools. FCMAT is led by Michael H. Fine, Chief Executive Officer, and is funded by appropriations in the state budget and modest fees to requesting agencies.

Workshop schedules, manuals, presentation slide decks, Projection-Pro software, LCFF calculators, past reports, an online help desk, and many other resources are available for download or use at no charge on FCMAT's website.

History

FCMAT was created by Assembly Bill 1200 (Chapter 1213, Statutes of 1991) and Education Code 42127.8. Assembly Bill 107 (Chapter 282, Statutes of 1997) added Education Code 49080, which charged FCMAT with responsibility for CSIS and its statewide data management work, and Assembly Bill 1115 (Chapter 78, Statutes of 1999) codified CSIS' mission.

Assembly Bill 1200 created a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (Chapter 52, Statutes of 2004) gave FCMAT specific responsibilities for districts that have received emergency state loans.

In January 2006, Senate Bill 430 (Chapter 357, Statutes of 2005) amended Education Code 42127.8, and Assembly Bill 1366 (Chapter 360, Statutes of 2005) amended Education Codes 42127.8 and 84041. These new laws expanded FCMAT's services to include charter schools and community colleges, respectively.

Assembly Bill 1840 (Chapter 426, Statutes of 2018) changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting oversight responsibilities from the state to the local county superintendent to be more consistent with the principles of local control, and giving FCMAT new responsibilities associated with the process.

Introduction

Background

The Ipakanni Early College Charter School is located in Butte County in the city of Oroville. According to DataQuest, for the 2023-24 school year, the charter school served 63 students from kindergarten through 12th grade. The independent audit report for the charter school's fiscal year ending June 30, 2022, states that it was established on August 18, 2010 and is authorized by Oroville City Elementary School District.

According to the charter school board president, Glenda Nelson, charter school board members must be a member of one of three Native American Indian tribes: Berry Creek Rancheria of Maidu Indians of California, Mooretown Rancheria of Maidu Indians of California, or Enterprise Rancheria Estom Yumeka Maidu Tribe. Administrators of the charter school (e.g., the charter school director, business manager, or school site supervisor) do not have check-signing authority. Only one person, typically the board's treasurer, is authorized to sign checks. There were two individual check signers during the time period of this audit. The checks in the sample period were signed either by Ramona Williams or Benjamin Clark, board members of the charter school.

Walter Gramps has served as the charter school director and teacher for the past 12 years. The business manager of the charter school was Christopher David Lee Williams. He was the business manager during the period of this audit and passed away on October 30, 2023. Williams began working for the charter school in 2019. Billy Bowers, the current school site supervisor, began working at the charter school in July 2022.

According to the obituary for Williams, published on the Ramsey Funeral Home's website, "Christopher David Lee Williams, of Oroville, passed away on Monday, October 30, 2023. He graduated from Oroville High School and went on to study at Chico State, graduating with a Bachelor of Science in Accounting and Finance, which he put to use working for Ipakanni Charter School."

Upon Williams' death, Bowers assumed all duties of the business manager. The accounting system used by the charter school during the time Williams was the business manager was QuickBooks. The charter school has since moved its business accounting operations to a charter school back-office service provider.

Bowers explained to FCMAT that he is not a financial person but needed to assume the business manager role when Williams passed away. During his transition into the role, Bowers noticed discrepancies in the accounting system, specifically that vendor payments seemed to be incorrectly coded. Bowers brought these concerns to Gramps, who then informed Nelson, the board president.

Board president Nelson has a business background and immediately began a comparison of the checks that cleared through the bank account with those recorded in the accounting records. A cleared check, also known as a canceled check, is written to a payee and then processed by the bank. Once the check is processed or cleared through the bank, that payee is the true payee that the bank paid, and the bank keeps that check as its copy.

Nelson began to cross-reference bank provided canceled checks with the check register from the accounting records. She found that numerous checks were written to Williams but recorded in the QuickBooks accounting records to other vendor names. As her analysis continued, other discrepancies were noticed such as numerous check amounts that did not match between the accounting records and the cleared checks from the bank. In one example, a vendor recorded in QuickBooks, Bert Brown, was not known to anyone at the charter school to have provided any services; however, checks were written to names asso-

ciated with that name. Based on the charter school's analysis, they contacted their authorizer, Oroville City Elementary School District. Subsequently, the authorizer contacted the county superintendent of schools.

Based on the financial information provided by the charter school to its authorizer, the county superintendent determined that the charter school's transactions and financial activities might have characteristics of fraud, misappropriation of funds, or other illegal fiscal practices. As a result, in August 2024, the county superintendent contacted FCMAT to discuss their analysis of the charter school's financial transactions. In September 2024, the county superintendent requested that FCMAT assist them by conducting an Assembly Bill (AB) 139 extraordinary audit to determine if fraud, misappropriation of funds or other illegal fiscal practices may have occurred at Ipakanni Early College Charter School.

Study and Report Guidelines (AB 139 Audit Authority)

Education Code (EC) 1241.5(c) permits a county superintendent of schools to review or audit the expenditures and internal controls of any charter school within the county if they have reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices may have occurred that merit examination. This is known as an extraordinary audit.

The purpose of an extraordinary audit is to determine if sufficient evidence exists that fraud, misappropriation of funds, or other illegal fiscal practices may have occurred, and to document the findings for referral to the state controller, the state superintendent of public instruction and the local district attorney's office and further investigation by others if needed.

In writing its reports, FCMAT uses the Associated Press Stylebook and its own short internal style guide, which emphasize plain language, capitalize relatively few terms, and strive for conciseness, clarity and simplicity.

Extraordinary Audit Procedures

An extraordinary audit is conducted based on the study team's experience and judgment. These audits have many components, including obtaining and examining available original source documents; corroborating documents and information through third-party sources when possible; interviewing potential witnesses; gaining an understanding of internal controls applicable to the scope of the work; and assessing factors such as intent, capability, opportunity, and possible pressures or motives.

The audit consists of the following:

- Gathering adequate information about specific allegations.
- Establishing an audit plan.
- Performing audit test procedures, often based on sampling of transactions.
- Using the team's judgment and experience to determine whether fraud, misappropriation of funds, or other illegal fiscal practices may have occurred.
- Evaluating the loss that resulted from the alleged inappropriate activity.
- Determining who may have been involved and how it may have occurred.

FCMAT first contacted the charter school by email and telephone on September 12, 2024. Between September and December 2024 FCMAT, the county superintendent, and the charter school communicated and coordinated providing requested documents. On January 8, 2025, through January 9, 2025, FCMAT visited the charter school to conduct interviews, collect data and review documents. Following fieldwork, FCMAT continued its review and analysis. The team examined numerous documents from the charter school including, but not limited to, the following:

- Available documentation contained in three banker's boxes such as invoices, expense reports, receipts, and checks, contracts, and agreements.
- Bank provided canceled check copies, both front and back.
- Charter school provided check analysis.
- Audit reports and a backup copy of the charter school's QuickBooks accounting software.
- Accounting transaction detail reports such as those from the general ledger, checking account registers, and vendors.
- Federal nonprofit tax reporting (i.e., IRS Form 990).
- Emails and public database information.

The FCMAT audit team reviews and evaluates the available information and documents that fall within an audit's scope. The team then assesses this information to determine whether it contributes to a finding in the report. Other information may also be included when relevant.

Judgments Regarding Guilt or Innocence

The existence of fraud, misappropriation of funds and/or assets, or other illegal fiscal practices is solely the purview of the courts. FCMAT is not making statements that could be construed as a conclusion that fraud, misappropriation of funds and/or assets, or other illegal fiscal practices have occurred. These terms are a broad legal concept, and auditors do not make legal determinations regarding whether illegal activity has occurred.

Study Team

The study team was composed of the following members:

Michael Ammermon
CPA, CFE, CRFAC, DABFA
FCMAT Intervention Specialist

Shayleen Harte
FCMAT Deputy Executive Officer II

Leonel Martínez
FCMAT Technical Writer

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

Fraud, Occupational Fraud and Internal Controls

Fraud can include an array of irregularities and illegal acts characterized by intentional deception and misrepresentations of material facts. Although all employees have some degree of responsibility for internal controls, the governing board, superintendent/charter school executive director and senior management are ultimately responsible.

Occupational Fraud

Occupational fraud includes asset misappropriation, corruption, and fraudulent financial statements. Occupational fraud occurs when an organization's owners, executives, managers or employees use their position in the organization to deliberately misuse or misapply the employer's resources or assets for personal benefit.

Asset misappropriation includes the theft or misuse of local educational agency (LEA) assets and may include taking cash, inventory or other assets, and/or fraudulent disbursements. Asset misappropriation is the largest category of occupational fraud and includes numerous fraudulent disbursement schemes. Corruption schemes involve one or more employees and/or board members using their influence in business transactions to obtain a personal benefit that violates their duty to the employer or the organization; conflicts of interest fall into this category. Financial statement fraud includes intentionally misstating or omitting material information in financial reports.

Many different types of fraud exist; however, occupational fraud, including asset misappropriation and corruption, is more likely to occur when employees are in positions of trust and have access to assets. Embezzlement occurs when someone who is lawfully entrusted with property takes it for their personal use. Common elements in all fraud include the following:

- Intent, or knowingly committing a wrongful act.
- Misrepresentation or intentional false and willful representation(s) of a material fact.
- Reliance on weaknesses in the internal control structure, including when an individual relies on fraudulent information.
- Concealment of the act or facts.
- Damages, loss or injury by the deceived party.
- Internal controls.

Internal Controls

The accounting industry defines the term "internal control" as it applies to organizations, including school agencies. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) gives organizations guidance on internal control, risk management, governance and fraud deterrence. COSO is recognized globally for its Internal Control – Integrated Framework (ICIF), which was updated in its 2023 publication, [*Achieving Effective Internal Control Over Sustainability Reporting \(ICSR\): Building Trust and Confidence Through the COSO Internal Control – Integrated Framework*](#). This publication defines internal control as follows:

A process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

The reference to achievement of objectives refers to an organization's work of planning, organizing, directing, and performing routine tasks related to operations, and monitoring performance. An organization establishes control over its operations by setting goals, objectives, budgets and performance expectations.

Several factors influence the effectiveness of internal control, including the social environment and how it affects employees' behavior, the availability and quality of information used to monitor an organization's operations, and the policies and procedures that guide an organization. Internal control helps an organization obtain timely feedback on its progress in meeting operational goals and guiding principles, producing reliable financial reports, and ensuring compliance with applicable laws and regulations.

Internal control is the primary mechanism for preventing and/or deterring illegal acts or fraud, which can include an assortment of irregularities characterized by intentional deception and misrepresentation of material facts. Effective internal control provides reasonable but not absolute assurance that operations are effective and efficient, that the financial information produced is reliable, and that the organization complies with all applicable laws and regulations.

Internal control provides the framework for an effective fraud prevention program. An effective internal control structure includes the policies and administrative regulations established by the board and operational procedures used by staff, adequate accounting and information systems, the work environment, and the professionalism of employees.

The Committee of Sponsoring Organizations of the Treadway Commission initially outlined the five components of internal control in an executive summary, [Internal Control – Integrated Framework](#), published in 2013. Table 1 provides a summary of these components and their respective characteristics.

Table 1. Summary of Internal Control Components and Characteristics

Internal Control Component	Characteristics
Control Environment	The set of standards, processes and structures that provide the basis for carrying out internal control across an organization. Comprises the integrity and ethical values of the organization. Commonly referred to as the moral tone of the organization, the control environment includes a code of ethical conduct; policies for ethics; hiring and promotion guidelines; proper assignment of authority and responsibility; oversight by management, the board or an audit committee; investigation of reported concerns; and effective disciplinary action for violations.
Risk Assessment	Identification and assessment of potential events that adversely affect the achievement of the organization's objectives, and the development of strategies to react in a timely manner.
Control Activities	Actions established by policies and procedures to enforce the governing board's directives. These include actions by management to prevent and identify misuse of the LEA's assets, including preventing employees from overriding controls in the system.
Information and Communication	Ensures that employees receive information regarding policies and procedures and understand their responsibility for internal control. Provides opportunity to discuss ethical dilemmas. Establishes clear means of communication within an organization to report suspected violations.
Monitoring Activities	Ongoing monitoring to ascertain that all components of internal control are present and functioning; ensures deficiencies are evaluated and corrective actions are implemented.

