

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Business and Human Resources Review

June 22, 2021

Budget

Amount	Details	Month	Amount
4,500	Mid Year Bonus	June	2,000
2,500	Year End Bonus	December	3,000
		January	5,000

Costs	Expenditure	Month	Amount
2,300	November vacation	November	450
600	Home for the holidays	December	600
350	Gifts for family	December	600
60	Family vacation	July	300
		January	880
		January	
		January	
		January	
		January	

April	May	June
9,915	13,220	16,000
	7,000	7,000
	0	

Golden Valley Unified School District

Michael H. Fine
Chief Executive Officer

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

June 22, 2021

Mike Berg, Interim Superintendent
Golden Valley Unified School District
37479 Avenue 12
Madera, CA 93636

Dear Superintendent Berg,

In February 2021, the Golden Valley Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a review of the district's Business Services and Human Resources (HR) departments. The agreement stated that FCMAT would perform the following:

1. Review operational processes and procedures in the business services department and make recommendations for improved efficiency, if any, in the following areas:
 - Budget Development
 - Budget Monitoring
 - Position Control
 - Accounts Payable
 - Accounts Receivable
 - Payroll
 - Hiring, orientation and initial training processes for new employees
2. Review operational processes and procedures in the human resources department and make recommendations for improved efficiency, if any
3. Evaluate the current workflow and distribution of functions within and between the above departments and make recommendations for improved efficiency, if any

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

FCMAT appreciates the opportunity to serve the Golden Valley Unified School District and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,



Michael H. Fine
Chief Executive Officer

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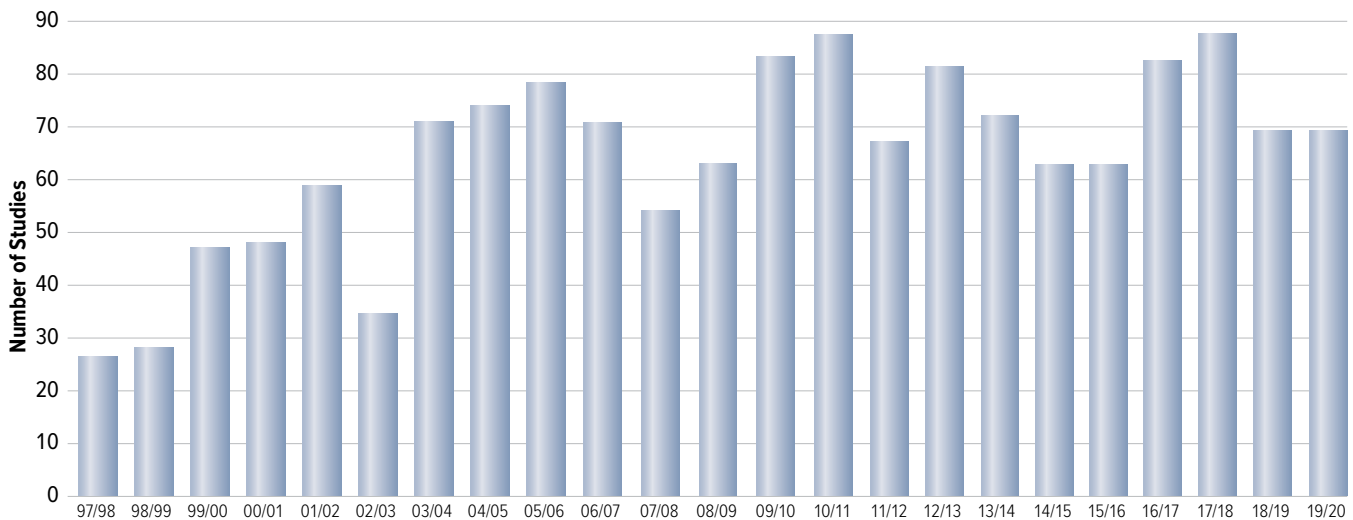
About FCMAT

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.

Studies by Fiscal Year



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. FCMAT also develops and provides numerous publications, software tools, workshops and professional learning 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 was signed into law. 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

Located in Madera County, the Golden Valley Unified School District has a five-member governing board and serves approximately 2,089 students at two elementary schools, one intermediate school and one comprehensive high school. The district also has five alternative educational offerings that serve K-12 students. According to data from the California Department of Education (CDE), student enrollment has remained relatively stable from 2006 to 2021. Enrollment declined in 2016-17, but the district has recovered from that decrease and had the highest enrollment in its history in 2020-21. The district's California Longitudinal Pupil Achievement Data System (CALPADS) records indicate that its 2019-20 unduplicated pupil count (that is, students who are English learners, foster youth, or qualify for free or reduced-price meals) is 904, or 44.73% of enrollment.

Study and Report Guidelines

In February 2021, the Golden Valley Unified School District and FCMAT entered into an agreement for FCMAT to review the district's staffing, workflow and processes and procedures in its Human Resources (HR) and Business Services departments.

FCMAT conducted interviews, collected data and reviewed documents in March 2021. Following fieldwork, FCMAT continued to review and analyze documents. This report is the result of those activities.

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 study team was composed of the following members:

Tami Ethier, CFE
Intervention Specialist

Robbie Montalbano, CFE
Intervention Specialist

Carolynne Beno, Ed.D.
Intervention Specialist

Erin Lillibridge
Intervention Specialist

John Lotze
FCMAT Technical Writer

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

Executive Summary

A school district should be staffed according to the basic theories of organizational structure used in other school agencies of similar size and type, and its structure should reflect generally accepted theories, which include span of control, chain of command, and line and staff authority. A review and comparison with comparable districts indicates that the district's Business Services Department is understaffed by one full-time equivalent (FTE) employee. The district should consider reestablishing a business services coordinator position to oversee the district's day-to-day business operations and food services program. The district should also consider eliminating the assistant superintendent, human resources and student services position and establishing a dedicated full-time director of human resources position.

Job descriptions in both departments were out of date and should be reviewed and updated to ensure they are current and include the appropriate supervisor titles and reporting structure, specific essential functions relevant to their respective departments, and date the new and/or revised job description was approved by the governing board.

The lead positions in both business services and human resources (HR) lack collaboration, teamwork and effective communication. This lack of cohesive behavior between the two departments has caused a significant amount of strife. Staff experience confusion and ambiguity regarding the roles and responsibilities of each department, which leads to severe lack of customer service. Staff interactions should be more collaborative and easily adaptable to changing workloads; personnel need to work together to create an effective team. Staff in both departments indicated during interviews that certain tasks were not the responsibility of their respective departments, which has in turn left large gaps in essential services to staff.

A focus on customer service is important for a successful district office, and leadership is needed to facilitate better communication among staff members. The district does not conduct regular meetings of both business services and HR support staff to help ensure better communication, resolve issues, and promote a sense of teamwork. The district should implement such meetings as well as workshops with the administrative staff at its schools to improve customer service and communication.

Workflows in the HR and Business Services departments are mostly paper-based; updating them to be electronic could benefit the district significantly. Both the district's current software (ESCAPE) and other software programs allow the electronic creation and routing of forms. Using these features would help expedite and solidify workflows and procedures.

Business Services Department

Organizational Structure and Staffing

Organizational structure establishes the framework an institution, such as a school district, uses to demonstrate leadership and delegate specific duties and responsibilities to all staff members. An effective structure benefits a district by maximizing resources to reach identified goals. As a district's enrollment increases or declines, the organizational structure should adapt to ensure duties and responsibilities continue to be fulfilled efficiently.

A district should be staffed and structured according to generally accepted theories of organizational structure and standards used in other school agencies of similar size and type. As discussed in *Principles of School Business Management*, by Craig R. Wood, David C. Thompson, and Lawrence O. Picus, the most common of these theories are span of control, chain of command, and line and staff authority.

Span of Control

Span of control refers to the number of subordinates reporting directly to a supervisor. Although there is no agreed upon ideal number of subordinates, it is generally agreed that the span can be larger at lower levels of an organization than at higher levels, because subordinates at lower levels typically perform routine duties that are easier to supervise.

Chain of Command

Chain of command refers to the flow of authority within an organization. Chain of command is characterized by two significant principles: unity of command, where a subordinate is only accountable to one supervisor; and the scalar principle, which suggests that authority and responsibility should flow in a direct line vertically from top management to the lowest level, producing a hierarchical division of labor.

Line and Staff Authority

School district organizational structure reflects both line and staff authority. Line authority is the relationship between supervisors and subordinates and refers to the direct line in the chain of command. For example, the district superintendent has direct line authority over the chief business officer (CBO), and the CBO has direct line authority over the business office. Staff authority, on the other hand, is advisory in nature. Staff personnel do not have authority to make and implement decisions; rather, they support line personnel.

The district requested that FCMAT review specific operational processes and procedures in its Business Services Department and make recommendations for improved efficiency, if any. Essential to this review is an analysis of the department's structure and staffing, including a comparison to districts of similar size and type, and evaluation of the current organizational configuration to support the district's current and future needs.

Business Services Structure

The organizational structure of the Business Services Department should clearly identify key areas of authority and responsibility. The business services page on the district's website indicates the department is responsible for the following areas: accounts payable, accounts receivable, budget, health benefits, payroll,

purchasing, risk management, and warehouse. These activities are supported by the three positions listed in the table below, including a director who directly supervises a payroll/financial specialist and an accounts payable technician. The director position also directly supervises a food services manager; however, the food services program management is outside the scope of this review.

