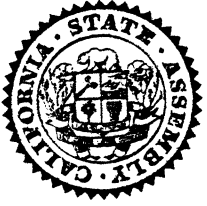


REPORT OF THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

278

REVIEW OF PERSONAL SERVICE CONTRACTS  
ISSUED DURING FISCAL YEAR 1975-76 BY  
THE CALIFORNIA JOB CREATION PROGRAM

MAY 1976



# Joint Legislative Audit Committee

OFFICE OF THE AUDITOR GENERAL

## California Legislature



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The Honorable Speaker of the Assembly  
The Honorable President pro Tempore of the Senate  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Committee respectfully submits the Auditor General's review of personal service contracts by the California Job Creation Board approved during August, September, October, November and December of 1975. \$18,300 in fees and \$3,122 in travel have been paid to six persons. \$15,378 remains to be paid to those six and three others. Adequate evidence of performance in the judgment of the Auditor General has not been produced.

As set forth on the back cover of the report, some of the objectives of post-audits are:

- Have standards of measurement been established to determine cost-benefit ratios or productivity?
- Do benefits equal or exceed costs?
- Have financial operations been properly conducted?

The answer to each in this instance is sadly "No!"

We are now advised that new regulations prompted by our findings will preclude a repeat situation in any state department.

The auditors are Phillips Baker, Audit Manager, and Richard Howard.

Respectfully submitted,

MIKE CULLEN, Chairman  
Joint Legislative Audit Committee

TABLE OF CONTENTS

|  | <u>Page</u> |
|--|-------------|
| SUMMARY  | i           |
| INTRODUCTION   | 1           |
| FINDINGS   |             |
| Personal service contracts which have been approved while the Secretary of the Business and Transportation Agency was acting as Executive Director of the California Job Creation Program Board were deficient in that end products were not required. | 3           |
| Recommendation   | 8           |
| Personal service contracts issued by the California Job Creation Program were approved by the Department of General Services without proper processing and without required State Personnel Board approval.  | 9           |
| Recommendation   | 11          |
| The Secretary of the Business and Transportation Agency legally approved the issuance of personal service contracts without the approval of the California Job Creation Program Board.   | 12          |
| Recommendation   | 13          |
| WRITTEN RESPONSE TO THE AUDITOR GENERAL'S REPORT   |             |
| Secretary, Business and Transportation Agency  | 14          |
| EXHIBIT A - Status of the Nine Personal Service Contracts Issued by the CAL JOB Program in Fiscal Year 1975-76 May 1, 1976   | 16          |
| APPENDIXES:  |             |
| Appendix A - Contractor No. 1  | 17          |
| Appendix B - Contractor No. 2  | 20          |
| Appendix C - Contractor No. 3  | 22          |
| Appendix D - Contractor No. 4  | 24          |

SUMMARY

In response to a legislative request, we reviewed personal service contracts issued by the California Job Creation Program during the fiscal year 1975-76, but not approved by the California Job Creation Program Board. Nine of these contracts were issued and the following is a summary of the findings, conclusions and recommendations resulting from our review.

Finding

Page

Personal service contracts which have been approved while the Secretary of the Business and Transportation Agency was acting as Executive Director of the California Job Creation Program Board were deficient in that end products were not required.

3

Conclusion

The personal services contracts for the California Job Creation Program which have been issued while the Secretary of the Business and Transportation Agency has been acting as Executive Director of the Board for this program have not contained provisions requiring the production of an end product. In excess of \$18,000 has been spent to date on these contracts for which adequate evidence of performance has not been produced.

7

Recommendation

Page

We recommend that all future personal service contracts issued for the California Job Creation Program Board contain provisions for production of an end product to support the performance of the contractor.

8

Finding

Personal service contracts issued by the California Job Creation Program were approved by the Department of General Services without proper processing and without required State Personnel Board approval.

9

Conclusion

Personal service contracts approved by the Secretary of the Business and Transportation Agency while acting as Executive Director of the California Job Creation Program Board were not properly routed to the State Personnel Board for approval. Furthermore, it appears that had these contracts been properly processed the State Personnel Board would not have approved them in the manner in which they were prepared and the prior approval of the California Job Creation Program Board would have been required to hire the contractors on a temporary appointment basis.

10

Recommendation

Page

We recommend that the Department of General Services review their existing procedures for approving personal service contracts and take corrective action to assure that all such contracts are properly approved. 11

Finding

The Secretary of the Business and Transportation Agency legally approved the issuance of personal service contracts without the approval of the California Job Creation Program Board. 12

Conclusion

While acting as interim Executive Director and after assuming the position of Executive Director of the California Job Creation Program Board, the Secretary of the Business and Transportation Agency was acting within his statutory authority in approving the issuance of personal service contracts without the approval of the Board. 13

Recommendation

We recommend that the California Job Creation Program Board adopt regulations which will require the Executive Director of the Board to obtain prior approval of the Board before issuing personal service contracts. 13

INTRODUCTION

In response to a legislative request, we have reviewed personal service contracts issued by the California Job Creation Program (CAL JOB) during fiscal year 1975-76.

