

Business Services Department Review

August 20, 2024

Budget

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

Planned Expenses	
Expenditure	Month
November vacation	November
Home for the holidays	December
Gifts for family	December
Family vacation	July
	January
	January
	January
	January
	January

Annual Budget by Month		
April	May	June
9,915	13,220	16,000
2,000	7,000	7,000
	0	

Marin County Office of Education

Michael H. Fine
Chief Executive Officer



**FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM**

August 20, 2024

John Carroll, Superintendent
Marin County Office of Education
1111 Las Gallinas Ave.
San Rafael, CA 94903

Dear Superintendent Carroll:

In December 2023, the Marin County Office of Education and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a review of the county office's Business Services Department. 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
 - Payroll
 - Accounts payable
 - Accounts receivable
2. Conduct an organizational and staffing review of the Business Services Department's internal and external positions, and make recommendations for improvement, if any.
3. Use FCMAT's County Office Evaluation tool to perform an analysis of the fiscal oversight provided by the county superintendent of schools to the 17 school districts and two charter schools within the county, and make recommendations for improvement, if any.

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

FCMAT appreciates the opportunity to serve the Marin County Office of Education and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,

A handwritten signature in black ink that reads "Michael H. Fine". The signature is written in a cursive, flowing style.

Michael H. Fine
Chief Executive Officer

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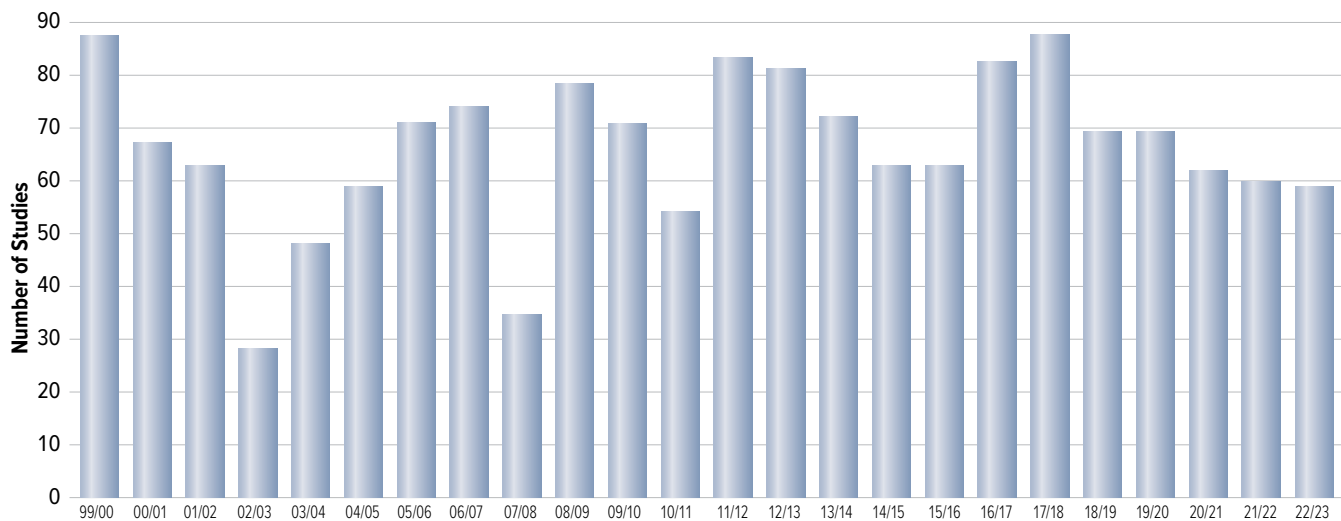
About FCMAT

FCMAT's primary mission is to assist California's local TK-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 TK-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 1991 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 1,400 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Michael H. Fine, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

The Marin County Office of Education is in San Rafael, California and serves approximately 30,483 students at 17 districts, including students in transitional kindergarten through grade 12 (TK-12) as well as students enrolled in special education and alternative education programs. It also operates several schools and programs for approximately 497 students with unique needs. In addition, the county office serves as the administrative unit for the Marin County Special Education Local Plan Area (SELPA).

Through the county office, the county superintendent acts as an intermediary between local districts and the California Department of Education (CDE) and provides financial oversight to the districts under the county office's jurisdiction. The county superintendent also offers services to districts in areas such as human resources, business services, technology, and professional development.

All county offices of education are administered by a superintendent and governed by a board. In most cases, county superintendents are elected, and most county offices provide at least some direct services to their local school districts.

Some of the state's smallest school districts, sometimes referred to as "direct service districts," outsource most or all their business office functions to their local county office. Typically, these types of activities are referred to as external services.

Most county offices also operate some educational programs that provide services directly to students. Typically, these are special education programs for students with specific disabilities such as blindness or deafness, schools for students who have been expelled, and court schools for juvenile offenders. Typically, these types of activities are referred to as internal services.

By law, county superintendents have various forms of oversight over local districts and charter schools. They include:

- Approve each district's annual budget and two interim financial reports.
- Ensure districts' sound fiscal operation and take specific actions if a district may not be able to meet its financial obligations.
- Monitor the quality of school facilities, instructional materials, and teachers.
- Review and approve each district's Local Control Accountability Plan (LCAP).

In January 2023, a new county superintendent was sworn in to lead the Marin County Office of Education. It is not uncommon for new leaders to review policies, processes and procedures both to become familiar with them and to determine whether changes may be wanted or needed. The former county superintendent served from 1995 until her retirement in 2023. County superintendents have statutory functions including the fiscal oversight of school districts but have great latitude when making decisions about how to operate the organization as well as the programs and services they provide.

Study and Report Guidelines

In December 2023, the Marin County Office of Education and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a review of the county office's Business Services Department.

FCMAT visited the county office from April 1 through April 5, 2024 to conduct interviews with staff and school districts, collect data and review documents. Following fieldwork, FCMAT continued to review and analyze documents as well as conducted some follow-up interviews. 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:

Robbie Montalbano, CFE
FCMAT Intervention Specialist

Roslynne Manansala-Smith
FCMAT Intervention Specialist

Leonel Martínez
FCMAT Technical Writer

Alyssa Low
FCMAT Consultant

Those members of this study team who are otherwise employed by a local educational agency (LEA) were not representing their respective employers but were working solely as independent contractors for FCMAT.

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

Executive Summary

In January 2023, a new county superintendent was sworn in to lead the Marin County Office of Education. Additionally, due to planned attrition, in 2023 and continuing into 2024, several long-term employees in key positions within the Business Services Department departed, leaving the office with a lack of institutional knowledge. New employees were hired, including several from school districts and private industry who had little or no knowledge of county office operations.

Until January 2023, the former county superintendent held almost complete control of all decisions down to the smallest of details. One example is that the county superintendent required that all budget transfers come to her for final approval. Another example is that the previous assistant superintendent of the Business Services Department performed many functions without training others or leaving detailed documentation of processes and historical information. This disadvantaged the Business Services Department and limited its ability to function and succeed.

The Marin County personnel commission was conducting a classification and compensation analysis concurrently with FCMAT's study. The findings of that report and any implementation of recommendations may affect titles listed in past, current and any proposed organizational charts.

Findings and Recommendations

Organizational Structure and Staffing

Organizational structure establishes the framework an institution, such as a county office of education, uses to define leadership roles and delegate specific duties and responsibilities to all staff members. It is normal and best practice for county office leaders to manage this structure to maximize resources and achieve identified goals, and to adapt it as needs change.

The purpose of organizational structure is to help management make key decisions to facilitate student learning while balancing staffing and financial resources. An effective organizational design outlines the management process and its specific links to the organization's formal system of communication, authority and responsibility. Authority in many county offices of education originates with an elected superintendent and an elected county board. The superintendent oversees the county office of education.

A county office should be staffed and structured according to generally accepted theories of organizational structure and the standards used in public school agencies of comparable size and type. As discussed in *Principles of School Business Management*, by R. Craig Wood, David C. Thompson, Lawrence O. Picus, and Don I. Tharpe, 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 who report directly to a supervisor. Although there is no agreed-upon ideal number of subordinates for span of control, the span can be larger at lower levels of an organization than at higher levels because subordinates at lower levels typically perform more routine duties, and therefore can be more efficiently supervised.

Chain of Command

Chain of command refers to the flow of authority in an organization. Chain of command is characterized by two guiding principles: unity of command, meaning that a subordinate is accountable to only one supervisor, thus eliminating the potential for an employee to receive conflicting direction and instruction from a variety of supervisors; and the scalar principle, meaning that subordinates at every level in the organization follow the chain of command and only communicate through their immediate supervisor. The result is a hierarchical division of labor in the organization.

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, at the Marin County Office of Education, the superintendent has direct line authority over the assistant superintendents of business, and the assistant superintendents of business have direct line authority over directors in the business department. Staff personnel do not have the authority to make and implement decisions; rather, they act in support roles to one manager: the assistant superintendent of business. A proper organizational structure of local educational agencies has both line and staff authority.

A county office's organizational structure establishes the framework for leadership and the delegation of specific duties and responsibilities for all staff members.

Functional Alignment

An organizational chart is important because it shows the structure and the relationship of all positions to one another. This document is also necessary to identify the chain of command and the functional areas for which each staff member is responsible. For clarity and consistency, titles on the organizational chart should match those on the approved job descriptions. If these do not match, key functions may be missed.

The purpose of the organizational structure is to help county office administrators make key decisions to support the districts in the county, provide proper oversight, and facilitate student learning while balancing internal financial resources. The organizational design should outline the management process and its specific links to the formal system of communication, authority, and responsibility necessary to achieve the organization's goals and objectives. Authority in the county office originates with the elected county superintendent, who serves as the employer of record and holds the responsibility to oversee the districts in the county. Through the superintendent, authority and responsibility are delegated to the county office's administrators and staff.

Management positions are typically responsible for supervising employees and overseeing the work of the department for which they are responsible. They must ensure that staff members understand all county office policies and procedures and perform their duties in a timely and accurate manner. Managers must also serve as a liaison between their department and others to identify and resolve problems and design and modify processes and procedures as necessary. Management positions typically should not be responsible for the department's routine daily functions; these should be assigned to department support staff.

The county office Business Services Department has two separate divisions, internal and external. Internal refers to the activities that are required to fulfill the organizations' mission and obligations; this includes the county office and all department budgets, paying its employees and vendors and filing required reports. In this way, it functions similarly to a school district. External services generally refer to activities provided to the county school districts and, if appropriate, charter schools and community colleges. It generally includes activities such as processing warrants, auditing and reporting retirement credit and contributions, reporting and paying payroll taxes, processing incoming property taxes, and performing the fiscal oversight of school districts. The external staff perform the same duties for internal that they would for a school district. The county office has an operations branch within the Business Services Department. The services provided by this branch are external and are treated as such in this report.

The county office has an unusual organizational structure in its business department, with two assistant superintendents, one responsible for internal activities and one responsible for external activities. Prior to this arrangement, the county office had a deputy superintendent and one assistant superintendent overseeing the business department, with senior directors overseeing the internal and external functions. The deputy superintendent position was a senior executive-level position over almost all departments in the organization and with little involvement in the daily activities of the Business Services Department. The assistant superintendent position was responsible for the organization and operation of the business services department and focused on business activities within the county office and school districts within the county. In January 2023, after the deputy superintendent retired, a second assistant superintendent position was established and filled with an interim employee. Having two assistant superintendents for business services is unnecessary and costly in an organization this size. A more common and efficient arrangement is to have one assistant superintendent responsible for the business department as a whole and directors who oversee the internal and external activities and staff. This is discussed in more detail in the "[Staffing Comparison](#)" section of this report and shown in [Figure 2](#).

