

*Executive Office
County of Riverside*



*Larry Parrish
Chief Executive Officer*

March 29, 2006

Honorable Board of Supervisors
County of Riverside
Robert T. Anderson Administrative Center
4080 Lemon Street, 5th Floor
Riverside, CA 92501-3651

SUBJECT: Prevent Child Abuse Riverside County (PCARC) Progress Report

Board Members:

The following memorandum from County Counsel, the DPSS Board submittal document, and reports from PCARC are in response to recommendations approved on November 29, 2005 (Item #3.4) and to Board comments made March 7, 2006 (Item #3.12) regarding the progress report on those recommendations.

County Counsel reviewed the Board's comments from March 7, 2006, regarding PCARC's Proposed Bylaws and Conflict of Interest Policy, and provided comments and an opinion in the attached memorandum. County Counsel found all but one of the recommendations made on March 7th to be acceptable. County Counsel disagreed with the recommendation that an independent entity such as the Executive Office or County Counsel should be required to determine whether a PCARC Director has a conflict of interest.

County Counsel further indicates that it is not necessary to exclude interested persons from a board if there are bylaws or conflict of interest policies in place that would prevent such persons from participating in the decision-making on particular matters in which they have a real or apparent conflict of interest.

The PCARC Board also found the recommendations acceptable and made all but one of the recommended changes to its Proposed Bylaws and Conflict of Interest Policy. PCARC clarified the definition of "Interested Persons" as outlined in its bylaws. Specifically, PCARC points out that there are no "Interested Persons" currently serving on the PCARC Board because none of the current directors or organizations to which they belong is compensated by PCARC.

There are, however, three PCARC Directors who belong to organizations that receive funding from one or more of the following sources:

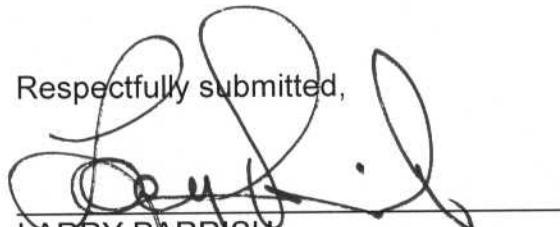
- Child Abuse Prevention Intervention and Treatment (CAPIT)
- Promoting Safe and Stable Families (PSSF)
- Children's Trust Fund (CTF)

Your Board approves funding from CAPIT, PSSF and CTF to various organizations based on recommendations made by PCARC. PCARC recognizes that a conflict of interest may be perceived when there are directors who are members of organizations that receive CAPI/PSSF/CTF funding, even though these individuals do not meet the definition of interested persons. PCARC has therefore added new language (Section 3.3) to its bylaws to address this issue. The new section specifically requires directors who are members of CAPIT/PSSF/CTF funded organizations to recuse themselves from board meetings where there are discussions of CAPIT/PSSF/CTF funding recommendations.

County Counsel has reviewed the latest draft of the proposed PCARC Bylaws and Conflict of Interest Policy and is of the opinion that the latest draft adequately addresses the procedures necessary to deal with potential conflict of interest issues faced by the PCARC Board.

The PCARC Board has made significant progress and continues to strive towards implementing all 15 recommendations approved on November 29, 2005, but is requesting an additional 60 days to complete its financial audit, add directors to adequately represent all regions of the county, and hire a new executive director. I therefore recommend that your honorable Board approve the additional 60 days as well as the other motions as set forth on the DPSS Board submittal document.

Respectfully submitted,



LARRY PARRISH
County Executive Office

MEMORANDUM



RIVERSIDE COUNTY COUNSEL

March 22, 2006

TO: Dan Martinez, Principal Management Analyst
Executive Office

FROM: B.T. Miller
Deputy County Counsel

RE: Review of PCARC's Proposed By-Laws and Conflict of Interest Policy

This is in response to the Board of Supervisors' directive that this office, in coordination with the Executive Office, review and comment on concerns and recommendations of Supervisor Ashley as to certain provisions of the Proposed Prevent Child Abuse Riverside County (PCARC) By-Laws and Conflict of Interest Policy.

In summary, we find the recommended modifications to the Proposed By-Laws acceptable. Also, we agree with the recommendation that the Proposed Conflict of Interest Policy be changed so as not to require the PCARC Board of Directors (PCARC Board) to determine when one of its members has a conflict of interest; but, we disagree with the recommendation that this determination should be made by an independent entity such as the County's Executive Office or County Counsel. Our full comment as to each provision in question is as follows:

Proposed By-Laws section 2.2.1

This section sets the minimum and maximum number of Directors that may serve on the PCARC Board at 5 and 21, respectively. Within this range, the PCARC Board by resolution may select the number of Directors. The concern expressed about this section is that the PCARC Board could have only 5 members with a "limited view of the County." Accordingly, it is recommended that the section be modified to set the minimum number of Directors at 9 instead of 5.

We see no problem with the recommended change to this section. Based on the PCARC letterhead, it appears that the number of Directors currently serving on PCARC's Board is 8.

Dan Martinez

Memo Re: *Review of PCARC's Proposed By-Laws and Conflict of Interest Policy*

March 22, 2006

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Proposed By-Laws section 2.7

This section requires "interested persons" (i.e., those presently or within the past 12 months who have been compensated by PCARC) shall comprise no more than 49% of the PCARC Board. The Proposed By-Laws would permit a Director who is an interested person to be a voting member of the PCARC Board.

It is recommended that the section be modified so as not to allow interested persons to serve as voting members of the PCARC Board to avoid an "inherent appearance of conflict of interest." While the recommendation, if adopted, would be acceptable, we do not agree with its underlying premise.

In order for there to be an appearance of a conflict of interest, fundamentally, there must be an association or connection between the Director and a transaction pending before the PCARC Board. Absent such an association or connection between a Director and a pending transaction before the PCARC Board, we are of the opinion that merely being an interested person is insufficient to create an inherent appearance of a conflict of interest.

Further, the proposed Conflict of Interest Policy would put into place safeguards to prevent a Director from voting on matters or transactions in which they have a financial or non-financial material interest.

Proposed By-Laws section 3.2.2

If initiated with a quorum of Directors, this section permits a meeting of the PCARC Board to continue if the number of Directors at the meeting reduces so as not to constitute a quorum.

It is recommend that this section provide that once there is no quorum of Directors present at a PCARC Board meeting that the meeting adjourn as do the meetings of the Board of Supervisors and other County bodies.

The recommended change to this section is acceptable. However, it should be noted that the section as well as other provisions of the By-Laws make it clear that the PCARC Board cannot take any action absent the necessary quorum of its members. Also, while the Board of Supervisors may adjourn its meetings when there is no longer a quorum of its members present, we are unaware of an adopted policy or rule that necessitates the practice.

Proposed By-Laws section 7.4.2(b)

This provision permits the PCARC Board to remove an appointed officer at any time. It is recommended that the section also state that said removal occur by a quorum of the Board. Per

Dan Martinez

Memo Re: *Review of PCARC's Proposed By-Laws and Conflict of Interest Policy*

March 22, 2006

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Section 3.2.1 of the Proposed By-Laws, we find that any action of the Board, including the removal of an appointed officer, would require a vote by a quorum of the Directors. Accordingly, the recommended change to the section would be unnecessary but acceptable to make clear that a quorum of approving Directors is necessary to remove an appointed officer.

Proposed Conflict of Interest Policy section 3.2

This section requires upon the disclosure of a conflict of interest by a Director or committee member, that he or she shall leave the meeting. The second sentence of the section goes on to provide that the disclosed matter shall be submitted to the remaining Directors or committee members to "decide whether or not a conflict of interest exists."

It is recommended that this section be modified to require an entity other than the PCARC Board or committee to make such a determination. The recommendation is based on an incorrect assumption of who should be responsible for determining whether a conflict of interest exists.

Consistent with State law, the Proposed Conflict of Interest Policy places the burden on each Director or committee member to determine whether they have a conflict of interest that would disqualify them from participating in the Board's or committee's decision-making activities regarding a particular item or transaction. Of course, as with any other public official that serves on a public decision-making body, a Director or committee member may seek the assistance of others such as legal counsel to the decision-making body on which they serve, their private legal counsel, the California Fair Political Practices Commission, etc., when determining if they have a conflict of interest.

We do not read Section 3.2 as requiring the Board or committee to determine when a Director or committee member has a conflict of interest so as to prevent the Director or committee member from participating in the decision-making activities on a pending item. As outlined above, this determination should be made and, if appropriate, disclosed by the affected Director or committee member. Accordingly, we would agree with the recommended change to this section to the extent that the second sentence of the section should be deleted.

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

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FROM: DEPARTMENT OF PUBLIC SOCIAL SERVICES

March 24, 2006

**SUBJECT: PREVENT CHILD ABUSE RIVERSIDE COUNTY (PCARC)
PROGRESS REPORT ON STRUCTURING THE LOCAL CHILD ABUSE
PREVENTION EFFORT REPORT RECOMMENDATIONS**

PAGE: 1

RECOMMENDED MOTION: That the Board of Supervisors approves and;

1. Authorizes the Chairman of the Board to receive and file the attached PCARC Progress Report on Structuring The Local Child Abuse Prevention Effort Report Recommendations;
2. Authorizes an additional sixty days for PCARC to complete the implementation of all fifteen recommendations approved on November 29, 2005 (Agenda Item #3.4) and file a final status report with the Board of Supervisors; and
3. Authorizes the County Purchasing Agent to extend the current agreement with PCARC through June 30, 2006.

Purchasing: *[Signature]*
 Assistant Director
 Departmental Concurrence

[Signature: Cynthia Hinckley]
 Cynthia Hinckley, Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2006

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE. See attached letter.

County Executive Office Signature

[Signature: Dan Martinez]

Policy	<input checked="" type="checkbox"/>
Policy	<input checked="" type="checkbox"/>
Consent	<input type="checkbox"/>
Consent	<input type="checkbox"/>
Dep't Recomm.:	
Per Exec. Ofc.:	

TO: BOARD OF SUPERVISORS

DATE: March 24, 2006

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**SUBJECT: PREVENT CHILD ABUSE RIVERSIDE COUNTY (PCARC) PROGRESS REPORT
ON STRUCTURING THE LOCAL CHILD ABUSE PREVENTION EFFORT REPORT
RECOMMENDATIONS**

BACKGROUND:

On November 29, 2005, (Agenda #3.4), the Board recommended that PCARC submit a report to the Board by February 28, 2006 on its progress on implementing the fifteen recommendations adopted by the Board during the November 29, 2005 Board session.

