

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Dixon Unified School District

Fiscal Review and Fiscal Health Risk Analysis

November 14, 2019

Michael H. Fine
Chief Executive Officer





November 14, 2019

Brian Dolan, Superintendent
Dixon Unified School District
180 South First Street
Dixon, CA 95620

Dear Superintendent Dolan:

In June 2019, the Dixon Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to provide the district with management assistance. Specifically, the agreement states that FCMAT will perform the following:

1. Prepare an analysis using the 20 factors in FCMAT's Fiscal Health Risk Analysis and identify the district's specific risk rating for fiscal insolvency.
2. Conduct an organizational and staffing review of the district's business services and human resources departments and make recommendations for staffing improvements or reductions, if any.
3. Evaluate the workflow and distribution of functions within and between the above departments, and make recommendations for improved efficiency, if any.
4. Review operational processes and procedures for the business services department and make recommendations for improved efficiency, if any, in the following areas:
 - Budget development
 - Budget monitoring
 - Position control
 - Purchasing
 - Accounts payable
 - Accounts receivable
 - Payroll
5. Review operational processes and procedures for the human resources department and make recommendations for improved efficiency, if any.

FCMAT

Michael H. Fine, Chief Executive Officer

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

FCMAT appreciates the opportunity to be of service and extends thanks to the staff of the Dixon Unified School District for their cooperation and assistance during fieldwork.

Sincerely,

A handwritten signature in black ink, reading "Michael H. Fine". The signature is written in a cursive, flowing style with a large initial 'M' and a stylized 'H'.

Michael H. Fine

Chief Executive Officer

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About FCMAT

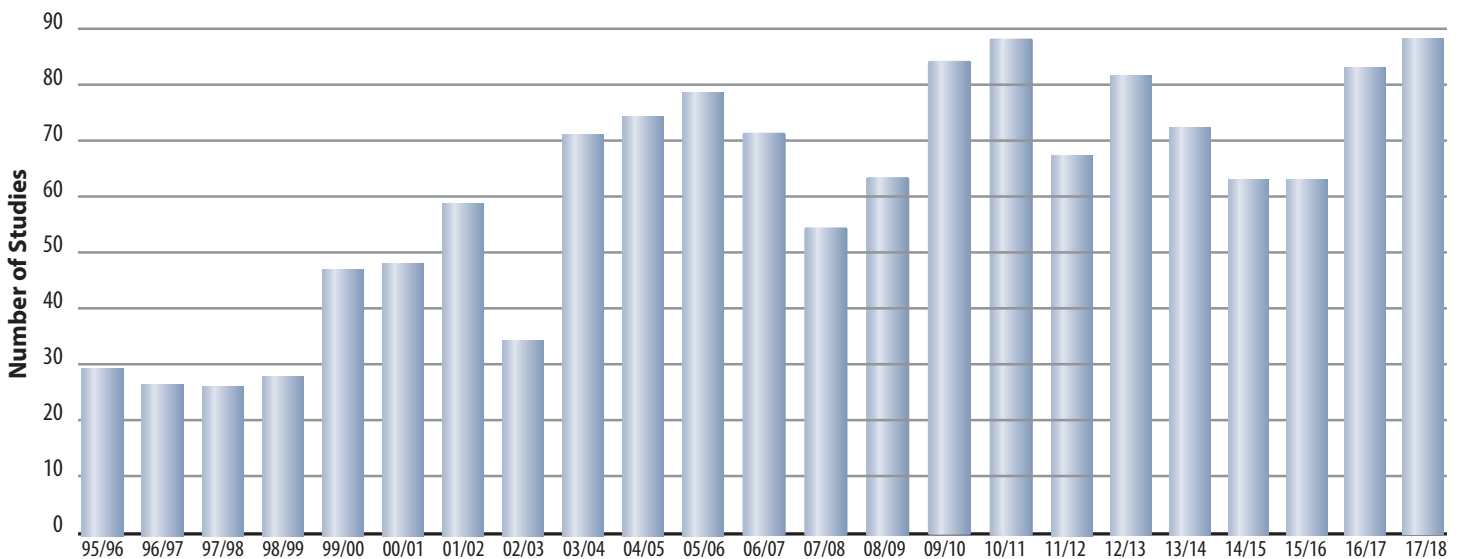
FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials and help to create efficient organizational operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and inform instructional program decisions.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the LEA to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of K-14 LEAs and the implementation of major educational reforms.

Studies by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website (www.ed-data.org) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. AB 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. AB 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

On September 17, 2018 AB 1840 became effective. This legislation changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting the former state-centric system to be more consistent with the principles of local control, and providing new responsibilities to FCMAT associated with the process.

Since 1992, FCMAT has been engaged to perform more than 1,000 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Michael H. Fine, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

The Dixon Unified School District is located in northern Solano County approximately 23 miles southwest of Sacramento. The district's boundaries extend east and west of Interstate 80, encompassing suburban and rural communities south of Davis and north of Vacaville. The district has a five-member elected governing board and serves approximately 3,200 students at three elementary schools, a middle school, and two high schools. The district is also the authorizer of one charter school that serves approximately 400 students.

The district's enrollment has declined slowly since 2012-13, when enrollment exceeded 3,400 students. The district's fund balance has reflected this decrease, with a projected 2019-20 ending fund balance of \$1.8 million, representing a decrease of approximately \$1.9 million from 2015-16. The district projects deficit spending of approximately \$600,000 in its adopted budget for 2019-20, while still meeting its required \$1.1 million reserve for economic uncertainties. The district's governing board passed expenditure reductions in February 2019 to reduce certificated staff by 11.7 full-time equivalents (FTE) positions in 2019-20, effectively eliminating deficit spending in the district's 2019-20 multiyear projection that was included with its adopted budget.

In June 2019, after the district recruited two individuals for leadership positions, one in the Business Services Department and one in the Human Resources Department, the district and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a fiscal health risk analysis of the district, and to review the Business Services and Human Resources departments' organizational and staffing, workflow, distribution of functions, and associated operational processes and procedures.

Study Guidelines

FCMAT entered into the study agreement with the Dixon Unified School District on June 12, 2019.

FCMAT visited the district on July 24-25, 2019 to conduct interviews, collect data and review documents, and performed additional off-site work during the weeks that followed, including continuing to collect various documents from district staff. The team reviewed numerous documents and financial reports, including the district's annual independent audits, unaudited actuals, financial system reports, attendance reports, organizational structures, and other historical financial and organizational information pertinent to the study. This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Fiscal Health Risk Analysis
- Human Resources Findings and Recommendations
- Business Office Findings and Recommendations

FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports. In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

Study Team

The team was composed of the following members:

Jeffrey B. Potter, CFE
FCMAT Intervention Specialist
Bakersfield, CA

Jennifer Noga, CFE
FCMAT Intervention Specialist
Bakersfield, CA

Leonel Martínez
FCMAT Technical Writer
Bakersfield, CA

Rita Beyers
FCMAT Consultant
Chula Vista, CA

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

Executive Summary

The Dixon Unified School District retained FCMAT at a time of leadership transition. The former chief business officer left the district in 2018-19, and the district retained a consulting firm during the second half of fiscal year 2018-19, primarily to assist with the development of the 2019-20 adopted budget. Processes and procedures were not well documented, and much of the institutional knowledge was lost in the transition. A new chief business officer was hired in May 2019 and was present during FCMAT's fieldwork. The executive director of human resources is also new, and was hired by the district two weeks before FCMAT's visit.

The executive cabinet consists of four leadership positions; the two mentioned above, the district superintendent and the assistant superintendent of educational services. Since half of the executive cabinet is new, the district requested that FCMAT assess the district's operations, including an organizational review and a Fiscal Health Risk Analysis.

One of FCMAT's main objectives in this study was to review and validate the district's fiscal risk. The team reviewed numerous documents and financial reports, including the district's annual independent audits, unaudited actuals, financial system reports, attendance reports and other historical financial information pertinent to the study. However, some of the requested internal documents, including various procedures and historical documentation, could not be provided because they did not exist, were outdated, or could not be located.

FCMAT interviewed numerous members of both the departmental and site staff, as well as management and all members of the executive cabinet. These reviews allowed FCMAT to establish a broad picture of the district's current operational state, including the need to rebuild internal controls, improve districtwide communication channels, and establish more formal, written procedures across all departments.

The Human Resources and Business Services departments had new leadership at the time of fieldwork and therefore were a focus of this study. FCMAT determined that both departments were in a transitional period where roles and responsibilities were unclear to departmental staff, appropriate processes had either not been established or were no longer followed, inadequate coverage of critical duties was prevalent, communication needed improvement, and internal controls, such as the separation of duties, were lacking. However, staff was optimistic that improvements were possible and forthcoming, and morale was high during such a transition.

While the district retained fiscal stability through certificated reductions in 2018-19, the required reserve for economic uncertainties represents more than half of its projected ending fund balance for the current and two subsequent fiscal years. A gradual and continuous decline in enrollment has eroded the district's unrestricted revenue and prevented the addition of any new positions. The multiyear outlook remains positive in the district's 2019-20 adopted budget. However, any unanticipated factors, such as a further decline in enrollment or reductions in state revenue, could quickly change this status and necessitate more extreme expenditure reductions to maintain fiscal solvency.

FCMAT's review determined that while many areas need improvement, the primary weaknesses are in internal controls and budget oversight. A comprehensive process for regular budget monitoring, as well as budget development, remained under development at the time of our study, with many departments communicating the need to better understand their budgets and to have a greater role in budget monitoring and budget development. Training in this area was identified as an area of high need across the district and should be prioritized as the district continues with organizational improvements.

Internal controls were lacking in many areas partly because of the leadership transition and the district's small size. This included critical positions and functions that had little oversight and monitoring, a lack of written and understood procedures, positions with system permissions that created an environment vulnerable to fraud or misappropriation, and inadequate separation of duties. Another identified weakness was insufficient staff training and staff members still developing the skills necessary for their positions.

As shown in the Fiscal Health Risk Analysis and departmental recommendations, FCMAT identified a number of weaknesses in numerous functional areas. This resulted in a score of 47.7%. A score in excess of 40% is considered “high risk” in this analysis. However, with new leadership and a renewed focus on internal controls, documented procedures and staff development, the district is poised to correct many of the weaknesses by using existing staff in a more efficient and focused manner. While the results of this study indicate needed improvements in many areas, the shortcomings can primarily be attributed to new leadership, a lack of documentation and procedures, and the need to rebuild departmental practices and internal controls.

Fiscal Health Risk Analysis

For K-12 Local Educational Agencies

The Fiscal Crisis and Management Assistance Team (FCMAT) has developed the Fiscal Health Risk Analysis (FHRA) as a tool to help evaluate a school district's fiscal health and risk of insolvency in the current and two subsequent fiscal years.

The FHRA includes 20 sections, each containing specific questions. Each section and specific question is included based on FCMAT's work since the inception of AB 1200; they are the common indicators of risk or potential insolvency for districts that have neared insolvency and needed assistance from outside agencies. Each section of this analysis is critical to an organization, and lack of attention to these critical areas will eventually lead to financial insolvency and loss of local control. The analysis focuses on essential functions and processes to determine the level of risk at the time of fieldwork; however, it is not a detailed review of all systems and finances, nor does it consider subsequent events.

The greater the number of "no" answers to the questions in the analysis, the higher the score, which points to a greater potential risk of insolvency or fiscal issues for the district. Not all sections in the analysis and not all questions within each section carry equal weight; some areas carry higher risk and thus count more heavily toward or against a district's fiscal stability percentage. For this tool, 100% is the highest total risk that can be scored. A "yes" or "n/a" answer is assigned a score of 0, so the risk percentage increases only with a "no" answer.

To help the district, narratives are included for responses that are marked as "no" so the district can better understand the reason for the response and actions that may be needed to obtain a "yes" answer.

Identifying issues early is the key to maintaining fiscal health. Diligent planning will enable a district to better understand its financial objectives and strategies to sustain a high level of fiscal efficiency and overall solvency. A district should consider completing the FHRA annually to assess its own fiscal health risk and progress over time.

