

2013



# Southwestern College

## SPECIAL REPORT

### SUBMITTED BY:

Southwestern Community College District  
900 Otay Lakes Road  
Chula Vista, CA 91910

### To:

*Accrediting Commission for Community and Junior Colleges,  
Western Association of Schools and Colleges*

April 10, 2013



## Certification of Accreditation Special Report

April 10, 2013

To: Accrediting Commission for Community and Junior Colleges,  
Western Association of Schools and Colleges

From: Southwestern Community College District  
900 Otay Lakes Road  
Chula Vista, CA 91910-7299

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Southwestern College submits the following Accreditation Special Report as requested by the Commission in its letter dated February 11, 2013.

We certify that we have reviewed and discussed the contents of this report and it is an accurate reflection of the nature and substance of the institution.

Signed:



Humberto Peraza, Governing Board President



Melinda Nish, Ed.D, Superintendent/President

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## **SUPERINTENDENT/PRESIDENT'S PROLOGUE**

On March 14, 2012 Southwestern College's Governing Board approved the release of a Focused Special Review conducted by an independent auditor addressing procurement and related issues associated with Proposition R.

Southwestern College and its Governing Board Members acted in a thorough and responsive manner as soon as we became aware of potential procurement issues. Not only did we move forward with the review but we have also worked tirelessly to strengthen our procedures, improve policies, and to proactively set new standards. The College ascribes to the philosophy of continuous quality improvement.

Now, one year after the release of the Focused Special Review, the College reports that all recommendations are resolved and part of a continuous review to assure transparency and strong fiduciary oversight. All seven recommendations have been implemented and eighteen of the twenty Action Plans have been completed. Additionally, new administrative procedures are in the vetting process and the College is close to finalizing the budget review necessary to hire an internal auditor.

It is our goal to exceed compliance standards. We have used this challenge as an opportunity to reshape ourselves—to realize and to be recognized as attaining a new standard of excellence. Our students, our college, and our community demand and deserve nothing less.



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Melinda Nish, Ed.D.  
Superintendent/President, Southwestern College

## **1. STATEMENT OF REPORT PREPARATION**

This Special Report is submitted to the Accrediting Commission for Community and Junior Colleges (ACCJC) in response to its letter to Southwestern College (SWC) dated February 11, 2013 [1.1]. This Report addresses the findings of the Grand Jury Investigation regarding former employees of the College and demonstrates how the College has implemented internal controls for construction funds to ensure fiduciary oversight and institutional integrity.

Upon receiving the Commission's correspondence, the Superintendent/President met with the Accreditation Liaison Officer to review and discuss the contents of the letter. It was determined that the College is not able, at this point in time, to comment on ongoing litigation against former employees. However, at this time Southwestern College is able to provide the Commission with detailed information regarding the improvements made to the internal controls on construction funds.

This Report was prepared by the Office of Accreditation in collaboration with the Office of the Superintendent/President and the Division of Business and Financial Services. A brief summary of the contents of this report follows below.

### **Issue 1: Findings of the Grand Jury Investigation of Construction Bonds**

Upon the advice of Legal Counsel it was determined that only a general statement describing the Grand Jury process can be provided at this time.

### **Issue 2: Verifying the Integrity of Internal Controls on Construction Funds**

In spring 2011 the Governing Board approved an extensive review of its procurement practices and fundraising activities. An external consultant, Seo Consulting, was retained by the College District's outside counsel to conduct a Focused Special Review [1.2]. The firm was hired through counsel to ensure the investigation would be conducted with no undue influence. The Focused Special Review was released and published on March 14, 2012.

As a result of the Focused Special Review, the College developed Recommendations and Action Plans that have now been implemented. These Recommendations and Action Plans were designed to ensure institutional integrity in all business practices. As documented in this report all seven Recommendations have been implemented and eighteen of the twenty Action Plans have been completed.

Southwestern College welcomes the opportunity to improve its business practices in order to provide reliable and trustworthy quality assurance to the community we serve. The College is firm in its commitment to maintain compliance with the ACCJC's eligibility requirements, standards, practices and policies in an ongoing effort to improve organizational effectiveness for the benefit of its students.



