

# FCMAT

FISCAL CRISIS & MANAGEMENT  
ASSISTANCE TEAM

## Fiscal and Human Resources Review

May 17, 2023

## Central Unified School District

Michael H. Fine  
Chief Executive Officer

May 17, 2023

Ketti Davis, Superintendent  
Central Unified School District  
4605 N. Polk Avenue  
Fresno, CA 93722

Dear Superintendent Davis:

In October 2022, the Central 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 fiscal services and human resources departments. The agreement stated that FCMAT would perform the following:

1. Review operational processes and procedures in the fiscal 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
2. Review operational processes and procedures in the human resources department and make recommendations for improved efficiency, if any.
3. Evaluate the current workflow and distribution of functions within and between the above departments and make recommendations for improved efficiencies, if any.
4. Conduct an organizational and staffing review of the above departments and make recommendations for staffing improvements and organizational restructuring, if any.

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

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

Sincerely,



Michael H. Fine  
Chief Executive Officer

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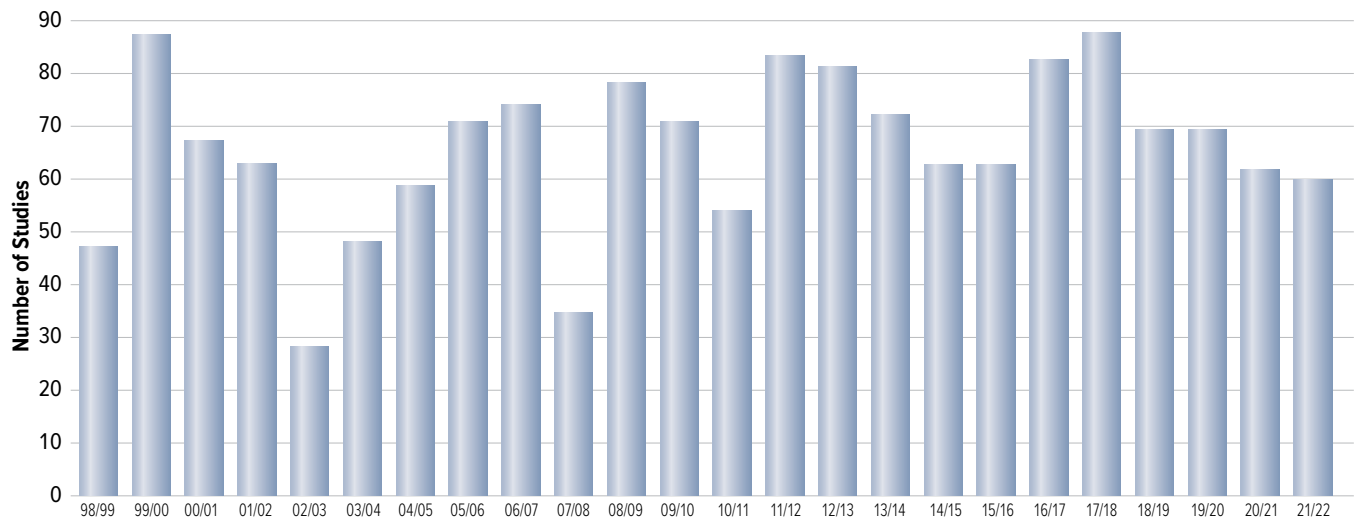
# About FCMAT

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

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

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

**Studies by Fiscal Year**



FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of TK-14 LEAs and the implementation of major educational reforms. FCMAT also develops and provides numerous publications, software tools, workshops and professional learning opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website ([www.ed-data.org](http://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 1,400 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Michael H. Fine, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

# Introduction

## Background

Located in Fresno County, the Central Unified School District has a seven-member governing board and serves preschool through adult students at 14 elementary schools, three middle schools, three high schools, three alternative educational programs and one adult school. According to data from the California Department of Education (CDE), the district's student enrollment increased steadily over the last two decades; total transitional kindergarten through grade 12 (TK-12) enrollment peaked at 15,893 in 2017-18 and has remained flat or declined slightly to 15,742 in 2022-23. As of the 2022-23 first principal apportionment certification (the latest data available), the district's unduplicated count of English learner, socioeconomically disadvantaged and foster youth students was 81.3% of enrollment.