District or LEA Name: Dixon Unified School District

Dates of Fieldwork: July 24-25, 2019

1.	Annual Independent Audit Report	Yes	No	N/A
1.1	Can the district correct prior year audit findings without affecting its fiscal health (e.g., material apportionment or internal control findings)?	✓	☐	☐
1.2	Has the independent audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline? (Extensions of the timeline granted by the State Controller's Office should be explained.)	☐	✓	☐
	<i>The district presented the 2017-18 audit report to the governing board on February 7, 2019. According to Education Code 41020.3, the governing board of each local education agency shall review the audit report at a public meeting by January 31 of each year.</i>			
1.3	Was the district's most recent independent audit report free of material findings?	✓	☐	☐
1.4	Has the district corrected all reported audit findings from the current and past two audits?	☐	✓	☐
	<i>The district had recurring findings in student body recordkeeping specifically in cash handling procedures. As indicated by these findings, the district is not following policies and procedures for account and cash handling as required by governing board policies. This includes using the fundraising approval form as outlined in Education Code 48930 as required by governing board policy. Additionally, bank statement reconciliations are not completed timely.</i>			
1.5	Has the district had the same audit firm for at least three years?	☐	✓	☐
	<i>The district changed audit firms from Goodell, Porter, Sanchez & Bright, LLP to James Marta & Co. LLP in 2016-17.</i>			

2.	Budget Development and Adoption	Yes	No	N/A
2.1	Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county office of education instructions, and have been clearly articulated?	✓	☐	☐
2.2	Does the district use a budget development method other than a prior-year rollover budget, and if so, does that method include tasks such as review of prior year estimated actuals by major object code and removal of one-time revenues and expenses?	☐	✓	☐
	<i>Because the position of chief business official was vacant, the district used consultants and district staff outside of the business office to create the 2019-20 adopted budget. As a result, it is unclear what methods were used to create the budget and what analysis was performed to project the Estimated Actuals for 2018-19.</i>			
2.3	Does the district use position control data for budget development?	☐	✓	☐
	<i>As mentioned, the district used consultants to create the 2019-20 adopted budget. Interviews and documentation indicated that second interim staffing information was used to develop the adopted budget, including a factor for step-and-column increases.</i>			
2.4	Does the district calculate the Local Control Funding Formula (LCFF) revenue correctly? . . .	✓	☐	☐
2.5	Has the district's budget been approved unconditionally by its county office of education in the current and two prior fiscal years?	✓	☐	☐
2.6	Does the budget development process include input from staff, administrators, the governing board, the community, and the budget advisory committee (if there is one)? . . .	☐	✓	☐
	<i>In interviews, staff indicated that budget development for 2019-20 focused mainly on existing budgeted amounts and actual expenditures as the basis for the projections. Including other departments was not a priority in the process, and departmental staff indicated a desire for increased input in future projections. The district has identified this as an area of improvement and development.</i>			
2.7	Does the district budget and expend restricted funds before unrestricted funds?	✓	☐	☐
2.8	Have the LCAP and the budget been adopted within statutory timelines established by Education Code sections 42103 and 52062 and filed with the county Superintendent of schools no later than five days after adoption or by July 1, whichever occurs first, for the current and past two fiscal years?	✓	☐	☐
2.9	Has the district refrained from including carryover funds in its adopted budget?	✓	☐	☐
2.10	Other than objects in the 5700s and 7300s and appropriate abatements in accordance with the California School Accounting Manual, does the district avoid using negative or contra expenditure accounts?	☐	✓	☐
	<i>The 2017-18 adopted budget contains negative or contra expenditure accounts of \$389,500 in certificated salaries and \$122,573 in employee benefits.</i>			
	<i>The 2018-19 adopted budget contained negative or contra expenditure accounts of \$389,500 in certificated salaries and \$57,260 in employee benefits.</i>			
2.11	Does the district have a documented policy and/or procedure for evaluating the proposed acceptance of grants and other types of restricted funds and the potential multiyear impact on the district's unrestricted fund?	☐	✓	☐

Interviews indicated that district staff did not know if a procedure exists for evaluating the proposed acceptance of grants and other types of restricted funds, or for analyzing the potential multiyear impact on the district's unrestricted general fund.

- 2.12 Does the district adhere to a budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff member/department responsible for completing them? ☐ ☒ ☐

The district provided a fiscal year calendar; however, it lacked the expected level of detail. A detailed budget calendar should include all applicable fiscal deadlines and a list of responsibilities delineated by staff member.

3. Budget Monitoring and Updates Yes No N/A

- 3.1 Are actual revenues and expenses consistent with the most current budget? ☒ ☐ ☐
- 3.2 Are budget revisions posted in the financial system at each interim report, at a minimum? ☒ ☐ ☐
- 3.3 Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim report, at a minimum? ☒ ☐ ☐
- 3.4 Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs before the next financial reporting period? ☒ ☐ ☐
- 3.5 Does the district provide a complete response to the variances identified in the criteria and standards? ☒ ☐ ☐
- 3.6 Has the district addressed any deficiencies the county office of education has identified in its oversight letters in the current and prior two fiscal years? ☐ ☒ ☐

Beginning in 2017-18, county office oversight letters have cautioned the district about deficit spending and the need to ensure required reserves are maintained.

On March 13, 2019, the county office concurred with the district's first Interim positive certification, but cautioned about the loss of the CBO position, a lack of cash monitoring, and the risk of the projected fund balance falling short of the board's required reserves. The cafeteria fund is noted as having a declining fund balance, with a concern that it may become a burden on the general fund.

On June 6, 2019, in response to the district's second interim report, the county office concurred with the district's positive certification. However, many of the same previous concerns were repeated. With the district projected to deficit spend in the current year, the county office remains concerned that the district is not monitoring cash and that reserve levels are still falling below the board's requirements. The continual decline of the cafeteria fund balance and the potential impact to the general fund is also repeated.

- 3.7 Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure? ☐ ☒ ☐

Interviews indicated that, while the financial software includes tools to prevent the processing of requisitions or purchase orders that exceed the budget, the district does not use that functionality. In instances of insufficient budgetary funds, the district office manually works with the affected department and/or site before a purchase requisition becomes a purchase order. The business office has received invoices before purchase orders are created or approved, requiring research prior to processing.

- 3.8 Does the district encumber and adjust encumbrances for salaries and benefits? ☐ ☒ ☐
The district does not encumber salary and benefit costs.
- 3.9 Are all balance sheet accounts in the general ledger reconciled at each interim report, at a minimum? ☐ ☒ ☐
The balance sheet accounts do not appear to be regularly reconciled. The district has stated that it is working with the county office to ensure this occurs.
- 3.10 Have the interim reports and the unaudited actuals been adopted and filed with the county Superintendent of schools within statutory timelines established by Education Code? ☒ ☐ ☐

4. Cash Management

Yes No N/A

- 4.1 Are accounts held by the county treasurer reconciled with the district's and county office of education's reports monthly? ☒ ☐ ☐
- 4.2 Does the district reconcile all bank (cash and investment) accounts with bank statements monthly? ☐ ☒ ☐
Documentation received by FCMAT indicates some accounts may be reconciled in a timely manner, but others do not include a completion date. FCMAT was therefore unable to determine if the reconciliations are completed monthly.
- 4.3 Does the district forecast its cash receipts and disbursements at least 18 months out, updating the actuals and reconciling the remaining months to the budget monthly to ensure cash flow needs are known? ☐ ☒ ☐
Documentation provided to FCMAT indicates the district is completing a cash flow projection at each reporting period. However, when comparing the district-prepared cash flow projection for 2018-19 to the actuals through June, it is apparent the worksheet is not updated monthly to reflect actual amounts. In a letter to the board president and superintendent, the county office expressed concerns that the district was not properly monitoring cash flow.
- 4.4 Does the district have a reasonable plan to address cash flow needs during the current fiscal year? ☒ ☐ ☐
- 4.5 Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds? ☐ ☒ ☐
Without expenditure reductions in the cafeteria fund, the district will likely depend on interfund borrowing during the 2019-20 fiscal year. The district adopted a resolution for temporary interfund cash borrowing at the July 11, 2019 board meeting. The resolution authorizes the district to temporarily transfer monies between funds to meet the cash flow needs of the various funds if any fund has a temporary shortage of cash.
- 4.6 If interfund borrowing is occurring, does the district comply with Education Code section 42603? ☐ ☒ ☐
Education Code 42603 states that a temporary transfer of fund may not exceed 75% of the maximum amount of moneys held in any fund during that fiscal year. During 2018-19, the district loaned \$100,000 from fund 40 to fund 13. This amount was more than the limit established in the Education Code.

- 4.7 If the district is managing cash in any funds through external borrowing, has the district set aside funds for repayment attributable to the same year the funds were borrowed? . . . ☒ ☐ ☐

5. Charter Schools Yes No N/A

- 5.1 Are all charters authorized by the district going concerns? . . . ☒ ☐ ☐
- 5.2 If the district has any charters in fiscal distress, has the district performed its statutory fiscal and operational oversight functions, including the issuance of formal communication to the charter, such as Notices of Violation? . . . ☐ ☐ ☒
- 5.3 Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code section 47604.32? . . . ☒ ☐ ☐
- 5.4 Does the district have a board policy or other written document(s) regarding charter oversight? . . . ☒ ☐ ☐
- 5.5 Has the district identified specific employees in its various departments (e.g., human resources, business, instructional, and others) to be responsible for oversight of all approved charter schools? . . . ☒ ☐ ☐

6. Collective Bargaining Agreements Yes No N/A

- 6.1 Has the district settled with all its bargaining units for the prior two fiscal year(s)? . . . ☐ ☒ ☐
The district has not settled with the classified bargaining unit or the confidential, management and unrepresented employees for fiscal year 2018-19.
- 6.2 Has the district settled with all its bargaining units for the current year? . . . ☐ ☒ ☐
The district has not settled negotiations with its certificated, classified, confidential, management or unrepresented employees for fiscal year 2019-20.
- 6.3 Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections? . . . ☒ ☐ ☐
- 6.4 Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step and column salary increase), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement? . . . ☒ ☐ ☐
- 6.5 In the current and prior two fiscal years, has the district settled the total cost of the bargaining agreements at or under the funded cost of living adjustment (COLA)? . . . ☐ ☐ ☒
- 6.6 If settlements have not been reached in the past two years, has the district identified resources to cover the estimated costs of settlements? . . . ☐ ☐ ☒
- 6.7 Did the district comply with public disclosure requirements under Government Code sections 3540.2 and 3547.5 and Education Code section 42142? . . . ☐ ☒ ☐

Documentation received by FCMAT indicates that the district completed the Public Disclosures of Collective Bargaining form for fiscal years 2017-18 and 2018-19, including the associated costs of the tentative agreements. These documents were approved by the governing board and subsequently provided to the county office. However, FCMAT did not receive documentation demonstrating that the superintendent and chief business official certified that the costs of the agreements could be met in accordance with Government Code section 3547.5. Without this certification, adherence to the statutory public disclosure requirements was not fully met.

- 6.8 Did the Superintendent and CBO certify the public disclosure of collective bargaining agreement prior to board approval? ☐ ☒ ☐

Per Education Code 3547.5,

“Before entering into a written agreement with an exclusive representative covering matters within the scope of representation, the public school employer must disclose the major provisions of the agreement, including, but not limited to, the costs that would be incurred by the public school employer under the agreement for the current and subsequent fiscal years at a public meeting in a format prescribed by the SPI or the county office.

The Superintendent of the school district and the chief business official must certify in writing that the costs incurred by the school district under the agreement can be met by the district during the term of the agreement.”

FCMAT ‘s review of the public disclosures shows the district superintendent and CBO did not certify that the costs incurred can be met by the district. The district also did not provide the COE with the original certification after the board took action to approve the disclosures.

- 6.9 Is the governing board’s action consistent with the Superintendent’s and CBO’s certification? ☐ ☒ ☐

Although board meeting minutes suggest the superintendent and CBO were in agreement with the proposed settlement, the public disclosure provided to FCMAT did not include a signed certification by both parties, which is a requirement of the form.

7. Contributions and Transfers Yes No N/A

- 7.1 Does the district have a board-approved plan to eliminate, reduce, or control any contributions/transfers from the unrestricted general fund to other restricted programs and funds? ☐ ☒ ☐

Contributions from the unrestricted general fund are made to special education programs, the after school and safety program and routine restricted maintenance. Contributions have increased by more than 10% over the past two years, despite the 2019-20 adopted budget reflecting a decrease. The two subsequent fiscal years are not consistent with the district’s historical trends and are projected to have a 0.05% decrease in the first subsequent year and a 3% increase in the second subsequent fiscal year. FCMAT was not provided with an approved plan to reduce and/or eliminate increasing contributions from the unrestricted general fund to other resources.