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Melinda Nish, Ed.D.  
Superintendent/President, Southwestern College

## **2. ISSUE 1: FINDINGS OF THE GRAND JURY INVESTIGATION OF CONSTRUCTION BONDS**

A Grand Jury has a single purpose—to determine whether there is adequate information to present to a jury for a criminal case. A Grand Jury's decision to indict someone is not a conclusive finding of wrongdoing, it is the first step in the California criminal procedure process. Conclusions are made in the second step—the criminal trial. Grand Jury procedures do not provide individuals with an opportunity to defend the allegations raised against them. For example, the individual has no right to be present during the proceedings or represented by counsel during Grand Jury deliberations, and therefore cannot confront or cross-examine witnesses, object to evidence the prosecuting attorney introduces, or present evidence to explain or contradict allegations.

In fact, Grand Jury proceedings are confidential, so much so that the target of a Grand Jury investigation may have no idea the Grand Jury has convened. The Grand Jury makes no findings or conclusions other than whether there is probable cause to put the issue before a jury.

It must be noted, however, that none of the people indicted in December 2011 or December 2012 as a result of the Grand Jury investigation of Southwestern College's construction bonds remain employed with the College. All former employees and Governing Board members who have been indicted have been separated from the College for more than two years. Additionally, Southwestern College has severed the contracts for all construction firms affiliated with the Grand Jury's investigation.

## **3. ISSUE 2: INTEGRITY OF INTERNAL CONTROLS ON CONSTRUCTION FUNDS**

As soon as Southwestern College and its Governing Board members became aware of potential procurement issues related to the management of construction funds, the College acted judiciously and with expediency to strengthen related procedures and improve policies. Additionally, the College set new standards of decision-making to ensure transparency at all levels.

To address the concerns regarding the management of construction funds, a consulting firm, Seo Consulting, was hired through the District's legal counsel in April 2011 to conduct an investigation. The firm reviewed all records related to district procurement expenditures and practices. A full review of fundraising activities of the Southwestern College Foundation was included as well. Special precautions were taken to ensure the investigation would be conducted without any undue influence. A Focused Special Review was conducted to address concerns with Proposition R contracting and Foundation operations for fiscal years ending June 2009 and June 2010.

The extensive review conducted by Seo Consulting, included interviews with involved parties. An in-depth analysis of related documents included: emails, Request for Proposal documentation, Governing Board minutes, proposals from bidders, expense reports and invoices, Form 700s, and campaign contribution documentation submitted to the Secretary of State. The findings revealed nine general issues regarding Proposition R contracting and 14 issues regarding the Southwestern College Foundation. Each of the issues identified were evaluated and analyzed internally. College personnel identified seven Recommendations and developed twenty actions to address the consulting firm's findings. During review of College practices, the Governing Board members and administration cooperated fully with the San Diego District Attorney's Office. The Focused Special Review was released and published on March 14, 2012.

### **a. FOCUSED SPECIAL REVIEW FINDINGS RELATED TO PROPOSITION R:**

Issues concerned with the management of construction funds centered on the disbursement of contract awards related to Proposition R monies. The investigation uncovered a lack of clear guidelines and enforcement provisions that would have deterred social interaction between developers and college personnel providing the opportunity for potential conflict of interest. The findings revealed a lack of clear procedures for selecting project managers, architects, construction managers and identifying sub-contractors for project-funded work. The review also discovered a lack of adequate documentation and incomplete

record-keeping noting discrepancies in costs, contract negotiations, inconsistent methods of reviewing bids, and an overall lack of oversight. Issues with negotiating and business practices were also noted.

**Seo Consulting noted the following Proposition R deficiencies in the Special Focused Review**

*(Quoted excerpt below taken directly from Seo Report.)* Southwestern College used the information provided by Seo Consulting to develop Recommendations and Action Plans to address deficiencies. The Recommendations and Action Plans can be found on pages 9–13 of this report.