The CAL JOB Program was established by 1968 Statutes, Chapter 1455, amended by 1973 Statutes, Chapter 1211, and most recently amended by 1974 Statutes, Chapter 1326. The intent of the California Legislature in establishing the Program was,

...to promote the health, safety, and social welfare of the citizens of California, to eliminate unemployment of the economically disadvantaged of the state, to reduce youth delinquency and promote employment opportunities for youth, and to do this by stimulating economic development, employment, minority group and disabled persons entrepreneurship, job training, and making available capital, management assistance, and other resources, including loan services, personnel and business education, to small business entrepreneurs....[Also,] to provide a flexible means to mobilize and commit all available and potential resources in the various regions of the state to fulfill these objectives. [and that]...corporations operating pursuant to this law, shall to the maximum extent feasible, coordinate with other job training and other job development efforts within their region directed toward implementing the purpose of this part.

The CAL JOB Program originally functioned under the jurisdiction of the Employment Development Department; however, in 1974 it was transferred to the Business and Transportation Agency. On March 16, 1976, Assembly Bill 3775 was introduced to make changes in the present program

based on the Governor's proposed Reorganization Plan that would transfer the CAL JOB Program to the Department of General Services.

The CAL JOB Program was established with a 16-member policy making body called the CAL JOB Program Board. This Board, along with other responsibilities, appoints an executive director to implement its policies. The executive director has broad powers to contract for services, appoint advisory groups, and participate with private industry in programs to carry out the purposes of the CAL JOB Program.

The budget appropriation for the CAL JOB Program in fiscal year 1975-76 is \$3,028,065, of which an estimated \$2,193,965, or 72 percent of the appropriation, will be unspent on June 30, 1976. In addition, as of March 31, 1976, approximately one-third of the loan guarantee funds committed to the regional corporations has not been utilized to guarantee loans. During fiscal year 1975-76, nine personal service contracts, for a total of \$36,800, have been approved by the Secretary of the Business and Transportation Agency for the CAL JOB Program. The current status of these contracts is summarized in Exhibit A, page 16 of this report.

The Director of the California Job Creation Program resigned as of July 1, 1975 and the Program Board authorized the Secretary of the Business and Transportation Agency to act as interim Executive Director through November 15, 1975. The Board did not appoint a successor to the Executive Director position and on December 4, 1975 the Secretary of the Business and Transportation Agency assumed the position under authority of Section 13978 of the Government Code.



FINDINGS

PERSONAL SERVICE CONTRACTS WHICH HAVE BEEN APPROVED WHILE THE SECRETARY OF THE BUSINESS AND TRANSPORTATION AGENCY WAS ACTING AS EXECUTIVE DIRECTOR OF THE CALIFORNIA JOB CREATION PROGRAM BOARD WERE DEFICIENT IN THAT END PRODUCTS WERE NOT REQUIRED.

The Secretary of the Business and Transportation Agency, acting as Executive Director of the California Job Creation Program Board, approved the issuance of nine contracts for personal services totaling \$36,800.

Only one of these contracts required the production of a final product. The report which was prepared in conformance with this requirement was considered inadequate and we were informed that no payments will be made on this contract.

Payments have been made on five of these contracts and extensions of time have been requested on the three remaining contracts. A summary of the current status of these contracts is provided as Exhibit A on page 16 of this report. The following is a detailed listing of these contracts, their terms, and documentation of performance.

1. Contractor No. 1

Contract approved August 1, 1975, not to exceed \$4,900.

Contract Period: August 1, 1975 through September 30, 1975.

Services to be Performed:

"The contractor agrees to provide his services as a consultant in the development of a small business term loan program designed to move \$300,000,000 of capital a year for small business; and development of a state sponsored venture capital proposal designed to create \$350,000,000 of venture capital."

Work Documentation:

No written report was submitted.

A summary of consulting services was submitted with invoices for payment (see Appendix A).

2. Contractor No. 2

Contract approved October 1, 1975, not to exceed \$4,900.

Contract Period: October 1, 1975 through November 30, 1975.

Services to be Performed:

"The contractor agrees to provide his services as a consultant in furthering the development of: a bank term program; an equity capital program; and, providing specialized assistance to small businessmen in the areas of banking and finance."

Work Documentation:

No written report was submitted.

A summary of consulting services was submitted with invoices for payment (see Appendix B).

3. Contractor No. 3

Contract approved August 5, 1975, not to exceed \$3,500.

Contract Period: August 5, 1975 through October 20, 1975.

Services to be Performed:

"The contractor agrees to provide his services as a consultant to organize a coordinated statewide plan for an M/E computer accessible data bank to be used for federal, state, local government and private procurement; and, to develop plans for funding, coordinating OMBE dollars, Cal Job dollars and other sources of private support."

Work Documentation:

No written report was submitted.

A summary of consulting services was submitted with invoices for payment (see Appendix C).

4. Contractor No. 4

Contract approved September 10, 1975, not to exceed \$4,800.

Contract Period: September 15, 1975 through December 31, 1975.

Services to be Provided:

"The contractor agrees to provide his services as a consultant to further the development of the Business Expansion Centers proposal, the technical assistance program, and the education program for the Cal Job Creation Program Board."

Work Documentation:

A 75-page report was submitted that included work done by the CAL JOB Program staff.

A summary of consulting services was submitted with invoices for payment (see Appendix D).

5. Contractor No. 5

Contract approved November 1, 1975, not to exceed \$2,500.

Contract Period: November 1, 1975 through December 31, 1975.

Services to be Provided:

"The Contractor agrees to provide his services as a consultant to further the development of the Bank Term Loan Program for the California Job Creation Program Board."