On March 7, 2006, (Agenda # 3.12) the Board received PCARC's progress report and requested that PCARC provide additional information to the Board. Attached is the response from PCARC to the issues raised by the Board on March 7, 2006 as well as an updated status report for the Board to receive and file. Although PCARC outlined significant progress in its initial progress report, more time is needed to fully implement all fifteen recommendations. PCARC is confident that all recommendations will be fully implemented within 60 days at which time it will submit its final progress report to the Board.

The Board authorized the Purchasing Agent to execute the agreement with PCARC through March 31, 2006 on November 29, 2005 (Agenda #3.4). We are further requesting Board approval for the Purchasing Agent to execute the agreement from April 1, 2006 through June 30, 2006.

CONCUR/EXECUTE: County Purchasing

CLH:jh



Board of Supervisors
County of Riverside
4080 Lemon Street 5th Floor
Riverside CA 92501

Board of Directors

Rob von Zabern – President of the Board
von Zabern Surgical

Deacon Mike Jelley – Vice President
Diocese of San Bernardino

Gayle Hepner – Secretary
Valley Wide Outreach

Yolanda Carrillo
Corona/Norco Family YMCA

Erllys Daily
Riverside County Department of Mental Health

Art Hernandez
Parents Anonymous

Felicia Miller
Riverside County Economic Development Agency

Pamela Miller
Riverside County Collaborative Justice Coordinator

Jim Powell
Riverside County Substance Abuse

Rita G Rubio
Nurview School District

George Tillery
A-Z Bus Sales

*Riverside County
Board Of Supervisors*

Bob Buster, First District

John Tavaglione, Second District

Jeff Stone, Third District

Roy Wilson, Fourth District

Marion Ashley, Fifth District

Staff

Kathleen M Drake
Interim Executive Director

Bianca Hunter
Executive Assistant

Re: PCARC (Prevent Child Abuse Riverside County) Progress report / EO
Recommendations (REF'D. BACK & CONT'D. TO 4/4/06 @ 9:00 A.M.)

Board Members,

On March 7, 2006, you voted to hold over until 4/4/06 @ 9:00 AM the approval of PCARC's Progress Report submitted in response to the Executive Office's recommendations

Following, please find an updated Progress Report with supporting attachments and PCARC's response to concerns raised by Supervisors Ashley and Stone at the March 7, 2006 Board of Supervisor's Meeting.

We truly look forward to moving ahead with your support, so we may direct our energies to the worthy cause of Child Abuse Prevention in Riverside County.

Please do not hesitate to contact me if you have any questions or concerns.

Respectfully,

Rob von Zabern

President
Prevent Child Abuse

Prevent Child Abuse Riverside County (PCARC)
March 23, 2006

Prevent Child Abuse Riverside County respectfully presents the following written response addressing the concerns raised by Supervisors Ashley and Stone regarding PCARC's progress report submitted at the March 7, 2006 Board of Supervisors meeting.

Concern #1 - Proposed Bylaws, Page 2, 2.2.1

Authorized the number of the members of the Board of Directors to be not less than 5 and not more than 21. This has been an ongoing problem as 5 directors present a very narrow view of the County. The recommendation should be that the authorized number of the Board of Directors to be not less than 9 which still constitutes less than 50% of the maximum number.

Response: The Bylaws have been revised to state that the authorized number of members of the Board of Directors shall not be less than nine (9) and not more than twenty-one (21), the exact number to be fixed by resolution of the Board. A copy of the revised Bylaws is provided as **Attachment 1**.

Concern #2 - Proposed Bylaws Page 3, 2.7

Not more than Forty-Nine percent (49%) of the persons serving on the Board may be interested persons. Interested persons are defined under 2.7.1 as any person being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise..." This has been one of the objections since the beginning – someone that is receiving funding as an independent contractor should not be a voting member of the Board. While I'm sure that argument is that limiting the number to 49% ensures there is no quorum, there is still an inherent appearance of conflict of interest. The recommendation should be that independent contractors who are or will be seeking funding should not be voting members of the board.

Response: This section only applies to those board members who are compensated by PCARC for services they render to PCARC. Therefore, at this time, there are no interested persons on the PCARC Board. However, we do have three Directors who are employed by agencies that receive CAPIT/PSSF funding through the competitive process. In this regard, the PCARC Board, pursuant to the revised Bylaws, Page 5, 3.3 "Mandatory Recusal from Meetings and Voting. Any Directors however affiliated with any organization that requests any of Child Abuse Prevention Intervention and Treatment, Promoting Safe and Stable Families, and Children's Trust Fund funding by or through this Corporation shall recuse herself or himself from any meeting and shall not vote on the approval or denial of such funding request." This practice mirrors that of other county boards. The PCARC Board believes that the unique understanding of social services needs and child abuse prevention these persons bring to the Board as voting members far outweighs the perceived conflict of interest and that the Bylaws adequately address the concern.

Concern #3 - Proposed Bylaws page 5, 3.2.2

Every act or decision done or made by a majority of the Directors present at a meeting duly held at which quorum is present is the act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of the Directors, if any action taken is approved by at least a majority of the required quorum for such a meeting. Once a quorum no longer exists the meeting should be adjourned as is done in every other Board that I know of, including the Board of Supervisors.

Response: The Bylaws were drafted for a 501(c)(3) organization. This language is authorized by Section 5512(c) of the California Nonprofit Public Benefit Law. However, the PCARC board has no problem conducting their meetings in a manner consistent with public entity boards. Bylaw 3.2.1 has been revised to reflect that no business will be conducted once a quorum is no longer present. Please see **Attachment 1**.

Concern #4 - Proposed Bylaws, page 7, 4.2 (b)

"Any officer appointed by the Board may be removed from office at any time by the Board, with or without cause or prior notice." Add may be removed from Office at any time by a quorum of the Board.

Response: Action can only be taken by a majority of a quorum of the Board. However, for clarification, bylaw 4.2 (b) has been revised to include *by majority vote of the Board*. Please see **Attachment 1**.

Concern #5 - Proposed Conflict of Interest Policy, page 3, 3.2

Determining Whether Conflicts of Interest Exist; The disclosure shall be submitted to all Directors or Committee members, other than any interested Person...who shall decide whether or not a Conflict of Interest exists. As with the Board of Supervisors, this determination should be made by independent judgment (Executive Office? County Counsel?) and anyone who has been found to have a conflict should not be a voting member of the Board. This would eliminate the need for 3.3, 3.3.1, 3.3.2, 3.3.3.

Response: We have discussed this with counsel and submit that the second sentence of Section 3.2 should be deleted in its entirety as it is redundant. Section 3.1.1 clearly states that conflicts must be disclosed to the Board and/or Committee for action. The Policy further gives the Board the discretion to seek independent judgment on whether a disclosed conflict is in fact a conflict and the further discretion (by its silence) on who to seek advice from (either legal counsel, Executive Office, County Counsel, the State's Charitable Trusts Division, etc.). The Board, however, does not believe that it would be appropriate to delete Sections 3.3, 3.3.1, 3.3.2, 3.3.3 because these sections set forth the procedures for resolving the conflict within the organization. These procedures for resolving a conflict (or self-dealing transaction) are set forth in Section 5233 of the California Nonprofit Public Benefit Law. A copy of the revised Conflict of Interest Policy is provided as **Attachment 2**.

Concern #6 - Board Membership

It was recommended that the PCARC Board include members that represent each of the five supervisorial districts and that the Board of Supervisors be able to submit names to the PCARC Board for consideration.

Response: During meetings with four of the five Supervisors in the fall, PCARC requested recommendations for board membership. PCARC followed-up this verbal request with a formal written request hand-delivered to the Board of Supervisors' offices on March 20, 2006. Each Supervisor has been asked to submit three recommendations electronically to the PCARC Board President. A copy of one of the letters delivered to the Board of Supervisors is provided as **Attachment 3**.

Concern #7 – Financial Audit

Concerns were expressed about the timeliness of completing a financial audit.

Response: On March 14, 2006, PCARC signed a Letter of Engagement with Smith Marion to conduct the 2004/2005 fiscal year audit. The audit is scheduled to begin on March 30, 2006. The estimated completion date is April 28, 2006. A copy of the Letter of Engagement is provided as **Attachment 4**.

Prevent Child Abuse Riverside County (PCARC) Progress Report

March 23, 2006
Update

Prevent Child Abuse Riverside County respectfully presents the following report documenting the progress made on the recommendations from the Executive Office.

Recommendation One: That the Board of Supervisors extend the current child abuse prevention service contracts until June 30, 2006, so that a fresh RFP process can be conducted.

Status: Contracts have been extended until June 30, 2006.

Update: Completed.

Recommendation Two: That the next RFP process include minimal involvement from DPSS program staff, be overseen by the County Executive Office and County Purchasing, and include no evaluators with real or perceived conflicts of interest

Status: A mini-needs assessment was conducted at the request of the providers and the results tabulated and provided as an attachment with the first progress report. The results of the mini-needs assessment along with the Countywide Self-Assessment will be used to help formulate the county-wide funding strategies. PCARC worked with DPSS and County Purchasing to develop the CAPIT/PSSF RFP. County Purchasing has assumed the lead in overseeing the RFP evaluation and awards process. The County Executive Office approved the RFP documents on January 30, 2006. The RFP was released on February 1, 2006 and the independent evaluators have been selected.

Update: The evaluators have been reading the proposals and will convene on March 23 and March 24 to summarize their scores into a first draft recommendation to PCARC. On March 27, County Purchasing and DPSS will meet with the PCARC Board of Directors to review and discuss the first draft. March 28 through 30 are set aside for best and final meetings if clarification is needed. As a result of the best and final meetings, if additional changes are needed, those changes will be brought back to the PCARC Board of Directors for review on April 3rd. It is anticipated that funding recommendations will be submitted to the Board of Supervisors in May.