1. *The documentation to support the basis for selecting the firm awarded the contract was inadequate. The selection process itself lacked transparency. The Governing Board should have had sufficient information that documented the selection process and the justification for the recommendation by SWC staff.*
2. *The contract price negotiating process took place in a vacuum and lacked transparency. In one instance, it appears that the finalists submitted cost proposals based upon different project assumptions. How those project assumptions were communicated needs to investigated more thoroughly.*
3. *Based on the public record, it is not clear if the Governing Board was provided certain information about the contractor firms' qualifications and cost proposals that could have impacted the decision to award a particular contract.*
4. *A contractor who was awarded a contract may have inappropriately participated in the development of the RFP itself giving that contractor an unfair advantage over the other respondents.*
5. *The gifts provided by contractors to SWC employees who were in positions of influence is problematic and may have created a conflict of interest. Those gifts were not disclosed on the required Form 700, although it is possible that the SWC officials may have paid for some or all of their share of these expenditures. Information was not available to make that determination.*
6. *The nature of the social relationship between contractors and SWC officials (including former Governing Board Members) created the appearance of a, if not an actual, conflict of interest.*
7. *According to information on the website of the California Secretary of State, two contractors who were awarded contracts made contributions to the campaigns of Board Members.*
8. *A former SWC employee subcontracted with the contractor he had a role in selecting four months after his retirement from the College. While there appears to have been a rational reason to benefit from this individual's experience, the financial gain to this person was tangible. Further review of this issue should be conducted.*
9. *It was inappropriate for the Napa Trip to occur in terms of who attended and the timing of the event relative to the contract price negotiations that were taking place at the same time. What was actually discussed at this trip needs to be investigated further.*

**b. FOCUSED SPECIAL REVIEW FINDINGS RELATED TO THE FOUNDATION:**

Although the Foundation is closely affiliated with the College, it remains a separate nonprofit (501c3) corporation with its own independent board. The Foundation Office is located on the College campus and is staffed by College personnel. However, the Foundation Office was reorganized in early 2008 leaving it without assigned personnel for the years 2008 through 2010. The review noted this gap as the single most contributing factor for the lack of internal controls. In 2011 staffing was reinstated correcting many of the deficiencies previously experienced.

The review also noted that while the Southwestern Gift of Scholarship Gala in 2010 was plagued with issues, the Gala held in 2011 allowed the College to reestablish its role as a viable fundraising activity.

**Seo Consulting noted the following Foundation deficiencies in the Special Focused Review** (*Quoted excerpt taken directly from Seo Report.*) Southwestern College used the information provided by Seo Consulting to develop Recommendations and Action Plans to address deficiencies. The Recommendations and Action Plans can be found on pages 9–13 of this report.

1. *The documentation supporting the transactions reviewed for Fiscal Years Ended June 30, 2009 and 2010 was inconsistent. In some instances, there was a lack of proper detail.*
2. *It does appear that a family member of one of the Program Manager employees provided services to support the 2010 Gala and was compensated \$3,000. A more detailed review of this situation needs to be performed.*
3. *The funding of a Proposition R Community Outreach function in 2010 was awkward and poorly documented. Even though Foundation resources were ultimately not used to pay for the event, a more detailed accounting should have been prepared. That the Foundation initially funded the event and was later reimbursed by a donation from the Architect who was selected to prepare the design of the Corner Lot Project was ill advised.*
4. *The Foundation's management of the uncollected pledges for the 2010 Gala and the inability to readily determine the status of the amounts owed was problematic. It is unclear what attempts were made to collect these pledges.*
5. *The circumstances surrounding one of the auction prizes in the 2010 Gala, a San Diego Padres' game in a luxury suite with Superintendent/President Chopra and Vice President Alioto, should be reviewed in more detail.*
6. *It was inappropriate for the Vice President of Business and Financial Affairs to serve in a direct fundraising capacity for the 2010 Gala, especially considering his responsibilities in the Proposition R contractor selection process.*
7. *Some of the 2010 Gala maximum sponsorships and significant auction prizes were provided by Proposition R contractors who were already or would eventually be awarded contracts.*
8. *The Program Manager should not have been compensated to participate in fundraising or planning activities for the 2010 Gala or the 2010 Golf Tournament by Proposition R funds. A more detailed review of this issue should be performed.*
9. *There were material concerns identified by the Foundation's independent auditor and other individuals regarding the 2010 Gala accounting and internal controls. Based on the results of this Review, those concerns were justified.*
10. *The transactions reviewed for the Fiscal Year Ended June 30, 2011 were reasonable and the supporting documentation was compliant with Foundation disbursement guidelines.*
11. *The 2011 Gala appears to have been effectively organized and well-managed.*
12. *That the former Vice President of Business and Financial Affairs did not participate in the planning of the 2011 Gala eliminated the potential conflict between soliciting sponsorships/ donations and the management and award of Proposition R contracts.*
13. *The 2011 Gala sponsorships and auction prizes appear to have been reasonably solicited and acquired. The substance of the auction prizes did not include inappropriate access to SWC officials.*
14. *While the 2011 Gala was modest in terms of resources raised for the Foundation, it provided a more reasonable framework for re-establishing itself as a productive fundraising activity.*