## Study and Report Guidelines

In October 2022, the Central 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 Fiscal Services and Human Resources departments.

FCMAT visited the district in person on December 5-7, and 14 and virtually on December 12, 2022 to conduct interviews with district and school site staff, collect data and review 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:

Erin Lillibridge, CFE  
FCMAT Intervention Specialist

Diane Branham  
FCMAT Chief Analyst

Rita Sierra Beyers  
FCMAT Consultant

John Lotze  
FCMAT Technical Writer

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

# Executive Summary

Over the last two decades, the district has experienced significant growth due to rapid development in the communities it serves. To meet its organizational needs, the district's staffing and operational procedures, particularly those in the Fiscal Services and Human Resources departments, need to be adjusted in alignment with its enrollment.

School districts should be staffed according to the basic theories of organizational structure and the standards used by other local educational agencies (LEAs) of similar size and type. A review of comparable LEAs and interviews with staff indicate that the Fiscal Services and Human Resources departments are understaffed by up to 4.0 and 3.0 full-time equivalent (FTE) positions, respectively. It may be beneficial to assign some tasks performed by human resources and fiscal services to other departments. Additionally, some fiscal services and human resources positions provide services that are performed by different positions in other districts.

The division of labor among some staff members may not be equitable, and some duties may need to be reassigned. The district would benefit from a desk audit in which staff complete a one-month time analysis of daily job duties. The district is planning to complete a job classification study. The information from this report, desk audit and/or job classification study should provide the district with the data necessary to address staffing needs and improve workload efficiencies. Training should be provided when duties are transferred between departments or employees.

A review of fiscal services' processes and procedures indicates the following areas could benefit from additional support: risk management, purchasing, associated student bodies (ASBs), attendance, position control, and budgeting. Human resources could improve efficiencies by reclassifying some of its positions, restructuring its chain of command, and adding at least 1.0 FTE position. In addition, it may benefit the district to consider reassigning certain duties, such as Affordable Care Act compliance and budget account coding, from human resources to fiscal services.

Organizational charts are important graphical representations of the roles, responsibilities, and relationships between positions within a district; they identify the chain of command and the functional areas for which each staff member is responsible. The district needs to update its organizational charts to include all positions, the correct title for each position, accurate lines of authority, and the governing board's approval date. It also needs to review, revise and update its job descriptions at least annually to ensure their accuracy.

Internal controls are the foundation of sound fiscal management; they ensure efficient operations, reliable financial information and legal compliance. Internal controls also protect the district from material weaknesses, serious errors and fraud. The district needs to implement several changes to its purchasing, accounts payable, accounts receivable, payroll, position control and human resources processes, as discussed in this report, to improve its internal controls. It must also ensure it has accurate written policies and procedures for key functional areas, as well as desk manuals that include step-by-step procedures for each job duty.

The district uses multiple software systems to support its fiscal and human resources functions. The Fresno County Office of Education manages and supports Everest, the district's primary system of record for all financial and personnel data, including purchasing, payroll, accounting and budgeting. The district uses Digital Schools, an independent, third-party software system, for its position control system. To be effective, the position control system must be integrated with other financial modules, such as budget and payroll. Because these functions do not integrate automatically, the district needs to establish procedures to manually reconcile position control to budget and payroll. Position control functions must also be separated

to improve internal controls; such internal controls ensure that only board-authorized positions are entered in the systems, that human resources hires only for authorized positions, and that payroll pays only employees in authorized positions.

