FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Santa Ana Unified School District

Budget and Business Office Review

May 7, 2020

Michael H. Fine
Chief Executive Officer

FCMAT

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Jerry Almendarez, Superintendent
Santa Ana Unified School District
1601 E. Chestnut Avenue
Santa Ana, CA 92701

Dear Superintendent Almendarez:

In October 2019, the Santa Ana Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a review of the district's budget and business office processes and procedures. The agreement stated that FCMAT would perform the following:

1. Review the district's 2019-20 adopted general fund budget and multiyear financial projection (MYFP) for the current and two subsequent fiscal years to validate the district's financial status. The budget review will be a snapshot in time of the district's current financial status. Make recommendations for expenditure reductions and/or revenue enhancements to help the district maintain financial solvency.

2. Review operational processes and procedures for the business services department and make recommendations for improved efficiency, if any, in the following areas:

    - Budget development
    - Budget monitoring
    - Position control
    - Accounts payable
    - Accounts receivable
    - Payroll

Based on the dates of FCMAT's fieldwork, the district and FCMAT agreed that the 2019-20 first interim general fund budget and MYFP would be reviewed, rather than the adopted budget.

This final report contains the study team's findings and recommendations. FCMAT appreciates the opportunity to serve the Santa Ana Unified School District and extends thanks to all the staff for their assistance during this review.

Sincerely,

Michael H. Fine
Chief Executive Officer

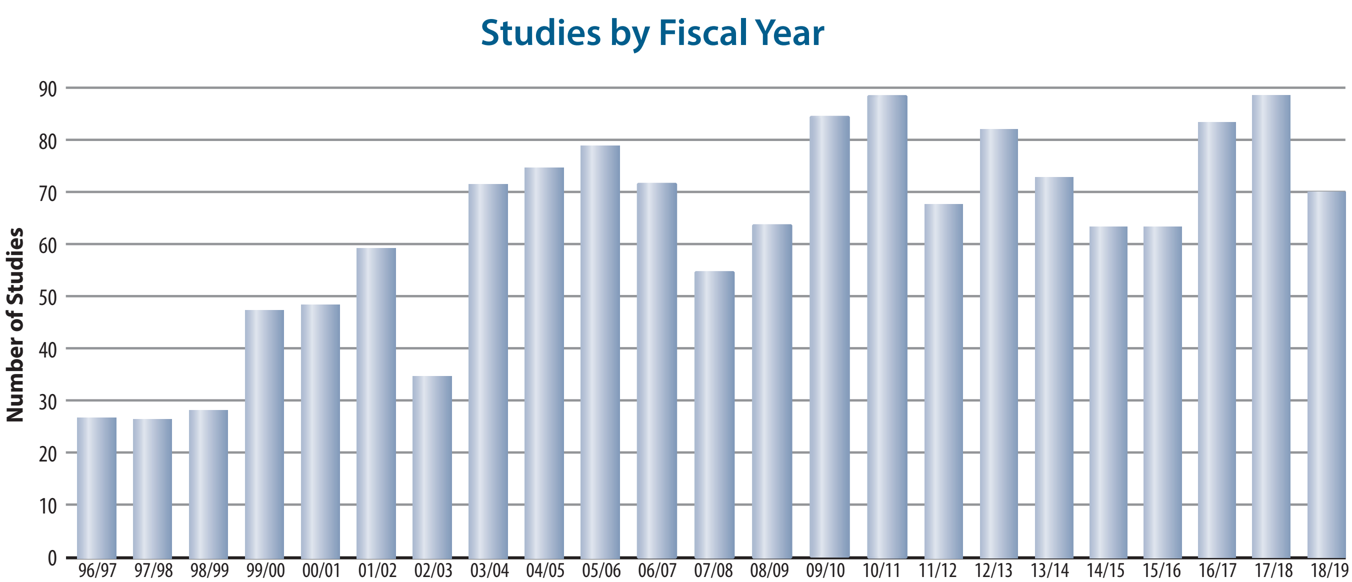
Table of Contents

About FCMAT

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

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

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



FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of K-14 LEAs and the implementation of major educational reforms.FCMAT also develops and provides numerous publications, software tools, workshops and professional learning opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website (www.ed-data.org) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

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

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

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

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

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

Introduction

Background

Located in Orange County, the Santa Ana Unified School District has a five-member governing board and serves approximately 45,215 students at 34 elementary schools, nine intermediate schools, and 10 high schools. The district has also authorized one district-operated charter school and five independent charter schools. According to data from the California Department of Education (CDE), student enrollment peaked at 62,267 in 2002-03 and has decreased in almost every year since that time.

The district's California Longitudinal Pupil Achievement Data System (CALPADS) records indicate that the 2019-20 unduplicated pupil count is 39,890, or 88.22% of enrollment.

Study and Report Guidelines

In October 2019, the Santa Ana Unified School District and FCMAT entered into an agreement for management assistance to review the district's adopted general fund budget and business office processes and procedures. Based on the dates of FCMAT's fieldwork, the district and FCMAT agreed that the 2019-20 first interim general fund budget and multiyear financial projection (MYFP) would be reviewed, rather than the adopted budget.

FCMAT visited the district on January 6-9, 2020 to conduct interviews, collect data and begin reviewing documents. Following fieldwork, FCMAT continued to review and analyze documents. This report is the result of those activities.

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

Study Team

The study team was composed of the following members:

Diane Branham
FCMAT Chief Analyst

Julie Auvil, CPA, CICA, CGMA
FCMAT Intervention Specialist

Colleen Patterson, MBA, CMA
FCMAT Consultant

Cathy Shepard
FCMAT Consultant

Laura Haywood
FCMAT Technical Writer

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

Executive Summary

Financial planning is crucial for every local educational agency (LEA) and helps a district strategically align its budget with its instructional goals, programs and the Local Control and Accountability Plan (LCAP). Recognizing financial trends is essential to maintaining a district's fiscal health, and monitoring and analyzing year-to-year trends in key budget areas helps a district evaluate its budget direction and highlight possible areas of concern.

Santa Ana's enrollment has been declining by an average of 1,500 students per year for the past several years, and projections indicate that enrollment will continue to decline in each year of the multiyear financial projection (MYFP). However, the district's first interim report shows that staff positions increased from 2018-19 to 2019-20 and does not include any staffing reductions in the subsequent years. The first interim report also projects deficit spending of $43 million in the unrestricted general fund in 2019-20 and, beginning in 2020-21, the district relies on $52 million per year in unspecified expenditure reductions to meet its 2% reserve requirement in 2021-22. In addition, the 2018-19 annual audit report indicates that a resolution was adopted by the board in 2010-11, which committed not less than 7% of the annual operating expenditures of the general fund for stabilization arrangements for use in covering catastrophic losses and limited operating expenses in a period of severe economic uncertainty. The 2019-20 unrestricted general fund balance does not include any funds that have been committed for stabilization arrangements.

The Local Control Funding Formula (LCFF) reached its target funding level in 2018-19. Therefore, the district must adjust its spending patterns to coincide with a cost-of-living-adjustment-only (COLA-only) environment. The district has faced fiscal challenges, such as declining student enrollment and increased costs for health and welfare and employee retirement benefits. Factors such as these, coupled with forecasts for a slowing state economy, will require the governing board and administration to make and implement difficult decisions to ensure that the district remains fiscally solvent. To prevent fiscal insolvency, the district should adopt a budget and MYFPs that eliminate deficit spending and meet reserve requirements in the budget and projection years and should not use reserves or one-time revenue for ongoing costs. The Revenue Enhancements and Expenditure Reductions section of this report provides some options for the district to consider when balancing its budget.

School district budgets are not static and change throughout the year as new information becomes available. The estimated revenues, expenses and ending balance of each fund can change during the year because of items such as the state budget, enrollment and average daily attendance (ADA), changes in personnel, and negotiated settlements of employee bargaining agreements.

FCMAT's review of the district's 2019-20 first interim budget and MYFP found that most of the assumptions used to develop the budget and projections were reasonable. However, based on a three-year weighted average, the district's projections for the unduplicated pupil count (UPC) are low. If the three-year UPC ratio trend continues, FCMAT's calculations show additional LCFF funding of $1.99 million in 2019-20, $7.08 million in 2020-21, and $10.25 million in 2021-22. FCMAT's review did not include information from the 2020-21 Governor's state budget proposal (which contains lower projected COLAs in the out years), or the 2% salary increase for classified staff because those occurred following the first interim reporting period. The district should not include in its budget and MYFPs any items that are in the 2020-21 Governor's state budget proposal that are subject to the Legislature's approval, such as increased special education funding.

FCMAT was not able to obtain reliable 2018-19 actual expense information by resource, which tied to the 2018-19 first interim report, from the district's financial software system. This lack of readily available accurate data from the software system could have a negative impact on management's ability to analyze expenses and require additional staff time to complete its analysis throughout the year. The district's financial software system is not able to generate an analysis of the fiscal impact of annual step and column increases and does not properly report and maintain the number of staff positions and vacancies. This detailed information is needed to accurately estimate the budget and multiyear impact of salary and benefit costs.

Based on the data available, FCMAT's analysis of the 2019-20 first interim budget indicates that some expenditure categories are underbudgeted and some are overbudgeted. The analysis also found that due to increasing costs year-over-year, the district may need to reduce expenditures in several of its restricted resources and the child development fund in 2020-21 and/or 2021-22 to remain within the projected revenue estimates.

The district uses a different financial software system (Oracle) than the Orange County Department of Education (OCDE Business Plus); having a separate financial system from the county office is becoming less common and is not a best practice. The district's system does not fully integrate electronically with the county office system, which creates extraordinary levels of work for district employees. Examples of this include the constant effort to reconcile accounts between the systems and having to use two systems to issue monthly payroll warrants. The use of an outdated financial software system that is not fully integrated has also resulted in a position control system that is inoperable and forces the district to rely on an Excel spreadsheet. The need to download data from one system to another to have complete records is laborious, inefficient and provides the potential for error in staffing and budgeting.

For most of the district's processes that involve use of the Oracle system, FCMAT found that the primary workaround is the use of numerous spreadsheets, which involves manual work to create and then upload to Oracle. This level of manual work is not necessary when a single, integrated financial system is used. A reduction in the need for manual processes and reconciliation between two financial systems would provide more staff time for other functions such as monitoring and analyzing the budget and implementing processes and procedures discussed throughout this report. The district should immediately investigate and consider utilizing the county office's financial software system, Business Plus, and its other modules and/or investigate other systems that would fully integrate electronically with the county office system.

Internal control systems are the foundation of sound financial management and allow districts to fulfill their educational mission while helping ensure efficient operations, reliable financial information and legal compliance. Internal controls also help protect the district from material weaknesses, serious errors and fraud. To help strengthen internal controls and operating efficiencies, the district should implement various changes as indicated in the Processes and Procedures section of this report.

FCMAT's review of district documents included a review of board meeting materials posted on the district's website. The review found instances where items were pulled from or moved on the board agenda without being acted upon by the full board. It is best practice for the board to take formal action or achieve consensus before an item is removed from the agenda or the order of agenda items is changed.

Findings and Recommendations

Budget and Multiyear Financial Projections

Multiyear financial projections (MYFPs) are required by Assembly Bill (AB) 1200 and AB 2756 and are a part of the adoption budget and interim reporting process. AB 2756 was signed into law in June 2004 and made substantive changes to the financial accountability and oversight used to monitor the fiscal position of school districts and county offices. Among other things, AB 2756 strengthened the roles of the superintendent of public instruction (SPI) and county offices of education and their ability to intervene during fiscal crises, including requesting assistance from FCMAT.

MYFPs help local educational agencies (LEAs) make more informed decisions and project the future effect of current decisions. Projections are a required part of annual budget development and must be evaluated and updated during each interim financial reporting period. They should also be updated before any significant decisions are made that affect the budget, such as salary increases. When developing and implementing its MYFPs, a district's main objectives are to achieve and sustain a balanced budget, improve academic achievement and maintain local governance. The MYFP helps identify specific planning milestones that will help the district make decisions.

Financial planning is crucial for every LEA, regardless of its size or structure. Long-term financial planning helps a district strategically align its budget with its instructional goals and programs. In addition, recognizing financial trends is essential to maintaining a district's fiscal health. Monitoring and analyzing year-to-year trends in key budget areas helps a district evaluate its budget direction and highlight possible areas of concern.

Any projection of financial data has inherent limitations because calculations are based on certain economic assumptions and criteria, including changes in enrollment trends; cost-of-living adjustments; estimates for utilities, supplies and equipment; and changing economic conditions at the state, federal and local levels. Therefore, the budget projection model should be evaluated as a trend based on certain criteria and assumptions instead of a prediction of exact numbers.

Multiyear projections can become somewhat less reliable in a time of fiscal instability, especially in the subsequent fiscal years, because projected revenue information from the state may frequently change. However, the MYFP still provides guidance for decisions that cover several fiscal years, and the district must continue to update and reassess the ramifications of state-imposed budget adjustments.

AB 1200 Oversight

If at any time during the fiscal year a district may be unable to meet its financial obligations for the current or two subsequent fiscal years, or has a qualified or negative budget certification, the county superintendent of schools is required to notify the district's governing board and the SPI. The county office is required to follow Education Code Section 42127.6 when assisting a school district in this situation and take all actions necessary to ensure that the district meets its financial obligations. Assistance may include steps such as assigning a fiscal expert or fiscal advisor to advise the district on financial issues, conducting a study of the district's financial and budget conditions and requiring the district to submit a proposal for addressing its fiscal condition.

The August 15, 2019 letter from the county office regarding the district's 2019-20 adopted budget includes information about projected deficit spending and the decline in unrestricted general fund reserves year-over-year. The letter states, “We recommend that the Board continue to maintain reserves higher than the State recommended minimum which better prepares the District to deal with declining enrollment, deficit spending, local emergencies, and state funding uncertainties.”

The district’s 2019-20 first interim report shows deficit spending of $43 million in the unrestricted general fund in the current year and, beginning in 2020-21, relies on $52 million per year in unspecified expenditure reductions to meet its 2% reserve requirement in 2021-22.

Regular and frequent budget monitoring becomes even more critical in times of fiscal uncertainty. The district will need to continue to ensure that MYFPs and cash flow projections are kept up to date and that the information they contain is accurate and based on the most current assumptions. In the case of a district that does not meet its required reserve levels, the intent of the MYFP is also to help the county office and the district formulate a plan to regain fiscal solvency and restore the reserve.

As discussed in the Local Control Funding Formula (LCFF) section of this report, the LCFF reached its target funding level in 2018-19. Therefore, the district must adjust its spending patterns to coincide with a cost-of-living-adjustment-only (COLA-only) environment. In addition, the district has faced fiscal challenges, including declining student enrollment and increased costs for employee retirement benefits. These factors, coupled with forecasts for a slowing state economy, will require the governing board and administration to make and implement difficult decisions to ensure that the district remains fiscally solvent.