**c. IMPLEMENTATION OF FOCUSED SPECIAL REVIEW RECOMMENDATIONS:**

Southwestern College staff reviewed and analyzed the conclusions from the Focused Special Review and identified Action Plans to address all noted deficiencies. As a result of the analysis a complete review of processes, policies and procedures was conducted. Where necessary, processes, policies, and procedures were developed and implemented to assure appropriate and transparent procurement practices.

Recommendations and Action Plans were created to improve the College's internal business and fiduciary controls while ensuring and solidifying public trust. Implementation of the Action Plans is only a first step of a process of continual evaluation and improvement of the college's business practices at Southwestern College.

Each of the following Recommendations was written and made public in March 2012 with the intent of developing ways to strengthen Southwestern College's commitment to transparency and sound fiduciary oversight in order to protect public trust. The Recommendations were developed to address the nine main issues raised in the conclusions of the Focused Special Review. The Recommendations and a description of their implementation as of April 2013 follow below:

i. **RECOMMENDATION ONE:** **IMPLEMENTED**  
The standard of practice at Southwestern College will be that all decisions will be made openly, publicly and with appropriate documentation being included in the public agenda.

**RESOLUTION OF RECOMMENDATION ONE:**  
College administration has ensured that all Governing Board agendas include appropriate documentation to maintain transparent decision-making.

ii. **RECOMMENDATION TWO:** **IMPLEMENTED**  
Southwestern College must develop and strengthen policy and procedure for procurement and contracting and have the documents reviewed by legal counsel before being approved by the Governing Board.

**RESOLUTION OF RECOMMENDATION TWO:**  
Southwestern College has continued to refine and strengthen policies and procedures for procurement and contracting [3.c.iii]. These policies and procedures are reviewed by legal counsel before they are approved by the Governing Board. In addition, certain construction procurement contracts, as well as complex high-dollar contracts, may be sent to legal counsel before being approved by the Governing Board.

iii. **RECOMMENDATION THREE:** **IMPLEMENTED**  
Southwestern College will implement an appropriate recordkeeping system to maintain Business and Financial Affairs department contract documentation by implementing electronic document management systems.

**RESOLUTION OF RECOMMENDATION THREE:**  
The Business and Financial Affairs department has developed an accurate recordkeeping system to preserve vital college data, including contract documentation.

iv. **RECOMMENDATION FOUR:** **IMPLEMENTED**  
Southwestern College will take responsibility for, and ownership of, all projects and will not delegate that authority to any outside firm. Southwestern College will not use any potential contractor, or its owner or employee, to develop any Request for Proposal (RFP) or Request for Qualifications (RFQ) for the college.

**RESOLUTION OF RECOMMENDATION FOUR:**  
Southwestern College has developed a system for maintaining ownership and oversight of all construction projects. The College does not use potential contractors, or its owners or employees, for developing RFPs and RFQs [3.c.iv].

v. **RECOMMENDATION FIVE:** **IMPLEMENTED**  
No Southwestern College-awarded contract may be modified by staff to add any third-party work not identified in the contract. Governing Board action in public session will be required to add third-party contracts.