School district budgets change throughout the year as new information becomes available. The district should develop comprehensive budget development and monitoring procedures including a budget calendar and processes for the following: input from the executive cabinet, schools and department leaders; position control updates; staff assignments for categorical program monitoring, and coordination and preparation of multiyear financial planning by resource code (the funding source). Enrollment and attendance projections need to be based on historical trends, while staffing projections need to be based on board-approved ratios. Funds must be used according to board-approved expenditure plans, with restricted funds expended before unrestricted funds. The district needs to revise its chart of accounts to facilitate the use of these best practices.

If there is insufficient time to process payments through the accounts payable or payroll processes (e.g., when an employee has not been paid or has been paid incorrectly), the district can use revolving cash funds to make immediate payments. The district needs to revise its board policies to establish a standard revolving cash fund and increase it to the maximum amount allowed per Education Code (EC) 42800.

The district has established core values and beliefs to guide its operations according to its mission and goals; district leaders should ensure they model these guiding principles and that all staff uphold them. The Fiscal Services and Human Resources departments need to establish regular staff meetings for their departments, as well as continue to meet monthly together to strengthen procedures related to payroll, budget and position control. The payroll and human resources staff may also benefit from establishing regular meetings to review and resolve common issues that lead to payroll errors. The directors of both departments need to be held accountable for establishing and managing these meetings to ensure their productivity, and they should include other departments, such as educational services, when necessary.

Effective collaboration is challenging for the Fiscal Services and Human Resources departments, in part because their offices are located on two different sites. Consequently, most communication occurs via email or telephone. The district needs to establish a standard of one business day for responses to email and telephone inquiries, and hold employees accountable for following it. In addition, the district should continue its plans to relocate the fiscal services staff to its main district office, where the human resources office is also located, to improve collaboration between the two departments.

To improve the efficiency of its hiring practices, the district should allow new hires to begin working once appropriately cleared, and revise the hiring process to have the governing board routinely ratify candidates for hire. Human resources should develop a new way to organize requests for positions and track key steps in the recruitment and selection process, to improve communication with hiring managers and increase efficiencies. Finally, the district should establish a districtwide process for entering employee absences, and enforce procedures and deadlines to ensure payroll overpayments are minimized. The district uses Digital Management Systems (DMS) and SmartFind to record and/or track employee leaves and absences. Because these systems do not interface with one another, the district should reconcile the information in these systems routinely to ensure the accuracy of its data, reduce payroll errors, and support the overall effectiveness of the departments' work.

# Findings and Recommendations

## Organizational Structure and Staffing

Organizational structure establishes the framework an institution, such as a school district, uses to define leadership roles and delegate specific duties and responsibilities to all staff members. It is normal and best practice for district leaders to manage this structure to maximize resources and achieve identified goals, and to adapt it as needed as a district's enrollment increases or declines.

The purpose of organizational structure is to help management make key decisions to facilitate student learning while balancing staffing and financial resources. An effective organizational design outlines the management process and its specific links to the district's formal system of communication, authority and responsibility. Authority in a public school district originates with the elected governing board, which hires a superintendent to oversee the organization. Through the superintendent, authority and responsibility are delegated to the district's administration and staff.

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

### Span of Control

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

### Chain of Command

Chain of command refers to the flow of authority in an organization. Chain of command is characterized by two significant principles: unity of command, in which a subordinate is accountable to only one supervisor, thus eliminating the potential for conflicting direction from multiple supervisors; and the scalar principle, in which authority and responsibility should flow in a direct vertical line from top management to the lower levels. The result is a hierarchical division of labor.

### Line and Staff Authority

School district organizational structure has both line and staff authority. Line authority is the relationship between supervisors and subordinates and refers to the direct line in the chain of command. For example, in the Central Unified School District, the superintendent has direct line authority over the assistant superintendent/human resources, and the assistant superintendent has direct line authority over the director of human resources. In contrast, staff authority is advisory in nature. Staff personnel do not have the authority to make and implement decisions, but act in support of supervisors who have line authority.

Management positions are responsible for supervising employees and the work of their respective departments. They must ensure staff members understand all district policies and procedures and perform duties in a timely and accurate manner. A manager also serves as the liaison between their department

and others to identify and resolve problems and design and modify processes and procedures as needed. Management positions are typically not responsible for routine daily functions; these activities are best assigned to department staff.