Current Business Services Department Staff Positions

Position Title	Full Time Equivalent (FTE)
Director of Business Services	1.0
Payroll/Financial Specialist	1.0
Accounts Payable Technician	1.0
Total FTE	3.0

To ensure consistent and effective performance by the department and its employees, the district needs to maintain job descriptions that clearly identify essential and other functions and duties for each position. The best practice is to review job descriptions annually and present them to the governing board for approval if changes are necessary. The district's business services job descriptions are sufficient to establish the department's key areas of authority and responsibility; however, they contain some inaccuracies, and the duty statements need to be reviewed carefully and updated for clarity, completeness and accuracy.

Director of Business Services

The director of business services serves as the district's CBO and leads the business services department. According to the job description, the director of business services is responsible for overseeing all aspects of the district's finances, including budget, accounting and payroll, as well as purchasing and food services.

The job description specifies that the director manages the Facilities and Information Systems (technology) departments. However, both staff FCMAT interviewed and the district's 2020-21 district organizational chart confirm that the maintenance, operations, transportation and facilities (MOTF) director reports directly to the superintendent, and the technology director reports to the assistant superintendent of educational services. The governing board last approved the director of business services job description in March 2017, two years before the district's most recent recruitment for the position. When implementing structural changes, the best practice is to revise all job descriptions and organizational charts accordingly and clearly communicate the changes to ensure all staff members understand the organization's flow of authority.

CBO Turnover

To effectively implement and maintain systemic reforms and high expectations in financial management, the district needs to demonstrate a commitment to attract, develop and retain competent business staff. Multiple staff members interviewed discussed a recent history of turnover in the CBO position. Further review of the district's historical organizational charts and financial documents confirmed that the district has experienced regular turnover in business services leadership since 2012-13, the first year the district changed the position from CBO to manager or director. FCMAT could not confirm corresponding adjustments in position duties consistent with the title changes.

Since 2012-13, four individuals have served as the district's CBO, which means the department has experienced a leadership change almost every two years. FCMAT's Fiscal Health Risk Analysis tool indicates a district is at higher risk for fiscal insolvency for at least two years after filling key leadership positions, including the CBO.

Because of the department's current structure and staffing support, the director performs many day-to-day activities that could be handled by lower-level staff. In essential areas, such as payroll and accounts payable, the director serves as the primary coverage option, thereby weakening the district's internal controls, including separation of duties and checks and balances.

The district has two major construction projects underway: a new elementary school campus, and a career technical education/agricultural center on the high school campus. Because of the increased educational, financial and operational resources needed to support these additional facilities, it is essential that the CBO position balance oversight of day-to-day operations with higher level financial management and long-term strategic planning. Without this balance, the district increases its risk of fiscal insolvency.

It would benefit the district to reinstate its former organizational structure, moving the MOTF department under the supervision of a CBO and reestablishing a business services coordinator position to oversee day-to-day business operations and the food services program. The CBO title better indicates the key areas of authority and responsibility required of the position in a small district like Golden Valley and should improve the district's ability to recruit and retain future candidates.

Payroll/Financial Specialist

The payroll/financial specialist job description was most recently updated and presented to the governing board for approval in July 2019. It indicates the position is responsible for a variety of technical and clerical duties related to the district's payroll processing, including payroll tax reports and deposits, employee deductions, garnishments, and leave tracking. This position also administers the district's employee benefits program, including setting up enrollments, reconciling vendor billing, and processing payments through payroll. Financial duties include maintaining accounts receivable files, preparing salary-related financial reports, and reviewing and reconciling position control.

The individual who serves as the payroll/financial specialist has been in the position since 2005. Because the district grew quickly in the early 2000s, the district assigned employees additional duties at times unrelated to their normal responsibilities. Such assignments resulted in the district creating positions with combinations of essential duties that will be difficult to recruit for and fill in the future. It would benefit the district to review and realign as appropriate the key areas of authority and responsibility in Business Services Department staff positions to ensure ongoing clarity and continuity of service.

Accounts Payable Technician

The accounts payable technician job description was most recently updated and presented to the governing board for approval in June 2019. It indicates the position is responsible for a variety of technical and clerical duties related primarily to the district's accounts payable processing and purchasing. The individual in this position had been there for only a few weeks at the time of FCMAT's on-site fieldwork.

The previous employee in the position had been in place since 2015-16. District staff report difficulty in filling the position with a qualified candidate. As noted above, the director provided coverage of the position's essential duties during the vacancy. Ideally, a business services staff member other than the director would be cross-trained to provide coverage when needed. This arrangement would ensure that the district's internal controls systems remain in place and that the director position could continue to carry out essential oversight responsibilities.

Business Staffing Comparison

FCMAT conducted an informal survey of several unified school districts with comparable enrollments, and with unduplicated pupil counts (UPCs) that result in an unduplicated pupil percentage (UPP) less than 55%, for comparison with Golden Valley.

The information below shows the responses from nine districts that replied to FCMAT's request for information on business staffing. The comparison districts have an average of 5.0 FTE positions in the business office; Golden Valley has 3.0 FTE. The district would benefit from expanding its Business Services Department by at least 1.0 FTE to ensure essential financial and operational duties are administered and managed effectively in support of the district's goals. This would increase the current business services FTE count to 4.0 FTE, closer to the average 5.0 FTE count in comparable districts.

District	County	Business FTE*	2020-21 Enrollment**	2020-21 UPP
Bishop Unified	Inyo	6.0	1,969	53.43%
Carmel Unified	Monterey	8.0	2,335	16.03%
Golden Valley Unified	Madera	3.0	2,089	44.48%
Middletown Unified	Lake	3.0	1,655	53.70%
Muroc Joint Unified	Kern	5.0	1,687	27.56%
Ojai Unified	Ventura	7.0	2,329	49.63%
Pacific Grove Unified	Monterey	4.75	1,899	22.00%
Scotts Valley Unified	Santa Cruz	4.0	2,635	12.93%
Templeton Unified	San Luis Obispo	6.0	2,317	21.78%
Yosemite Unified	Madera	4.0	1,680	54.94%
		Avg FTE 5.075		

** Source: California Basic Educational Data System (CBEDS)

*For comparison purposes, these FTE are for the assistant superintendent of business services and other management positions, and for business functions such as accounts payable, accounts receivable, benefits, payroll, and other accounting/budget tasks. For districts that include warehouse, delivery, attendance, reprographics, purchasing, nutrition services, or other positions in the business department, FCMAT has excluded those positions from this analysis. Any variances in FTE are due to FCMAT's interpretation of the information shared in its informal survey.

Data for the comparison was obtained from the California Department of Education's Data Quest and Education Data Partnership websites. Although comparison data is useful, it should not be considered the only measure of correct staffing levels. Because districts are complex and vary widely in demographics and resources, careful evaluation is needed. Generalizations can be misleading when unique circumstances are not considered.

FCMAT Organization and Staffing Review (2006)

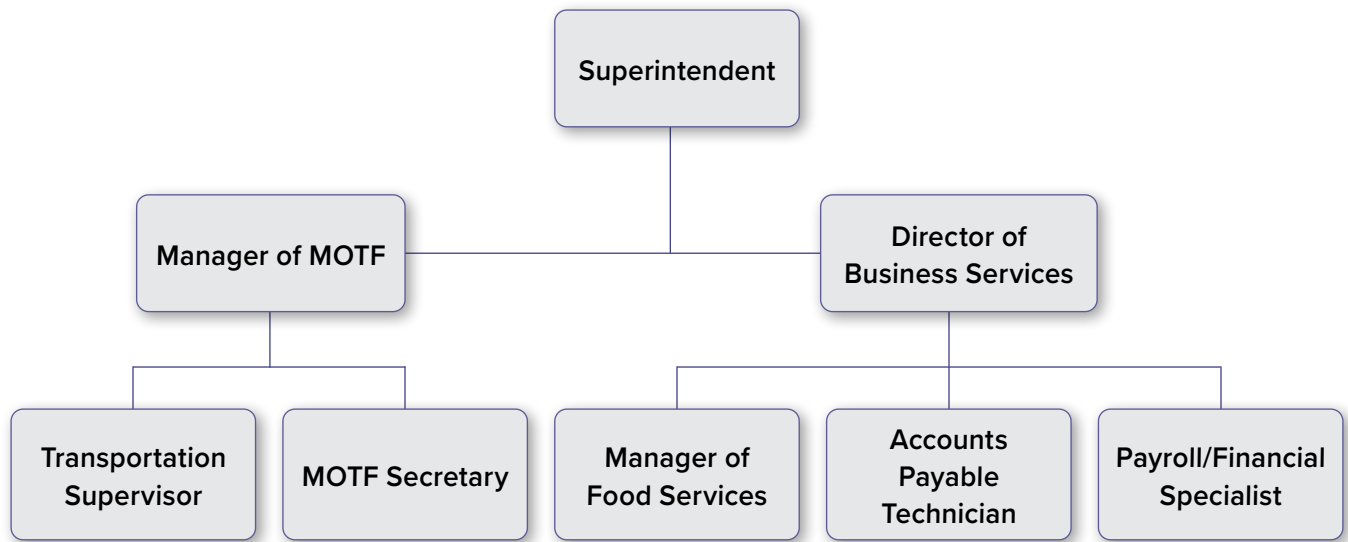
In October 2005, the district requested a FCMAT review that included the organizational structure of the district's business office, provided comparable staffing and organizational structure data from districts of similar size, and provided recommendations for any organizational or staffing changes. At the time, the district had an enrollment of approximately 1,900 but, as it is now, was planning for significant increases in enrollment because of rapid housing development in the surrounding community.