Job Titles and Descriptions

FCMAT reviewed job descriptions to understand the current organizational chart. Because few of the job descriptions are dated, the last time they were reviewed and updated is unknown. At the time of fieldwork, the county office had three senior directors and one director in the business department. In May 2024, the county office promoted the director business services, system trainer and operations to a senior director, leaving no directors in either internal or external business services. The job descriptions of these two positions are different and should be reviewed and revised to reflect the actual duties of the jobs. It is assumed that the senior directors are also performing the duties included in the director's job description.

The county office's personnel commission has hired a third party to review and make recommendations on all classified job descriptions. That information could be used in conjunction with this report to finalize a revised organizational chart.

Staffing Comparison

Although comparative information is useful, it should not be considered the only measure of appropriate staffing levels. County offices of education are complex and vary widely in demographics, resources and services they provide. Careful evaluation is recommended because generalizations can be misleading if unique circumstances are not considered. FCMAT considered the number of school districts, county office enrollment and overall general fund budget data when choosing comparison county offices. FCMAT compared the Business Services Department staffing to that of three county offices with some similarities to Marin in size and number of districts: El Dorado, Imperial and Sutter. Data for the following comparison was taken from the Education Data Partnership (Ed-Data) website and the comparison counties.

As shown below in Table 1, based on averages of like-sized agencies, the county office exceeds the average staffing in total business services by seven full-time equivalent positions (FTEs). The internal business staffing exceeds the average by six FTE, and the external business exceeds the average by one.

At the time of fieldwork, both the internal and external business services departments had two directors. As discussed earlier in this report, the director of business services – system trainer and operations performs activities that are external and should be shown on the organization chart accordingly. The external business services department has two directors of business services. As previously stated, management positions typically should not be responsible for the department's routine daily functions; these should be assigned to department support staff. To align with this best practice, the county office needs to consider combining the director of business services, direct district support (DDS) and the director of business services AB1200 to one director position. Duties assigned to the support staff in the external business services department could then be evaluated and assigned to ensure that work is completed in a way that supports cross training and redundancy.

Table 1. Business Services Staffing Comparison

Description	Marin	El Dorado	Imperial	Sutter	Average
Enrollment (2022-23)	30,483	31,268	36,249	24,463	-
General Fund Expenditures (2022-23)	\$45,120,877	\$52,197,438	\$73,765,221	\$34,738,149	-
Count of School districts	17	15	16	12	14
Total Business Services FTE	28	28	17	18	21
Internal Business FTE	19	17	10	13	13
External Business FTE	9	11	7	5	8

Sources: Ed-Data.org (CDE) and county office organizational charts.

Note: Averages are rounded to whole numbers.

Business Services Department Organizational Chart and FTE

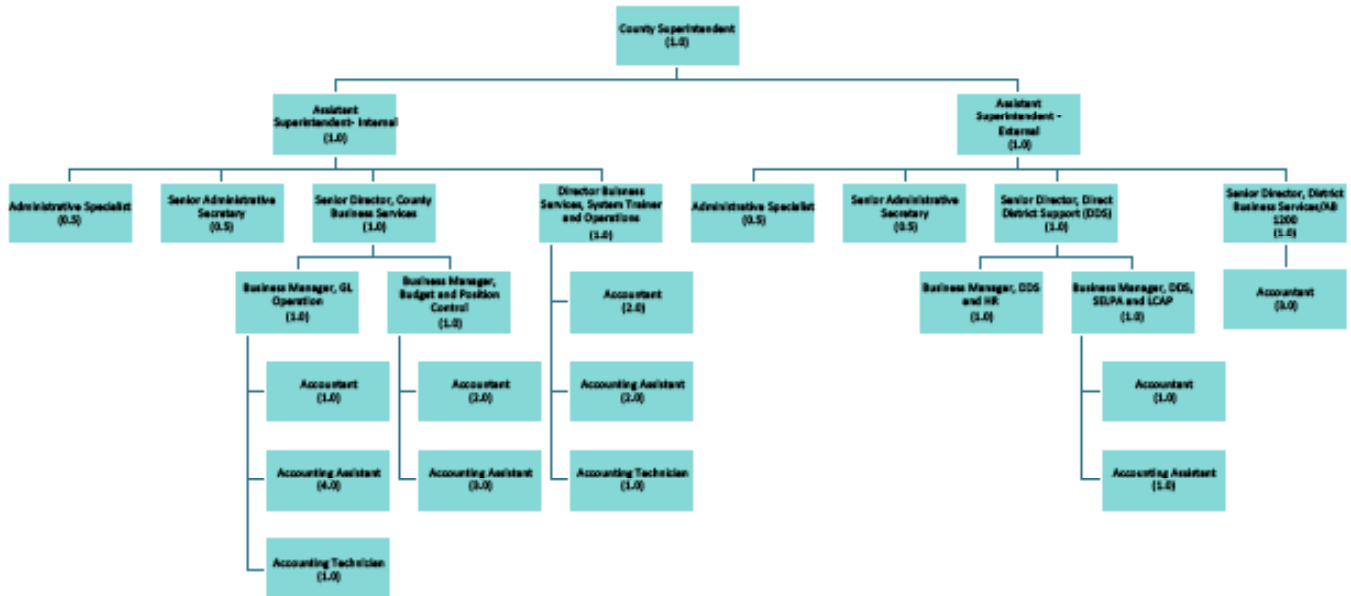


Figure 1. Organizational chart showing the structure and FTE of the county office's Business Services Department.

Source: Reproduced from county office's organizational chart.

Notes: Numbers in parentheses correspond to FTE.

Organizational chart current at the time of fieldwork.

Recommended Business Services Department Organizational Chart and FTE

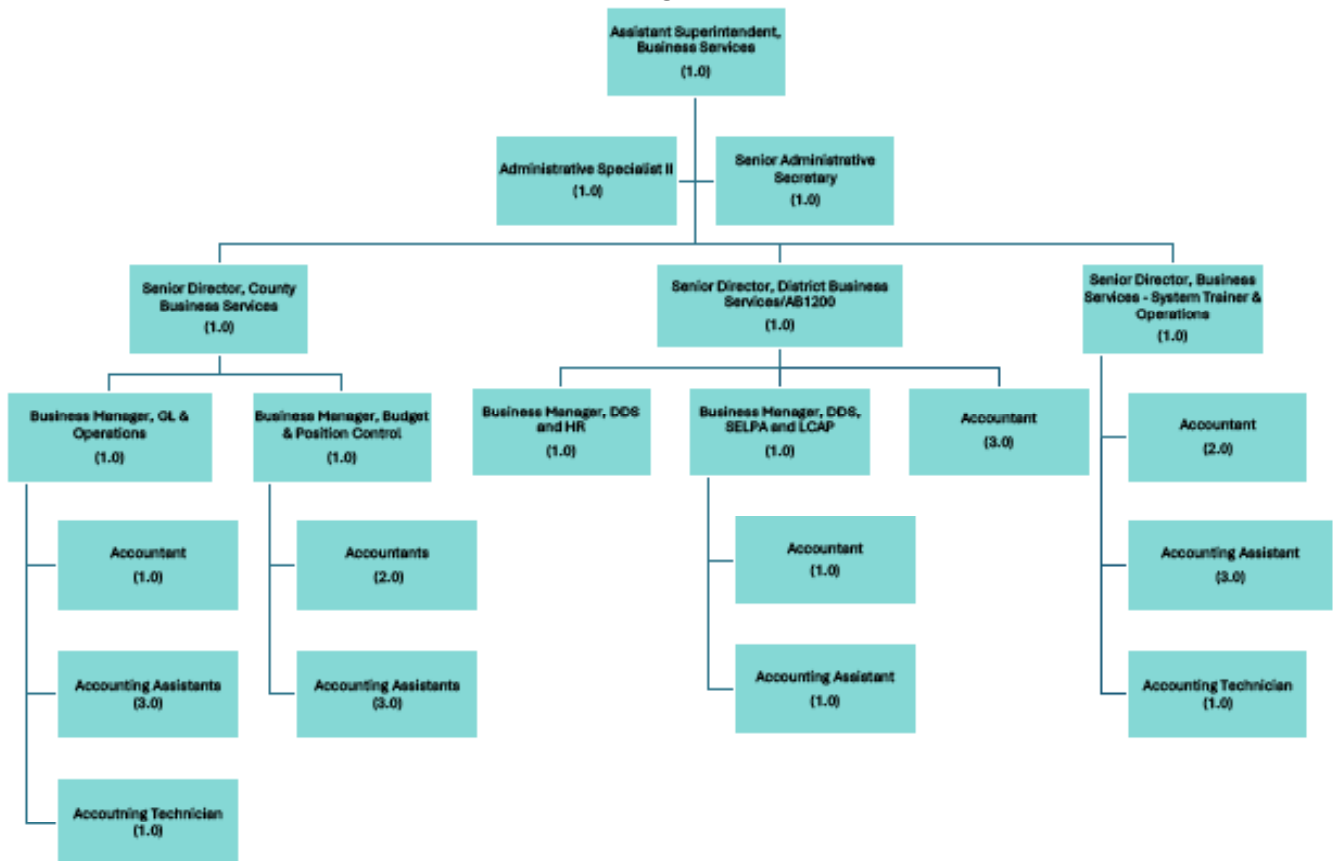


Figure 2. Organizational chart showing the recommended structure and FTE for the county office's Business Services Department.

Source: FCMAT.

Note: Numbers in parentheses correspond to recommended FTE.

Recommendations

The county office should:

1. Eliminate 1.0 FTE assistant superintendent position and combine both internal and external business services positions into a 1.0 FTE assistant superintendent position.
2. Eliminate the 1.0 FTE senior director, DDS position and combine the direct services and AB 1200 activities positions into a 1.0 FTE senior director position.
3. Review and revise the director and senior director business services positions' job descriptions.

Additional Considerations

To provide fiscal support, the internal business department has attempted to implement a partially decentralized business services model by embedding accounting assistants within various programs and departments. It is unclear to both the accounting assistants and program and department managers what services the accounting assistants are expected to provide. According to interviews, services ranged from running budgetary reports to walking to the business department to see if progress could be made on backlogged budget approvals and asking budgetary questions of the business manager or senior director.

Due to a lack of guidance and expectations, this is an inefficient use of resources and limits both staff development opportunities and cross-training for redundancy. Additionally, embedding accounting assistants may be redundant because many departments have senior administrative secretaries. According to the job description dated February 10, 2015, the senior administrative secretary position includes the following duties:

Budget Preparation and Maintenance:

- **Provides assistance to the supervisor in the development and maintenance of department budget(s) including projected income and expenditures;**
- Prepares supply requisitions;
- Monitors receipt of materials and invoices;
- **Prepares budget revisions as required;**
- Reviews records verifying payment of expenditures and balances;
- Processes Professional Expert Agreements (PEA), Independent Contractor agreements, billing, or invoices for district utilization of service, workshop attendance, or other activities.

[Emphasis added by FCMAT.]

Given the specific, detailed inclusion of budget activities in the job description, embedding an accounting assistant in a program or department that has a senior administrative secretary is redundant and costly to the program. The costs for these embedded services, using this partially decentralized model, are charged directly to the program or department(s) receiving the services. In these cases, programs may be double charged. Basic budget and accounting services are provided across the organization, and costs are generally recovered in the form of an indirect cost rate. Assigning a staff member to work on specific grants, programs or departments does not necessarily allow for direct charge of the service, particularly if there

are caps on administrative costs by funding sources. Sites, programs or departments that have an administrative secretary and no senior administrative secretary would need assistance in processing budget transfers. This assistance can and should be provided from the business office. Scheduling regular meetings with department managers and their support staff and training both business and department support staff negates the need to have an embedded person in a specific department office.

Furthermore, according to the accounting assistant job description, the position may perform a wide variety of tasks in the business department, not only provide budget support to departments. This supports returning to a centralized business services model, where accounting functions are provided from the internal business services department rather than being embedded in other programs. Accounting assistants can be assigned to specific departments and remain in the business department. Keeping accounting assistants in the business department allows for daily communication within the department as well as cross-training opportunities and program or department rotation among assistants to help them learn the various programs. Housing business staff outside of the internal business department may leave staff feeling removed from the internal business department and its daily operations and disconnected from daily communication with the department. Additionally, the decentralized model was not consistently implemented, so some programs and departments have consistent working knowledge of their budgets while others do not.