**RESOLUTION OF RECOMMENDATION FIVE:**  
All additional third-party work approved by Southwestern College employees is brought forward as an amendment to the Governing Board for approval and or ratification to the original contract. Any and all material contract modifications require Governing Board action during public session meetings [3.c.v].

vi. **RECOMMENDATION SIX:** **IMPLEMENTED**  
 Southwestern College's Conflict of Interest codes should be reviewed, strengthened and strictly enforced. Forms 700 will be posted on the college's website.

**RESOLUTION OF RECOMMENDATION SIX:**

All employees identified by the College District's Conflict of Interest Code as a designated filer are required to file a Statement of Economic Interest, Form 700. Upon completion, the forms are posted on the Southwestern College website [[3.c.vi.1](#)]. A Conflict of Interest Code has been implemented and is strictly enforced [[3.c.vi.2](#)].

vii. **RECOMMENDATION SEVEN:** **IMPLEMENTED**  
 The Southwestern College Foundation will review and make any necessary modifications to its Code of Ethics and related policies and work with Southwestern College to ensure all fundraising activities are appropriately accounted for. Southwestern College will continue to maintain appropriate staff to run Foundation activities.

**RESOLUTION OF RECOMMENDATION SEVEN:**

The Southwestern College Foundation developed and adopted new Code of Ethics and Conflict of Interest Policies on April 24, 2012 [[3.c.v.ii.1](#)]. The Southwestern College Foundation reviews its Code of Ethics and related policies at its annual retreat. The College maintains an on-campus Foundation Office that is staffed by college personnel [[3.c.v.ii.2](#)].

**d. STATUS OF FOCUSED SPECIAL REVIEW ACTION PLANS:**

Southwestern College has strengthened its fiduciary oversight and ensures the transparency of all college business practices and procedures. The twenty Action Plans identified in the March 2012 Focused Special Review, and their status as of April 2013 follows below:

| ACTION PLAN  | RESULTS   | STATUS    |
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| <b>Action Plan 1:</b><br>The Governing Board in July 2011 revised and adopted a procedure for Code of Ethics   | The Governing Board will review, and if necessary, revise the Code of Ethics Policy and Procedure every year at its annual retreat [ <a href="#">3.d.AP.1.1</a> ; <a href="#">3.d.AP.1.2</a> ; <a href="#">3.d.AP.1.3</a> ]. Included on every Governing Board Agenda is a recusal statement and at the beginning of every Governing Board meeting the Superintendent/President requests that Governing Board members recuse themselves from any agenda item where a possible conflict of interest exists [ <a href="#">3.d.AP.1.4</a> ]. | Completed |
| <b>Action Plan 2:</b><br>The Governing Board in August 2011 passed a resolution that authorized Southwestern College's staff to award public works bids subject to Governing Board ratification. | Every public works bid awarded since August 2011 has required Governing Board ratification [ <a href="#">3.d.AP.2.1</a> ].  | Completed |
| <b>Action Plan 3:</b><br>The Governing Board in October 2011 adopted a resolution approving Bidder Pre-Qualification Procedures Documents as they pertain to Proposition R Projects.             | The Governing Board adopted a Resolution regarding Bidder pre-qualifications procedures in October of 2011 [ <a href="#">3.d.AP.3.1</a> ; <a href="#">3.d.AP.3.2</a> ]. Procedures have been implemented since that time.   | Completed |
| <b>Action Plan 4:</b><br>Southwestern College began ethics training for the college  | A series of ethics training sessions took place at College Management Team (CMT) meetings in 2012 [ <a href="#">3.d.AP.4.1</a> ; <a href="#">3.d.AP.4.2</a> ].  | Completed |