- 7.2 If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance? ☒ ☐ ☐

- 7.3 If any contributions/transfers were required for restricted programs and/or other funds in either of the prior two fiscal years, and there is a need in the current year, did the district budget for them at reasonable levels? ☐ ☒ ☐

Although the district’s multiyear projection includes contributions to restricted programs, FCMAT believes that the projected amounts are inadequate based on historical trends from prior years. As stated above, the district’s contribution amounts have increased by more than 10% each year for the past two years. However, the 2019-20 adopted budget projects a decrease from the prior year. Additionally, the

two subsequent fiscal years appear to be understated when compared with historical trends. Without a specific plan to reduce and/or eliminate costs, the budgeted amounts are likely inadequate to cover the increasing costs.

The cafeteria fund is struggling to be self-sufficient and is projected to receive a transfer from the general fund in the current and two subsequent fiscal years. The district should monitor this fund to avoid future strain on the general fund.

8.	Deficit Spending	Yes	No	N/A
8.1	Is the district avoiding deficit spending in the current fiscal year?	☐	☒	☐
	<i>In the 2019-20 adopted budget, approved by the governing board on June 27, 2019, the district is projected to deficit spend in the current fiscal year by \$594,000 in the combined unrestricted/restricted general fund.</i>			
8.2	Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?	☒	☐	☐
8.3	If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending?	☒	☐	☐
8.4	Has the district decreased deficit spending over the past two fiscal years?	☐	☒	☐
	<i>As included with the district's 2019-20 adopted budget, deficit spending increased from \$110,248 in the district's 2017-18 audit report to \$752,408 in the 2018-19 estimated actuals.</i>			

9.	Employee Benefits	Yes	No	N/A
9.1	Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board (GASB) requirements to determine its unfunded liability for other post-employment benefits (OPEB)?	☐	☒	☐
	<i>Effective fiscal year 2017-18, GASB 75 requires that a valuation be made every two years. According to the 2019-20 Adopted Budget Criteria and Standards, the district states there was a new report dated August 1, 2018 with a total OPEB liability of \$6,176,572. However, the district did not provide supporting documentation, and FCMAT was unable to substantiate this.</i>			
9.2	Does the district have a plan to fund its liabilities for retiree health and welfare benefits?	☒	☐	☐
9.3	Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?	☐	☒	☐
	<i>The district's bargaining agreement with classified employees allows 12-month employees to carry forward as many as 30 days of vacation leave. It also stipulates that all classified employees paid out of the general fund will be allowed to carry up to 30 earned vacation days to the next year provided the vacation days on the school schedule are used first.</i>			
	<i>According to a vacation leave balance report provided by the district, 21 employees carried vacation balances of more than the allowable 30 days to the 2019-20 fiscal year, with four employees carrying over more than 85 days. Two of the employees appear to be funded from the cafeteria fund. These employees are not typically 12-month employees and are not paid from the general fund. This may violate the vacation balance policy.</i>			

Further evidence of leniency in policy enforcement is provided in the district's 2017-18 audit report, which shows the liability for compensated absences as \$298,534. In addition, information from interviews indicated a lack of monitoring and enforcement regarding excess absences, despite inclusion of such a policy in the SEIU contract.

- 9.4 Within the last five years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents? ☐ ☒ ☐

The district has not conducted a dependent eligibility audit to verify the benefit eligibility of employee dependents. The district verified with its health plan administrators that it also has not conducted any type of verification.

- 9.5 Does the district track, reconcile and report employees' compensated leave balances? . . . ☒ ☐ ☐

10. Enrollment and Attendance

Yes No N/A

- 10.1 Has the district's enrollment been increasing or remained stable for the current and two prior years? ☐ ☒ ☐

The district reported noncharter enrollment of 3,257 students in 2016-17, 3,243 in 2017-18 and 3,211 in 2018-19, a cumulative decrease of 46 students.

- 10.2 Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P2)? ☐ ☒ ☐

Staff interviews and documentation submitted to FCMAT did not confirm that enrollment and ADA are analyzed or monitored at least monthly.

- 10.3 Does the district track historical enrollment and ADA data to predict future trends? ☐ ☒ ☐

Staff interviews and documentation submitted to FCMAT did not confirm that the district tracks historical enrollment and ADA data to predict future trends.

- 10.4 Do school sites maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the site and district levels? ☐ ☒ ☐

Staff interviews and documentation submitted to FCMAT determined that the daily enrollment and attendance is not reviewed at the district level. The district indicated that it is uncertain whether this data is reconciled at the site level.

- 10.5 Has the district certified its California Longitudinal Pupil Achievement Data System (CALPADS) data by the required deadlines (Fall 1, Fall 2, EOY) for the current and two prior years? ☒ ☐ ☐

- 10.6 Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations? ☐ ☒ ☐

The district lacks an established process for projecting enrollment. Projections for the 2019-20 adopted budget and multiyear projection were likely based on prior year figures, with consideration potentially given to grade advancements and graduations, and/or any known incoming or departing students.

- 10.7 Do all applicable sites and departments review and verify their respective CALPADS data and correct it as needed before the report submission deadlines? ☐ ☒ ☐

Staff interviews and documentation submitted to FCMAT determined that CALPADS data is primarily reviewed at the district office for any errors, and no formal process exists for site review or verification of the submitted data.

- 10.8 Has the district planned for enrollment losses to charter schools? ☒ ☐ ☐

- 10.9 Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students meeting the required qualifications are approved? ☒ ☐ ☐

- 10.10 Does the district meet the average class enrollment for each school site of no more than 24-to-1 class size ratio in TK-3 classes or does it have an alternative collectively bargained agreement? ☒ ☐ ☐

11. Facilities

Yes No N/A

- 11.1 If the district participates in the state's School Facilities Program, has it met the 3% Routine Restricted Maintenance Account requirement? ☒ ☐ ☐

- 11.2 Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects? ☐ ☒ ☐

Interviews indicated that the district believes it has sufficient resources; however, documentation was not provided to substantiate this. The district should complete an analysis to ensure funds are sufficient for all current and future projects before further contracts are considered.

- 11.3 Does the district properly track and account for facility-related projects? ☐ ☒ ☐

The facilities budget should be kept current to reflect outstanding and newly-approved contracts and amendments. The budget should also have sufficient funds set aside before purchase orders are encumbered, and a budget revision should be recorded, if necessary, before the establishment of an encumbrance.

- 11.4 Does the district use its facilities fully in accordance with the Office of Public School Construction's loading standards? ☐ ☒ ☐

District enrollment has been declining for several years. Facility use averages 61.9% of capacity at the elementary schools and 61.7% at the high schools (including the continuation school). The district's middle school exceeds capacity by one classroom.

2018-19 Enrollment Numbers

Site	K-5	6	7-8	9-12	SDC	Classrooms Available	Classrooms Needed	Excess Classrooms	Capacity
Anderson Elementary	485				0	30	20	10	66.7%
Gretchen Higgins Elementary	485				0	31	18	13	58.1%
Tremont Elementary	457				28	36	22	14	61.1%
CA Jacobs Middle		213	506		12	28	29	-1	103.6%
Dixon High				1,084	13	74	42	32	56.8%
Maine Prairie High				83		6	4	2	66.7%
OPSC Loading Standards									
Grade	Students per Classroom								
K-6	25								
7-12	27								
Special Education nonsevere	13								
Special Education severe	9								

11.5 Does the district include facility needs (maintenance, repair and operating requirements) when adopting a budget? ☒ ☐ ☐

11.6 Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues? ☐ ☒ ☐

Two of the district's elementary schools are classified as decile 1-3, which are subject to monitoring under Williams Settlement legislation (Education Code Section 1240(c)(2)(B)-(D) and (F)). A school ranked as decile 1-3 is determined by the Base Academic Performance Index (API). Education Code 1240(c)(2)(F) and (J) specifies that county offices must monitor these schools for facilities deficiencies.

The ranking for the two decile 1-3 schools that the county office inspects has received an overall rating of "Fair" for the past two years, which indicates the school is not in good repair. Some deficiencies noted are critical and/or widespread. Repairs and/or additional maintenance are necessary in several areas of the school sites. The inspection reports completed by district staff for 2017-18 also showed four other sites, including the Montessori Charter, to be in "Fair" condition. The district did not provide FCMAT with the 2018-19 facilities inspection reports or other documentation demonstrating that the necessary repairs were made.

11.7 If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens' bond oversight committee? ☒ ☐ ☐

11.8 Does the district have an up-to-date long-range facilities master plan? ☐ ☒ ☐

The district does not have a current long-range facilities master plan. The district did provide FCMAT with a Needs Assessment Plan completed in 2016 by SVA Architects, Inc., which establishes an understanding of the conditions of the district's facilities and can be used to guide the district in prioritizing projects. The plan itemizes major projects for each school site and includes estimated costs, but is not otherwise a plan for long-range facilities projections.

12. Fund Balance and Reserve for Economic Uncertainty		Yes	No	N/A
12.1	Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including funds 01 and 17) as defined by criteria and standards?	✓	☐	☐
12.2	Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?	✓	☐	☐
12.3	If the district is not able to maintain the minimum reserve for economic uncertainty, does the district's multiyear financial projection include a board-approved plan to restore the reserve?	☐	☐	✓
12.4	Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years?	✓	☐	☐
12.5	If the district has unfunded or contingent liabilities or one-time costs, does the unrestricted fund balance include any assigned or committed reserves above the recommended reserve level?	☐	☐	✓
13. General Fund - Current Year		Yes	No	N/A
13.1	Does the district ensure that one-time revenues do not pay for ongoing expenditures?	✓	☐	☐
13.2	Is the percentage of the district's general fund unrestricted budget that is allocated to salaries and benefits at or below the statewide average for the current year?	✓	☐	☐
13.3	Is the percentage of the district's general fund unrestricted budget that is allocated to salaries and benefits at or below the statewide average for the two prior years?	✓	☐	☐
13.4	If the district has received any uniform complaints or legal challenges regarding local use of supplemental and concentration grant funding in the current or two prior years, is the district addressing the complaint(s)?	☐	☐	✓
13.5	Does the district either ensure that restricted dollars are sufficient to pay for staff assigned to restricted programs or have a plan to fund these positions with unrestricted funds?	✓	☐	☐
13.6	Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?	✓	☐	☐
13.7	Does the district consistently account for all program costs, including the maximum allowable indirect costs, for each restricted resource?	✓	☐	☐
14. Information Systems and Data Management		Yes	No	N/A
14.1	Does the district use an integrated financial and human resources system?	✓	☐	☐
14.2	Can the system(s) provide key financial and related data, including personnel information, to help the district make informed decisions?	✓	☐	☐
14.3	Has the district accurately identified students who are eligible for free or reduced-price meals, English learners, and foster youth, in accordance with the LCFF and its LCAP?	✓	☐	☐
14.4	Is the district using the same financial system as its county office of education?	✓	☐	☐

- | | | | | |
|------|---|--------------------------|--------------------------|---|
| 14.5 | If the district is using a separate financial system from its county office of education and is not fiscally independent, is there an automated interface with the financial system used by the county office of education? | ☐ | ☐ | ✓ |
| 14.6 | If the district is using a separate financial system from its county office of education, has the district provided the county office with direct access so the county office can provide oversight, review and assistance? | ☐ | ☐ | ✓ |

15. Internal Controls and Fraud Prevention

Yes No N/A

- | | | | | |
|------|---|--------------------------|--------------------------|--------------------------|
| 15.1 | Does the district have controls that limit access to its financial system and include multiple levels of authorizations? | ✓ | ☐ | ☐ |
| 15.2 | Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions or demotions) and at least annually? | ☐ | ✓ | ☐ |

FCMAT found no evidence that this occurs. However, the district has indicated that it intends to develop a process to improve communication between Human Resources and the business office to ensure system access is reviewed and modified upon employee positional changes and terminations. The district plans to begin conducting annual reviews of all system users and their associated authorizations.

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|------|---|--|--|--|
| 15.3 | Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored? | | | |
|------|---|--|--|--|

- | | | | | |
|---|------------------------------------|--------------------------|--------------------------|--------------------------|
| • | Accounts payable (AP) | ✓ | ☐ | ☐ |
| • | Accounts receivable (AR) | ✓ | ☐ | ☐ |
| • | Purchasing and contracts | ☐ | ✓ | ☐ |

Purchasing lacks sufficient controls on purchase orders, and purchases can be made without sufficient oversight, approval or adherence to an established process.

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|---|-------------------|--------------------------|---|--------------------------|
| • | Payroll | ☐ | ✓ | ☐ |
|---|-------------------|--------------------------|---|--------------------------|

Payroll lacks sufficient oversight and coverage partly because of new district leaders in this area. One person makes system authorizations a without appropriate segregation of duties. This area is especially vulnerable without additional monitoring and review by additional staff and/or managers.