Providing assistance and support to programs, departments and sites is a key role of the internal business services department. A specific employee or position need not be embedded or housed in a program to provide support. Returning to a centralized model will provide better support to programs at the county office. Support can be accomplished through regular meetings, consistent and ongoing training, and effective communication to provide high-level customer service throughout the organization. One accounting assistant interviewed indicated that they frequently did not have enough work to fill the day. Returning accounting assistants to the internal business department allows for cross-training and redistributing workloads, all while providing departments with continued fiscal support. It also aligns with the organizational theories of span of control, chain of command, and line and staff authority.

Recommendation

The county office should:

1. Return embedded accounting assistants to the internal business department.

Organizational Culture and Employee Morale

Organizational culture is broadly defined as the customs, rituals and values shared by an organization that must be accepted by new members. Every local educational agency (LEA) 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 identified mission and goals; or it may be negative, preventing success and stifling progress toward improvement.

High employee morale can lead to better organizational culture and performance. Employee morale describes the overall emotional and mental outlook, satisfaction and confidence that employees feel at work. Employees with high morale are engaged, motivated, and more productive on the job. Conversely, employees with low morale are less engaged and often exhibit behaviors such as increased absenteeism, conflicts with coworkers, insubordination, decreased productivity, and less attention to detail.

County office leaders, specifically the county superintendent and other executive cabinet members, are ultimately responsible for establishing a positive organizational culture. Interviews with staff reflect a historical culture of fear in which mistakes were not tolerated and were even met with yelling. The fear is strong enough to cause some staff to hide errors rather than bring them forward and learn from them. Although the culture is starting to change, it will take time to completely correct the negative culture.

As its title suggests, the Business Services Department is in the business of serving students, employees, and departments in the county office. Whether preparing department budgets, facilitating purchases, or paying employees and vendors, its services should be collaborative, accurate, helpful, and provided in a professional manner to all. Low employee morale, a negative organizational culture, lack of communication and poor customer experiences have resulted in the department's overall reduced credibility.

Change and Change Management

Change is difficult under the best of circumstances. Poorly managed change can be harmful in many ways, including decline in productivity, negative impacts on sites and departments, lowered employee morale, and turnover. Additionally, poorly managed change contributes to resistance to change among employees. Tim Stobierski defines change management in his article titled "[Organizational Change Management: What It Is and Why It's Important](#)" (published January 20, 2020 by the Harvard Business School Online):

Organizational change refers to the actions in which a company or business alters a major component of its organization, such as its culture, the underlying technologies or infrastructure it uses to operate, or its internal processes. Organizational change management is the process of guiding organizational change to a successful resolution, and it typically includes three major phases: preparation, implementation, and follow-through.

As stated in the executive summary, the county office has experienced significant changes and staff turnover in the past 16 months. Some changes are due to events such as retirements or other position vacancies, and other procedural changes were deliberate. When changes are deliberate, such as to improve efficiency of processes, the proposed change should have an implementation plan in which the organization prepares for the change and communicates about it, implements it, and follows through with it. Communication with those affected by the change should be constant and consistent. The retirement of a longtime county superintendent, deputy superintendent, assistant superintendent and directors in the business office, all in the span of months, has left the organization with a gap in both leadership and institutional knowledge. The organization of the business department was then changed from a single deputy and a single assistant superintendent to two assistant superintendents, one for internal business and one for external business.

New staff in middle management in the business department were allowed to make sweeping changes to the processes and procedures in the department unchecked and without guidance or communication. Existing processes and procedures were not observed or reviewed with the existing staff to evaluate effectiveness and areas for improvement. No evaluation process was used to prioritize the changes that were or would be implemented. Additionally, the decision to make changes of this magnitude without discussion or communication within the organization indicates a lack of consideration of the impact on the organization and poor management skills.

Many job duties in the business department have been shifted between various positions, sometimes multiple times, leaving staff with uncertainty and uneasiness. Many interviews with department staff indicated that they are no longer certain what their jobs are, and many new employees were surprised at the jobs they were doing when hired because they seemed very different from the position that was posted. Some

employees expressed feelings of stress from overwork, and others are clearly underutilized. Interviews with staff and a review of time reports show that some staff are working overtime and others do not have enough work to fill a day. These workload imbalances are inefficient and will ultimately lead to animosity between staff and contribute to the negative atmosphere.

The risks of poor change management are increased costs, low or lowered employee morale, higher turn-over, low or lowered perceived customer satisfaction, and potentially unnecessary changes. The county office is suffering from the effects of poor change management.

Recommendations

The county office should:

1. Evaluate and prioritize by observation and staff input the existing processes and procedures in the internal business department, and note areas that need corrective action or efficiency improvement.
2. Analyze and plan the implementation of changes to be made. Priority should be given to areas that are deficient in internal controls and compliance, if any.
3. Communicate changes both at the cabinet and department levels.

Interdepartmental Considerations

Workflow

Workflow is defined by Merriam-Webster as the sequence of steps involved in moving from the beginning to the end of a working process. For processes to be smooth, workflow should be efficient, including only the necessary steps to complete the task. Bottlenecks in workflow cause delay in processes and outcomes. Bottlenecks can occur for various reasons such as not having enough staff or unnecessary steps in the workflow. Bottlenecks also can occur when steps in the process are not completed.

The county office manages workflow and approvals electronically in several different software systems. Quintessential School Systems (QSS) OASIS, its financial system, allows for approvals of financial transactions such as journal entries and budget transfers. The office also uses Laserfiche to create and route contracts. The office also uses SharePoint to create forms and route them for approvals and does so with budget transfers, credit card receipts, personnel action forms (PAFs) and employee timekeeping.

Workflow at the county office is frequently affected by unnecessary levels of approvals as well as delays in completing tasks. For example, an internal business accountant oversees contracts. If a department wishes to procure their own contracted services, it initiates the process within Laserfiche, and the workflow process is as follows:

- The department fills out a contract request in Laserfiche, and it is automatically routed as follows:
 - To the department head requesting the contract for approval, then
 - To cabinet level approval, then
 - To the accountant who oversees contracts, then
 - To the business manager for approval, then

- To the senior director of internal business for approval, then
- To the deputy superintendent for final approval, then
- To the accountant who oversees contracts, who then sends it back to the requestor.

Having approvals in place for contracts is a best practice; however, having multiple layers of approvals is inefficient, particularly if they are not completed in a timely manner. A more efficient approval process would be as follows:

- The department fills out a contract request in Laserfiche and it is automatically routed as follows:
 - To the department head requesting the contract for approval, then
 - If the requestor is not cabinet level, it is routed to the assigned cabinet member for that department for approval, then
 - To the accountant who oversees contracts for approval, then
 - To either the business manager or director of internal business for approval (not both), then
 - To the requestor.

Laserfiche sends electronic reminders to each approver in the process that they need to review and approve the contract to allow it to move forward. The requestor can go into Laserfiche to see where the contract is delayed and in need of advancement or approval. Interviews with staff indicated that even though reminders are provided by Laserfiche, the requesting department consistently needs to follow up with internal business to receive an approved contract to execute. Staff stated that the contract approval process can sometimes take months. There is a significant workflow issue with receiving final contracts, and work often begins before contracts are approved. This is a weakness in internal controls because work is often performed before a contract is approved, and payment is requested before an approved contract is final. Staff then spend more time seeking out approvals, contracts and backup documentation.

Another example is the workflow for budget transfers. Budget transfers are originated electronically in SharePoint by the department that needs a transfer. From there, a transfer is electronically routed for approval to the internal business manager and the senior director of internal business. Because of this higher level of approval, workflow stops if management is unavailable to approve and process a budget transfer. The accounting assistant job description that staff provided to FCMAT states, "...performs complex technical accounting and auditing functions and assists in the planning, preparation, maintenance and review of financial and statistical records." The accounting assistant job description revised in 2020 states that these positions can perform complex tasks in planning and maintenance of financials. Budget transfers ensure current and accurate alignment of funds available with actual expenditures. Accounting assistants oversee their respective program budgets and should be trained and able to make budget transfers within their programs to allow work to flow. Final approvals should be at the business manager level.

Interviews with staff in various departments revealed that a process that can take weeks or months to complete and leaves them with inaccurate budget information in the financial system.

Recommendations

The county office should:

1. Review current workflow processes in the business department for efficiency, and remove redundant or unnecessary steps to streamline workflow.
2. Set an expectation that workflow approvals are responded to within 72 hours of receipt.

Internal Business Services Department

Budget Development

The budget coordinates and communicates the county superintendent's plan to achieve goals and objectives. It is also the primary way the superintendent demonstrates the use of public resources to the community and provides a road map for management and staff to follow. The budget must be based on the following:

- Aligning resources to achieve the superintendent's educational and operational goals and plans.
- Assumptions that reflect the most accurate information available.
- Processes and procedures that realign the budget during the year to be consistent with actual revenues, expenditures and changes in plans and goals.

Budget development is a detailed process that can begin as early as six months before the beginning of the budget year. Budgets should be developed for each department in collaboration with their respective manager and staff. During budget development, position control is revised and updated, and revenues and expenses are estimated. All revenues are estimated based on awards and allocations known at the time of development, and the organization budgets its goals to ensure they are reflected in all expenditures.

A necessary component of effective budget development includes the dissemination of a detailed budget calendar, allowing all staff members to be aware of applicable deadlines throughout the year. A detailed annual calendar can also clarify each staff member's role in the process. The calendar should include tasks and benchmarks such as LCAP timelines, interim reporting tasks and due dates, purchasing cutoff dates, deadlines for reporting ADA projections, and the staff member(s) responsible for each task and deadline. The budget development calendar provided to FCMAT is two years old. It includes tasks for individual internal business team members throughout the year but does not include the entire fiscal year or other tasks that include staff outside of the business department. The best practice is for the director to create and implement a budget development calendar that lists tasks, timelines, and the position(s) responsible. A detailed annual calendar can improve the flow of communications but is limited in its usefulness unless updated, distributed and discussed in the cabinet and in department meetings. Communicating the calendar will provide a tool and base for collaborative partnership, with internal business and other departments knowing that tasks and reporting deadlines have been calendared, who is responsible for the task, and whom to approach for the task to be reviewed and completed. This would allow department leaders to prepare their staff to analyze and discuss their staffing and budget priorities and outline their respective calendars to be coordinated with internal business. The county office would benefit from updating its calendar that includes tasks such as those listed below, deadlines for completion, and the staff member responsible for each, such as the assistant superintendent of business, senior director, business managers, accounting, and specific program staff.

- Student enrollment and attendance projections deadlines.
- Staffing projection reviews and statutory deadlines for staffing decisions.
- Budget development dates with departments and sites.
- LCAP preparation timelines.
- Community and educational partner meetings for LCAP planning and preparation.

- Department budget meetings.
- Interim reporting tasks, deadlines, and board meetings.
- Attendance accounting reporting deadlines.
- Auditor meetings and deadlines.
- Purchasing cutoff dates.
- Federal funding reporting deadlines.

The best practice for budget development is for the business department to prepare budget development materials for review, including historical revenues and expenditures with current year actual expenditures. This provides department managers with a base for collaborative communication between fiscal and program staff, resulting in a smooth and transparent budget process. Program staff then know how the fiscal year will start and will be able to process expenditures in time for the school year to begin and hire or retain staff in line with the budget. The best practice for new or expanded grant-funded programs is a similar process in which departments request personnel cost estimates from human resources based on best estimates of staff time and request indirect cost rates from the business department. From there, program and business staff should communicate about the grant's impact on county office operations, matching fund obligations, allowable costs, budget revisions, reporting and tracking requirements, which provides insight into whether a grant or program is approved or denied by the county superintendent or designee.