Recommendation Three: Maintain the designation of PCARC as Riverside County's designated child abuse prevention council.

Status: Board of Supervisors accepted the County Executive Office's recommendations and PCARC retains the designation as Riverside County's Child Abuse Prevention Council pending this progress report.

Update: Approval of this progress report was continued to the April 4, 2006 Board of Supervisors meeting. Until that time PCARC retains the designation as Riverside County's Child Abuse Prevention Council. The ability for PCARC to continue as the designated Child Abuse Prevention Council for Riverside County is contingent upon this update and PCARC's response to concerns raised at the March 7, 2006 Board of Supervisors meeting.

Recommendation Four: That County Counsel and the Clerk of the Board provide training to PCARC Board of Directors on conflicts of interest.

Status: On October 28, 2005, PCARC contracted with Best, Best & Krieger (BB&K) for assistance with revising of PCARC's current Conflict of Interest Policy and bylaws and for board training. On November 29, 2005, Jeff Ballinger with BB&K provided the PCARC board of directors with training on the Brown Act and Conflict of Interest. Dwight Montgomery with BB&K reviewed and updated PCARC's Bylaws and developed a Conflict of Interest Policy. The Bylaws and Conflict of Interest Policy were distributed for review at PCARC's February 21, 2006 regularly scheduled board meeting. A copy of the proposed bylaws and Conflict of Interest Policy was provided as attachments in the initial progress report. A second more comprehensive training for the Board of Directors will be scheduled in May. A copy of the training outline was included in the initial progress report as an attachment. The board is considering opening the training to non-profit CAPIT/PSSF providers.

Update: In response to concerns raised at the March 7, 2006 Board of Supervisors meeting and in consultation with Dwight Montgomery of BB & K, some changes have been made to the bylaws and Conflict of Interest Policy. These changes are fully delineated in our direct response to the concerns raised and copies of the revised Bylaws and Conflict of Interest Policy are provided as Attachments 1 and 2 to that document.

Recommendation Five: That all PCARC Board members file Form 700, as required by County Conflict of Interest Code.

Status: As of November 22, 2005, all PCARC board members had filed Form 700 for 2004. All board members are on target to file Form 700 for 2005 by the due date of April 1, 2006. Board members have already received their Form 700 in the mail and will be submitting them to the Interim Executive Director on or before March 21, 2006; our regularly scheduled board meeting. The Interim Executive Director will maintain a copy at PCARC's corporate office and submit originals to the Clerk of the Board.

Update: Directors are currently submitting their Form 700 for 2005 to the Interim Executive Director in order to meet the April 1, 2006 due date.

Recommendation Six: That, by December 31, 2005, PCARC submit to the Board of Supervisors a report covering the period since the PCARC's inception, and that annual reports be submitted regularly thereafter.

Status: On December 28, 2005, seven copies of PCARC's Annual Report for fiscal years 2003/2004 and 2004/2005 were hand delivered to the County Executive Office for delivery to each Board of Supervisor's office.

Update: This has been formalized in our revised Bylaws, page 12, 7.4. A copy of the revised Bylaws is provided as an attachment.

Recommendation Seven: That, by December 31, 2005, PCARC expand its membership to include at least one representative of the criminal justice system and one from the education community, and commit to filling the remaining vacancies on the Board with representatives from all geographic regions of the county.

Status: On February 21, 2006, Rita Rubio, Nuevo School District, Pam Miller, Riverside County Courts and Felicia Miller from EDA were approved for board membership by a unanimous vote of the full board. A request has also been sent to each Board of Supervisor's office requesting recommendations for board membership.

Update: During meetings with four of the five Supervisors in the fall, PCARC requested recommendations for board membership. PCARC followed-up this verbal request with a formal written request hand-delivered to the Board of Supervisors' offices on March 20, 2006. Each Supervisor was asked to submit three recommendations electronically to the PCARC Board President. This was an area of concern for Supervisor Stone and is also addressed in our written response to the March 7, 2006 Board of Supervisors meeting. A copy of one of the letters delivered to the Board of Supervisors is included as Attachment 3 to that document.

Recommendation Eight: That, in selecting a new executive director, PCARC be particularly aware of the appearance and implications of hiring a former employee of DPSS.

Status: The PCARC board is very sensitive to the concerns expressed by the County Executive Office in this recommendation. The Executive office has offered and will participate in the PCARC Executive Director applicant review process.

Update: We are currently expanding our applicant pool by advertising in the Press Enterprise, Desert Sun and North County Times to preclude this from becoming an issue.

Recommendation Nine: That the next contract between PCARC and the County delete references to projects outside the scope of child protection, and be updated to reflect the current responsibilities of both agencies.

Status: References to projects outside the scope of child protection have been deleted in the current PCARC contract. The current contract has also been updated to reflect the current responsibilities of both agencies. PCARC will be working on the

development of the next required county needs assessment and will provide support for conferences countywide to educate, train and to promote public awareness in Child Abuse Prevention efforts.

Update: Completed.

Recommendation Ten: That PCARC consider amending its Bylaws to prohibit potential contract recipients on the Board of Directors from participating in the discussion of any issue which directly or indirectly may benefit their organizations financially.

Status: BB & K has provided PCARC with a draft Conflict of Interest Policy addressing the concerns identified in this recommendation. The Conflict of Interest Policy will be on the PCARC's February 21, 2006 Board Agenda for a first reading. Self-dealing is addressed in the revised bylaws and was provided as an attachment to the initial report. A copy of the Conflict of Interest Policy was also provided.

Update: In response to concerns raised at the March 7, 2006 meeting, PCARC has revised the Conflict of Interest Policy. It is provided as an attachment to our direct response to the issues raised.

Recommendation Eleven: That PCARC enlist a certified public accountant to prepare a financial audit for the 2005 calendar year, and submit it to the Board of Supervisors by March 31, 2006.

Status: PCARC solicited and received four bids for preparing a financial audit for fiscal year 2004/2005. Concerns were expressed by the bidders regarding the March 2006 deadline due to the fact that we are already in tax season. PCARC may need to formally request an extension on completing this recommendation.

Update: On March 14, 2006, PCARC signed a Letter of Engagement with Smith Marion to conduct the 2004/2005 fiscal year audit. The audit is scheduled to begin on March 30, 2006. The estimated completion date is April 28, 2006. A copy of the Letter of Engagement is provided as Attachment 4 to the direct written response to Supervisor Stones' concerns.

Recommendation Twelve: That PCARC amend its current bylaws or polices and procedures to detail clearly the process of attaining membership in the organization and on its Board of Directors.

Status: PCARC decided that policies and procedures will be developed detailing the process of attaining membership in the organization and on the board. The policy and procedures are currently being drafted for approval at the March 2006 board meeting.

Update: PCARC developed policies and procedures detailing the process of attaining membership on the Board of Directors that was approved at the March 21, 2006 board meeting. A copy is provided as **Attachment 5**.

Recommendation Thirteen: That the County Executive Office participate in the selection of PCARC's new executive director.

Status: The opening for an Executive Director for PCARC has been posted on Monster.com, ihiresocialservices.com and through OCAP with the Child Abuse Prevention Councils throughout California. The Executive Committee is paper screening the resumes. The County Executive Office has asked to participate in the second round of interviews when they are scheduled. PCARC will contact the County Executive Office when those interviews are scheduled.

Update: Resumes have been received and screened. We have identified two qualified applicants through this process. However, we want to expand the pool of qualified applicants before scheduling interviews. We are placing ads in the Press Enterprise, Desert Sun and North County Times and will conduct interviews in April.

Recommendation Fourteen: That PCARC submit to the Board of Supervisors, by February 28, 2006, a report on its progress in implementing the above recommendations.

Status: This report outlines PCARC's progress in implementing the above recommendations.

Update: This report is an update to the progress report submitted to the Board of Supervisors at the March 7, 2006 meeting. Attached to this update is a written response to the concerns raised by Supervisors Ashley and Stone regarding specific areas of the progress report.

Recommendation Fifteen: Authorize the County Purchasing Agent to extend the current agreement with PCARC through March 31, 2006 pending progress and outcomes of the adopted recommendations.

Status: On November 29th the Board of Supervisors authorized the Purchasing Agent to extend the agreement with PCARC through March 31, 2006.

Update: PCARC's current agreement was extended through March 31, 2006 but we are requesting an extension through June 30, 2006 in order to complete the recommendations.

ATTACHMENT 1

Revised Bylaws

**AMENDED AND RESTATED
BYLAWS
OF
PREVENT CHILD ABUSE – RIVERSIDE COUNTY
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION**

ARTICLE I — ORGANIZATION

1.1 Name. The name of this corporation is PREVENT CHILD ABUSE – RIVERSIDE COUNTY (“Corporation”).

1.2 Purpose. This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes. The specific purposes of this Corporation are to increase public awareness of child abuse, to identify and raise public awareness of existing resources, to identify unmet needs, to advocate for solutions to child abuse related concerns, and to make recommendations to the Department of Public Social Services (“DPSS”) and the Riverside County Board of Supervisors regarding allocations of child abuse related resources.

1.3 Limitation on Corporate Activities. The Corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time (“Internal Revenue Code”). The Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or (b) by a corporation contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

1.4 Dedication of Assets. The property of this Corporation is irrevocably dedicated to public and charitable purposes, and no part of the net income or assets of this Corporation shall ever inure to the benefit of any director, officer, or member thereof, or to the benefit of any private persons.

1.5 Principal Office. The principal office of the Corporation shall be at 3387 Chicago Avenue, Riverside, California 92507. The “Board” (as that term is defined in Section 2.2(a) of these Bylaws) is hereby granted full power and authority to change the location of the principal office of the Corporation within such attendance boundaries in the County of Riverside, California. Any such change shall be noted by the Secretary in these Bylaws, but shall not be considered an amendment of these Bylaws. The Corporation may also have offices at such other places, within or without the State of California, where it is qualified to do business, as its business may require and as the Board, from time to time, designate.

1.6 Members.

1.6.1 The Corporation shall have no “members” as that term is defined by Section 5056 of the California Corporations Code (“CCC”), and shall be governed solely by its Board in accordance with these Bylaws.