Source: COSO's 2013 publication, *Internal Control – Integrated Framework*.

Note: Table shading is for readability only.

The five components of internal control are supported by underlying principles that help ensure an organization achieves effective internal control. Each of the five components listed in Table 1 above and their related principles must be present and functioning in an integrated manner to be effective. An effective system of internal control can provide reasonable but not absolute assurance that the organization will achieve its objectives.

Although an LEA's employees have some responsibility for internal control, the superintendent, board and other key management personnel have a higher ethical standard, fiduciary duty and responsibility to safeguard the LEA's assets.

Control Environment

The internal control environment establishes an organization's moral tone. It begins with the organization's leadership and encompasses employees' perception of the ethical conduct displayed by the governing board and executive management.

The control environment is the set of standards that enables other components of internal control to be effective in preventing and/or deterring fraud or illegal acts. It sets the tone for the organization, provides discipline and control, and includes factors such as integrity, ethical values and competence of employees.

The control environment can be weakened significantly by a lack of experience in financial management and internal control.

Control Activities

Control activities are a fundamental component of internal control and are a direct result of policies and procedures designed to prevent and detect misuse of an LEA's assets, including preventing any employee from overriding system controls. Examples of control and transaction activities include the following:

- **Performance reviews:** which compare actual data with expectations. In accounting and business offices, this most often occurs when budgeted amounts are compared with actual expenditures to identify variances and followed up with budget transfers to prevent overspending.
- **Information processing:** which includes the approvals, authorizations, verifications and reconciliations necessary to ensure that transactions are valid, complete and accurate.
- **Physical controls:** which are the processes and procedures designed to safeguard and secure assets and records.
- **Supervisory controls:** which assess whether the transaction control activities performed are accurate and follow established policies and procedures.
- **Segregation of duties:** which consists of processes and procedures that ensure no employee or group is placed in a position to be able to commit and conceal errors or fraud in the normal course of duties. In general, segregation of duties includes separating the custody of assets, the authorization or approval of transactions affecting those assets, the recording or reporting of related transactions, and the execution of the transactions. Adequate segregation of duties provides for separate processing by different individuals at various stages of a transaction, and for independent review of the work; these measures reduce the likelihood that errors will remain undetected.

Internal controls are effective in deterring and detecting fraud, and in mitigating financial errors. They help ensure that transactions are documented thoroughly and reconciled. Effective internal controls require the governing board, management and staff to discern system weakness. Examples of these weaknesses are shown in FCMAT's sampling of transactions as discussed in the [Findings](#) section of this report.

Ethical Duty, Integrity, and Fiduciary Duty

It is not enough to evaluate a potential conflict of interest based on whether a public official has a direct financial interest. School managers and staff and the public should expect the highest level of ethics from all public officials. Public officials should show an ethical tone at the top and demonstrate the highest levels of integrity and fiduciary duty.

Board members are fiduciaries of the LEA. According to the [Legal Information Institute](#), a fiduciary is someone who has a fiduciary duty to conduct themselves in a way that financially benefits another person or persons (referred to as a beneficiary or principal). In other words, the fiduciary assumes responsibility for managing money or other assets on behalf of the beneficiary. Moreover, a fiduciary may hold a legal or ethical relationship of trust with one or more other parties (person or group of persons). Board members, administrators and managers have fiduciary responsibilities or a fiduciary duty to the LEA(s) they serve.

The Legal Information Institute asserts that fiduciaries are responsible for certain fiduciary duties. FCMAT has summarized these six duties and actively applies them to LEA fiduciaries as follows:

- **Duty of Care:** Collect all evidence and available information before making a decision. Do your due diligence and review all the information and evidence available – do not just accept the information as it is presented. Assess information with a critical eye and ask who, what, when and where. A fiduciary's responsibility is to protect the LEA's assets.
- **Duty of Loyalty:** Do not use your position in the organization to further your private interests. Avoid anything that might injure the LEA.
- **Duty of Good Faith:** Advance the LEA's interests. Do not violate the law. Fulfill your duties and responsibilities.
- **Duty of Confidentiality:** Keep confidential matters confidential and never disclose confidential information for your own benefit or to avoid personal liability.
- **Duty of Prudence:** Be trustworthy, with the degree of care and skill that a prudent member of management, board member, or fiduciary would exercise. Prudent means acting with wisdom and care, including exercising good judgment.
- **Duty of Disclosure:** Act with complete candor. Be open, sincere, honest and transparent. Disclose all financial interests on Form 700, Statement of Economic Interests.

Board members must be loyal and serve in good faith, with prudence and full disclosure, in the best interest of the LEA, without any hint of self-dealing or personal interest in any transaction associated with the LEA. They also have a duty to ensure their business partners (e.g., consultants, contractors and vendors) do the same.

When faced with potential conflicts of interest on the part of a public official, such as a school board member, administrator or consultant, it is important to consider the legal and ethical standards and to review any applicable board policies that may be even more restrictive than the statutory mandates. Board member fiduciary duty is discussed further in the [Findings](#) section of this report.

Corruption

Corruption does not have to involve two or more parties; a single individual in a position of trust can exercise authority for their own personal gain. Personal gain can include, but is not limited to, forging checks or helping a significant other or personal acquaintance get a job, promotion or pay raise. And when the relationship is not disclosed to the public, management, or all fellow board members, and the interested board member votes or abstains on the matter but fails to explain their reasons for abstaining, these actions may be considered a conflict of interest. Every conflict of interest requires one party to be in a position of trust, and every instance of corruption requires both a conflict of interest and a breach of that trust.

Transaction Sampling

FCMAT developed and conducted audit procedures to analyze and evaluate allegations and identify potential outcomes. The audit scope, objectives, and substantive transaction testing were based on the FCMAT study team's experience and professional judgment. Transaction testing does not include testing or evaluating all available transactions and records. Transactions sampled were those selected randomly and/or based on the team's judgment.

Transactions selected, when applicable, are analyzed and compared to board bylaws and policies, administrative regulations, operational procedures, and industry standards or best practices. They are then evaluated for proper authorizations and reasonableness based on the team's judgment and technical expertise in school business operations, internal controls, and accounting best practices.

Sample testing and examination results are intended to provide reasonable but not absolute assurance that the transactions and financial activity are accurate, and/or to identify whether fraud, misappropriation of funds, or other illegal fiscal practices may have taken place during the period under review.

The purpose of sampling transactions is to provide insight into all transactions. The larger the sample size, the more accurate and representative of all transactions the results can be. For example, if there are 100 travel reimbursement claims and 10 are sampled, 10% of the claims are sampled. If two of the 10 claims sampled contain errors, then 20% of the sample has errors. This means that 20% of all 100 claims, or 20 claims, may also contain errors. Sampling is one of many methods used to gain insight into what is being audited. Sampling techniques such as random or targeted sample selections, as well as the auditor's judgment and experience, may also affect the results achieved and how data is sampled and evaluated.

FCMAT used a combination of random and targeted sampling methods for this audit. Specific account expenditure categories were selected, such as vendor services for repairs and maintenance, employee reimbursements for materials, and consulting. Transactions specific to Williams and Bert Brown were targeted. As transactions in the account categories were reviewed, they could be selected because of the dollar amount or type of description written in the transaction memo. Other transactions were selected randomly regardless of the amount or what was written in a transaction memo.

FCMAT sampled expenditure transactions over a sample period of 28 months, from July 1, 2021 through October 31, 2023. The sample includes expenditures issued as checks recorded in QuickBooks and not found in QuickBooks, duplicate checks, and checks endorsed by Williams and Bert Brown.

Table 2 below shows both the total population amount and number of checks recorded in QuickBooks from which the sample of transactions was selected for vendor, employee, payroll, missing, and duplicate checks. Missing checks are checks not listed in QuickBooks that fall outside of the check sequence. For example, if check numbers 100, 101, 102, and 103 are recorded in QuickBooks, but the next check in the sequence is 107, check numbers 104, 105, and 106 are not found in QuickBooks and are therefore missing. Duplicate checks are checks that have the same check number recorded in QuickBooks. For example, if two checks are shown as check number 100, it is a duplicate. Duplicate check numbers may not be written to the same vendor's name and may have different dates and amounts. Chris Williams and Bert Brown checks were selected from checks recorded in QuickBooks and from bank-provided cleared checks that were not recorded in QuickBooks. These checks were tested specifically to confirm the name and endorser of the check. The endorser of the check is the person or entity that signs the back of a check regardless of the name recorded as the payee in QuickBooks or name on the check. Endorsement of a check transfers ownership of the check to another party.

From the population of expenditure transactions, a sample was selected. The sample of expenditure transactions is shown in Table 3. The results of the sample testing are shown in Table 4. The mix of tested transactions within the expenditures sampled was used to produce a testing result that could be considered representative of all transactions.

The results of expenditure testing are often an indicator of the health of an organization's internal controls, because it shows how an organization documents and controls its spending. Deficiencies in spending practices can lead to cash flow shortages, excessive borrowing, an inability to pay obligations, or fraud.

Tables 2 through 4 below show the results of the expenditures reviewed. Each table is part of the sampling process and results. Aspects of the information presented in these tables is discussed in more detail in the Findings section of the report.

Expenditure Testing Results Sample Period, July 1, 2021 – October 31, 2023 (28 Months)

Table 2: Summarized Expenditures Population

Description - Sample Category	Population	
	Amount	Transactions
Check Types:		
Vendor, Employee, and Payroll Checks	\$ 2,019,542	1,203
Missing Checks not in QuickBooks	N/A	284
Duplicate Checks	\$ 117,710	26
Total Check Types	\$ 2,137,252	1,513
Vendor Specific Checks:		
Bert Brown Checks Endorsed	\$ 55,771	46
Employee Specific Checks:		
Chris Williams Checks Endorsed	\$ 70,525	54
Totals	\$ 2,263,548	1,613

Source: FCMAT sample testing data sourced from charter school-provided QuickBooks accounting transaction reports.

Note: Dollar amounts and other figures are rounded.

Table 2 shows the total dollar amount and number of all transactions available (population) in each category of the sample period. For example, in the charter school's accounting records, the account category of vendor, employee, and payroll checks has 1,203 transactions totaling \$2,019,542 during the 28-month sample period. Each expenditure category of transactions examined is composed of 28 months of financial activity. All categories tested are selected from the 1,613 transactions totaling \$2,263,548. The total population of expenditures includes 284 checks that were not recorded in the QuickBooks accounting data, some of which were found to be checks processed by the bank.

From the total population of checks above, the team selected a sample of individual transactions that are shown in Table 3 below.

Table 3: Summarized Sampling — Expenditures

Description - Sample Category	Sampled		
	Transactions	Percentage of All Transactions	Amount
Check Types:			
Vendor, Employee, and Payroll Checks	73	6.1%	\$ 111,287
Missing Checks not in QuickBooks	19	6.7%	\$ 22,033
Duplicate Checks	1	3.8%	\$ 1,057
Total Check Types	93	6.1%	\$ 134,377
Vendor Specific Checks:			
Bert Brown Checks Endorsed	46	100.0%	\$ 55,771
Employee Specific Checks:			
Chris Williams Checks Endorsed	28	51.9%	\$ 27,153
Totals	167	10.4%	\$ 217,301

Source: FCMAT sample testing data sourced from charter school-provided QuickBooks accounting transaction reports.

Note: Dollar amounts and other figures are rounded.

Transaction sampling was based on random and specific selections of transactions in each expenditure category. For example, vendor, employee, and payroll checks had 1,203 transactions to choose from (see Table 2). From these, the team selected 73 transactions (see Table 3). The 73 transactions are 6.1% (73 divided by 1,203 = 6.068% or rounded to 6.1%) of all transactions for these types of checks and have a dollar value of \$111,287. Overall, 167 transactions were selected for examination (see Table 3), which is 10.4% of all 1,613 transactions (see Table 2). The 167 sampled transactions have a dollar value of \$217,301.