According to a budget calendar provided by the internal business department, budget development meetings for the 2023-24 budget were held in March 2023. Although historically budget development has occurred in the spring, the best practice is to begin budget development as early as December and at the very latest, in mid-January with a review of the governor's budget proposal and initial calculations of the impact it may have on the upcoming budget. Reviewing this information early allows management to address any potential funding shortfalls, possible overstaffing issues, or begin recruitment if staff are to be added. If reductions in staffing are required, employees must be notified no later than March 15 that their position is being reduced or eliminated (Education Code (EC) 45177 and 44949). Beginning the budget development process as late as March does not provide time for staff alignments, which make up more than 80% of operational costs. Implementing an earlier start to budget development also provides time for involvement and input of contributors and interested parties.

Staff from various departments described the previous budget development process as including directors meeting with the assistant superintendent and/or the senior director to review and plan their budgets in the spring. Other internal business staff such as business managers, accountants or accounting assistants who oversee the county's respective programs were not part of these budget development meetings. Internal business staff shared that they have never been trained fully on the budget development process. The former assistant superintendent performed many of the major functions in the department, so no training was provided to staff. Providing internal department accounting staff with training on how to assist in budget development will build departmental capacity and ensure that the burden of work does not remain solely on the few staff who know budget development.

Recommendations

The county office should:

1. Begin the budget process no later than January of each year.
2. Develop and update annually a comprehensive budget calendar that includes all dates for statutory deadlines and other budget development tasks, including the individual responsible for each task.
3. Provide business services staff with training on budget development.

Budget Monitoring

A budget is a dynamic document. It fluctuates daily because revenues, expenses and ending balance for each fund can fluctuate with changes in state budget projections, personnel, and negotiated settlements of employee bargaining agreements. Budgets need to be monitored regularly to ensure appropriations are not overspent, revenues remain appropriately projected, and actual expenditures are not materially different than those budgeted. With regular monitoring both from program and business staff, revisions can be addressed by major expenditure.

Additionally, monitoring the budget is important to ensure that the financial, operational, and capital plans that were developed and approved for implementation as part of the budget adoption process are being implemented. Budget monitoring is crucial for an organization to be able to enforce accountability related to spending. Comparison of budget to actual expenditures is the starting point for budget monitoring and should be expanded to include how the organization is performing related to service delivery and other programs and initiatives. To ensure this, the assistant superintendent or a designee should clearly articulate not only the components needed for budget monitoring and who will analyze, but how the analysis will be used and what changes will need to be made and by whom if analysis determines that budget adjustments are needed. If conducted consistently, thoroughly, and clearly during the year, budget monitoring will provide information that will lead to effective implementation of programs and collaborative partnerships between business and program staff.

Typically, budget revisions are made during the fiscal year as additional information develops and occur in alignment with the fiscal deadlines set in EC 1622(a) for budget adoption and EC 1240(l)(1)(A) and (B) for first interim and second interim reporting periods. Budget revisions usually fall into the following three main categories:

- Material increases and decreases to estimated income and expenditure appropriations resulting from the receipt of new grant awards, personnel changes, or changes in average daily attendance that affect the local control funding formula (LCFF) projection.
- Budgeted carryover balances from prior years.
- Adjustments to expenditure appropriations to prevent budget overruns.

In the past 16 months, the county office has experienced significant staff turnover. As a result, it has lost institutional knowledge, leaving new internal business staff with limited training in county office operations and workflow, its financial system, QSS OASIS, and training in budget monitoring. To monitor the budget, internal business and program staff need to access revenue and expenditure reports with accurate salary and benefit projections because they represent a significant part of the county office budget. Program and department staff communicated to FCMAT that the projected cost of staff contained in the financials did not match what was known to be the actual cost. This is due to errors from integrating position control with the

county financial system, QSS OASIS. This integration misaligned the budget. Misaligned position control information decreases the accuracy of the budget and prevents departments from knowing true personnel costs for their budgets. This is discussed further in the Position Control section of this report.

During this change in practice, there was no communication with internal business staff or input from other departments about how this change would affect budget monitoring. The effect of this change was that the budget information in the financial system was incorrect. When business services staff downloaded fiscal reports from QSS OASIS to prepare for budget monitoring meetings, the budget information was incorrect. Instead of relying on QSS OASIS reports, business staff had to create workbooks in Microsoft Excel to prepare for budget monitoring meetings. This slowed the budget monitoring process significantly because department and site managers could no longer pull accurate reports from QSS OASIS.

At the county office, department managers are held responsible for independently managing their budgets, including the redistribution of budgeted resources to meet expenditure needs throughout the year. Several departments in the county office are grant-funded with strict quarterly reporting and spending deadlines necessitating access to accurate financial reports. In addition to the issues described above, department staff interviewed stated they had to contact internal business to schedule a budget meeting if they wanted an updated report because some lacked access and training to QSS OASIS. Monthly budget meetings should be calendared for the year on the budget calendar. This would provide opportunities to communicate any changes and updates within the organization. Additionally, reviewing department administrators' access to QSS OASIS and providing appropriate training would ensure appropriate staff have access to the reports they need to oversee their respective programs and that QSS OASIS access is removed when no longer required.

Because of these system changes, some business services staff indicated they felt pressure to provide figures to department managers without enough time to review and know that the information delivered was accurate. Many internal business services staff communicated low morale and stress from the lack of communication and training, inconsistent department meetings, and updated organizational information provided by internal business leadership.

The previous administration failed to train business staff on vital processes and procedures in budget monitoring, including training on QSS OASIS and SACS; this placed an unnecessary burden on a few employees, their department and by extension the organization.

Department managers need to monitor their budgets routinely to ensure resources are available, categorized correctly to pay for anticipated expenditures, and not overspent. This is especially critical with grant-funded programs. Quarterly reporting and strict parameters on allowable expenditures depend on accurate budget data and consistent monitoring to ensure expenditures are correctly coded to their respective grant. According to interviews, most department managers who did not have an embedded accounting assistant frequently resorted to walking into the business office to get budget answers, obtain financial reports and request budget transfers because emails were not being answered, budget monitoring meetings were inconsistent, and the SharePoint workflow process for budget transfers and requisitions was frequently taking months to be completed. This led to a delay in processing requisitions for accounts that had not been updated and showed as being overspent. Smooth workflow occurs when there is correct data in QSS OASIS and when staff have proper access and training to correctly code and view their budgets. Staff consistently shared with the team that there is a lack of communication. Monthly budget monitoring meetings between internal business and program staff would provide each department the opportunity for consistent communication to address necessary budget changes throughout the year and build trust between departments.

As previously stated, budgets are dynamic and change throughout the year. As part of consistent budget monitoring, as program changes occur through the year, budget transfers need to be made to align with program modifications. Therefore, the need to initiate and process budget transfers can happen daily. Interviews with program administrators and staff indicated that the budget transfer process can sometimes take a month to approve or occasionally longer, which prevents requisitions from being processed because of insufficient funding on an account line. These deficiencies in the budget transfer response process are creating a significant hindrance to workflow. This is covered in more detail in the [Workflow](#) section of this report. Because of staff turnover, program and department staff often do not know whom to contact to process the budget transfer. This places a burden on the organization's ability to complete work in a timely manner. Cross training internal business staff on budget transfers would allow for a timelier response by providing backup when staff are out of the office or when work volumes are high. Communicating staffing changes throughout the organization would keep everyone informed about whom to contact for their specific needs.

Recommendations

The county office should:

1. Monitor budgets throughout the year; ensure budgets are not overspent, and ensure expenditures are applied to the correct program.
2. Schedule monthly budget meetings between internal business and program administrators.
3. Ensure appropriate staff receive ongoing training on the SACS account codes and the county's QSS OASIS financial system until they are proficient in generating and understanding financial reports.
4. Ensure that all department administrators and appropriate staff have access to their budgets.
5. Regularly communicate with county staff about the roles and responsibilities in the internal business department.

Position Control

Position control is a system that manages the allocation of authorized positions within an LEA and plays a crucial role in budgeting, staffing and organizational planning. It involves managing the creation, change, and elimination of positions, as well as ensuring that positions are necessary to meet the county's operational and program goals. Position control is typically managed collaboratively by the Human Resources and Business Services departments, but all department leaders have a responsibility to review their staff and budget to ensure projections are in line with positions held. Employees should be hired to fill a vacancy in a currently approved position. Maintaining an effective position control system is essential to managing the cost of salaries and benefits, properly showing those expenditures in the budget, and ensuring that every employee assigned to a position is properly compensated based on the approved salary schedule.

Additionally, a reliable position control system prevents the omission of routine and annual changes in expenses for positions such as step-and-column adjustments and other salary increases and adjustments. It also accounts for the projected cost of wages associated with substitutes, stipends, and other extra-duty pay, including all related statutory benefits, vacation and sick-leave accruals, and health and welfare plan elections. Position control is also necessary to accurately calculate the cost of step and column, cost savings from attrition, and negotiated salary increases. To be most effective, a position control system must be integrated with the financial system.

The county office uses a PAF to start a new position. The PAF is also used to revise details of an existing position or to change an existing employee assignment. In a PAF workflow document provided by internal business staff, the routing and approval process is as follows:

- The PAF is an electronic process initiated by the requestor and found on a link on the county office website for staff.
- Each PAF is electronically routed through SharePoint to the designated levels of administration for approval, depending on the position.
- The requestor logs into SharePoint and selects the form that applies to the action the requestor wishes to initiate within a PAF, and the PAF is routed to business services.
- A business services manager reviews the budget code to ensure it is correct and funds are available, and to determine whether additional changes or documentation is necessary depending on the status of the hire.
- It is then routed to payroll for review and input of necessary data.
- Finally, it is routed to the Human Resources Department for review of necessary documents and certifications.
- Email notifications are sent out twice a day to approvers at 6 a.m. and 2 p.m.
- For the requestor to receive notification of the status of their PAF, they must enable an alert feature on each PAF. If they do not enable this feature with each PAF submitted, they will not be notified.

The PAF routing system needs fiscal approval by one specific business manager in internal business services before personnel can activate a change in assignment or proceed with hiring. This process is not efficient. The PAF should route to accounting assistants for approval because they oversee their respective programs and budgets. This falls within their job description, which indicates they are to perform complex technical accounting. Reviewing the PAF provides them with the ability to perform complex accounting calculations and entries and ensure the account code provided is accurate and accounted for in the program budget they are monitoring. It also provides accounting assistants with the ability to record, analyze and see the effect of the PAF on their respective program budgets. Accounting assistants know their programs and how much budget is needed to cover the changes or new staff hires. The burden of work should not fall on one staff member in internal business for approval. The PAF routing to the accounting assistants would also provide clear communication about who is fiscally attached to their programs and what is changing within their programs. It would also ease the burden of work for the one business manager who approves a PAF for the entire organization.

According to interviews, before 2023, position control was not integrated with the financial system and did not drive payroll. Once a position was approved, whether a new position, reduction, or change in hours, the business staff used a budget transfer to enter the fiscal effect of that change. In the 2023-24 fiscal year, instead of a budget transfer to reflect a positional change on the ledger, the position change was entered into the QSS OASIS position control module, which then integrates with the general ledger. In July 2023, the assistant superintendent of internal business initiated the process of integrating position control with the financial system, which would then drive payroll. During integration, a new senior director of internal business was hired, and their first major task was to work on the integration of position control with the financial system. Because position control was used within the QSS OASIS budget model module, once the model was rolled into the general ledger, it duplicated projections, making the ledger incorrect. This left staff to correct the data, causing significant delays in budget meetings and leaving programs with inac-

curate data during critical reporting deadlines. In interviews staff stated that because of the delay in this integration, many departments and programs lacked a budget to work with until February, seven months into the fiscal year.