FCMAT's report, issued in April 2006 recommended that the district move its MOTF departments under the CBO position for supervision and add a new business services coordinator position. Many recommendations and elements of the 2006 report are still applicable and relevant today. A review of historical organizational charts indicates that the district implemented FCMAT's recommended business services structure

starting in 2007-08 and maintained it (or a similar one) through 2011-12. In 2012-13, the district eliminated the CBO and business services analyst (coordinator) positions and transitioned to its current structure.

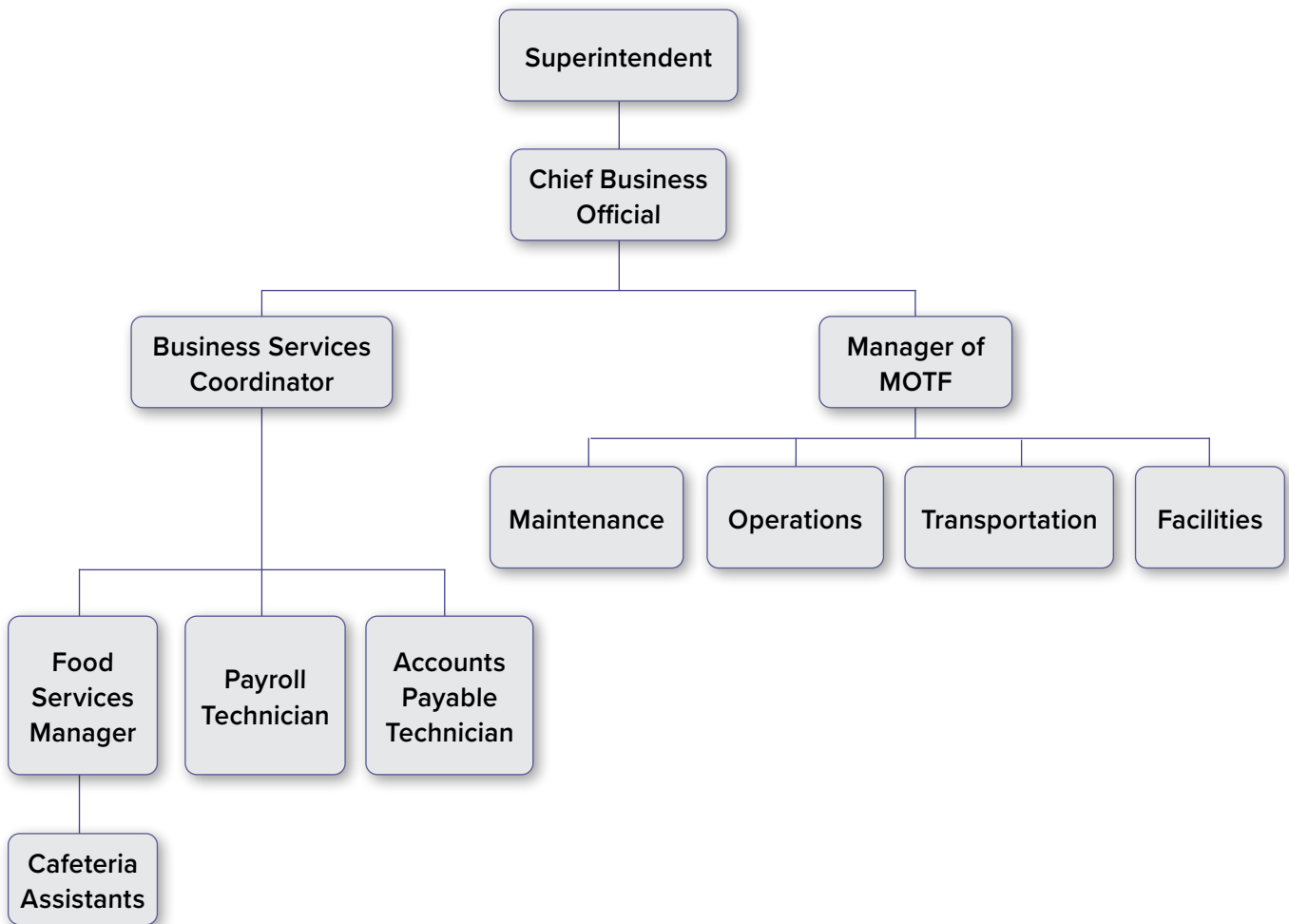
Shortly after FCMAT issued its 2006 report, the state and nation faced the greatest economic recession since the Great Depression, including a housing market collapse and a resulting global financial crisis. Not unexpectedly, the district's projected enrollment increase stalled, and rather than the expected increases the district experienced unchanged and/or declining enrollment. More than 15 years later, the district has only recently started to see enrollment increase, to approximate 2,000 in 2020-21, and housing development is well under way within the district's boundaries, including in a 2,000 acre planned community.

Current* Business and MOTF Organizational Chart



* Current at the time of FCMAT's fieldwork.

Recommended Organizational Chart



Recommendations

The district should:

1. Implement an organizational chart similar to FCMAT's 2006 recommended department structure, which the district implemented from 2007-08 to 2011-12, moving the MOTF department under the supervision of a CBO position and reestablishing a business services coordinator position to oversee the district's day-to-day business operations and food services program.
2. Consider adding a 1.0 FTE coordinator position to support business services functions and allow the CBO to focus more on higher level financial management and long-term strategic planning responsibilities.
3. Clearly delineate and communicate key areas of authority and responsibility for business services department staff.
4. Review and update all job descriptions for business services positions to accurately identify all essential and other functions and duties of each position.
5. Review the district's prior FCMAT report issued in 2006 for additional organizational recommendations.

Business Services Operational Processes and Procedures

Budget Development & Monitoring

A school district's annual budget should include revenues and expenditures by school site, department, and resource in sufficient detail to identify variances and determine whether financial goals were achieved. Material variances in revenues and expenditures should be investigated promptly and thoroughly.

Budget development integrates a district's educational goals with its revenues. The budget is both a fiscal and a policy document that allocates limited resources to meet these goals. The budget establishes a district's expenditure practices and provides a road map for management and staff to follow during the year.

Once a sound budget has been developed, the document and resulting actions should reflect the school district's educational philosophy, priorities and financial strengths and needs.

The district's budget development process includes using staffing formulas to help determine the number of full-time equivalent positions allocated to sites, programs and departments. Meetings are held with all site administrators four times a year. Unrestricted general fund site allocations follow a specific formula, with categorical funds also being allocated by site.

The district's budget monitoring process reflects district policy and includes systems for routine review designed to provide early warning of discrepancies. The director of business services reviews the budget at least monthly, makes revisions as needed, and communicates budget updates per local policies, county requirements and state statutes (e.g., first interim, second interim).

Position Control

The cost of salaries and benefits accounts for a significant majority of a district's budget, averaging between 80% and 90% of a typical district's unrestricted general fund budget. Therefore, maintaining an effective position control system to accurately project salary and benefit expenditures is essential to protecting a district's overall financial health. Fully functioning position control procedures serve as checks and balances between personnel decisions and budgeted appropriations, and involve multiple levels of the organization, including the governing board, executive cabinet, business services/payroll, HR, and other district departments.

An adequate position control system will integrate with payroll and budget systems, facilitate hiring and monitoring of staff positions, and can be used to update salary and benefit expenditures during financial reporting periods. However, position control functions require adequate internal controls and interdepartmental collaboration to ensure that only board-authorized positions are entered into the system, that the HR department hires employees to fill positions as authorized by the governing board, and that payroll staff pay only employees hired for properly authorized positions.

New or replacement positions are typically initiated by a personnel action request form, which often originates from a school site or department. FCMAT found a Personnel Requisition form on the HR Department's page of the district's website. This form is designed to be used for new, replacement and transfer positions for all staff classifications. The document is routed through the Business Services and HR departments for approval signatures after governing board approval. In addition, during interviews, staff consistently referred to use of the district's Program Driven Budget Request form, which initiates a vetting process at the cabinet level for allocating new or changed program resources, including employee positions, before they are presented to the governing board for approval.

The district does not determine the total number of authorized positions it needs annually based on enrollment, negotiated class size requirements and class offerings. Of the individuals FCMAT interviewed, only the Business Services Department personnel clearly articulated the district's staffing ratios. Other departments and personnel, including those in HR, did not have clear information about staffing ratios or procedures for determining them, and as detailed later in this report, there is little to no collaboration between the two departments.

For staffing to be set correctly and maintained, all parties responsible for monitoring staffing levels need to be aware of district-established staffing ratios. After the number of positions has been established, the district's Business Services and HR department need to collaborate regarding the number of employees who hold the correct credentials, because available staff may not match the positions available. The best practice is to begin this process in January to give a district sufficient time to manage potential recruitments and layoffs within the required timelines.

