



Business Managers Meeting

DRAFT

Meeting Date: Wednesday February 21, 2018
Location: Kern Room / District Office
Time: 9:30am – 2:00pm

Draft Summary Minutes

MEMBERS:

- Ms. Deborah A. Martin, Interim Chief Financial Officer, KCCD
- Dr. Donald Chrusciel, Vice President Finance & Administrative Services, Bakersfield College
- Ms. Lisa Couch, Vice President Finance & Administration Services, Cerro Coso Community College
- Dr. Arlitha Williams-Harmon, Vice President Finance & Administrative Services, Porterville College
- Ms. Carlene Feichter, Director of Accounting Services, KCCD

SCRIBE:

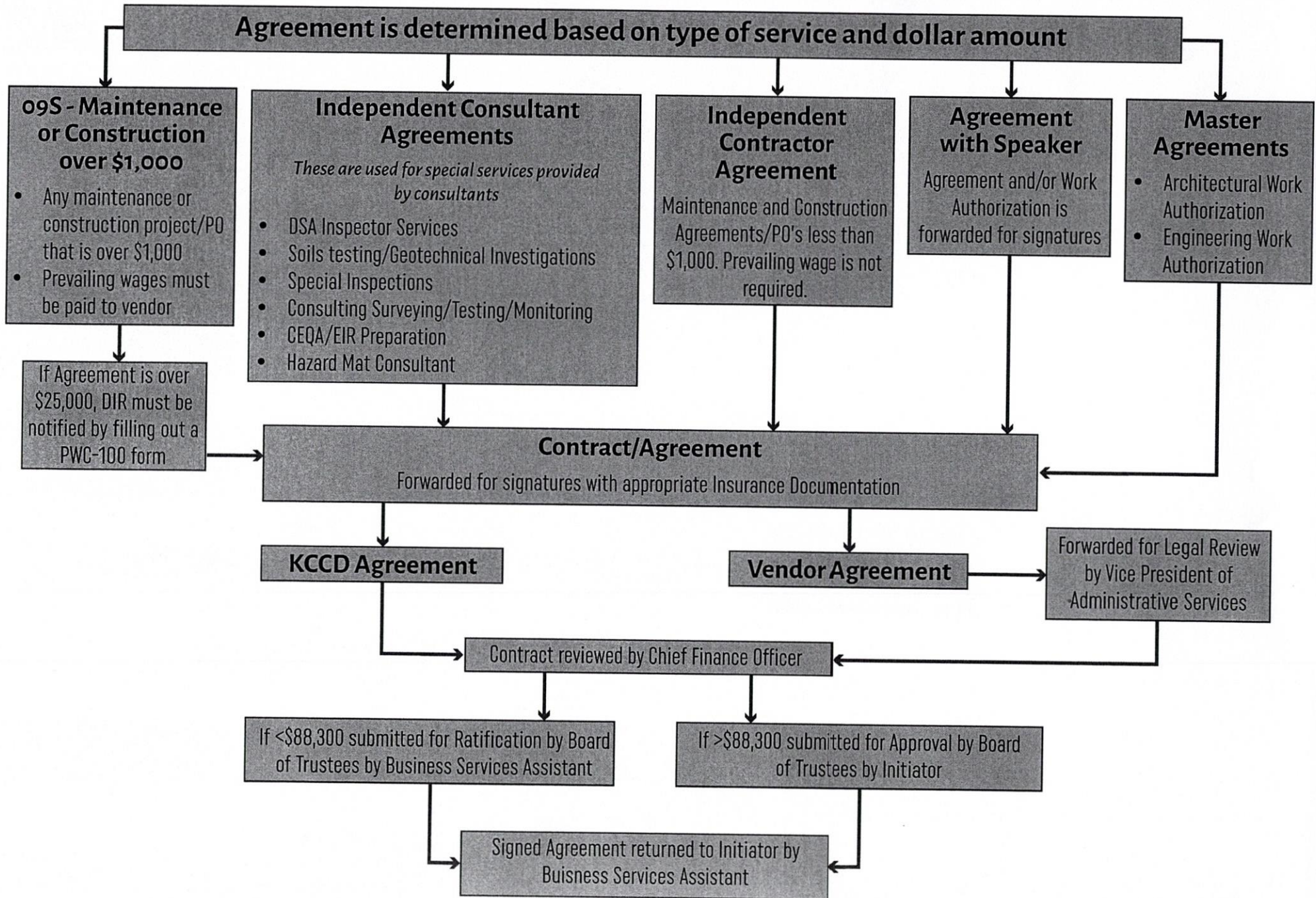
Ms. Jana Durham, Business Services Assistant, District Office

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
1. Call to Order	Meeting was called to order at 9:35 a.m.	
2. Adoption of the Agenda	The Draft Agenda was reviewed and adopted.	
3. Approval of Summary/Minutes of November 15, 2017 Meeting	The Draft Summary Minutes from the November 15, 2017 Meeting were reviewed and approved.	

4. Special Meeting Discussion	The committee dedicated this meeting to begin discussing the district-wide contracting processes and procedures and proposed instructional guides for improving these processes. The committee reviewed and discussed several handouts, which are attached hereto and incorporated herein by reference.	
5. Bad Debt Reserve Calculation (Only as Part of the Vice President's Meeting to which the committee joined)	11:00am-12:00pm – The committee adjourned from the Business Services Meeting to join the Vice President's Meeting in the Mono Room for the Bad Debt Reserve Calculation discussion, the handouts from which are attached hereto and incorporated herein by reference.	
6. Adjournment	The meeting was adjourned at 1:55p.m.	

CERRO COSO COMMUNITY COLLEGE AGREEMENTS AND THEIR USE PROCEDURE

For Discussion
Purposes 2/21/18



When and how do I use an Independent Contractor form?

Contractor Criteria. The Independent Contractor form may be used to make payment for services provided by an individual or entity who is not acting as a university employee. An individual may be an employee if the employer controls who performs the job, what is to be done, with what tools and supplies, and how, where, or when work is to be done.