Work Documentation:

Two reports were submitted to Mr. Hansen, a Special Consultant to the CAL JOB Program.

No summary of consulting services has been submitted.

6. Contractor No. 6

Contract approved December 26, 1975, not to exceed \$4,900.

Contract Period: December 26, 1975 through March 25, 1976.

Services to be Provided:

"The contractor agrees to provide his consulting services which will entail legal and substantive development of new programs leading to the transfer of the Cal Job Program into a new entity."

Work Documentation:

Contract has not been completed and no written report or summary of consulting services has been submitted.

The contractor's contract completion date is pending extension from March 25, 1976 to June 30, 1976.

7. Contractor No. 7

Contract approved November 14, 1975, not to exceed \$2,000.

Contract Period: November 17, 1975 through March 16, 1976.

Services to be Provided:

"The contractor agrees to provide his services as a consultant to perform research and technical support functions for job and economic development program planning relative to the Cal Job Creation Program Board."

Work Documentation:

Contract has not been completed; one set of memos has been received by Mr. Hansen, but no summary of consulting services has been submitted.

The contractor's contract completion date is pending extension from March 16, 1976 to June 30, 1976.

8. Contractor No. 8

Contract approved November 14, 1975, not to exceed \$4,800.

Contract Period: November 17, 1975 through March 16, 1976.

Services to be Provided:

"The contractor agrees to provide his services as a consultant to provide information on job creation and business expansion efforts in other states and Canada, and aid in developing programs for California relative to Cal Job Creation Program Board."

Work Documentation:

Contract has not been completed and no written report or summary of consulting services has been submitted.

The contractor's contract completion date is pending extension from March 16, 1976 to June 30, 1976.

9. Contractor No. 9

Contract approved October 1, 1975, not to exceed \$4,500.

Contract Period: October 1, 1975 through November 30, 1975.

Services to be Provided:

"The contractor agrees to provide his services as a consultant to do a study of ways to provide short term or interim financing for procurement and construction contractors with specific application to minority contractors who are precluded from accepting and performing on contracts that they could otherwise handle if short term financing was available."

"Additionally, contractor will provide Cal Job with a preliminary written report in thirty (30) days, and a final report at the end of the contract period."

Work Documentation:

A seven-page report on the area of the contractor's contract was submitted.

No summary of consulting services has been submitted and we were informed that no payments will be made on this contract.

CONCLUSION

The personal services contracts for the California Job Creation Program which have been issued while the Secretary of the Business and Transportation Agency has been acting as Executive Director of the Board for this program have not contained provisions requiring the production of an end product. In excess of \$18,000 has been spent to date on these contracts for which adequate evidence of performance has not been produced.

RECOMMENDATION

We recommend that all future personal service contracts issued for the California Job Creation Program Board contain provisions for production of an end product to support the performance of the contractor.

PERSONAL SERVICE CONTRACTS ISSUED BY  
THE CALIFORNIA JOB CREATION PROGRAM  
WERE APPROVED BY THE DEPARTMENT OF  
GENERAL SERVICES WITHOUT PROPER  
PROCESSING AND WITHOUT REQUIRED  
STATE PERSONNEL BOARD APPROVAL.

The nine personal service contracts issued by the California Job Creation Program during the period that the Secretary of the Business and Transportation Agency was acting as Executive Director were processed by the Department of General Services only to the extent of certifying that funds were available for the contracts. These contracts should have been forwarded to a Department of General Services personnel analyst for approval and then to the State Personnel Board.

The State Personnel Board issued a memorandum to all state agencies on August 27, 1973 which stated that certain types of contracts for personal services need not be forwarded to the State Personnel Board for prior approval. Under the criteria contained in this memo personal service contracts must be for less than \$5,000 and for training or lecturing to be exempt from State Personnel Board approval. The nine contracts from the California Job Creation Program were for consulting services, issued as personal services, and therefore, even though they were under \$5,000, should have been processed by the State Personnel Board.

We were informed by a representative of the State Personnel Board that had these contracts been properly routed the Board would not

have approved them but would have required the contractors to be hired as temporary appointments (TAU) on a special consultant basis.

Personal service contractors are allowed to complete their work, submit their reports and invoices for payment without supervision of their daily work. Personnel hired on a TAU basis are placed in a temporary civil service status under the supervision of the contracting department that must certify the number of days or hours worked. In addition, Section 14023.5(f) of the Corporations Code requires the executive officer of the California Job Creation Program Board to obtain the prior approval of the Board when appointing other persons to the staff of the Board.

#### CONCLUSION

Personal service contracts approved by the Secretary of the Business and Transportation Agency while acting as Executive Director of the California Job Creation Program Board were not properly routed to the State Personnel Board for approval. Furthermore, it appears that had these contracts been properly processed the State Personnel Board would not have approved them in the manner in which they were prepared and the prior approval of the California Job Creation Program Board would have been required to hire the contractors on a temporary appointment basis.



RECOMMENDATION

We recommend that the Department of General Services review their existing procedures for approving personal service contracts and take corrective action to assure that all such contracts are properly approved.

THE SECRETARY OF THE BUSINESS AND TRANSPORTATION  
AGENCY LEGALLY APPROVED THE ISSUANCE OF PERSONAL  
SERVICE CONTRACTS WITHOUT THE APPROVAL OF THE  
CALIFORNIA JOB CREATION PROGRAM BOARD.