2019-20 First Interim Budget and MYFP Review

The district’s 2019-20 first interim report and multiyear financial projections include the following assumptions.

District First Interim Assumptions	2019-20	2020-21	2021-22
Enrollment	45,173	43,567	41,922
Unduplicated Pupil Count	38,665	36,161	34,795
UPC ratio (single year)	85.59%	83.00%	83.00%
UPC ratio (three-year rolling average)	87.02%	85.49%	83.90%
Statutory COLA	3.26%	3.00%	2.80%
Consumer Price Index	3.33%	3.14%	3.02%
Certificated Step and Column	0.75%	0.75%	0.75%
Classified Step	0.25%	0.25%	0.25%
State Teachers' Retirement System (STRS)	17.10%	18.40%	18.10%
Public Employees' Retirement System (PERS)	19.72%	22.70%	24.60%
Health and Welfare Benefit Increase	6.00%	6.00%	6.00%

FCMAT’s review of the district’s 2019-20 first interim budget and MYFPs indicated that most of the assumptions used to develop the budget and projections were reasonable. The exceptions noted by FCMAT are included in the following pages.

Revenue

The district’s revenue assumptions and projections were reviewed and assessed based on funding information from the California Department of Education (CDE), School Services of California Financial Projection Dartboard, grant letters, and analysis of district estimates for any sources that could not be otherwise verified.

Local Control Funding Formula

The LCFF was implemented beginning with the 2013-14 fiscal year and replaced the former revenue limit calculation and Charter School Block Grant state apportionment distribution methodologies. The LCFF provides the following:

- A per-pupil base grant that varies by grade level.
- Supplemental funding that provides an additional 20% of the base grant multiplied by the district's percentage of disadvantaged pupils (the unduplicated count of low-income students, English learners, and foster youth).
- Concentration funding that provides an additional 50% of the base grant multiplied by the district's percentage of disadvantaged pupils that exceed 55% of total enrollment.

While many state categorical programs were eliminated with the establishment of the LCFF, the associated monies rolled into funding the LCFF. Full implementation of the LCFF was expected to take eight years, with districts receiving a proportionate level of funding (referred to as gap funding) during implementation. However, full implementation was achieved in 2018-19, two years earlier than anticipated, with all LEAs receiving their target allocation. Since the LCFF has reached its target funding level, no additional funds are projected other than statutory COLAs. Although the economy has improved since the 2008-09 great recession, the 2020-21 Governor's state budget proposal (provided in January 2020 after completion of the district's first interim report) projects limited growth over the next several years and continues to remind LEAs that changes in both state and national economics may adversely affect school funding.

Districts are encouraged to use the FCMAT LCFF Calculator to estimate LCFF funding. For most districts, the LCFF entitlement is funded through a combination of local property taxes and state aid. A district's local property tax will be applied first toward the total LCFF entitlement, and the balance is funded through state aid. Proposition 30, passed in 2012, temporarily added a quarter-cent sales tax and increased state income tax rates on high income taxpayers. The sales tax increase expired in 2016; the income tax increase was initially set to expire in 2018, but Proposition 55 extended it through 2030. These revenues are deposited in the state's Education Protection Account and are a component of state aid for the LCFF entitlement.

Student attendance generates most of the revenue for California school districts. The total number of student attendance days in a school year is divided by the number of days of instruction to arrive at the district's average daily attendance, or ADA. Because ADA drives the largest portion of a school district's revenue, enrollment and ADA projections must be examined carefully and compared to historical trends.

FCMAT used its Projection-Pro software to prepare enrollment, ADA and unduplicated pupil count (UPC) projections for the current and two subsequent years and used these projections to complete an independent LCFF calculation. The calculation used information from the 2019-20 adopted state budget, the most current information available when the first interim report was prepared. FCMAT's analysis found minor differences compared to the district's enrollment and ADA projections. However, the district's projections for UPCs are considerably lower than FCMAT's, which are based on a three-year weighted average. From 2014-15 to 2016-17, the district's annual UPC ratio was approximately 94%; from 2017-18 to 2019-20 the ratio decreased significantly and was approximately 88%. Therefore, FCMAT's projections for the out years are based on a weighted average of the 2017-18 through 2019-20 fiscal years. The following table reflects FCMAT's LCFF revenue assumptions.

FCMAT LCFF Assumptions	2019-20	2020-21	2021-22
Enrollment	45,322	43,514	42,000
Unduplicated Pupil Count	39,957	38,232	36,901
UPC ratio (single year)	88.16%	87.86%	87.86%
UPC ratio (three-year rolling average)	87.75%	87.86%	87.97%

FCMAT's LCFF calculations compared to the district's first interim report show projected additional funding of $1.99 million in 2019-20, $7.08 million in 2020-21, and $10.25 million in 2021-22. Most of these increased amounts are due to FCMAT's higher projections for UPCs.

Federal Revenue

The Medi-Cal Billing Option program provides the federal share of reimbursement for health assessment and treatment for eligible children and family members within the school environment. The School-Based Medi-Cal Administrative Activities program reimburses school districts for the federal share of certain costs for administering the Medi-Cal program. Some districts choose to recognize revenue for these programs when payment is received instead of projecting the total anticipated revenue. However, unless there is information to the contrary (such as correspondence from the state that indicates delayed or withheld payments), districts with sufficient historical data may choose to project annual revenue based on a four-year historical average and adjust the budget as payments are received. This practice allows the district to present a more accurate projection of revenue. For example, according to unaudited actual financial reports, the district received the following payments for the Medi-Cal Billing Option program:

- 2018-19 $2,084,832
- 2017-18 $2,663,677
- 2016-17 $2,692,707
- 2015-16 $2,788,392

Using a four-year average, the projected 2019-20 income would be $2,557,402. However, at the first interim reporting period the district projected revenue of 2,139,512 for 2019-20.

Programs funded with grants typically do not allow an ending fund balance because their revenues are not recognized until a qualifying expenditure is made. However, the 2018-19 unaudited actuals financial report lists several federal programs with unused grant award balances such as Title I at $4,239,062, Title III at $2,898,141 and Title IV at $1,266,765. Unused grant award balances often occur due to insufficient expenditure planning during the fiscal year. This income is accounted for as unearned revenue during the year-end closing process, which makes the funds available to spend in the next fiscal year if the program permits. However, some programs require the district to return unused awards to the funding agency. For example, Title I has a 15% carryover limitation without an approved waiver, but a waiver to exceed the 15% limitation is only allowed once every three years. Best practice is to expend grant awards fully within the fiscal year earned.

Other Local Revenue

The district receives local revenues from leases and rentals, interest earnings, donations and other miscellaneous sources. Because these revenues cannot be guaranteed year to year, budgets and MYFPs for these items need to be conservative, consider historical trends, and identify one-time revenue streams. Local revenue should be monitored and updated throughout the year based on actual receipts. Based on the cash balances in the County Treasury at year-end and the historical four-year average, interest in the unrestricted general fund could be increased by approximately $155,000.

Expenses

The district's expense assumptions and projections were reviewed and assessed based on prior year history, expenses to date and information provided by the district for items such as textbook adoptions, special education expenses, capital expenditures, and other outgo. Attempts to obtain reliable 2018-19 actual expense information by resource from the district's financial software system, which tied to the 2018-19 first interim report, were unsuccessful. This lack of readily available accurate data from the software system could negatively impact management's ability to analyze expenses and require additional staff time to complete its analysis throughout the year.

The 2019-20 first interim includes $52 million in board-approved budget reductions beginning in 2020-21, which have yet to be specifically identified. Interviews indicated that no adjustments were included in the first interim report for staff position decreases or increases, other than those the Business Services department thought would be filled in 2019-20, because the board had not yet taken action to fill or freeze positions.

Salaries

The district's financial software system is not able to generate an analysis of the fiscal impact of annual step and column increases. This detailed information is needed to accurately estimate the multiyear impact of increased salary costs. Instead, the Excel spreadsheets used by the district to represent annual step and column costs were provided to FCMAT. However, the spreadsheets did not tie to the budgeted amounts in the 2019-20 first interim report and the assumptions narrative.

The financial software system does not properly report and maintain the number of staff positions and vacancies. Therefore, several Excel spreadsheets are maintained by the Business Services department including the 2019-20 position control spreadsheet that lists over 400 vacancies and a separate passive vacancies spreadsheet that lists 81 vacancies. These are different from the spreadsheets used by the Human Resources (HR) department to track recruiting, interviewing and hiring activities; these spreadsheets list approximately 150 vacancies. Interviews indicated that the vacancy spreadsheets maintained by the HR department relate only to those positions that the district is actively trying to recruit and hire, while the Business Services department's passive vacancy list is used for updating the budget for those positions that are not being actively recruited.

The budgeted amounts shown for the individual positions are inconsistent between the position control and passive vacancies spreadsheets. In addition, some positions appear to be on the passive list and on the lists used by the HR department for recruitment purposes (e.g., carpenter). The Excel spreadsheets used by the HR department for recruitment functions in process at the time of FCMAT's fieldwork were used in FCMAT's analysis of the district's first interim report.

Certificated Salaries – FCMAT's review of unrestricted general fund expenditures for certificated salaries indicates that the district's annual projected expenses are overbudgeted by approximately $2.8 million, which includes partial-year savings for positions that had not yet been filled based on information provided at the time of FCMAT's fieldwork.

The analysis of special education salaries indicates that annual projected expenses are underbudgeted by approximately $1.1 million, which includes partial-year savings for positions that had not yet been filled based on information provided at the time of FCMAT's fieldwork.

Classified Salaries – FCMAT's review of unrestricted general fund expenditures for classified salaries indicates that annual projected expenses are overbudgeted by approximately $0.9 million, which includes partial-year savings for positions that had not yet been filled based on information provided at the time of FCMAT's fieldwork. The analysis does not include the impact of a 2% salary increase adopted by the board in December 2019 because it occurred subsequent to the first interim reporting period.

The analysis of special education salaries indicates that annual projected expenses are underbudgeted by approximately $0.9 million, which includes partial-year savings for positions that had not yet been filled based on information provided at the time of FCMAT's fieldwork.

Employee Benefits

Benefit accounts are primarily maintained in the Oracle data system and information is exported to the Orange County Department of Education (OCDE) Human Resources data module. Interviews indicated that a reconciliation of the two databases related to health and welfare benefits is not performed regularly. FCMAT's review of the expenditures for unrestricted general fund benefits indicates that annual projected health and welfare expenses are overbudgeted by approximately $1.8 million. The analysis of special education health and welfare benefits indicates that projected expenses are overbudgeted by approximately $0.5 million. These amounts are partially offset by shortfalls in other fringe benefit accounts, for a net overbudgeted amount of approximately $1.6 million.

Books and Supplies

FCMAT's review indicates that the 2019-20 unrestricted general fund expenses for books and supplies are overbudgeted by approximately $3.7 million. Information provided by the district indicated that staff had found a budget error of $2.3 million for supplies to support the summer credit recovery program and planned to decrease the budget by this amount at the second interim reporting period.

The analysis also indicates that books and supplies for special education are overbudgeted by approximately $0.2 million. The first interim special education budgets for supplies are 83% larger than prior year expenses; this is an unusually large year-over-year budget increase and may have contributed to the projected overbudgeted amount.

In completing its analysis, FCMAT found that the district uses object code 4700 in its general fund for food supplies. Per Procedure 330 in the California School Accounting Manual (CSAM), object 4700 may only be used in the student food service program.

Services and Other Operating Expenses

FCMAT's review indicates that unrestricted general fund expenditures for services are overbudgeted by $0.8 million.

The analysis of special education expenses indicates an overbudgeted amount of $0.6 million related to nonpublic school (NPS) and other contracts. Interviews with staff responsible for monitoring special education costs indicated that the July 1, 2019 adopted budgets for nonpublic schools and nonpublic services are increased for additional services throughout the year, but are only reviewed and reduced for decreased services in May, which may be too late to be useful for the next year's budget process.

Indirect Cost

The district does not apply the indirect cost rate to some of its restricted programs, including special education and Head Start. The district's 2019-20 indirect cost rate is 2.31% and, based on the 2018-19 unaudited actuals Form ICR, is projected to increase to 4.33% in 2020-21. As discussed in the Revenue Enhancements and Expenditure Reductions section of this report, the full allowable indirect cost rate should be charged to each restricted program and fund, even those that require a contribution from the unrestricted general fund.

Contributions to Restricted Funds

When revenues for restricted programs are insufficient to support program expenditures, a contribution from the unrestricted general fund is required. The 2019-20 first interim report includes contributions from the unrestricted general fund to support several restricted programs including federal and state special education programs, Mental Health Services, Workability, After School Education and Safety, and Head Start. Ensuring that all qualifying expenditures are appropriately coded to the applicable restricted programs helps provide maximum flexibility and availability of unrestricted funding, which can typically be used for any educational purpose. However, all programs requiring a contribution from the unrestricted general fund should be reviewed to ensure they are self-sustaining. The only exceptions should be the restricted maintenance account, special education, and any restricted programs the district has made a deliberate decision to support with unrestricted general funds. The special education program typically has insufficient state and federal funding support, and the district is required to make a 3% contribution to restricted maintenance.

Due to increasing costs year-over-year, the district may need to reduce expenditures in several of its restricted resources in 2020-21 and/or 2021-22 to remain within the projected revenue estimates. Some of the programs that may be impacted include Title III, Title IV, Head Start, After School Education and Safety, and IDEA – Basic Local Assistance.

Low-Performing Students Block Grant

In 2018-19 the district received $600,000 for this program, but as of the 2019-20 first interim had not expended or budgeted the funds. Best practice is to budget for such programs when funding amounts are provided by the grantor.

Other Funds

In addition to analyzing the general fund, FCMAT completed a basic review of the district's other funds to determine their possible financial impact on the unrestricted general fund. A review of the district's 2018-19 unaudited actuals and the 2019-20 first interim for other funds found that, except for the child development fund, none of the funds are expected to require contributions from the unrestricted general fund in the current or two subsequent fiscal years beyond what the district budgeted at the first interim reporting period.

Child Development Fund

The child development fund (fund 12) is a restricted fund used to account for financial activities pertinent to state preschool programs. The district relies on state revenue to run its preschool programs. Based on FCMAT's analysis, this fund may require contributions from the unrestricted general fund, and the expenditures should be monitored closely. The forecast indicates that the fund may deficit spend by approximately $70,000 beginning in the 2020-21 fiscal year if expenditures are not reduced.

Cafeteria Fund

The cafeteria fund (fund 13) is a restricted fund used to account for the food service program. The fund is self-sustaining and has planned deficit spending in 2019-20. Interviews indicated the cafeteria fund has been on a spend-down plan approved by the CDE because net cash resources exceeded three months' average expenditures, as provided by federal regulations (Title 7 Code of Federal Regulations Section 210.19). However, if the ongoing expenses are not properly monitored, the fund could develop a structural deficit and require a contribution from the unrestricted general fund. Ongoing salary and benefit expenses and increases in employment hours should not rely on or be incurred based on one-time income or one-time reserves.