Although an employee may not be expressly directed in the manner to accomplish an employment task, this alone does not qualify the person as an independent contractor. Usually, when the University retains the right to discharge, furnish tools and supplies, set the location of work, set hours or train the individual, the status of the individual is more likely to be that of an employee. In addition, where work performed is similar to that of other employees, it is less likely the individual will be classified as an independent contractor. **Normally, the reason for contracting work out to an independent contractor is to achieve something not ordinarily within the usual functions of the regular University employees and completion of the work is dependent upon the unique skills of the independent contractor.**

There are two types of Independent Contractors and both have tax implications:

1. 1099 independent contractor is one who is a U.S. citizen with a U.S. social security number. For 1099 independent contractors it is mandatory that we have a social security number and current U.S. address.
2. 1042 S independent contractor is one who is a non-U.S. citizen but has performed the work in the U.S. Because more tax-related information is needed for a 1042 S independent contractor, the department should contact Samuel Gardner (422-6101) in Regulatory Accounting and Reporting, as well as the International Office (for 1042S) as soon as they know that the independent contractor will be coming. All 1099-related payments (e.g. non-employee compensation, rents, royalties, etc.) to a non-U.S. citizen must be viewed and initialed by Samuel Gardner before payment will be made.

Approvals. When filling out the Independent Contractor form (available from Accounts Payable, B-280 ASB, 422-3845), please be sure to include all the information requested. The form should be completed and sent in **prior to the work being done**. If the contract amount is greater than \$500, the form must be approved by both Purchasing **and** Human Resources. If the contract amount is less than \$500, it will be approved by Human Resources only. After Purchasing and/or Human Resources have approved the form, it will be returned to the department. Then the department, by signing in the bolded box, certifies that work has been completed. At this point the form should be returned to Accounts Payable for payment.

Installment payments. Independent Contractor form provides an option for payments to be made to the independent contractor in installments. When this is done, only the first form requires the approval of Purchasing and/or Human Resources. In order to pay in installments, the department simply needs to check the line next to Installments in the middle of the form. Next, determine which installment of the total number of installments this is. Finally, include the Independent Contractor form number of the original installment. The first form, which requires the approvals, will act as the first installment. Therefore, the amount reflected at the bottom of the form should be the amount for that installment, not the total amount of the contract. If a social security number is used for the ID, then the person name must be furnished. We can still issue a check to the Company, but need to have the individual name for tax reporting purposes.

Frequent problems with Independent Contractor forms include:

- Procedure is not followed and the contract is made after the service has been performed
- Missing SSN or EIN
- Missing operating unit and account information and amount at the bottom of the form
- Missing mailing address- Independent contractor forms must always have a current mailing address, even if the payment is going to be held for pickup.
- The address is needed to mail the IRS form 1099 at the end of the year
- 5000-series account codes are for payroll use only and cannot be used for check requisitions or independent contractor forms

AGREEMENT

SAMPLE

CONTRACT NUMBER PSC3304	AM. NO.

THIS AGREEMENT, made and entered into this 1st day of September, 2017 in the State of California, by and between California State University, Bakersfield Auxiliary for Sponsored Programs Administration (AUXILIARY), an official auxiliary of California State University, Bakersfield (University) and

 CONTRACTOR'S NAME

WHEREAS the services of an independent consultant are required by the Auxiliary for the CSU Bakersfield Small Business Development Center (Program);

WITNESSETH: That the CONTRACTOR for and in consideration of the covenants, conditions, agreements, and stipulation of the Auxiliary hereinafter expressed, does hereby agree to furnish to the Auxiliary services and materials as follows:

The CONTRACTOR is to provide marketing specialist services, on a non-exclusive basis, for the Auxiliary's Program in accordance with the following Exhibits, which by this reference are incorporated herein and made a part of this Agreement.

Exhibit A – CSU General Provisions for Service Acquisitions consisting of eleven (11) pages, which is available @ http://www.calstate.edu/CSP/crl/GP/GP_shtm or by request at the University's Office of Procurement & Contract Services.

Exhibit B – Scope of Services consisting of one (1) page.

Scope of Services:

CONTRACTOR shall assist Auxiliary's Program by providing Marketing Specialist Services to Program for the period covering September 1, 2017 through December 31, 2017.

CONTRACTOR shall report to Mark Evans, Associate Dean, BPA, and SBDC Project Manager.

Payment:

The CONTRACTOR agrees to receive and accept the not to exceed sum of FIVE HUNDRED DOLLARS (\$500.00) as full compensation for the work described in Scope of Services herein (WORK), and as full compensation for all expenses incurred by CONTRACTOR for completion of the WORK required in this Agreement.

The CONTRACTOR shall not perform services in excess of the total amount of the Agreement without prior written approval in the form of an amendment issued by the University's department of Procurement & Contract Services.

Payment will be processed in accordance with Section 20 of the CSU General Provisions for Service Acquisitions (Exhibit A). Payment requests referencing the Agreement number shall be submitted to California State University, Bakersfield, Attention: Accounts Payable 35 ADM, 9001 Stockdale Highway, Bakersfield, CA 93311.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

AUXILIARY		CONTRACTOR	
UNIVERSITY CALIFORNIA STATE UNIVERSITY, BAKERSFIELD AUXILIARY FOR SPONSORED PROGRAMS ADMINISTRATION		CONTRACTOR	
BY (AUTHORIZED SIGNATURE)	DATE	BY (AUTHORIZED SIGNATURE)	DATE
➤		➤	
PRINTED NAME OF PERSON SIGNING Jenny J. Zorn Provost & Vice President for Academic Affairs		PRINTED NAME AND TITLE OF PERSON SIGNING	

SAMPLE

KERN COMMUNITY COLLEGE DISTRICT AGREEMENT WITH SPEAKER

FOAPAL: _____

This Agreement is entered into by and between the Kern Community College District, on behalf of (Check One):

- District Office
- District-Wide
- Bakersfield College
- Cerro Coso Community College
- Porterville College

("District"), and _____, ("Speaker"), identified under social security number/federal identification number _____.