1.6.2 Pursuant to Section 5310 (b) of the CCC, any action which would otherwise require approval by a majority of all members, shall only require the approval of the Board.

1.6.3 The Corporation may refer to persons or entities associated with it as "members" even though those persons or entities are not voting members, but no such reference shall constitute anyone a member within the meaning of Section 5056 of the CCC.

ARTICLE II — DIRECTORS

2.1 Powers. Subject to the limitation of the Articles, these Bylaws and the laws of the State of California, all corporate powers shall be exercised by or under the authority of, and the business and affairs of this Corporation shall be controlled and conducted by, the Board..

2.2 Number and Qualifications of Directors.

2.2.1 The authorized number of the members ("Directors") of the Board of Directors ("Board") of the Corporation shall not be less than nine (9) and not more than twenty-one (21), the exact number to be fixed by resolution of the Board. The exact number of Directors initially authorized shall be _____ () until changed within the limits specified herein by a duly adopted resolution of the Board.

2.2.2 All Directors shall be residents of the State of California. The Directors shall be selected from the geographic areas served by the Corporation. Candidates shall live, work, or volunteer in the region which they will represent.

2.3 Election; Designation; Term of Office. Directors' shall be elected by the Board at each annual meeting of Directors in numbers sufficient to fill the vacancies created by Directors whose terms are expiring. The term of elected Directors shall be three (3) years, except that, to provide for staggered terms, the initial terms for the first Directors elected pursuant to these Bylaws, will be as follows: two (2) Directors will have three year terms; two (2) Directors will have two (2) year terms; and one (1) Director will have a one (1) year term. Each elected Director, including any Director elected to fill a vacancy, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified or until their earlier resignation, withdrawal or removal. A Director cannot be elected to more than two (2) consecutive terms.

2.4 Vacancies on the Board. A vacancy or vacancies on the Board shall exist on the occurrence of the following:

(a) the death, disqualification, resignation, suspension, or expulsion, or termination of a Director;

(b) the declaration by resolution of the Board of a vacancy in the office of a Director who has been declared of unsound mind by an order of court, convicted of a

felony, or found by final order of judgment of any court to have breached a duty under Article 3 of Chapter 2 of the CCC; or

(c) the increase in the authorized number of Directors.

2.4.1 Removal of a Director for one or more of the reasons listed in (b) above may be initiated by any member of the Board.

2.4.2 Subject to Section 2.3.3 of these Bylaws, a vacancy on the Board shall be filled in the same manner of selection as that used to select the Director whose office is vacant.

2.4.3 No reduction in the authorized number of Directors shall have the effect of removing any Director prior to the expiration of the Director's term of office.

2.5 Resignation of Director. Except as provided in these Bylaws, a Director may resign by giving written notice to the President or the Secretary. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective.

2.6 Removal of Director. A Director may be removed by a majority vote of the Board whenever in the Board's judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the Director so removed.

2.7 Interested Persons. Not more than forty-nine percent (49%) of the persons serving on the Board may be interested persons.

2.7.1 As used in this section, an "interested person" means either:

(a) Any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full- or part-time employee, independent contractor, or otherwise; or

(b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

2.7.2 The provisions of this Section 2.7 shall not affect the validity or enforceability of any transaction entered into by the Corporation.

2.8 Compensation of Directors. Directors shall receive no compensation for their services. However, they shall be entitled to receive such just and reasonable reimbursement of expenses as may be determined by the Board.

2.9 Inspection Rights of Directors. Every Director shall have the absolute right to any reasonable time to inspect and copy all books, records and documents of every kind and to

inspect the physical properties of the Corporation during normal weekday business hours. If a Director wishes to be accompanied by an attorney during such inspection, then the inspection will be scheduled at a time when the Corporation's attorney will be present.

ARTICLE III — BOARD MEETINGS

3.1 Meetings of the Board.

3.1.1 Notwithstanding any other provision in these Bylaws, all meetings of the Board shall be held in compliance with the requirements of the Ralph M. Brown Act as set forth in Section 54950 et seq. of the California Government Code.

3.1.2 Meetings of the Board shall be held at the principal office of the Corporation, unless another place is stated in the notice of the meeting.

3.1.3 The annual meeting of the Board shall be held for the purpose of organization, election of Directors and officers, adoption of a budget for the upcoming fiscal year, and the transaction of such other business as may properly be brought before the meeting in January of each year, the exact date of which to be set by resolution of the Board.

3.1.4 Regular meetings of the Board shall be held at the place and time specified by resolution adopted by the Board.

3.1.5 Notice of all regular meetings of the Board shall be given. At least seventy-two (72) hours before the regular meeting, the Board shall post an agenda which contains a brief description of each item of business to be transacted or discussed at the meeting. The agenda shall specify the time and place of the regular meeting, and shall be posted in a location that is freely accessible to the public. The agenda shall provide an opportunity for members of the public to directly address the Board on any item of interest to the public, before or during the Board's consideration of the item that is within the subject matter jurisdiction of the Board.

3.1.6 A special meeting of the Board may be called by the President, Secretary, or any two Directors.

3.1.7 Notice of all special meetings of the Board shall be given by delivering written notice to each Director, and to members of the media requesting notice in writing, at least four (4) days before the time of the meeting. The notice shall specify the time and place of the special meeting and the business to be transacted or discussed, and shall be posted at least four (4) days prior to the special meeting in a location that is freely accessible to the public. The written notice may be dispensed with as to any Director who, at or prior to the time the meeting convenes, files with the Secretary a written waiver of notice or who is actually present at the meeting when it convenes. All such waivers, consents and approvals shall be made a part of the minutes of the meeting.

3.1.8 Members of the Board may participate in a meeting through use of a conference telephone or similar communications equipment, so long as all such members participating in such meeting can hear one another and so long as the requirements of the Ralph M. Brown Act with respect to teleconferencing are followed. Participation in a meeting by this means constitutes presence in person at such meeting.

3.1.9 Meetings of the Board shall be presided over by the President of the Corporation, or in his or her absence, by the Vice President of the Corporation, or in the absence of each of these persons, by a person chosen by the majority of the Directors present at the meeting. The Secretary of the Corporation shall act as secretary of all meetings of the Board, provided that, in his or her absence, the presiding officer shall appoint another person to act as Secretary of the meeting.

3.1.10 A majority of the authorized number of Directors shall constitute a quorum of the Board for the transaction of business, except to adjourn.

3.1.11 A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given, prior to the time of the adjourned meeting, to the Directors who were not present at the time of adjournment.

3.1.12 The Board shall consider whether to remove a member of the Board who is absent for four (4) meetings of the Board in a single year, and shall take into account any excuses for such absences. A member of the Board who is the subject of a vote for removal pursuant to this Section 3.1.12 of these Bylaws shall abstain from voting on such removal.

3.2 Required Vote of Directors.

3.2.1 Every act or decision done or made by a majority of the Directors present at a meeting duly held at which quorum is present is the act of the Board. A meeting at which a quorum is initially present shall not continue to transact business upon the withdrawal of Directors such that there is no quorum after such withdrawal.

3.2.2 Notwithstanding Section 3.2.1 of these Bylaws, the following matters require the unanimous approval of the authorized number of Directors: adoption, amendment, or repeal of these Bylaws.

3.3 Mandatory Recusal from Meetings and Voting. Any Director however affiliated with any organization that requests any of Child Abuse Prevention Intervention and Treatment, Promoting Safe and Stable Families, and Children's Trust Fund funding by or through this Corporation shall recuse herself or himself from any meeting and shall not vote on the approval or denial of such funding request.

ARTICLE IV — OFFICERS AND INVESTMENT TRUSTEE

4.1 Number and Titles of Officers. The officers of the Corporation shall be a President, Vice President, Secretary, Treasurer, Executive Director, and such other officers with such titles and such duties as shall be determined and deemed advisable by the Board. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the President.

4.1.1 The President, who may be designated by the alternate titles of Chief Executive Officer or Chairperson, shall, subject to the control of the Board, have general supervision, direction and control all of its business and affairs and of its officers, employees and agents, including the right to employ, discharge and prescribe the duties and compensation of all officers, employees and agents of the Corporation, except where such matters are prescribed in the Bylaws or by the Board. The President shall preside at all meetings of the Board. The President is authorized to sign, with the Secretary or other proper officers of the Corporation authorized by the Board as may be required, all contracts, notes, conveyances, and other papers, documents and instruments in writing in the name of the Corporation.

4.1.2 The Vice President, who may be designated by the alternate title of Vice-Chairperson, shall, in the absence of the President or inability or refusal of the President to act, carry on all duties and powers required by law or conferred by these Bylaws upon the President.

4.1.3 The Secretary shall keep or cause to be kept the minutes of all meetings in the Minute Book of the Corporation as prescribed by Article VII of these Bylaws. The Secretary shall sign in the name of the Corporation with one or more other officers all documents authorized or required to be signed by the Secretary. The Secretary shall keep, or cause to be kept, at the principal office in the State of California, the original or a copy of the Articles of Incorporation and Bylaws, amended, a book of minutes and a register showing the names and addresses of all Directors. The Secretary shall keep the seal and shall affix the seal to documents as appropriate or desired, but failure to affix it shall not affect the validity of any instrument. The Secretary shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. The Secretary shall, in general, perform all duties incident to the office of Secretary and such other duties as may be required by law, the Articles of Incorporation of this Corporation, or by these Bylaws, or which may be assigned from time to time by the Board.

4.1.4 The Treasurer, who may be designated by the alternate title of Chief Financial Officer, shall be responsible for the receipt, maintenance, and disbursement of all funds of the Corporation and for the safekeeping of all securities of the Corporation. The Treasurer shall provide a financial report at every meeting. The Treasurer shall keep, or cause to be kept, books and records of account and records of all properties of the Corporation. The Treasurer shall prepare or cause to be prepared annually, or more often if so directed by the Board or President, financial statements of the Corporation. The Board may, by resolution, authorize one or more Assistant Treasurers to perform, under the direction of the Treasurer, some or all the duties of the Treasurer. Except as otherwise specifically determined by resolution of the Board, or as otherwise required by law, checks, drafts promissory notes, orders for payment of money

and other indebtedness of the Corporation shall be signed by the Treasurer and countersigned by the President of the Corporation.