The district uses the county office's integrated financial and human resources system, commonly known as ESCAPE. It transitioned to the system during 2019 and 2020, and processed its first payroll in ESCAPE in January 2020. When fully implemented by both the Business Services and HR departments, the ESCAPE system can support all the district's position control needs. However, written communications and interviews with staff indicated that HR Department staff consider ESCAPE a financial system only and have either not attended or not fully participated in the county office's implementation trainings. Staff also indicated that HR Department staff have refused to enter information into the system other than employee demographic and credentialing information, and that the district's position control functions are entirely maintained by the Business Services Department. Although the director of business services uses a position control workbook in Excel to verify salary and benefit expenditure data within ESCAPE, no separation of duties or reconciliation process exists among payroll, budget and position control functions.

The district lacks consistent processes and alignment of job responsibilities between the Business Services and HR departments. Establishing adequate internal controls to ensure the proper separation of duties between the two departments is essential to protecting the district against material weaknesses, serious errors, and fraud. The business services and HR staff involved in payroll, position control and budget should meet at least twice each year to balance all positions with those paid through payroll. The department heads should meet at least once a month to review interdepartmental issues. Regular meetings ensure all parties are aware of any issues or discrepancies and serve to educate staff on how each area impacts the other department, the district's overall fiscal health, and proper payments to employees.

Recommendations

The district should:

1. Review and revise internal controls to ensure an appropriate separation of position control duties exists between the Business Services and HR departments, including the authorization and input of new positions, proper budget coding, and tracking of employee demographic information.
2. Use ESCAPE's full functionality to maintain position control.
3. Regularly review and monitor certificated staff assignments and class sizes to ensure staffing levels are appropriate and cost-effective.
4. Establish interdepartmental meetings at least twice per year to reconcile position control to site and department staffing lists, budget, and payroll records.

5. Train all staff on how their work affects others in the district.

Payroll

The best practice is for a business department to maintain and implement procedures to ensure timely and accurate payroll processing. According to a calendar published by the county office, the district typically processes two payrolls a month: one supplemental and one monthly. The district uses the same financial system as the county office. The system is commonly known as ESCAPE and is an integrated financial and human resources system with the capability to create reports on demand to meet both payroll and HR needs. The ESCAPE system also has an employee portal that allows employees and managers to view leave balances and pay. Employee training on the portal will reduce payroll questions and requests for information from employees and managers.

As discussed above, the district recently transitioned to the ESCAPE system, and processed its first payroll in the system in January 2020. In interviews, business services staff stated that they attended multiple training sessions at the county office to prepare for the transition, and expressed positive opinions about the system and its ability to effectively support payroll activities.

As noted previously, the district employs one position, the payroll/financial specialist, to perform all payroll functions. Although one payroll specialist is sufficient for a district of Golden Valley's size, adequate coverage is imperative to support this essential function in case of unanticipated or extended absences. In interviews, district staff indicated that both the director of business services and the executive secretary to the superintendent positions can provide emergency coverage. However, the district has not formally identified, trained or assigned a staff member in the business services department to fulfill this duty.

The best practice to ensure a separation of duties is for no one individual to be responsible for all steps of a financial transaction, such as payroll. This practice is an essential part of a district's internal controls to prevent fraud. Although the payroll specialist employs techniques to audit payroll during processing, there is no separate review and approval conducted by another staff member. The director's essential duties include payroll development rather than review and approval of each payroll and of actions that affect employee pay or withholding.

Although the county office generates the payment from the system, the district is responsible for entering into the system all employee payroll-related data, including pay rates, work hours, deductions and benefits. Documents and interviews with staff indicated that payroll staff are responsible for entering all information on the following ESCAPE windows: pay cycles, taxes, retirement, assignments, add-ons, leaves, benefit providers, and benefits. Human Resources Department staff enter all information on the employment tab. This distribution of data entry duties is not consistent with recommendations provided by the county office. With only one individual managing the district's payroll functions, it is critical that the Business Services and HR departments distribute employee onboarding and termination system entries in the most effective manner to ensure a separation of duties and checks and balances during the process. The district needs to review the county office's recommended ESCAPE checklist and consult with the county office as needed to maintain and strengthen internal controls for payroll.

Although the district's payroll processing has usually been timely and accurate, individuals interviewed during FCMAT's on-site fieldwork shared examples of significant errors and missed payments to employees. These issues were mostly the result of extremely poor communication and severe lack of collaboration between payroll and HR staff. This type of dysfunction in an essential personnel area such as payroll will lead to reduced credibility and effectiveness for both departments. Every effort should be made to improve

communication and cooperation, including holding monthly meetings as mentioned in the organizational culture and communication section of this report.

The payroll/financial specialist does not have a desk manual specific to the position. To support continuity of this critical function, the district should ensure the position maintains a procedural manual specific to the district that can be used by the current employees and any others assigned to cover payroll functions.

Recommendations

The district should:

1. Identify a supporting business services staff member to cover critical payroll functions, and ensure the position is fully trained on the entire payroll process. Ensure that the staff member assigned is not the director.
2. Continue to offer additional and ongoing professional development to the payroll/financial specialist 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 its functions is provided.
4. Strengthen internal controls for payroll by reviewing ESCAPE access permissions and adopting interdepartmental procedures in line with the county office's recommended checklist for processing employee onboarding and termination entries.
5. Establish regular meetings between payroll and HR staff to discuss ongoing issues, develop solutions to common problems, and improve communication between departments.
6. Develop and maintain a payroll procedural manual specific to the district that can be used by both the payroll specialist and any position that covers payroll functions.

Accounts Receivable and Accounts Payable

The district employs one accounts payable technician to manage accounts payable activities. As noted previously, the individual serving in this role had been in the position for only a few weeks at the time of FCMAT's on-site fieldwork. The previous employee in the position had been in the position since 2015-16. District staff reported difficulty filling the position with a qualified candidate, and the director had to perform the position's essential duties during the vacancy. A business services staff member other than the director needs to be cross-trained to provide coverage when needed. This arrangement would ensure the district's internal control systems remain in place, and that the director position could continue to carry out essential oversight responsibilities to reduce the potential for error and fraud.

The Business Services Department splits accounts receivable duties between the director of business services and the payroll/financial specialist in an effort to ensure separation of duties. A stronger control would be to assign the director's accounts receivable responsibilities to the accounts payable technician to allow the director to focus on oversight of the process and ensure district assets are protected.

Neither the payroll/financial specialist nor the accounts payable technician have desk manuals specific to accounts payable or accounts receivable processes and procedures. The best practice is to ensure each position has a manual that is specific to the district and can be used by both these employees and others who may cover their duties. This provides for continuity of these essential accounting activities.

Recommendations

The district should:

1. Identify a supporting business services staff member to cover essential accounts payable and receivable functions, and ensure the position is fully trained on the processes.
2. Create and maintain desk procedural manuals for accounts payable and accounts receivable functions.
3. Continue to offer additional and ongoing professional development to the accounts payable technician and any cross trained staff.

Hiring, Orientation and Initial Training for New Employees

Employee Benefit Enrollments

The Business Services Department oversees employee benefit programs such as medical, dental and vision plans, and the payroll/financial specialist is responsible for managing employee benefit enrollments and payments. These duties belong in the HR Department and are addressed later in this report.

As with the other operational areas FCMAT reviewed, the Business Services Department lacks a desk manual specific to processing employee benefits, and no other business services staff member other than the director is identified or cross-trained to provide essential backup coverage for this important personnel area. Rules and requirements for employee health benefits, particularly dependent enrollments, employee status changes, and vendor payments, are time sensitive. The lack of a trained individual to provide backup for these functions could result in loss of benefit coverage for employees and/or dependents. To ensure continuity of support for its employee benefit programs, the district needs to formally identify, train, and assign these duties to at least one staff member, preferably within the business services department, though not the director because that position is already responsible for oversight of the benefit transactions.

Recommendations

The district should:

1. Ensure the Business Services and HR departments coordinate onboarding activities for new employees.
2. Identify a business services staff member other than the director to cover essential employee benefit functions, and ensure that employee is fully trained in the necessary duties.
3. Create and maintain a desk procedural manual for employee benefit functions.
4. Continue to offer additional and ongoing professional development to the payroll/financial specialist and any cross-trained staff.

Organizational Culture and Communication

Organizational culture is broadly defined as the customs, rituals and values shared by an organization that must be accepted by new members. Every school district has a unique culture shaped over time through

leadership decisions and actions, both formal and informal, that influence the behaviors of its members and shape the professional learning community. An organization's culture may be positive, supporting and promoting the district's identified mission and goals; or it may be negative, preventing success and stifling progress toward improvement.

The district has codified its cultural values in a formal written statement titled *The Golden Valley Way! A District of Excellence*, which multiple staff referenced during interviews and is prominently posted on the district's website. The Golden Valley Way is defined as "core values of providing a rigorous curriculum, making learning relevant to our students, and developing positive relations with our children." Further, the statement describes a "deeply embedded belief in people and the ability to get the best out of each person through a combination of high expectations, clear communication, and positive relationship building." District leaders, specifically the superintendent, executive cabinet, and governing board members, should set the tone for a positive organizational culture. Members need to see district leaders modeling the Golden Valley Way if they are to trust and adopt the core values it describes.