Interviews indicated that the Nutrition Services department receives a budget summary, rather than a detailed budget, from the Business Services department throughout the year. A detailed line-item budget that includes year-to-date expenditures and encumbrances is necessary for food service staff to effectively monitor and manage the budget.

The district's CDE-approved indirect cost rate has fluctuated significantly in the last five years, from a high of 9.23% for 2017-18 to a low of 2.31% for 2019-20. This may be due to some incorrectly coded expenditures in prior years, which require adjustments to be made to the indirect cost rate in succeeding years (as calculated annually on the unaudited actuals Form ICR). Districts may charge the cafeteria fund the lesser of the district's CDE-approved indirect cost rate or the statewide average rate; the 2019-20 statewide average rate is 5.12%. For example, if the district had been able to use the statewide average rate in 2019-20 rather than its adjusted individual rate of 2.31%, the unrestricted general fund could have benefited by an additional $1.17 million in indirect costs.

Recommendations

The district should:

1. Adopt a budget and MYFPs that eliminate deficit spending and meet reserve requirements in the budget and projection years to prevent fiscal insolvency.

2. Maintain a reserve level sufficient to ensure that cash is available to meet payroll and other expenditure obligations and to avoid any adverse effects related to the requirements of AB 1200.

3. Not use one-time reserves for ongoing costs, such as to establish new staff positions or provide ongoing increases in salaries or benefits.

4. Not include in its budget and MYFPs any items in the 2020-21 Governor's state budget proposal that are subject to the Legislature's approval.
5. Regularly evaluate external and internal factors that affect its fiscal health and use an MYFP to project their effect on the district.
6. Utilize the most current LCFF calculator, enrollment estimates, ADA and UPC when preparing and revising income projections.
7. Consider using a four-year historical average to project revenue when no other verification is available.
8. Develop and implement program expenditure plans to fully expend grant monies within the fiscal year earned.
9. Obtain and implement a financial software system that will allow the district to more readily make data-driven decisions, analyze its budget, calculate the cost of annual step and column increases, report and maintain the number of staff positions and vacancies, and increase accuracy and efficiency.
10. Determine whether vacant positions will be filled, frozen or eliminated so that any associated savings can be included in the budget.
11. Annually perform a review of the actual historical costs for employee step and column increases to determine if the percentage applied for forecasting is reasonable or should be updated.
12. Complete a reconciliation of health and welfare benefits between the Oracle system and the county system at least at each financial reporting period to determine if the budget and multiyear projection assumptions should be revised.
13. Annually perform a review of the actual historical costs for health and welfare benefit increases to determine if the percentage applied for forecasting is reasonable or should be updated.
14. Only use object 4700 for food purchased for the student food service program.
15. Review budgets for county office, NPS and other contract services related to special education programs more frequently, and at least at each interim reporting period.
16. Charge each restricted resource and fund the full allowable indirect cost rate.
17. Use the MYFP to identify programs that may require a contribution from the unrestricted general fund in subsequent years and take any necessary action to ensure programs are self-sustaining.
18. Increase transparency by disclosing at each budget reporting period all programs that require a contribution from the unrestricted general fund. This will help ensure all stakeholders are aware of the funding allocated to these programs, particularly during budget reduction discussions.
19. Include an estimated annual budget for ongoing categorical programs at budget adoption, and during the year when new programs are established, and continue to adjust the budgets throughout the fiscal year as new information is provided by the grantor.

20. Ensure that restricted funds are appropriately allocated to all qualifying expenditures before expending unrestricted dollars.
21. Closely monitor the child development fund to ensure it continues to be self-supporting.
22. Closely monitor the cafeteria spend-down plan to ensure it does not create a structural deficit, and the cafeteria fund continues to be self-supporting.
23. Ensure that a detailed cafeteria fund budget is provided to the Nutrition Services department management staff at least monthly.
24. Ensure that all expenditures are coded correctly so that the indirect cost rate may be accurately calculated each year during the year-end closing process.

Revenue Enhancements and Expenditure Reductions

Enrollment and Attendance

Declining enrollment is occurring at about half the school districts throughout the state. Factors such as decreased birth rates, neighborhoods aging out (students matriculate out of school, but families remain), families moving away, and alternate educational options contribute to the decline. Data provided on the CDE DataQuest website shows that while school district enrollments are declining, charter schools are growing. The district should consider actions that may assist with attracting and retaining students such as increasing awareness of the opportunities available at its schools through community forums or marketing materials, consolidating programs at sites or developing magnet schools.

Santa Ana Unified School District's primary source of revenue is based on ADA. The 2019-20 first interim financial report indicates that a 1% increase in ADA would provide approximately $5.2 million in additional revenue. When considering ways to increase attendance, the district should consider ADA percentage by grade level groups. For example, CDE data shows that in 2018-19 the total district ADA was 96.47%; the grade level groups varied from a low of 95.54% for grades 9-12 to a high of 97.17% for grades 4-6. Identifying grade level groups with lower ADA percentages allows the district to target efforts to increase attendance. Although the district's attendance rate is higher than the 2018-19 statewide average of 94.34% for unified districts, further increasing the rate would provide additional revenue and additional time for student learning. Some attendance improvement strategies recommended by the CDE (https://www.cde.ca.gov/ls/ai/cw/attendstrategy.asp) include:

- Raise stakeholder awareness of the effects of chronic absence and truancy
- Hold a drawing for special prizes for individual students and/or classes that show improved attendance
- Send commendation letters to students, parents and guardians for improved school attendance and perfect attendance
- Display attendance graphs in prominent locations to show current attendance goals and comparisons between past and present school year attendance

The district should also consider reviewing interdistrict transfer requests in an effort to minimize the number of outgoing transfers.

Use of Facilities

School districts are authorized by Education Code Section 38134 to charge fees to individuals and groups for the use of the school district's facilities. This code section also regulates the amount that may be charged for facility use. When implementing a facility use fee schedule or increasing fees for facility use, affected parties may not initially understand that while construction funds, such as general obligation bonds, may have been used to build district facilities, the ongoing operational costs, such as utilities and maintenance, are paid by the district's general operating fund. Therefore, when fees are not charged to outside organizations for the use of a school district's facilities or if the fees are insufficient to cover all the costs, the district subsidizes the organizations, which in turn affects the funds available to provide for students' educational needs.

When implementing a fee schedule for use of facilities, districts need to develop policies, procedures and standardized forms to ensure that the fees comply with the Education Code requirements, that a system is in place to process requests in a consistent manner, and that language regarding the liability the district assumes when allowing outside organizations to use its facilities has been reviewed and approved by the district's insurance carrier.

Board Policy 1330, Use of School Facilities (June 2016) and Administrative Regulation 1330.4 (November 2009) describe the district's policies and procedures for using its facilities, and the fee schedule (February 2017) is available on the district website. The district uses a third-party online facility request and rental system, Facilitron, to manage use of facility reservations and payments. However, interviews indicated that the district's current fees do not cover all the facility use costs.

Indirect Cost

FCMAT's review of reports from the district's financial system indicated that the district does not charge the maximum allowable indirect cost rate to all programs, including programs that require a contribution from the unrestricted general fund such as special education. The district needs to calculate and charge the full indirect cost rate to all allowable restricted programs to show the true cost of each program and maximize unrestricted resources.

In addition, Education Code Section 17620(a)(5) allows the district to use up to 3% of the developer fees collected in a fiscal year for reimbursement of the administrative costs incurred by the district in collecting those fees. A review of the district's 2019-20 first interim report shows that the district could charge up to $60,000 for administrative costs related to fee collection.

Cafeteria Fund

Education Code Section 38101 allows the district's general fund to charge the cafeteria fund direct costs, including the cost of items such as communication services, water, electricity, gas and waste. The charges must be applied using the procedures defined in the CSAM, Procedures 905 and 910. Charging direct costs helps a district accurately show the total cafeteria program costs and recapture allowable dollars in the unrestricted general fund. A review of the district's 2018-19 unaudited actuals report indicated that the cafeteria fund may not have been charged its full share of all allowable direct costs.

Parcel Tax

Many districts have sought approval from local voters for a parcel tax to increase funding. Parcel taxes are normally levied at a flat rate per parcel and must be uniformly applied to all real property owners. The only permitted exemptions are for senior citizens and federal supplemental security income disability benefit recipients. Parcel taxes can be extremely difficult to pass because they require a two-thirds vote. The advice of experienced financial advisors and legal counsel should be obtained before determining whether to place a local parcel tax measure on the ballot.

Special Education

Interviews indicated that in March 2019 the district billed its authorized charter schools approximately $40 million for prior years' special education excess costs. At the time of FCMAT's fieldwork, the charter schools had filed a lawsuit regarding this issue, which had not yet been settled.

Spending and Hiring Freeze

As discussed earlier in this report, the district has experienced a significant enrollment decline each year for the past several years. Therefore, consideration should be given to implementing a hiring freeze. Any position vacated by retirement, resignation, or other means should be thoroughly evaluated before filling it to assess the potential to transfer personnel at sites that exceed district-adopted staffing levels and to determine if the position needs to be closed or restructured. Additionally, the district should consider a freeze on all overtime and extra duty hours. Any additional work that is deemed necessary should require justification and advance approval by the chief business official (CBO) or his designee.

The district also should consider implementing a spending freeze on all unrestricted general fund and encroaching restricted program purchases not already encumbered, including nonessential travel and conference expenditures, with any further purchases requiring advance written approval from the CBO or his designee. Many districts freeze spending during difficult financial periods. The key to implementing a spending freeze is to do it immediately and without exception for unrestricted general fund expenditures, excluding health and safety issues. Spending of some restricted program funding may need to continue because many resources include deadlines by which all funds must be expended or returned to the grantor.

Staffing Formulas

FCMAT was provided district staffing formulas; however, interviews indicated and vacancy lists for recruitment confirm that some positions are overallocated but continue to be hired.

Language in the 2016-2019 collective bargaining agreement with the California School Employees Association (CSEA) regarding library media technician (LMT) positions states that "… elementary schools with enrollment of 850 or greater that are projected to maintain enrollment greater than 850 the following year shall be increased to 8 hours per day. Should a school enrollment fall below 850 the District shall negotiate with CSEA the decision and the effects to reduce the position." The contract further states, "The parties agree that there will be no bumping process or displacement of any LMTs at sites in which the hours have increased until such positions become vacant." This type of contract language should be avoided because it reduces the district's ability to implement staffing formulas, decrease staffing and maintain fiscal solvency, particularly during times of declining enrollment.

Health and Welfare Benefit Audit

A best practice is to conduct a verification and determination of eligibility for benefits for all active and retired employees and dependents every five years. Although this process requires staff time to complete, districts often find that they are paying for benefits for numerous individuals who no longer qualify for them.

Ongoing and Major Maintenance Account

Districts participating in the state's school facility program are required to contribute 3% of the total general fund expenditures and other financing uses to the ongoing and major maintenance account (resource 8150). The district projected a contribution of $21.9 million to resource 8150 as of the first interim report, which meets the requirement. In addition, the district is contributing $4 million to the deferred maintenance fund from the unrestricted general fund. However, this transfer may be made from resource 8150 so that it is included in the 3% contribution. The ending balance in resource 8150 was $11.7 million in 2018-19 and is projected to be $11.9 million in 2019-20 at the first interim reporting period. Once the account balance is depleted, further transfers from resource 8150 to the deferred maintenance fund may affect the ongoing and major maintenance program because expenditures in resource 8150 would need to be reduced to stay within the required contribution amount.

Redevelopment Agencies (RDAs)

The district receives funds from local RDAs; a portion of the funds collected is applied toward local property taxes subject to the LCFF deduction, and a portion is available for educational facility expenditures. The district deposits RDA revenues that are not subject to the LCFF deduction (object 8625) in its capital facilities fund (fund 25). Per Health and Safety Code Section 33607.5(a)(4)(A) and Education Code Sections 42238(h)(6), 42238.02(j)(6), and 42238.03(c)(6), these RDA revenues are restricted to expenditures for educational facilities, and many districts deposit the revenue in the general fund and use it to meet their required 3% contribution to the ongoing and major maintenance account (resource 8150).

Recommendations

The district should:

1. Communicate its educational strengths and course offerings and continue to explore options to increase student enrollment and attendance.
2. Analyze and adjust its facility use fees annually, and ensure fees are sufficient to cover all costs and are charged to all users as authorized in Education Code Section 38134.
3. Ensure that all programs are charged the maximum allowable indirect cost rate.
4. Ensure the capital facilities fund is charged for all allowable administrative costs of fee collection.
5. Consider charging the cafeteria fund its full share of all allowable direct costs.
6. Evaluate the feasibility of putting a parcel tax measure before the voters.
7. Budget revenue as appropriate upon settlement of the special education excess costs lawsuit.
8. Consider implementing a hiring freeze and eliminate or reduce overtime and extra duty.
9. Consider implementing a spending freeze, with few exceptions.
10. Ensure that staff positions are not overallocated.
11. Be cautious of negotiating contract language that conflicts with management's ability to staff campuses and departments to ensure prudent and efficient fiscal operations.
12. Conduct a verification and determination of eligibility for benefits for all active and retired employees and dependents every five years.
13. Consider making the transfer to deferred maintenance (fund 14) from resource 8150 rather than the unrestricted general fund.
14. Consider depositing object 8625 RDA funds into the general fund and using them to meet the 3% required contribution to resource 8150.

Processes and Procedures

Policies and Procedures Manuals and Desk Manuals

Policies and procedures manuals provide an organization with the opportunity to plan and diagram internal controls and written standards for its business office, school sites and other district departments to follow. They allow readers to see where their duties fit into a process – who provides the information that comes to them and where the information that they generate goes. Policies and procedures also provide standardization of processes and prevent a multitude of individual processes from being developed that may or may not be the most accurate or efficient method to accomplish a task.

The district was unable to provide FCMAT with policies and procedures manuals authored by them for any of the areas under review, and most staff interviewed were unaware of their existence. Some staff who had been with the district for many years were able to recall having policies and procedures manuals but stated that the manuals were outdated.

The business office also lacks desk manuals, which are used to provide step-by-step instructions on the tasks that are performed by individual employees. A few employees stated that they had begun those efforts, and FCMAT was provided with a number of instructions for individual tasks, but desk manuals appear to be in their infancy.

To facilitate completion of both policies and procedures manuals and desk manuals, the district could consider utilizing a third party to prepare them. This would help ensure that manuals are consistent in format across all sections of the department, and it would not detract from staff time to assigned duties. These manuals become especially important during employee absences and for new staff as well as a means of documenting the department's segregation of duties to its external auditors.

Recommendations

The district should:

1. Create a policies and procedures manual for the Business Services department. Consider utilizing a third party to prepare the manual.
2. Develop desk manuals of employee duties and ensure that each employee includes step-by-step procedures for all assigned duties in their desk manual. Consider utilizing a third party to prepare the manuals.
3. Review and revise policies and procedures manuals and desk manuals periodically, but not less than once a year.