While performing in the role of Executive Director the Secretary of the Business and Transportation Agency approved the issuance of nine personal service contracts without the approval of the California Job Creation Program Board. Eight of these contracts were issued while he was acting under specific authority of the Board and one was issued after he assumed the position of Executive Director.

Section 13978 of the Government Code states that the Secretary is authorized to "assume or discharge any responsibility, or to carry out or effect any of the purposes vested by law in any department in the agency."

Legislative Counsel's Opinion Number 22297 issued on December 18, 1975 stated that "the Secretary of the Business and Transportation Agency may validly assume responsibility for, but may not disband, the California Job Creation Program Board." Further, the Counsel stated that because of Section 13978 of the Government Code, "we think that the Secretary may validly assume responsibility for the California Job Creation Program Board by acting in the capacity of executive director of the board."

Section 14022 of the Corporations Code grants the authority to the California Job Creation Program Board to formulate policy for the program and to adopt regulations for the purposes of administering the

program. The Board has not adopted regulations requiring prior approval of personal service contracts.

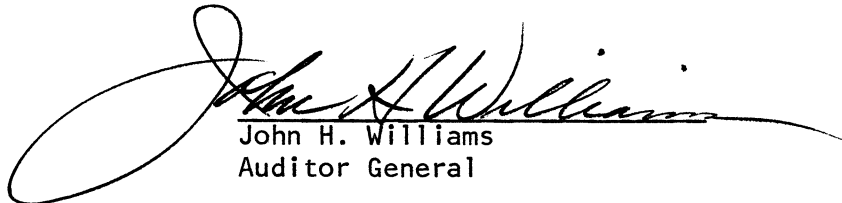
CONCLUSION

While acting as interim Executive Director and after assuming the position of Executive Director of the California Job Creation Program Board, the Secretary of the Business and Transportation Agency was acting within his statutory authority in approving the issuance of personal service contracts without the approval of the Board.

RECOMMENDATION

We recommend that the California Job Creation Program Board adopt regulations which will require the Executive Director of the Board to obtain prior approval of the Board before issuing personal service contracts.

Respectfully submitted,

  
John H. Williams  
Auditor General

May 25, 1976

Staff: Phillips Baker  
Richard Howard



## BUSINESS AND TRANSPORTATION AGENCY

OFFICE OF THE SECRETARY

1120 N STREET, P.O. BOX 1139  
 SACRAMENTO, CALIFORNIA 95805 (916) 445-1331

May 24, 1976

Mr. John Williams  
 Office of Auditor General  
 925 L Street, Suite 750  
 Sacramento, CA 95814

Dear Mr. Williams:

The audit report requires only a few comments to augment or clarify the documentation therein. It should be noted, however, that each of the consultant contracts subjected to the audit, were commissioned in response to widespread concern of many groups, including the Legislature, as to the effectiveness of the California Job Creation Program and the investment of state dollars in it.

The talents of the consultants who advised us, each of whom had impressive credentials in the minority enterprise or small business area, were applied to evaluating the Cal Job Program, its viability, what corrective measures were necessary to improve it and other alternatives to stimulating the State's economy, emphasizing the role of small business. The products of this effort generally has been a series of proposals, in terms of budget and legislation, which substantially redirect the State's role in stimulating employment opportunities in the private sector.

Specific comments relative to the summary, findings and conclusion are as follows:

- I. Personal service contracts were deficient in that end products were not required.

This finding is accepted. System corrections to avoid repetition of this type of omission will be implemented, where applicable.

The concluding statement, which states that "adequate evidence of performance has not been produced" is not accurate. Products, in the form of written reports, draft legislation, or summary of services statements were received from each consultant receiving

## DEPARTMENTS OF THE AGENCY

|                                   |           |                           |                                   |                  |
|-----------------------------------|-----------|---------------------------|-----------------------------------|------------------|
| Alcoholic Beverage Control        | Banking   | California Highway Patrol | California Housing Finance Agency | Corporations     |
| Housing and Community Development | Insurance | Motor Vehicles            | Real Estate                       | Savings and Loan |
|                                   |           |                           |                                   | Transportation   |

payment. Personal service contracts, as the name implies, may legitimately procure services. Written documents are not the sole criteria for determining the existence of a product.

Further, each contract met the appropriate criteria established by the State Personnel Board which determine the validity of contracting for work outside the civil service system. Thus, the intent of the governing sections of the State Administrative Manual was met.

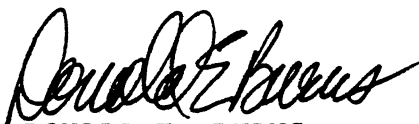
[\*] Relative to Contracts 1 and 2, a 19-page report entitled, "Proposed State of California Term Loan Program" was received. In fact, the draft has received wide circulation as a background document to legislation on the subject currently being considered. The omission of any reference to this documentation must have been inadvertent.

II. Personal service contracts issued by the California Job Creation Program were approved by the Department of General Services without proper processing and without State Personnel Board approval.

This finding is accepted. System corrections by the Department of General Services and the Office of Cal Job on this subject have been implemented. Note attached memorandum from General Services dated March 9, 1976.

This Agency takes no substantial exception to the remainder of the Audit Report.