- | | | | | |
|---|---------------------------|--------------------------|---|--------------------------|
| • | Human resources | ☐ | ✓ | ☐ |
|---|---------------------------|--------------------------|---|--------------------------|

Human Resources lacks sufficient oversight and segregation of duties also partly because of new district leadership and limited staffing. One position performs critical functions, such as credentialing and tuberculosis clearances, with roles and responsibilities not well defined. Procedures are largely undocumented, and adequate coverage for this function remains under development.

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|---|---|--------------------------|---|--------------------------|
| • | Associated student body (ASB) | ☐ | ✓ | ☐ |
|---|---|--------------------------|---|--------------------------|

The district received audit findings related to ASB in both 2016-17 and 2017-18 in the areas of cash handling, fundraising approvals, and bank reconciliations.

- | | | | | |
|---|-----------------------------------|--------------------------|--------------------------|---|
| • | Warehouse and receiving | ☐ | ☐ | ✓ |
|---|-----------------------------------|--------------------------|--------------------------|---|

- 15.4 Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year? ☒ ☐ ☐
- 15.5 Does the district review and clear prior year accruals by first interim? ☐ ☒ ☐
Documentation provided by the district indicates prior year accruals were not cleared by first interim 2018-19, including five revenue accruals that were reversed on January 28, 2019, three months after the close of the first interim reporting period.
- 15.6 Does the district reconcile all suspense accounts, including salaries and benefits, at least at each interim reporting period and at the close of the fiscal year? ☐ ☒ ☐
The district did not provide evidence of a regular reconciliation process for suspense accounts. Some suspense accounts, including those for salaries and benefits, appear to show balances that should be reviewed and may require reconciliation.
- 15.7 Has the district reconciled and closed the general ledger (books) within the time prescribed by the county office of education? ☐ ☒ ☐
In accordance with Education Code Section 42100(a):
On or before September 15, the governing board of each school district shall approve, in a format prescribed by the Superintendent of Public Instruction, an annual statement of all receipts and expenditures of the district for the preceding fiscal year and shall file the statement...with the county Superintendent of schools.
For the 2017-18 fiscal year, the district governing board approved the unaudited actuals for the prior fiscal year on September 20, 2018, outside the requirements prescribed by the Education Code section above.
- 15.8 Does the district have processes and procedures to discourage and detect fraud? ☐ ☒ ☐
Fraud prevention in Board Policy 3400 requires "developing internal controls which aid in the prevention and detection of fraud...." Site interviews and documentation received by FCMAT did not provide evidence that the district has comprehensive fraud detection controls.
- 15.9 Does the district maintain an independent fraud reporting hotline or other reporting service(s)? ☐ ☒ ☐
Site interviews, district documentation and a review of the district website determined that no fraud hotline or other reporting service exists.
- 15.10 Does the district have a process for collecting and following up on reports of possible fraud? ☐ ☒ ☐
Site interviews and documentation received by FCMAT did not provide evidence that the district has a formal process to collect and follow up on reports of possible fraud. Interviews indicated such a report would be handled on an individualized basis depending on the circumstances.
- 15.11 Does the district have an internal audit process? ☐ ☒ ☐
The district lacks an internal audit department or process.

16. Leadership and Stability**Yes No N/A**

- 16.1 Does the district have a chief business official who has been with the district more than two years? ☐ ☒ ☐

The district hired the current chief business official in May 2019.

- 16.2 Does the district have a Superintendent who has been with the district more than two years? ☒ ☐ ☐

- 16.3 Does the Superintendent meet on a scheduled and regular basis with all members of the administrative cabinet? ☒ ☐ ☐

- 16.4 Is training on financial management and budget provided to site and department administrators who are responsible for budget management? ☐ ☒ ☐

Site interviews indicated the district lacks an established process for training site staff and department administrators on budget development and management. The district recognizes this as an area of growth and improvement.

- 16.5 Does the governing board adopt and revise policies and administrative regulations annually? ☒ ☐ ☐

- 16.6 Are newly adopted or revised policies and administrative regulations implemented, communicated and available to staff? ☐ ☒ ☐

While newly adopted or revised policies and administrative regulations may be subsequently implemented, site interviews and documentation submitted to FCMAT do not indicate the existence of a formal or established process for communicating any policy and regulation changes to district staff.

- 16.7 Is training on the budget and governance provided to board members at least every two years? ☐ ☒ ☐

Site interviews indicated that the board received governance training in the past, but it is not provided on a regular schedule. FCMAT determined that comprehensive board budget training is needed more frequently..

- 16.8 Is the Superintendent's evaluation performed according to the terms of the contract? . . . ☐ ☒ ☐

The superintendent's contract stipulates an annual evaluation will occur "on or about May 15 of each year". Site interviews suggested the superintendent's evaluation was performed in accordance with this agreement; however, closed session board meeting minutes do not indicate whether this was accomplished. No completed evaluation was reported following closed sessions in 2019 and 2018, with the last reported evaluation by the board on September 21, 2017.

17. Multiyear Projections**Yes No N/A**

- 17.1 Has the district developed multiyear projections that include detailed assumptions aligned with industry standards? ☒ ☐ ☐

- 17.2 To help calculate its multiyear projections, did the district prepare an LCFF calculation with multiyear considerations? ☒ ☐ ☐

- 17.3 Does the district use its most current multiyear projection in making financial decisions? . . ☐ ☒ ☐

While the district indicated it periodically refers to the current multiyear projection, it was not apparent that the projections are a central or primary resource in the decision-making process.

- 17.4 If the district utilizes a broad adjustment category in its multiyear projection such as line B10, Other Adjustments, in the SACS form MYP/MYPI, is there a detailed list of what is included in the adjustment amount? ☐ ☐ ☒

18. Non-Voter-Approved Debt and Risk Management

Yes No N/A

- 18.1 Are the sources of repayment for non-voter-approved debt {such as certificates of participation (COPs), bridge financing, bond anticipation notes (BANS), revenue anticipation notes (RANS) and others} stable, predictable, and other than unrestricted general fund? ☐ ☒ ☐

The district uses developer fee funds as the primary source of repayment, with the balance paid out of the general fund if developer fees are insufficient. Since developer fees are collected from new construction permits issued, there is little assurance that these funds will continue with any consistency. Without an alternative plan, the general fund would be required to make the debt service payment.

- 18.2 If the district has issued non-voter-approved debt, has its credit rating remained stable or improved in the current or prior two fiscal years? ☒ ☐ ☐

- 18.3 If the district is self-insured, does the district have a recent (every 2 years) actuarial study and a plan to pay for any unfunded liabilities? ☐ ☐ ☒

- 18.4 If the district has non-voter-approved debt (such as COPs, bridge financing, BANS, RANS and others), is the total of annual debt service payments no greater than 2% of the district's unrestricted general fund revenues? ☐ ☒ ☐

On August 24, 2017 the district issued \$9,425,000 of refunding certificates of participation. As mentioned under question 18.1 above, the proceeds from the 2017 refunding COP were used to advance refund the outstanding 2014 refunding COP. The proceeds from the 2014 refunding COP were used to advance refund the outstanding 2007 refinancing project and 2007 capital improvement project.

The district's non-voter-approved debt schedule includes a debt service payment in the general fund of \$662,275, which exceeds 2% of the district's 2019-20 adopted budget unrestricted general fund revenues.

19. Position Control

Yes No N/A

- 19.1 Does the district account for all positions and costs? ☐ ☒ ☐

The district is developing a process to ensure that all positions and costs are properly reflected in its budget, and staff interviews indicated this is an area of ongoing research and refinement. A system report of all positions does not appear to balance with the criteria and standards FTE summary included with the 2019-20 adopted budget.

- 19.2 Does the district analyze and adjust staffing based on staffing ratios and enrollment? . . . ☐ ☒ ☐

Documentation was not provided regarding board-adopted staffing ratios or tools used for the analysis of staffing based on enrollment. Interviews suggested staffing is analyzed and adjusted as needed, and that a formal process and annually approved ratios are not used in the decision-making process.

- 19.3 Does the district reconcile budget, payroll and position control regularly, meaning at least at budget adoption and interim reporting periods? ☐ ☒ ☐
- Staff interviews determined that the district lacks a defined process for reconciling budget, payroll and position control. What occurred under prior leadership in the Business and Human Resources departments remains uncertain; however, the reconciliation of budget, payroll and position control lacks a formal process. No documentation was provided to FCMAT that demonstrates this process regularly occurs.*
- 19.4 Does the district identify a budget source for each new position before the position is authorized by the governing board?. ☒ ☐ ☐
- 19.5 Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted? ☒ ☐ ☐
- 19.6 Has the district adopted staffing ratios for certificated, classified and administrative positions in the past three years, and is the district following those ratios? ☐ ☒ ☐
- Staff interviews and documentation provided by the district did not indicate the regular use of staffing ratios to determine staffing. While the bargaining unit agreement stipulates a maximum class size, staffing for all positions seems to be determined and adjusted in accordance with changing needs.*
- 19.7 Do managers and staff responsible for the district's human resources, payroll and budget functions meet regularly to discuss issues and improve processes?. ☐ ☒ ☐
- FCMAT found that the Human Resources, payroll and budget staff were not meeting regularly at the time of FCMAT's site visit; however, the district acknowledges the need for these meetings and planned to begin scheduling them following FCMAT's visit.*

20. Special Education

- | | Yes | No | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 20.1 Does the district monitor, analyze and adjust staffing ratios, class sizes and caseload sizes to align with statutory requirements and industry standards? | ☒ | ☐ | ☐ |
| 20.2 Does the district access available funding sources for costs related to special education (e.g., excess cost pool, legal fees, mental health)? | ☒ | ☐ | ☐ |
| 20.3 Does the district use appropriate tools to help it make informed decisions about whether to add services (e.g., special circumstance instructional assistance process and form, transportation decision tree)? | ☒ | ☐ | ☐ |
| 20.4 Does the district budget and account correctly for all costs related to special education (e.g., transportation, due process hearings, indirect costs, nonpublic schools and/or nonpublic agencies)? | ☐ | ☒ | ☐ |
| <i>Staff interviews indicated that special education costs may not have been fully accounted for in prior years, and this was not a primary focus of the program. However, it is now being emphasized.</i> | | | |
| 20.5 Is the district's contribution rate to special education at or below the statewide average contribution rate? | ☐ | ☒ | ☐ |

According to the report titled "Coalition for Adequate Funding for Special Education; 2016-17 Maintenance of Effort Reports by Special Education Local Plan Area," the statewide average unrestricted general fund contribution to special education was 64.5% for the 2016-17 fiscal year. This represents the latest available data. For the 2017-18 fiscal year, the district's contribution rate was 90.5%.

- 20.6 Is the district's rate of identification of students as eligible for special education comparable with countywide and statewide average rates? ☒ ☐ ☐
- 20.7 Does the district analyze whether it will meet the maintenance of effort requirement at each interim reporting period? ☐ ☒ ☐

While the district met the special education maintenance of effort requirement for fiscal year 2017-18, staff interviews and documentation did not indicate that this requirement is analyzed at each reporting period rather than only during the year-end closing process.

Total Risk Score, All Areas

47.7%

Key to Risk Score

High Risk: 40% or more

Moderate Risk: 25-39%

Low Risk: 24% and lower

Summary

The district is in a transitional period with two new leadership positions filled in recent months. Departmental processes, as well as documented procedures and historical information, are lacking. Internal controls should be strengthened, and organizational knowledge needs to be re-established.

The district's most significant risk factors are in budget monitoring and updates, internal controls and fraud prevention, enrollment and attendance, facilities, position control, leadership and stability, and special education. While each of these is critical to long-term success, monitoring the budget, including strengthening position control, and improving internal controls remain paramount to protecting the district's fiscal viability. These areas should be prioritized as improvements are made. The district should also retain key executive-level positions to maintain stability.

The district should maintain strong communication with the governing board, staff and all those affected during this transitional time. Progress should be transparent and reported regularly. While the district has remained fiscally solvent by adopting necessary budget reductions, deficit spending in the current year should continue to be monitored, because any increase in the deficit will have an adverse impact on the subsequent years of the multiyear projection. The district will need to carefully monitor the gradual and continuing decline in enrollment, and ensure that it prevents an erosion of the ending fund balance and sustains the ability to maintain the required reserve.

The overall score of 47.7% on the Fiscal Health Risk Analysis reflects these weaknesses. The district should conduct a self-assessment of the above areas annually to monitor improvements. Rather than attempting to correct all weaknesses at once, the district should select several areas to prioritize within a six- to 12-month period, and create benchmarks to track progress. Once those functional areas have been addressed, the district can shift its focus to other remaining weaknesses.