Measured in dollars, the sampled transactions are 9.6% (\$217,301 from Table 3 divided by \$2,263,548 from Table 2) of the total transactions.

The transactions from the sample were then evaluated using the testing criteria described after Table 4. The results of the sample testing are shown in Table 4.

Table 4: Expenditures Sample Results

Description - Sample Category	Sample Results			
	Transaction Failures	Percentage of Transaction Failures	Amount of Transaction Failures	Percentage of Amount of Transaction Failures
Check Types:				
Vendor, Employee, and Payroll Checks	73	100.0%	\$ 111,287	100.0%
Missing Checks not in QuickBooks	19	100.0%	\$ 22,033	100.0%
Duplicate Checks	1	100.0%	\$ 1,057	100.0%
Total Check Types	93	100.0%	\$ 134,377	100.0%
Vendor Specific Checks:				
Bert Brown Checks Endorsed	46	100.0%	\$ 55,771	100.0%
Employee Specific Checks:				
Chris Williams Checks Endorsed	28	100.0%	\$ 27,153	100.0%
Totals	167	100.0%	\$ 217,301	100.0%

Source: FCMAT sample testing data sourced from charter school-provided QuickBooks accounting transaction reports.

Note: Dollar amounts and other figures are rounded.

The Check Types category of transactions in Table 4 were examined based on three testing criteria. The sample results in Table 4 above show the number of sampled transactions that failed to meet at least one of the following three testing criteria.

1. Payment amounts matched the contract or other supporting documentation such as some form of receipt was available.
2. The invoice or actual bank-cleared check payee name and amount paid matched the general ledger.
3. The payment was for an item considered a reasonable educational purpose.

The Vendor Specific Checks category and Employee Specific Checks category of transactions in Table 4 were examined based on two criteria. The sample results in Table 4 above show the number of sampled transactions that failed to meet at least one of the following two testing criteria.

1. Comparison of the payee's name in the accounting records to the cleared check from the bank.
2. Name of person who endorsed the check.

All transactions were evaluated based on the team's judgment and were given either a pass or a fail or name or endorsement match or no match finding.

Because each check type category sampled transaction was examined against three testing criteria, a single transaction could fail to meet one or more of the three testing criteria. Each transaction that failed one, two, or all three criteria was considered a single failure regardless of how many criteria it failed to

meet. The overall sample testing results, shown in Table 4, indicate that 100% of all 93 check type category transactions sampled failed at least one criterion.

Table 4 also shows that 100% of all 46 vendor specific checks and 28 employee specific checks sampled failed the check payee name and endorsement criteria testing. This means that of a sample of 46 vendor specific checks and 28 employee specific checks, when the name of the check in the accounting records was compared to the name on the bank-provided canceled check, they did not match. It also means that the endorsement of the check differed from the name in the accounting records as the payee.

In total, all three categories of testing resulted in 167 transactions that failed the testing criteria with a total dollar value of \$217,301 for all transactions sampled (see Tables 3 and 4). In dollar values, this is a failure rate of 100%, which is determined by dividing \$217,301 shown in Table 4 by the \$217,301 amount shown in Table 3.

If a transaction fails to meet any of the testing criteria, it is considered a deviation. This means that the auditor cannot make a reasonable determination about the validity of the transaction, such as how much it differs from similar transactions, whether it is missing supporting documents that explain its purpose, or whether it exhibits other characteristics indicative of poor internal control, fraud, misappropriation of funds, or other illegal fiscal practices.

A deviation by itself does not necessarily mean that a transaction was not made for an educational purpose or was fraudulent; rather, it signifies that at the very least information is missing, or further inquiry and analysis may be needed. Numerous deviations often indicate significant internal control deficiencies and weaknesses and may contribute to patterns that are indicators of negligence or fraud. Factors that may influence how transactions are evaluated, documented, recorded in the accounting records, and monitored include, but are not limited to, the following:

- The type of accounting and document processing software used by the organization.
- The level of detailed board policies, board resolutions, administrative regulations, bylaws, manuals, and other guidelines for operating procedures.
- Segregation of duties and the quality and level of oversight, review and approval, and monitoring of transactions.
- Board members', management's, and staff members' training and knowledge regarding internal controls.

Although deficiencies and weaknesses in internal controls do not by themselves indicate the presence of fraud, they can make a charter school more vulnerable to it. The Findings section of this report provides the information needed to evaluate the sample results as they relate to characteristics of fraud, misappropriation of funds, and other illegal fiscal practices.

County Superintendent of Schools' Responsibilities

In accordance with EC 42638(b), action by the county superintendent of schools shall include the following:

If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the school district, the State Controller, the Superintendent of Public Instruction, and the local district attorney.

In accordance with EC 1241.5(c), the county superintendent is required to report the findings and recommendations to the charter school's governing board at a regularly scheduled board meeting, and to provide a copy of the information to the chartering authority of the charter school within 45 days of completing the audit (the date of this report). Within 15 days of receipt of the report, the governing board of the charter school is required to notify the county superintendent and its chartering authority of its proposed actions regarding the county superintendent's recommendations. Although there is no requirement for the county superintendent to notify the state controller, the superintendent of public instruction, and the local district attorney when fraud or misappropriation may have occurred at a charter school, FCMAT recommends these notifications as a best practice.

Findings

Expenditure Testing

Completeness of Records

Audit Purpose

The primary objective of this audit was to determine whether charter school funds were used for purposes other than legitimate educational activities. To achieve this, the audit focused on testing various types of expenditures, including vendor payments, employee payments, payroll checks, missing checks not recorded in QuickBooks, duplicate checks, and check endorsements. These expenditures were identified through a review of the charter school's QuickBooks financial records and bank-cleared checks.

Expenditure Documentation Requirements

To audit any expenditure, the supporting documents must be available and complete. This includes expenditure-related documents such as invoices, receipts, payments, authorizations, notes, reimbursement claim forms, vendor requests for an employee to provide support services, and other information that supports the transaction's educational purpose. Documents may not be available or complete for several reasons, including the following:

- An expenditure's true nature was purposely concealed by alteration or destruction of documents.
- An organization has poor document organization and preservation policies, procedures, or training.
- An organization has poor internal controls, management oversight, and review.
- Check signers fail to request supporting documentation for each check being signed.
- Receipts were missing or, contrary to best practice, complete documentation was not required for all expenditures.
- Documentation duties, accounting, and authorizing transactions were not segregated such that there were no checks and balances and/or no central or master document package.

Complete documentation is central to a charter school's ability to provide evidence to its authorizer that its expenditures are for a legitimate educational purpose and to demonstrate that internal controls are operating effectively. As outlined in the findings below, the county superintendent had good cause to be concerned about the charter school's expenditures. FCMAT found that the charter school's documentation of expenditures was neither available nor complete for all of the reasons listed above.

Charter School Accounting and Records Management

The charter school was responsible for its own accounting and records retention. According to the school's management and as confirmed by FCMAT during the audit, Williams controlled all business functions related to accounting, bank reconciliation, transaction documentation, records retention, payroll processing,

employee reporting to federal and state agencies, and the processing of vendor and payroll checks. The only aspect of business oversight not directly controlled by Williams was check signing, which required a single signature from one of two board members.

During the audit period, the two check signers were Ramona Williams and Benjamin Clark, and their roles are discussed further below. Based on FCMAT's research, Ramona Williams is not considered a relative or known associate of Christopher Williams.

Documentation Search

As part of the audit, FCMAT selected 73 vendor, employee, and payroll transactions for audit. On November 13, 2024, a list of the transactions was sent to the charter school in an Excel document, with a request to locate and provide relevant documents for review. On December 4, 2024, in an email, Gramps emailed FCMAT, notifying the team that the search for documents was complete. The email stated,

We started to look for the documents and with the quickbook [sic] check number being different it made it very time consuming and an almost impossible task.

The response also indicated that for most transactions, the only documentation available was a check copy, or no documentation existed at all.

Given that Williams maintained sole responsibility for all business records and that the charter school's search produced minimal documentation, FCMAT added another procedure. On January 8, 2025, FCMAT arrived at the charter school to perform its own search for supporting documents. All available business records were stored in three banker's boxes. No additional financial documents, aside from personnel files, were found in Williams' office.

FCMAT's Findings on Documentation Quality

Upon reviewing the three boxes of documents, FCMAT found that most check copies lacked meaningful supporting information. Any documents that could potentially support a check such as an invoice or receipt were often not attached and, while some appeared to be related to financial transactions, they were mostly nonfinancial in nature. In short, FCMAT's evaluation concluded that the charter school's documentation of expenditures was a disorganized and disconnected set of largely useless documents.

Based on these findings, FCMAT concluded that the state of the charter school's business records represents a material weakness in internal controls. A material weakness indicates a reasonable possibility that a material misstatement in the financial statements may not be prevented or detected in a timely manner. The magnitude of this weakness is reflected throughout this report.

QuickBooks Transactions Compared to Bank-Cleared Checks

The findings below reveal numerous inconsistencies in the charter school's accounting records. These inconsistencies are largely due to transactions exhibiting characteristics that make them irregular. A common irregularity identified is the discrepancy between the names of payees on the charter school's checks and the actual bank-cleared payee names.

Accounting software, such as QuickBooks, generates checks based on how vendors are set up within the system. Typically, the vendor's name is printed on the check, and this name is linked to the transaction type (e.g., a check for a vendor processed from the QuickBooks vendor module or a paycheck processed from

the payroll module). This linkage also includes key details like the check number, date, amount, and memo information.

The payee then presents the check to a bank or check-cashing entity for deposit or cashing. At this point, the bank or entity assumes custody of the check, and the check becomes part of the bank's records. Once the check is presented for payment, the payee can no longer alter the check.

Check-cashing entities are regulated as money service businesses by the Financial Crimes Enforcement Network (FinCEN). FinCEN is part of the U.S. Department of the Treasury, which carries out regulatory functions of check cashing entities. Numerous checks described below were negotiated at check-cashing entities.

Discrepancies Between QuickBooks and Bank Records

Bank-cleared checks can be compared to the original QuickBooks records, as both systems should reflect consistent information (e.g., the payee's name, check number, date, amount). However, the charter school's records show numerous instances in which checks issued to two individuals did not match the corresponding bank-cleared records. In many cases, checks that cleared the bank were entirely absent from the accounting records.

When checks that clear the bank do not match the accounting records, or are missing altogether, they exhibit characteristics of irregular transactions. An irregular transaction has characteristics of fraud, misappropriation of funds, or other illegal acts. There are many specific types of fraud related to check schemes. Forgery check schemes are the most common because forgery includes check tampering, which can range from falsely signing another person's name with a fraudulent intent to altering a check in a way that misrepresents the transaction.

Forgery and Irregularities

Several examples of irregularities presented below suggest the presence of forgery-related schemes that involve tampering with checks.

Failures to Meet Criteria 1-3

Vendor, Employee, and Payroll Checks

A total of 73 vendor, employee, and payroll checks were sampled. Of these, 73 transactions failed Criteria One, 63 failed Criteria Two, and 65 failed Criteria Three.