## District Organizational Charts

Organizational charts are useful graphic representations of the roles, responsibilities, and relationships between positions within an organization and can depict the structure of an organization as a whole or broken down by departments or units. Organizational charts typically delineate the organization's chain of command. A chain of command benefits an organization by increasing efficiency, supporting all employees, simplifying delegation, creating and clarifying accountability, and standardizing communication.

The district's organizational chart dated September 2022 shows the assistant superintendent/human resources oversees the director of human resources, who has direct line authority over the supervisor of student support services, who has direct line authority over the director of athletics. However, information collected during fieldwork and the human resources organizational chart indicated the assistant superintendent/human resources supervises all three positions, as well as the student information systems manager.

The district also provided FCMAT with organizational charts for the Fiscal Services and Human Resources departments. These documents are not dated, and some information is missing or incorrect. For example, the fiscal services organizational chart does not include the executive secretary II position, and the title for the senior accounting manager is incorrect; the human resources organizational chart does not include accurate reporting lines for most positions.

In interviews, district staff, particularly those in human resources, could not clearly articulate who their direct supervisors were. They frequently knew who had completed their latest evaluations but that was not always the person they identified as their supervisor. Others stated one person was their direct supervisor, a different person supervised their day-to-day work, and a third person completed their evaluation. In addition, the information provided by interviewees on supervision did not align with that contained in the organizational chart or job descriptions.

The lack of alignment between the district's organizational charts and chain of command results in an informal structure that differs from the formal structure; this difference has led to workflow inefficiencies and confusion regarding employee supervision. An organizational chart is important because it shows the structure and the relationship of all positions to one another. This document is also necessary to identify the chain of command and the functional areas for which each staff member is responsible. For clarity and consistency, position titles on organizational charts should match those on approved job descriptions; and all charts should be dated and revised as often as needed to ensure their accuracy.

## Job Descriptions

Job descriptions should be updated regularly to reflect the changing requirements of each position. The Society for Human Resource Management recommends updating job descriptions annually or when there is a meaningful change in job responsibilities.

The district provided FCMAT with job descriptions for positions in the Fiscal Services and Human Resources departments. Most of the documents are more than eight years old; for example, all fiscal services job descriptions (except for the purchasing/fiscal analyst) are dated prior to August 2013. Some job descriptions are undated, so it is unclear when they were developed or updated (e.g., human resources coordinator, COVID-19 response technician, and secretary-receptionist district office). The best practice is

for human resources to include on the job description the date developed and the last date reviewed and/or revised, and to review job descriptions annually and present them to the governing board for approval if changes are needed.

The district's job descriptions are insufficient to establish key areas of authority and responsibility between the two departments and positions; they also contain some inaccuracies. For example, the district has a generic account clerk III job description for five positions in fiscal services covering accounts payable, accounts receivable and purchasing functions. While general responsibilities may have been sufficient in prior years, the district's growth in size and staffing necessitates increased specificity in job descriptions, which could require changes to job classifications. In many cases, the job description duties and/or position title do not match the current employee's responsibilities (e.g., human resources benefit technician); and in one case, the job description title did not match the organizational chart or the salary schedule (i.e., human resources specialist/office manager). Finally, as discussed in the previous section, the job descriptions, especially in human resources, often do not accurately state the position's direct supervisor.

Current job descriptions that accurately describe position responsibilities are crucial to 1) develop job postings and support recruiting; 2) support wage and hour classifications; 3) manage employee performance; 4) respond to Americans with Disabilities Act accommodations; and 5) respond to workers' compensation and light duty accommodations. In collaboration with other department managers, the Human Resources Department is responsible for ensuring that job descriptions are accurate, and that job classifications are adequate to support the district's operational needs.