Sincerely,



DONALD E. BURNS  
Secretary

\*Auditor General's Footnote - May 25, 1976

The report entitled "Proposed State of California Term Loan Program" was not in the files of the Job Creation Program and was not made available to the auditors when a request was made for all documentation resulting from the contracts. In addition, no procedures were established at the Job Creation Program to document results of these contracts. This report was first mentioned at the audit exit conference when the auditors were assured that it would be made available. We still have not received a copy of the report.

Status of the Nine Personal  
Service Contracts Issued by the  
CAL JOB Program in Fiscal Year 1975-76  
May 1, 1976

Completed Contracts

| <u>Contractor</u> | <u>Contract Amounts</u> |                 |                |                 |                 |                |
|-------------------|-------------------------|-----------------|----------------|-----------------|-----------------|----------------|
|                   | <u>As Written</u>       |                 |                | <u>As Paid</u>  |                 |                |
|                   | <u>Total</u>            | <u>Fee</u>      | <u>Travel</u>  | <u>Total</u>    | <u>Fee</u>      | <u>Travel</u>  |
| Contractor No. 1  | \$ 4,900                | \$ 4,000        | \$ 900         | \$ 4,159        | \$ 3,975        | \$ 184         |
| Contractor No. 2  | 4,900                   | 4,000           | 900            | 3,785           | 3,475           | 310            |
| Contractor No. 3  | 3,500                   | 2,500           | 1,000          | 2,948           | 2,500           | 448            |
| Contractor No. 4  | 4,800                   | 4,050           | 750            | 4,800           | 4,050           | 750            |
| Contractor No. 5  | <u>2,500</u>            | <u>1,500</u>    | <u>1,000</u>   | <u>2,500</u>    | <u>1,500</u>    | <u>1,000</u>   |
| Subtotals         | <u>\$20,600</u>         | <u>\$16,050</u> | <u>\$4,550</u> | <u>\$18,192</u> | <u>\$15,500</u> | <u>\$2,692</u> |

Incomplete Contracts Awaiting Extension

|                  |                 |                 |                |                 |                 |               |
|------------------|-----------------|-----------------|----------------|-----------------|-----------------|---------------|
| Contractor No. 6 | \$ 4,900        | \$ 4,000        | \$ 900         | \$ 3,230        | \$ 2,800*       | \$ 430*       |
| Contractor No. 7 | 2,000           | 1,800           | 200            |                 |                 |               |
| Contractor No. 8 | <u>4,800</u>    | <u>3,600</u>    | <u>1,200</u>   | _____           | _____           | _____         |
| Subtotals        | <u>\$11,700</u> | <u>\$ 9,400</u> | <u>\$2,300</u> | <u>\$ 3,230</u> | <u>\$ 2,800</u> | <u>\$ 430</u> |

Terminated Contracts

|                  |                 |                 |                |                 |                 |                |
|------------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|
| Contractor No. 9 | <u>\$ 4,500</u> | <u>\$ 4,500</u> | <u>n/a</u>     | _____           | <u>none</u>     | <u>none</u>    |
| GRAND TOTAL      | <u>\$36,800</u> | <u>\$29,950</u> | <u>\$6,850</u> | <u>\$21,422</u> | <u>\$18,300</u> | <u>\$3,122</u> |

\*Approved for payment, but not yet paid.

Rate: \$ 200 / Day

COLUMN WRITE

| Date                                      | Description   | Time      | Extension \$    |
|---|---|-----------|-----------------|
| 8/5                                       | Burns, S.B.A. Telephone call - Background                   | 1/8 Day   | 25 -            |
| 8/6*                                      | Burns, S.B.A. @ SBA - Information Gathering (San Francisco) | 1/2 Day   | 100 -           |
| * Hansen                                  | @ Hansen's office - outline Report (San Francisco)          | 1/2 Day   | 100             |
| 8/7                                       | Telephone Calls: Hansen                                     | 1/8 Day   | 25              |
| 8/8                                       | Telephone at office: Hansen                                 | 1/8 Day   | 25 -            |
|   | Development of Raw Data                                     | 1/2 Day   | 100 -           |
| 8/9                                       | at office: Development of Raw Data                          | 1 Day     | 200             |
| 8/10                                      | at office: Development of Raw Data                          | 1 Day     | 200 -           |
| 8/11                                      | at office: Development of Raw Data                          |           |                 |
|   | Write Report  | 1 Day     | 200 -           |
| 8/12                                      | at office: Development of Raw Data                          |           |                 |
|   | write Report  | 1 Day     | 200 -           |
| 8/13                                      | at office - Finish Report and review with Hansen            | 1/2 Day   | 100 -           |
| 8/20                                      | at office - Review Bank Annual Reports                      | 1/2 Day   | 100 -           |
| Total August                              |   | 6 7/8 Day | \$ 1,375 -      |
| <u>* Expenses</u>                         |   |           |                 |
| mileage @ San Francisco & return 70 miles |   |           |                 |
| 1 1/2 @ 60 miles @ 154                    |   |           | 9.00            |
| 10 miles @ 114                            |   |           | 1.10            |
| Parking in San Francisco                  |   |           | 2.25            |
| Lunch with Hansen at Aris Caudens         |   |           | <del>8.00</del> |
|   |   |           | 20.55           |
| Telephone expenses                        |   |           | 13.40           |
|   |   |           | <u>34.25</u>    |