Financial Software System

Pursuant to Education Code Section 1240, each county office of education in California is required to assume a fiscal oversight role for each of the school districts within its borders. Because of this, most county offices strongly encourage their districts to utilize the same financial software system as is used by the county office. This helps facilitate their oversight duties, provides districts with access to a fully integrated system between various modules such as budget, position control and payroll, and provides districts with easy access to additional resources perhaps not found in outside, stand-alone systems. These resources may include providing periodic trainings on the system to current or new employees, ready access to other users of the system when questions arise, system updates/upgrades without the need for internal expertise to complete the task, available expertise and resources at the county office to flesh out problems with updates/upgrades, and the ability for the county office to run reports and view transactions to assist their districts.

Unfortunately, this symbiotic relationship does not exist for Santa Ana USD. In approximately 2002, the district chose to utilize Oracle's financial software instead of using the OCDE's system, Business Plus (formerly Bi-Tech), even though OCDE maintains a set of accounts for the district on its Business Plus system. The necessity for OCDE to maintain a separate set of accounts rests primarily in the district's need to use Business Plus to issue its payroll warrants and manage its cash pursuant to Education Code Section 41001. Some interviews indicated that Oracle allows full integration between its various modules; however, that full integration is not in place at Santa Ana USD. The district has also fallen behind in updating the Oracle system, with district staff reporting that the system was last updated in 2010.

The decision to have a separate system from OCDE causes the district to use duplicate financial systems, Oracle and Business Plus, which creates extraordinary levels of work for its employees. Examples of this include the constant effort to reconcile accounts between the systems – most notably, cash, and the Payroll department having to use two systems to issue monthly payroll warrants. These duties would be unnecessary if the district shared a financial system with the OCDE. Use of a different financial system also creates the need for the district to maintain a separate backup and recovery system for its data.

The use of an outdated financial software system that is not fully integrated has also resulted in a position control system that is inoperable and forces the district to rely on an Excel spreadsheet. This is highly unusual in a district as large as Santa Ana USD and can lead to very costly human errors in staffing and budgeting.

District staff are also forced to implement workarounds to be able to conduct the district's day-to-day business. The district relies on Oracle for budgeting and reporting. To process payroll, the district relies on Oracle to act as a data repository, which then interfaces with Business Plus. At the end of each monthly payroll, data must be pulled from Business Plus and downloaded to Oracle so that Oracle has complete budget and actual expenditure information. The need to download data from one system to another to have complete records is laborious and increases the potential for error. For example, another district that operated in this manner but neglected to perform the payroll data download each month left its financial system effectively useless in being able to provide accurate personnel cost information.

For most of the district's processes that involve use of the Oracle system, FCMAT found that the primary workaround method is the use of numerous spreadsheets, which involve manual work to create and then upload to the Oracle system. This exceptional level of manual work is not necessary when a single, integrated financial system is used, and it creates the potential for errors in the district's financial information.

While a district having a separate financial system from its county office is not unprecedented, it is becoming less common and is not a best practice. This is especially true under the circumstances that FCMAT observed at Santa Ana.

Recommendations

The district should:

1. Immediately investigate and consider utilizing the county office's financial software system, Business Plus, as well as its other modules to provide the district with a fully integrated software system. Alternatively, investigate other systems that could fully integrate electronically with the county office system.

2. Regardless of the software system chosen, consider utilizing third parties to assist with implementation of the new system to avoid recreating the existing problem of a software system that is not fully operable, and to prevent distraction of staff time from assigned duties.

Budget Development and Monitoring

School districts must adopt their annual budget within the statutory timelines established by Education Code Section 42127. School district budgets are not static: the estimated revenues, expenses and ending balance of each fund can change throughout the year because of items such as the state budget, enrollment and ADA, changes in personnel, and negotiated settlements of employee bargaining agreements.

Budget development is a detailed process that typically begins in January, or earlier, of the preceding fiscal year. During budget development, position control is revised and updated, revenues and expenses are estimated, and districts align their budget with the Local Control and Accountability Plan (LCAP), which prioritizes each district's goals and the actions to achieve those goals. Effective budget development includes the use of a budget calendar so that each staff member is aware of deadlines and meets them.

Santa Ana's budget development calendar contains descriptions of some budget tasks and cites the months or dates by which those tasks are to occur. It would benefit the district to have a more detailed calendar that includes additional functions, such as position control update, LCAP timelines, interim reporting tasks and due dates, and purchasing cutoff dates; the staff member responsible, such as the CBO, director of budget or manager of budget; and the specific due date for each task.

The district's CBO and Budget department have primary responsibility for budget development. The CBO provides enrollment projections to the Budget department, which uses these projections to prepare Excel budget development worksheets that are sent to and completed by site and department managers. These documents include the current year budget and allocations for the upcoming year, but the sample documents provided to FCMAT did not include information regarding current year-to-date expenditures and encumbrances or prior year actual expenditures. This information is a helpful guideline and tool for site and department managers to have when developing their budgets.

In addition to the budget development worksheets, site and department managers should be given a position control report that includes a list of all employees charged to their respective budgets. The report should include each employee's name, position, hours per day, and the funding source for the position. This report should be provided to sites and departments at budget development and at each interim reporting period. Site and department managers should review the report for accuracy and immediately report any inconsistencies to the Human Resources department. This process helps to verify the data used to develop position control, which affects the budget reports.

Business office staff and district administrators meet with school principals each spring to review enrollment and staffing projections and preliminary budget allocations. Interviews indicated that preliminary budget allocations are 85% of the current year allocation and are adjusted in the budget year based on actual enrollment. However, school sites do not receive this remaining portion of their budget allocation until February. Providing the funds late in the school year makes it difficult to spend them by the purchase order cutoff date.

After the Budget department has completed the budget development process, the state's Standardized Account Code Structure (SACS) forms are prepared. The SACS forms and a budget narrative are included in the board agenda materials, and the CBO provides a PowerPoint presentation at the board meeting. These documents are also provided to the board at each interim reporting period. FCMAT's review of the district's 2019-20 first interim documents found that some budget assumptions were included in the budget narrative and some were included in the PowerPoint presentation. It would be more effective to include all the key assumptions used for each financial reporting period in a narrative document and present the information in a way that distinguishes assumptions that only affect the unrestricted general fund from those that only affect the restricted resources.

During the year, budget transfer requests are sent via email from sites and departments to Budget department staff. These transactions are uploaded from Excel to Oracle. Salary and benefit budgets are also adjusted throughout the year; however, there is no standardized written procedure for completing this task, and the method used differs among the budget technicians. In addition, the Oracle system does not encumber salaries and benefits, which can cause these accounts to be overexpended. It is best practice to monitor budgets regularly during the year to ensure revenues received are not materially different than budgeted and appropriations are not overspent. FCMAT's review of the district's 2019-20 financial system budget report found that some account balances exceed the budget.

As funds are received throughout the year, the county office posts the revenue to its financial system. District staff must review each of these entries and post them to Oracle. Having to repost entries is an inefficient use of staff time and leaves the district vulnerable to errors.

Sites and departments have online, view-only access to Oracle. Although some training has been provided, interviews indicated that the system is difficult to use.

Recommendations

The district should:

1. Ensure the budget calendar includes all budget development and interim reporting tasks, and the due date and individual or department responsible to complete each task. Disseminate the budget calendar to all who are responsible for completing the listed tasks.

2. Include current year and historical expenditure information on the budget development worksheets provided to site and department managers.

3. Provide site and department managers with position control reports at budget development and during the year, preferably at each interim reporting period. Ensure that managers review the reports and notify the Human Resources department of any errors, and that the Human Resources department updates the Oracle system as needed.

4. Provide school sites with the remainder of their total budget allocation earlier in the school year when the supporting data, such as student enrollment, is available.

5. Provide all the key assumptions used for each financial reporting period in a narrative document and distinguish assumptions that only affect the unrestricted general fund from those that only affect the restricted resources.

6. Consider conducting additional budget study sessions with the board so they may gain a stronger understanding of the district's budget and financial condition.

7. Develop a written procedure for adjusting salary and benefit budgets and ensure that it is uniformly implemented.

8. Monitor the budget closely throughout the year to ensure accounts do not exceed the budget, and make adjusting entries as needed.

9. Consider utilizing the county office's financial software system or investigate other systems that could fully integrate electronically with the county office system.

Position Control

Position control is a system of tracking information based on positions rather than employees. It is a framework of positions for all jobs in the organization regardless of whether or not there is an incumbent in a specific position. Position control includes the creation, maintenance, and monitoring of positions and the budgets for them. In school districts, position control should be managed collaboratively between the Human Resources and Business Services departments.

One of the most critical elements in budgeting for expenditures is accurately projecting employee salary and benefit costs. These costs are the largest part of school district budgets, averaging approximately 87.06% of unrestricted general fund expenditures in unified districts throughout California (based on data from 2017-18, the latest date for which data is available). The district's 2019-20 first interim report shows that salaries and benefits account for 82.97% of the unrestricted general fund expenditure budget. However, in reviewing and comparing this statistic to the district's 2018-19 unaudited actuals, this percentage increased from 85.25% at first interim to 87.61% at the time the district's books were closed. At the time of FCMAT's fieldwork, the district had not yet settled 2019-20 negotiations with all its bargaining units, so it is unknown to what degree contract settlements will influence this statistic.

A reliable position control system establishes positions by site or department and helps prevent overstaffing by ensuring that staffing levels conform to district-approved formulas and standards. To be effective, the position control system must be integrated with other financial modules such as budget and payroll. Position control functions must also be separated to ensure proper internal controls. The controls must ensure that only board-authorized positions are entered in the system, that human resources hires only employees for authorized positions, and that the payroll department pays only employees hired for authorized positions. The proper separation of duties is a key factor in creating strong internal controls and a reliable position control system.

As noted above, position control is normally divided between the Business Services and Human Resources departments, and no one person holds a position with position control as its primary definition/function. However, the district's Business Services department has one full-time, eight-hour per day position titled position control and financial manager, and one of this position's primary duties is to create the Excel spreadsheet that is the district's position control system. This is unusual even in a district of this size.

Internal controls help ensure efficient operations, reliable financial information and legal compliance. They also help protect the district from material weaknesses, serious errors and fraud. These controls should be part of any position control system. The following table provides a suggested distribution of labor between the Business Services and Human Resources departments to help provide the necessary internal control structure.

Task	Responsibility
Approve or authorize position	Governing Board
Enter approved position into position control, with estimated salary/budget. Each position is given a unique number.	Business Services department
Enter demographic data in the main demographic screen, including: Employee name Employee address Social Security number Credential (if applicable) Classification Salary schedule placement Annual review of employee assignment	Human Resources department

Task	Responsibility
Update employee benefits	Business Services or Human Resources department
Update employee step and/or column placements Review and update employee work calendars	Human Resources department
Annually review and update salary schedules. This may need to be completed more frequently such as in the case of collective bargaining settlements.	Business Services department
Account codes Budget development Budget projection Multiyear projections Salary projections	Business Services department

While the district adheres to the first task in this chart, having the governing board approve/authorize new positions, the board has only recently allowed the Human Resources department to hire and fill replacements for existing positions prior to its approval of those replacements. The previous requirement of prior board approval to fill existing positions reportedly caused some delays in hiring and resulted in some candidates accepting employment elsewhere before the district could extend an offer of employment.

The district utilizes a Personnel Requisition/Recommendation/Authorization (PR) form for employee changes, and it has been designed so that one form covers many different actions such as new positions, replacements, changes in funding, etc. Though it contains a position control number (PCN) unique to each position, district personnel reported that, in the past, inadvertent issuance of duplicate or multiple PRs resulted in overhiring. The district's solution for this issue is manual monitoring by the position control and financial manager of all PRs.

While the district's financial software, Oracle, includes a position control module, it has never been fully implemented. As a result, the position control and financial manager merges the following four specially designed Oracle reports weekly into an Excel spreadsheet for use as the position control system:

- PC Report
- HR Master File
- Classified Overage and Vacancy Report
- Certificated Overage and Vacancy Report

All four Oracle reports provide the position control and financial manager with a different piece of information regarding PCNs and other demographic information (e.g., name, account code, salary, benefits). Some reports may have PCNs missing, some have PCNs but no names, some have PCNs that are vacant or will be vacant in the near future or show PCNs that are assigned to two different people (most frequently due to typographical errors). This system requires a great deal of additional work to ensure there is a central repository for employee information. It also exposes serious concerns due to systems that clearly allow the same PCN to be used for two or more different employees because of manual input errors.

Because the spreadsheet is designed to allow users to be able to obtain or research a great deal of information in a single repository, the final workbook contains 19 spreadsheets. The main spreadsheet that is intended for use, the "Proj File," has 70 columns and 6,336 rows. This is a huge, unwieldy spreadsheet, which makes it difficult to use. The manual process of compiling this much information in a spreadsheet leaves the district extremely vulnerable to inaccuracies as to whether all the information is included and creates a lag in time between pulling the underlying data and completion of the spreadsheet. This results in a never-ending cycle of trying to catch up to the inflow of changing personnel data.

Vacant positions are tracked by the position control spreadsheet and by the Human Resources (HR) department. Both maintain a vacancy list and during the course of a fiscal year, the HR department's list contains fewer open positions than are listed in the position control spreadsheet. The positions on the HR list are active and will be included in the budget for the fiscal year. The vacant positions that make up the difference between the two lists are considered "passive" vacancies for which no PR has been completed to move them to a frozen status or to fill them. As the district develops its second interim budget and MYFP, the list of passive vacancies should theoretically be reduced to zero. However, having two similar lists in use is a dangerous practice. Failure to properly identify which list is being used for hiring or budgeting purposes could have serious budget and financial consequences.

Even with all the information that is pulled into the spreadsheet, it is still missing key items normally found in effective position control systems such as health and welfare benefit costs, substitutes, overtime and extra duty pay. Substitutes, overtime and extra duty pay items are incorporated in separate spreadsheets, which adds yet another layer of manual budgetary integration. Failure to include all this information in one central place and having to pull it from various sources makes the district increasingly vulnerable to human error. For example, health and welfare benefits are approximately 10% (or $55.8 million per the 2018-19 unaudited actuals) of the district's total salary and benefit expenses but are omitted from the position control spreadsheet. This can represent a monumental budgeting error if the user is not intimately familiar with the information that is and is not contained in the spreadsheet and thus fails to include health and welfare benefit costs in the district's budget.

The lengthy manual process to produce the district's spreadsheet and then sort it to be able to obtain the data that is needed sharply contrasts with the process of a fully functioning position control system where the data is updated daily as position changes occur and users are able to query the system and obtain necessary information within a few moments. The district's current position control system is inefficient, antiquated and potentially inaccurate.

Additionally, even with all the hours of work required to create reports used to generate the spreadsheet and the weekly generation of the spreadsheet itself, there is no reconciliation process between position control, budget and payroll. Such a process is necessary to ensure that the information produced for budget development, interim reports, MYFPs and payroll is reliable and accurate.