## Job Classifications and Functional Duties

Over the last two decades, the district has experienced significant growth due to rapid development in the communities it serves. Several interviewees stated that, in their opinion, the district office has not grown with the school sites but instead has maintained its small district practices, which no longer serve it well. Support services, such as those provided by the Fiscal Services and Human Resources departments, have not strategically made the necessary changes to staffing and systems to adequately meet the needs of the district's current size.

Observations indicated that the division of labor among some support staff members may not be equitable and that some duties may need to be reallocated. To get a better understanding of the amount of time required for the tasks assigned to each position, the district should consider assigning the staff members in each department to complete a one-month time analysis of daily job duties. This often is referred to as a desk audit and can be completed in a few minutes at the end of each day during which staff members write down the tasks worked on that day and the time spent on each major responsibility. This provides a method for analyzing workloads, efficiency of tasks, and prioritization, as necessary. Once desk audits are complete and analyzed, staff should be provided with a clear designation of duties and responsibilities.

Interviews with staff revealed that some tasks may be more appropriately accomplished by others, and some positions provide services that are performed by a different position in many district offices. Following are some examples, and others are discussed elsewhere in this report:

- Student support services – is overseen by human resources but is commonly overseen by educational services.
- Processing requests for student transcripts and records – is done by fiscal services but is commonly done by educational services.

- Purchase orders – are signed by the assistant superintendent/chief business officer (CBO) but more commonly signed by the purchasing manager or director of fiscal services.
- Placing orders with vendors – is done by schools and departments, but such purchasing duties are commonly centralized in the Purchasing Department.
- Receptionist duties – are performed by an accounts payable position but are commonly performed by a district office receptionist or department secretary. This issue may be resolved when the fiscal services office is moved to the district office location.

Duties may be reassigned because they do not match a position's responsibilities, the division of labor is disproportionate, or stronger internal controls are needed. Redistributing duties among staff will help share workloads and allow for cross-training to provide better customer service.

During interviews, FCMAT learned the district is considering a job classification study. Such a study typically involves a desk audit as described above. Once job duties are determined by the study and/or desk audit, the district should reassign duties and update job classifications and descriptions as needed.

Government Code Section 3513 is part of the Rodda Act that governs collective bargaining in education. Management and confidential employees are prohibited by the Rodda Act from being members of any bargaining unit. Government Code Section 3513 (e) defines management positions as having significant responsibilities for formulating district policies or administering district programs. Government Code Section 3513 (f) defines a confidential employee as "any employee who is required to develop or present management positions with respect to employer-employee relations or whose duties normally require access to confidential information contributing significantly to the development of management positions."

Based on staff interviews and job descriptions, the following confidential staff in the Fiscal Services and Human Resources departments are not involved in the collective bargaining process, and therefore the positions do not appear to meet the Government Code definition for confidential employees: administrative secretary I, purchasing/fiscal analyst, COVID-19 response technician, human resources benefit technician, payroll specialist, and benefits specialist. Additionally, the human resources coordinator is classified as a management position, but does not appear to manage any employees or have responsibilities consistent with the Government Code's definition of a "managerial employee."

Districts commonly make the mistake of assuming that a position is confidential because it has access to information that the public cannot or should not see, such as some portions of personnel files. However, to meet the legal definition of confidential employee, the position needs to be involved in employer-employee relations as indicated in the Government Code. Examples of confidential support to negotiations include taking or maintaining notes in bargaining sessions or strategy sessions, assisting in costing out proposals, or typing and maintaining drafts of bargaining positions.

## Staffing Comparison

Data for a comparison of the Fiscal Services and Human Resources departments' staffing was obtained from five California unified school districts: four with student enrollments similar to that of Central and one, which was the closest in size to Central, taken from the list of districts that Central uses for other comparison purposes. The comparison districts surveyed were Alhambra, Norwalk-La Mirada, Tracy, Ventura, and Sanger unified school districts.