State of California  
Time Log

Rate \$200/Day

COLLUM WRITE

| Date   | Description   | Time      | Extension \$ |
|--------|---|-----------|--------------|
| 9/2 *  | @ Sacramento - meetings with: Hansew, Elliot, Staff, Ultra Systems proposal   | 1 Day     | 200          |
| 9/3    | @ Office - Preparation for Venture Capital Meet   | } 1/2 Day | 100          |
|        | @ University Club - Palo Alto - meeting on Venture Capital Proposal with McMurtry, Stone, Wykes, Hansew                                   |           |              |
| 9/8    | @ Office - Review of Bank Annual Reports and write off statistics   | 1/2 Day   | 100          |
| 9/10 * | @ Sacramento: Scheduling, Legislative Draft Review, meet with Peter Craft, L. Kimmel  | 1 Day     | 200          |
| 9/12   | @ Office - Research   | 3/8       | 75 -         |
| 9/15 * | @ San Francisco - meeting with Hansew & Bill Hansbuecht + meeting with Union Bank   | } 1/2 Day | 100          |
| 9/15   | @ Office - Research - Telephone calls with Hoebich, Swanson, Burns  |           |              |
| 9/18   | @ ESOP Inc. meeting with Ritter & Murray<br>@ <del>Office</del> Office - Research on ESOTs  | 1 Day     | 200          |
| 9/19   | @ Office - Research Re: Capital Markets<br>@ Palo Alto Club - Burns/Elliott/McMurtry/Swanson/Hansow/<br>@ Office - Conference with Hansow | } 1 Day   | 200          |
| 9/23   | @ Office - Research (ESOTs/Capital Markets)   |           |              |
| 9/24   | @ Office - Research - ESOTs   | 3/8       | 75           |
| 9/25 * | @ Santa Rosa - Meetings with Fabriciusa   | 1 Day     | 200          |
| 9/26   | @ Office - Research - 2 <sup>nd</sup> Draft Fenelon Program   | 1 Day     | 200          |



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|       |          |                       |                                   |       |            |
|-------|----------|-----------------------|-----------------------------------|-------|------------|
| 9/27  | Research | 2 <sup>nd</sup> Draft | Tenn Loan Program 8am/8pm         | 7/8   | 175        |
| 9/28  | Write    | 2 <sup>nd</sup> Draft | Tenn Loan Program<br>10-12 / 4-10 | 1 Day | 200        |
| 9/30  | Write    | 2 <sup>nd</sup> Draft | Tenn Loan Program<br>8-1 / 2-7:30 | 1 1/8 | <u>275</u> |
| Total |          |                       |                                   |       | 2600 -     |

Time Log

Rate \$200/Day

VOIDEN WRITE

| Date                  | Description  | Time (Days) | Extension \$ |
|-----------------------|--|-------------|--------------|
| * = Expenses incurred |  |             |              |
| 10/1                  | Assemble & Deliver Revised Team Loan package   | 2/8         | 50           |
| 10/3 *                | @ San Francisco: Meetings with Wells Fargo/<br>Carter National plus lunch meeting<br>with Elliott/Hanson | 1           | 200          |
| 10/7 *                | @ Sacramento : Hanson/Elliott/Kurmel   | 1           | 200          |
| 10/8                  | @ office - Research - Credit Program   | 1           | 200          |
| 10/9                  | @ office - Research - ESOTs  | 3/4         | 150          |
| 10/10 *               | @ Santa Rosa - Fabricasa   | 1           | 200          |
| 10/13                 | Interview with S. Skogby - Calbidco<br>Research - Fabricasa / Calbidco                                   | 1           | 200          |
| 10/14                 | } @ Sacramento - Discussions re Team Loan<br>Program / ESOT Program                                      | 2           | 400          |
| 10/15 *               |  |             |              |
| 10/16                 | @ office - Research - SBA SOTs<br>Burns - SBA  | 1           | 200          |
| 10/23                 | @ office - Research - Hanson meeting w/ am-2:30<br>Burns on SOTs   | 1/2         | 100          |
| 10/27                 | @ office - Research - Bidco's<br>Belden Daniels information  | 1           | 200          |
| 10/28                 | @ office - Research - Bidco's / Daniels  | 3/4         | 150          |
| 10/29 *               | @ San Francisco - meetings with: opportunity Capital<br>Burns SBA  | 1           | 200          |
| 10/30                 | @ office - Research - Daniels information  | 5/8         | 125          |
| 10/31                 | @ office - Research - Team Loan - Statistical  | 1/2         | 100          |
| 11/3                  | @ office - Research - Team Loan - Statistical  | 1/2         | 100          |

| Date   | Description   | Time<br>(Days) | Extension<br>\$ |
|--------|---|----------------|-----------------|
| 11/4   | @ office - Research - Tenn Loan - Model                         | 1              | 200             |
| 11/5 * | @ Sacramento - meetings with Hanson/Elliott/<br>Kimmel/Hillberg | 1              | 200             |
| 11/6   | @ office - Research - Tenn Loan Model                           | 1/2            | 100             |
| 11/7 * | @ Sacramento - meetings with Hanson/Elliott/<br>Kimmel/Hillberg | 1              | 200             |
| Total  |   | 17 3/8         | 3475            |

# Memorandum

To : Derek Hansen

Date : September 8, 1975

Subject: Consultant's  
Progress Report

From : California Job Creation Program Board

As a Contractor for services to the Cal Job Creation Program, I have worked fifteen (15) days between the period August 5, 1975 and September 5, 1975. Expenses were as per attached form.