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| management team in January 2012.   |  |             |
| <b>Action Plan 5:</b><br>A Governing Board workshop on procurement and contracting was held February 22, 2012.   | The Governing Board continues to receive regular updates on procurement and contracting procedures as necessary [ <a href="#">3.d.AP.5.1</a> ]. Procurement and Contracting procedures will be reviewed at the Governing Board's Annual Retreat.   | Completed   |
| <b>Action Plan 6:</b><br>A new Southwestern College Foundation Code of Ethics and Conflict of Interest Policy was reviewed by the Foundation Board Executive Committee and was presented to the full Foundation Board at its March meeting.                | Southwestern College Foundation developed new Code of Ethics and Conflict of Interest Policies that were adopted by the Foundation Board Executive Committee on April 24, 2012 [ <a href="#">3.d.AP.6.1</a> ; <a href="#">3.d.AP.6.2</a> ].  | Completed   |
| <b>Action Plan 7:</b><br>The Southwestern College Foundation's Investment Policy was reviewed to update its criteria, content and processes.   | The Southwestern College Foundation's Investment Policy was reviewed and revised. The revision included updates to criteria, content, and processes [ <a href="#">3.d.AP.7.1</a> ]. The Investment Policy was adopted on May 22, 2012 [ <a href="#">3.d.AP.7.2</a> ]. This Policy will be reviewed annually. | Completed   |
| <b>Action Plan 8:</b><br>Effective immediately, all appropriate documentation must be included as enclosures on the public agenda for the award of any contract or procurement matter.   | All appropriate documentation is included as enclosures on the public agenda for the award of any contract [ <a href="#">3.d.AP.8.1</a> ].   | Completed   |
| <b>Action Plan 9:</b><br>Documentation for contract award consideration will include, but not be limited to, the RFP or RFQ announcement, all firms that responded, the selection committee members, and the rationale for the firm being recommended.     | All appropriate documentation is included as enclosures on the public agenda for the award of any contract [ <a href="#">3.d.AP.9.1</a> ].   | Completed   |
| <b>Action Plan 10:</b><br>Services of the Community College League of California will be retained to help develop and update Southwestern College policies, including those concerning procurement and contracting matters during the 2012–13 fiscal year. | The services of the Community College League of California were retained to help develop college policies. Policy 6330: Purchasing and Contracts has been developed and was approved by the Shared Consultation Council (SCC) on November 21, 2012 [ <a href="#">3.d.AP.10.1</a> ].                          | Completed   |
| <b>Action Plan 11:</b><br>All new procurement and contracting policies developed will require Governing Board approval during the 2012–13 fiscal year.   | Policy 6330: Purchasing and Contracts was approved by the Governing Board on January 9, 2013 [ <a href="#">3.d.AP.11.1</a> ].  | Completed   |
| <b>Action Plan 12:</b><br>College staff will develop procedures to implement the   | Administrative procedures for Policy 6330 are currently being drafted with templates from the Community College League of California. Procedure 6330: Purchasing and Contracts is expected to be completed once it has been fully  | In Progress |