1. DATE(S) of SPEECH/PRESENTATION: _____.

2. SERVICES TO BE PERFORMED: In consideration of the payment outlined in Paragraph 3 below, during the Term of Agreement / Date(s) of Service(s), Speaker shall make a Speech or Presentation at the above named facility. Details regarding time and content are attached as Attachment A.

3. COMPENSATION: In consideration of the Services fully rendered to District as described above, District agrees to pay Speaker a total fee of \$ _____. The District will make reasonable good faith efforts to pay all compensation due to Speaker within thirty (30) days of completion of Speaker's Services hereunder and the District's receipt of a properly completed invoice from Speaker for services rendered. Speaker further agrees that the District will not have any liability whatsoever as to any work or expense not specifically documented herein and properly invoiced by Speaker to District within sixty (60) days of completion of Services.

4. REPRESENTATIONS AND WARRANTIES: Speaker represents that Speaker has read and understands the terms and conditions of this Agreement.

5. NON-EMPLOYEE / INDEPENDENT CONTRACTOR STATUS: During the Term of this Agreement and/or Date(s) of Service(s), Speaker's Services for the District shall be rendered as an Independent Contractor. This Agreement is not intended, nor shall it be construed so as, to create the relationship of agent, employee, partnership, joint venture or association, or representative of the other for any purpose, or to imply any other relationship whatsoever between Speaker and District, except as set forth herein. Neither party is granted any expressed or implied right or authority by the other party to assume or create any obligation or responsibility on behalf of or in the name of the other party, or to bind the other party in any manner or thing whatsoever. Speaker shall be solely responsible for paying all salaries, wages, benefits and other compensation which the Speaker's employees or consultants, if any, may be entitled to receive in connection with Speaker's Services hereunder, including, without limitation, withholding and paying all applicable payroll taxes and contributions, including federal, state and local income taxes, FICA, FUTA, and state unemployment, workers' compensation and disability insurance. Nothing contained hereunder will confer upon the Speaker any right to continue to render Services to the District, or to become employed by the District. The District and Speaker acknowledge that Speaker's Services hereunder are non-exclusive and Speaker is free to accept other work.

6. DISTRICT POLICIES AND PROCEDURES: Speaker shall comply with all applicable District policies and procedures.

7. RELEASE AND WAIVER: Speaker agrees to release and waive any and all claims, suits, expenses (including reasonable attorney's fees), losses, penalties, fines, costs and liability whether in contract, tort or strict liability (including, but not limited to, personal injury, death at any time, and property damage), arising out of or made necessary by Speaker's performance of this Agreement, against the District (and its officers, employees, trustees, agents, successors and assigns) with the exception of compensation as provided in Article 3 of this agreement.

8. **PROVISIONS REQUIRED BY LAW DEEMED INSERTED:** Each and every provision of law and clause required by law to be inserted in this Contract shall be deemed to be inserted and this Contract shall be read and enforced as though it were included. If through mistake or otherwise any provision is not inserted or is not correctly inserted, upon application of either party the Contract shall be amended to make the insertion or correction. All references to statutes and regulations shall include all amendments, replacements, and enactments on the subject which are in effect as of the date of this Contract, and any later changes which do not materially and substantially alter the positions of the parties.

9. **PROPRIETARY RIGHTS / OWNERSHIP / CONFIDENTIALITY:**

District shall have a non-exclusive right to record and transmit, stream and/or rebroadcast the presentation made by Speaker under the terms of this agreement.

10. **GOVERNING LAW:** This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of California, without regard to its conflict of laws rules, and in accordance to District's policies and regulations

11. **TERMINATION / NOTICES:** This Agreement may be terminated by either party with or without cause and for any or no reason upon (30) days' written notice to the other party addressed as follows:

If to Speaker, notice will be addressed to:

Name: _____

Address: _____

City/State/Zip: _____

If to District, notice will be addressed to:

Kern Community College District

c/o: Deborah A Martin, Interim CFO

2100 Chester Avenue

Bakersfield, CA 93301

or to such other address as may be designated by the parties from time to time. Notices may be sent by overnight delivery or by registered or return receipt United States mail. Speaker's obligations hereunder shall survive the termination of this Agreement.

12. **SEVERABILITY:** If any section, condition, provision, or covenant of this Agreement is held to be invalid or unenforceable, either in itself or as to any particular party, the remainder of this Agreement will continue to be in force unless it would be inequitable and inconsistent with the purpose of the Agreement to continue to do so.

13. **ASSIGNMENT:** Neither party may assign any rights, or transfer any obligations, under this Agreement, without the prior written agreement of the parties.

14. **ENTIRE AGREEMENT:** This Agreement contains the entire agreement of the parties and supersedes all prior or contemporaneous agreements, oral or written, with respect to the subject matter hereof. This Agreement may not be amended, modified, revised or supplemented in any way, except in a writing signed by Speaker and District.

AGREED TO AND ACCEPTED:

SPEAKER:

Signature: _____

Date: _____

Print Name: _____

INITIATOR:

Signature: _____

Date: _____

Print Name: _____

College Budget Manager:

Signature: _____

Date: _____

College VP Finance & Administration:

Signature: _____

Date: _____

Chief Financial Officer, Business Services:

Signature: _____

Date: _____

DRAFT

Draft

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CONTRACTS

When the district does business with any outside entity, a contract, agreement or purchase order (PO) between the district and the entity is required in order for work to begin and the entity to be paid. *All contracts must be signed and any required insurance documents must be in place before the work on the contract begins. Contracts are between the vendor and the District, not the vendor and the college.*

Parties to the Contract

The contract document should identify the parties to the contract. One of the parties should always be Kern Community College District (KCCD.) A common mistake is that one of the colleges will be named rather than the district. Since the colleges are not legal entities, they are unable to enter into or enforce contracts. It is acceptable to have one of the parties be KCCD on behalf of a college. (e.g. Kern Community College District obo Bakersfield College, Cerro Coso Community College, or Porterville College.)