Recommendations

The district should:

1. Continue to allow the Human Resources department to fill and hire replacements for existing positions, with governing board ratification.
2. Take immediate steps to fully implement a position control system that integrates with its other financial modules, including budget and payroll, and the human resources system, whether it decides to continue with Oracle or obtain a new financial software system. Consider the use of outside consultants for the initial system setup to lessen the burden on district office staff.
3. Ensure that the position control module issues and tracks position control numbers.
4. Review and revise job descriptions of district office staff and reassign duties as necessary to establish adequate internal controls for maintenance of the position control system.
5. Ensure that one person does not have the ability to access and change both the demographic and payroll screens of employees in the position control module.

6. Include a check box or signature line reflecting verification of board approval, if required, for the personnel action on the change of status form.
7. Develop and implement procedures to update position control for each financial reporting period, including procedures to properly roll position control from one fiscal year to another.
8. Develop and implement procedures to periodically reconcile position control to budget and payroll, and no less than at each financial reporting period.

Accounts Payable

Purchasing and Bidding

The Purchasing department procures goods and services for all district schools and programs. Public Contract Code, Education Code, and Government Code provide parameters within which the district must conduct purchasing and bidding. The district's Board Policy (BP) and Administrative Regulation (AR) 3311 allows the district to take advantage of piggyback bidding as well as exceptions to bid limit restrictions. The board also adopted Resolution No. 18/19-3273 at its February 12, 2019 meeting to become subject to the Uniform Public Construction Cost Accounting Procedures (CUPCCAA). This allows for public project work of $60,000 or less to be performed by a public agency's force account (i.e., its own staff), by negotiated contract, or by purchase order. Public projects of $200,000 or less may use informal bidding procedures. Those of more than $200,000 are required to use formal bidding procedures to let the contract. Utilizing CUPCCAA should decrease the number of bids the district issues for its small projects.

District staff indicated that all purchases begin at the site/department level with an electronic requisition and are then submitted to the Purchasing department for processing. AR 3300 states "[a]ll expenditures between $1,000 per item and $3,000 per item will require one quote before placing an order. All expenditures over $3,000 per item and up to applicable bid limits require three quotes to be obtained before an order is placed." However, based on FCMAT's interviews, sites/departments are required to include a quote with all items and not just those over $1,000 per item.

Once the requisition is processed by the buyers, a purchase order (PO) is produced and while the PO is an electronic document, paper copies are provided to the account technicians/clerks to process payments. The paper copies are necessary because the only way to research a PO in the Oracle system is to know its PO number. This creates difficulties when an invoice is received and there is no PO number on the document. The account technicians/clerks have, therefore, requested copies of all POs so that they can avoid the research time that would be needed should invoices arrive without PO numbers.

The buyer handling the item decides which specific purchases of goods and services need to be bid. However, even with the recent changes to the bidding levels using CUPCCAA, Purchasing department personnel were unable to recall receiving any recent training on purchasing and bidding. Failure of an employee to recognize when something is required to be bid can lead to legal issues that can be costly to the district. Ensuring department employees have the correct tools and knowledge to complete their work and identify potential problems is an inexpensive way to avoid costly challenges to the district's bidding process.

Throughout FCMAT's fieldwork, the study team heard about bidding issues and a possible conflict of interest regarding bidding practices such as bids having to go out multiple times before a decision was made, bid awards agendized but all bids rejected or the item tabled with no action taken by the board. One interviewee described these practices and the discussions surrounding them at board meetings as "bizarre."

FCMAT reviewed the district's website and found that board meetings are videotaped and archived back to October 9, 2018. Therefore, board meeting minutes from October 9, 2018 to the date of FCMAT's fieldwork were reviewed to identify how many bidding items came before the board during these 34 meetings. Of the 33 items where bidding was discussed:

- There were seven instances where all bids were rejected:
    - Six where the board followed the staff recommendation to reject all bids
    - One instance where there was no printed agenda item in the agenda packet to show what the staff recommended. FCMAT's review of the videotape of this board meeting showed an approximate 34 minute discussion where the board questioned district staff about specifics regarding the bid and the district's current contract. The conclusion was that the board decided to reject all bids.
- There were three instances where the item was pulled from the agenda, and no board action was taken:
    - In one instance, the board videotape could not be viewed. The message on the website read "Error – No source video was found." The agenda item included 12 bid projects with some having issues such as a bid protest and a clerical error. The agenda item showed these issues but also included the lowest responsible bidder for each of the 12 projects and made award recommendations accordingly.
    - Two instances where the then board president took singular action and pulled the item from the agenda to bring it back at a later time.
        - In the first instance on March 12, 2019, she states that she believes that she has the support of the board in taking this action. However, there was no motion, second or vote of the entire board for this action. Staff had recommended an award of the project based on the bids received.
        - In the second instance on April 23, 2019, one board member asks to have an item brought forward on the agenda. There was no motion, second or vote of the entire board for this action. After an approximate 28 minute discussion with board members expressing their concerns over the continued employment of the vendor's employees, whether they were unionized, the capacity of the vendors to complete the work of the contract, and vendors providing livable wages to their employees, the then board president states that she believes she has the support of the board to delay action. However, the item is pulled with no motion, second or vote of the entire board for this action. FCMAT was unable to determine the staff recommendation because the board agenda item could not be opened from the district's website.

It is best practice for the board to take formal action or achieve consensus before an item is removed from the agenda or the order of agenda items is changed.

The district has multiple Associated Student Body (ASB) organizations for which it is responsible. ASBs inevitably hire third parties to provide services such as disk jockeys, speakers for assemblies, field trip transportation, etc. Commonly, principals or ASB advisors sign contracts with those third parties on behalf of the ASB thinking it is part of their duties. The district's purchasing staff reported that they process few ASB contracts. Interviews indicated that at least one ASB contract has been signed by site personnel, which may mean that many more contracts are entered into without the district's knowledge. ASBs are a part of the district, and the district periodically passes a resolution determining to whom the board has delegated its authority to enter into contracts. FCMAT's review of district Resolution No. 19/20-3325, Revision of Authorized Signatories, shows that the board has not delegated this authority to principals or ASB advisors. As a result, those signatures do not bind the district to ASB contracts unless and until the board approves the contracts. Instead, the signature binds the signatory personally.

Accounts Payable Process

Once goods have been received or services performed, the accounts payable process begins. Processing a vendor's invoice requires proof that the district intended to order the goods or services. The PO serves as the evidence of this desire, and there must be proof that the district received the goods or services. For goods, there should be some form of receiver document or packing slip. For services, best practice is for principals or department heads to sign the original invoice to acknowledge the services have been completed.

While this is the optimal situation, it is not always the case for the district. Although the district's AR 3300 states "[a]ny employee who incurs expenses on behalf of the District, contrary to District policy, shall remain personally liable for payments due as a result of such unauthorized purchase, and may be subject to disciplinary action, up to and including termination," district staff reported that invoices are sometimes received for which there are no POs on file.

Interviews also indicated that while account clerks/technicians are allowed to process electronic invoices, because there is no departmental policies and procedures manual, each account clerk/technician is left to determine what process, if any, to use in ensuring that the electronic invoice received is from a bona fide vendor and not someone impersonating a vendor to obtain a payment to which they are not entitled.

Account clerks'/technicians' primary responsibility is processing vendor invoices for payment. To accomplish this, the vendor invoice is matched to the PO and the receiver document, and the information to generate a payment is input in the Oracle software system. However, some updates made by the Information Technology department to the Oracle system were reported to cause problems with accounts payable. For example, interviews indicated that the system printed the wrong amount on a vendor warrant.

After inputting a group of invoices to be paid, best practice would be for the account clerks/technicians to run the preliminary warrant register for that group of invoices and forward that report along with the invoices to their supervisor for approval before the check writing process begins. This step is missing at Santa Ana. Even though transactions are audited at the county office, best practice is for a second person to review these payments to eliminate an opportunity for fraud to occur. This is because the county office audit is often for only a sample of transactions, but the district review should include all transactions. An example of how the district's system could allow fraud to occur is if an account clerk/technician was able to obtain approval of a new vendor that was actually the clerk/technician, or if they changed the address of an existing vendor to their own. They then could submit their own invoices for payment and no one would be aware of the payments.

Most county offices in California print accounts payable warrants for their districts. That is not the case with Santa Ana. The district has a supply of blank warrant stock that is kept in a locked safe, in a locked room. When batches are ready for warrants to be printed and processed, one account technician is tasked with printing the warrants. The warrant stock is then pulled from the safe and placed into the printer located in a cubicle next to the account technician tasked with printing the warrants. A manual log is maintained containing the register number, fund, date, warrant starting and ending number and any miscellaneous information related to the warrant run. The printer that prints the warrants applies one of the two required signatures. The warrants are then sent by courier to the county office for audit and application of the OCDE superintendent's signature as the second signature on each warrant. After the warrants have cleared the county office processes, they are couriered back to the district. There are five people authorized to accept the delivery, two of which are account technicians who process vendor invoices. Those warrants are then separated, and the employee who generated the payment receives and distributes the warrants to the vendors. Any unclaimed warrants are placed in the office safe overnight. This process poses the following internal control issues:

- Safes: The district maintains two large safes for safekeeping of cash, blank warrant and check stocks and a signature stamp. One is the office safe, which had previously been located in an individual office but at the time of FCMAT's fieldwork was placed in the cubicle area of the Accounting department. The second is a larger, two-door safe placed in a locked storage room.

    - Storage Room Safe: As noted above, boxes of the county office's blank warrant stock are kept in this two-door locked safe in a locked room, which would, by outward appearances, seem to be a secure location. However, when FCMAT asked to view the storage room safe, the employee conducting the tour went to the office safe and opened its door without a key or combination. Inside the office safe, FCMAT observed stacks of clear sealed bags of cash awaiting armored car transport. On the top shelf of the office safe was the signature stamp of the deputy superintendent of administrative services. Behind that, on a hook to the side, were the keys to both the storage room and the storage room safe. While the storage room safe also has a combination, it has malfunctioned in the past and staff are instructed to not touch the combination lock. Given the easy access to the office safe and the ability to obtain the keys to the storage room safe from it, with equal unobstructed access, the district does not have a high level of internal control over these two safes or their contents.

    - Office Safe: This safe is kept open during business hours, but interviews indicated that it is locked at 3:30 p.m. each day. During business hours, FCMAT observed the space where this safe is kept and was able to walk up to it and open it with multiple district employees viewing those actions. No one inquired as to the study team's necessity for being near the safe nor the reasons for opening it. In addition, multiple people were reported to know the combination of the safe, and district administration acknowledged that steps need to be taken to reduce that number.

- Warrant Processing: Effective internal control includes segregation of duties that will prevent the same person from initiating, processing and mailing transactions and from posting the transaction in the accounting records.

    - Two account technicians who process accounts payable transactions can also sign for the warrants upon receipt from the county office.

    - All account technicians/clerks receive the warrants associated with the payments they have processed, and one of those employees also performs the functions of printing all the warrants.

The district has a significant deficiency in internal controls over cash disbursements since it allows one of its account technicians control over the entire process, two account technicians may sign for the completed warrants, and all account technicians/clerks receive completed warrants for distribution. Proper segregation of duties dictates that different employees should be assigned warrant generation, receiving and distribution tasks.

Inventory

Each school district is responsible to maintain an inventory of goods purchased by the district. EC Section 35168 states:

> The governing board of each school district, shall establish and maintain a historical inventory, or an audit trace inventory system, or any other inventory system authorized by the State Board of Education, which shall contain the description, name, identification numbers, and original cost of all items of equipment acquired by it whose current market value exceeds five hundred dollars ($500) per item, the date of acquisition, the location of use, and the time and mode of disposal.

California Code of Regulations Title 5 Section 3946 states that an inventory shall be maintained of items purchased with consolidated application funds, and in accordance with 2 CFR 200.313(d)(2), a physical inventory shall be conducted of equipment and the results reconciled with property records at least once every two years.

The district's BP 3400 mirrors these requirements and states "[t]he Superintendent or designee shall develop a system to accurately identify and value District assets in order to help ensure financial accountability and to minimize the risk of loss or misuse." However, in all of the district's last three independent audits, the auditors have included a finding regarding the lack of a fully functioning inventory system. In all three years, this same finding has been identified as a material weakness, meaning it could result in a material misstatement of the financial statements or in material noncompliance with a program requirement because the district's internal control could not prevent, detect and correct problems in a timely manner.

The audit findings state that a lack of formal procedures related to the inventory process is causing this issue. The finding from the 2017-18 independent audit indicates that the district performed a physical inventory and was working with an August 13, 2018 draft inventory report. However, the 2018-19 audit finding does not indicate that the problem had been resolved, even after the physical inventory. Interviews with district personnel indicated that while the district has had physical inventories performed every two to three years, it has never been able to remove items that have been sold, scrapped or destroyed from the Oracle module, thereby rendering the computerized inventory system inaccurate. FCMAT interviews revealed that the district is in the process of determining how to rectify this problem – either by cleaning up the data in the Oracle module for use with the next inventory cycle or using the module available with the county office system. An inventory module that is inaccurate and does not allow items to be removed is another reason why the district should accelerate its process to implement an integrated financial software system.

Credit Cards

The district utilizes the state of California CAL-Card purchase card program run by the state Department of General Services. The program provides eligible public agencies access to Visa purchase card services and is designed to minimize credit card costs, including offering rebates on purchases. The program is widely utilized by public school districts in California.

The district has provided CAL-Cards to approximately 120 of its employees with credit limits between $200 to $50,000 depending on the employee's position and duties. The district also provides the board with a list of CAL-Card users, their credit limit and their total usage amount each time a warrant is submitted to US

Bank. That CAL-Card list is included in the warrant listings in the board's agenda packets. FCMAT's review of those in the December 2019 and January 2020 board packets revealed several instances where monthly purchases exceeded credit limits. Staff indicated that CAL-Card users may request temporary 30-day credit limit increases by submitting a CAL-Card Request form to the business office; therefore, the district does not incur any bank fees related to these overages. While overages may be expected from time to time, the business office should periodically (e.g., annually) review credit card limits to determine if the limit for any position(s) should be increased, thus helping to reduce the need for temporary credit limit increase requests.

While district employees are provided handbooks regarding the proper use of their CAL-Cards and sign agreements to abide by those rules, with consequences of violation that include termination, the CAL-Card system has cardholder spending controls that allow the district to prohibit the cardholder from using the card for certain purchases. For example, if meals are a prohibited purchase, the code for meals is applied to the district's CAL-Cards. A cardholder presenting their CAL-Card at a restaurant would be informed that the card was refused. Using this functionality of the CAL-Card program could assist the district in eliminating its multiple reviews of CAL-Card statements for prohibited purchases.