My activities as outlined below were in pursuant of a coordinated state-wide plan for a computer accessible data bank of Minority owned small businesses. These companies should be capable of providing goods and services to purchases from Federal, State and Local Governments as well as private organizations.

August 5, 1975      Briefing on contract responsibility, W.P. Hansen.

August 11, 1975      First meetings to discuss state plans for overall state-wide data gathering effort and to request cooperation from OMBE funded organizations in Los Angeles. Persons seen: Louis Wilson, IMPAC, Robert Varella, LA-EDC, Adrian Dove, Major office on Small Business.

August 12, 1975      First meeting with Barry Becker, OMBE Program Coordinator for purchasing councils and Walter Anderson, JPL, Pasadena.

August 13, 1975      Review of individually funded programs for M.E. Directives.

August 14, 1975      First meeting with Julian Camacho, State of General Services in Sacramento.

August 18, 1975      Traveled to San Francisco for first meetings with San Francisco Purchasing Council, ie., Cy Fritz, Boyd Watkins and Al Davis of Service Publications. Reviewed Northern California M.E. Directory Program.

August 25, 1975      Conference with Louis Wilson, Chairman of MECLA regarding progress in minority business data gathering.

August 26, 1975      Conference with Russ Salazar, LA-EDC regarding progress in minority business data gathering.

Conference with MECLA Executive Committee regarding joint effort with EDC.

- Joint conference with MECLA and LAEDC to plan strategy for joint effort.
- August 27, 1975 Telephone conference with Al Davis regarding Directory Programming and Production.
- August 28, 1975 Traveled to San Francisco for planning conference with Al Davis and Cy Fritz.
- August 29, 1975 Teleconferences with San Diego Purchasing Council, Los Angeles Purchasing Council and San Francisco Purchasing Council regarding agreement.
- September 3, 1975 Conferences with individual MECLA board members, Louis Wilson, J. Denny and Bill Moore.
- September 4, 1975 Traveled to San Diego for conference with Charles Shockley and Nelson Robinson of San Diego Purchasing Council regarding data input.
- September 5, 1975 Traveled to Sacramento and San Francisco for conference with Julian Comacho, General Services and Al Davis, publication.
- September 6, 1975 Meeting with Al Davis and Systems Planner Review Project Cost.

CONTRACTOR NO. 4

Mr. Peter Hanson  
 California Job Creation  
 Program Board  
 1125 Tenth Street  
 Sacramento, California 95814

Dear Mr. Hanson:

The following is my billing for services rendered under contract for the month of September:

|  |   |
|--|---|
| <u>September 15th:</u> Sacramento  | \$150.00  |
| <ul style="list-style-type: none"> <li>- Reviewed and submitted memorandum on 1975 Annual Report Draft.</li> <li>- Outlined tasks incident to RFP review .</li> <li>- Evaluative reading of select RFP's to prepare criteria for overall review.</li> </ul>  |   |
| <u>September 19th:</u> Sacramento  | \$150.00  |
| <ul style="list-style-type: none"> <li>- Meeting with R. Parker on criteria determination for RFP's selection evaluation</li> <li>- Discussion with R. Parker on Annual Report tasks to be done and timetable.</li> <li>- Phone conversation Saturday with P. Hanson on above and future task priorities.</li> </ul> |   |
| <u>September 22nd:</u> Oakland   | \$150.00  |
| <ul style="list-style-type: none"> <li>- Reading and evaluation of CAL Job technical assistance proposals.</li> </ul>  |   |
| <u>September 26th:</u> Sacramento  | \$150.00  |
| <ul style="list-style-type: none"> <li>- Collect additional proposals for reading and evaluation</li> <li>- Scheduled meeting with R. Parker to discuss evaluation methodology.</li> <li>- Meeting with P. Hanson on short run program priorities and longrun implications.</li> </ul>                               |   |
| <u>September 29th:</u> Oakland   | \$150.00  |
| <ul style="list-style-type: none"> <li>- Reading and evaluation of technical assistance proposals.</li> </ul>  |   |
| <u>September 30th:</u> Oakland   | \$150.00  |
| <ul style="list-style-type: none"> <li>- Reading and evaluation of technical assistance proposals.</li> </ul>  |   |
| <u>TOTAL DUE:</u> (6 man days @ \$150.00<br>less cash discount)  | <u>\$900.00</u><br><u>  2.00</u><br><u>\$898.00</u> |

Mr. Peter Hanson  
 California Job Creation  
 Program Board  
 1125 Tenth Street  
 Sacramento, California 95814

Dear Mr. Hanson:

The following is my billing for services rendered under contract number JCP-20 for the month of October:

October 2: Oakland \$ 75.00

- Complete reading of RFT proposals
- Prepare presentation and summary of evaluation of proposal rankings and highlights

October 6: Sacramento 9:00 - 7:00 p.m. \$ 150.00

- Meeting with P. Hanson and R. Parker  
Presentation of RFT evaluation and highlights
- Outline from P. Hanson of loan default approach, staff responsibilities
- Study of information on status of loan portfolio and other background facts able to dig up