The other party to the contract must be either a person or a legal entity. If it is a legal entity, then the type of entity must be identified. (For example, a corporation might be identified as "Chaos Inc., a Delaware Corporation".) To ensure we are entering into a contract with the correct party, the name entered on the contract must match the name entered on the W-9 submitted by the other party, as part of the KCCD vendor setup process.

Contract Terms

The contract must state the term of performance, including the starting and ending dates. Contracts with KCCD cannot exceed 5 years including renewals.

Consideration

A contract must include total consideration over the duration of the contract term. Consideration is the agreement of what is being exchanged. For example, paying a sum of money in exchange for goods, services, property rights, or construction, would be consideration.

Description of goods/services

It is necessary that the contract be specific in the description of goods/services to be exchanged. In order to enforce a contract, the obligations of the parties must be identified with specificity.

Delivery of goods/services

Similar to the description of goods/services, delivery of the goods/services must be clearly identified in the contract/agreement since it is an essential part of the contract.

Contract Signatures

All district contracts must reviewed by the District Office and must be signed by a board authorized signatory – generally Chief Financial Officer or Chancellor. *Students, faculty or staff members, and administrators, including college presidents, are not authorized to sign contracts. If contracts are signed by non-authorized person, the District is not liable for payment and the party that signs the contract may be personally liable.* District policies for delegation of authority and signature authority are located in Board Policy 3A4 at:

Board Approval

All contracts are submitted for Board action as follows:

Ratification: Contracts, except Construction, are submitted for ratification when the value is less than the statutory bid limit. Entry for ratification is completed by the District Office Business Services Assistant.

Approval: Contracts, except Construction, with a value over the statutory bid limit must be formally presented to the board for approval. Placement on the Board of Trustees agenda for approval shall be done by the campus initiator.

Bid Limit: The bid limit is established by the state legislature each year. As of Calendar year 2018, the bid limit is \$90,200.

Construction: Ratification limit \$45,000

Standard District Contracts

The District maintains standard contract or agreement templates for the most common types of business relationships (note that the words “contract” and “agreement” mean the same thing in this document). These templates contain all of the district’s standard terms and conditions and insurance and indemnity requirements. The District’s standard contracts are shown in the following table along with a brief description as to when each type of contract should be used.

Outside vendors may have their own contract template. If this is the case, please refer to section “Contracts from Outside Vendors” later in this document.

Current versions of the districts contracts and procedures for their use are located on the District Downloads page at:

LIST WEBSITE

The templates are updated from time-to-time. Do not save the contracts to the desktop for later use. When a contract is needed, download it from the website listed above. Vendors may not make changes to the District’s standard contract templates.

Frequently used Contracts/Agreement templates	Use
Kern Community College District Agreement with Speaker	Guest Speaker or Lecturer on campus, where it is determined that there is NO LIABILITY risk – regardless of amount of compensation. (Effective July 1, 2018, this form replaces the Volunteer Form previously used when -0- compensation.)

Kern Community College District Agreement with Independent Contractor (ICA)	<ul style="list-style-type: none"> • Non-Construction maintenance projects generated by campus departments including painting, HVAC repair, electrical, plumbing, window washing, pool services, gardening/landscape, etc. • Consulting Services • Catering Services • Other general services
Construction Contracts/Agreements	
Independent Consultant Agreement	Construction services including DSA Inspector Services, Surveying/Testing/Monitoring
09S – Maintenance or Construction	Construction services over \$1,000
Other Contracts/Agreements	
Application And Agreement For Use Of District Property (Facilities Use Agreement)	When an outside organization requests to use district/college facilities. Approval for the use of district/college facilities is handled at the college level in accordance with KCCD Board Policy XXX.
Instructional Services Agreement	
Allied Health Education Program Agreement	

New Contract Development

Sometimes the district wishes to enter into a business relationship with an entity where the relationship falls outside of the district’s typical contractual relationships. In these cases, the college Vice President of Administration works with college administration, the Chief Financial Officer and the vendor in the development and review of any contract that is outside the district’s standard agreements. Typically the District’s legal counsel is also involved in the review of these types of agreements.

Contracts from Outside Vendors

The District prefers to have the vendor sign the District’s standard contract forms. However, the business situation may warrant that the District sign a vendor contract or agreement. Examples include some software contracts, catering contracts, or contracts for the use of space at a hotel or other facility. The district might also sign contracts with local cities – for example to hang college banners on city light standards. In these situations, the contract is very specific to the type of activity being performed or service being provided.

Prior to signature, the District must review all outside contracts. The district reviews the contracts to make sure that the vendor’s terms and conditions don’t conflict with the District’s standard terms and conditions. The district will always request that the vendor contract include language to the effect that:

- The rule of law be that of California rather than any other state or country
- The district can cancel the contract at any time with a 30 day notice
- The district be granted the same indemnity as the vendor

- The district will not agree to automatic renewal of the contract in excess of 5 years
 - The vendor provide the appropriate level of insurance and endorsements for the district
- Any deviation from these standards must have specific approval from the Chief Financial Officer

When appropriate, it may be acceptable to attach the contract from the outside vendor to the KCCD Agreement with Independent Contractor and have all parties sign the KCCD Agreement. The signed agreement will ensure that the KCCD requirements supersede any in the vendor's contract.

MOU - "Memorandum of Understanding"

Some businesses or entities refer to an Agreement or Contract as an MOU. At the District, an MOU is not used in place of an agreement or contract. An MOU may be used to spell out the general nature of a relationship and an understanding between the parties. In most instances, an MOU contains language similar to a contract related to the value of the services, indemnity, insurance or any other standard terms and conditions. An MOU that contains contractual language is a CONTRACT and must be labelled as such and signed by the District.