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| policies by Fall 2012.  | vetted by the college community.   |             |
| <b>Action Plan 13:</b><br>The college will hire a highly qualified, experienced Vice President for Business and Financial Affairs, who will be tasked with proposing procedures to implement the concept of “construction as owner” and assign staff appropriately. | The Vice President for Business and Financial Affairs was hired in June 2012 and has been tasked with proposing procedures to implement the concept of “construction as owner” and assigning staff appropriately [3.d.AP.13.1].  | Completed   |
| <b>Action Plan 14:</b><br>When resources allow, Southwestern College should prioritize hiring an internal auditor.  | Resources are not available at this time; however, the need to provide Program Controls and tracking of budgets for Prop R has been addressed through temporary consulting. A complete team for Phase II Prop R projects will include personnel to work with our Facilities, Purchasing and Finance departments. The internal auditor will be hired when funding is identified.  | In Progress |
| <b>Action Plan 15:</b><br>Southwestern College’s Superintendent/President will review, and if necessary, modify the college’s Conflict of Interest Policy. Conflict of Interest Training for the Governing Board and Southwestern College staff will be scheduled.  | The Superintendent/President, in collaboration with the Vice Presidents, reviews college policies and procedures on a regular cycle. This review includes the college’s Conflict of Interest Policy. The College Management Team has received training by the Vice President for Human Resources on this policy and procedure, and the Governing Board has been provided with training on this policy and procedure on September 26, 2012 [3.d.AP.15.1]. Additionally, the Conflict of Interest Code is reviewed on an ongoing basis with those employees who are designated to fill out Statement of Economic Interest Form 700 [3.d.AP.15.2].  | Completed   |
| <b>Action Plan 16:</b><br>A Governing Board workshop will be scheduled on Fair Political Practice Commission guidelines.  | A Governing Board workshop on Fair Political Practice Commission guidelines was held on September 26, 2012 [3.d.AP.16.1]   | Completed   |
| <b>Action Plan 17:</b><br>The Business and Financial Affairs staff will evaluate and make Recommendations to the Superintendent/President by July 1, 2012 on a system needed to adequately maintain essential procurement and contracting records.                  | Additional licenses and hardware upgrades have been made to support Prolog Converge a software package to support current and ongoing project management for Prop R projects. The Business and Financial Affairs Staff has evaluated and has made Recommendations for a system needed to adequately maintain essential procurement and contracting records. The Purchasing and Contracting office has invested in Perceptive Software solutions and has procured 2 site licenses that fully integrate with the District’s system for Bids, RFP/Qs and Contracts [3.d.AP.17.1]. This system will eventually enable users District wide to track and view Contracts, Bids, and RFPs as electronic documents online, ensuring better control, protection and management of documents that are currently managed manually as paper. This project is scheduled for implementation after additional funding for the project is identified. The cost of converting the legacy paper documents to electronic format is estimated at \$25,000. Final implementation of document conversion is on hold pending funding for this project. | Completed   |
| <b>Action Plan 18:</b><br>The college will continue to maintain Foundation staff to run Foundation activities.  | The college has maintained Foundation staff to run Foundation activities. Currently, the Executive Director position is staffed at 20% of one FTE and the Compliance Coordinator is staffed at 20% of one FTE [3.d.AP.18.1; 3.d.AP.18.2; 3.d.AP.18.3].   | Completed   |
| <b>Action Plan 19:</b><br>Ongoing training of Foundation directors and staff will take place  | Ongoing training of Foundation directors and staff now takes place at the time of orientation of new members and at the annual Foundation retreat for all seated members [3.d.AP.19.1].  | Completed   |

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| at the time of orientation of new members and at the annual Foundation retreat.  |   |           |
| <b>Action Plan 20:</b><br>A status workshop on progress made on the action plan will be presented to the Governing Board in fall 2012. | Governing Board Progress Report provided on October 24, 2012<br><a href="#">[3.d.AP.20.1]</a> . | Completed |

#### **4. SUMMARY STATEMENT**

As described in this report Southwestern College's Governing Board and administration took immediate action once it became aware of potential procurement issues related to the management of construction funds. The College acted judiciously and with expediency to strengthen related procedures and improve policies.

Additionally, the College set new standards of decision-making to ensure transparency at all levels. A year-long investigation resulted in a Focused Special Review Report and those results were released to the public in March 2012.

The Focused Special Review Report included seven Recommendations and twenty Action Plans. As of April 2013 all seven Recommendations have been implemented and eighteen of the twenty Action Plans has been completed. The College has taken all steps necessary to verify the integrity of internal controls on construction funds.