Travel and Conference

Board Policy and Administrative Regulation 3350 set the district's travel expense policies, including the district's requirements for individuals to be reimbursed for such items as transportation, lodging and meals. FCMAT's review of those policies revealed the following:

- Meals: The district's policies allow for meal per diems to be paid to an employee when they are in "travel status." Travel status is defined as "when they are traveling on behalf of the District, more than 50 miles one way (most direct route) from either their workstation or personal residence." Over the past few years, the IRS has placed additional scrutiny on meal reimbursements or payment of per diems on travel that did not warrant an overnight stay (Internal Revenue Code Section 162(a)(2) Revenue Regulation 75-170). In IRS audits of a county office of education in California, meals that were not associated with overnight stays were deemed to be "living expense and thus a taxable fringe benefit." If the district includes nonovernight travel in its meal reimbursement policies, it should review IRS Publication 5137 and consult its independent auditors.
- Hotel Tax Waivers: Many hotels offer a state government rate to LEA employees when they travel for school business. In addition, because they are considered government employees, hotels may waive the transient occupancy tax. If this is the case, the employee can fax or take with them a hotel/motel transient occupancy tax waiver exemption claim for governmental agencies. A sample of this form is included in the appendix of this report. Because the total amount saved during a fiscal year can be substantial, it is best practice for employees to always seek these reduced rates and waivers when traveling on district business.

Revolving Account

Revolving cash funds are typically maintained by districts for instances where a payment must be made immediately and the district does not have the time available to process the payment through its normal accounts payable or payroll process. The maximum amount allowed in any district's revolving cash fund is governed by Education Code Section 42800. The district has elected a $150,000 maximum for the account although this specific amount is not expressed in its board policies or administrative regulations.

Interviews with staff indicated that the check stock for the revolving account is kept in two places. Most of the check stock is placed in the storage room safe which, as discussed above, is not completely secured throughout the day. The remaining check stock is kept in a small safe under the desk of the account technician tasked with printing/typing the checks. When FCMAT asked to see the interior of the safe, the study team discovered that the key was kept in an unlocked desk drawer. Even though this was a locked safe, it could be removed from the premises or its contents easily cleared, given the ready access to the key. Better practice would be to keep a small amount of check stock in the office safe, rather than in an unsecured desk safe, and remove it as needed for check writing purposes.

Once the account technician has written the checks, only one signature is required to negotiate them. That one signature is from the deputy superintendent of administrative services, and the account technician uses the signature stamp held in the office safe to sign the revolving checks. This is not a best practice and represents a large exception in the internal controls for the revolving fund. The same person should not have the ability to both write/print and sign the revolving checks. During its exit meeting with district administration, FCMAT discussed the problems this presented and found that the deputy superintendent was unaware that a stamp existed with his signature; further discussion indicated that the signature stamp would be retrieved by administration and no longer used. Best practice is to have two original signatures on revolving fund checks, with at least one of them being the CBO or one of the directors in the Business Services department.

FCMAT reviewed the bank statements and reconciliations of this account for the months of August and October 2019. A sound internal control structure would include a procedure to reconcile bank statements and account balances monthly by a person independent from the original transaction and recording process. That process would also include that both the person performing the work and the person reviewing the work indicate their name and the date the work was performed and apply their signature to the reconciliation. FCMAT's review of the district's bank statements and reconciliations found the following:

- August 2019:
    - The Bank Reconciliation form contains the date of 9/18/2019 on the lower right-hand corner, which may be the date of the work, and initials in the same lower right-hand corner. However, this information is not sufficient to supply the name, date and signature of the person who performed the reconciliation and the supervisor who reviewed the work. FCMAT was provided with various documents that appeared to be Excel spreadsheets, but no document, such as a printout or screen shot, to support the book beginning or ending balance.
    - Normally, a bank reconciliation is the ending balance per the bank statement, plus any deposits that are not included on the bank statement, minus outstanding checks and any bank charges. This should then equal the balance in the account register.

    The August 2019 reconciliation contains many items beyond this simple formula to also balance the account to its $150,000 maximum, which are of concern. The reconciliation starts with the ending bank balance and adds and subtracts items, suggesting that the goal is to include/exclude items based on whether the bank already included them in the statement ending balance to then arrive at the $150,000 revolving account maximum:

        - Two $1,000 loans from other accounts dating back to February 17, 2015 and December 18, 2016. These items are of sufficient maturity that they should be settled and removed from the reconciliation.

- $36,039.85 described as "checks to be reimbursed" and defined in interviews with staff as the total amount to be reimbursed to the revolving fund for that month. However, closer examination and comparison to the October 2019 reconciliation revealed that two items totaling $6,100 were included as items being reimbursed in both August and October 2019. This discrepancy should be of great concern to the district.
- $27,005.89 in outstanding checks, 46 of which, totaling $19,638.06, are between one and five years old. The district has no policy or procedure for handling stale dated checks. However, such a policy could include, for items related to past or current employees, the district contacting them to resolve the issue. The remainder should be treated as stale dated checks and removed from the district's check register/book balance.

  District staff reported that these dated checks are included to avoid the bank's $13 per check fee to stop payment. Even though the bank has no authority to negotiate a check more than six months old, it was reported that Wells Fargo will negotiate any of the district's checks – no matter the date. The district should nevertheless research these items and remove them from the bank reconciliation. District staff may find in their research that the payee received payment in another manner – for example, employees through a regular payroll check or vendors through a commercial warrant or other type of payment – and thus eliminate the possibility of a duplicate payment. Conversely, an employee may not be aware that they lost a payment. Assuming the payment was for wages, it would have been included in their W-2, but they would not have received remuneration for their work.
- An unsupported $1,162.60 "Amount to Adjust," two adjustments related to checks from approximately 2016 and one, based on the check number, from pre-2014. All four entries appear in both the August and October 2019 reconciliations. FCMAT's inquiries regarding why these items seemed to be carried over from one month to the next revealed it is past practice and without rationale. However, their age indicates that they should be investigated thoroughly, resolved and removed from further reconciliations.

- October 2019:
  - The Bank Reconciliation form contains the date of 1/22/2020 on the lower right-hand corner, which may be the date of the work, and initials in the same lower right-hand corner. However, this information is not sufficient to supply the name, date and signature of the person who performed the reconciliation and the supervisor who reviewed the work. As with the August reconciliation, various documents appeared to be Excel spreadsheets; however, there was no document, such as a printout or screen shot, to support the book beginning or ending balance.
  - Assuming the 1/22/2020 date is when the work was performed, this is more than two and one-half months after the end of October.
  - As noted above, the same 46 items totaling $19,638.06, and between one and five years old, were included in outstanding checks.

- Also as noted above, the same loans, amount to adjust and three aged adjustments were also included in the reconciliation.

Associated Student Body

ASB accounts are a common source of audit findings, and most of the auditor's observations related to internal controls in the district's management letters for its 2017-18 and 2018-19 audited financial statements were related to ASB transactions. In both years it was noted that disbursements were made without verification of receipt of the goods or services. In 2017-18, another observation stated there was no proper approval before a transaction took place, which is a violation of Education Code Section 48933(b).

Of concern is that the auditor's observations increased in breadth for 2018-19 to include unallowable purchases (cash scholarships to select students), purchases delivered to a residential address, expenditures not supported by invoices and a payment processed to the wrong vendor and without an invoice. Although the district has divided the tasks of transaction review and check printing between two account technicians, the latter two of these infractions are particularly concerning because, like the revolving fund, ASB transactions are processed with only one signature on disbursement checks using the deputy superintendent's signature stamp (as discussed previously).

The district utilizes ASBWorks accounting software to process its ASB transactions. Those transactions are initiated at the sites and then scanned and emailed to two account technicians at the district office for centralized processing. That means at least two people are missing proper documentation of transactions and suggests that further mandatory annual training of all site and district office personnel that handle ASB transactions is needed. This training should give staff the tools needed to properly oversee accounts and resolve audit findings. In addition to providing the necessary training, the district could institute periodic internal sample testing to ensure transactions are processed correctly.

Year-End Closing

At the end of each fiscal year, it is the task of each account clerk/technician to review all the POs in their files to determine if the goods or services were received or provided by June 30. Those that have been received or provided by that date are posted as an accounts payable liability item and appear in each respective fund's balance sheet in that fiscal year's unaudited financial statements. During the next year, as those items are paid, entries should be made so that the accounts payable liability credit balance is reduced. This balance should ultimately be reduced to zero to avoid the district having duplicate expense items in multiple years – the first time, the year that the item was posted into accounts payable; and the second time, when the item is paid and the accounts payable liability is not reduced – thereby overstating its expenses.

Interviews with staff indicated that the district's standard practice is to reverse all accounts payable entries as soon as its books are closed, and perform this task no later than October of the following fiscal year. This is one methodology used to clear accounts payable liabilities. The other is matching each individual liability; however, this is much more time-consuming.

The district's 2018-19 unaudited actuals reflect a total accounts payable liability of $33,716,747.45. FCMAT analyzed the detailed Excel report of the district's June 30, 2019 accounts payable liabilities as of November 30, 2019 and found that the total debits (or reductions to accounts payable) was $53,834,159.87 and the total credits (or additions to accounts payable) was $16,244,270.79. Based on these results, the district has not followed its stated practice of clearing accounts payable liabilities by October and appears to have cleared more than was originally posted as a liability.

Recommendations

The district should:

1. Adjust its processes to adhere to its board policies and administrative regulations regarding when quotes are necessary for purchases.
2. Consider allowing Purchasing department personnel to attend annual or semi-annual trainings, possibly on a rotational basis.
3. Ensure there is formal action or consensus by the board before items are removed from or rearranged on the board meeting agenda.
4. Provide annual training to all school personnel who deal with ASBs to ensure they follow best practices.
5. Develop a process to return invoices that do not have corresponding purchase orders to the person who placed the order, referencing AR 3300 and requesting written explanation of why that policy was violated. Determine on an individual basis if the administrative regulation is to be enforced, such as in the case of a repeat offender.
6. Develop a policy and procedure regarding use of electronic invoices.
7. Revise accounts payable procedures to ensure that a supervisor reviews all batches created by the account clerks/technicians prior to their submission for check printing.
8. Revise Business Services department procedures to ensure all safes are locked and secured, even during business hours, and limit the number of people who have access to keys or combinations to open the safes. Instruct personnel to always question a visitor's presence in department offices, especially when they are near spaces housing check printers or safes.
9. Segregate the duties to print, receive and distribute commercial warrants from the staff responsible for generating them so that the same employee cannot initiate, process and mail warrants to vendors.
10. Conduct a physical inventory of all its fixed assets, ensuring that those records can be utilized by the district's software and that Business Services staff are trained on policies and procedures to maintain fixed asset records.
11. Periodically review CAL-Card credit limits to determine if the limit for any position(s) should be increased.
12. Consider using the CAL-Card system's cardholder spending controls to assist in eliminating its multiple reviews of CAL-Card statements for prohibited purchases.
13. Revise board policy to include specific rules regarding overnight travel to qualify for meal per diem reimbursements, use of state government hotel rates and waiver of the hotel/motel transient occupancy tax.
14. Revise its policies and procedures to have a small amount of revolving check stock placed in the office safe and remove it as needed for check writing purposes.
15. Revise its policies and procedures to ensure that the same person does not have the ability to both write and sign revolving fund checks.

16. Discontinue the use of a signature stamp as the sole signature on revolving fund and any other checks (e.g., ASB) and instead require two original signatures of district administrators, one of which should be the CBO or a director in Business Services.
17. Revise its bank reconciliation forms to include, for both the preparer and reviewer of the reconciliation, their printed name, signature and date the work was performed.
18. Revise its policies and procedures regarding bank reconciliations so that documentation of the district's beginning and ending account balances are included to provide a complete audit trail.
19. Ensure bank reconciliations are done monthly, preferably within two weeks of the statement date, and that any discrepancies in the underlying documentation, items of significant age or differences between the book and bank balance are investigated promptly and thoroughly.
20. Develop a stale dated check policy and procedure to ensure that items older than a specific number of months, but no older than a year, are investigated and removed from bank reconciliations on a timely basis.
21. Provide mandatory annual training to all site and district office personnel who handle ASB transactions.
22. Institute periodic, internal sample testing of ASB transactions to ensure they are processed correctly.
23. Ensure that all prior year accounts payable entries are cleared within a reasonable amount of time, such as 90 days, after the district's books are closed or in accordance with its internal policies. Develop a procedure to ensure that accounts payable objects are at zero immediately prior to commencing the next year's accounts payable posting activities.

Accounts Receivable

The district maintains several accounts to process its various inflows of cash and checks, including the following:

- Depository Account: This account is used for receipt of personal and small amount checks, many of which are received from invoices issued by the district via Excel. These checks are stamped "for deposit only" and deposited via a scanning process originated from the desk of the account technician. Details of the deposit are kept on spreadsheets, with a separate Excel spreadsheet created for each deposit, which is then used to create the journal entry to upload into the Oracle system.

  This account also receives periodic electronic deposits. Those deposits are received by the county office, and information regarding the details of those deposits are emailed from the county to the district's Budget department. An Excel spreadsheet is then prepared for each deposit for use in creating the journal entry to upload into the Oracle system.

  FCMAT's review of the district's management letters for its 2017-18 and 2018-19 audited financial statements found that this account experienced extended delays in some deposits of between 11 to 74 days in 2017-18 and from 13 to 142 days in 2018-19. The 2018-19 letter also contained a statement that cash collections at specific school sites and departments were not supported by sub-receipts.

- OCDE Treasury Account: The district sends large checks from government agencies or major corporations to the county office for deposit into this account. The checks are stamped on the back "for deposit only" and separated by the funds into which they are to be deposited. An abatement sheet prepared in Excel is sent with the checks, which provides the county office the coding to be used with the deposit. A separate Excel spreadsheet is created for each deposit for use in creating the journal entry to upload into the Oracle system.

- Benefits Account: This account is used to deposit checks received from the district's retirees for payment of their health and welfare benefits. The Benefits department bills retirees for their health and welfare benefits and collects their payments. The retirees' checks are then forwarded to the account technician two times a week for deposit processing. These checks follow the scanning process as outlined in the depository account above.

- Civic Center Account: This account is used for receipt of payments for use of the district's facilities. The district has streamlined this process through the use of Facilitron, an online service that schedules the rental requests for the district's public spaces. The district has also contracted with Facilitron to collect the revenues from those rentals. The check received from Facilitron is stamped "for deposit only" and then scanned for deposit. As with other deposits, an Excel spreadsheet is created for use in creating the journal entry to upload into the Oracle system.

- ASB Account: The district maintains one bank account for all its ASBs and separates those into sub-accounts for each school site in ASBWorks. Cash and checks are collected at each school site. Sites are provided clear plastic deposit bags, a check stamp and three-part deposit slips.