Contract Amendments or changes

Sometimes the District and vendor agree that the terms of an existing contract need to be changed. For instance, there may be an adjustment in pricing or perhaps an adjustment in the scope of work of a contract. Changes to a contract must be made in writing and must be agreed to and executed by both the vendor and the district. Amendments need to be ratified or approved by the Board of Trustees.

An amendment template may be found at:

[Insert link to template here](#)

Grant related contracts

Grant funds are awarded to the District through Federal, State or local agencies. Grant related applications, agreements, contracts and sub-agreements are heavily regulated by federal and state rules and regulations. There are additional District policies and procedures related to board approval of acceptance of outside funding. All applications, reports, and agreements for grants-related or categorical funding are signed by the Chief Financial Officer or Chancellor at the district office.

Purchase Order

While a contract or agreement outlines the terms of the services to be performed or goods to be delivered, KCCD's approved purchasing method, a purchase order, will need to be completed in order to make payment to the vendor, if payment is due. Upon approval of a contract or agreement and prior to the commencement of services, a purchase order should be entered and approved. Without a purchase order and invoice from the vendor, there will be no payment on a contract.

Contract Flow Chart

Contract FAQ	
Is the document a contract?	<p>If the document contains these basic elements, it is a contract:</p> <ul style="list-style-type: none"> • Mutual assent • Consideration • Capacity • Legality
Who can sign a contract?	<p>All contracts must be signed by a board authorized signatory. The Chief Financial Officer or Chancellor have the authority to sign contracts, per Board Policy 3A4. Students, staff, faculty members and college administrators <u>are not authorized</u> to sign contracts and may be held personally liable if they do.</p>
A vendor is asking me to sign their document. The document doesn't indicate that it is a contract, but it includes some language about indemnity and insurance. Can I sign it?	<p>No. Any document from a vendor that commits the college or district to any sort of term or condition must be signed by a board authorized signatory. The Chief Financial Officer or Chancellor have authority to sign contracts, per Board Policy 3A4.</p>
Does my contract need to go to the board?	<p>All contracts/agreements are required to be presented to the Board. The contract amount (bid limit) will determine if the contract is presented for ratification or approval. Construction contracts have different thresholds for ratification and approval. See page xx for information on Board approvals.</p>
Who submits my contract to the board?	<p>If the dollar value of the contract is less than the current bid limit, the contract will be submitted to the board for ratification by the Business Services Assistant at the District Office.</p> <p>If the dollar value of the contract exceeds the current bid limit, the initiator of the contract will submit to the board for approval.</p>
What is the timeline for submitting contracts/agreements for approval?	<p>For contracts/agreements that require Board ratification, these are reviewed and approved on a regular basis by the Chief Financial Officer. It is recommended that these be submitted at least two weeks prior to the start of the contract.</p> <p>For contracts/agreements that require Board approval, approval is completed at monthly</p>

	Board meetings. Contracts/agreements are due approximately one (1) month prior to the Board meeting. Please see the link below for due dates: https://www.kccd.edu/board-trustees/board-material-due-dates
Can a vendor change the terms and conditions on a contract?	Limited. The district's standard terms and conditions may only be modified at the request of the vendor, prior to contract approval and after KCCD legal consultation. If an amendment is requested after a contract is approved, please see section on Contract Amendment or Changes.
Are there limits to how long a contract can last?	Yes. California Public Contract law establishes these limits. In general, services contracts may not exceed a total of 5 years, including renewals.
Can a contract be entered into between a college and the vendor?	No. All contracts are between the district and the vendor. Contracts may be written as "KCCD on behalf of the college."
We are going to purchase some cloud based software to help us manage our program. The vendor wants the district to sign their software maintenance agreement. Will the district sign it?	Any document from a vendor that commits the college or district to any sort of term or condition must be signed by a board authorized signatory. The Chief Financial Officer or Chancellor have authority to sign contracts, per Board Policy 3A4.
If we are using a vendor's contract, do we need a standard services contract too?	No, so long as their contract meets the district's requirements. Otherwise, our contract will be used in place of theirs. All outside vendor contracts must be reviewed and approved by the Chief Financial Officer.
Can a vendor begin work before a contract is signed?	No. Not until a contract is signed and the appropriate insurance documentation is in place.
When should I prepare the purchase order that covers the agreement?	Upon approval of a contract or agreement and prior to the commencement of services, a purchase order should be entered and approved.
When can I use a purchase order WITHOUT an agreement?	When purchasing goods and supplies, when no services are being provided. When installation of a good is included in the purchase, then an agreement is necessary.

INSURANCE

Insurance coverage is part of the District's risk management strategy. The district carries its own insurance, but vendors are also required to carry minimum insurance coverage for their business or their events. The coverage must be provided by financially sound insurance companies. The District must be added to the vendor's insurance policy by endorsement. These policies allow the District to transfer the appropriate amount of risk for a job or an event to the vendor's insurance. It is important to understand that insurance doesn't limit liability. It does represent the amount an insurance provider might cover, but claims for a particular event could potentially exceed the covered amount.

Required Coverage Types

Vendors and facilities users must be covered by *general liability insurance* and *auto insurance*. When a vendor or facilities user has employees, they also need to show proof of *worker's comp insurance*. The district also requires certain firms who provide specific professional services, like architects and engineers, to carry *errors and omissions insurance*.

Required Coverage Amounts

The District has developed standards for insurance coverage amounts. These coverage levels were developed by District administration in consultation with the District's insurance providers. They reflect current insurance industry standards for commercial coverage. All coverages are mandatory and are generally non-negotiable.

Coverage amounts are determined by the level of risk that an activity or event entails. The District and its insurance providers have developed some guidelines as to various services and their general risk categories. Consult the tables in the appendix for these risk guidelines to help determine whether the services to be performed fall into the medium or low risk category.