During interviews, employees called attention to behavior contrary to the district's core beliefs, specifically ongoing tension between the Business Services and HR departments. Interpersonal conflicts and confusion regarding each department's authority and responsibilities have harmed employees. Examples include errors in employee pay, unclear and/or inaccurate information about leave, delayed access to benefits such as state disability, and missed start dates for new employees. Payroll and HR staff do not have a functioning process for communication, nor do the departments meet regularly to review and resolve common issues related to employee leave, resignations, salary placement, differential pay, and other related subjects. Email communication between high-ranking employees revealed unprofessional behavior and a complete breakdown of collaboration at both the staff and leadership levels between the departments.

In interviews, staff also indicated that business services staff members could sometimes be abrupt, terse, and defensive in verbal and written communications, and perceived a lack of attention to customer service. As its name suggests, the Business Services Department is in the business of serving the educational community. Whether preparing department budgets, facilitating purchases, paying district employees and vendors, or preparing and presenting financial reports to the governing board, its services should be collaborative, accurate and helpful, and provided in a professional manner to all stakeholders. Poor communication and negative customer experiences could result in the department's reduced credibility, lessened support, and diminished influence.

The district's Business Services and HR departments' leaders have not established regular ongoing meetings to review procedures related to payroll, budget and position control. These types of meetings are needed and would also provide valuable time for the two departments to collaborate on specific employee situations that may not occur regularly. With proper organization, these meetings could prevent the miscommunication and disorganization about such matters that FCMAT found during fieldwork, as well as eliminate ambiguity about which department is responsible for each task or situation.

Recommendations

The district should:

1. Ensure the superintendent, executive cabinet, and governing board set the tone for a positive organizational culture by promoting and modeling the Golden Valley Way to establish trust and encourage its adoption in practice throughout the district.
2. Ensure that district leaders encourage a climate of collaboration, teamwork and open communication between business services staff and other departments and school sites.

3. Ensure that all staff in the district office understand the importance of providing customer service to others. Hold all staff and managers accountable for professional and respectful communication with all fellow employees, regardless of position.
4. Require personnel in the Business Services and HR departments to meet at least monthly to improve communication. Consider including other departments, such as the educational services department, as needed or periodically to further advance collaboration in the district. Consider having the Business Services Department head initiate such meetings. Prepare and distribute written draft agendas before each meeting, and allow staff to propose items for the agenda in advance.
5. Establish regular meetings of payroll and HR staff to discuss ongoing issues, develop solutions to common problems, and improve communication between the departments.

Human Resources Department

Organizational Structure

FCMAT conducted a review of HR organization and staffing, operational processes and procedures, and workflow and distribution of functions. The FCMAT study team interviewed certificated, classified, management and nonmanagement staff from multiple departments.

The district’s HR department is responsible for coordinating all aspects of personnel services. This includes general areas such as employee recruitment and selection, position control, employee onboarding, employee training, discipline, extended leaves of absence, absence tracking, and related items. The HR Department consists of the staff positions in the table below, which are under the direction of the assistant superintendent of human resources and student services:

Human Resources Department Staff Positions

Position	Full Time Equivalent (FTE)
Assistant Superintendent of Human Resources and Student Services	0.4*
Human Resources Specialist	1.0
Total FTE	1.4

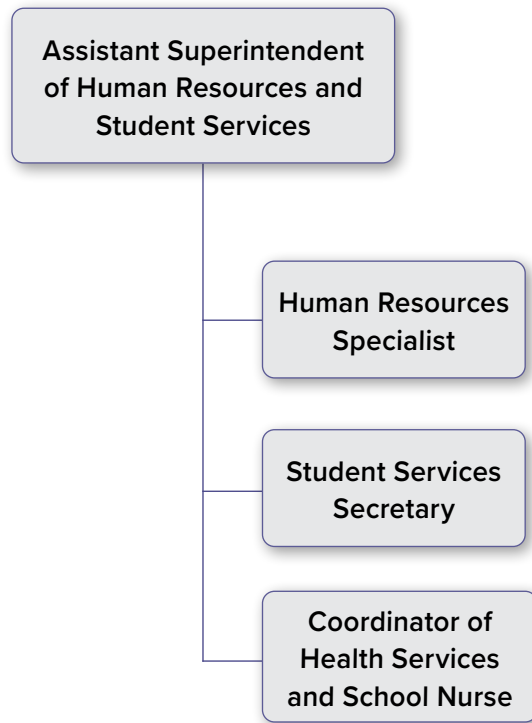
* For purposes of this report, FCMAT used the current employee’s estimate that 40% of her time is spent on human resources duties.

The assistant superintendent of human resources and student services oversees three positions: the human resources specialist and the student services secretary, which are part of this study, and a school nurse and coordinator of health services position, which is not part of this study.

Assistant Superintendent of Human Resources and Student Services

The FCMAT team reviewed human resources job descriptions provided by the district and found them incomplete and outdated. The HR Department is led by the assistant superintendent of human resources and student services. The definition of this position in the job description states, “Under the direction of the Superintendent plan, organize, and direct the Executive Director of Human Resources and Student Services divisions of Golden Valley Unified School District.” The current organizational chart (shown below) does not include an executive director of HR.

Human Resources Organizational Chart



The organizational chart and the job description should match to properly show line authority. According to the job description, the position of assistant superintendent of human resources and student services organizes and directs activities related to all personnel services and manages student discipline, child welfare and attendance, educational options programs, and other student support services. The current assistant superintendent of human resources and student services reports spending approximately 40% of her time performing HR functions and 60% carrying out student services duties. The current job description does not mention major areas of responsibilities such as administering the workers' compensation program, the illness and injury prevention program (IIPP) and carrying out personnel procedures concerning vacations, holidays and leaves of absence.

Human Resources Specialist

The human resources specialist job description states that the position reports to the executive director of human resources and student services, a position that is not on the current organizational chart. The job description also refers to the position as a human resources analyst, which differs from the job title of human resources specialist. It also refers to outdated software systems, such as Everest, which has been replaced by ESCAPE.

Where possible, more general descriptions of computer systems allow for changes in specific system names. Rather than using the name of a specific program, a general description such as personnel and financial systems would cover most changes over time.

Essential duties in the areas of recruitment and selection, data collection and management, onboarding, position control, credentialing, leave and benefits are not detailed in the job description. The job description seems to include the direct responsibility for performing nearly all functions of the department. The job description also lists duties related to student services that the position might perform occasionally as a

backup for student services staff but does not perform regularly; these include interdistrict transfers, work permits, school attendance review boards (SARBs), and coordination of support for foster youth. It is common and the best practice for job descriptions to include only essential duties of the position, not duties related to specific cross-training and substituting or assisting in areas outside of a position's regular functions. Including essential duties from other positions in a job description creates confusion and ambiguity.

Similarly, the job description for the student services secretary position includes not only student services functions but also states as an essential duty that the position "may prepare, process and communicates information for the human resources department as needed."

Recommendations

The district should:

1. Remove essential duties related to student support services job functions from the human resources specialist job description.
2. Use generic terms in job descriptions for electronic computer systems because names may change over time, and remove references to outdated systems.
3. Revise the student services secretary position so it does not include human resources job functions.

Human Resources Staffing Comparison

Using the nine districts previously identified, FCMAT reviewed the number of positions, the hierarchy of management and subordinates, and full-time equivalent (FTE) positions to better understand the structure of HR departments in similarly sized districts.

The table below provides a summary of the comparison information FCMAT received for HR departments.

District Name	County	FTE*	2019-20 Enrollment**
Bishop Unified	Inyo	1.0	1,969
Carmel Unified	Monterey	4.0	2,335
Golden Valley Unified	Madera	1.4	2,089
Middletown Unified	Lake	1.0	1,655
Muroc Joint Unified	Kern	2.0	1,687
Ojai Unified	Ventura	2.0	2,397
Pacific Grove Unified	Monterey	2.875	1,899
Scotts Valley Unified	Santa Cruz	2.0	2,635
Templeton Unified	San Luis Obispo	4.0	2,317
Yosemite Unified	Madera	1.0	1,680

*Data for the comparison was obtained from the California Department of Education's Data Quest and Education Data Partnership websites. Although comparison data is useful, it should not be considered the only measure of correct staffing levels. Because districts are complex and vary widely in demographics and resources, careful evaluation is needed. Generalizations can be misleading when unique circumstances are not considered.

** Source: California Basic Educational Data System (CBEDS)

Based on this comparison and the review of the district, FCMAT recommends the following staffing for the district's HR Department:

Position	FTE
Director of Human Resources	1.0
Human Resources Specialist	1.0
Total FTE	2.0

FCMAT Recommendation



The proposed structure and staffing above involve eliminating the current assistant superintendent of human resources and student services position and establishing a dedicated full-time director of human resources. Although the district projects increasing enrollment, it remains a small district, and it is common in small districts for management to perform some of their department’s day-to-day duties and tasks as needed even if those specific tasks are not explicitly listed in the job description. However, this is not occurring in the district’s HR Department under the current structure and management.

Creating a full-time dedicated director position would be an efficient use of resources and would create a staffing level that enables the department to perform all the activities of an effective HR department, such as position control and managing employee leave. The new position would direct and supervise the human resources specialist as well as perform more complex tasks such as interpreting contract language, administering the district’s leave programs, developing and revising job descriptions, and managing complaints. As a member of the cabinet, the individual in the director of HR position would need to be a highly functional leader who does not depend on exact wording in a job description to determine what duties he or she will perform.