During interviews, FCMAT found that one department initiated the integration of position control with the financial system instead of taking this issue to the cabinet for discussion. As a result, all departments were left to work out the impact of implementation. No beta testing was performed to determine if the systems communicated effectively with each other, resulting in miscoding of employees and fiscal data from QSS OASIS not tying to position control data. This led to delays in budget monitoring meetings, budget transfers, requisition and contract approvals and overall internal business processes. Additional interviews indicated that along with aligning position control with QSS, OASIS brings vital permissions and QSS OASIS assignments that need to be reviewed to ensure internal controls are segregated and delegated correctly. With implementation also comes the need for training appropriate departmental staff on how to maintain position control. The burden of maintaining position control should be a partnership between internal business services and human resources to ensure accuracy and separation of duties. The overarching theme regarding position control was the lack of communication from the executive administration about initiation, implementation, and training for the entire process, and who should be part of it and the staff that it affects. Staff interviews further indicated that this lack of communication has led to a decline in staff morale. Although position control is vital and needs to be integrated with county financials, the process of integrating position control should have been initiated by the cabinet and involved the entire county office staff because it effects many departments, including personnel, internal business, technology, and programs.

Recommendations

The county office should:

1. Inform departments about the status of position control implementation when changes are being made.
2. Provide training to internal business and human resource staff to increase employee technical knowledge and expertise in position control so the burden of work does not reside with one position or department.
3. Revise the PAF routing and approval process to include accounting assistants based on the program and budgets assigned to them.

Payroll

The standard payroll process is extremely detailed and highly technical. The time between payroll cycles is short and depends on a commitment to established calendars and deadlines. The degree of technical complexity that occurs when new positions are created, employee assignments are revised, salary increases are negotiated, or unusual compensation agreements are put in place is significant and is highly vulnerable to error. Having key staff in place with proper training ensures accuracy and provides a seamless workflow. Typical payroll activities include but are not limited to:

- Assisting with and auditing payroll calculations, adjustments, and processing.
- Paying and reporting state and federal payroll taxes.
- Processing wage garnishments and other employee deductions.
- Establishing a payroll calendar and related deadlines for processing.

- Processing Automated Clearing House direct deposits.
- Distributing payroll warrants and reports.
- Reviewing PAFs from human resources to ensure everyone who is employed is paid, and terminating employees in a timely manner.
- Tracking absences, sick leave, and vacation accruals.

The payroll accounting assistant works with the business manager and the senior director of internal business for audit review of the payroll prior to posting. In interviews, staff stated that prior to 2023, position control was not integrated with the financial system and did not drive payroll. A PAF would be electronically routed through SharePoint, and once approved, the budget would be adjusted accordingly. However, sometimes payroll was not notified in time for a change, and the expenses required a payroll transfer to correct the account codes. Using position control to drive payroll removed the need for a payroll transfer. However, because position control was not implemented properly, additional auditing was necessary to correct coding due to errors found during implementation. The best practice would have been for key personnel from the business and personnel departments to meet and discuss updating the QSS OASIS position control system. This would have provided specific information on what issues occur and how to mitigate errors as a team for a smooth process launch.

One longstanding accounting assistant payroll position is responsible for processing all the internal county office payroll with limited cross training and no written detailed processes and procedures (often referred to as a desk manual). An up-to-date desk manual provides the critical details of the payroll process and the procedures to process vacation, a leave of absence, resignation, or retirement. If the accounting assistant is unavailable, the entire process stops and employees do not get paid. This is known as a single point of failure. Cross-training creates redundancy and is critical for this position and could be accomplished with a second staff member from either internal or external business services. This would ensure that work continues in the event of a vacation, leave of absence, resignation, or retirement.

Recommendations

The county office should:

1. Establish ongoing cross-training to ensure redundancy and increase employee technical knowledge and expertise in payroll processing.
2. Develop a desk manual that includes clearly defined step-by-step procedures for all payroll job duties; update the document as needed and store it on an electronic shared drive.

Accounts Payable

Accounts payable work includes accurately tracking amounts owed to vendors, ensuring vendor payments are properly approved, and processing timely payments to vendors. The accounts payable process originates when a purchase is made to obtain supplies or services from a vendor. Once services are rendered and goods are received, proof of receipt and invoicing is provided to accounts payable and matched to the purchase order, then payment is initiated.

One full-time accounting assistant processes accounts payable. Invoices are collected via U.S. mail or through an accounts payable email address, and payments are processed twice a week. Additional duties include managing petty cash and revolving funds and reconciliation and payment on the county credit card. If the accounting assistant is absent, one other staff member can provide backup accounts payable

assistance. The best practice is to cross-train additional internal business staff on the accounts payable and bank reconciliation process. This will help keep workflow moving smoothly to allow continuity of daily business transactions. Another best practice is to have a desk manual that includes the details of daily, weekly and monthly accounts payable procedures.

The county office has one credit card for all business transactions that do not allow for a purchase order. The accounts payable accounting assistant oversees the credit card use, collects backup documents for change, and processes payment. To use the card, the department checks it out from accounts payable. If one department is using the card and another needs it, the card will get passed directly from one department to another rather than being checked back in to accounts payable and checked out again. However, passing the card around in this manner does not give the business office the opportunity to ensure that purchases are made properly and backup is being obtained. This practice also makes it difficult to pay the card on time due to delayed reconciliation as well as a strain on workflow. The departments need to be informed about allowable credit card usage. This includes the expectations for checking out the card and checking it back in and the details needed to reconcile each purchase. These tasks need to be included as required components of a credit card policy, which the county office does not have.

Policies that incorporate these expectations protect and guide employees when performing their duties to fulfill an organization's mission. They are a reference tool for appropriate action and for dealing with potential or actual conflicts. Policies may paraphrase law, explain a procedure, clarify a principle, or express a desired goal. Like most policies and procedures, a credit card policy should be reviewed and revised annually for any necessary changes. The policy should include a requirement for users to be accountable for timely submission of receipts and backups for purchases. It will be imperative for the administration to implement and uphold the policy. A sample credit card policy is included in Appendix A to this report. As a best practice, county offices need to use purchase requisitions and/or purchase orders rather than a credit card to initiate purchases with vendors. A purchase requisition initiates the request to make a purchase. Requisitions are routed through an internal approval process using the QSS OASIS financial system and are used to communicate the order to the vendor. During this process, the amount of the purchase will be encumbered against a specific budget within QSS OASIS. When used to its fullest, the purchase order can also document and track the receipt of goods and services and provide information to accounts payable to support the authorization for payment and for auditing purposes, relieving the need to search for backups for credit card purchases.

In interviews, staff indicated that limited cross training occurs with the accounts payable accounting technician position, and there is no desk manual to provide the critical details of the accounts payable processes and procedures in the event of staff vacations or a leave of absence, resignation, or retirement. A best practice is to cross-train additional staff to provide coverage during absences so operations can continue and to have a desk manual that gives the details of the payment process and daily, weekly and monthly tasks. The desk manual should be updated often and should be stored on an electronic shared drive.

A theme that employees shared during FCMAT fieldwork was an overall lack of communication. Because of constant turnover or reassignment within the internal business services department, other county office staff do not know who to contact to follow up on purchases, who is an approved signor for requisitions and contracts, who to work with for account code corrections, or who to work with to initiate a budget transfer. Staff need to have access to the most current chart of accounts and which resources they are responsible for to ensure that expenditures are coded correctly. This lack of communication also slows workflow and lowers staff morale. Holding monthly internal business staff meetings will provide management with a platform to discuss organizational changes and updates in processes and procedures, check in on workflow, and provide opportunities for staff connection and training.

Recommendations

The county office should:

1. Develop a policy for credit card use, including appropriate processes and procedures, and require department administrators to follow the policy.
2. Provide staff with access to a current chart of accounts, clearly defining each component, including who is responsible for what program defined by resource.
3. Establish an ongoing cross-training program to increase employee technical knowledge and expertise in accounts payable.
4. Complete a desk manual that includes clearly defined step-by-step procedures for all accounts payable and purchasing job duties.
5. Hold monthly staff meetings with all internal business staff to discuss changes in the organization and any new rules and regulations.

Accounts Receivable

Accounts receivable is the function of organizing and processing funds owed to the district from other entities such as grantor governments and customers (e.g., other school districts that contract with the county office for services). These funds may come in the form of an electronic transfer, checks, cash, or other means. The duties associated with accounts receivable and cash collections usually include creating and sending invoices, collecting cash receipts, depositing money received into bank accounts or the county treasury, recording deposits in the financial system, reconciling accounts, and setting up accruals of outstanding balances due at year end. Effective accounts receivable policies and procedures ensure revenue accounts are updated and monitored regularly.

One accounting assistant oversees accounts receivable. This position does not reside within the internal business department. This position is an embedded accounting assistant position that resides within and supports a specific department. This structure was addressed in more detail in the Organizational Structure and Staffing section of this report. Additional duties this position holds are assisting with the alternative education and career technical education budgets, and reporting attendance in the Principal Apportionment Data Collection system.

In the accounts receivable role, this position receives cash to record and prepare for deposit, and a different accounting assistant reviews the deposit for accuracy. Additionally, the accounting assistant creates and tracks invoices. If the account string provided was incorrect, recording of deposits could be delayed for weeks as staff wait for a correct account string or budget transfer. Staff stated that the invoice workflow is often delayed while staff wait for signatures of approval. One other staff member can provide backup when the accounting assistant – accounts receivable is absent. The accounts receivable function does not have a desk manual. The best practice is to provide a desk manual of daily, weekly and monthly tasks that provides guidance on accounts receivable, attendance accounting and budget transfers to ensure continuity of business operations. This manual should be updated as needed and stored on an electronic shared drive. In interviews, staff pointed to a lack of follow-up training, poor communication because the position is embedded in another department, and delays in workflow as they wait on approvals. Holding monthly staff meetings would allow the internal business department management to communicate changes in process and procedure, provide training, and provide opportunities for staff to connect and build morale and trust.

Recommendations

The county office should:

1. Create and use a desk manual that includes clearly defined step-by-step procedures for all accounts receivable and attendance accounting job duties.
2. Hold monthly staff meetings with all internal business staff to discuss changes in the organization and any new rules and regulations.

External Business Services Department

District Business Services

Fiscal Oversight

Education Code 1240 grants county superintendents of schools oversight of districts within their county. Under AB 1200, that role expanded significantly to include a progressive method of oversight aimed at ensuring fiscal solvency. Over the years, AB 1200 has evolved into a multidimensional practice. Various provisions of the AB 1200 process have been revised and expanded from time to time over nearly 30 years. The support and local oversight required of county superintendents continued to expand under AB 1840 (Chapter 426/Statutes 2018), which changed the formerly state-centric system of support for fiscally insolvent districts to a county superintendent-centered approach that is more consistent with the principles of local control.

As part of AB 1840, FCMAT was directed to create the County Office Evaluation Tool to measure how well fiscal oversight is performed by county offices of education and for use with counties in which a district insolvency has occurred. FCMAT has found that this same tool can be used to identify areas of improvement for all county offices with regard to fiscal oversight. This comprehensive tool includes many areas of fiscal oversight and has 34 questions. Based on the ranking system provided on the evaluation tool, the county office's oversight performance overall is favorable. Some noted areas of deficiency are detailed below.

Communication and Collaboration

County offices of education must take a multidimensional approach to supporting districts to ensure fiscal solvency at school districts. This involves more than just a technical review for compliance. Part of the art and science of AB 1200 is having effective communication and collaboration, both within a county office and with the LEA. Building and maintaining professional relationships and trust between a county office and the LEAs they serve is crucial to ensure fiscal health and solvency in the county. Healthy relationships can help county offices anticipate and understand both the problems that LEAs are facing and the changing needs of districts. County offices should remain flexible so they can adapt to meet those needs.

Interviews further indicated that overall communication within and from the external business department needs improvement. With the many staffing changes that have occurred, staff have not been notified when the delegation of duties has changed. Notifying all staff in the county office of vacancies, new employees or changes in duties will help improve overall morale and work productivity. Notifications to staff can be made either through emails or at regular team or department meetings. The county office management should determine which communication method works best for their department.