Required Insurance Documentation

Certificate of insurance (COI)

The certificate of insurance (COI) is a proof of insurance. A COI is required for all vendors and users of District facilities. By itself, however, the COI does not guarantee that the District will be covered. The COI does not amend, alter or endorse coverage to an insurance policy. Per state insurance code it is the insurance policy, not the certificate of insurance that governs coverage. A sample COI is included in the appendices.

Endorsements

The District requires an insurance endorsement along with the COI. The endorsement alters the vendor's insurance policy. It adds the district to the policy as an additional insured. If there is no endorsement, then the district is not covered under the vendor's insurance.

Contract language relates to insurance

The District standard contracts include language regarding required insurance coverage. A contract including the standard insurance coverage and indemnity language must be in place in order for the District to be protected under the vendor's insurance. Additionally, the COI and endorsement must be made with the exact wording stipulated in the contract. The district has developed an insurance

checklist that the colleges may give to their vendor if they care to. The document shows the insurance requirements and exact language to be used on the COI and Endorsement.

If a vendor contract, rather than the district’s standard contract, is used, the vendor contract must include the appropriate indemnity and insurance language.

Requests for changes to required coverages

Changes to required insurance coverages affect the District’s risk transfer strategy. As has been discussed, the District has evaluated its insurance coverage limits and contract indemnity language in conjunction with its insurance providers and legal counsel. The required coverages reflect common commercial coverage limits and the indemnity language helps the District in its risk transfer strategy. Viable businesses will most likely have these coverages.

The District does not generally agree to changes to its coverage levels and expects that requests for changes will be an infrequent exception. Any changes to these standards must be carefully considered and ultimately approved by the Chief Financial Officer. College Vice Presidents of Administrative Services may request changes to these limits when warranted but must be aware that losses incurred due to their requested changes in coverage levels will be the responsibility of the college and will be reflected in the college budget. Note that it is not appropriate to waive liability altogether.

Insurance FAQ	
Even if the vendor/contractor is of size, reputation or familiarity, do I still need to insist on the insurance requirements?	Yes. You normally have no way of verifying that their assets are sufficient for losses that might occur, whereas you could be confident in an insurance carrier with a quality A.M. Best Rating.
Is it all right if the contractor alters the indemnification language in KCCD contracts?	No. Indemnification language is carefully worded to afford KCCD as much protection as legally possible, and usually the exact language has been tested in court. Altering the language would weaken KCCD’s protection and should only be undertaken on advice of legal counsel.
If the contractor’s insurance does not meet the criteria in our insurance requirements, should we alter the requirements to fit the contractor’s insurance?	No. The insurance requirements language has been carefully worded to afford KCCD as much protection as possible, and it has been tested in court. Altering the language would usually weaken KCCD’s protection. It is not the responsibility of KCCD to tailor its requirements to what the contractor has; rather, the contractor should procure insurance to meet the District’s specifications and truly, you are doing the contractor a favor in showing it the proper coverage needed in order to protect its

	<p>business.</p> <p>Exceptions to the insurance requirement may be made in some instances, however, care should always be taken to request the insurance before requesting an exception.</p>
<p>Does a contractor need professional liability coverage?</p>	<p>A contractor needs professional liability coverage if expected under contract to provide “professional” services. The simplest way to decide is to determine whether the nature of the services provided entail “brain work” or “physical work”. If it is only physical work, then a liability policy, general and/or automobile will most likely cover all your exposures to loss. However, if the work or a portion of the work is expected to involve the use of professional knowledge, professional liability insurance is required. As an example, if a contractor is merely following blueprints in constructing a building, it would involve only physical work and a general liability policy will suffice. However, if the contractor is a “design-build” firm, or decides that it knows of a better way to construct part of the building, and it alters the blueprints accordingly, then it has crossed the line over into providing “professional” service and would then need professional liability coverage to cover a subsequent loss.</p>
<p>Does a contractor need proof of automobile liability when hired to work on the premises?</p>	<p>Yes. The simple reason is that the contractor has to use some means of transportation to reach your premises, and to transport tools, supplies, and materials. If the contractor is determined to be engaged in business on KCCD’s behalf when it is involved in an automobile accident, then KCCD may be held liable. Further, since owners of vehicles are required to carry insurance anyway, this requirement carries little burden to the contractor.</p>
<p>Should we ask to be named as an additional insured on the contractor’s professional liability policy?</p>	<p>No. The contractor’s professional liability insurer will not comply with such a request. The reason is that the insurer does not want to pick up KCCD’s professional liability hazards, which it would do if you were an additional insured. Professional liability policies are</p>

	<p>specifically underwritten based on the professional history of the contractor. A contractor's insurer is not interested in underwriting KCCD's professional risk, and therefore will not add KCCD as an additional insured on the contractor's policy.</p>
<p>What can be done if we don't have the proof of insurance when it is time to start the work?</p>	<p>There is very little that can be done at this point in the process, which is why the process of engaging a vendor must allow enough time to obtain contract signatures and proof of insurance. There are no good choices when this situation occurs. Either you must delay the work while you wait for the proof, or you must request, through the Vice President of Administrative Services, that KCCD take some risk until the proof is received.</p>
<p>Why can't we accept a certificate of insurance as proof of KCCD being named as an additional insured?</p>	<p>In the upper right-hand corner of the ACORD Certificate of Insurance are the following words: "This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policy below." If any agent or broker tries to convince you that the certificate truly does confer rights or coverages, and that you therefore do not need the endorsements you are requesting (and some will) you can direct their attention to this statement.</p>
<p>Why do we need an indemnity clause in our contract when we are added as an additional insured on the liability policy?</p>	<p>Insurance is only one way that the contractor can financially guarantee its liabilities. If you have an indemnity provision in your contract with the contractor, that contractor is obligated to indemnify KCCD whether or not its insurance covers the loss. This puts the burden on the contractor rather than KCCD to make certain that its coverage is sufficient and current. Therefore, make sure your indemnity language is strong, and that if the contractor does not carry sufficient or correct insurance to cover their obligations to KCCD, it does have the assets to indemnify those uninsured or underinsured exposures. In fact, the written indemnity clause in the contract is the real</p>