Eight transactions did not fail Criteria Three, as they were payroll transactions for a single employee, and these could be considered reasonably documented. However, the remaining 65 sampled vendor, employee, and payroll checks failed one or more of the criteria and are therefore considered irregular. Examples of the sample criteria transaction failures that are irregular are as follows:

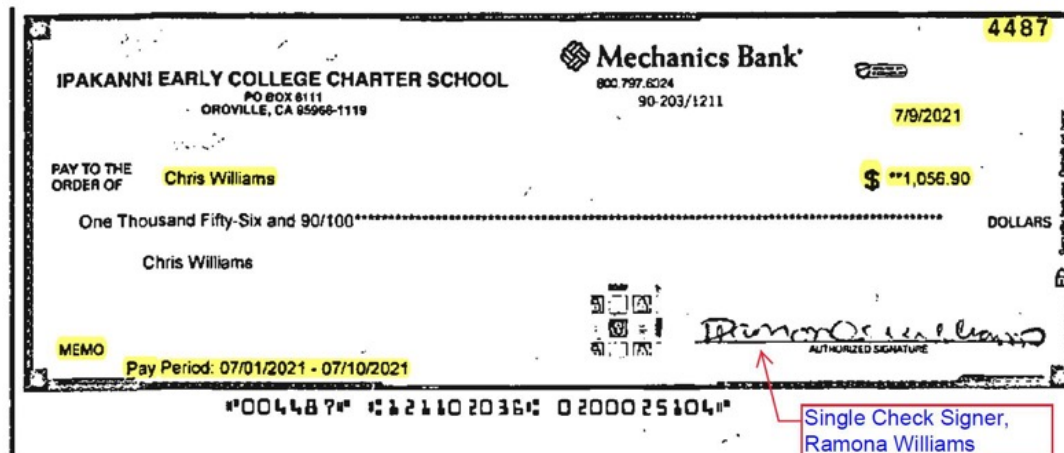
Examples of Irregular Transactions

A. Check Number 4487 – Payroll, Payee and Amount Discrepancies

QuickBooks check number 4487, dated 7/2/2021, recorded as paid to Stephen M Ruble, for \$0.00 is shown in the bank statement canceled checks as paid to and

endorsed by Chris Williams, dated 7/9/2021, with the check memo indicating it is for “Pay Period: 07/01/2021-07/10/2021,” for \$1,056.90. Figure 1 below demonstrates this discrepancy, with the QuickBooks record showing a zero-dollar payment to Stephen M Ruble, while the bank-cleared check was written to Chris Williams.

Example of Check Shown in QuickBooks as Paid to Stephen M Ruble, but Paid to Chris Williams



[Highlighting and red comment box added by FCMAT.]

Figure 1. Copy of Check No. 4487 bank statement cleared check paid to Chris Williams.

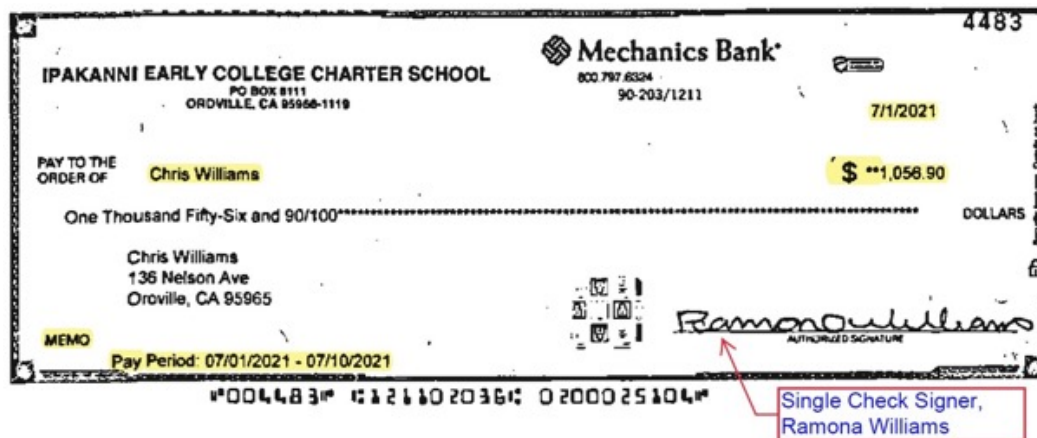
Source: Reproduced from Mechanics Bank-provided bank-cleared check information.

Check number 4487 is further examined in the [Duplicate Checks](#) section, where it is also shown as written to Raphael Lamas in QuickBooks.

B. Check Number 4483 – Payroll, Payee and Amount Discrepancies

QuickBooks check number 4483, dated 7/1/2021, is recorded as paid to Christopher D Williams, for \$581.88. However, it is shown as a bank-cleared check paid to and endorsed by Chris Williams for \$1,056.90. This check also has the same memo indicating the “Pay Period: 07/01/2021-07/10/2021.” Figure 2 below shows that although the QuickBooks entry was recorded as paid to Christopher D Williams for \$581.88; the actual check was written and cleared the bank paid to Chris Williams for \$1,056.90.

Example of Check Shown in QuickBooks as Paid to Christopher D Williams, but Paid to Chris Williams



[Highlighting and red comment box added by FCMAT.]

Figure 2. Copy of Check No. 4483 bank statement cleared check paid to Chris Williams.

Source: Reproduced from Mechanics Bank-provided bank-cleared check information.

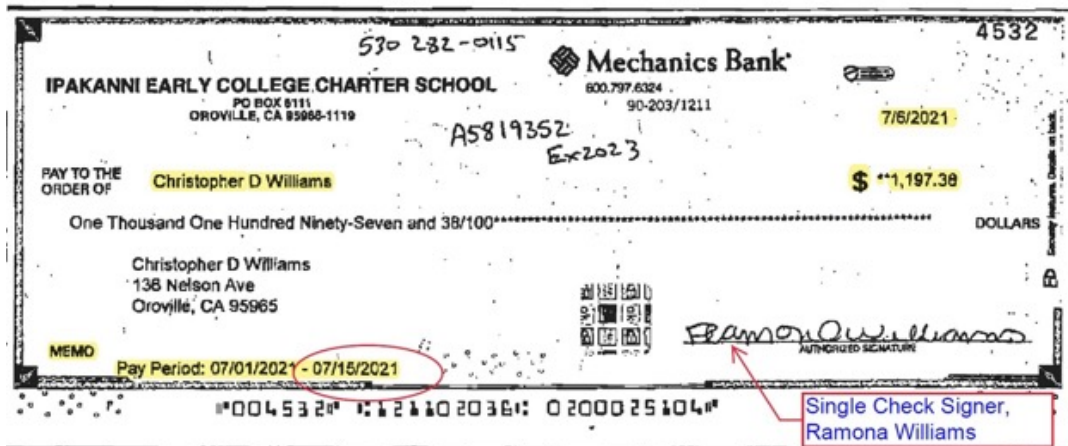
Williams uses several variations of his name interchangeably, including Chris Williams, Christopher Williams, and Christopher D Williams. Both check numbers 4487 and 4483 are recorded in QuickBooks with discrepancies between the recorded payee and the actual payee on the bank-cleared check. The name of the QuickBooks payee and bank-cleared check payee should be the same. Both checks are for the same amount, have July 2021 dates, and have identical check memos with a pay period of 7/1/2021-7/10/2021. In contrast, other checks to other charter school employees considered to be authentic payroll checks have check memos that indicate they are for the typical bimonthly payroll check pay period of 7/1/2021-7/15/2021.

Williams is not available to confirm his check endorsement signature. Nevertheless, FCMAT's sample of Williams bank-cleared checks, no matter what variation of Williams name is shown as the check payee, have similar signatures. Therefore, based on numerous Williams check signatures examined, FCMAT presumes the endorsement is Williams'.

C. Check Number 4532 - Payroll Module vs. Vendor Checks

FCMAT's review of transactions in the sample period resulted in only three QuickBooks categories/types of expenditure transactions. These types are classified as Check, Paycheck, or blank. Blank means no classification type is shown. In QuickBooks, payroll checks processed through the payroll module are classified as paychecks and linked to the employee's payroll records. These checks should be traceable to the employee's payroll listing, which groups payroll checks by employee. Figure 3 below illustrates an example of a payroll check, check number 4532, written to Christopher D. Williams.

Example of Payroll Check Shown in QuickBooks as Paid to Christopher D Williams



[Highlighting, red comment box, and red circled date added by FCMAT.]

Figure 3. Copy of Check No. 4532 bank statement cleared check paid to Christopher D Williams.

Source: Reproduced from Mechanics Bank-provided bank-cleared check information.

Check 4532 has the appearance of a payroll check because of the following:

- The payee recorded in QuickBooks is Christopher D Williams.
- The check memo indicates the appropriate bimonthly pay period (e.g., ending July 15, 2021).
- The check type in QuickBooks is classified as a paycheck.
- The gross amount and payroll withholdings are recorded in QuickBooks.

Even though check 4532 appears to be written from the payroll module and has the characteristics of a payroll check, the QuickBooks payroll module shows the net amount as \$1,408.41, but the bank-cleared check is for \$1,197.38. The payroll module check amount of \$1,408.41 represents the after-tax calculated net check while the bank-cleared check amount does not match. This indicates that the payroll check was altered after being processed in the payroll module. Other paycheck-type transactions paid to other charter school employees that were examined matched both the QuickBooks payroll module and bank-cleared check amounts.

The bank-cleared check is less than the payroll module amount. Similar to many other bank-cleared checks versus checks shown in QuickBooks, numerous checks show differing amounts. Irregularities of this nature and the volume of such irregularities suggest a larger purpose. Based on FCMAT's experience in auditing similar check irregularities, one theory is that the purpose is to use an intentional deceptive practice to disorganize the books so that auditing and deciphering the records is more difficult.

D. Altered Payroll Checks and Deceptive Practices

Check numbers 4487 and 4483 were not shown as payroll type checks but as vendor-type checks. Moreover, they were not listed in the payroll module as paychecks to Williams. This means they were not processed in the payroll module. If a check

is processed in the payroll module and has a check type of paycheck, those transactions become part of an employee's total payroll profile from which their payroll tax reporting and W-2 form is created. This is important because alteration of check names, amounts, dates, and check memo information in the payroll module has more risk of discovery due to how payroll data moves through various payroll reporting systems and checks and balances in QuickBooks. Because of the risk, it is less likely that other employee payroll checks were modified as in check number 4532 above for Williams because most employees know how much their bimonthly net check and annual gross income should be as compared to their personal W-2 form the employee uses to file their federal and state income taxes.

The example shown above in this section is representative of numerous similar transactions. Numerous similar types of altered transactions cumulatively are characteristic of intentional deception and considered an irregularity.

E. Social Security Number Discrepancies

Since many sampled checks had misleading characteristics of payroll checks, Williams' IRS Form W-2 was reviewed. Williams was responsible for all aspects of the charter school's payroll processing and federal/state reporting and entered data into QuickBooks. Payroll was processed through QuickBooks with Williams as the only operator of the accounting system and responsible for entering employee payroll data including Social Security numbers.

FCMAT sampled three randomly selected Williams' W-2s for calendar years 2020, 2022, and 2023. Williams' personnel file copy of his Social Security card number was compared to his QuickBooks prepared W-2. A Social Security number consists of nine digits separated into three segments. The segments have three digits, then two digits, followed by four digits, (e.g. XXX-XX-XXXX). Williams' Social Security number shown on his W-2 and his Social Security Administration issued Social Security card's first three digits and second two digits are the same; therefore, those numbers will not be shown. Williams' Social Security number entered into QuickBooks for all sampled years is XXX-XX-77**0**6. His personnel file Social Security card number, however, is XXX-XX-77**8**6. The FCMAT bolded numbers of **0** and **8** should agree but do not. Williams' Social Security card number is most likely the most accurate because it would have been provided to the charter school when he first applied to work and may have been verified at that time.

While reviewing the bank-provided cleared checks, the endorsement side (reverse side) of a sample of Williams' checks were examined. FCMAT examined within the sample period Williams' check numbers 4905, 4632, 4626, 4940, 4981, 4992, and 5703. When cashing a check other than at a bank, many check-cashing locations require the person endorsing the check to write their Social Security number above or below their signature. Of the seven checks listed above, these checks endorsed Social Security numbers materially different from Williams' Social Security card. Check number 4940 has the most legible Social Security number on the endorsement side of the check. That number is written as 530-228-0115. All of the numbers are incorrect, the middle segment that should have two digits has three, and the third segment is 0115, not 7786 or 7706. Another alternative is that the number shown is a telephone number; however, FCMAT could not find that number associated with Williams.

In charter schools with effective internal controls, the Social Security number for the W-2 should match the number on the Social Security card. A mismatch may signal negligence, but in this case, when coupled with numerous altered checks and incorrect endorsements, it points to intentional deception.

Missing Checks Not In QuickBooks

QuickBooks has many standard financial reports, one of which is a Missing-Duplicate Checks Report. This report lists checks sequentially by number. When a break in the sequence occurs, the words "**** Missing numbers here ****" are displayed. The missing checks can be identified by examining where the sequence stops and starts. In the sample period, 284 checks were identified as missing in QuickBooks, and 19 checks were sampled.