## 5. APPENDICES:

### a. Evidence

| Evidence Cited  | Evidence   |
|---|--|
| <a href="#"><u>1.1</u></a>  | ACCJC Letter Dated February 11, 2013   |
| <a href="#"><u>1.2</u></a>  | Proposition R: Special Focused Review  |
| <a href="#"><u>3.c.ii; 3.c.iv</u></a>                                   | SWC Policy 6330: Contracting and Procurement   |
| <a href="#"><u>3.c.v</u></a>  | Governing Board Agenda Sample (3/13/13) re: Amendment to Agreement                                 |
| <a href="#"><u>3.c.vi.1</u></a>   | Conflict of Interest Disclosure Form 700 web link  |
| <a href="#"><u>3.c.vi.2</u></a>   | Conflict of Interest Code  |
| <a href="#"><u>3.c.vii.1</u></a>  | SWC Foundation Code of Ethics Policy   |
| <a href="#"><u>3.c.vii.2</u></a>  | SWC Foundation Organizational Chart  |
| <a href="#"><u>3.d.AP.1.1</u></a>                                       | Governing Board Training Schedule  |
| <a href="#"><u>3.d.AP.1.2</u></a>                                       | SWC Board Policy 2715: Code of Ethics  |
| <a href="#"><u>3.d.AP.1.3</u></a>                                       | SWC Administrative Procedure 2715: Code of Ethics  |
| <a href="#"><u>3.d.AP.1.4</u></a>                                       | Governing Board Agenda Samples re: Recusal Statement   |
| <a href="#"><u>3.d.AP.2.1</u></a>                                       | Governing Board Agenda 8/10/11 re: Resolution of Public Works Bid                                  |
| <a href="#"><u>3d.AP.3.1</u></a>  | Governing Board Agenda and Minutes 10/12/11 re: Bidder Pre-Qualifications Procedure                |
| <a href="#"><u>3.d.AP.3.2</u></a>                                       | Resolution 1748 Bidder Pre-Qualifications Procedure  |
| <a href="#"><u>3.d.AP.4.1</u></a>                                       | CMT Agenda 1/24/12 re: Ethics and Disclosure Training  |
| <a href="#"><u>3.d.AP.4.2</u></a>                                       | CMT Summary 1/24/12 re: Conflict of Interest   |
| <a href="#"><u>3.d.AP.5.1</u></a>                                       | Governing Board Agenda 2/22/12 re: Contracts and Procurement Training                              |
| <a href="#"><u>3.d.AP.6.1</u></a>                                       | SWC Foundation Code of Ethics Policy   |
| <a href="#"><u>3.d.AP.6.2</u></a>                                       | SWC Foundation Minutes 4/24/12   |
| <a href="#"><u>3.d.AP.7.1</u></a>                                       | SWC Foundation Investment Policy   |
| <a href="#"><u>3.d.AP.7.2</u></a>                                       | SWC Foundation Minutes 5/22/12   |
| <a href="#"><u>3.d.AP.8.1;</u></a><br><a href="#"><u>3.d.AP.9.1</u></a> | Governing Board Agenda and Minutes Sample (12/12/12) re: Legal Services Contract Selection Process |
| <a href="#"><u>3.d.AP.10.1</u></a>                                      | Shared Consultation Council Agenda and Minutes 11/21/12 re: Policy 6330 Approval                   |
| <a href="#"><u>3.d.AP.11.1</u></a>                                      | Governing Board Agenda and Minutes 1/9/13  |
| <a href="#"><u>3.d.AP.13.1</u></a>                                      | Vice President for Business and Financial Affairs Curricula Vitae                                  |
| <a href="#"><u>3.d.AP.15.1</u></a>                                      | Governing Board Agenda and Minutes 9/26/12 re: Conflict of Interest Training                       |
| <a href="#"><u>3.d.AP.15.2</u></a>                                      | CMT Agenda 1/24/13 re: Conflict of Interest Training   |
| <a href="#"><u>3.d.AP.16.1</u></a>                                      | Governing Board Agenda and Minutes 9/26/12 re: Fair Political Practice Guidelines                  |
| <a href="#"><u>3.d.AP.17.1</u></a>                                      | Purchase Order #2003 re: Perceptive Software   |
| <a href="#"><u>3.d.AP.18.1</u></a>                                      | Foundation Executive Director Job Description  |
| <a href="#"><u>3.d.AP.18.2</u></a>                                      | Research, Planning, Grants and Foundation Compliance Coordinator Job Description                   |
| <a href="#"><u>3.d.AP.18.3</u></a>                                      | SWC Foundation Organizational Chart  |
| <a href="#"><u>3.d.AP.19.1</u></a>                                      | SWC Foundation Agenda 4/24/12 and 5/22/12 re: Foundation Training                                  |
| <a href="#"><u>3d.AP.20.1</u></a>                                       | Governing Board Agenda and Minutes 10/24/12 re: Action Plan Progress Report                        |