  Sites are required to perform a dual count of cash – meaning two people are present, with each counting the cash and reconciling any differences. A Coins, Bills & Checks Form is completed showing the coins, dollars and checks received. It is totaled and dated, the school site is identified, and it is signed by the two people who counted the funds. Supporting documentation is maintained; however, in the sample provided to FCMAT, no copies of checks were included although an amount for checks was listed on the Coins, Bills & Checks Form. A deposit slip is then completed that reconciles to the form. One copy (white) is included in the deposit bag, the pink copy is attached to the deposit/closeout documentation and the third (yellow) copy is kept in the deposit booklet.

  Cash and checks are placed in the deposit bag with the deposit slip, and the bag is reportedly placed in a secure location awaiting armored car pickup. Pickups are performed twice a week. When the site's deposit is picked up, the deposit information is required to be scanned and emailed to the account technician responsible for ASB transactions.

  FCMAT's review of the sample closeout form showed that the cash collection dates were November 14, 15 and 18, 2019, and these three days' collections were combined into one deposit. These dates were Thursday, Friday and Monday, which means that cash was left at the site over a weekend. School sites, even those that have security, are not necessarily the safest places to store cash. Best practice would have all cash either picked up on Fridays or brought to the district office for security purposes. This practice could also assist in addressing the district's audit findings related to deposits not being made timely, with delays up to 75 days.

  FCMAT's review of the district's management letters for its 2017-18 and 2018-19 audited financial statements found that for specific sites this account experienced deposits that did not include proper supporting documentation, cash that was not counted by two people, and insufficient documentation such that some deposits could not be traced to bank statements.

- Medco Pharmacy Account: The district became self-insured for the pharmacy portion of its Blue Shield health plan several years ago. The district maintains a constant $500,000 balance in this account. Express Scripts transfers out the funds it needs to process claims, electronically notifies the Benefits department of the withdrawal and forwards its supporting documentation regarding that withdrawal to the Benefits department. The Benefits department is responsible to review the withdrawal and supporting documentation every two weeks and then notify the Accounting department of the amount needed to replenish the account back to its $500,000 perpetual balance. The Accounting department then electronically transfers the funds to the account.
- Food Service Account: This account is used to deposit all cash received at school sites for payment of meals or a la carte sales. The Nutrition Services department issued a Standard Operating Procedure for Cash Handling General Practices dated July 20, 2018. It includes processes and procedures for daily cash handling such as opening safes, issuing cash drawers, adding change during meal service and closing drawers at the end of meal service. Two people are to count cash in a locked room, placing the cash in a sealed deposit bag with a bank deposit ticket, and both people signing the deposit ticket. The other two copies of the deposit ticket are kept on file. An armored deposit log is then completed and signed by the site supervisor or lead and the armored transport representative. Armored pickups to secondary school sites occur weekly. Elementary site deposits are picked up once a month if they reach $100 or more. If they are less than $100, the site lead brings the money to the Nutrition Services office at their scheduled monthly meeting, and these are consolidated into one deposit by the department's administrative secretary. The consolidated deposit is then logged into the armored pickup log. The armored pickup from the Nutrition Services office is monthly, timed to coincide with the leads' monthly meeting.

  FCMAT's review of the district's management letters for its 2017-18 and 2018-19 audited financial statements found that this account experienced extended delays in some deposits of between 15 and 24 days in 2018-19.

For all of these bank accounts, FCMAT requested copies of bank statements and reconciliations for the months of August and October 2019. A sound internal control structure would include a procedure that bank statements and account balances are reconciled monthly by a person independent from the original transaction and recording process. That process would also include that both the person performing the work and the person reviewing the work indicate their name and the date the work was performed and apply their signature to the reconciliation.

FCMAT's review of the August and October 2019 bank statements and reconciliations found the following:

- Depository Account: For both August and October, the reconciliations each contained two sets of initials, presumably for the person performing the reconciliation and the reviewer. In August, those initials were dated 9/18/19 and 9/19/19. The October 2019 reconciliation was undated.

  FCMAT's review of this account showed that some deposited checks were returned for non-sufficient funds. District staff reported that these could be student fees or donations from parents. In the case of student fees, the student's payment is removed from their account, and the fee for the returned check is added to their account. In the case of a donation check that is returned, the site or department where it originated is contacted, and they determine whether to contact the parent.

- OCDE Treasury Account: For both August and October, the reconciliations are a series of Excel spreadsheets reconciling the cash balance in Oracle to the cash balance held in the Orange County Treasury account. None of the spreadsheets show the date the work was performed or the persons creating or reviewing the spreadsheets. Interviews with staff revealed that the district just started reconciling the Oracle cash balance to the County Treasury balance this fiscal year. Staff reported that the reconciliation takes approximately three to five days to perform, and no one reviews it. This entire process would be unnecessary if the district used the OCDE's financial system or had a financial system that electronically linked to the OCDE system.

- Benefits Account: For both August and October, the reconciliations each contained one set of initials. There was no indication whether those initials were the preparer's or the reviewer's, and the initials that were present were undated. No documentation that showed proof of the district's account beginning or ending balance was included in the reconciliation to provide a complete audit trail.

  FCMAT's review of the August 2019 bank statement showed a deposited item that was returned due to insufficient funds. When this occurs, the Benefits department is contacted and, unless the retiree is able to provide cash immediately, the retiree's benefits are cancelled.

- Civic Center Account: For both August and October, the reconciliations each contained one set of initials. There was no indication whether those initials were the preparer's or the reviewer's, and the initials were undated. While the reconciliation documentation included a printout showing the district's account ending balance, it was missing documentation on the account's beginning balance.

- ASB Account: FCMAT's review of the district's management letters for its 2017-18 and 2018-19 audited financial statements found that, for the 2017-18 fiscal year, bank reconciliations for the ASB account had not been completed after February 2017. For the 2018-19 fiscal year, the reconciled balances on the bank reconciliations did not agree with the ASB general ledger system.

  FCMAT's review of both August and October show that the reconciliations each contained one set of initials, even though the form in some cases provided a signature line and space for a date for both the preparer and the reviewer. There was no indication whether the initials were the preparer's or the reviewer's, and the initials were undated. However, assuming the printing date on the reconciliation documents is the date that the work was performed, August 2019 was completed on December 9, 2019 and October 2019 was completed on February 4, 2020.

  FCMAT was able to reconcile the bank's beginning and ending balances to the total of the 27 accounts that comprise the ASB bank account for both August and October 2019, but was not able to reconcile the ending book balances for these accounts. For August 2019, of the 27 ASBs with funds in this bank account, 16 (or 59%) did not have their book balance reconciled to the bank balance, leaving approximately $7,700 to be included in one or more ASB accounts. For October 2019, 19 (or 70%) did not have their book balance reconciled to the bank balance, leaving approximately $84,000 to be included in one or more ASB accounts. The escalation in both the number of ASB accounts that are not reconciled and the amount left unreconciled should be of great concern to the district.

- Medco Pharmacy Account: For both August and October, the reconciliations each contained one set of initials. There was no indication whether those initials were the preparer's or the reviewer's, and the initials that were present were undated. While the reconciliation documentation included a printout showing the district's account ending balance, it was missing documentation on the account's beginning balance.
- Food Service Account: For August 2019, the reconciliation contained a signature; the October 2019 reconciliation contained one set of initials. There was no indication whether the signature or initials were the preparer's or the reviewer's, and neither was dated. FCMAT's review found these reconciliations difficult to follow because the amounts shown on the bank statement were divided among multiple lines on the reconciliation. Showing the divided amounts for district use in one column and the total amounts in another column to match the bank statement would improve clarity of these reconciliations. While the reconciliation documentation included a printout showing the district's account ending balance, it was missing documentation on the account's beginning balance.

Year-End Closing

At the end of each fiscal year, the district reviews its revenue accounts to determine if funds are outstanding that need to be posted as an accounts receivable asset item and appear in each respective fund's balance sheet in that fiscal year's unaudited financial statements. During the next year, as those funds are received, entries should be made so that the accounts receivable debit balance is reduced. This balance should ultimately be reduced to zero to avoid the district having duplicate revenue items in multiple years – the first time, the year that the item was posted into accounts receivable; and the second time, when the funds are received and the accounts receivable asset is not reduced – thereby overstating its revenues.

Interviews with staff indicated that the district's standard practice is to reverse all accounts receivable entries as soon as its books are closed, and perform this task no later than October of the following fiscal year. This is one methodology used for clearing accounts receivable entries. The other is matching each individual revenue item; however, this is more time-consuming.

The district's 2018-19 unaudited actuals reflect a total accounts receivable asset of $23,893,091.77. FCMAT analyzed the detailed Excel report of the district's June 30, 2019 accounts receivable entries as of November 30, 2019 and found that the total debits (or additions to accounts receivable) was $14,110,953.97 and the total credits (or reductions to accounts receivable) was $33,458,059.99. Based on these results, the district has not followed its stated practice of clearing accounts receivable items by October.

Recommendations

The district should:

1. Develop policies and procedures to ensure that funds are deposited weekly in all its bank accounts.
2. Develop policies and procedures to ensure that all deposits contain proper and complete supporting documentation.

3. Adjust its processes for ASB deposits to include copies of any checks received so that the ASB has a complete record of all items included in its deposits.
4. Reinforce its policy that requires two people to count cash at all times.
5. While the district's Coins, Bills & Checks Form has a space for signature of those who performed the count, it should add a second signature line to reinforce the need for two people to sign for this task.
6. Ensure that all ASBs have a fireproof safe in which to store cash and checks while awaiting armored car pickup.
7. Revise its procedures for ASB deposits to reflect that no cash is to be held at school sites over weekends or school recesses and that if armored car pickup has not been accomplished on the last day of school prior to the weekend or recess, to bring cash to the district office for security purposes.
8. Revise its bank reconciliation forms to include the printed name, signature and date the work was performed for both the preparer and reviewer of the reconciliation,.
9. Immediately investigate and consider utilizing the county office's financial software system, Business Plus, as well as its other modules to provide the district with a fully integrated software system to eliminate the time spent in reconciling cash between the Oracle system and Business Plus. Alternatively, investigate other systems that could fully integrate electronically with the county office system.
10. Revise its policies and procedures regarding bank reconciliations so that documentation of the district's beginning and ending account balances are included to provide a complete audit trail.
11. Ensure bank reconciliations are done monthly, preferably within two weeks of the statement date, and that any discrepancies in the underlying documentation or between the book and bank balance are investigated thoroughly.
12. Provide annual training to all school personnel who deal with ASBs to ensure they follow correct procedures in processing their transactions.
13. Revise bank reconciliation forms as needed so they are easily translated to the underlying bank statements.
14. Ensure that all prior year accounts receivable entries are cleared within a reasonable amount of time, such as 90 days after the district's books are closed or in accordance with its internal policies. Develop a procedure to ensure that accounts receivable objects are at zero immediately prior to commencing the next year's accounts receivable posting activities. If there are any remaining accounts receivable entries for which funds have not been received, investigate whether or not those funds are still collectible and if they may continue to be recognized on the district's books (as defined in Procedure 101 of the California School Accounting Manual).

Payroll

The district's Payroll department is tasked with paying approximately 7,000 employees and 1,200 substitutes over three monthly payroll cycles, on the 10th, 25th and last day of each month.

Payroll Processing

Payroll processing is a function that utilizes both the district's Oracle system and the OCDE system to be able to issue payroll warrants and pay stubs each month. As discussed in the Financial Software System section of this report, processing transactions in two financial systems is neither an effective nor efficient practice.

The payroll process includes multiple sources of information that are converted to various spreadsheets that are uploaded to Oracle. The Oracle system acts as a data repository that then transfers information to the OCDE system to generate the district's payroll warrants and pay stubs, for those who have elected direct deposit. In addition to all the electronic systems and spreadsheets that are used in the process, the Payroll department relies on a handwritten record for each employee that summarizes payroll data for each fiscal year. Each card contains the employee's demographic information, hire date, retirement system, salary or rate of pay, account coding, garnishments, extra duty assignments, overtime, etc. It also contains, by monthly payroll cycle, spaces to record regular pay, adjustments/absences, extra duty, gross pay, earned salary advance and a space for explanations. There is also space on the reverse side of the form for leave balances. These records are referred to as earnings records. They are kept at the payroll technicians' desks but not in locked, secure cabinets. Keeping this much personal information on one unsecured document can pose potential identity theft issues should they be accessed or removed by unauthorized personnel. Staff indicated that the Payroll department also maintains payroll files on all employees, and those files are kept in unsecured filing cabinets.

In addition, past years' earning cards are stored in two ways. Some were scanned to Laserfiche during the years the district had that policy in place, which makes it easier to research information in those records. Since that policy ceased, each year's cards have been left in hard copy and are either located in files by year or are still on the payroll technicians' desks.

Normally, the repository for this type of in-depth information is the payroll history maintained by a district's financial system in conjunction with each employee's physical payroll file. Because the district operates from two financial systems, neither has the complete payroll information for an employee. Having to move between two systems to research a payroll issue would take a substantial amount of time. Consequently, the district implemented, and continues to use, this antiquated manual system.

As noted above, information needed to process payroll comes from various sources. It starts with information the HR department inputs in Oracle HR, which can include new employees or other items such as changes to an employee's salary. Each night, Oracle HR interfaces with the county office's financial system, and a Santa Ana OCDE Payroll Interface report is run the following morning to identify the changes made. The report is used by the payroll technicians to verify the information and update individual earnings records.

Employee health and welfare benefit changes and new employee benefit selections and their payroll implications are entered by the Benefits department in the Oracle benefits module which, like Oracle HR, interfaces with the county office financial system.

Employees whose monthly wages are equalized over the fiscal year are incorporated in the payroll process through the information in Oracle HR. However, hourly employees such as classified hourly employees who work less than four hours per day, ROP teachers and certificated employees with extra duty must complete timesheets. At present, this is a manual paper system; however, interviews indicated the district is working to implement Frontline Education as its employee electronic time and attendance system beginning with the 2020-21 fiscal year.

The manual paper timesheets do not report the time that the employee arrives or leaves; they report only total hours worked per day. Timesheets are completed by the employee, signed, dated and then turned in to the site or department by the 10th of the month for certificated employees and the 15th of the month for classified employees. Each timesheet is based on the type of work performed, so an employee has the potential to complete multiple timesheets for the same time period if they perform different types of work or are at different sites. The principal or department head approves the timesheets, based on who the employee performed the work for, and forwards them to the Payroll department for processing. Payroll technicians review them for accuracy and approval and manually key them in a spreadsheet, which is then forwarded to the payroll specialist for consolidation and upload to Oracle. This system of different approvers signing different timesheets for the same employee and no reporting of time in and out presents an opportunity for employees to be paid multiple times for the same time period.

The HR department reviews the information in eSchool Solutions (formerly Sub Finder Express) for substitutes who have been called for certificated and classified positions. The eSchool Solutions report is run by the Information Technology department, converted to a spreadsheet and forwarded to the payroll technicians. Payroll technicians are then responsible to review the report and correct any errors, such as account coding, before that information can be uploaded to Oracle.