Structural and Operational Processes & Procedures

Human Resources

Department Overview

The district's Human Resources (HR) webpage states the department provides services and support to the district in recruitment and selection, leave administration, employee and labor relations, and substitute staffing. The webpage provides access to information, documents, and forms, including the following:

- Classified job descriptions
- District organizational charts
- Salary schedules
- Collective bargaining agreements
- Certificated and classified evaluations
- District calendars
- Employee registration and instructions for Escape (an online business system for school systems)
- Frontline (an employee absence management system)
- Target Solutions (an online training system)
- Applications for classified substitute and short-term assignment positions
- Resignation and retirement forms
- Classified requests for reclassification forms and application forms for current employees
- An employee guide for HR and payroll questions
- Travel and conferences policies
- Information regarding classified professional development

FCMAT was enlisted to review the structure of the department, as well as the operational processes and procedures, to determine areas for potential modification and improvement. Most interviewees commented that, although the HR Department can improve processes and procedures, significant improvement has already been made in the department in recent months, particularly in technical support. Several interviewees, including HR staff, expressed ideas for continuing progress. These included establishing effective and efficient processes, clarifying documentation of systems, increasing responsiveness to urgent issues, providing detailed support for collective bargaining agreement interpretations, and increasing communication about HR information and activities.

The HR Department should be adequately structured and staffed to support all personnel and management needs. The HR department is responsible for the legal requirements associated with management and for staff recruitment. Staff must work with administrators and supervisors in personnel evaluations, personnel records maintenance, and personnel procedures. Staff should be appropriately trained and operate within the framework of district policies adopted by the board of education, as well as the statutory requirements of the California Department of Education, the California Education Code, and all other applicable state and federal laws.

In July 2019, management employees were asked to complete a survey regarding the HR Department. The responses were compiled by the district and provided to FCMAT. The consolidated results are included, as appropriate, in the sections below.

Staffing

The department is staffed by an executive director, who had been in the position for about three weeks at the time of the FCMAT fieldwork, and a personnel analyst, which is a confidential position. The district office receptionist is also located in the department. During fieldwork, interviewees noted that the administrative specialist, located in Business Services, provides support to the Business, HR, and Food Service departments.

Three knowledgeable HR staff members with part-time administrative support is sufficient staffing for a district the size of Dixon Unified. However, all HR staff members should be able to handle a wide range of HR responsibilities.

As will be detailed below, the office receptionist does not have broad enough job responsibilities to provide sufficient support to the HR Department. A restructured personnel technician position would be an appropriate addition since it could assume many clerical responsibilities assigned to the personnel analyst. This would allow the personnel analyst to be assigned work requiring more independent judgements, such as participating in meetings for reasonable accommodations and supporting negotiations. Including a personnel technician in the department would also allow for succession planning in the department.

The department lacks desk manuals that include written established procedures for any HR positions, so roles are not well defined. Functions are handled according to past practices and/or current abilities and without functional structure.

Recommendations

The district should:

1. Restructure the department to include a personnel technician position. Follow the collective bargaining agreement with SEIU on filling the position and reassigning the office receptionist, if needed.
2. As the department is restructured, incorporate the recommendations from surveyed and departmental staff where applicable, as outlined in the survey results.
3. Create desk manuals outlining established procedures and responsibilities in the HR Department.

Executive Director, Human Resources and Employee Relations

The job description states that this a contracted management position that reports to the superintendent and was approved by the board on August 4, 2016. District board minutes indicate the job description was approved on April 18, 2019 to replace the previous description for the director of human resources. The written discussion states the district had operated with a director of human resources since 2016 and, upon review, determined the director completed a large number of higher-level duties not included in the description. Although the item states the executive director position was to be on the administrative management salary schedule, the board item did not place the position on a range, and the position is not included on the administrative management salary schedule.

The March 25, 2019 advertisement for the job, which occurred before the new job description was adopted, states the salary range is \$109,330 to \$126,519. A review of the administrative management schedule indicates that this salary would be range 3 on the schedule. Salary placement and range should be included on board items when creating new positions, especially in executive roles. Gaps in information can cause confusion about compensation within the district and among the various affected groups.

Recommendations

The district should:

1. Review the executive director job description, ensure the board approval date is accurate, and ensure job descriptions are not modified after a position is posted.
2. Place the executive director position on the appropriate range on the administrative management salary schedule, using the proper procedures and approvals.

Other Positions in Human Resources

In addition to the executive director, two positions are assigned to work in the HR department, and both are designated as “confidential.” These include the personnel analyst and the administrative specialist. Government Code Section 3540.1(c) defines a confidential employee as “...an employee who is required to develop or present management positions with respect to employer-employee relations or whose duties normally require access to confidential information that is used to contribute significantly to the development of management positions.”

Personnel Analyst

The job description for this position states that it performs complex and confidential assignments as well as clerical support. This includes analyzing and monitoring credentials, maintaining personnel databases and employment records, informing employees of their employment rights and responsibilities, and performing tasks related to employer/employee relations. The position and latest job description was approved by the board on July 14, 2016 as a confidential position, and is range “C” of the confidential salary schedule.

Specific duties include the following:

- Performing highly responsible administrative support for the director of personnel
- Assisting with the processing for confidential information including grievances, complaints, employee discipline, negotiations, and bargaining unit requests for information
- Helping prepare employer/employee relation materials and other data needed for negotiation with certificated and classified personnel
- Notifying district administrators of employees due for evaluation, and the corresponding deadlines
- Monitoring receipt of evaluations
- Evaluating situations and/or issues involving district employees, parents, the public, etc. to take action and/or direct them to appropriate personnel for resolution
- Ensuring the HR section of the district’s website is updated
- Advertising vacancies and new positions
- Conducting onboarding meetings for new employees
- Monitoring employee health records and fingerprinting
- Maintaining current information related to credentialing requirements
- Maintaining staffing database to track seniority, identify vacancies, and maintain position control

The position was originally created about 20 years ago and has been held only by the incumbent. Approximately three years ago, the position was upgraded from personnel technician to personnel analyst after an analysis was done of the position’s work assignments.

This position has had several supervisors and has worked under varying degrees of autonomy. Each HR manager has had different expectations and adjusted the incumbent’s job responsibilities accordingly. As a result, the incumbent is cautious about responding to employee questions and concerns to ensure authority channels are respected. While adjustments and changes naturally occur with a change in supervisors, the basic understanding of job duties should remain consistent, regardless of the supervisor.

As shown above, this position is responsible for all hiring processes, including onboarding for non-administrators. This position ensures new employees are properly placed on the appropriate salary schedule, creates employee badges, and notifies the Technology Department to establish the new employee’s email. The incumbent is also responsible for ensuring that the proper paperwork, such as the Personnel Action Request form, is completed and includes the appropriate budget codes.

Each day, the individual in this position manually enters all employee absences into the Escape system. (This process is discussed in more detail in the section on leave monitoring.)

This position monitors credentials for certificated employees and ensures that all certificated employees are properly credentialed for the positions. The individual in this position acknowledged that teacher credentialing is one of the more difficult job responsibilities and added that the county office provides excellent support.

Additionally, the position ensures that fingerprint clearances are updated, monitors tuberculosis (TB) testing and ensures the district receives proper documentation when an employee resigns. This position also has access to training when requested. Within the past year, this individual has attended the California Teacher Credentialing annual training and Frontline training.

FCMAT was given the impression that the workload for this position was more than could be accomplished within normal work hours. The individual in this position indicated routinely working an hour or two longer than the contracted work day work on weekends, and is usually accessible during vacations via cell phone. The individual does not typically submit timesheets for the overtime hours and has occasionally been permitted to leave early because of overtime worked. The compensation (comp) time has not been tracked and is not accrued at time and a half as required when an employee works overtime.

As is the case with other district positions, this position received little cross-training. If the incumbent is out for an extended period of time, no one trained in these critical job functions is available. For example, at the time of the FCMAT fieldwork, only the incumbent was authorized to check fingerprints through the Department of Justice (DOJ) system. Although the job description includes confidential responsibilities as described in Government Code Section 3540.1(c), the incumbent did not appear to be assigned to any confidential duties.

Recommendations

The district should:

1. Review the job description and ensure that it appropriately describes district's needs and requirements for this position, and that work expectations are reasonable. Revise the description as needed.
2. Use the job description to ensure consistency in the job requirements for this position.
3. Use the restructure of the HR Department and the job description to assign it with confidential responsibilities.
4. Review the workload of this position to ensure it does not require excessive work hours, maximizes efficiencies where available, and reduces the amount of overtime needed.
5. Develop a district plan to cross-train for this and other district positions.

Administrative Specialist

The job description for this position states it reports to the assistant superintendent of business services (CBO) and operations. This position performs a variety of complex administrative, technical, and clerical support responsibilities in the division.

Specific duties include the following:

- Supporting division administrators to provide assistance in their administrative functions
- Composing documents such as board agenda items, minutes, reports, and contracts
- Attending negotiation sessions, as needed, to take and transcribe minutes
- Overseeing and coordinating division activities to maximize efficiency of the workforce and meet operational requirements

- Coordinating the preparation and distribution of contract agreements
- Assisting in the preparation of confidential employer/employee relation materials and other data needed for negotiations, grievances and discipline with employees
- Notifying district administrators of evaluation timelines, and monitoring the receipt of evaluation documents

During the FCMAT fieldwork, the position's responsibilities were described as including:

- Serving as the administrative specialist for the CBO and the executive director of HR
- Maintaining the CBO's calendar
- Preparing board agenda items for the CBO
- Completing purchase orders for the Business and Food Service departments
- Drafting reports for student attendance
- Taking minutes at bond and classified union meetings
- Establishing user accounts in Escape
- Uploading information to the Business Department's webpage
- Preparing pay vouchers
- Assisting with free and reduced-price meal applications
- Organizing mandatory online employee training
- Updating collective bargaining agreements

Since both the CBO and executive director were hired within three months of the FCMAT fieldwork, the job responsibilities may change as roles are better defined. This position performs confidential responsibilities as defined by Government Code Section 3540.1(c) and as included in the job description. One of the key job responsibilities listed for this position is to oversee and coordinate the Business Division's activities, although the individual in this position does not perform this duty.

Recommendations

The district should:

1. Ensure the position continues to support management's work with collective bargaining as job responsibilities continue to evolve.
2. Assign the position the responsibility for overseeing and coordinating the business division's activities as the division is restructured.

Operational Processes and Procedures

Benefits

Employee benefits are coordinated between the Business Services and Human Resources departments. Before an initial onboarding meeting, the personnel analyst notifies the payroll/benefits technician, either in person or by phone, of a new employee. If the payroll/benefits technician is available, that person meets with the new employee immediately after the HR onboarding. If necessary, the payroll/benefits technician schedules an appointment with the new employee for a later date.

During the meeting, the payroll/benefits technician provides new employees with the necessary benefits information and contact information in case they have questions as they review the information.

Once the new employee returns with the completed forms, the payroll/benefits technician enters the employee's selections into the Escape system. The Business Services clerical support position enters this information into the vendor systems.

The payroll/benefits technician also coordinates the annual open enrollment process. Since the plan year is October to September, the district holds a benefits fair during the first week of school. Vendors offering benefit services are invited to host information tables and respond to employee questions.

For the 2019-20 school year, the benefits fair was held on August 14, 2019. Employees were notified via district email, and provided with the 2019-20 benefits guide as an attachment. Paper copies of the benefits guide were also made available at school sites, along with contact information for the payroll/benefits technician. Open enrollment for 2019-20 was August 8, 2019 through September 6, 2019. With most employees returning to work on August 8, the first day of school, this allowed almost a full month to consider benefit changes, which was sufficient. This also gave the payroll/benefits technician two weeks to enter any changes, with the clerical support position inputting those changes into the vendor systems in time to start the new plan year.

The payroll/benefits technician has been largely self-trained in benefits administration, accessing information available from brokers to learn the various guidelines, processes, and recommendations regarding benefits administration.

Benefit audits are not routinely conducted. During FCMAT interviews, staff stated that some dependents may receive benefits despite being ineligible. Ideally, thorough benefit audits should occur every three to five years.

When the district website was reviewed in mid-August 2019, the 2018-19 benefit guides for both retirees and active employees were posted. A review of the guides revealed that they included detailed information regarding employee benefits. The guides include helpful information on open enrollment, eligibility, medical plans, health savings accounts, dental and vision plans, etc. While employees received the 2019-20 information via email, it would have been helpful to also offer the 2019-20 information on the website. Updated benefit information should be readily available on the district website to coincide with the first day of the open enrollment period.