4.1.5 The Executive Director shall, subject to such supervisory powers as the Board may give to the President, if any, and subject to the control of the Board, be the general manager of the Corporation and shall supervise, direct, and control the Corporation's activities, affairs, and officers. In the absence of the President and Vice President, or if none, the Executive Director shall preside at all Board meetings. The Executive Director shall have such other powers and duties as the Board or the Bylaws may prescribe. The Executive Director shall be an ex-officio (non-voting) member of the Board and its committees, including the Executive Committee and the Regional Committees.

4.2 Appointment; Removal; and Term of Officers. Subject to subparagraphs (b) and (d) of this Section 4.2, the President, Vice President, Secretary, and Treasurer shall hold such respective offices for terms of ____ () year. Otherwise:

(a) all officers shall be appointed by the Board at the Annual Meeting. Other officers shall be appointed as prescribed by resolution of the Board establishing the office;

(b) any officer appointed by the Board may be removed from office at any time by a majority vote of the Board, with or without cause or prior notice;

(c) when authorized by the Board, any appointed officer may be appointed for a specific term under a contract of employment; provided, however, that when such officer is appointed for a specified term or under a contract of employment, he or she may be removed from office at any time pursuant to the immediately foregoing subparagraph (b) and shall have no claim against the Corporation on account of such removal other than such monetary compensation as the officer may be entitled to under the terms of the contract; and

(d) any officer may resign at any time upon written notice to the Corporation without prejudice to the rights, if any, of the Corporation under any contract of employment to which the officer is a party, and such resignation is effective upon receipt of the written notice by the Corporation unless the notice prescribes a later effective date or unless the notice prescribes a condition to the effectiveness of the resignation.

4.3 Investment Trustee. The Corporation may appoint an Investment Trustee responsible for the investment of property, both cash and in kind, of the Corporation; subject, however, to limitations as the Board may from time to time set forth in resolutions.

ARTICLE V — COMMITTEES

5.1 Committees.

5.1.1 Except as limited by Section 5.5 of these Bylaws, the Board may create standing or special committees, or advisory committees, for any purposes and delegate to such committees any of the powers and authorities of the Board to the extent permitted by Section 5212 of the CCC. Such committees shall have the power to act only in intervals between

meetings of the Board and shall at all times be subject to the control of the Board. Such committees shall consist of two (2) or more Directors, and may also consist of other persons who are not Directors. Members of a committee who are not Directors may act solely in an advisory capacity to the committee and shall be without vote.

5.1.2 The Chairperson and members of each standing, special or advisory committee shall be selected by the Board, and may be removed by majority vote of the Directors then in office.

5.1.3 The Chairperson and each member of each standing committee shall serve until his or her successor is appointed or until such committee is sooner terminated, or until such person is removed, resigns, or otherwise ceases to qualify as a Chairperson or member, as the case may be, of the committee. Chairpersons and members of special committees shall serve for the life of the committee unless they are sooner removed, resign, or cease to qualify as a Chairperson or member, as the case may be, of such committee. Vacancies on any committee may be filled for the unexpired portion of the term in the same manner as provided in the case of original appointment.

5.1.4 Each committee shall meet as often as necessary to perform its duties, at such times and places as directed by its Chairperson or by the Board. A majority of the members of a committee shall constitute a quorum of such committee and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. Each committee shall keep accurate minutes of its meetings, the Chairperson designating a secretary of the committee for this purpose, and shall make periodic reports and recommendations to the Board.

5.1.5 Any expenditure of corporate funds by a committee, other than the Governance Committee, shall comply with budget limitations established by the Board or, in the alternative, shall be subject to the prior written approval of the Board.

5.1.6 Approval of actions of committees require a two-thirds (2/3) vote of the Board. Committees not having and exercising the authority of the Board in the management of the Corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present.

5.1.7 Standing committees shall consist of the Executive Committee, the Audit Committee, the Regional Committees, and such other standing committees as the Board may, from time to time, establish.

5.2 Executive Committee. The Executive Committee shall be composed solely of Directors, and the Board shall appoint not more than three (3) Directors to serve on the Executive Committee. The Executive Committee shall have such duties as may be described in these Bylaws, shall fix the meetings of the Board, shall be responsible for the orientation of Directors and Board retreats, and shall have such additional duties as may be delegated to it by the Board.

5.3 Audit Committee. The Audit Committee shall be composed of at least three (3) Directors and other persons whom the Board determines to be expert in investments and other financial matters. The Audit Committee shall make recommendations to the Board concerning: the establishment of investment policies for the Corporation; subject to Section 4.3 of these Bylaws, the investment of Corporation funds; the selection of financial institutions to serve as depositories for funds of the Corporation; the selection of financial advisors to the Corporation; the development of operating and other budgets for the Corporation; and oversight of accountants for the Corporation. The Audit Committee shall have such additional duties as may be delegated to it by the Executive Committee and the Board.

5.5 Regional Committees. The Corporation shall have Regional Committees to represent each of the geographical regions served by the Corporation.

5.5.1 Composition. Regional Committees shall be composed of volunteers from the geographic areas which are served by the Regional Committee. Each Regional Committee shall elect a Governing Council. The Governing Council shall consist at minimum of a Chairperson, Secretary and Treasurer. Each Regional Committee shall have at least 1 (one) representative who is active on the Board preferably the Chairperson. The Secretary of each Regional Committee shall keep minutes of every meeting and submit a copy of the approved prior month's minutes to the Executive Committee within one week following its monthly meeting. In addition, original sign-in sheets and volunteer in-kind work logs shall be submitted to the Executive Committee within two (2) weeks following its monthly meeting. The Treasurer of each Regional Committee will work closely with the Corporation for all budgetary transactions. All reimbursable expenses shall be submitted to the Corporation within sixty (60) days of such expenditure.

5.5.1 Authority. Regional Committees, as advisory committees, shall be advisors to the Board and shall have no authority to enter into contracts on behalf of the Corporation or to bind the Corporation, except to the extent expressly provided by Board resolution.

5.4 Limitation on Delegation. In accordance with the CCC, the Board may not delegate any power of final action to any committee not composed entirely of Directors, and may not delegate to any committee the following powers:

(a) the filling of vacancies on the Board or on any committee which has the authority of the Board;

(b) the fixing of compensation of the Directors for serving on the Board or on any committee;

(c) the amendment or repeal of Bylaws or the adoption of new Bylaws;

(d) the amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;

thereof;

(e) the appointment of committees of the Board or the members

(f) the expenditure of corporate funds to support a nominee for Director after there are more persons nominated for Director than can be elected; or

(g) the approval of any self dealing transaction except as provided by law.

ARTICLE VI — INDEMNIFICATION

6.1 Indemnification of Directors, Officers, and Employees.

6.1.1 The Corporation may indemnify a Director, officer, or employee under the provisions of Section 5238 of the CCC, or pursuant to any contract entered into with any employee who is not an officer or Director.

6.1.2 Expenses incurred in defending any proceeding may be advanced by the Corporation as authorized in Section 5238 of the CCC prior to the final disposition of such proceeding, upon receipt of an undertaking by or on behalf of the Director, officer, or employee to repay such amount unless it shall be determined ultimately that the Director, officer, or employee is entitled to be indemnified.

6.1.3 The Corporation may purchase and maintain insurance on behalf of any Director, officer, or employee of the Corporation against any liability asserted against or incurred by the Director, officer, or employee in such capacity or arising out of the Director's officer's, or employee's status as such, whether or not the Corporation would have the power to indemnify the Director, officer, or employee against such liability under the provisions of Section 5238 of the CCC, except as provided in subdivision (I) of Section 5238 of the CCC.

ARTICLE VII — RECORDS

7.1 Minute Book. The Corporation shall keep or cause to be kept a minute book which shall contain:

(a) the record of all meetings of the Board including date, place, those attending and the proceedings thereof, a copy of the notice of the meeting and when and how given, written waivers of notice of meeting, written consents to holding meeting, written approvals of minutes of meeting, and unanimous written consents to action of the Board without a meeting, and similarly as to meetings of committees of the Board established pursuant to the Bylaws and as to meetings or written consents of the incorporator of the Corporation prior to the appointment of the initial Directors;

(b) a copy of the Articles of Incorporation and all amendments thereof and a copy of all certificates filed with the Secretary of State; and

(c) a copy of these Bylaws as amended, duly certified by the Secretary.

7.2 Annual Report.

7.2.1 Financial statements shall be prepared as soon as reasonably practicable after the close of the fiscal year, but not later than the fifteenth (15th) day of the fifth (5th) month after the close of said fiscal year. The financial statements shall contain in appropriate detail the following:

(a) the assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year;

(b) the principal changes in assets and liabilities, including trust funds, during the fiscal year;

(c) the revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year; and

(d) the expenses or disbursements of the Corporation for both general and restricted purposes, during the fiscal year.

7.2.2 Any report furnished to Directors which includes the financial statements prescribed by Section 7.2.1 of these Bylaws shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation.

7.2.3 A report including the financial statements prescribed by Section 7.2.1 of these Bylaws shall be furnished annually to all Directors.

7.3 Report of Transactions; and Indemnifications. The Corporation shall mail to all Directors a statement of any transaction between the Corporation and one of its officers or Directors or of any indemnification paid to any officer or Director if, and to the extent, required by Section 6322 of the CCC. The statement shall be mailed within 120 days after the close of the fiscal year. The statement required by this Section 7.3 shall describe briefly:

(a) any covered transaction during the previous fiscal year involving more than Fifty Thousand Dollars (\$50,000), or which was one of a number of covered transactions in which the same "interested person" had a direct or indirect material financial interest, and which transactions in the aggregate involved more than Fifty Thousand Dollars (\$50,000).

(b) the names of the "interested persons" involved in such transactions, stating such person's relationship to the Corporation, the nature of such person's

interest in the transaction and, where practicable, the amount of such interest; provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

(c) the statement shall describe briefly the amount and circumstances of any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year to any Director or officer of the Corporation pursuant to Section 5238 of the CCC.