Management duties and responsibilities for human resources are complex, and errors can be costly for both district and employees. Duties that carry a high level of responsibility need to be conducted by a trained, experienced professional who understands the ever-changing intricacies of employment law.

Recommendations

The district should:

1. Eliminate the position of assistant superintendent of human resources and student services.
2. Employ a full-time director of human resources with at least a bachelor’s degree and at least five years of experience in planning, organizing, coordinating, directing and administering comprehensive human resources services. If possible, seek candidates who have additional certifications and training.
3. Create a job description for the director of human resources position that includes specific high level human resources tasks and has a definition of duties and responsibilities that is

reflective of HR best practices for distribution of work in smaller districts while meeting the district's needs.

4. Revise the student services secretary position so it does not include human resources job functions.

Organizational Culture and Communication

The HR Department is an essential part of the district, and all HR professionals must be able to cooperate with others and work as a team. As detailed earlier in this report, staff who were interviewed described a lack of collaboration and communication between the Business Services and HR departments. It is imperative for the HR and business departments to work together as a team because many essential tasks and functions require both departments. As stated earlier, email communication between high ranking employees revealed unprofessional behavior and a complete breakdown of collaboration at staff and leadership levels in both departments.

Almost all individuals FCMAT interviewed commented on the division between the two departments. This indicates that the discord is affecting the entire organization. Some individuals support HR, and others support business services, and this division is encouraged, either directly or indirectly, by the assistant superintendent of human resources and student services and by the director of business services. Leaders' attitudes, whether positive or negative, are contagious. Attitude sets the tone for employees and indicates what is and is not acceptable.

As indicated earlier in this report, human resources and payroll staff members do not have a formal structure for communication and do not meet regularly to discuss ongoing issues and develop solutions to common problems. Once workflow, functions, and operational processes and procedures are defined for the Business Services and HR departments, ongoing regular meetings are needed to improve communication between the departments and increase understanding of the responsibilities of each staff member and how their work affects the work of other employees. During these regular meetings, staff should discuss procedures related to employee leave, resignations, salary placement, differential pay, and other related subjects. These meetings can also be a forum to discuss specific employee situations that may involve more than one department, address any issues with interdepartmental procedures, learn about potential effects of interdepartmental issues, and help both departments ensure that employees are served properly, and that deadlines and statutory requirements are met. The staff members who attend the meetings should be able to add items to the agenda, with other departments included as appropriate. This proactive approach should result in increased efficiencies and better outcomes in the long run.

FCMAT found that the HR department does not always maintain the confidentiality of information about employees. Sharing confidential information about employees can create liabilities for the district as well as suspicion and distrust. Human resources professionals must safeguard employee personal information. The HR department has access to many types of sensitive employee information that needs to be kept confidential, including social security numbers, medical information, personnel files, and evaluation information.

In interviews, individuals shared their experiences, which varied widely, indicating that some departments and employees are treated differently than others. All HR professionals should be skilled in communicating with employees from a variety of backgrounds and with a range of personalities. This includes both the employees they serve and other departments with which they interact. Effective HR leaders are able to share information clearly and efficiently even in high-pressure situations, regardless of personal feelings about any individual or individuals. Effective HR leaders and staff are tactful, polite, and respectful in every conversation. They are able to skillfully diffuse conflict and put others at ease. Human resources professionals

must treat everyone equally. The HR department will often see the best and worst of other employees, and need to show compassion and empathy whenever possible. An HR department that speaks to employees and colleagues as fellow human beings is likely to be more successful when handling conflicts or discipline.

Recommendations

The district should:

1. Ensure that the superintendent encourages and supports a climate of collaboration, teamwork and open communication between the Business Services and HR departments.
2. Require specific personnel in the Business Services, HR and Educational Services departments to meet at least monthly to improve communication. The supervisors in the Business Services and HR departments work together to create a written agenda before each meeting and allow staff to propose items for the agenda in advance.
3. Reinstigate regular meetings between payroll and human resources staff to organize and carry out any new distribution of job functions, discuss ongoing issues, develop solutions to common problems, and improve communication between the departments.
4. Ensure that confidential employee information is not shared with others unless required to perform duties. Seek further training and written guidance in this area from the district's legal team.

Onboarding

New employee onboarding is the process of integrating a new employee into an organization and its culture, ensuring that the employee has the tools and information needed to become a productive member of the team, and entering the employee's information accurately into the district's personnel and financial systems.

Interviews and a review of documents indicated that the district does not have a comprehensive onboarding process for all employees, and that the burden of most onboarding tasks has been transferred to the business office. The HR Department needs to be responsible for the following tasks related to onboarding, including any entry into the district computer system:

- Employee Information (personal, employee contact, emergency/spouse, experience, ethnicity/race, employment requirements)
- Pay cycles (begin date, paycheck location, pay cycle)
- Taxes (begin date)
- Retirement (begin date, retirement plan, member status, member type, plan option, member status date, plan option, Public Employee Retirement System)
- Assignment information
- Add-ons (Stipends, etc.)
- Leaves (accrual of vacation, sick leave) including sick leave transferred from previous employer
- Benefit providers and plan options

- Benefits (health, other options, employee-paid insurance products)
- Credentials
- Seniority
- Education
- Evaluation scheduling
- Mandatory training(s) (e.g., child abuse reporting)
- Tuberculosis test
- Employee handbook

During interviews, staff members indicated frustration with the district's onboarding process for new hires, specifically health benefits. Employees noted that the district did not provide adequate answers to questions about the fact that employees cannot opt out of the medical benefit program because of the provider's 100% participation clause.

The district participates in the California's Valued Trust pool for purchasing health plans. Employees must choose from 12 different plans for medical insurance and two options for dental insurance. The Business Services Department has posted to its web page information about the district's benefits program, including instructions and rate sheets; however, this subject area is often confusing for new employees, especially those new to education. The best practice is for an HR department to offer to meet with each employee during onboarding to answer questions and review enrollment forms and documents.

Employee Handbook

The district's 2018-19 employee handbook is the most recent posted on its website. The document is outdated: it contains names of employees who are no longer with the district as well as outdated titles and school calendars. The district publishes the handbook online, which should allow it to be updated as needed. Not all areas of the handbook would require updating every year; however, department staff should review the handbook each year to ensure it has the most up-to-date information.

The handbook would also be more useful if it included screenshots and information on electronic absence reporting and the electronic attendance system, and if it used links to cross reference various sections with related board policy and/or any forms that are available electronically. If the district intends to continue making the employee handbook available on the internet, the document will need to meet accessibility requirements.

The best practice is for a district to have employee handbooks that are designed to communicate important policies and expectations, and to provide these to employees when they begin employment. Handbooks typically include items such as the following:

- The district's mission and/or vision statement
- A department mission and/or vision statement (if available)
- Contact information for employee resources
- Salary schedules
- Employment-related definitions
- Employee calendars

- Rules on attendance, leave, and tardiness
- Employee union information
- Board policies and administrative regulations pertaining to the employees addressed
- A disclaimer that the handbook does not address every possible situation or create an employment contract.

Well written handbooks provide important information and support consistent practices.

Recommendations

The district should:

1. Update job descriptions, desk manuals and procedures to include tasks that industry best practice indicates are typically performed by HR personnel.
2. Create a comprehensive onboarding process for new employees that includes both required legal paperwork and useful information about the district and its rules and regulations.
3. Offer to meet with employees about their questions or concerns regarding health benefits.
4. Update the employee handbook annually with accurate information.

Position Control

Position control is a system of tracking information based on positions rather than employees. It includes positions for all jobs in the organization, regardless of whether they are currently filled. It is essential that all districts hire individuals only for positions to which the individual will be assigned.

Position control includes creating, maintaining and monitoring positions and the budgets for them; in school districts, it is usually managed collaboratively by the HR and business departments.

Salary and benefit costs are the largest components of any school district's budget, averaging approximately 88% of the unrestricted general fund budget in districts statewide for the 2019-20 fiscal year. The district's 2019-20 second interim report shows that personnel costs make up 88.5% of its unrestricted general fund expenditures. Maintaining an effective position control system is essential to managing the cost of salaries and benefits, properly showing those expenditures in the district's budget, and ensuring that they remain a reasonable percentage of total expenditures.

A reliable position control system establishes positions by site or department and helps prevent over- or underbudgeting of staff by including all district-approved positions. In addition, a reliable position control system prevents the omission of routine annual expenses that are tied to a district's positions in the budget process, such as step-and-column salary increases, substitutes, extra duty pay, stipends, vacation payouts, retiree health and welfare payments, and other contract items. Position control is also necessary to accurately identify the cost savings from open positions and/or attrition, and to model adjustments to the salary schedules. To be most effective, a position control system must be integrated with other financial modules such as budget and payroll. There must also be segregation of duties within and between position control functions to ensure proper and reliable internal controls. Those controls must ensure that only board-authorized positions are entered into position control, that the HR Department hires employees for board-authorized positions only, and that payroll pays only employees hired by HR for board-authorized positions.