In addition to entering their absence in eSchool Solutions to obtain a substitute and/or notifying their supervisor of their absence, all employees are required to enter their absence in Oracle. This is the first year of this requirement for all employees and came about because simply requesting a substitute in eSchool Solutions was not properly affecting an employee's leave balance. eSchool Solutions does not include information on leave entitlements, and the district found that employees were exceeding their leave allowances. This caused overpayments to employees and additional work by Payroll department staff to collect those overpayments.

The district has begun investigating and running reports to compare eSchool Solutions with Oracle to determine whether employees are reporting their absences in Oracle. Even with the new requirement, the district has found that not every employee has been reporting their absences, which will result in overstatements of leave balances. In a recent step toward implementation of Frontline, the district found a long list of employees who have overused their leaves, which will require additional efforts to collect overpayments. Because the list was only recently discovered, district personnel have not had sufficient time to quantify the amounts owed by employees. The district anticipates that implementation of Frontline will resolve the issue of inaccurate leave balances in Oracle and eliminate the need to collect overpayments from excess leave usage.

Those who have exceeded their leave balances are docked pay. The Payroll department uses the information in Oracle to determine who has exceeded their balance; therefore, the accuracy in Oracle is crucial in processing payroll. Even if the report from Oracle shows that an employee should be docked for excess time taken, research is needed to determine whether there is a differential or partial dock in pay or whether it is a situation where the employee will not receive any pay for that absence. All employee pay docking information is placed in a spreadsheet, which is uploaded to Oracle.

Site office managers have the responsibility to prepare the conference period spreadsheet, which reports any district teachers who have provided substitute coverage during their open/free period for an absent teacher. The district does not require this spreadsheet to be reviewed or approved at the site level. Instead, approval is based on each teacher who provides conference period coverage having an eSchool Solutions job number; however, there is no process to ensure that the job numbers provided are correct. Each site's completed spreadsheet is forwarded to the manager of payroll who consolidates it into one large spreadsheet that is uploaded to Oracle.

Another challenge to the district's payroll process is ensuring that step and column movement occurs correctly. Certificated employees receive their step and column movement as of July 1 of each fiscal year. For classified employees, it is more complicated:

- If continued employment is recommended by the evaluator on the probationary employee's fifth month evaluation without one or more unsatisfactory checks on the district's evaluation form, the probationary employee will advance one salary step effective at the beginning of their seventh month of employment.
- At the ninth month of service, if the supervisor recommends the probationary employee receive permanent status, the permanency occurs at the beginning of the 11th month of employment. The employee's anniversary date is then established eight months after the permanency date.
- At the anniversary date, a salary step increase occurs and then occurs annually thereafter.

Further complicating this process, Assembly Bill 1353 was signed into law on October 7, 2019 and revised Education Code Section 45113. This law is effective January 1, 2020 (or upon the collective bargaining agreement's expiration or renewal date if entered into before January 1, 2020) and changes the classified probationary period to six months or 130 days of paid service, whichever is longer.

A fully functioning integrated position control system would be able to assist in determining correct step and column movement, which would then drive payroll. However, the district does not have such a system, and its position control spreadsheet neither has this information nor would it be an efficient substitute if it did. Payroll technicians must work with the HR department (due to the evaluation component of attaining step movement) to constantly monitor and double check the employees assigned to them to ensure that step movements occur on the dates specified in their contracts.

During most fiscal years, the district reaches settlements with its four collective bargaining units and those settlements often involve an increase in salaries that reaches into the past. Those types of payments are termed "retros" because they reflect a retroactive payroll payment. Interviews with staff indicated there are two different systems for retroactive payments for districts in Orange County. For those on the OCDE financial system, the county office obtains the tentative agreement from the district and applies its terms to the employees' salaries without much involvement by the individual district's Payroll department. Because Santa Ana is not on the OCDE financial system, its Payroll department must review each line of payroll, approximately 70,000 lines, to make its changes. While districts that use the OCDE financial system have a relatively short turnaround time for their retros, Santa Ana's retros take approximately two weeks to process before they can be added to the next available payroll cycle, which may delay payment of those funds to employees.

After this multitude of information has been collected, converted to spreadsheets, uploaded to Oracle and interfaced with the county office's financial system, payroll prelists are prepared. During the preparation of all the above information – salaries, hourly wages, substitutes, absences, step/column movements, etc. – payroll technicians update all of their assigned employees' earnings records. The payroll technicians then use the earnings records to audit the payroll prelist, which is another manual process to ensure that the payroll is correct. OCDE allows a one-day period for any changes to be made to the payroll. The district's manager of payroll uses a different process to review and balance payroll, which was developed by OCDE and documented in a handbook dated January 17, 2018. This is a more forensic approach in that it doesn't look at the individuals in the payroll process but, instead, looks at totals within accounts.

Once the payroll has passed through the audit, review and balancing process, a Payroll Fund Transfer Authorization is signed by the manager of payroll and sent to OCDE to authorize it to run the payroll.

OCDE processes the payroll as submitted by the district and issues the payroll warrants for those who receive a paper check. There are no hard copy payroll stubs for those who use direct deposit. All employees have access to their Employee Information System account from OCDE, which allows them to look up their pay stubs and print them. If an employee encounters problems with the process, they can contact the payroll clerk and she can walk them through the process, or they can visit the office and the payroll clerk will help them.

The payroll warrants are delivered to the district from OCDE, and three people are authorized to accept delivery: the manager of payroll, one payroll technician and the payroll clerk. The payroll clerk has no duties in the payroll process other than the receipt and distribution of the payroll warrants. However, this is not the case for the manager of payroll and the payroll technician. Interviews indicated that the manager of payroll has the ability to add a person to the payroll in case of emergency without going through the HR department. Allowing this position to also accept payroll warrants violates the concept of segregation of duties and would allow a single person the ability to add a ghost employee, receive the payroll warrants and remove the ghost employee's warrant without anyone's knowledge. Should an emergency arise, the proper procedure would be to use the revolving fund as described below.

In addition, allowing the payroll technician to process payroll and also be able to accept the payroll warrants does not adhere to segregation of duties that will prevent the same person from initiating, processing and mailing transactions and from posting the transactions in the accounting records. Proper segregation of duties dictates that different employees should be assigned payroll processing and receipt of warrants.

The payroll clerk distributes the payroll warrants. Employees who receive payroll warrants have two ways to obtain them. They, or their designee, can visit the Payroll department at the district office to pick them up and sign for receipt, or they may have them mailed. If the employee picks up their own payroll warrant, they must provide photo identification, verify the last four numbers of their Social Security number, and sign for receipt of the warrant. Each time an employee chooses to have someone else pick up the warrant for them, there must be written authorization or an email from the employee with specific instructions on who is being authorized in their stead. The designee is also required to provide photo identification to the payroll clerk before the warrant is released.

The OCDE system provides a list of employees receiving payroll warrants. All those that are not picked up are mailed by placing them in the mail room just ahead of mail carrier pickup. If the mail carrier pickup is missed, the payroll warrants are left in the mail room overnight. This area is not locked and secured; therefore, any payroll warrants that are not picked up by the mail carrier should be placed in a locked safe overnight.

OCDE also includes vendor payment checks – such as those for payroll deductions for tax deferred investments, garnishments, etc. – with its delivery of the payroll warrants. These are handled in the same manner as the mailing of employee payroll warrants.

Labor Code Section 246(i) provides that "[a]n employer shall provide an employee with written notice that sets forth the amount of paid sick leave available, or paid time off leave an employer provides in lieu of sick leave, for use on either the employee's itemized wage statement described in Section 226 or in a separate writing provided on the designated pay date with the employee's payment of wages." The district does not provide this information on its payroll warrants or its payroll stubs. Employees are required to log onto the Oracle system to obtain this information.

Overpayments and Payroll Errors

There are many causes for overpayments, and this is especially true with the district's system of running payroll. There are instances where employees are overusing their leaves, the wrong stipend is paid, employees are docked the wrong amount or payroll information is not provided timely to the Payroll department, such as in instances where termination information is late in reaching payroll. Whatever the circumstances that generated the overpayment, the Payroll department is tasked with collection.

Once the department is aware of the overpayment, the employee is contacted and, for current employees, arrangements are made for repayment – usually in the next pay cycle. However, if a large amount is due, the district will allow the repayment to be paid over more than one month. The total amount of the debt due to the district by current employees for overpayments was minimal; however, with the district's recent discovery of multiple employees overusing their leaves, this amount will undoubtedly grow.

For those employees who were overpaid at termination, the district sends them two letters to attempt collection. If there is no success with those letters, the matter is sent to a collection agency. District staff estimated about 80% of these overpayments are with the collection agency, or approximately $20,000.

Payroll errors that result in an employee's pay being shorted are also an issue that confronts districts. Education Code Section 45167 states "[w]henever it is determined that an error has been made in the calculation or reporting in any classified employee payroll or in the payment of any classified employee's salary, the appointing authority shall, within five workdays following such determination, provide the employee with a statement of the correction and a supplemental payment drawn against any available funds." Even though this statute specifically refers to classified employees, the provision has been deemed to also include certificated employees.

To deal with such errors, districts typically maintain a revolving fund so that payment can be made to employees within the five-day deadline imposed by this code section. However, interviews with staff indicated that some payroll errors, such as failure to provide a step or column increase, inaccurate rate of pay or late timecards due to delays by district personnel, require employees to wait until the next payroll cycle. If the error is made by the district, this is a violation of Education Code Section 45167.

As described above, two financial systems are used in the district's payroll process. Oracle provides data to the county office financial system, and the county office financial system prepares payroll. While there is a daily interface between the two, it remains a confusing and inefficient process, and Oracle does not contain the full payroll history. Oracle was described by many employees as being very unreliable regarding payroll information. The OCDE financial system provides accurate payroll information. As a result, at the end of each payroll cycle, a payroll report is generated from the OCDE financial system and uploaded to Oracle so that the district's financial system has the correct payroll expense information.

Recommendations

The district should:

1. Immediately investigate and consider utilizing the county office's financial software system, Business Plus, as well as its other modules to provide the district with a fully integrated software system. Alternatively, investigate other systems that could fully integrate electronically with the county office system.

2. Immediately develop processes and procedures to secure earnings records, and other employee payroll files, overnight and during periods when Payroll department employees are away from their desks and are unable to supervise access to same.

3. Upon implementation of a fully integrated software system, provide training to its payroll personnel to eliminate use of the earnings records.
4. Develop policies and procedures for review of employees who present multiple timesheets for a single payroll period to ensure that duplicate timekeeping has not occurred.
5. Ensure that any manual or paper timesheets include time in and time out information.
6. Ensure that the implementation of Frontline resolves the issue of incorrect leave balances and, if not, develop processes and procedures to ensure correct leave balance reporting.
7. Develop processes and procedures to ensure that conference period spreadsheets are reviewed and approved at the site level and that all job numbers are active and correct.
8. Ensure that the complications related to classified employees' step movements are factored into the district's research regarding any new financial software system to ensure that the new system can accommodate these parameters.
9. Remove the manager of payroll position's ability to add employees to the payroll system.
10. Revise its list of employees that may accept payroll warrants to include only those who do not have payroll processing duties.
11. Place any payroll warrants or payroll vendor warrants that miss the mail carrier pickup into a locked safe overnight.
12. Immediately develop a methodology to provide employees their paid leave balances on their pay date in compliance with Labor Code Section 246(i).
13. Ensure that if it makes an error on the employee payroll, a corrected payment is made within five working days of discovery of the error to comply with Education Code Section 45167.

Appendices

Appendix A - Sample Hotel/Motel Transient Occupancy Tax Waiver

Appendix B - Study Agreement

HOTEL/MOTEL TRANSIENT OCCUPANCY TAX WAIVER EXEMPTION CLAIM FOR GOVERNMENT AGENCIES

Name: ____

Title: ____

Employed By: ____
District Name/Federal ID Number

Hotel/Motel: ____

Location: ____

Arrival: ____

Departure: ____

This is to certify that I, the undersigned, am a representative or employee of the school district indicated above. The district is an agency of the State of California. The charges for the occupancy at the above establishment on the dates set forth have been, or will be, paid for by such governmental agency, and such charges are incurred in the performance of my official duties as a representative or employee of the above-noted governmental agency.

I hereby declare, under penalty of perjury, that the foregoing statements are true and correct.

______________________________ ____________________
Signature of Employee Date

INSTRUCTIONS TO EMPLOYEE: Please check with the hotel/motel when making your reservations to see if they allow Transient Occupancy Tax Exemptions. If they do, complete this form and fax it to the hotel/motel either ahead of your arrival or, if acceptable to them, at the time of registration.

INSTRUCTIONS TO HOTEL/MOTEL: Please retain this form for your files in order to substantiate your tax report.

FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
October 4, 2019

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

1. <u>BASIS OF AGREEMENT</u>

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

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

2. <u>SCOPE OF THE WORK</u>

A. <u>Scope and Objectives of the Study</u>

1. Review the district's 2019-20 adopted general fund budget and multiyear financial projection (MYFP) for the current and two subsequent fiscal years to validate the district's financial status. The budget review will be a snapshot in time of the district's current financial status. Make recommendations for expenditure reductions and/or revenue enhancements to help the district maintain financial solvency.

2. Review operational processes and procedures for the business services department and make recommendations for improved efficiency, if any, in the following areas:

   - Budget development
   - Budget monitoring
   - Position control
   - Accounts payable

1

- Accounts receivable
- Payroll

B. Services and Products to be Provided

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

3. PROJECT PERSONNEL

The FCMAT study team may include:

A. To be determined	***FCMAT Staff***
B. To be determined	***FCMAT Consultant***
C. To be determined	***FCMAT Consultant***
D. To be determined	***FCMAT Consultant***

4. PROJECT COSTS

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

2

A. $800 per day for each staff member while on site, conducting fieldwork at other locations, preparing or presenting reports and participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate for all work performed.

B. All out-of-pocket expenses, including travel, meals and lodging.

C. The district will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon the district's acceptance of the final report.

Based on the elements noted in section 2A, the total not-to-exceed cost of the study will be $46,600.

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

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

5. **RESPONSIBILITIES OF THE DISTRICT**

A. The district will provide office and conference room space during on-site reviews.

B. The district will provide the following if requested:

1. Policies, regulations and prior reports that address the study scope.
2. Current or proposed organizational charts.
3. Current and two prior years' audit reports.
4. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the district and sent to FCMAT in electronic format.
5. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the district will upload all requested documents.

C. The district's administration will review a draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report.

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

6. **PROJECT SCHEDULE**

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

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

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

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

8. **INDEPENDENT CONTRACTOR**

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

9. INSURANCE

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

10. HOLD HARMLESS

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

11. CONTACT PERSON

Name: Thomas Stekol, Ed.D.
Telephone: (714) 558-5501
E-mail: Thomas.stekol@sausd.us

Tom Stekol 10-7-19

Thomas Stekol, Ed.D., Deputy Superintendent Date
Santa Ana Unified School District

Michael H. Fine October 4, 2019

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

5