These sampled missing check numbers were traced and found to have been processed through the charter school's bank account, with documentation from the bank-provided cleared checks. Of the 19 transactions reviewed, all were cleared through the bank but were not recorded in QuickBooks, and there was no supporting documentation for these transactions. As such, all 19 checks failed Criteria One, Criteria Two, and Criteria Three, making them irregular. A check that clears the bank but is not reported in the accounting records is considered an irregularity. Below are examples of these missing checks:

Examples of Missing Checks and Irregularities

A. Check Number 4640 – Tax Services

Check number 4640 is shown in Figure 4 below. It is not found in the charter school's QuickBooks transactions, but it is shown in the bank-cleared checks. The check is written to Christopher Williams, dated 10/8/2021, for \$1,000, and clears the bank on 10/13/2021. The check is endorsed by Christopher Williams, and the check memo states it is for "TAX SVCS." The check stub further states, "2020 FORM 990 – ANNUAL FILING EXTENSION FILED PROFESSIONAL SERVICES RENDERED."

Example of Missing Check and Check Stub Paid to Christopher Williams

IPAKANNI EARLY COLLEGE CHARTER SCHOOL
PO BOX 6111
OROVILLE, CA 95966-1119

Mechanics Bank
800.797.6324
90-203/1211

4640

10/8/2021

PAY TO THE ORDER OF Christopher Williams \$1,000.00

One Thousand and 00/100***** DOLLARS

Christopher Williams
136 Nelson Ave
Orville, CA 95965

MEMO TAX SVCS

AUTHORIZED SIGNATURE

Single Check Signer, Ramona Williams

IPAKANNI EARLY COLLEGE CHARTER SCHOOL
Christopher Williams

Check Stub

2020 FORM 990 - ANNUAL FILING
EXTENSION FILED

PROFESSIONAL SERVICES RENDERED

10/8/2021 4640 1,000.00

[Highlighting and red comment box added by FCMAT.]

Figure 4. Copy of Check No. 4640 bank statement cleared check paid to Christopher Williams.

Source: Reproduced from Mechanics Bank-provided bank-cleared check information.

The documented purpose of the check is to provide tax services related to filing the charter school's 2020 IRS Form 990 tax extension. The memo states it is for professional services presumably by Williams since the check is written to him. To verify the services provided, FCMAT contacted the tax return preparer and asked if they or Williams filed a 2020 extension. The preparer responded as follows:

An extension was filed by our office for the 2020 tax return, which is standard practice to extend the due date to May 15 to allow completion of the audit prior to filing the tax return (May 15 is the extended due date for June 30 year ends). The extension filing is done as a courtesy for our clients and we did not request any help from Chris or the charter school to file the extension.

Since the tax preparer filed the extension and did not request any assistance from Williams, and because the check is missing, meaning not reported in QuickBooks, it is characteristic of intentional deception and forgery. A forged check may include a check that is not recorded in the accounting records but clears the bank as a check of the charter school.

B. Missing Payroll Checks Paid to Christopher Williams

The sample of missing checks revealed three checks that cleared the bank written to Christopher Williams, with memos indicating they were for payroll purposes. These checks were signed by Ben Clark, the sole check signer. The checks are as follows:

- Check number 5808, dated 9/28/2023, for \$1,774.68, memo: "Pay Period: 09/16/2023-09/30/2023."
- Check number 5825, dated 9/28/2023, for \$1,774.68, memo: "Pay Period: 09/16/2023-09/30/2023."
- Check number 5829, dated 9/28/2023, for \$1,888.07, memo: "Pay Period: 09/1/2023-09/30/2023."

In addition to these three missing checks, two other related checks were sampled in the vendor, employee, and payroll checks category that were written in QuickBooks. These checks were recorded as paid to vendors and were signed by Ben Clark. However, the payee names on the bank-cleared checks are Christopher Williams and Chris Williams, as follows:

- Check number 5802, written to Best Buy Business Advantage Account in QuickBooks, dated 9/21/2023, for \$3,439.30; however, the bank-cleared check is written to Christopher Williams, dated and paid the same amount, but the check memo states, "Pay Period: 09/1/2023-09/30/2023." This check memo is representing that the check is a payroll check for September 2023. The check is recorded in QuickBooks as a vendor check, not a payroll check.
- Check number 5805, written to Granite Data Solutions in QuickBooks, dated 9/18/2023, for \$4,130.64; however, the bank-cleared check is written to Chris Williams, dated a different date of 9/21/2023, for a different amount of \$2,029.89. Furthermore, the check memo also says, "Pay Period: 09/1/2023-09/30/2023." This check memo also represents that it is a payroll check for September 2023. The check is recorded in QuickBooks as a vendor check, not a payroll check.

Based on the results of FCMAT's expenditures sampled, five checks are written as if they are payroll checks. They are all written to Williams in September 2023 and cleared the bank, totaling \$10,906.62. Because five checks cleared the bank paid to Williams, three of which were not reported in QuickBooks, and two checks were recorded in QuickBooks as paid to vendors other than Williams but cleared the bank as paid to Williams, they are characteristic of intentional deception, characteristic of forged checks, and considered irregular.

Summary of Missing and Irregular Checks

The disbursements described above are representative of numerous similar checks with the same irregular characteristics. Of the sampled 19 checks, they were written to either Williams or Bert Brown. Seven of the checks were written to Chris Williams and nine to Christopher Williams (16 checks in total) with a total dollar value of \$19,684. The remaining three checks were written to Bert I Brown totaling \$2,349. Payments to Bert Brown are discussed further below. Because 284 checks were identified as missing within the sample period, it is likely that most of those checks are also intentionally forged and irregular.

Duplicate Checks

Using the Missing-Duplicate Checks Report (described above), duplicate checks were identified and sampled. The report lists all checks in sequential order and highlights duplicates with the words "*** Duplicate document numbers ***." Based on analyzing where the sequential pattern of checks stops and starts, the duplicate checks can be pinpointed. During the sample period, 26 checks were identified. One was selected for further review.

Check number 4487 is described above as recorded in QuickBooks paid to Stephen M Ruble, dated 7/2/2021, for \$0.00 and with no check memo. However, a second instance of check number 4487 was also found in QuickBooks, recorded as a payment to Raphael Lamas, dated 8/5/2022, for \$71.75, and the check memo stating, "Reimburse LVESCAN." However, the actual cleared bank check corresponding to check number 4487 was written to Chris Williams, dated as 7/9/2021, for \$1,056.90, with the check memo stating, "Pay Period: 07/1/2021-07/10/2021." This memo indicates this is a payroll check for a specific pay period.

The issue arises because this payroll check is not recorded as a payroll-type check in QuickBooks nor is it linked to the payroll module; instead, it is categorized as a vendor check. In total, three transactions involve check number 4487: two written in QuickBooks that never became checks cleared by the bank, and one that cleared the bank paid to Williams that was not recorded in QuickBooks.

Because this check was duplicated and lacked supporting documentation, it failed to meet all three criteria. A check that is not recorded in the accounting records but clears the bank is considered irregular. Additionally, this type of duplicate check is characteristic of intentional deception and forged checks.

Failures to Meet Check Payee Name and Endorsement Criteria

Bert Brown Transactions

FCMAT identified two vendors in QuickBooks under the names Bert Brown and Bert I. Brown, both with the same address. A search of QuickBooks data from its first use on July 12, 2010, to December 31, 2024, was conducted to identify any transactions involving the name Brown. Despite Williams passing away in

October 2023, FCMAT expanded the search to include any vendors with “Brown” in the title. While one vendor with “Brown” in the name had a single transaction, it was not associated with Bert Brown. No other transactions linked to Bert Brown or Bert I. Brown were found in QuickBooks.

FCMAT then examined the bank-provided cleared checks from the sample period of July 1, 2021, through October 30, 2023. During this period, 46 checks, totaling \$55,770.92, were found written to various names associated with Bert Brown (including Bert I Brown, Bert I. Brown, Bert Ivan Brown, and B Plumbing). For the purposes of this report, all checks related to these names will collectively be referred to as Brown. Since these checks were neither recorded in QuickBooks nor supported by any documentation, they failed Criteria One, Two, and Three. A check that clears the bank but is not reported in the accounting records is considered irregular.

Vendor Setup and Missing Transactions

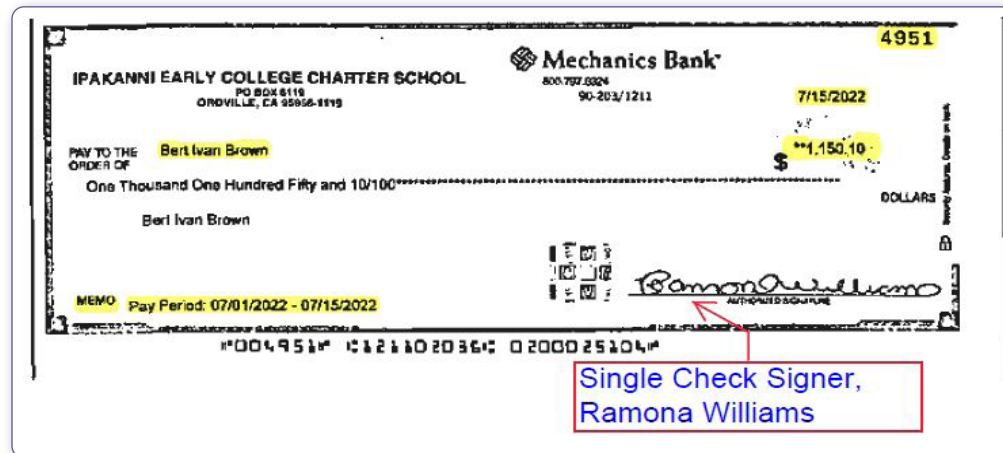
Although QuickBooks contained vendors’ records for Brown, no transactions were recorded under these vendors. Typically, a vendor is set up in accounting systems with the intention to make payments to that vendor. This allows the accounting system to track all payments to a specific vendor.

Even though the charter school’s QuickBooks contained two vendors set up as Brown, no checks to Brown were found in QuickBooks. However, 46 checks clearing the bank were found to have been written to Brown. Cashing of these checks is described further below by Brown; therefore, his endorsement is confirmed. A closer comparison of the bank-cleared check numbers written to Brown and the QuickBooks transaction reports revealed that 32 checks paid to Brown were recorded in QuickBooks as payments to other vendor names, while 14 checks were not recorded in QuickBooks at all. These checks exhibited several irregularities, as detailed in the following example:

Example of Irregular Checks

- **Check Numbers 4951 and 4980:** These checks, dated 7/19/2022 and 7/6/2022, for \$600 and \$695 respectively, were recorded in QuickBooks as payments to Chris Williams and Christopher D Williams. Both checks were written as to appear as vendor checks in QuickBooks. Both checks cleared the bank as checks written to Bert Brown dated 7/15/2022 for \$1,150.10 and dated 7/1/2022 for \$1,409.14 respectively. The actual check memos are written indicating, “Pay Period: 07/01/2022-07/15/2022” and “Pay Period: ADV 07/01/2022-07/15/2022.” Bert Brown was not an employee of the charter school. Check number 4951 is reproduced in Figure 5.

Example of Charter School Check Clearing the Bank Written to Bert Ivan Brown



[Highlighting added by FCMAT.]

Figure 5. Copy of Check No. 4951 bank statement cleared check paid to Bert Ivan Brown.

Source: Reproduced from Mechanics Bank-provided bank-cleared check information.

As described earlier in the report, there are three other checks, numbers 4487 for \$1,056.90 (Figure 1), 4483 for \$1,056.90 (Figure 2), and 4832 for \$1,197.38 (Figure 3), all written to Williams with check memos indicating, “Pay Period 07/01/2021-07/10/2021,” “Pay Period 07/01/2021-07/10/2021,” and “Pay Period 07/01/2021-07/15/2021.” FCMAT compared the payroll module payroll check numbers with these checks.

When examining authentic payroll checks in QuickBooks, there are two reports, a Paycheck Summary and Paycheck Detail, showing total earnings, payroll taxes, and deductions.