A fully functioning position control system helps districts maintain accurate budget projections, employee demographic data, and salary and benefit information. Staff indicated during interviews that personnel requisition forms have occasionally been lost, sometimes causing a delay in the hiring process. Electronic routing for personnel requisitions would streamline the workflow and eliminate lost paper forms, expedite the process and ensure that at any given time a specific form can be traced.

Internal controls help ensure efficient operations, reliable financial information, and legal compliance. They also help protect the district from material weaknesses, serious errors and fraud. These controls should be part of any position control system.

The following table provides a suggested distribution of labor between the district’s Business Services and HR departments to help provide the internal control structure needed for effective position control functions:

Task (including any entry into computer system(s))	Responsible Party
Approve or authorize position	Governing Board
Enter approved position into position control with estimated salary and budget	Business Services Department
Eliminate positions	
Enter demographic data, including but not limited to:	Human Resources Department
Employee name	
Employee address	
Social Security number Credential (if applicable)	
Additional units as earned (if applicable)	
Classification	
Salary schedule placement	
Annual review and update of employee assignments	
Employment contracts	
Roll position control to new year	
Update employee benefits in position control	Business Services and Human Resources Departments
Review and update employee work calendars	
Review and update salary schedules annually. This may need to be completed more frequently, such as after collective bargaining settlements.	Business Services and Human Resources Departments
Account codes	Business Services Department
Budget development	
Budget projections	
Multiyear projections	
Salary projections	

Recommendations

The district should:

1. Review the distribution of position control responsibilities between the business and HR departments to ensure that appropriate internal controls are in place.
2. Investigate and consider converting the district's manual process for personnel requisition forms into an electronic process.

Employee Leave

The area of employee leaves of absence is complex and carries great responsibility. Coordinating leave with state and federal laws, collective bargaining agreements and disability coverages is complicated, and the impact of errors is high both for the district and its employees. Extended leave, whether for a new child in a family or the serious illness of an employee or close family member, is understandably an anxious time, and employees should have the information they need to make decisions. In addition, errors in calculating leave can cause overpayments to employees and open the district to litigation.

During this review, FCMAT found evidence that extended leaves may not have been administered correctly. Also, employees who took leaves did not receive proper or clear communication from the district regarding the leave process and their rights as employees to certain benefits. Managing employee leaves requires a trained and experienced human resources professional who understands the continually changing intricacies of employee leaves of absence and who is responsible for coordinating the following types of leave:

- Extended leave available based on an employee's situation
- Family and Medical Leave Act (FMLA), California Family Rights Act (CFRA) and others.
- Disability leave
- Extended sick leave
- Industrial accident and illness leave
- Exhaustion of leave
- Leaves of absence — break in service
- Bereavement leave
- Pregnancy leave
- Military leave
- Catastrophic leave bank(s), if applicable
- Personal necessity leave
- Transfer of sick leave
- Other collectively bargained leave

Recommendations

The district should:

1. Update HR job descriptions, desk manuals and procedures to include clear responsibility for the tasks listed above.
2. Provide continual training in and support for the successful management of employee leave.
3. Establish a review and audit process for employee leave to ensure it is correctly administered and accurately recorded.
4. Ensure that employee rights to all types of leave are clearly communicated to staff taking leave.

Space Considerations

All the district's central office staff work in the main building at the district office, except for the Business Services and HR departments' employees. The Business Services Department is in Room 4, a portable building that is a short walk from the main office. The HR Department is in Room 1, another a portable building, located close to the main office and the business office.

It is a common and best practice to locate business and HR departments near one another to facilitate good communication and collaboration. Both departments also need some level of confidentiality to work with employees on sensitive issues. In the district's case, establishing regularly scheduled meetings between the two departments should compensate for the physical distance between the two departments. In addition, if the district adds a full-time director of HR and eliminates the current assistant superintendent of human resources and student services position as recommended earlier in this report, the student services secretary could be relocated.

This would create a confidential space in the HR Department portable and would allow for the use of the current separations in the department for sensitive conversations. In addition, if one of the HR office areas were converted to a meeting location, department meetings between the HR department and the business department could be held regularly in the space.

Recommendations

The district should:

1. Relocate the student services secretary position from the HR department.
2. Use the freed space for sensitive employee conversations and for collaborative meetings with the business department.

Other Areas of Responsibility

Additional responsibilities of the HR Department include managing health and welfare benefits, and absence tracking. Common tasks in these areas include the following:

Health and Welfare Benefits

- Prepare and administer annual open enrollment activities

- Describe health plan options to employees
- Calculate health and welfare cap available to employees
- Record employee selections for health insurance and forward the information to payroll
- Assist employees with qualifying events that allow for health and welfare changes mid-year
- Primary health insurance provider vendor contact

Absence Tracking

- Accrual of sick leave
- Accrual of vacation

Recommendations

The district should:

1. Update HR job descriptions, desk manuals and procedures to include clear responsibility for the tasks listed above.
2. Provide continual training and support in these areas.

Documentation, Internal Controls and Cross-Training

Documentation

Interviews and a review of district documents indicated the district's HR Department lacks written desk manuals and has few standard operating procedures that include step-by-step instructions for all job duties and workflow diagrams to ensure proper internal controls and provide a better understanding of duties and their timelines. Procedural manuals are needed to communicate responsibilities. The best practice is for manuals or other resources for HR and HR-related items to explain in detail the processes and procedures that are expected and needed to comply with rules and regulations, including any board and district policies and procedures. These manuals would allow routine procedures to be more easily shared when new employees join the department, when substitutes are needed, and during cross-training. These manuals also do the following:

- Ensure consistent application of internal controls and designate the responsibilities that each position has for that process.
- Assist with training gaps that can remain after employee turnover, and are especially helpful to new staff.
- Provide guidelines for training, including cross-training; help preserve institutional knowledge; and eliminate dependence on one person.
- Ensure staff members follow the latest and most efficient procedures and maintain segregation of duties.

After changes to the distribution of labor between the Business Services and HR departments are agreed upon, the district will need to develop desk manuals and standard operating procedures for the HR Department. These documents will need to be updated when material changes occur or at least annually. Com-

pleted procedural manuals also should be used to train staff. These types of manuals help ensure duties are carried out accurately and appropriately, and they provide continuity in case of staff turnover.

Internal Controls

Proper internal controls require that more than one employee be able to perform each job. Internal controls are a means by which an organization's resources are directed, monitored, and measured. They play a critical role in preventing and detecting fraud and protecting an organization's resources. The best practice is to require each employee to use their accrued vacation time, and another staff member should be able to perform that employee's duties and provide good customer service.

In smaller districts, sometimes only one person is responsible for handling specific tasks. This concentration of duties in one individual is not desirable for internal controls or fraud prevention. One measure to help counter this weakness is to cross-train, which means training another employee in specific duties.

Cross-Training

Cross-training has numerous benefits. It allows a second person to perform another employee's duties when the employee who is primarily responsible is unavailable. Having someone else perform the job duties also provides a way to detect any errors or irregularities created by the person primarily responsible for those duties. Cross-training also provides continuity during employee transitions.

Inadequate cross-training is often a problem even in the largest central offices. To effectively cross-train, each employee needs to develop and document in a desk manual the standard operating procedures they follow for each major task and responsibility, providing a step-by-step guide for others to perform their required tasks when they are absent and when additional support is needed to ensure timely completion of tasks. Cross-training can be intradepartmental or interdepartmental. Interdepartmental training is particularly important in smaller districts, which often do not have enough employees to cross-train in each department.

The staffing changes proposed in this report create a dedicated department for HR, with two employees dedicated exclusively to HR functions. It is expected that the proposed director position would cover some duties of the human resources specialist; however, it would be best to also cross-train another employee outside the department.

The opportunity for employees to see different aspects of the district can boost interdepartmental collaboration and empower employees to come up with novel approaches for improving workflows and increasing cooperation. Interdepartmental training can help instill in employees a healthy understanding of and respect for different job positions. This is usually lacking in organizations without interdepartmental training, where it is easy for one class of employees to dismiss the importance and difficulty of the work performed by another team.

Cross-training is not designed to make employees interchangeable and does not replace the need for the appropriate knowledge, skills and abilities in a position. It does allow the district to continue services in times of crisis and during short-term employee absences.

Recommendations

The district should:

1. Develop written desk manuals and standard operating procedures in the HR Department so there is written documentation detailing procedures and duties.

2. Ensure that when procedural manuals or other resources are developed, they are used, updated regularly, and communicated to staff.
3. Conduct mandatory annual training for school site administrators, department managers and applicable office personnel regarding district processes, procedures, and timelines. Provide trainings for departments and school sites on new and updated HR and related policies and procedures as needed.
4. Implement cross-training for each position in the district office to ensure essential tasks and functions can be completed without interruption when an employee is absent, a position is vacant, or additional support is needed to complete tasks on time.

Collective Bargaining

Public Disclosure of Collective Bargaining Agreements, Assembly Bill (AB) 1200, requires local education agencies to publicly disclose the provisions of all collective bargaining agreements before entering into a written agreement. Government Code (GC) Section 3547.5 states:

Before a public school employer enters into a written agreement with an exclusive representative covering matters within the scope of representation, 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, shall be disclosed at a public meeting of the public school employer . . .