For these purposes, an "interested person" is (i) any Director or officer of the Corporation, or its parent or subsidiary; and (ii) any holder of more than 10 percent (10%) of the voting power of the Corporation, its parent or subsidiary.

7.4 Board of Supervisors Annual Report. A report shall be submitted annually to the Riverside County Board of Supervisors in such form and containing such information as may be requested, but, in all events, shall include a financial report of the Children's Trust Fund.

ARTICLE VIII — MISCELLANEOUS

8.1 Fiscal Year. The fiscal year of the Corporation shall begin on July 1 and end on June 30 of each year.

8.2 Bonding. All Directors, officers, or employees handling funds shall be properly bonded. The premium or premiums for such bonds shall be paid by the Corporation.

8.3 Self-Dealing. In the exercise of voting right by Directors, no Director shall vote on any issue, motion or resolution which directly or indirectly inures to his or her benefit financially, except that such Director may be counted in order to qualify a quorum and, except as the board may otherwise direct, participate in a discussion on such an issue, motion or resolution if he or she first discloses the nature of his or her interest subject to Section 5230 through and including Section 5239 of the CCC. This practice does not extend to those Directors as defined in Section 3.3 of these Bylaws.

8.4 Gifts and Donations. The Board may accept on behalf of the Corporation any contributions, gifts, bequests, or devises for the general purpose or for any special purpose of the Corporation not violative of the Corporation's Articles of Incorporation.

8.4 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

8.5 Contracts. Unless otherwise set forth in these Bylaws the Board may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

8.6 Checks; Drafts; etc. Except as otherwise set forth in these Bylaws, all checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

8.7 Conflicts of Interest. The members of the Board shall be subject to and in compliance with the disclosure and disqualification requirements of the Political Reform Act, as it may apply, as set forth in Section 87100 et seq. of the California Government Code, and, without limiting the generality of the foregoing, the Corporation, through its Board, any promulgate from time to time a conflict of interest policy and other policies according to the current law then in effect to be adhered to by its officers and Directors.

8.8 Inspection of Articles and Bylaws. The Corporation shall keep at its principal executive office in California the original or a copy of its Articles and Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by Directors at all reasonable times during office hours.

8.9 Inspection by Public. In accordance with Section 6104 of the Internal Revenue Code of 1986, as amended, copies of the Corporation's application for tax exemption and any papers submitted in support of such application shall be made available by the Corporation for inspection at the request of any individual during regular business hours at the Corporation's principal place of business and at any regularly maintained regional or district office of the Corporation having three or more employees.

8.10 Nondiscrimination. The Corporation shall not refuse service or employment to any person, nor in any other way discriminate against any person, solely because of such person's sex, race, color, religion, creed, ancestry, national origin, age, marital status, physical disability, mental disability, preexisting medical condition, or any other factor prohibited by law.

8.11 Interpretation and Construction. Any conflict between these Bylaws and the Articles shall be resolved in favor of the Articles. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws.

8.12 Dissolution. The Corporation shall not be voluntarily dissolved, except by approval of the Board. In the event of dissolution of the Corporation in any manner and for any cause, after the payment or adequate provision for the payment of all of its debts and liabilities, all of the remaining funds, assets and properties of the Corporation shall be paid or distributed as provided for in the Articles of Incorporation.

8.13 Rules of Order. Robert's Rules of Order shall be the parliamentary law of all proceedings of the Board and all Committees. Notwithstanding the foregoing, failure to follow Robert's Rules of Order at any meeting shall not affect the validity of any corporate action

otherwise in compliance with the CCC and this Corporation's Articles, Bylaws, and applicable corporate resolutions.

8.14 Job Descriptions and Policies. Notwithstanding any other provision in these Bylaws to the contrary, the Board may, at its option, implement job descriptions and policies for Directors, committee members, officers, and other employees.

ARTICLE IX — AMENDMENT

9.1 Amendment of Articles. The amendment of the Articles of Incorporation of the Corporation is provided for by California state law and requires the unanimous consent of the Directors and the filing of a certificate of amendment in the Office of the Secretary of State.

9.2 Amendment of Bylaws. The amendment of Bylaws is provided for by California state law and generally requires approval of the Board pursuant to these Bylaws.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of PREVENT CHILD ABUSE – RIVERSIDE COUNTY, a California nonprofit public benefit corporation (“Corporation”); and
2. That the foregoing Amended and Restated Bylaws, comprising fourteen (14) pages, constitute the Bylaws of said Corporation, as duly approved by the Board of Directors of said Corporation at a meeting duly held on _____, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Corporation this ___ day of _____, 2006.

Secretary

ATTACHMENT 2

Revised Conflict of Interest Policy

**PREVENT CHILD ABUSE – RIVERSIDE COUNTY
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION**

**POLICY ON CONFLICT OF INTEREST
AND DISCLOSURE OF CERTAIN INTERESTS**

**ARTICLE I
PURPOSE**

The purpose of this Policy is to protect the interests of the Organization when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Interested Person. While this Policy seeks to ensure the continuation of the status of the Organization as a tax-exempt charitable organization under applicable federal and state laws, it is intended to supplement, but not replace, applicable federal and state laws prescribing conflicts of interest rules governing nonprofit and charitable corporations.

**ARTICLE II
DEFINITIONS**

Whenever used in this Policy, the following terms shall have the meanings ascribed thereto in this Article II, unless a different meaning is required by the context:

- 2.1 “Board”. The term “Board” means the Board of Directors of the Organization.
- 2.2 “Committee”. The term “Committee” jointly and severally means each committee of the Organization with the right to exercise powers delegated to it, directly or indirectly, by or through the Board.
- 2.3 “Conflict of Interest”. The term “Conflict of Interest” jointly and severally means an actual or potential, direct or indirect, Financial Interest or Non-Pecuniary Interest or other benefit, in cash or in kind (“Other Benefit”), to a Director, officer, member of a Committee, or Other Person arising on account of the Organization entering into, or contemplating to enter into, a transaction or arrangement. The foregoing definition shall be construed broadly, with any doubt or ambiguity resolved in such manner that a Conflict of Interest shall be deemed to exist.
- 2.4 “Director(s)”. The term “Director(s)” jointly and severally means each individual selected to serve on the Board, and shall include, without limitation, each individual selected by the Organization to serve on any advisory community board or committee of the Organization.
- 2.5 “Financial Interest”. The term “Financial Interest” means an interest of, or inuring to, an individual directly or indirectly, through any business, investment, extended family, or other public or private, relationship, by way of—

- (1) an ownership or investment interest in any entity with which the Organization has a transaction or arrangement,

- (2) a compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- (3) a potential ownership or investment interest in, or a potential compensation arrangement with, any entity or individual with which the Organization is contemplating or negotiating a transaction or arrangement.

For purposes of this Section 2.5, the term “compensation” shall include, without limitation, direct remuneration, indirect remuneration, and gifts or favors that are not insubstantial in nature.

2.6 “Interested Person”. The term “Interested Person” jointly and severally means any Director, officer, member of a Committee, or Other Person who has a Financial Interest or Non-Pecuniary Interest or Other Benefit. If an individual is an Interested Person with respect to any entity that is a part of the Organization is a member, then that individual is an Interested Person with respect to all entities comprising the Organization.

2.7 “Non-Pecuniary Interest”. The term “Non-Pecuniary Interest” means an interest, other than a Financial Interest or Other Benefit, of, or inuring to, any individual directly or indirectly, through any business, investment, extended family, or other public or private, relationship, by way of—

- (1) an affiliation with any individual with whom the Organization has, or is contemplating or negotiating, a transaction or arrangement, or
- (2) an affiliation with any entity with which the Organization has, or is contemplating or negotiating, a transaction or arrangement.

For purposes of this Section 2.7, non-exhaustive examples of a Non-Pecuniary Interest include:

- (i) serving as a director, officer, member of a committee with board- or entity-delegated powers, trustee, executor or executrix, or in like representative capacity, of an entity or individual, with which or whom, as the case may be, the Organization has, or is contemplating or negotiating, a transaction or arrangement; or
- (ii) a member of an extended family serving as a director, officer, member of a committee with board- or entity-delegated powers, trustee, executor or executrix, or in like representative capacity, of an entity or individual, with which or whom, as the case may be, the Organization has, or is contemplating or negotiating, a transaction or arrangement; or
- (iii) a business or investment partner, including any such partner of a member of an extended family, serving as a director, officer, member of a committee with board- or entity-delegated powers, trustee, executor or executrix, or in like representative capacity, of an entity or individual, with which or whom, as the case may be, the Organization has, or is contemplating or negotiating, a transaction or arrangement.

2.7 “Organization”. The term “Organization” means PREVENT CHILD ABUSE – RIVERSIDE COUNTY, a California nonprofit public benefit corporation.

2.8 “Other Person”. The term “Other Person” means any individual, other than a Director, officer, or member of a Committee, who has Board- or Committee-delegated powers to act, directly or indirectly, for or on behalf of the Organization in respect of the Organization entering into, or contemplating to enter into, any transaction or arrangement.

2.9 “Policy”. The term “Policy” means this POLICY ON CONFLICT OF INTEREST AND DISCLOSURE OF CERTAIN INTERESTS.

ARTICLE III PROCEDURES

3.1 Duty to Disclose.

3.1.1 General. In connection with any Conflict of Interest, an Interested Person must disclose, with reasonable certitude, all material facts evidencing the existence and nature of his or her Financial Interest or Non-Pecuniary Interest or Other Benefit to the Directors, Committee members or Other Persons acting for and on behalf of the Organization considering the proposed transaction or arrangement.

3.1.2 Certain Non-Pecuniary Interests. Each Director, officer, Committee member, and Other Person annually shall disclose each public and private entity for which he or she, or a member of his or her extended family, presently serves, or served within the then immediately past two (2) years, as a director, officer, member of a committee with board- or entity-delegated powers, trustee, or in like representative capacity. Such disclosure shall be made on the annual statement required by Article VI hereof, and shall be reviewed by the Board and the Committee as part of its preliminary due diligence in considering any proposed transaction or arrangement. Notwithstanding anything in this Policy or otherwise to the contrary, the requirement imposed upon the Board and the Committee by this Section 3.1.2 shall not relieve any Interested Person of his or her duty to disclose any Financial Interest or Non-Pecuniary Interest or Other Benefit in accordance with Section 3.1.1 hereof.