As stated above, payroll checks are shown in the QuickBooks payment ledger as sourced from the payroll module by coding the transactions as “Paycheck.” In total, there are five check memos indicating the checks are for the July 2021 payroll period, none of which are reported in QuickBooks as payroll checks.

- Table 5 shows all available Brown related transactions including the two described above, which are shown in bold.

Table 5: Summarized Sampling — Bert Brown Checks

QuickBooks Check Date	Bank-Cleared Check Date	Check Number	QuickBooks Payee Name	Payee Name on Bank-Cleared Check	Check Endorsed By	Bank-Cleared Check Memo Notes (Quoted Directly From Check Memo)	Amount Shown in QuickBooks	Amount Shown on Bank-Cleared Check	Difference
9/2/21	9/20/21	4943	Butte College	Bert I Brown	Bert Brown	Tile Line Repair	\$ 49.29	\$ 849.29	\$ 800.00
10/8/21	10/8/21	4634	Berenice Martinez	Bert I Brown	Bert Brown	Pay Period: 09/09/2021 - 10/08/2021	\$ 1,329.39	\$ 1,329.39	\$ -
7/2/21	7/15/21	4489	Chris Williams	Bert Brown	Bert Brown	(No Check Memo)	\$ 1,189.21	\$ 1,189.21	\$ -
Duplicate Check	6/10/22	4969	Chris Williams / Inside out Designs	Bert I. Brown	Bert Brown	Exterior Proj 2	\$ 600.00	\$ 600.00	\$ (27.04)
5/9/22	5/9/22	4993	Peerless Building Materials	Bert I. Brown	Bert Brown	Essertl Ext	\$ 900.00	\$ 900.00	\$ -
5/9/22	5/9/22	4994	Peerless Building Materials	Bert I. Brown	Bert Brown	Maintenance	\$ 1,061.19	\$ 1,061.19	\$ -
5/9/22	5/9/22	4997	Best Buy Business	Bert Brown	Bert Brown	Reimburse Paint-Supplies	\$ 488.77	\$ 476.05	\$ (12.72)
6/8/22	7/1/22	4979	HP Downer Annex	Bert I. Brown	Bert Brown	Gen Contractor 22-23	\$ 882.50	\$ 882.50	\$ -
6/9/22	6/9/22	4968	Mike Hill	Bert I. Brown	Bert Brown	Maintenance Fence	\$ 839.18	\$ 839.18	\$ -
6/10/22	6/10/22	4972	Peerless Building materials	Bert I. Brown	Bert Brown	21-22 Exterior	\$ 750.15	\$ 750.15	\$ -
Check Not In QuickBooks	6/29/22	4486	(Check Not In QuickBooks)	Bert I. Brown	Bert Brown	Annual EOY	\$ -	\$ 1,000.00	\$ 1,000.00
Check Not In QuickBooks	7/8/22	4978	(Check Not In QuickBooks)	Bert I. Brown	Bert Brown	HVAC leak n seal	\$ 1,000.00	\$ 1,000.00	\$ -
5/1/22	7/15/22	4951	Chris Williams	Bert I. Brown	Bert Brown	Pay Period: 07/01/2022 - 07/15/2022	\$ 600.00	\$ 1,150.10	\$ 550.10
7/1/22	7/15/22	4980	Christopher D Williams	Bert I. Brown	Bert Brown	Pay Period: ADV 07/01/2022 - 07/15/2022	\$ 695.00	\$ 1,409.14	\$ 714.14
Check Not In QuickBooks	8/15/22	1006	(Check Not In QuickBooks)	Bert I. Brown	Bert Brown	Main H&E Door	\$ -	\$ 500.00	\$ 500.00
Check Not In QuickBooks	8/23/22	4469	(Check Not In QuickBooks)	Bert Brown	Not Available	Plf pmt 2 - Plumbing	\$ -	\$ 1,198.42	\$ 1,198.42
Check Not In QuickBooks	8/26/22	1010	(Check Not In QuickBooks)	Bert I. Brown	Not Available	August Maint	\$ -	\$ 750.00	\$ 750.00
Check Not In QuickBooks	9/8/22	1020	(Check Not In QuickBooks)	Bert I. Brown	Bert Brown	8/10 - 9/8 Maint	\$ -	\$ 880.00	\$ 880.00
Check Not In QuickBooks	9/12/22	4476	(Check Not In QuickBooks)	Bert Brown	Bert Brown	Outlet & Wiring	\$ -	\$ 900.00	\$ 900.00
7/2/21	10/5/22	4493	Office Depot	Bert Brown	Bert Brown	Plumbing COVID	\$ 353.00	\$ 506.13	\$ 153.13
11/3/22	11/3/22	5191	Heidie Blue	Bert I. Brown	Bert Brown	1,2,3 Q Renewal	\$ 1,500.00	\$ 1,500.00	\$ -
Check Not In QuickBooks	11/3/22	5192	(Check Not In QuickBooks)	Bert I. Brown	Bert Brown	Pay Period: 10/1/2022 - 10/31/2022	\$ -	\$ 1,395.51	\$ 1,395.51
11/3/22	11/7/22	5194	J White Appraisals and Consulting	Bert I. Brown	Bert Brown	Pay Period: 10/01/2022 - 11/04/2022 PM	\$ 1,500.00	\$ 1,298.23	\$ (201.77)
11/15/22	11/15/22	5218	Evergreen Janitorial Supply	Bert I. Brown	Bert Brown	ELOP - Mainten II	\$ 723.14	\$ 1,385.83	\$ 662.69
Check Not In QuickBooks	12/21/22	5271	Check Not In QuickBooks	Bert I. Brown	Bert Brown	ELOP OCT NOV DEC	\$ -	\$ 1,500.00	\$ 1,500.00
12/25/23	12/1/23	5297	Amazon Capital Services	Bert I. Brown	Bert Brown	Pay Period: 01/01/2023 - 01/15/2023	\$ 901.95	\$ 1,516.21	\$ 614.26
12/23/23	12/23/22	5273	Chan F Saeleum	Bert I. Brown	Bert Brown	Pay Period: 12/1/2022 - 12/31/2022	\$ 1,819.91	\$ 1,341.41	\$ (478.50)
1/8/23	12/23/22	5275	HP Downer Annex, LLC	Bert I. Brown	Bert Brown	Pay Period: 12/1/2022 - 12/31/2022	\$ 3,750.00	\$ 1,341.41	\$ (2,408.59)
12/25/23	1/19/23	5313	K12 Management DBA FuelEd	Bert I. Brown	Bert Brown	ELOP DEC JAN	\$ 2,800.00	\$ 1,200.00	\$ (1,600.00)
2/13/23	2/15/23	5330	Cierra M Foster	B Plumbing	Bert Brown	Pay Period: 2/01/2023 - 2/15/2023	\$ 480.18	\$ 1,425.26	\$ 945.08
Check Not In QuickBooks	3/15/23	5398	(Check Not In QuickBooks)	B Plumbing	Bert Brown	Pay Period: 03/01/2023 - 03/15/2023	\$ -	\$ 1,612.95	\$ 1,612.95
Check Not In QuickBooks	3/24/23	5402	(Check Not In QuickBooks)	Bert Brown	Bert Brown	Maintenance ELOP	\$ -	\$ 1,449.75	\$ 1,449.75
4/28/23	4/26/23	5449	Graduation Source	Bert Brown	Bert Brown	Inv# 202311201	\$ 1,101.19	\$ 1,101.19	\$ -
5/1/23	5/1/23	5487	Accurate plumbing	Bert Brown	Bert Brown	Pay Period: 4/1/2023 - 4/30/2023	\$ 1,419.07	\$ 1,419.07	\$ -
Check Not In QuickBooks	6/1/23	5607	(Check Not In QuickBooks)	Bert Brown	Bert Brown	Inv# 1364p	\$ -	\$ 1,200.00	\$ 1,200.00
Check Not In QuickBooks	6/1/23	5610	(Check Not In QuickBooks)	B Plumbing	Bert Brown	Pay Period: 5/1/2023 - 5/31/2023	\$ -	\$ 1,200.00	\$ 1,200.00
7/12/23	6/23/23	5648	Walter G Gramps	Bert Brown	Bert Brown	Pay Period: 06/16/2023 - 06/30/2023	\$ 3,589.65	\$ 1,626.55	\$ (1,963.10)
6/30/23	6/23/23	5641	Desirae R Conn	Bert Brown	Bert Brown	Pay Period: 06/01/2023 - 06/15/2023:	\$ 1,336.42	\$ 1,696.50	\$ 360.08
Check Not In QuickBooks	7/3/23	5680	(Check Not In QuickBooks)	Bert Brown	Bert Brown	Reimburse Supplies	\$ -	\$ 1,196.59	\$ 1,196.59
7/24/23	7/24/23	5701	HF Apparel	Bert Brown	Bert Brown	Pay Period: 07/16/2023 - 07/31/2023	\$ 2,250.00	\$ 1,689.91	\$ (560.09)
6/30/23	8/10/23	5642	William E Bowers	Bert Brown	Bert Brown	O4 SACS	\$ 1,468.29	\$ 1,210.10	\$ (258.19)
8/16/23	8/11/23	5734	Shawna M Beller-Rios	B Plumbing	Bert Brown	Pay Period: 07/01/2023 - 08/01/2023	\$ 1,020.00	\$ 1,559.23	\$ 1,457.23
8/28/23	8/18/23	5749	HP Downer Annex, LLC	Bert Brown	Bert Brown	Reim: Material	\$ 3,750.00	\$ 1,449.59	\$ (2,300.41)
8/18/23	8/18/23	5744	Michael Lee	B Plumbing	Bert Brown	Reim: Material	\$ 1,400.00	\$ 1,449.59	\$ 49.59
Check Not In QuickBooks	8/31/23	5766	(Check Not In QuickBooks)	Bert Brown	Bert Brown	Pay Period: 08/01/2023 - 08/31/2023	\$ -	\$ 1,355.29	\$ 1,355.29
9/8/23	9/8/23	5777	HP Downer Annex	Bert Brown	Bert Brown	Facilities/Stipend/ Modernization	\$ 2,500.00	\$ 2,500.00	\$ -
46 = Quantity of Checks							Totals \$ 43,156.52	\$ 55,770.92	\$ 12,614.40

Source: FCMAT sample testing data sourced from charter school-provided QuickBooks accounting transaction reports.

Vendor Brown Interview

Once FCMAT had compiled the data shown in Table 5, more information about Brown was needed. Brown was emailed on Friday, December 6, 2024. The email explained what transactions the team found and requested his help. The email was also sent via certified return receipt mail. Brown did not respond. On Monday, December 9, 2024, FCMAT emailed the charter school to request management's assistance in contacting Brown. Management responded the same day and stated, "... we do not know who Bert Brown is nor was he a vendor."

On Friday, December 27, 2024, another email and U.S. Postal Service mailing was sent to Brown. The email and mailing included a similar spreadsheet as shown in Table 5 and stated FCMAT will be in Oroville, California on Wednesday and Thursday, January 8 and 9, 2025 and again requested Brown's help. On Tuesday, January 7, Brown responded through a friend via text message to the team.

The friend of Brown stated in the text message regarding Brown, "He is unable to communicate normally so I am attempting too [sic] clear this up as I'm sure I have the information you seek." The text thanked FCMAT, apologized for the delay, and requested a text or call. The team met with Brown and friend on Wednesday, January 8, 2025, at 2:30 p.m. for an hour in the lobby of the Oroville Hampton Inn hotel. During the interview, Brown and friend alleged the following:

- Brown and friend allege Brown's primary income comes from Social Security disability payments. The disability was from a car accident in 2013 or 2014, which caused a broken neck, hand and spinal injury, and Brown was or remains mentally and physically impaired.
- Brown knew Williams through a friend and performed handyman services for Williams.

- Brown did not perform any work for the charter school and did not receive an IRS Form 1099 from the charter school.
- Williams wrote checks to Brown from the charter school, explaining that the funds were coming from Williams' 401(k) retirement money owed by the charter school to Williams. The money is Chris Williams'.
- Brown would typically receive between \$100 and \$300 per service, but Williams would issue checks for higher amounts. Brown would cash the check at various locations and give Williams the difference.
- Brown's friend said that she confronted Williams many times about Williams having Brown cash checks and give the money to Williams. Williams told the friend she was "crazy."
- Brown's friend said that Brown is 60 years old and easily taken advantage of.
- Brown and friend alleged that Williams had a chronic medical condition, addiction problems, and gambled at casinos.