In reviewing documents from the county office and in staff interviews, FCMAT found that the workbooks staff use to perform and track their oversight duties had several checklists that were not consistently completed by all the oversight team. This is an opportunity for the oversight team to improve their communication during budget review periods by indicating when they have completed their tasks. Staff need to decide the best form of communication that works for the team, so that each team member can know when tasks have been completed. This communication can keep the oversight process working efficiently.

Feedback from interviews indicated district staff do not always know the appropriate contact at the county office for questions. It was clear that staff FCMAT interviewed at school districts did not fully understand

how the county office business department is structured or the varying levels of services that the county office provides. This makes it difficult for districts to know whom to contact when they need support. Some district staff were aware of the oversight accountant assigned to their district, while others were not. In addition, staff indicated that even though they contacted their assigned accountant, they were not able to get the assistance needed and were often referred to other county office staff. To save time, district staff then defaulted to calling the interim assistant superintendent for assistance, knowing they would get the support needed. Unfortunately, this places an additional workload on the interim assistant superintendent and does not build capacity in the rest of the team.

To create efficiency in the support provided to districts, many county offices have published contact lists by topic for districts or have a group email that sends electronic correspondence to multiple county office staff. To successfully implement the use of one or more shared emails, the county office would need to increase collaboration between Operations, DDS, and the district Business Service Department. Each one of these teams provides district support. Management needs to gather feedback from its team members and Information Services to create a departmentwide strategy. The best practice is to ensure that a strategy is in place that guides the workflow for how the technology is set up, how a group email is used, whom it is distributed to, and how staff respond. These tools can help decrease the confusion about whom to contact and can help improve the county office response time and the quality of responses.

Whether the county decides to set up some type of shared email or some other system, the discussions and collaboration of the entire department to create a strategy and workflow will still benefit the department and districts. This collaborative process can help produce clear guidelines about what falls under the direct services (provided for a fee) versus district support (provided for as part of normal county office operations) and can help provide improved district support.

Recommendations

The county office should:

1. Consider implementing group email addresses or mailboxes as a tool for workflow efficiency.
2. Create a county office external business contact list by topic for school districts and charters, and update and distribute it as needed.
3. Regularly communicate with county office staff about roles and responsibilities within both the external and internal business departments.

Standards and Criteria

According to EC 33127, the State's Standards and Criteria for Fiscal Solvency are to be used when monitoring the fiscal stability of LEAs. As the second level of oversight, it is important that county offices use the criteria and standards to determine signs of fiscal distress. Although the county office uses oversight review checklists and workbooks to document its review, it was not clear whether the review of the criteria and standards was consistently documented and completed in the areas listed below:

- Explanations provided by the districts for variances – County offices should review the explanations provided in the criteria and standards for reasonableness. While FCMAT was able to verify there is an item on the county office's AB 1200 district review workbooks to "identify any criteria and standards issues that are cause for concern," it was not clear

if staff are reviewing the explanations for reasonableness. In addition, staff did not consistently document this section as being completed for districts at each budget reporting period.

- Multiyear commitments or long-term liabilities – County offices should review the reasonableness of a district's long-term commitments by comparing them with the information in the most recent audit report. While the workbook does include a section to review Form Debt, Schedule of Long-Term Liabilities to an LEA's audit report, the section was not completed for the districts that FCMAT reviewed. County office staff also included a note in the workbook that this section would be completed "at end if time allows."
- Retiree health and welfare benefits liability – County offices should review retiree health and welfare benefits liability for reasonableness by comparing them with the information in the most recent audit report. Although the Marin County Office of Education documents its review of retiree health and welfare benefits liability in its workbook for reasonableness, this review does not clearly show that data has been compared to information in the most recent audit report.
- Review of contingent liabilities – County offices should track which districts have contingent liabilities at each reporting period. If a district has contingent liabilities, the county office should measure the district's ability to manage debt service or eliminate the liability and the effect on the ending fund balance. Based on interviews and the documents submitted to the study team, FCMAT could not verify whether the county office reviewed contingent liabilities or performed an analysis.

Lack of consistency in performing and documenting the review of the criteria and standards above may lead the county office to miss key signs of fiscal distress for a school district or charter school.

Recommendation

The county office should:

1. Update its workbook (for budget, interims and unaudited actuals) with instructions to clarify the source documents that staff should review for consistency including:
 - Determine what documents should be compared for the criteria and standards.
 - Note levels of reasonableness.
 - Ensure that all staff note completion of each review section to better communicate and the document review process.
 - Complete all sections included in AB1200 district review workbooks.

Review of Cash Management

County offices of education serve a vital role in monitoring cash flow for the LEAs in their county. The best practice is to monitor cash flow projections against monthly actuals. Significant variances between actual cash flow and projections generally serve as the first indicator of fiscal distress.

During fieldwork, staff indicated that the county office review of cash is focused on actual cash and monthly cash reconciliations. Many county offices perform cash reconciliations between LEAs' financial system and the county treasury's financial system to ensure they are performed and are

accurate. Staff also stated that they do not evaluate cash flow projections due to the high number of basic aid or community-funded districts within Marin County. These districts receive their funding almost entirely from property taxes and keep any excess taxes that exceed what they otherwise would receive under the LCFF calculation. FCMAT heard multiple times that cash is not a concern in the county and is not regularly monitored. It is common for districts in the county to submit budget and interim reports without including a cash flow report even though this is a required element of financial statement submissions. In addition, the Marin County Treasurer provides Tax Anticipation Notes (TANs) for school districts in the county. District funds are allowed to have a negative balance in the county treasury so long as the district has an approved TAN in place with the Marin County Treasurer. The cost to the district is the negative interest earned in any fund that has a negative balance.

The county office oversight staff closely monitor the following:

- Whether a district has an approved TAN in place with the Marin County Treasurer.
- If a district has any negative balances in district funds, county office staff send monthly notices of negative balances and reminders to resolve any negative balances.
- Cash reconciliations completed by districts.

Per FCMAT's Indicators of Risk or Potential Insolvency for California TK-12 Local Educational Agencies publication, inadequate cash management is one of the indicators of risk or potential insolvency. Although the county office's review of cash prioritizes reviewing actual cash, no documentation was provided showing that oversight staff were verifying beginning cash balances on district cash flow projections for reasonableness or reviewing district cash flow projections. Ensuring the availability of adequate cash is a vital function for all LEAs. As stated earlier, it is important to monitor both cash flow projections and actuals to ensure that school districts and charters in the county have sufficient cash to cover payroll and make vendor payments.

Recommendations

The county office should:

1. Follow up with districts if they do not submit cash flow projections at required budget reporting periods.
2. Expand the focus of its cash review to include a comparison of cash flow projections to actuals, and document the review in the workbook.
3. Ensure its staff review includes reviewing the beginning balances on cash flow projections for reasonableness.
4. Consider performing monthly cash reconciliation between the LEAs' financial system and the county treasury's financial system.

Review of Public Disclosures of Collective Bargaining Agreements

Statute requires that the provisions of a tentative collective bargaining agreement, including its costs in the current and two subsequent fiscal years, be disclosed at a public meeting before the agreement becomes binding on the school district. Each county superintendent of schools has a statutory responsibility to monitor the fiscal health of its school districts. Because 80-90% of a school district's general fund expenditures are typically made up of salaries and benefits, any changes to salaries and benefits, including those of unrepresented employees, should be disclosed by each LEA and reviewed for accuracy and fiscal sustainability by each respective county office.

Government Code 3540.2 requires that a school district that has a qualified or negative budget certification must allow its county office at least 10 working days to review and comment on any proposed agreement between the exclusive representatives and the public school employer. Furthermore, the county superintendent shall notify the school district, the county board of education, the district superintendent, the governing board of the school district, and each parent and teacher organization of the district within those 10 days if, in his or her opinion, the agreement reviewed would endanger the fiscal well-being of the school district. The best practice is for county offices to review every public disclosure of a collective bargaining agreement as each district submits it to its governing board for approval.

County offices should check the accuracy of the status of any salary settlement or negotiations against the following sources:

- Current collective bargaining agreements as presented in the criteria and standards.
- Public disclosure of collective bargaining agreement, including an updated multiyear projection and copies of collective bargaining contract settlements.
- If provided, current financial ledgers or payroll activity reports or summaries.
- Recent interim or budget multiyear projections using currently known budget assumptions.

Although the county office reviews the calculation of salaries and benefits for reasonableness in their workbook for budget adoption and Interims, FCMAT did not see any evidence that the county office was checking the accuracy of salary settlements or negotiations against a district's current collective bargaining agreement as presented in the district's criteria and standards in the Marin County Office of Education collective bargaining review workbook. In addition, it is unclear if this check occurred only at budget review periods or when the disclosures were received from districts.

During fieldwork, staff could not verify this was happening consistently and promptly and acknowledged this was an area in which the county office needs to improve. Because of the potential economic impact of these settlements on an LEA's budget, this is a critical area for county offices to monitor.

Recommendations

The county office should:

1. Develop a consistent process for the fiscal oversight team to review public disclosures of collective bargaining agreements.
2. Ensure review occurs when disclosures are received from districts, and responses are made, if necessary, within statutory timelines.

3. Update the Marin County Office of Education Collective Bargaining Review workbook to include a comparison of the sources listed above and to include instructions.

Training

Fiscal Oversight

Performing proper fiscal oversight takes training and time. The staff must understand both the district side of business services and the county office's oversight responsibilities. As mentioned earlier, AB 1200 has evolved into a multidimensional practice. It is critical that county offices understand the importance of building relationships with districts that foster trust and open communication. Oversight is an ongoing process that has and will continue to evolve. Part of the art of science of AB1200 is for county offices to have the ability to anticipate and understand the changing needs of districts. To ensure successful fiscal oversight, county offices should adapt to meet those changing needs.

Interviews indicate many districts in Marin County are dealing with transitions of business staff. Multiple new CBOs and new school business staff throughout the county need greater support from the county office. In addition, the increased funding that came during the COVID-19 pandemic has created a greater administrative burden on school districts and increased the need for support from their county office.

During interviews, districts expressed an overall perception that support and customer service is lacking from the county office; districts do not believe they receive good service from the county office. The county office has assigned each district a specific contact at the county office to help answer questions. The assigned contact also provides fiscal oversight for the district. Districts stated that their assigned contact are often not able to answer their questions and frequently refer the district to another county office employee. CBOs indicated that, to save time, they then revert to directly contacting the interim assistant superintendent for assistance, bypassing their assigned contact. Some districts perceive that county office staff may overstep their authority in the feedback that the fiscal oversight team provides. As stated earlier, relationships, trust and open communication are all essential elements of AB1200 that county offices should maintain to ensure fiscal solvency at districts. The impression that districts conveyed to FCMAT can erode trust and confidence in the county office, which can hinder its ability to provide successful oversight.

County office staff assigned to fiscal oversight lack firsthand school district business experience. Individuals interviewed stated that although the fiscal oversight staff have been in their positions for more than five years, the former director was very involved during this time. Interviews also indicated that the county office struggles to find ways for the oversight staff to learn district tasks to help them gain a better understanding of the district business function and perspective.

Part of the challenges that county offices experience is limited professional development opportunities specific to fiscal oversight. Although limited, opportunities still exist. Management needs to plan and calendar these opportunities annually with the external business team to ensure participation. Some of these trainings include the following:

- FCMAT – “Understanding Fiscal Oversight” two-day workshop. Day one is for county office staff and day two is for county office and district staff. It is also recommended that county office management attend as part of the fiscal oversight team.
- California County Superintendents - Fall AB1200 conference, BASC CBO Conference, and LCAP review workshops.