Although comparative information is useful, it should not be considered the only measure of appropriate staffing levels. School districts are complex and vary widely in demographics and resources. Careful evaluation is recommended because generalizations can be misleading if unique circumstances are not consid-

ered. FCMAT considered district type, student enrollment, unduplicated pupil percentage, and general fund revenues per student in choosing the comparison districts. Data for the following comparison was taken from the Education Data Partnership (Ed-Data) website, and department staffing information was obtained directly from the comparison districts.

The data in the table below indicates that the five comparison districts have an average of 22.0 FTE in their fiscal services or equivalent departments, and an average of 12.0 FTE in their human resources or equivalent departments. By contrast, Central Unified has 18.0 FTE and 9.2 FTE in those departments, respectively, which means it is understaffed by approximately 4.0 FTE in fiscal services and approximately 3.0 FTE in human resources.

Based on the information in this report, a completed desk audit and/or job classification study, the district needs to consider increasing its Fiscal Services and Human Resources departments' staff and/or centralizing and reassigning duties.

As discussed elsewhere in this report, the district uses the Everest financial software system, the Digital Schools software system and various other software programs for some fiscal services and human resources functions. In many instances, this creates a duplication of work. Interviews indicated that the use of multiple systems requires more staff time to process transactions including those for budget, position control, and payroll. This merits further analysis and inclusion in the district's decision when determining staffing needs.

### **Comparison of Fiscal Services and Human Resources Staffing in Selected California Unified School Districts**

| <b>District (County)</b>                                                                             | <b>Central (Fresno)</b>       | <b>Alhambra (Los Angeles)</b>             | <b>Norwalk-La Mirada (Los Angeles)</b>  | <b>Tracy (San Joaquin)</b>              | <b>Ventura (Ventura)</b>                   | <b>Sanger (Fresno)</b>        |
|------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------------------|-----------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------|
| Enrollment*                                                                                          | 15,729                        | 15,262                                    | 15,582                                  | 15,398                                  | 15,359                                     | 13,087                        |
| Unduplicated Pupil Percentage*                                                                       | 64.57%                        | 63.01%                                    | 67.90%                                  | 52.24%                                  | 56.55%                                     | 63.91%                        |
| General Fund Revenues Per Student**                                                                  | \$14,923                      | \$14,973                                  | \$15,434                                | \$13,249                                | \$14,070                                   | \$15,556                      |
| Employees                                                                                            | 1,884                         | 1,851                                     | 2,282                                   | 1,635                                   | 1,804                                      | 1,460                         |
|                                                                                                      |                               |                                           |                                         |                                         |                                            |                               |
| Chief Business Official (CBO)                                                                        | Assistant Superintendent/ CBO | Assistant Superintendent, Business Svcs   | Assistant Superintendent, Business Svcs | Associate Superintendent, Business Svcs | Assistant Superintendent, Business/Finance | Chief Financial Officer (CFO) |
| Fiscal Services Support Staff (includes accounting, budget, payroll, purchasing and risk management) | Executive Secretary II        | Confidential Administrative Secretary     | Administrative Assistant                | Administrative Secretary                | Executive Assistant                        | Executive Assistant (0.1)     |
|                                                                                                      | Director, Fiscal Services     | Director, Fiscal Services                 | Director, Fiscal Services               | Director, Financial Services            | Director, Fiscal Services                  | Accounting Supervisor (2.0)   |
|                                                                                                      | Fiscal Analyst                | Administrative Secretary, Fiscal Services | Fiscal Control Technician/ Secretary    | Budget Analyst                          | Fiscal Specialist                          | Accounting Specialist Senior  |
|                                                                                                      | Administrative Secretary I    | Accountant (3.0)                          | Sr. Budget Advisor/ Analyst             | Budget Technician                       | Senior Accountant                          | Accounting Specialist (3.0)   |
|                                                                                                      | Senior Accounting Manager     | Account Clerk Technician (5.0)            | Financial Analyst                       | Payroll Specialist                      | Accountant (3.0)                           | Payroll Supervisor            |