Recommendations

The district should:

1. Conduct a benefit audit in which employees and retirees are required to submit documentation regarding dependents. Establish a plan to conduct these audits every three years.
2. Ensure annual benefit plan documentation and information is available to employees prior to open enrollment.
3. Ensure the payroll/benefits technician attends formal training regarding benefits management.

Communication

During the FCMAT fieldwork, most interviewees commented that communication within the district could be improved. Employees cited a need for consistent communication, information that is available in a centralized location, knowing who to contact, and improved written communication. Employees commented there is minimal or no communication about district notifications and events. Some office managers may share daily or weekly bulletins, but this practice is inconsistent. For example, employees indicated there was a lack of communication about FCMAT's visit and confusion regarding their various interview times. An email was issued about the visit a week before FCMAT's arrival, but only after employees communicated concerns to district administration. While this reduced questions, earlier communication would be more effective by addressing concerns more proactively.

The district and the classified bargaining unit, the Service Employees International Union (SEIU), indicated the relationship between the two has been strained. The issues mentioned during the FCMAT fieldwork included a lack of promptness in responding to concerns and a lack of trust regarding information provided by the district. An example mentioned by both district administration and SEIU are payroll changes that affect classified employees. The information about the changes does not appear to have been clearly communicated or well understood. Without clear communication and written closure on outstanding issues, misunderstandings and mistrust will likely continue.

District leadership commented that the district and the teachers' union, the Dixon Teachers Association (DTA), have an effective working relationship and talk candidly about finances, concerns about individual teacher performance, and the recent need to reduce teaching staff. Although FCMAT requested to meet with all bargaining units, including DTA leadership, no representative was provided for FCMAT to interview.

Some interviewees commented that communication would be more effective if the district was better staffed. They explained that several district administrators perform functions outside of their departments or areas of expertise, including tasks related to maintenance, transportation, the business office, and Saturday school. Employees indicated they try to help wherever possible, regardless of whether it is in their department or areas of expertise. These ad-hoc assignments affect communications because employees may not have the training or understanding needed to communicate effectively about the work. In addition, assigning jobs on a temporary or as needed basis creates the impression that work is completed effectively; however, these additional assignments may be done inefficiently while decreasing the quality of the employees' regular work.

The ongoing changes in assignments and limited communication appear to have affected the district's processes and procedures. A lack of experience or familiarity with ad-hoc assignments creates the potential for processes to be altered, resulting in inconsistency and the lack of a standardized method to hold employees accountable. Interviewees noted that sometimes policies and procedures exist but are not utilized. Other times, the district lacks policies or procedures for routine and key functions. These deficits result in administrators and managers not knowing how to hold employees accountable, including which standards to use to do so.

Employees also expressed concerns about the district's ability to follow through on projects and commitments. Most employees were interested in FCMAT's perspective on how to improve district processes and procedures, but they expressed skepticism about the district's ability to implement recommendations. Examples of projects and commitments that have not been well implemented include department reorganizations and the creation of various committees.

Recommendations

The district should:

1. Review the organizational structure of the district office and establish a clear chain of command. Ensure that managers and administrators understand the importance of delegating responsibilities and holding employees accountable for their work.
2. Establish regular organizational communication which includes communication regarding district issues and upcoming events.
3. Set and implement expectations for notifications regarding meetings.
4. Review the organizational structure of the district office to ensure duties are aligned in accordance with employees' areas of expertise and job descriptions.

Coordination between Human Resources and Business Services

During the FCMAT fieldwork and a subsequent review of documentation, the workflow between the Human Resources and Business Services departments appeared well coordinated. The new CBO and executive director anticipate continuing to improve the coordination between the departments and are committed to working together to further review and improve processes. Several interviewees mentioned plans to have interdepartmental meetings to better coordinate collaboration.

The district provided examples of ways in which work may be streamlined. These include importing information from Frontline into Escape to reduce the need to manually enter information, utilizing the full capacity of the Escape system, formalizing review and oversight between the departments and updating various processes.

Recommendation

The district should:

1. Schedule regular interdepartmental meetings, and ensure that all employees consider the joint meetings to be a priority.

Employee Discipline

The primary focus of employee discipline is to correct employee misconduct, including inappropriate behavior, substandard work performance or excessive absenteeism. When performed correctly, employee discipline often results in improved employee performance and compliance, increased motivation, and mutual respect and understanding between the employee and supervisor.

The district utilizes the Facts, Rule, Impact, Suggestions, Knowledge (FRISK) model to support its disciplinary work. FRISK is a commonly used methodology designed to correct employee misconduct or promote improvement in substandard performance. The FRISK process is designed to be positive, corrective, and progressive.

The collective bargaining agreements with DTA and SEIU outline the stages of progressive discipline in cases of employee misconduct.

The district's handling of disciplinary processes appears inconsistent. Human Resources handles some issues, while other issues lack any involvement from that department. Staff perceive that some personnel are closely monitored for misbehavior while others are not. Effective disciplinary processes require consistency across the organization, including careful coordination and communication with the Human Resources Department.

FCMAT identified various disciplinary incidents that included inconsistencies in practice and/or approach, such as employee disciplinary letters that were sometimes issued by Human Resources and other times by site administrators, and the inconsistent use of the FRISK process to remove teachers from teaching assignments.

Staff expressed interest in having additional support from Human Resources in site personnel issues, situations requiring immediate assistance, and additional training and guidance on FRISK procedures.

Recommendations

The district should:

1. Review contract language on disciplinary actions and procedures with all administrators and managers to ensure consistency in understanding and implementation.
2. Conduct a FRISK training and ensure appropriate integration with any contractual provisions.
3. Ensure the Human Resources executive director is aware of and involved in all disciplinary matters and is notified of potential issues early in the disciplinary process.

Employee Evaluations – All Employees

Employee evaluations assess and review job performance. Regular evaluations establish expectations and support consistent performance. The collective bargaining agreements with DTA and SEIU outline the process for conducting evaluations of the represented employees, and Board Policy 4315 describes the requirements for evaluation of administrative and supervisory employees. The policy requires evaluations to be used to recognize the exemplary skills and accomplishments of administrative and supervisory employees, serve as a criterion for contract renewals, and identify areas needing improvement. Administrators and supervisors are to be evaluated annually. The direct supervision and evaluation of principals is divided between the superintendent and assistant superintendent of educational services.

The contract between the board of education and the superintendent outlines the process and timelines for evaluating this administrator. The contract states the superintendent will provide the board with a written self-appraisal of accomplish-

ments and attainment of agreed-upon annual goals and objectives no later than May 1. The board is then to complete the superintendent's evaluation by May 15 of each year. Site interviews suggested the superintendent's evaluation was performed in accordance with this agreement; however, closed session board meeting minutes do not indicate whether this was accomplished. No completed evaluation was reported following closed sessions in 2019 and 2018, and the last reported evaluation by the board was dated September 21, 2017.

During the FCMAT fieldwork, some interviewees commented that evaluations were not regularly completed as required. The HR survey results indicated that administrators want notification of certificated and classified staff to be evaluated before the start of the school year, and a clear timeline of evaluation target dates for each employee group. The administrators also requested training/review of the evaluation language in each collective bargaining agreements, as well as training in writing an effective evaluation.

Recommendations

The district should:

1. Create an accountability system to ensure all employees are evaluated in accordance with board policy and existing contracts and/or collective bargaining agreements, including following the prescribed timelines.
2. Provide support and training to all managers on completing effective employee evaluations.

Employee Evaluations – Classified Employees Only

The collective bargaining agreement between the district and SEIU states that, "Multiple performance ratings are to be submitted for all regular employees prior to the completion of the six-month probationary period, and once each year thereafter by April 1." The form for classified employees performance evaluations provides for a 60-day and 120-day evaluation of those on probation. The form contains evaluation sections for quality of work, quantity of work, work habits, relationships with others, work characteristics, and personal qualities. It also includes instructions for using the form.

Staff expressed a concern about the need for clarity regarding which administrator/manager should evaluate custodians, food service assistants, special education paraprofessionals, and licensed vocational nurses. These positions require specific skills and training. Department managers or supervisors are likely the best qualified to evaluate these employees since they are probably most knowledgeable about a position's requirements. A best practice would be to have knowledgeable managers evaluate these staff members.

The collective bargaining agreement requires the employee's immediate supervisor to be the rating officer and the evaluators to consult with principals or others who have direct knowledge of performance. To comply with the collective bargaining agreement, and as a best practice, each employee should have a designated manager or supervisor who completes the evaluation with input from other managers and administrators who have direct knowledge of the employee's work.

Some staff expressed interest in reducing the frequency of evaluations from yearly to once every two years for classified employees who meet evaluation expectations. This would acknowledge the employee's work, and relieve yearly evaluation responsibilities for administrators/managers of employees who meet standards. Because the collective bargaining agreement specifies yearly evaluations, this should be handled in future negotiations with SEIU. If this becomes a consideration, it should include a process allowing off-schedule evaluations to be conducted if necessary.

Recommendations

The district should:

1. Determine which manager or supervisor would be best to evaluate each staff member. Include in the evaluation process an opportunity to receive input from other management and/or staff who are most knowledgeable about the skills and expectations required by each position.

2. Develop a process assigning those who have direct knowledge of the employee's work to provide information to the immediate supervisor.
3. Review the potential impact of evaluating classified employees who meet standards every other year, instead of annually. Determine the interest in negotiating such a change in the SEIU contract, while continuing to maintain the flexibility to conduct evaluations during the interim period.

Leave Tracking

The personnel analyst ensures that all employee absences are appropriately recorded in Escape, and site personnel are responsible for monitoring this task. Employee leave balances include allocations for illness, vacation and personal necessity. The personnel analyst manually enters employee absences daily based on a report run from Frontline, the employee absence tracking system. Although employees are expected to enter absences into Frontline, some reportedly fail to do so and/or ask HR employees or site office personnel to enter absences on their behalf.

When employees do not have sufficient leave balances to offset their absences, the personnel analyst and the payroll/benefits technician work collaboratively to implement payroll deductions. The personnel technician provides a report that the payroll/benefits technician uses to ensure the proper payroll deductions.

Manual entry leaves a limited amount of time to conduct a system of checks and balances, as it interrupts internal controls and the opportunity for errors increases. Without systemic monitoring, employee absences may be entered incorrectly or not entered at all, making leave balances inaccurate. Although school site personnel are responsible for monitoring daily absences, this information does not appear to be used to ensure the data is correctly entered.

The Frontline system can electronically export information into Escape. This would eliminate the need for manual entry. An Escape payroll report could then be run to ensure that payroll deductions are properly implemented. Both systems can also allow supervisors to monitor employee absences.

Recommendations

The district should:

1. Develop a plan to transition from manual entry to automated, electronic entry.
2. Establish a system of checks and balances to ensure all employee absences are properly recorded, and leave balances are accurate. Hold employees accountable for entering their own absences and leaves.

Salary Schedules

Classified and certificated salary schedules are arranged with numeric steps and ranges that align lower numbers with the lowest salaries and ranges. The schedules have consistent increments between ranges (for example, 5% on the classified schedule). The schedules clearly delineate qualifications for placement, allowing the personnel analyst to place new certificated and classified employees on the appropriate salary schedule and range.

However, the administrative management salary schedule is difficult to read and understand. Salary ranges are not sequential, yet the salaries seems to increase sequentially despite the ranges being numerically inconsistent. A mathematical review found that the increments between ranges are inconsistent, ranging from 1.6% between ranges 4 and 5, to 31% between ranges 10 and 12.

The confidential salary schedule contains three positions on three different ranges; executive assistant (range D), personnel analyst (range C), and administrative specialist (range E), with range E being the lowest and range D the highest. Although letters are used, the ranges are not in alphabetical order. The increments between ranges are also inconsistent. The increment between range E and C, for instance, is 10.6%, while the range between C and D is 3.4%.

The following practices are inconsistent and confusing:

- Having multiple ranges with identical salaries.

- Placing salaries without consideration for numeric or alphabetical sequence.
- Combining numbers and letters in a seemingly arbitrary fashion.

These inconsistencies promote questions when employees are placed on the salary schedule. A best practice would be to arrange the various ranges in numerical or alphabetical order and ensure a consistent increment between ranges. To increase flexibility, the numerically highest ranges should also be the highest salary ranges. Implementing this type of schedule would allow higher salary ranges to be added, if necessary.

Recommendations

The district should:

1. Evaluate and organize salary schedules so they systematically align consistently and mathematically.
2. Implement and follow procedures and processes to ensure appropriate placement and movement on schedules for all classifications.
3. Ensure alignment of classification titles with the appropriate salary ranges.
4. Review the salary increments between management and confidential ranges and determine if adjusting the increments between ranges is affordable and viable.