There are several options for training for school districts and charters that could also be helpful for the county office fiscal oversight staff to attend. Management needs to follow up with fiscal oversight staff to make the connection between these trainings for school districts and charter schools and county office fiscal oversight. Below are some trainings that can be helpful for external business services staff:

- California Department of Education – “Tuesdays at 2” webinars on LCFF; SACS Forums; Attendance webinars; other subject-related webinars as offered
- School Services of California – Budget workshops in January and May; School Finance Conference in July; Fiscal Solvency for School Districts; other subject-based workshops (e.g. collective bargaining; attendance; LCFF; LCAP)
- California Association of School Business Officials – CASBO School Business University (can search content by discipline); annual conference
- Marin County Office of Education – DDS team to provide subject- or task-related training to oversight team; management to train oversight staff on expectations of support to districts and on the metrics to use for fiscal oversight.

Although school district experience is not required to perform fiscal oversight, it does provide the district perspective and understanding of the district side of business. Because the county office oversight staff lack school district experience, more reliance is placed on the interim assistant superintendent and the DDS team to provide district support and answer questions.

School District Training

During fieldwork, FCMAT interviewed some district staff who had little school business experience. No notice or training for new district staff was provided to help them understand the processes and procedures unique to the county office. For example, the county office requires districts to post their own revenue (except for LCFF and property taxes) in the financial system (QSS OASIS). The county office sends A-Bulletins (Apportionment Bulletin) for revenues received to notify districts that they must post in QSS OASIS. However, in one district, a delay occurred because new district staff lacked proper training and did not realize that the county office requires districts to post their own revenue in QSS OASIS. This delay created an inaccurate cash picture for the district. Proper cash management is critical for districts to remain fiscally solvent.

Several county offices around the state provide training for new district business staff and CBOs to help them understand the processes within the county and to succeed in their new roles. County offices also use this onboarding process to set up employees logistically, including getting login credentials, providing access to tools, and informing employees about county systems. Most important, the training of new district staff allows a county office to help new employees understand the structure, goals, culture, and overall mission of the COE. It also offers an invaluable opportunity to begin a positive relationship between the two LEAs.

As the first step to building strong professional relationships with districts, management needs to consider creating a new school business employee onboarding process for district staff that is scheduled within at least one month of each new employee's start date. The county office can create documentation, such as a checklist or a presentation, to ensure all needed topics are addressed. This documentation needs to be updated as needed. In this process, each new school district business staff employee would learn about the county office's unique processes, which can include the following topics:

- Role of the Marin County Office of Education, introduce external business departments (fiscal oversight team, DDS, operations) and provide county office contact list for external business.
- A-Bulletins (revenue received) and E-Bulletins (expenses posted), and review county office role versus the district role.
- Process to submit accounts payable and payroll batches (include schedules of when these are printed at the county office).
- The county office's AB1200 fiscal oversight process.
- Services the county office provides to districts (training, meetings: chief business official (CBO)/district business official (DBO), payroll/retirement, accounts payable, etc.).
- Monitoring property taxes and tax projections for community-funded districts.

Other Training

There is also a lack of training for other external business staff at the county office. For example, a part-time position was hired to support the special education local plan area (SELPA) business functions. This employee was not briefed sufficiently to gain a full understanding of their role and responsibilities to support SELPA business. During interviews, it was clear that because of the changes at the county office business department, this employee and others were unaware of the delegation of tasks between the internal department and DDS, resulting in processing delays and duplicate work.

To improve on the overall morale and culture in the external business services department, management also needs to consider creating a training for new external business services staff. This training ideally would be scheduled within the employee's first month and would familiarize them with the activities in the external business services department, the county office and their role in the organization. The county office can adjust the topics to fit its needs.

Recommendations

The county office should:

1. Develop a list of what new district business staff need to know specific to the county office
2. Create training where necessary for new school district business staff.
3. Create training where necessary to assist new county office district business staff.
4. Create an annual list of training that county office fiscal oversight staff should attend, and calendar these at the beginning of each fiscal year.
5. Consider delegating some DDS tasks to the fiscal oversight staff or to rotating accountants who provide fiscal oversight and direct district services, ensuring that staff who complete direct district services for a district do not also provide fiscal oversight for the same district(s).

Charter School Oversight

The county office is the charter authorizing agency for Phoenix Academy Charter School and Ross Valley Charter School. This means the county office is responsible for ensuring these charter schools operate in compliance with all applicable law and the terms of their charters. EC 47604.32 establishes the duties of a charter authorizing agency. A broad framework for authorizers is provided that allows individual authorizers discretion in how to perform their oversight functions. Specifically, the chartering authorizing agency must do the following:

- Identify at least one staff member as a contact person for the charter school.
- Visit each charter school at least annually.
- Ensure that each charter school under its authority complies with all reports required of charter schools by law, including the LCAP and annual update to the LCAP required by EC 47606.5.
- Monitor the fiscal condition of each charter school under its authority.
- Provide timely notification to the CDE if a charter is renewed, revoked, or if the charter school will cease operation for any reason.

Phoenix Academy Charter School operates in conjunction with the county office's community school as an alternative education program. The county office describes the Phoenix Academy Charter School as a dependent charter school, meaning it has been created by the governing board and is treated as another one of the county office's schools. While the term dependent is not defined in the Charter Schools Act, it is often used to describe the relationship between an authorizer and a charter school. Regardless of the type of charter school or the terms used, EC 47601 states that charter schools will "operate independently from the existing school district structure." During fieldwork, FCMAT found that no oversight processes or documentation exist for Phoenix Academy. Authorizers must ensure that their relationship with a charter school is balanced with their role as the charter school's oversight agency and with the statutory directive that a charter school is to operate independently from the public school system. Authorizers must be able to ensure that a charter school maintains compliance with the charter petition, the memorandum of understanding (MOU), and the law, including conflict of interest provisions.

The State Board of Education designated oversight of the Ross Valley Charter School to the county office effective July 1, 2021. In May 2021, the county superintendent and FCMAT entered into an agreement for FCMAT to provide charter oversight to Ross Valley Charter School. Oversight services included the information in the MOU and supporting appendices, between the county office, the Marin County Board of Education and the Ross Valley Charter School. The county superintendent contracted with FCMAT to initially perform oversight with the intent that the county superintendent staff would assume oversight responsibilities at a later date. That transition began July 1, 2023, with county superintendent staff assuming all financially-related oversight responsibilities. Between July 1, 2023 and February 8, 2024, FCMAT performed joint oversight activities with county superintendent staff, including a facilities inspection on August 17, 2023, instructional walk-through on January 23, 2024, and charter school board meeting attendance on January 18, 2024 and February 8, 2024. All remaining oversight responsibilities were transferred to the county superintendent staff after FCMAT's attendance at the February 8, 2024, charter school board meeting. Although interviews indicated that some oversight duties for Ross Valley Charter School were delegated to one business staff member, the county office did not provide FCMAT with documents or other evidence of its oversight process.

Because California statutes provide little guidance for authorizers on their actual duties, authorizers are left to create their own tools and training. Many resources provide information on this subject, such as the [CDE](#), the National Association of Charter School Authorizers (NACSA), and the U.S. Department of Education, National Charter School Resource Center. Several authorizers around the state have created comprehensive processes outlining in detail the oversight process, and have implemented various tools to assist them. FCMAT has also created a Charter School Oversight Checklist. At a minimum, FCMAT recommends that oversight include the items on that checklist, including but not limited to:

- General Requirements.
- Fiscal and Business Operations.
- Educational Program: LCAP.
- Educational Program and Ongoing Assessment.
- Facilities, Maintenance, and Operations.
- New Resource Center/Facilities Form.
- Governance.
- Personnel.
- Student Services.

Using a checklist or comprehensive tool helps authorizers perform their oversight responsibilities and can help evaluate areas in which a charter school is operating effectively or may need support. Lack of a local charter oversight process and documentation can put the county office at significant risk regarding its fiscal oversight responsibilities.

Recommendations

The county office should:

1. Create a charter oversight process for both charters.
2. Create a charter review workbook to review the adopted budget, interim budgets, unaudited actuals and cash.
3. Review FCMAT's [Charter School Annual Oversight Checklist](#).

Operations

District Accounts Payable Audits (Approving District Orders)

The Education Code requires that school districts' vendor and payroll warrants (checks) be prepared and signed at the county office of education. The only exceptions are for fiscally accountable or fiscally independent school districts. Fiscally accountable and fiscally independent districts that print their own payroll and vendor warrants must still send these to the county office of education for review, approval, and signature. EC 42631, 42633, 42634, 42636, and 42638 delineate county office responsibilities regarding district orders and include **required** procedures and some **permissive** procedures. The following chart shows these provisions and whether they are required or permissive:

Table 2. Required and Permissive Activities for Approving District Orders

Procedure	EC Reference	Required	Permissive
The county superintendent must prescribe the forms used to process orders unless the warrants are processed by an online data processing system.	42631	X	
The county superintendent must not approve orders for payment unless the signatures are on file in his or her office, and they are satisfied that the signatures are of individuals authorized to sign the orders.	42633	X	
For orders for payments other than salaries or wages of school district employees, the district must include with the warrant an itemized bill showing the separate items and the price of each. If the county superintendent of schools determines that including an itemized bill is impractical, the county superintendent can require the district to maintain the itemized bills at the school district instead of submitting them with the orders for payment. The school district must maintain the itemized bill for audit.	42634		X
The county superintendent may examine each order on school district funds transmitted to them.	42636		X
If the county superintendent disapproves an order of the school district, it must be returned to the district's governing board with a statement of the reasons for disapproving the order.	42638	X	
If the county superintendent determines that there is evidence of fraud or misappropriation, the county superintendent must notify the governing board of the district, the state controller, the superintendent of public instruction, and the local district attorney.	42638	X	

Source: Adapted from EC 42631, 42633, 42634, 42636 and 42638.

Although EC 42634 permits the county superintendent to perform a review or audit of school districts' vendor warrants, the county office does not perform these tasks. County office staff indicated that they review the district signatures to ensure they are from people authorized to sign the orders before processing them. The county office relies on districts and their independent auditors to ensure that the internal controls for vendor payments are adequate and that districts are processing the vendor payments in accordance with applicable laws, regulations, and district policy.

During fieldwork, staff indicated that they may begin performing reviews or audits of school districts' vendor warrants. Performing reviews or audits of district vendor warrants may enable the county office to gain a better understanding of the internal controls operating in the district for vendor payments. Because the Education Code is permissive, it is up to the county superintendent of schools to decide the level of review or audit that is best for the individual county. FCMAT suggests that county office review Procedure 12, Approving District Orders in the FCMAT COE Fiscal Procedural Manual when making this decision.

Furthermore, if the county office chooses to perform any level of review or audit of school districts' vendor warrants, it should communicate with the LEAs in the county before implementing the change to ensure they know what to expect and to encourage dialogue.

Posting Revenues and Expenses

Education Code 41001 requires school districts to deposit all funds in the county treasury. Most of the funds LEAs receive come from the state of California through the State Controller's Office (SCO), which includes funding for the LCFF, Education Protection Account (EPA), and special education (AB 602). The CDE notifies county offices of the amounts that are due to LEAs and notifies the SCO to authorize the release of funds to each county treasury. Each county office has its local process to notify school districts and charter schools in their county of the receipt of funds from the SCO, federal government, or local agencies.

When a county office has access to districts' financial systems, county offices typically post many revenues in a school district's financial system on their behalf. Although the county office has access to all but one school districts' financial system, it has not historically posted revenues on their behalf. As stated earlier, the county office posts LCFF and property tax revenues on behalf of school districts. Starting in fiscal year 2016-17, the Marin County Treasurer required that the county office post all schools' revenue in the county financial system, Munis.

The county office sends A-Bulletins (for revenues received) to notify districts of deposits that districts must post in QSS OASIS. In addition, the county office sends E-Bulletins (for expenses) to notify districts of expenses that districts must also post in the financial system. The county office posts these revenues and expenses in the Munis financial system at the county treasury. County office staff interviews indicate that these bulletins provide the information needed for districts to know the proper amount to post and where to post these funds.