The transactions and the explanation from Bert Brown and his friend suggest intentional deception and forged checks. A check that is not recorded in the accounting records or where the payee differs from the bank-cleared payee is considered an irregularity. The failure to report checks in QuickBooks, combined with the false representations of the payees, suggests that these transactions were part of a pattern of intentional deception and forged checks.

Chris Williams Checks Endorsed

A sample of 28 checks was reviewed to determine the payee and the endorser of each check. All 28 checks sampled appeared to be endorsed by Williams. The sample was divided into two categories: checks written by Williams to himself and checks recorded in QuickBooks written to other vendors. Six checks written by Williams exhibited irregularities, which are summarized in Table 6 as follows:

Irregularities in Williams Checks

- Four checks in QuickBooks had payee names that did not match the bank-cleared check payee names.
- Four checks had discrepancies between the amounts recorded in QuickBooks and the actual amounts on the bank-cleared checks.
- Five check memos in QuickBooks referenced payments for services with vague descriptions, such as:
 - "Food: Summer, A XD hours, Stipend ASP."
 - These payments had no supporting documentation.
- One check, allegedly for a stipend, is for ASP. According to the charter school management, there was no such thing as an ASP stipend.

Table 6: Summarized Sampling — Williams Checks

Check Number	QuickBooks Payee Name	Payee Name on Bank-Cleared Check	QuickBooks Check Memo (Quoted Directly From QuickBooks Memo)	Bank-Cleared Check Memo (Quoted Directly From Check Memo)	Amount Shown in QuickBooks	Amount Shown on Bank-Cleared Check	Difference
4482	Christopher Williams	Chris Williams	Business Manager 2	IT repair	\$ 1,500.00	\$ 394.70	\$ 1,105.30
4490	Christopher D Williams	Chris Williams	Food : Summer	Business Manager 2	\$ 319.49	\$ 1,500.00	\$ (1,180.51)
4628	Christopher D Williams	Christopher Williams	Tax + YEAudit	21-22 12 month IT adj	\$ 559.11	\$ 1,224.00	\$ (664.89)
4629	Christopher D Williams	Christopher Williams	Reimbursement	Pay Period: 09/02/2021-10/01/2021	\$ 222.09	\$ 1,222.09	\$ (1,000.00)
4632	Christopher D Williams	Christopher Williams	AXD hours	Pay Period: 09/22/2021-10/07/21	\$ 1,090.81	\$ 1,090.81	\$ -
5778	Chris Williams	Chris Williams	Stipend ASP	Stipend ASP	\$ 1,303.90	\$ 1,303.90	\$ -
6	= Quantity of Checks				\$ 4,995.40	\$ 6,735.50	\$ (1,740.10)

Source: FCMAT sample testing data sourced from charter school-provided QuickBooks accounting transaction reports.

Vendor Checks with Irregularities

Of the 28 checks sampled, six were written to Williams, and the remaining 22 were recorded in QuickBooks to various vendors. However, all 22 vendor checks cleared the bank as checks written to Williams. These checks exhibited the following irregularities, as summarized in Table 7:

- All 22 QuickBooks payee names did not match the bank-cleared check payee names.
- Sixteen checks had discrepancies between the amounts recorded in QuickBooks and the actual amounts on the bank-cleared checks.
- The check memos were irrelevant because the checks are written to Williams, and the related memo purpose appears to only serve as an attempt to legitimize the payment.

Table 7: Summarized Sampling — Vendor Checks Clearing the Bank to Williams

Check Number	QuickBooks Payee Name	Payee Name on Bank-Cleared Check	QuickBooks Check Memo (Quoted Directly From QuickBooks Memo)	Bank-Cleared Check Memo (Quoted Directly From Check Memo)	Amount Shown in QuickBooks	Amount Shown on Bank-Cleared Check	Difference
4494	Amazon Capital Services	Christopher Williams	Lic x75	Replacement	\$ 750.00	\$ 900.00	\$ (150.00)
4903	J.C. Nelson Supply Co.	Christopher Williams	Blue Towels	Reim	\$ 1,055.10	\$ 891.19	\$ 163.91
4946	Berenice C. Martinez	Christopher Williams		IPK5-7	\$ 1,830.08	\$ 432.12	\$ 1,397.96
4948	Nicole M Goding	Christopher Williams		1st Qtr 7-1 to 9-30	\$ 1,503.97	\$ 496.56	\$ 1,007.41
4950	Antonia Lee	Christopher Williams	Apr	4th Qtr	\$ 1,990.00	\$ 1,505.39	\$ 484.61
4955	Heidie Blue	Christopher Williams	Janitorial - Squeaky Klean		\$ 640.93	\$ 900.00	\$ (259.07)
4958	Recology	Christopher Williams		PERS Refund	\$ 178.05	\$ 590.09	\$ (412.04)
4962	Feather River Park and Recreation	Christopher Williams	Track	Pay Period: 05/01/2022-05/31/2022 xd	\$ 330.00	\$ 990.00	\$ (660.00)
4970	Amazon Capital Services	Christopher Williams	BM A	BM Audit work 21-22	\$ 1,256.08	\$ 1,256.08	\$ -
4973	Jackson's Glass	Christopher Williams	2 Rear Rp	Pay Period: 06/01/2022-06/15/2022	\$ 966.29	\$ 966.29	\$ -
4974	Evergreen Janitorial Supply	Christopher Williams	#56789	Pay Period: 06/16/2022-06/30/2022	\$ 58.39	\$ 1,004.34	\$ (945.95)
4981	Raphael Lamas	Chris Williams	Reimbursement	Reimbursement MAR APR	\$ 200.00	\$ 600.00	\$ (400.00)
4984	American Red Cross	Christopher Williams	Training CC	Pay Period: 07/01/2022-7/15/2022	\$ 777.71	\$ 1,525.23	\$ (747.52)
4988	Chan F Saeteurn	Chris Williams	Reimbursement	SI Spring	\$ 500.00	\$ 500.00	\$ -
4990	Amazon Capital Services	Christopher Williams	SteamSys	Pay Period 21-22 PY	\$ 779.15	\$ 779.15	\$ -
4992	Peerless Building Maintenance	Chris Williams	Esser III Exterior	April ODS	\$ 900.00	\$ 1,000.00	\$ (100.00)
4995	California Water Service Co.	Christopher Williams			\$ 25.92	\$ 895.90	\$ (869.98)
5000	Christensen Telecommunications, Inc.	Christopher Williams		Pay Period 4/15/2022-5/6/2022	\$ 895.90	\$ 895.90	\$ -
5044	Chan F Saeteurn	Chris Williams	Reimbursement	Reimbursement	\$ 595.51	\$ 595.51	\$ -
5045	Christensen Telecommunications, Inc.	Chris Williams	04/01/2022 - 06/30/2022	Paint Equip	\$ 800.00	\$ 663.79	\$ 136.21
5747	Xaris C Phillips	Chris Williams		Stipend	\$ 1,265.32	\$ 1,000.00	\$ 265.32
5805	Granite Data Solutions	Chris Williams	#87248-1	Pay Period: 09/01/2023-09/30/2023	\$ 4,130.64	\$ 2,029.89	\$ 2,100.75
22	= Quantity of Checks				\$ 7,713.29	\$ 6,080.99	\$ 1,632.30

Source: FCMAT sample testing data sourced from charter school-provided QuickBooks accounting transaction reports.

A check that is neither reported in the accounting records nor matches the payee listed on the bank-cleared check is considered irregular. Furthermore, these types of discrepancies are characteristic of intentional deception and suggest forged checks.

Testing Failures Summary

A total of 167 transactions were sampled (see Tables 3 and 4), and 100% of these transactions, or all 167, failed to meet at least one of the three testing criteria.

Sample Size and Testing Methodology

As detailed in Table 3, FCMAT selected a large sample size with a dollar value of \$217,301 to ensure robust testing results, with the goal of providing a reasonable probability of accuracy across all transactions. A larger sample size increases the likelihood of identifying transactions that reveal potential issues, including weaknesses in the organization's internal control system, elements of intent to conceal transactions, and possible fraud, misappropriation of funds and/or assets, or other illegal fiscal practices.

Findings and Internal Control Deficiencies

The results from the testing indicate that the charter school exhibited material internal control deficiencies and minimal to no oversight. Oversight deficiencies are further discussed below in the [Check Signers](#) section.

Specific Findings on Irregular Transactions

- One hundred percent of the checks written to Bert Brown were found to be irregular.
- When projecting the findings for Williams to all checks issued by the charter school, it was determined that, with the exception of his legitimate payroll checks (reflected as those used to prepare his IRS Form W-2s from the payroll module), it is highly probable that all bank-cleared checks paid to Williams are irregular.

Check Signers

Review of Board Members' Lack of Response and Fiduciary Duties

FCMAT attempted to meet with the two check signatory board members, Ramona Williams and Benjamin Clark. On Monday, December 9, 2024, an email was sent to both Ramona Williams and Benjamin Clark, with Gramps carbon copied, informing them that FCMAT would contact them. A follow-up email was sent on Tuesday, December 10, 2024, requesting a meeting on January 8 or 9, 2025 at the charter school in Oroville. The email included Gramps and Bowers in the carbon copy and provided the phone number of the team lead. However, FCMAT did not receive a response.

On December 27, 2024, FCMAT emailed both Ramona Williams and Benjamin Clark again, this time carbon copying Nelson, the charter school board president. As they had not responded to the initial email, the December 27 email reiterated the request for a meeting or a response indicating their intent not to meet. The email also set a deadline: if no response was received by the end of Tuesday, January 7, 2025, FCMAT would assume they had declined the meeting.

FCMAT arrived in Oroville on Tuesday, January 7, 2025, and stayed until Thursday, January 9, 2025 but still did not hear from Ramona Williams or Benjamin Clark.

Significance of the Board Members' Lack of Response

Both Ramona Williams and Benjamin Clark were charter school board members, and more importantly, they were the only check signers for the period under review. This positioned them at a critical point in the charter school's internal control system, responsible for safeguarding its assets. Given their unique role, they were in the best position to notice and potentially question the high volume of checks written to Williams.

Checks to Williams: Anomalies in Volume

To gain insight into the frequency of checks written to Williams, FCMAT reviewed the July 2021 and July 2022 bank statements and their cleared checks. In July 2021, 67 checks cleared the bank, 17 of which (or 25.4%) were written to Williams. In July 2022, 47 checks cleared, with 14 (or 29.8%) written to Williams. Even if the volume of checks to Williams was somewhat lower, FCMAT estimates that Williams should have received only two or three checks per month on average, with two of those being bimonthly payroll checks.

Board Members' Responsibilities and the Fiduciary Duty

Meeting with FCMAT should have been a priority for both Ramona Williams and Benjamin Clark. Their failure to meet left the team unable to determine key aspects of the check-signing process, including:

- Whether the board members reviewed the checks before signing them.
- What, if any, documentation they requested to support the checks.
- Whether they questioned any of the checks or reviewed cleared checks.
- Whether they blindly trusted Williams.

As board members, Ramona Williams and Benjamin Clark had a fiduciary duty to act with care, loyalty, faith, and prudence. Fiduciary duty is defined earlier in the report in the section titled “Ethical Duty, Integrity, Fiduciary Duty, and Disclosure.” Their failure to meet with FCMAT and fulfill these duties is outlined as follows:

- **Duty of Care:** To protect the assets of the charter school. Before signing any checks, the board members should have exercised due diligence, requesting full documentation of every check they signed.
- **Duty of Loyalty:** To avoid any actions that could harm the charter school. The board members should have prioritized meeting with FCMAT.
- **Duty of Good Faith:** To fulfill their responsibilities in managing the operations and check processing procedures of the charter school. This includes acting honestly and transparently in managing finances.
- **Duty of Prudence:** To act wisely with care, exercising good judgment in administering the finances of the charter school.
- **Duty of Disclosure:** Although it may have been uncomfortable or embarrassing, the board members should have met with FCMAT and acted with full candor. This includes being open, honest and transparent about their actions and oversight.