Vacancies and Recruiting

Vacancies are typically created when employees resign. Before the executive director's arrival, employees were permitted to notify the district of their resignation via email, but the director enforces the use of the district form for resignations or retirements. The form was updated in August 2019, includes notice that the resignation is irrevocable once received, and includes a list of items that should be returned to the district upon departure. The form requests a variety of information, including the reason(s) for the resignation and a process for the employee to request an exit interview with HR. Once an employee leaves the district, access to email and other district systems is terminated.

Interviewees described the processes for filling a vacant position. The school or department completes a PAR and submits the form to the HR Department. Once HR receives the PAR, the personnel analyst posts the position on EdJoin, an online recruitment system used by most school districts. The personnel analyst sometimes posts a vacant position upon the verbal request of a site or department administrator. In the past, the HR administrator typically handled the posting and hiring of the position if a vacancy was for an administrator or cabinet-level position. At the time of FCMAT field-work, the district had not determined if this practice would be continued.

Once a posting closes, the personnel analyst provides the hiring administrator with interview questions, hiring packets, and forms for reference checks. The hiring administrator interviews candidates, conducts reference checks, and selects the person to fill the vacancy. If the vacancy is for a classified position, the personnel analyst often conducts the reference checks. To ensure a smooth process, the personnel analyst may work closely with department managers who lack experience in hiring employees.

For multiple vacancies, such as those for elementary school teachers, the HR Department creates a generic posting for a candidate pool. Once the position closes, site administrators work together to select and interview candidates. They also collaborate on selecting candidates for their individual sites. HR provides copies of interview questions, hiring packets, and reference forms. Once reference checks are completed, the site administrators call successful candidates and notify HR to begin the onboarding process. The administrative specialist then notifies unsuccessful candidates that they will not be hired. This process relies on site administrators to coordinate the work. Some interviewees indicated that the process has sometimes been hampered by a lack of communication between administrators. To ensure consistency, HR staff should coordinate the process when multiple sites are hiring for similar positions.

Descriptions differed regarding how and when a candidate's teaching credentials are verified. Sometimes, site administrators review the credentials, but other times, HR staff will perform this task. For teaching positions, HR staff should review candidate credentials before releasing the applications for a site administrator's review. Otherwise, ineligible

candidates may be interviewed or offered positions. Rescinding offers or interviewing ineligible candidates may create legal concerns, in addition to causing procedural inefficiencies. A best practice is for HR staff to authorize consideration of teaching candidates based on current credentials, or the ability to obtain an appropriate credential.

Once a candidate is selected, the hiring manager notifies the personnel analyst, although the process for this notification was not clearly explained. The personnel analyst then schedules a meeting with the new employee. The required paperwork and salary schedule placement are discussed during that meeting, and the personnel analyst initiates the process to obtain an employee badge and email account. The Technology Department creates the employee account based on the request from the personnel analyst. Technology department policy is to establish new employee access within 48 hours after receiving a request.

The personnel analyst adds the new employee to the Escape system and notifies the payroll/benefits technician. The administrative specialist in business services is responsible for establishing appropriate access permissions within the Escape system.

During FCMAT fieldwork, the onboarding form was also discussed. The form was borrowed from another district, and some interviewees indicated it does not reflect the processes at Dixon Unified.

Recommendations

The district should:

1. Outline and implement a consistent process for handling vacancies. This process should include the consistent use of a PAR to initiate a posting, HR's role is coordinating the interview and selection process, the roles and process for checking references, and the process for communicating a new hire to HR.
2. Assign HR to review and verify credentials and credential eligibility when teaching recruitments occur.
3. Use the revised resignation/retirement form consistently since it allows the district to collect data on resignations and provides legal safeguards for these.
4. Develop and implement an onboarding process and form(s) that coincide with the district's needs.

Substitutes

Certificated substitute employees are at-will personnel who are called upon to substitute for teachers who are absent for personal reasons and/or professional development. At a minimum, certificated substitutes are required to have an emergency 30-day substitute teaching permit to be a substitute teacher in California public schools.

During August 2019, the district website indicated it had no job vacancies for substitutes. When the district needs additional certificated or classified substitutes, the position(s) are posted on EdJoin. When the district receives applications, the receptionist contacts the applicants to visit the district office and complete the required paperwork.

The district uses the Frontline system to manage teacher absences; the system automatically calls substitutes from the established roster when an absence occurs. Each site office manager monitors the system every morning to ensure a substitute properly fills all absences. The HR technician also helps fill absences as needed.

An all-district professional development calendar tracks all scheduled professional development and attempts to minimize scheduling conflicts. School site personnel are expected to consult the calendar before scheduling events that require a substitute. During fieldwork, staff stated that conflicts are common because calendar use is not enforced. Those employees scheduling professional development do not always avoid the high-incidence days, such as Fridays and three-day weekends. When staff do not properly monitor the calendar and high-incidence days, the district may have an insufficient number of available substitutes to cover absences.

Recommendation

The district should:

1. Enforce the use of the professional development calendar and prioritize the need to schedule professional development around those days with a high incidence of absences.

Tuberculosis (TB) Clearances

California Education Code 49406 and Board Policy require employees and volunteers to provide an initial certificate of TB clearance from an authorized health provider before working at the district, and subsequently undergo a TB risk assessment at least once every four years. During fieldwork, staff expressed concern that TB clearances are not routinely maintained. The executive director recently developed and implemented a plan for notifying employees with expired clearances, providing them with options to obtain a renewed clearance, and notifying employees that payroll warrants will be held for failure to comply.

Recommendations

The district should:

1. Ensure the plan for tracking and monitoring TB test clearances and delinquencies is fully implemented.
2. Verify that the plan includes proactively and routinely notifying and updating TB clearances before expiration, and ensure that the plan includes district volunteers.

Vacation

The SEIU collective bargaining agreement allows 12-month employees, and all employees paid from the general fund, to carry forward a maximum of 30 days of vacation leave from one school year to the next. During interviews, interviewees acknowledged that this language is not enforced. In the most extreme examples, some employees were permitted to carry up to 100 days, and the district has no cap on the number of days that can be carried forward by unrepresented employees. A lack of monitoring of accrued vacation balances can create a large unfunded liability, as well as violating both internal policies and contractual requirements.

Recommendations

The district should:

1. Identify employees who have more than 30 days of accrued vacation. Work with each employee to establish a plan to use the excess vacation, and ensure enforcement of the plan.
2. Discontinue the practice of accruing additional vacation to employees with more than 30 days accrued until those balances fall below 30 days.
3. Determine a cap on the number of days unrepresented (management and confidential) employees may carry forward.
4. Ensure all leave balance limits are clearly communicated and understood for all employees.
5. Implement a system to accurately track and monitor all employee vacation.
6. Ensure vacation limits are enforced for all employees.

Business Services

Budget Development

A school district budget communicates how the district plans to achieve its educational goals and objectives. The document is also the primary way the school board and administration demonstrates their use of public resources to the community. The process used to develop the budget, as well as the format of the related documents, are the key to ensuring those criteria are met.

FCMAT's visit to the district happened during a time of transition. The CBO had only been in the position for about two months and was not involved in the adopted budget development for 2019-20. Because of the vacancy, the district had hired consultants to create the projected budget, which was largely based on existing second interim projections. The former CBO built the budgetary projections independent of many district departments, relying mostly on past expenditure trends and other historical patterns.

Enrollment projections, which drive the district's primary funding source and account for the majority of the district's unrestricted general fund revenue, were based on prior year figures and any additional known variables. FCMAT did not identify a more comprehensive, established process for determining the enrollment and resulting ADA. The enrollment for the 2019-20 adopted budget is slightly higher than projected in the 2018-19 second interim report. Revenue and expenditures assumptions were based on industry recognized variables as outlined in the county office's guidance provided to all districts, and staffing was based primarily on second interim projections, which were increased to account for step-and-column advancements. Estimated carryover of unspent funds from the current year was not considered in budget development, with the carryover to be allocated once the district closed the 2018-19 fiscal year.

Budget development is a complex and detailed process that can begin as early as six months before the end of a fiscal year in many districts. During budget development, positional changes are reviewed and updated in the district's position control system, and all other expenditures categories are reviewed for necessary changes from the prior year. All revenues are estimated, and the district prioritizes its goals to ensure they are reflected in all expenditures. Effective budget development also includes the dissemination of a detailed budget calendar, allowing all staff members to be aware of applicable deadlines.

Enrollment and attendance projections should be improved to allow the district to more accurately project revenue. As outlined in the Fiscal Health Risk Analysis, the district lacks an established process for projecting enrollment in subsequent years, with the most recent reported projections used as the basis for future years. A more accurate projection may be obtained by periodically using an outside demographer to forecast housing trends and the corresponding student generation, giving the district a more accurate outlook of incoming and departing students. CALPADS and site attendance records should be monitored throughout the year to ensure accuracy in subsequent projections and to prevent the need for later corrections.

Under the CBO's leadership, budgets should be developed for each school in collaboration with the principals and their teams, and for various departments in cooperation with their respective manager and staff. Interviews indicated that site managers want to better understand their site budgets, and collaboration in this process would help create a sense of shared ownership and responsibility, a better understanding of budgetary issues and possibly fewer budget transfers during the year. Indeed, in many districts, the Business Services Department often prepares budget development materials, provides budget workshops for site staff, and is available to help as work progresses, resulting in a more accurate and collaborative budgetary process.

With the introduction of the LCAP, budgets are aligned with the goals and objectives established by both the district and the other affected parties. When providing direction on the budget, the board should focus on resource allocation designed to meet the district's goals. This will allow staff to design an expenditures plan that meets student needs. Clear and efficient account coding should be developed and used for tracking goals and their associated actions and services within the district's LCAP. This will facilitate the completion of the annual update at the end of each fiscal year, and clearly communicate to all stakeholders how funds were used to accomplish the goals outlined in the LCAP.

The district should also continue improving communications regarding the budget to ensure all parties gain a better understanding of the budget document and budget development process. It is important that the budget document contain a narrative allowing all those affected to understand the data and the effectiveness of district budget allocations. This includes providing the board with regular updates at board meetings and budget study sessions throughout the budget development process.

FCMAT interviews also found that the district lacks a comprehensive budget development calendar. The best practice is for the district to create and implement a district-specific budget development calendar that lists tasks, timelines and the position(s) responsible. The budget calendar should also include the steps taken to develop and create the district's LCAP. An annual calendar can improve the flow of communications, but is limited in its usefulness unless widely distributed. This would allow principals and department managers to be adequately prepared to discuss their staffing needs and budget priorities.

Recommendations

The district should:

1. Develop and implement a process to involve the departmental staff in budget development. This includes providing prior year staffing worksheets on which to build subsequent year projections, as well as a prior year basis for establishing other expenditure needs, such as materials and supplies. Meet with each department collaboratively to ensure all department needs are addressed.
2. Develop an accurate enrollment and attendance projection model, and consider the use of an outside demographer for assistance.
3. Develop and document a process that provides for all components of the district's strategic plan to be included in budget development and integrated with the district's LCAP.
4. Create and implement LCAP account coding that clearly and efficiently tracks the actions and services related to each goal.
5. Continue to improve communications regarding the district's budget through clear narratives, periodic updates to staff, and board budget study sessions.
6. Develop a budget calendar to include all dates for statutory deadlines and other budget development tasks so that administrators and staff are aware of budgetary deadlines.
7. Ensure that the budget calendar is disseminated to all responsible parties.

Budget Monitoring

Budgets should be monitored regularly during the fiscal year to ensure appropriations are not overspent, revenues remain appropriately projected, and actual expenditures are not materially different than those budgeted. Revisions to major expenditure classification are subject to board approval in accordance with Education Code Section 42600.

Many budget revisions are made during the fiscal year as additional information develops and district needs change. Budget revisions typically fall into the following three main categories:

- Material increases and decreases to estimated income and expenditure appropriations resulting from the receipt of new grant awards or donations.
- Budgeted carryover balances from prior years.
- Increases in expenditure appropriations to prevent budget overruns.

The board establishes policy on how often revisions are submitted and approved, and Board Policy 3100 states the following:

In addition, budget amendments shall be submitted for Board approval as necessary when collective bargaining agreements are accepted, district income declines, increased revenues or unanticipated savings are made available to the district, program proposals are significantly different from those approved during budget adoption, interfund transfers are needed to meet actual program expenditures, and/or other significant changes occur that impact budget projections.