3.2 Determining Whether Conflicts of Interest Exist. After disclosure of the Financial Interest or Non-Pecuniary Interest or Other Benefit, the Interested Person shall leave the Board or Committee meeting while Board or Committee, as the case may be, discusses and votes on whether the disclosure of a Financial Interest or Non-Pecuniary Interest or Other Interest pursuant to Section 3.1 hereof constitutes a Conflict of Interest.

3.3 Procedures for Addressing Conflicts of Interest. Prior to the Organization entering into any proposed transaction or arrangement in respect of which a Conflict of Interest has been disclosed, each of the following shall be established as a matter of fact:

3.3.1 The chairperson of the Board or Committee shall, in good faith, consider and determine, if appropriate, whether or not to appoint a non-Interested Person or Committee to

investigate alternatives to the proposed transaction or arrangement.

3.3.2 After exercising due diligence and reasonable investigation under the circumstances, the Board or Committee shall consider and, in good faith, determine whether the Organization can obtain a more advantageous transaction or arrangement with reasonable efforts under the circumstances from a person or entity that would not give rise to a Conflict of Interest.

3.3.3 If a more advantageous transaction or arrangement is not attainable in accordance with Section 3.3.2 hereof, then the Board shall, in good faith, determine by a majority vote of all Directors eligible to vote, who are non-Interested Persons and have full knowledge of all the material facts disclosed pursuant to Section 3.1.1 hereof (i) that the proposed transaction or arrangement is in the Organization's best interest and for the Organization's own benefit, and (ii) that the proposed transaction or arrangement is fair and reasonable to the Organization at the time when the Organization enters into the proposed transaction or arrangement; and, in the absence of such good faith determinations, the Board shall not authorize, approve, or ratify the entering into the proposed transaction or arrangement by the Organization.

For purposes of the foregoing paragraph in this Section 3.3.3, "Committee" shall be inserted in lieu of "Board," provided, however, that such Committee shall have complied with the procedures set forth in this Section 3.3, and that it was, in good faith, determined by such Committee that it was not reasonably practicable to obtain Board approval in accordance with the foregoing paragraph in this Section 3.3.3 prior to such Committee authorizing or approving the entering into the proposed transaction or arrangement by the Organization.

3.4 Violations of this Policy.

3.4.1 If the Board or a Committee has reasonable cause to believe that a Director, officer, Committee member, or Other Person has failed to disclose a Conflict of Interest, the Board or Committee shall inform such Director, officer, Committee member, or Other Person of the basis for such belief and afford such Director, officer, Committee member, or Other Person an opportunity to explain the alleged failure to disclose.

3.4.2 If, after hearing the response of such Director, officer, Committee member, or Other Person and making such further investigation as may be necessary and required, in accordance with this Policy or otherwise, under the circumstances, the Board or Committee determines that such Director, officer, Committee member, or Other Person has in fact failed to disclose a Conflict of Interest, then the Board or Committee shall take appropriate disciplinary and corrective action, including, without limitation, the timely bringing of a proper court action seeking any or all of the remedies specified in subdivision (h) of Section 5233 of the California Nonprofit Corporation Law.

ARTICLE IV

RECORDS OF PROCEEDINGS

The minutes of the Board and Committees shall contain—

- (1) the name of each person, whether or not such person constituted an Interested Person, who disclosed or otherwise was found to have a Financial Interest or Non-Pecuniary Interest in connection with a proposed transaction or arrangement, the nature of the Financial Interest or Non-Pecuniary Interest or Other Benefit, any action taken to determine whether a Conflict of Interest existed, and the decision of the Board or Committee as to whether or not a Conflict of Interest in fact existed, and
- (2) the name of each person who was present for discussions and votes relating to the proposed transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

ARTICLE V COMPENSATION COMMITTEES; RECUSAL

A voting member of any Committee, whose jurisdiction includes compensation matters, who receives compensation (as that term is defined in Section 2.5 hereof), directly or indirectly, from the Organization is precluded from voting on matters pertaining to that member's compensation.

ARTICLE VI ANNUAL ACKNOWLEDGEMENT

6.1 Annual Statement. Each Director, officer, Committee member, and Other Person annually shall sign a statement which, in addition to containing the disclosure required by Section 3.1.2 of this Policy, affirms that such Director, officer, member, or Other Person—

- (1) has received a copy of this Policy,
- (2) has read and understands this Policy,
- (3) has agreed to comply with this Policy, and
- (4) understands that the Organization is a tax-exempt charitable organization, and that in order to maintain its federal and state tax-exempt status, the Organization must engage primarily in activities which accomplish one or more of its recognized charitable and tax-exempt purposes.

6.2 Declaration of Information. Each Director, officer, Committee member, and Other Person annually shall complete and sign a declaration of information for purposes of (i) disclosing certain interests may create a Conflict of Interest, and (ii) with respect to the Directors, ensuring that not more than forty-nine percent (49) of the Directors are "interested persons" (as that term is defined in the California Nonprofit Corporation Law).

ARTICLE VII

PERIODIC REVIEWS

To ensure that the Organization operates in a manner consistent with its charitable purposes, and that it does not engage in any activity that could jeopardize its status as a federal and state tax-exempt charitable organization, the Board shall conduct periodic reviews of its operations. The periodic reviews shall, at a minimum, include the following subjects:

- (i) Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.
- (ii) Whether partnership and joint venture arrangements with Other Persons associated with the Organization conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Organization's charitable purposes, and do not result in inurement or impermissible private benefit.
- (iv) Whether agreements to provide services, products, and the like further the Organization's charitable purposes and do not result in inurement or impermissible private benefit.

ARTICLE VIII USE OF OUTSIDE EXPERTS

In conducting the periodic reviews provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, then such use shall not relieve the Board of its responsibility for ensuring that such periodic reviews are conducted.

Approved by the Board of Directors
this ___ day of _____, 2006

ATTACHMENT 3

Letter to Board of Supervisors



**Prevent Child Abuse
Riverside County**

March 17, 2006

Supervisor Jeff Stone
4080 Lemon Street, 5th Floor
Riverside, California 92501

Dear Supervisor Stone:

I am writing this letter as a follow-up to our meeting in October where we expressed a desire to receive recommendations for potential new board members from each Supervisor. We have established a Board Development Committee with standardized Policies and Procedures for recruiting, screening and interviewing of all applicants. At this time we would like to formally request recommendations for board membership from your District.

Recommendations can be emailed to me directly at robvz@vzs.net. Please provide contact information when possible. At this time we ask that you limit your recommendations to three. The Board Development Committee will personally contact each potential new board member, provide them with information on our organization and supply them with an application for board membership. All applicants will be screened and interviewed by the Board Development Committee. Successful applicants will be forwarded to the full board for approval.

If you have any questions or require additional information, please call me at (951) 734-7215. I look forward to your recommendations.

Sincerely,

Rob von Zabern, President
Prevent Child Abuse Riverside County

cc: Larry Parrish, County Executive Officer
Nancy Romero, Clerk of Board
Robin Reid

Board of Directors

Rob von Zabern – President of the Board
von Zabern Surgical

Deacon Mike Jelley – Vice President
Diocese of San Bernardino

Gayle Hepner – Secretary
Valley Wide Outreach

Yolanda Carrillo
Corona/Norco Family YMCA

Erlys Daily
Riverside County Department of Mental Health

Art Hernandez
Parents Anonymous

Felicia Miller
Riverside County Economic Development Agency

Pamela Miller
Riverside County Collaborative Justice Coordinator

Jim Powell
Riverside County Substance Abuse

Rita G Rubio
Nuview School District

George Tillery
A-Z Bus Sales

*Riverside County
Board Of Supervisors*

Bob Buster, First District

John Tavaglione, Second District

Jeff Stone, Third District

Roy Wilson, Fourth District

Marion Ashley, Fifth District

Staff

Kathleen M Drake
Interim Executive Director

Bianca Hunter
Executive Assistant

ATTACHMENT 4

Audit Engagement Letter



SMITH MARION & CO.
AN ACCOUNTANCY CORPORATION

22365 Barton Road, Suite 108
Grand Terrace, CA 92313
Telephone (909) 825-6600
Facsimile (909) 825-9900

27349 Jefferson Ave, Suite 107
Temecula, CA, 92590
Telephone (951) 296-9146
Facsimile (951) 296-9124

January 18, 2006

Board of Directors
Prevent Child Abuse Riverside County
3387 Chicago Avenue
Riverside, CA 92507

AUDIT ENGAGEMENT LETTER - FYE JUNE 30, 2005

We are pleased to serve as the independent certified public accountants for the Prevent Child Abuse Riverside County.

We will audit the statement of financial position of the Prevent Child Abuse Riverside County for the year ended June 30, 2005, and the related statements of activities, and cash flow for the period then ended. In addition, we will prepare the Annual Returns for Organizations Exempt from Income Tax - Federal 990, State 199 and State Controller's RRF-1.

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles [and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the general purpose financial statements taken as a whole]. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the *Audit Guide for Auditors of Child Development Agency Programs Administered by Private, Nonprofit and Public Agencies*, as amended, issued by the California State Department of Education and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (which, does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. This report will include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Management is responsible for establishing and maintaining internal control and for compliance with laws, regulations, contracts, and agreements. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Attachment: Peer Review Report

ENGAGEMENT LETTER (CONTINUED)

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. As part of our engagement we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. Your responsibility includes the establishment and maintenance of adequate records and effective internal controls over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws and regulations.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

Identifying and ensuring that the Organization complies with laws, regulations, contracts, and agreements is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Organization's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinion on the Organization's financial statements.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls are required only if control risk is assessed below the

Attachment: Peer Review Report

ENGAGEMENT LETTER (CONTINUED)

maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We will also inform you of any nonreportable conditions or other matters involving internal control, if any, as required by *Government Auditing Standards*.

Our fees for services rendered are based on regular hourly rates for the various personnel used on the engagement and includes all out-of-pocket expenses, and the type and processing of reports. Based on our understanding of the engagement, **we estimate a fee of \$5,500 (Audit \$4,950 and 990, 199 and RRF-1 \$550). We require a retainer of 10% to be paid prior to the start of the audit.**

Our fee is based on the anticipated cooperation from your personnel and the assumption that the records are in satisfactory condition for the audit. If we encounter unexpected circumstances we will bring them to your attention immediately, to avoid any delays in completing the audit.