	<p>trigger for coverage as your contract, under normal circumstances, is an "Insured Contract" as defined under the Commercial General Liability policy (CGL). The CGL confers automatic coverage for "Insured Contracts," <i>but KCCD must have a written contract containing indemnity language in your favor prior to the loss in order to trigger coverage. As a result, the indemnity clause is crucial to trigger coverage.</i></p>
<p>If a hold harmless agreement is not necessarily legally binding, why do we need to include it?</p>	<p>A hold harmless agreement usually does not relieve KCCD of legal liability for KCCD's own negligence, but it does relieve KCCD of legal obligations arising out of the contractor's negligence. Without the hold-harmless agreement, KCCD's ability to be protected by your additional insured status is weakened.</p>
<p>What do I do if my contractor states that they are self-insured for liability, auto, and workers' compensation, and they cannot provide a certificate of insurance?</p>	<p>In the State of California, organizations that are self-insured for workers' compensation must have a Certificate of Consent to Self-Insure issued by the State of California Department of Industrial Relations. They must also have authorization from the State to self-insure their auto exposure, but this is not the case for general liability. First, obtain copies of their documents granting them the authority to self-insure for workers compensation and automobile liability. Second, obtain a letter from the contractor that clearly states all of the requirements in your agreement apply to their self-insurance. Next, you will need to confirm that the contractor has assets available to cover any losses in the event they occur. This would normally include the review of their independently audited financial statements. Finally, you may require the contractor to issue a bond or a letter of credit to SMCCCD in an amount necessary to cover any losses.</p>
<p>The contractor states that he is a sole proprietor and does not carry workers' compensation insurance as he has no employees, is this acceptable?</p>	<p>Yes. Many contractors are either sole proprietors or partnerships. The District's contract templates require the contractor to certify that they are exempt from the State's workers' compensation requirements because they have no employees.</p>

Other Agreements/Documents that Require Approval

The following list are examples of other documents that require approval by the Chief Financial Officer due to either the commitment being made on behalf of the District or the liability exposure of the District.

Just as with contract, one party to all documents should always be KCCD. A common mistake is that one of the colleges will be named rather than the district. Since the colleges are not legal entities, they are unable to enter into or enforce agreements. It is acceptable to have one of the parties be KCCD on behalf of a college.

- Art Festivals
- Art Shows
- Auctions
- Concerts
- Event / Conference Booth
- Facilities Use (external)
- Fundraisers
- Garden Shows
- Job Fairs
- Lecturers
- Luncheons
- Parades
- Seminars
- Software Licensing Agreements
- Speaking Engagements

Do we want to include our boilerplate language?

From VP Metz

KCCD notes on how to calculate Bad Debt Reserve

California Budget and Accounting Manual States:

Allowance for Uncollectible Accounts. The Allowance account is a Contra Asset account with a normal credit balance. The account is used to reduce the carrying balance of amounts due from others, including students, to a net realizable value. The allowance balance is the estimated total of uncollectible accounts included in the accounts receivable. This allowance may be calculated using actual account balances as in all student receivables over two years may be considered uncollectible. Or may be calculated as a percentage of the aging of total accounts receivable balances; 10% of amounts over 60 days, 50% of amounts over 1 year, 100 % of amounts over 2 years. This calculation should be reviewed and updated at least annually or more frequently as necessary.

KCCD Bad Debt Reserve Calculation

- Generate report for all outstanding A/R by Detail code for terms greater than one fiscal year. (For example, for June 30, 2017 term codes less than 201650). Determine College for each amount due by the following:
 - Add 3 additional columns – H, I and J
 - Column H = first digit of Home College
 - Column I = first digit of Detail Code for amount outstanding
 - If H = "N", then Column J = Value in I otherwise value = Column H
 - Generate Pivot Table by term and College for all terms for prior fiscal years.
 - Create Subtotals
 - One year past due and less than 2 years past due
 - Greater than 2 years past due
 - Calculation
 - 50% of amounts between one and 2 academic years past due
 - 100% of all amounts more than 2 academic years past due
 - 100% of amounts moved to collection agency
 - Compare balances at the end of prior year to current year
- Amounts moved to Collection are analyzed for Home College. Amounts Adjusted for amounts Collected
- Balances under A/R Term calculated separately
 - A/R Term = Food Services, Facility Rentals, Returned checks
 - Note that currently 99.74% = BC
- Balance in the A/R Bad Debt Reserve account is adjusted to agree to the new total.