Monitoring budgets during the year includes helping school sites and departments ensure budgets are not overspent and activity is properly coded. Sites should have online access to the financial system and should be able to review applicable line items within the budget. If a budget transfer is needed, site and/or department personnel notify the appropriate business office staff to request that a transfer be completed.

The business office does not prepare a monthly budget versus actual summary report for presentation to the governing board. This practice helps the board and community understand that the budget is fluid and counters the perception that budget changes only occur at interim reporting periods. At a minimum, budget revisions should be submitted to the governing board during the following times:

- Within 45 days after the state budget is signed by the governor.
- When carryover and deferred revenue are added, but no later than October 15.
- With the first interim report (December).
- With the second interim report (March).
- In May, in preparation for closing the fiscal year.
- In June, to assess what the projected ending fund balance will be.
- Whenever the ending fund balance is materially affected.
- Whenever transfers between funds occur.
- Whenever negotiations conclude.

The district should work to minimize variances between budget and actual expenses at year-end closing, which is a common issue at many school districts. This will increase credibility with local employee associations, the community, and the governing board. Communication regarding budget adjustments and how they affect the district must be ongoing and transparent.

Some districts submit budget revisions to the board with interim reports, while others present revisions more frequently, such as monthly. This is especially important for adjustments that significantly affect the ending fund balance or other key aspects of the budget. At Dixon Unified, budget revisions are folded into the interim reports.

The district should also carefully review any AB 1200 communication from the county office, both following reporting periods and when any collective bargaining agreement disclosures have been submitted. These communications may alert the district to any budgetary issues that were overlooked in preparing financial documents. The district should thoroughly monitor all budgetary guidance from the county office to ensure no revenue projection errors occur as happened in 2018-19.

Recommendations

The district should:

1. Review all sections of the budget monthly. A frequent review and adjustment can help to prevent large variances between budgeted and actual expenses at year-end closing.
2. Prepare a monthly budget versus actual summary report for all funds, to be presented at a regular board meeting in open session.

3. Regularly report at board meetings the need for various budget adjustments, their cause, and how they affect the ending fund balance. This includes changes in operating costs, active employee and retiree benefit trends, salaries and benefits as a percentage of all expenditures, contributions to restricted programs, ongoing versus one-time resources, general fund deficits, projected balances of reserve funds, and cash flow projections.
4. Carefully review all communication and guidance from the county office to ensure budgetary compliance.

Position Control

One of the most critical elements in budgeting for expenditures is accurately projecting employee salary and benefit costs. These costs are the largest part of school district budgets, and represent between 80% and 90% of a typical district's unrestricted general fund budget. Therefore, maintaining an effective position control system is critical to manage the cost of salaries and benefits and to properly reflect those expenditures in the district's budget.

A fully functioning position control system can help a district maintain accurate budget projections, salary and benefit information and employee demographics. An adequate system will integrate with payroll and budget modules, facilitate the hiring and monitoring of staff, and can be used to update the budget at each reporting period. When the business office and HR departments use one system, staff time and duplication of effort is reduced and information can be timely produced. Position control functions require proper controls to ensure that only board-authorized positions are entered into the system; that the Human Resources Department hires employees to fill positions that have been authorized by the board; and that payroll staff pay only employees hired for authorized positions.

New or replacement positions are typically initiated by a Personnel Action Request form (PAR). PARs often originate with the school site or department. During interviews, staff did not describe a consistent process for initiating or routing of PARs, and some interviewees commented that the PAR form is not user friendly. Concerns were raised that site and department personnel do not always have the necessary information, such as budget and position numbers, needed to complete the form. The PAR also lacks a section to indicate governing board approval. Interviewees explained that if a new position is described in the approved LCAP, the district takes steps to fill the position since it is assumed to be board-approved.

In an effort to be more efficient and supportive, positions are occasionally posted before the receipt of a PAR. For example, if a teacher resigns, HR may post a teaching position on the assumption that a replacement will be needed. This allows the department to move quickly with the transfer/reassignment process described in the collective bargaining agreement with DTA. This practice is used with good intentions, but it can overstaff the district. Without a PAR and the position approval process, the district cannot effectively evaluate whether a position is needed, or whether it can be eliminated or used in another school or department. Without adequate PAR reviews, there is no consistent way to ensure that position reductions and subsequent layoffs, if needed, are actually implemented.

Inconsistent application of the process increases the probability of misunderstandings and inefficiencies. A clear and consistently implemented process will ultimately increase accuracy and efficiency across all departments. During FCMAT fieldwork, staff raised concerns about the accuracy of the data in the Escape system, including whether vacant positions are truly needed and whether FTEs and budget codes are accurate. Interviewees commented that Escape can maintain accuracy of data although the system's full functionality is not used.

As is the case with other areas, the district lacks consistent processes and alignment of job responsibilities between the business office and HR. It should establish internal controls to ensure the proper separation of duties between the two departments since this will provide a reasonable assurance that material weaknesses, serious errors or fraud are unlikely to occur. The CBO and the assistant superintendent of HR are new to their positions, creating an opportunity to establish and improve internal controls and related procedures that may not have existed before their arrival. These two positions should meet regularly to review positions, budgetary coding and interdepartmental issues.

The table below provides a suggested distribution of labor between the HR and Business Services departments to maintain a high level of internal controls.

Task	Responsibility
Approve or authorize a position	Governing Board
Enter approved positions into position control, with estimated salary/budget Assign each position a unique identification number Enter demographic data, such as: Employee name Employee address Social Security number Credentialing information Job classification Salary schedule placement Annually review and update step-and-column placement Review and update employee work calendars Annually review employee work assignments	Human Resources Department
Update employee benefits Update salary schedules	Fiscal Services or Human Resources Department
Add budgetary account codes Oversee budget development and budget projections Prepare salary and multiyear projections	Fiscal Service Department

The total number of authorized positions for the district should be determined annually based on enrollment, negotiated class size requirements, and class offerings. Once the number of positions has been established, Business and HR should collaborate on the number of employees holding the correct credentials for the determined positions could differ. This process should begin in January, giving the district sufficient time to manage possible layoffs and recruitments within the required timelines.

Inter-departmental meetings are critical to effectively managing salary and benefit dollars. The budget and position control manager, payroll staff and HR staff should meet at least twice annually to balance all positions with those paid through payroll. Regular meetings ensure all parties are aware of any issues or discrepancies. Staff training on how each area affects the fiscal and budgetary landscape is paramount in budgeting appropriately and ensuring proper payment to employees.

Recommendations

The district should:

1. Develop internal controls to ensure an appropriate separation of position control duties exists between the Human Resources and business departments. This includes the authorization and input of new positions, proper budgetary coding, and tracking of employee demographic information.
2. Ensure the governing board approves all new positions.
3. Revise the PAR to reflect the information necessary to evaluate the necessity of the position and ensure the proper approval procedure is followed.
4. Establish and follow a consistent process for analyzing and filling vacancies.
5. Use Escape's full functionality to maintain position control.
6. Regularly review and monitor certificated staff assignments and class sizes to ensure staffing levels are appropriate and cost-effective.
7. Establish inter-departmental meetings at least twice per year to reconcile position control to site/department staffing lists and payroll records.
8. Train all staff on how their work affects others in the district.

Payroll

The district typically processes two payrolls each month, and the county office generates the payments using the county-wide Escape Online software. The district's Human Resources and Payroll staff enter all employee data including pay rates and benefits. The system can also generate ad hoc reports in response to Human Resources and Payroll needs, and although not widely used, the system has employee and manager portals to view leaves and pay. The district uses a software package called Frontline Education to track absences, although this system is not integrated with Escape.

The Payroll Department is staffed by one payroll/benefits technician who had been in the position for approximately one year at the time of fieldwork. The incumbent had no previous payroll experience and received all payroll training through both CASBO and the county office. The county office and Escape offer frequent professional development opportunities and assistance, and the payroll technician often participates in those trainings.

While one payroll technician is sufficient for a district the size of Dixon Unified, it is imperative that adequate coverage exists for this critical function. This is especially important when a staff member with limited or developing expertise occupies a specialized position for which there is little or no supporting coverage. The district would likely need extensive assistance from the county office if the incumbent was absent since other business office staff members lack the knowledge to perform a complete payroll. The district also lacks a comprehensive payroll procedures manual that outlines the various tasks.

The district should identify at least one staff member who can provide emergency coverage, and ensure that this individual receives the necessary training to perform the task. The staff member should perform at least one payroll process in its entirety to ensure this is a functional alternative. The district should continue to provide ongoing training opportunities to the payroll technician, as well as to the suggested supporting staff member, to further improve payroll knowledge and reduce the potential for payroll errors.

Because of the limited coverage of the payroll function, the district also lacks sufficient internal controls over critical payroll processes. While the CBO reviews each payroll, the various individual functions of the position need additional oversight and monitoring. This includes providing the position with adequate access to the Escape system while protecting the district's assets and employee records, and safeguarding the integrity of the payroll process. Functions needing additional oversight restrictions and review include establishing a new employee, processing retroactive payments following a negotiated settlement, salary schedule modifications, garnishments, and adding an "add-on" to an employee record, such as a stipend. While some of these modifications may occur infrequently, the CBO should review all actions that affect the pay or withholdings of one or more employees. This position should continue to regularly and carefully review each payroll, and ensure that all mail and communications related to payroll actions, such as garnishments, internal memos, etc. are routed first to CBO instead of payroll.

Recommendations

The district should:

1. Identify a supporting business office staff member to cover critical payroll functions, and ensure the position is fully trained on the entire payroll process.
2. Offer additional and ongoing professional development to the payroll technician and any supporting staff.
3. Ensure that the use of the Escape employee portal is encouraged and communicated to all employees, and that sufficient training on the functionality is provided. This will reduce payroll questions and requests for information from employees and managers.
4. Strengthen payroll internal controls by reviewing Escape access permissions, routing of payroll information and notifications, and oversight and review of functions affecting employee pay.
5. Develop and maintain a payroll procedural manual specific to the district that can be used by both the payroll technician and any position covering payroll functions.

Accounts Payable, Accounts Receivable and Purchasing

The district maintains one position for accounts payable and one for accounts receivable. However, much like payroll, both areas lack adequate coverage of duties. While the number of positions is adequate for a district the size of Dixon Unified, these are important functions that require sufficient and knowledgeable supporting staff.

Interviews indicated that in a number of areas such as accounts receivable, certain functions have coverage in case of staff absences or vacancies, although this coverage may be limited in capacity. Therefore, uncertainty about the district's ability to provide accurate and thorough support for all duties increases risk in these areas. The accounts payable and accounts receivable clerks provide cross-coverage of certain responsibilities, such as the review of payable and receivable batches, but the positions are not sufficiently covered for all functions.

The district should provide sufficient training to both staff members in accounts payable and receivable to ensure adequate coverage during absences. Improved internal controls are also necessary to reduce the potential for errors and fraud. The CBO should maintain close oversight of these functions, and/or delegate regular monitoring and review to another staff member to ensure district assets are protected.

The accounts payable clerk also acts as the district's purchasing clerk. This position has insufficient coverage, and the purchasing procedures and internal controls need documentation and improvement. A desk manual outlining purchasing procedures was developed for this position; however, the manual was last updated in 2010, according to documentation and staff interviews.

District purchasing procedures are not well defined or regulated. Some purchases are made without the use of a purchase order. As a result, supporting documentation is often lacking or insufficient when a purchase order is used. Interviews indicated that some purchase orders may also lack appropriate approvals, and some materials and supplies ordered at district sites may be delivered to an employee's home, rather than to the school site or district office.

System permissions in Escape do not adequately safeguard against exceeding the established limit for each purchase order because the district does not use all the functions available in the Escape system to prohibit requisitions from exceeding the approved amount. When a requisition is entered with an account that lacks sufficient budgetary funds, system restrictions should prevent its completion until a budget transfer is made. Because the district does not use this option, the business office receives purchase requisitions that lack an associated budgetary assignment. This causes the CBO to routinely consult with sites and departments on the need for a potential budget transfer.

Recommendations

The district should:

1. Ensure the accounts payable and accounts receivable clerks are adequately trained in all duties of both positions, including the purchasing functions.
2. Improve oversight of both accounts receivable and accounts payable by establishing processes to review and monitor transactions of both areas.
3. Establish districtwide purchasing procedures, with staff training, documentation and enforcement. Ensure that site staff are aware of purchasing protocols, including the use of purchase orders for all purchases.
4. Create a review process in the business office for all purchase orders to ensure budgetary funds are available and all materials are delivered to a district site.
5. Implement controls in the Escape system to prevent purchases from proceeding without sufficient budgetary funds.
6. Create and maintain desk procedural manuals for accounts payable, accounts receivable and purchasing.