While nothing in the law establishes the terms of the business relationship between the county government and the county office, county offices often act as the intermediary agency between the county government and school districts. For example, most county treasurers send monthly cash balance reports to county office for each district in the county. School districts need these cash balance reports to reconcile the cash accounts in their general ledger to their account with the county treasury. The county office forwards these reports to districts to complete their monthly cash reconciliations. District staff indicated that there is often a delay in when these cash balance reports are received from the county of Marin and a perception that monitoring cash at is not a priority. The county office could act as a liaison with the County of Marin to determine the cause of the delay in the receipt of the cash balance reports. The county office could also advocate for the school districts' interests in negotiating for the County of Marin to send the reports earlier. If the county office cannot negotiate an earlier receipt of the cash reports, it should at minimum educate the district CBOs so they understand the reason for the delay. As stated earlier, inadequate cash management, specifically the failure to reconcile county treasurer and bank accounts monthly, is one of the indicators of risk or potential insolvency.

At monthly CBO meetings, the district CBOs and the county office have recently discussed transitioning the entry of these school district postings to county office staff starting July 1, 2024. Interviews with district CBOs indicated general support among the county CBOs to find countywide efficiencies, such as having the county office post the cash deposit transactions in QSS OASIS at the same time they post in Munis. CBOs also indicated support, with the caveat that the county office posts the entries promptly and accurately. Because the county office is already posting LCFF and property tax revenue on behalf of districts and already posting to Munis, it would be efficient for the county office to post all other revenues received at the County of Marin Treasury on behalf of districts. This would save the time it would take for the county

office to train district staff on posting a one-sided revenue entry and on communication between districts and the county office.

If or when the county office makes this transition, it is important that staff ensure ample, clear, and timely communication to school district staff. The county office should create and share a workflow that outlines both county office staff and school district staff roles and responsibilities. Both county office staff and school district staff need to be clear about what their roles are and the level of priority of their tasks. To maintain relationships and trust with the districts, the county office needs to implement a review process to ensure timely and accurate postings.

Recommendations

The county office should:

1. Consider implementing a review/audit process for district accounts payable batches.
2. Transition to county office staff the posting of district revenue received at the Marin County Treasury in both QSS OASIS and Munis. Communicate with county office staff and all appropriate district staff before making this transition.
3. Create and publish a workflow to clarify roles and responsibilities of county office staff versus district staff, including an audit process to ensure accuracy of postings.

Appendices

Appendix A – Sample Credit Card Policy

Appendix B – Study Agreement

Appendix A – Sample Credit Card Policy

USING A MARIN COUNTY OFFICE OF EDUCATION CAL CARD

The County Superintendent authorizes the issuance of credit cards to specified employees (Cardholder). Marin County Office of Education (MCOE) credit card purchases are for official business only and must comply with established purchasing policies.

Authorized credit card holders shall use discretion when using a MCOE credit card. Whenever possible, purchases made by purchase order shall take precedence over purchases made by credit card. For employees who have been issued a CAL Card, it is expected that the CAL Card will be utilized with precedence over personal credit cards.

MCOE uses the State of California's purchasing card program, CAL Card. Through a state Master Service Agreement, U.S. Bank provides MCOE's Visa bankcard services. The MCOE CAL Card program administrator is designated by the county superintendent and administers the program. With the approval of the county superintendent, the program administrator sets the maximum dollar amount for single purchases and a total for all purchases made within a given billing cycle. The immediate supervisor is the approver assigned to each cardholder.

Upon completion of training provided by the program administrator, employees are issued CAL Cards in their individual names; however, all charges incurred are the liability of MCOE.

CAL Cards are not for personal use and shall not be used to purchase alcohol, tobacco, and other purchases that are prohibited by program contract requirements or outlined in organizational procedures manuals.

Each cardholder receives a monthly statement of all purchases made during the billing cycle. The billing office (accounts payable) also receives a monthly report of total purchases made by cardholders. The consolidated invoice is sent to Business Services, Accounts Payable.

Fraudulent or other unauthorized charges shall be immediately brought to the attention of the internal business department.

Optional: CAL Card usage will be suspended from June 15-June 30 in preparation for the end of the fiscal year.

Procedures

These procedures are to be followed whether using a departmental Cal Card or one that has been issued directly to the user. *(Insert/amend information as needed for departmental cards)*

1. Business Services issues CAL Card to employee only after the following conditions are met:
 - a. County superintendent approves request for card
 - b. County superintendent approves initial credit limit
 - c. Training is provided to the employee by the program administrator or designee
2. Each user department prepares purchase order for U.S. Bank, indicating budgets to be charged for CAL Card purchases.

Note: This purchase order is for encumbering purposes only and will not be mailed to U.S. Bank or used for CAL Card payments.

3. A Cardholder obtains receipt after each card use. When authorized to purchase over the Internet, a copy of the transaction “print screen” indicating the item(s) purchased and total cost must be provided. When the credit card is used to purchase meals for individuals or groups of business associates, the receipt should indicate the names of the individual or business associates and the purpose of the meeting.

Note: Failure to have a purchase order in place prior to purchase, failure to provide itemized receipts or failure to forward the Cardholder Statement of Account to Business Services, Accounts Payable, within the established timeline may result in suspension of credit card usage and/or payment of goods with personal funds.

4. Cardholder forwards Cardholder Statement of Account with accompanying receipts and purchase orders to approver by the 5th day of the month following the statement date.
5. Approver submits to Business Services, Accounts Payable, the Approving Official Summary, Cardholder Statements of Account with itemized receipts, and purchase order for all cardholder accounts under his/her jurisdiction, by the 10 day of the month following the prior month’s end-of- billing cycle.

Note: Failure to submit required documents to Business Services by the due date may result in suspension of CAL Card privileges.

6. Business Services, Accounts Payable, processes CAL Card invoice for payment after balancing the totals of all required documents and makes payment to U.S. Bank.
7. All policies are identical for merchant revolving credit cards as they are for CAL Cards.

CARDHOLDER AGREEMENT

As a Cal Card holder, I agree to the following conditions regarding the use of my Cal Card:

1. I have reviewed the Marin County Office of Education credit card policy (SP xxxX) and agree to abide by the procedures contained therein. I acknowledge that use of the card for any purpose other than county office approved business expenditures is prohibited and is grounds for corrective action, up to and including termination and/or criminal charges.
2. I understand that by using the Cal Card, I will be making financial commitments on behalf of Marin County Office of Education and that the county office will be liable for all charges made with the card. The county office will not be responsible for any charges made on the Cal Card that are found to be unauthorized, inappropriate, undocumented or violate county office policy and I agree that I am solely responsible for such charges and will reimburse the county office upon demand for any charges arising from such misuse.

3. I agree to use this card only for actual and necessary business expenditures incurred by me and only by me as the Cardholder, in accordance with the Marin County Office of Education's credit card policy and all business policies related to the use of County office funds.
4. I will strive to obtain the best value for the county office when purchasing merchandise with the Cal Card and plan, when possible, to use regular purchasing channels when purchasing high dollar/ high quantity orders.
5. I understand the county office will monitor and audit the use of my Cal Card.
6. I agree to return my Cal Card immediately upon the request of the superintendent, assistant superintendent of business services or designee, my supervisor or upon separation from the county office. Designated county office representatives reserve the right to cancel the Cal Card Program at any time without prior notification.
7. If the card is lost or stolen, I will immediately notify the issuing bank and the business department. I understand that failure to do so could make me responsible for any fraudulent use of the card.
8. I agree to complete my review of the monthly statement and receipts within the timeline set by the by the business department
9. I agree to update the business department on any changes to my account demographic information. I understand that failure to do so may result in a hold on my account without prior notification.

Employee ID: _____ Employee Name: _____ (PLEASE PRINT)

Signature: _____ Date: _____

Appendix B – Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT December 18, 2023

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Marin County Office of Education, hereinafter referred to as the COE, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local educational agencies (LEAs). The COE has requested that the team assign professionals to study specific aspects of the county 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.

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.
 - Payroll.
 - Accounts payable.
 - Accounts receivable.
2. Conduct an organizational and staffing review of the Business Services Department's internal and external positions, and make recommendations for improvement, if any.
3. Use FCMAT's County Office Evaluation tool to perform an analysis of the fiscal oversight provided by the county superintendent of schools to the 17 school districts and two charter schools within the county, and make recommendations for improvement, if any.

B. Services and Products to be Provided

1. Orientation Meeting – The team will conduct an orientation session at the COE to brief COE 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 COE office and at schools if necessary.
3. Exit Meeting – The team will hold an exit meeting at the conclusion of the on-site review to inform the COE 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 COE’s administration for review and comment.
6. Final Report – Electronic copies of the final report will be delivered to the COE’s administration following completion of the review. The final report will be published on the FCMAT website. Printed copies of the report are available from FCMAT upon request.
7. Follow-Up Support – If requested by the COE within six to 12 months after completion of the study, FCMAT will return to the COE at no cost to assess the COE’s progress in implementing the recommendations included in the report. Progress in implementing the recommendations will be documented to the COE in a FCMAT management letter. FCMAT will work with the COE 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 the study’s completion.

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>
<i>C. 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. \$1,100 per day for each staff team 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 COE 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 COE's acceptance of the final report.

Based on the elements identified in section 2A, the total not-to-exceed cost of the study will be \$38,200.

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

Payments for FCMAT's services should be remitted to the Kern County Superintendent of Schools - Administrative Agent, at 1300 17th St., City Centre, Bakersfield, CA 93301.

5. RESPONSIBILITIES OF THE COE

- A. The COE will provide office and conference room space during on-site reviews.
- B. The COE 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 COE and sent to FCMAT in an electronic format.
 - 5. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start and/or completion dates of the project. Upon approval of the signed study agreement, FCMAT will provide the COE with access to FCMAT's online SharePoint document repository, where the COE shall upload all requested documents.
- C. The COE'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), FCMAT representatives will have limited contact with students. The COE 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 receipt of a signed study agreement:

Orientation:	to be determined
Staff Interviews:	to be determined

Exit Meeting:	to be determined
Preliminary Report Submitted:	to be determined
Final Report Submitted:	to be determined
Board Presentation:	to be determined, if requested
Follow-Up Support:	to be determined, 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 COE 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 the completion of fieldwork, the COE may terminate its request for services and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the COE does not provide written notice of termination prior to completion of fieldwork, the team will complete its work and deliver its report and the COE will be responsible for the full costs. The COE 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 COE 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 COE. 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 COE in any manner without prior express written authorization from an officer of the COE.

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 COE, automobile liability insurance in the amount required under California state law, and workers' compensation as required under California state law. Upon the request of the COE and receipt of the signed study agreement, FCMAT shall provide certificates of insurance, with Marin County Office of Education named as additional insured, indicating applicable insurance coverages.

10. HOLD HARMLESS

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

liabilities resulting solely from negligent acts or omissions of the COE's board, officers, agents and employees undertaken under this agreement.

11. COVID-19 PANDEMIC

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

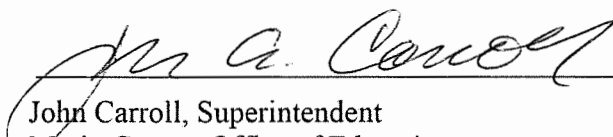
- A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, etc. References to on-site work or fieldwork shall be interpreted appropriately given the circumstances.
- B. Activities performed remotely that are normally performed in the field shall be billed hourly as provided 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.

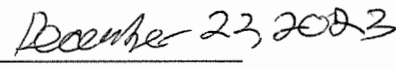
12. FORCE MAJEURE

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

Contact person: John Carroll
Telephone: (415) 499-5801
E-mail: superintendentsoffice@marinschools.org


John Carroll, Superintendent
Marin County Office of Education



Date



Dec. 22, 2023

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

Date