This applies to both single-year agreements and to multiyear agreements for which the contract has been reopened in a subsequent year. It is intended to ensure that the public is aware of the known costs of a proposed collective bargaining agreement before it becomes binding on the district. These documents must be made available to the public at least 10 working days before the date on which the governing board will act on the proposed bargaining agreement. Government Code 3547.5 also requires that a school district's superintendent and chief business official (CBO) certify in writing that the costs incurred by the district under the proposed collective bargaining agreement can be met by the district during the term of the agreement. The certification must "itemize any budget revision necessary to meet the costs of the agreement in each year of its term."

In addition, if the district does not adopt all the budget revisions needed in the current year to meet the costs of the agreement in each year of its term, the county superintendent of schools is required to issue a qualified or negative budget certification for the district on its next interim financial report. The signatures of the superintendent and CBO must be on the disclosure sent to the county office for review. A final certification that includes the board president's signature must be sent after the agreement is adopted at a public board meeting. These provisions create a statutory requirement that districts complete a public disclosure of collective bargaining agreement whenever negotiations are completed so that the full effect on the district's budget can be analyzed before final action is taken by the governing board.

The FCMAT study team reviewed documents provided by the district as well as board agendas and found evidence of compliance with GC 3547.5 for overall contract agreements with the Golden Valley Teachers' Association (GVTA) and the California School Employees' Association (CSEA). However, at the time of fieldwork, FCMAT could find no evidence that individual memoranda of understanding (MOUs) between the district and each of the two bargaining units were properly disclosed to the public or approved by the governing board. Like many other districts, the district entered into numerous MOUs with its employee groups to work through the particulars of the COVID-19 pandemic. It is not unusual to have MOUs that clarify or change the language that will be included in the next contract agreement. Government Code 3547.5 does

not specify that “a written agreement” means only the main contract with the bargaining unit. Further, it states that the written agreement includes “matters within the scope of representation.” Number of work-days, length of a workday, the addition of hours, compensation, and many similar items are all matters within the scope of representation and require proper disclosure and certification under GC 3547.5; disclosure is not limited to when there is a cost component.

The district responded to comments from the FCMAT study team and included all MOUs from the 2020-21 fiscal year on the April 27, 2021 board agenda for approval as one item. The documentation did not include the required public disclosures with the signed certifications required by GC 3547.5. By ratifying at the end of the year, the public and board are deprived of the potential costs of the agreement prior to approval.

Recommendations

The district should:

1. Publicly disclose all written agreements with an exclusive representative of a bargaining unit that cover matters within the scope of representation. Give notice to the public and the county office of education 10 days in advance of board action.
2. Include in public disclosures the major provisions of the agreement, the period covered by the agreement, and the costs and sources of funds.
3. Include the superintendent’s and CBO’s certification in writing that the costs incurred under the proposed collective bargaining agreement can be met by the district during the term of the agreement. Provide this certification to the public and the board by posting it with the relevant board meeting agenda.
4. Publicly disclose and submit all MOUs for board approval at the time of agreement.

Previous FCMAT Reports and Status of Implementation

The district has requested studies from FCMAT in the past. Two reports in particular included recommendations that are pertinent to this current study: Territory Transfer, Facilities and Fiscal Review (February 22, 2006), and Organization and Staffing Review (April 5, 2006). The February report included recommendations concerning adequate internal controls in position control; the April report included recommendations concerning the organization of the HR Department and public disclosure requirements. Although the scope of the current study does not include a full review of the district's implementation of previous recommendations, FCMAT did reviewed previous recommendations, and several are repeated in this report.

Appendix: Study Agreement



FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT January 15, 2021

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Golden Valley Unified School District, hereinafter referred to as the district, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local education agencies (LEAs). The district has requested that the team assign professionals to study specific aspects of the district's operations. These professionals may include staff of the team, county offices of education, the California Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this agreement.

In keeping with the provisions of Assembly Bill 1200, the county superintendent will be notified of this agreement between the district and FCMAT and will receive a copy of the final report. The final report will also be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

1. Review operational processes and procedures in the business services department and make recommendations for improved efficiency, if any, in the following areas:
 - Budget development
 - Budget monitoring
 - Position control
 - Accounts payable
 - Accounts receivable
 - Payroll
 - Hiring, orientation and initial training processes for new employees
2. Review operational processes and procedures in the human resources department and make recommendations for improved efficiency, if any.

3. Evaluate the current workflow and distribution of functions within and between the above departments and make recommendations for improved efficiency, if any.

B. Services and Products to be Provided

1. Orientation Meeting -- The team will conduct an orientation session at the district to brief district management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review -- The team will conduct an on-site review at the district office and at school sites if necessary.
3. Exit Meeting -- The team will hold an exit meeting at the conclusion of the on-site review to inform the district of significant findings and recommendations to that point.
4. Exit Letter -- Approximately 10 days after the exit meeting, the team will issue an exit letter briefly memorializing the topics discussed in the exit meeting.
5. Draft Report -- Electronic copies of a preliminary draft report will be delivered to the district's administration for review and comment.
6. Final Report -- Electronic copies of the final report will be delivered to the district's administration and to the county superintendent following completion of the review. Printed copies are available from FCMAT upon request.
7. Follow-Up Support -- If requested by the district within six to 12 months after completion of the study, FCMAT will return to the district at no cost to assess the district's progress in implementing the recommendations included in the report. Progress in implementing the recommendations will be documented to the district in a FCMAT management letter. FCMAT will work with the district on a mutually convenient time to return for follow-up support that is no sooner than eight months and no later than 18 months after completion of the study.

3. PROJECT PERSONNEL

The FCMAT study team may include:

- | | |
|----------------------------|-------------------------|
| <i>A. To be determined</i> | <i>FCMAT Staff</i> |
| <i>B. To be determined</i> | <i>FCMAT Consultant</i> |

4. PROJECT COSTS

The cost for studies requested pursuant to Education Code (EC) 42127.8(d)(1) shall be as follows:

- A. \$800 per day for each staff member while on site, conducting fieldwork at other locations, preparing or presenting reports, or participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate for all work performed.
- B. All out-of-pocket expenses, including travel, meals and lodging.
- C. The district will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon the district's acceptance of the final report.

Based on the elements noted in section 2A, the total not-to-exceed cost of the study will be \$10,400.

- D. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT's services are payable to Kern County Superintendent of Schools - Administrative Agent, located on 1300 17th Street, City Centre, Bakersfield, CA 93301.

5. RESPONSIBILITIES OF THE DISTRICT

- A. The district will provide office and conference room space during on-site reviews.
- B. The district will provide the following if requested:
 - 1. Policies, regulations and prior reports that address the study scope.
 - 2. Current or proposed organizational charts.
 - 3. Current and two prior years' audit reports.
 - 4. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the district and sent to FCMAT in electronic format.
 - 5. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the district will upload all requested documents.
- C. The district's administration will review a draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with pupils. The district shall take appropriate steps to comply with EC 45125.1(c).

6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for different phases of the study and will be established upon the receipt of a signed study agreement:

Orientation:	to be determined
Staff Interviews:	to be determined
Exit Meeting:	to be determined
Draft Report Submitted:	to be determined
Final Report Submitted:	to be determined
Board Presentation:	to be determined, if requested
Follow-Up Support:	if requested

7. **COMMENCEMENT, TERMINATION AND COMPLETION OF WORK**

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the district and any other parties from which, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a draft report and a final report. Prior to completion of fieldwork, the district may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the district does not provide written notice of termination prior to completion of fieldwork, the team will complete its work and deliver its report and the district will be responsible for the full costs. The district understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the district shall not request that it do so.

8. **INDEPENDENT CONTRACTOR**

FCMAT is an independent contractor and is not an employee or engaged in any manner with the district. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the district in any manner without prior express written authorization from an officer of the district.

9. **INSURANCE**

During the term of this agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the district, automobile liability insurance in the amount required under California state law, and workers' compensation as required under California state law. FCMAT shall provide certificates of insurance, with Golden Valley Unified School District named as additional insured, indicating applicable insurance coverages upon request prior to the commencement of on-site work.

10. **HOLD HARMLESS**

FCMAT shall hold the district, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement. Conversely, the district shall hold FCMAT, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement.

11. **COVID-19 PANDEMIC**

Because of the existence of COVID-19 and the resulting shelter-in-place recommendations, local educational agency closures and other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of District (Sections 1, 4 and 5 herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:

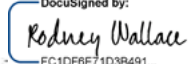
- A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, video conferencing, etc. References to site work and fieldwork shall be interpreted appropriately given the circumstances.
- B. Activities performed remotely that are normally performed in the field shall be billed hourly as if performed in the field (excluding out-of-pocket costs).
- C. The district may be relieved of its duty to provide conference and other work area facilities for the team.

12. **FORCE MAJEURE**

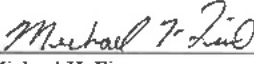
Neither party will be liable for any failure of or delay in the performance of this study agreement due to causes beyond the reasonable control of the party, except for payment obligations by the district.

13. **CONTACT PERSON**

Name: Rodney Wallace, Superintendent
Telephone: (559) 645-3570
E-mail: rwallace@gvUSD.org

DocuSigned by:
 1/27/2021
FC1DF8E71D3B491...

Rodney Wallace, Superintendent Date
Golden Valley Unified School District

 January 15, 2021

Michael H. Fine, Date
Chief Executive Officer
Fiscal Crisis and Management Assistance Team