We require a copy of the final trial balance (i.e., a trail balance ready for audit) be delivered to our office at least 5 working days prior to the start of the audit, otherwise we may reschedule the start of the audit.

Invoices will be payable upon presentation and will be submitted monthly during the course of the engagement. Any discrepancy regarding a billing must be communicated within 10 days from the date received; otherwise, it shall be considered correct and payable. Billings become delinquent if not paid within 60 days of the invoice date. Past due accounts or invoices will incur a late charge, assessed at the rate of 1.5% of the delinquent account balance each month, not to exceed maximum as permitted by law. Payments received on account will first be credited against any delinquency charges and then against the invoice balance. If billings are past due in excess of 60 days, we will stop work until your account is brought current, or withdraw from the engagement.

In an action or proceeding to enforce any provision of this agreement, to collect unpaid fees or secure a judgment for nonpayment of fees, the prevailing party will be awarded reasonable attorneys' fees and costs incurred in that action or proceeding, or in efforts to negotiate the matter. If this matter is referred to a collection agency, we shall be entitled to recover reasonable collection agency fees incurred in the matter.

It is our desire to make sure that our clients clearly understand the amount and manner in which we bill for our services. If you have any questions on our fees or billing policies, please feel free to contact us.

Our fees are only for services specifically mentioned in this letter. We are, however, available for any additional consulting or accounting services that you may require. The fees for such additional services would be based on our regular hourly rates for the level of personnel performing the tasks.

The workpapers for this engagement are the property of Smith Marion & Co and constitute confidential information. However, we may be requested to make certain workpapers available to federal (including HUD) and/or state agencies pursuant to authority given to them by law or regulation. If requested, access to such workpapers will be provided under the supervision of Smith Marion & Co. Furthermore, upon request we may provide photocopies of selected workpapers to federal and state agencies. The federal and state agencies may intend, or decide, to distribute photocopies or information contained therein to others, including other governmental agencies. The workpapers for this engagement will

Attachment: Peer Review Report

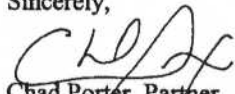
ENGAGEMENT LETTER (CONTINUED)

be retained for a minimum of five years after the date the auditor's report is issued or for any additional period requested by federal or state agencies. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the workpapers.

If the foregoing is in accordance with your understanding, please sign both copies of this letter and return one copy for our files.

We very much appreciate the opportunity to continue to serve you.

Sincerely,



Chad Porter, Partner
Smith Marion & Co.
Certified Public Accountants

This letter correctly sets forth the understanding of Prevent Child Abuse Riverside County for the audit of the fiscal year ended June 30, 2005.

Accepted By: _____

Date: _____

Attachment: Peer Review Report

HURLEY & COMPANY

Certified Public Accountants



May 30, 2002

To the Partners
Smith, Marion & Company

We have reviewed the system of quality control for the accounting and auditing practice of Smith, Marion & Company, (the firm) in effect for the year ended December 31, 2001. A system of quality control encompasses the firm's organizational structure and the policies adopted and the procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The design of the system and compliance with it are the responsibility of the firm. Our responsibility is to express an opinion on the design of the system and the firm's compliance with the system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Because our review was based on selective tests, it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it.

Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Smith, Marion & Company, in effect for the year ended December 31, 2001, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.


Hurley & Company

Suite 100
15650 Devonshire Street
Granada Hills, California 91344

Telephone (818) 895-1943
Facsimile (818) 891-8050
WWW.HURLEYCPA.COM

Member — SEC and
Private Companies Practice
Sections of the American
Institute of CPA's



SMITH MARION & Co.
AN ACCOUNTANCY CORPORATION

22365 Barton Road, Suite 108
Grand Terrace, CA 92313
Telephone (909) 825-6600
Facsimile (909) 825-9900

27349 Jefferson Ave, Suite 107
Temecula, CA, 92590
Telephone (951) 296-9146
Facsimile (951) 296-9124

January 9, 2006

Prevent Child Abuse Riverside County
3387 Chicago Avenue
Riverside, CA 92507

LETTER OF INTRODUCTION / PROPOSAL

Thank you for the opportunity to introduce my firm to you and submit our proposal for audit services for the year ended June 30, 2005.

We feel we have the ability to perform an audit in a highly professional manner. The personnel in our audit department work exclusively performing audits and reviews throughout the year and are very knowledgeable about effective procedures and related industry matters.

I am proud of the services provided by our firm and I think you will appreciate our approach to performing the audit.

Description of Firm and Personnel Background

The key professional staff we propose to use on this engagement will be follows:

Chad Porter, CPA, Partner (10 years experience)
Patrick Cabildo, Senior Auditor (5 years experience)

We have worked with many of our clients for in excess of five years. We have the ability and reputation for meeting deadlines for both fieldwork and the preparation and delivery of required reports.

The firm is located in Grand Terrace. The firm ranges in size from 8-11 professional staff and 2 support staff. The Audit Department is responsible for audit and review services, management advisory services (including setting up accounting systems), and nonprofit tax filing services.

The remaining professional staff employed by the firm are responsible for the firm's tax and monthly write-up services; thus the **audit staff are kept free from the tax rush and other monthly and quarterly deadlines and are dedicated solely to our audit clients!**

Our audit client mix is as follows:

	Number of <u>Clients</u>
Nonprofit Agencies	65
California Special Districts	15

ATTACHMENT 5

Policies and Procedures for Board Membership



**POLICY & PROCEDURE MANUAL
SECTION: BOARD OF DIRECTORS**

POLICY NUMBER: 400

SUBJECT: BOARD DEVELOPMENT POLICY

Prevent Child Abuse Riverside County (PCARC)
Board Development Policy

The Board Development committee is responsible for nominating directors to fill vacancies caused when directors have resigned, failed to attend four consecutive board meetings or whose term is expiring. All board members are encouraged to recommend potential candidates for board membership.

The following must be taken into consideration when recommending potential candidates in order that the makeup of the Board reflect the diversity of the people of Riverside County:

1. Demographics:
 - Gender
 - Ethnic Background
2. WIC Section 18982.1 recommendations for representation:
 - Child Welfare Services
 - Criminal Justice Organizations
 - Prevention and Treatment Services
 - Community Representatives
 - Consumers
 - Parents
3. Assets:
 - Disabilities
 - Unified School Districts
 - Fiscal
 - Legal
 - Non-Profit Experience
 - County Government
 - Other Agency Board Member
 - Professional Associations
 - Business Community
 - Faith-based Organizations
4. Riverside County Supervisor's District
 - First District
 - Second District
 - Third District
 - Fourth District
 - Fifth District



POLICY & PROCEDURE MANUAL SECTION: BOARD OF DIRECTORS

Prior to a board member candidate being brought to the full board for approval, the following shall occur:

1. A nomination form will be completed and submitted to the Board Development Committee.
2. A member of the Board Development Committee will meet informally with the candidate to determine level of interest and availability. At that time, if the person is interested they will be asked to complete a Board Application Form.
3. The Board Development Committee will review the application to determine if there is a fit with current board vacancies and needs. If there is a fit, an interview will be scheduled with the candidate and the Board Development Committee.
4. After this interview a determination will be made by the Development Committee as to whether or not to bring the nomination to the full board.
5. An invitation for board membership will only be extended if the nomination is approved by a majority vote of the Board of Directors.
6. If the nomination is approved the Board President will extend the official invitation and the new board member will be expected to attend the next regularly scheduled board meeting.
7. Prior to this meeting the Executive Director and Board President will meet with the new board member and provide an orientation to include the PCARC Bylaws, The Brown Act and the Conflict of Interest Protocol. Each new board member will be expected to sign the Conflict of Interest Statement and complete a Form 700 to be filed with the Secretary of the Board of Supervisors, Riverside County.



**POLICY & PROCEDURE MANUAL
SECTION: BOARD OF DIRECTORS**

POLICY NUMBER: 401

SUBJECT: BOARD NOMINATION FORM

Prevent Child Abuse Riverside County (PCARC)
Board Nomination Form

Please complete and submit to the Board Development Committee.

Name _____ Phone _____

Address _____

Riverside County Board of Supervisor's District in which the nominee resides: _____

Age: _____ Gender: _____ Ethnicity: _____

Employer _____ Phone _____

Riverside County Board of Supervisor's District in which the nominee works: _____

Please describe why you believe this nominee would be a good candidate for board membership:

What relevant experience and/or employment do you feel the nominee possesses? _____

What area(s) of expertise/contributions do you feel they would bring to the board? _____

Additional Comments: _____

Completed by: _____

Date: _____



**POLICY & PROCEDURE MANUAL
SECTION: BOARD OF DIRECTORS**

POLICY NUMBER: 402

SUBJECT: BOARD APPLICATION FORM

Prevent Child Abuse Riverside County (PCARC)
Board Application Form

Name _____ Phone _____

Address _____

Riverside County Board of Supervisor's District do you reside in: _____

Age: _____ Gender: _____ Ethnicity: _____

Employer _____ Phone _____

Address _____

Riverside County Board of Supervisor's District you work in: _____

Relevant Experience and/or Employment: _____

Why are you interested in being a board member for PCARC? _____

Area(s) of expertise/contributions you feel you bring to the board: _____

How much time can you devote to PCARC per month? _____

Other volunteer commitments: _____

For Board Use

_____ Nominee's application has been reviewed by Board Development Committee.

Date: _____



POLICY & PROCEDURE MANUAL
SECTION: BOARD OF DIRECTORS

_____ Nominee has been interviewed by Board Development Committee.

Date: _____

_____ Recommendation for board membership made by Board Development Committee.

Date: _____

_____ Approved

_____ Not Approved

If Approved:

_____ Invitation extended for board membership.

Date: _____

_____ Orientation provided new board member including Brown Act and Conflict of Interest.

Date: _____

_____ Board member has signed Conflict of Interest Statement and completed Form 700.

Date: _____

Comments: _____

Completed by: _____