Academic_ Home Coll: Id	Name	Detail_Cod	Amount	Balance	CAT	CAT COL	COLLEGE
201430 BC	@00540303 Sitton, Jacob J.	BAEF	184	92 B	BC	BC	
201430 BC	@00540303 Sitton, Jacob J.	BAEF	92	92 B	BC	BC	
201430 BC	@00403230 Diaz, Jesus A.	BCAC	9.4	9.4 B	BC	BC	
201430 NULL	@00516326 Rhym, Darren X.	BCCD	3	3 B	BC	BC	
201430 BC	@00513218 Duarte, Ramon	BCCD	5	5 B	BC	BC	
201430 NULL	@00081742 Lucas, Deborah J.	BCCK	12	12 B	BC	BC	
201430 BC	@00310780 Ellorin, Christopher W.	BCCK	180	180 B	BC	BC	
201430 BC	@00444872 Lopez, Ernesto	BCEF	46	46 B	BC	BC	
201430 BC	@00553299 Garcia, Oscar A.	BCEF	46	46 B	BC	BC	
201430 BC	@00400165 Williams, Kevin S.	BCEF	69	69 B	BC	BC	
201430 BC	@00070442 Knaggs, Jason E.	BCEF	115	23 B	BC	BC	
201430 BC	@00430392 Aguilar, Rosa	BCEF	23	23 B	BC	BC	
201430 BC	@00010970 Maki, Glen	BCEF	115	23 B	BC	BC	
201430 BC	@00021133 Massey, Brian D.	BCEF	115	23 B	BC	BC	
201430 BC	@00395337 Flores, Sara	BCEF	230	230 B	BC	BC	
201430 BC	@00574365 Espino, Diana G.	BCEF	69	69 B	BC	BC	
201430 BC	@00537821 Gray, Classy N.	BCEF	23	23 B	BC	BC	
201430 BC	@00453598 Rejon, Sharida N.	BCEF	230	230 B	BC	BC	
201430 BC	@00009869 Parsons, Patrice	BCEF	23	23 B	BC	BC	
201430 BC	@00537821 Gray, Classy N.	BCEF	23	23 B	BC	BC	
201430 BC	@00537821 Gray, Classy N.	BCEF	46	46 B	BC	BC	
201430 BC	@00417192 Perdomo, Vidal E.	BCEF	46	46 B	BC	BC	
201430 BC	@00520136 Edwards, Mason A.	BCEF	184	184 B	BC	BC	
201430 BC	@00575020 Dennis, Natajah D.	BCEF	23	23 B	BC	BC	
201430 BC	@00574013 Ramirez, Joshie A.	BCEF	23	23 B	BC	BC	
201430 BC	@00574013 Ramirez, Joshie A.	BCEF	46	46 B	BC	BC	
201430 BC	@00574013 Ramirez, Joshie A.	BCEF	69	69 B	BC	BC	
201430 BC	@00574013 Ramirez, Joshie A.	BCEF	46	46 B	BC	BC	
201430 BC	@00394795 Herrera, Jessica A.	BCEF	138	138 B	BC	BC	
201430 BC	@00396449 Rodriguez, Alice F.	BCEF	230	230 B	BC	BC	
201430 BC	@00574261 Davis, Richard	BCEF	46	46 B	BC	BC	
201430 BC	@00417192 Perdomo, Vidal E.	BCEF	138	23 B	BC	BC	
201430 BC	@00417192 Perdomo, Vidal E.	BCEF	46	46 B	BC	BC	
201430 BC	@00574013 Ramirez, Joshie A.	BCEF	92	92 B	BC	BC	
201430 BC	@00417192 Perdomo, Vidal E.	BCEF	46	46 B	BC	BC	
201430 BC	@00417192 Perdomo, Vidal E.	BCEF	69	69 B	BC	BC	
201430 BC	@00417192 Perdomo, Vidal E.	BCEF	138	138 B	BC	BC	
201430 BC	@00549505 Belleu, Joshua R.	BCEF	46	46 B	BC	BC	
201430 BC	@00054514 Massey, Anthony D.	BCEF	138	138 B	BC	BC	
201430 BC	@00417192 Perdomo, Vidal E.	BCEF	46	46 B	BC	BC	
201430 BC	@00268924 Perez, Roberto	BCEF	92	92 B	BC	BC	
201430 BC	@00569023 Lagrenade, Yvarsen	BCEF	92	92 B	BC	BC	
201430 BC	@00503404 Arreola, Oscar	BCEF	23	23 B	BC	BC	
201430 BC	@00503404 Arreola, Oscar	BCEF	92	92 B	BC	BC	
201430 BC	@00428349 Gutierrez, Ty Andrew R.	BCEF	276	128 B	BC	BC	
201430 BC	@00573974 Apodaca, Alyssa	BCEF	46	46 B	BC	BC	
201430 BC	@00573974 Apodaca, Alyssa	BCEF	138	92 B	BC	BC	
201430 BC	@00417192 Perdomo, Vidal E.	BCEF	23	23 B	BC	BC	
201430 BC	@00573974 Apodaca, Alyssa	BCEF	92	92 B	BC	BC	
201430 BC	@00503122 Juaruez, Arthur R.	BCEF	46	46 B	BC	BC	
201430 BC	@00519552 Valdes, Garrett S.	BCEF	138	138 B	BC	BC	
201430 BC	@00298541 Mendez, Jose R.	BCEF	23	23 B	BC	BC	
201430 BC	@00569369 Jackson, Tracie	BCEF	23	23 B	BC	BC	
201430 BC	@00470545 Needham, Leslie P.	BCEF	552	552 B	BC	BC	
201430 BC	@00569369 Jackson, Tracie	BCEF	23	23 B	BC	BC	
201430 BC	@00527984 Negrete, Juan	BCEF	92	92 B	BC	BC	
201430 BC	@00573058 Cuen, Michael	BCEF	184	184 B	BC	BC	
201430 BC	@00572788 Burgos, Isaiah	BCEF	322	322 B	BC	BC	
201430 BC	@00499961 Gasca, Jose D.	BCEF	322	322 B	BC	BC	

KCCD FY17 Calculation recap

Sum of Balance	Column Labels			
Row Labels	B	C	P Grand Total	
201550	79434.85	33,222.73	7151.75	119809.33
201570	256,514.51	79,282.00	83,046.85	418,843.36
201630	297,394.20	75,551.57	78,836.35	451,782.12
Grand Total	633,343.56	188,056.30	169,034.95	990,434.81

Sum of Balance	Column Labels			
Row Labels	B	C	P Grand Total	
201450	29,811.50	31,826.44	9,158.90	70796.84
201470	226,968.51	67,498.76	73,427.10	367894.37
201530	205,572.39	42,603.89	74,023.79	322200.07
Grand Total	462,352.40	141,929.09	156,609.79	760891.28

Sent to Collections FY16	(42,559.80)	(22,020.23)	(8,439.35)	(73,019.38)
Reserved as of 6/30/17	419,792.60	119,908.86	148,170.44	687,871.90
Reserved as of 6/30/16	399,605.89	87,716.42	128,072.52	615,394.83
New Reserve for Over 2 years	20,186.71	32,192.44	20,097.92	72,477.07
Reserve older than one year	316,671.78	94,028.15	84,517.48	495,217.41
Reserve Calculation by College	336,858.49	126,220.59	104,615.40	567,694.48