Projected Loss Analysis of Irregular Checks

To estimate the extent of irregular checks that cleared the bank during the sample period, FCMAT projected the potential loss. The approach involved calculating the total amount of bank-cleared checks paid to Williams from July 2021 to December 2021, determining the average monthly amount, and then projecting this average over the sample period.

Since this is a projection, all calculated amounts have been rounded. The total amount of Williams' checks cleared over the six-month period is \$48,097. This total was then divided by six months to determine the average monthly amount, which equals \$8,016. The rounded monthly average is then multiplied by the 28-month sample period, totaling \$224,448.

In addition, Bert Brown's bank-cleared checks totaling \$55,771 were added to the projected loss. All Bert Brown checks within the sample period are considered irregular and are shown in Table 5.

Adjustment for Payroll Checks

FCMAT also considered the payroll checks paid to Williams during the sample period. All checks, including possible payroll checks were included in the total of Williams' bank-cleared checks. However, since some of these payroll checks do not align with the amounts recorded in the QuickBooks payroll module (as explained earlier in the report), only the payroll module checks were excluded from the projected loss calculation. The QuickBooks payroll module checks were deemed reliable because they are more likely to align with federal and state payroll reporting.

The total amount of payroll checks for Williams over the 28-month sample period was \$112,232. This amount is subtracted from the projected loss calculation and is referred to as the Williams payroll adjustment.

Net Projected Loss

After applying the payroll adjustment, the net estimated projected loss within the 28-month sample period is \$167,987. This also represents the amount that may not have been reported as income to the Internal Revenue Service and California Franchise Tax Board.

Table 8 summarizes the analysis of the projected loss.

Table 8: Projected Loss

Six Month Total - Williams Checks, July 2021 - December 2021	\$	48,097
Monthly Average	\$	8,016
Gross Projected Loss, July 2021 - October 2023 (28 Months)	\$	224,448
Bert Brown Checks (See Table 5)	\$	55,771
Williams Payroll Adjustment	\$	(112,232)
Net Projected Loss, July 2021 - October 2023	\$	167,987

Source: FCMAT projected loss data sourced from FCMAT sample testing data sourced from charter school-provided QuickBooks accounting transaction reports. Payroll data sourced from charter school-provided QuickBooks accounting transaction reports.

Note: Dollar amounts are rounded.

The six-month list of Williams' bank-cleared checks is attached as Appendix A to this report.

Conclusion

Potential for Fraud, Misappropriation of Funds, or Other Illegal Fiscal Practices

Based on the findings in this report, there is sufficient evidence to demonstrate that fraud, misappropriation of funds and/or assets, or other illegal fiscal practices may have occurred in the specific areas reviewed.

Deficiencies and exceptions noted during FCMAT's review of the Ipakanni Early College Charter School's financial records and internal control environment increase the probability of fraud, mismanagement and/or misappropriation of the charter school's assets. These findings should be of concern to the Ipakanni Early College Charter School, the charter school authorizer, Oroville City Elementary School District, and to the Butte County Superintendent of Schools and require immediate intervention to limit the risk of fraud, mismanagement and/or misappropriation of assets, or other illegal fiscal practices in the future.

Further, two of the board members of the Ipakanni Early College Charter School failed to cooperate in the audit. The audit is an extension of the authorizer's oversight responsibilities. As such, the charter school authorizer, Oroville City Elementary School District, should issue a notice of concern or notice of deficiency to the charter school noting the board members' failure to fulfill their fiduciary duties.

Recommendations

The county superintendent should:

1. Notify the Ipakanni Early College Charter School governing board, the Oroville City Elementary School District, the state controller, the superintendent of public instruction and the local district attorney that sufficient evidence exists to indicate that fraud, misappropriation of funds and/or assets, or other illegal fiscal practices may have occurred, and that the Butte County Superintendent of Schools has concluded its review.
2. Report the findings and conclusions of the review to the governing board of the Ipakanni Early College Charter School at a regularly scheduled board meeting within 45 days of the completion of the review (date of this report). The governing board of Ipakanni Early College Charter School shall, no later than 15 calendar days after receiving the report, notify the county superintendent of its proposed actions regarding the county superintendent's recommendations.
3. Report the findings and conclusions to the Internal Revenue Service and the California Franchise Tax Board related to improperly reported income to Williams by Ipakanni Early College Charter School.

Appendices

A. Williams Bank-Cleared Checks

B. June 11, 2025 Letter From Butte County District Attorney

C. Study Agreement

Appendix A — Williams Bank-Cleared Checks

Bank Statement Month-Year	Check Number	Payee Name on Bank-Cleared Check	Amount Shown on Bank-Cleared Check
July 2021	4479	Christopher D Williams	\$ 480.00
July 2021	4480	Chris Williams	\$ 581.88
July 2021	4482	Chris Williams	\$ 394.70
July 2021	4483	Chris Williams	\$ 1,056.90
July 2021	4484	Chris Williams	\$ 581.88
July 2021	4487	Chris Williams	\$ 1,056.90
July 2021	4488	Chris Williams	\$ 390.13
July 2021	4490	Christopher Williams	\$ 1,500.00
July 2021	4491	Chris Williams	\$ 1,500.00
July 2021	4492	Chris Williams	\$ 581.88
July 2021	4496	Christopher D Williams	\$ 319.49
July 2021	4497	Christopher D Williams	\$ 1,151.58
July 2021	4499	Chris Williams	\$ 685.00
July 2021	4500	Christopher D Williams	\$ 480.00
July 2021	4532	Christopher D Williams	\$ 1,197.38
July 2021	4539	Chris Williams	\$ 685.00
July 2021	4544	Christopher D Williams	\$ 1,777.54
August 2021	4445	Chris Williams	\$ 1,091.66
August 2021	4447	Chris Williams	\$ 1,056.90
August 2021	4448	Chris Williams	\$ 480.00
August 2021	4449	Chris Williams	\$ 1,056.90
August 2021	4450	Chris Williams	\$ 737.52
August 2021	4485	Christopher Williams	\$ 685.00

Bank Statement Month-Year	Check Number	Payee Name on Bank-Cleared Check	Amount Shown on Bank-Cleared Check
August 2021	4495	Chris Williams	\$ 581.88
August 2021	4573	Chris Williams	\$ 1,777.52
August 2021	4914	Chris Williams	\$ 777.81
August 2021	4919	Christopher Williams	\$ 406.59
August 2021	4922	Chris Williams	\$ 656.15
August 2021	4926	Chris Williams	\$ 1,777.52
September 2021	4583	Chris Williams	\$ 1,797.52
September 2021	4602	Chris Williams	\$ 1,777.52
September 2021	4909	Christopher Williams	\$ 460.00
September 2021	4910	Christopher Williams	\$ 500.00
September 2021	4919	Christopher Williams	\$ 500.00
September 2021	4923	Chris Williams	\$ 412.21
September 2021	4934	Chris Williams	\$ 355.00
September 2021	4936	Christopher Williams	\$ 403.14
September 2021	4937	Christopher Williams	\$ 809.32
September 2021	4945	Chris Williams	\$ 1,059.00
October 2021	4615	Christopher Williams	\$ 1,777.52
October 2021	4629	Christopher Williams	\$ 1,222.09
October 2021	4632	Christopher Williams	\$ 1,090.81
October 2021	4640	Christopher Williams	\$ 1,000.00
October 2021	4667	Christopher Williams	\$ 1,377.53
October 2021	4905	Chris Williams	\$ 279.02
October 2021	4940	Christopher Williams	\$ 559.11
October 2021	4948	Christopher Williams	\$ 496.56

Bank Statement Month-Year	Check Number	Payee Name on Bank-Cleared Check	Amount Shown on Bank-Cleared Check
November 2021	4671	Christopher Williams	\$ 899.00
November 2021	4680	Christopher Williams	\$ 1,383.52
December 2021	4691	Christopher Williams	\$ 1,377.52
December 2021	4720	Christopher Williams	\$ 1,777.53
December 2021	4747	Christopher Williams	\$ 1,277.51
Six-Month Total – Williams Checks, July 2021 - December 2021			<u>\$ 48,097.00</u>
Monthly Average			<u>\$ 8,016.00</u>
Gross Projected Loss, July 2021 - October 2023 (28 Months)			\$ 224,448.00
Bert Brown Checks (See Table 5)			\$ 55,771.00
Williams Payroll Adjustment			<u>\$ (112,232.00)</u>
Net Projected Loss, July 2021 - October 2023			<u>\$ 167,987.00</u>

Note: Amounts shown after the bank-cleared checks are rounded.

Appendix B — June 11, 2025 Letter From Butte County District Attorney



BUTTE COUNTY DISTRICT ATTORNEY

MICHAEL L. RAMSEY
District Attorney

MARK MURPHY
Chief Deputy District Attorney

JON DUFFY
Chief Investigator



June 11, 2025

Alan Archuleta
Vice Chairman
Mooretown Rancheria
Via: Email

Re: Ipakanni Charter School Extraordinary Audit

Dear Vice Chair Archuleta:

As you are aware, the Ipakanni Early Charter School in Oroville was recently subject to a state audit due to claims there was misappropriation of funds from the school. As the audit was being finished, the Butte County Superintendent of Schools Mary Sakuma contacted me and expressed concern that the audit may have shown criminal activity that was beyond the scope of the audit. I agreed to open a criminal investigation and assign my fraud investigators.

Those investigators talked to subjects who were involved with the school's finances during the period of time that school funds were stolen by the school's former business manager, Christopher David Lee Williams, who is now deceased. Some of those persons were not interviewed by the state auditors. They were interviewed by my investigators.

In specific response to your inquiry, Benjamin Clark was one of those persons interviewed by my investigators, as he was on the school's board and had countersigning authority on a number of checks issued and signed by Williams.

During the interviews with Mr. Clark, investigators showed him many of the audit-flagged suspicious checks signed by Williams and allegedly countersigned by Mr. Clark. It became apparent these alleged countersignatures by Mr. Clark were forgeries – both by Mr. Clark's own denials and a comparison to Mr. Clark's past and present signatures. Mr. Clark was cleared of any criminal wrongdoing as were the other subjects involved in the school's finances, other than Williams, who appeared to be solely responsible for the thefts.

Very truly yours,

Michael L. Ramsey
District Attorney

25 County Center Drive • Suite 245 • Oroville, California 95965-3370
Tel: (530) 552-5500 • Fax: (530) 538-7071 • www.buttecounty.net/da

Appendix C – Study Agreement



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

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 Butte County Superintendent of Schools, 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 Ipakanni Early College Charter School, hereinafter referred to as Subject Entity.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Review

1. The focus of this review is to sample the Subject Entity's expenditures to determine whether charter school funds were used for reasons other than legitimate educational purposes.
2. The team will review and test the Subject Entity's cash disbursements by sampling transactions from the fiscal years 2021-22 and 2022-23, as well as from the period of July to October in the 2023-24 fiscal year. Disbursements selected for testing will be

based on the Team's judgment regarding sample size, selection techniques, and conclusion. The results of this sample testing and review are intended to provide reasonable, though not absolute, certainty about whether the Subject Entity's disbursements were sufficiently appropriate.

3. Based on the assessment performed, the team will either recommend or not recommend that the county superintendent notify the governing board of the Subject Entity, the chartering authority, 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. The team will state that the county superintendent has concluded their review.

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 \$60,000.

- 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 2023.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:

ACTION	TIMELINE
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 initial requested documents and data to FCMAT's online SharePoint repository.	Within 20 business days of the Client's 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

ACTION	TIMELINE
	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: Travis Haskill, Assistant Superintendent, Fiscal Services

Telephone: (530) 532-5617

Email: thaskill@bcoe.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:

Mary Sakuma

Sep 16, 2024

Mary Sakuma, County Superintendent
Butte County Office of Education

Date

For FCMAT:

Shayleen Harte Digitally signed by Shayleen Harte
Date: 2024.09.26 05:50:00 -07'00'

Shayleen Harte, Deputy Executive Officer
Fiscal Crisis and Management Assistance Team

Date