October 10: Sacramento 9:00 - 7:00 p.m. \$ 150.00

- Meeting with R. Parker on loan default mechanism: background, original interim and present methods employed, interrelationships. Outline of approach and lengthy discussion thereof.  
Collect information
- Meeting with Norma on contractor monitoring process both BDO and on-call contractors. Review and understand system. Review forms used and report formats. Collect information.
- Review prior annual reports and performance appraisals made of CAL JOB program.
- Review present progress of Annual Report compilation

October 11: Oakland \$ 75.00

- Study all information collected on present default monitoring system and BDO and call contractor systems
- Develop analysis approach to developing more efficient default system mechanism
- Discussion issue outline for describing scope of next task which should be undertaken relative to improving default and contractor monitoring

|  |           |
|--|-----------|
| <u>October 14: Sacramento 9:00 - 7:00 p.m.</u>   | \$ 150.00 |
| - Meet P. Hanson review work on default and contractor monitoring  |           |
| - Develop task relative to above cross with P. Parker  |           |
| - Attend Board of Directors meeting  |           |
| <u>October 24: Sacramento 10:00 - 7:00 p.m.</u>  | \$ 150.00 |
| - Organize loan portfolio interviews in Los Angeles including scheduling, scope of interviews and question format, and work assignments in conjunction with P. Parker    |           |
| <u>October 26: Los Angeles</u>   | \$ 37.50  |
| - Leave San Francisco for Los Angeles 5:00 p.m. to arrive night before and be at clients at 9:00 avoiding morning flight arrival check-in etc. less than full field day. |           |
| <u>October 27, 28, 29, 30, 31: Los Angeles (1 Week)</u>  | \$ 750.00 |
| - Interview CAL JOB loan portfolio clients for purposes of improving services to client and developing more efficient loan default system.                               |           |

TOTAL DUE: 10.25 mandays @ \$150.00 per day

\$1,537.50



Mr. Peter Hanson  
 California Job Creation  
 Program Board  
 1125 Tenth Street  
 Sacramento, California 95814

Dear Mr. Hanson:

The following is my billing for services rendered under contract number JCP-20 for the month of November:

|  |           |
|--|-----------|
| <u>November 3:</u> <u>Sacramento</u> (8:30 a.m. - 6:30 p.m.)                                     | \$ 150.00 |
| - Meeting with P. Hanson, R. Parker and C. Hunter to review Los Angeles loan client field survey |           |
| - Review and organize field reports and discuss draft conclusions                                |           |
| <u>November 4:</u> <u>Oakland</u> (9:00 a.m. - 5:00 p.m.)  | \$ 150.00 |
| - Write up interviews with loan clients from Los Angeles   |           |
| <u>November 5:</u> <u>Oakland</u> (9:00 a.m. - 5:00 p.m.)  | \$ 150.00 |
| - Complete write-up of interviews with loan clients from Los Angeles                             |           |
| - Draft summary of conclusions, observations and recommendations portfolio loans.                |           |
| <u>November 10:</u> <u>San Diego</u> (9:00 a.m. - 6:00 p.m.)                                     | \$ 150.00 |
| - Conduct interview with CAL-JOB bankers.  |           |
| <u>November 11:</u> <u>Los Angeles</u> (9:00 a.m. - 6:00 p.m.)                                   | \$ 150.00 |
| - Conduct interviews with CAL-JOB bankers.   |           |
| <u>November 12:</u> <u>Los Angeles</u> (9:00 a.m. - 8:00 p.m.)                                   | \$ 150.00 |
| - Conduct interviews with CAL-JOB bankers.   |           |
| <u>November 13:</u> <u>Los Gatos, Daly City, S. F.</u>   | \$ 150.00 |
| - Interview OPTO CAL-JOB loan portfolio clients.<br>(8:30 a.m. - 5:30 p.m.)                      |           |
| <u>November 14:</u> <u>Oakland</u> (9:00 a.m. - 5:00 p.m.)                                       | \$ 150.00 |
| - Write up interviews CAL-JOB bankers and OPTO loan portfolio clients.                           |           |

|  |                   |
|--|-------------------|
| <u>November 17: Sacramento</u> (8:00 a.m. - 7:30 p.m.)                                       | \$ 150.00         |
| - Staff meeting P. Hanson, R. Parker to review progress loan portfolio evaluation            |                   |
| - Follow-up and fill in gaps in certain field reports.                                       |                   |
| <u>November 25: Sacramento</u> (9:30 a.m. - 5:20 p.m.)                                       | \$ 150.00         |
| - Overall organization, writing and editing of loan portfolio evaluation                     |                   |
| * <u>November 26: Sacramento</u> (9:30 a.m. - 8:00 p.m.)                                     | \$ 150.00         |
| - Continuing overall organization, writing and editing of loan portfolio evaluation          |                   |
| ** <u>November 28: Sacramento</u> (8:30 a.m. - 6:30 p.m.)                                    | \$ 150.00         |
| - Summarization, conclusions and final organization and editing of loan portfolio evaluation |                   |
| Total Due 12 man days @ \$150.00 per day   | <u>\$1,800.00</u> |
| Payable  |                   |
| under contract: Ten and three-quarters days under contract @ \$150.00 per day                | <u>1,612.50</u>   |
| One and one-quarter days over contract @ \$150.00 per day                                    | <u>187.50</u>     |

\* One quarter day above contract's twenty seven days per assignment by Agency

\*\* One full day above contract's twenty seven days per assignment by Agency

Office of the Auditor General

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State  
State Controller  
State Treasurer  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
California State Department Heads  
Capitol Press Corps