| District (County)             | Central (Fresno)              | Alhambra (Los Angeles)            | Norwalk-La Mirada (Los Angeles)    | Tracy (San Joaquin)                   | Ventura (Ventura)            | Sanger (Fresno)                   |
|-------------------------------|-------------------------------|-----------------------------------|------------------------------------|---------------------------------------|------------------------------|-----------------------------------|
|                               | Payroll Specialist (3.0)      | Project Technician - Construction | Lead Accounting Technician (2.0)   | Coordinator, Financial Services       | Accounting Supervisor        | Payroll Technician (3.0)          |
|                               | Benefits Specialist           | Payroll Manager                   | Account Clerk Senior (4.0)         | Accounting Supervisor                 | Fiscal Technician I (3.0)    | Office Assistant                  |
|                               | Budgets and Finance Manager   | Payroll Technician (3.0)          | Payroll Supervisor                 | Account Clerk (4.0)                   | Fiscal Technician II (4.0)   | Purchasing Agent                  |
|                               | Accounts Payable III (3.0)    | Purchasing Manager                | Lead Payroll/Retirement Technician | Payroll Technician (5.0)              | Purchasing Supervisor        | Purchasing Technician             |
|                               | Account Clerk III (2.0)       | Senior Buyer (2.0)                | Payroll Clerk III (3.0)            | Director, School Business/ Purchasing | Purchasing Specialist        | Fixed Assets Technician           |
|                               | Purchasing/ Warehouse Manager | Buyer                             | Director, Purchasing/ Warehouse    | Purchasing Technician                 | Director, Risk Management    | Director, Support Svcs - Risk Mgt |
|                               | Purchasing/ Fiscal Analyst    | Administrative Clerk I            | Purchasing Clerk III (2.0)         |                                       | Risk Management Specialist   | Office Technician                 |
|                               |                               | Administrative Clerk II           | Purchasing Clerk II                |                                       |                              |                                   |
|                               |                               | Director I, Risk Management       | Director, Risk/Safety Management   |                                       |                              |                                   |
|                               |                               | Administrative Clerk II           | Secretary                          |                                       |                              |                                   |
|                               |                               | Administrative Clerk I            | Benefits Technician (2.0)          |                                       |                              |                                   |
|                               |                               | Employee Benefits Specialist      | Medi-Cal Account Clerk             |                                       |                              |                                   |
|                               |                               | Claims Coordinator                |                                    |                                       |                              |                                   |
|                               |                               |                                   |                                    |                                       |                              |                                   |
| Total Business Office Staff   | 18.0 FTE                      | 28.0 FTE                          | 26.0 FTE                           | 19.0 FTE                              | 20.0 FTE                     | 17.10 FTE                         |
|                               |                               |                                   |                                    |                                       |                              |                                   |
| Human Resources Administrator | Assistant Superintendent, HR  | Assistant Superintendent, HR      | Assistant Superintendent, HR       | Associate Superintendent, HR          | Assistant Superintendent, HR | Assistant Superintendent, HR      |
| Human Resources Support Staff | Executive Secretary           | HR Administrative Secretary (2.0) | Administrative Secretary II        | Secretary                             | Executive Assistant          | Program Administrator             |
|                               | Director, HR                  | Director, HR                      | Director, HR                       | Director, HR and Employee Relations   | HR Manager, Certificated     | HR Supervisor                     |
|                               | HR Specialist                 | HR Analyst                        | HR Coordinator                     | HR Coordinator                        | Director, Classified HR      | Director, Classified HR (.8)      |
|                               | HR Coordinator (2.0)          | HR Analyst II                     | Credential Analyst                 | Clerk                                 | HR Supervisor                | HR Specialist (2.0)               |

| District (County)           | Central (Fresno)                                                                               | Alhambra (Los Angeles)                                  | Norwalk-La Mirada (Los Angeles)                            | Tracy (San Joaquin)              | Ventura (Ventura)                                          | Sanger (Fresno)                                                   |
|-----------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------|----------------------------------|------------------------------------------------------------|-------------------------------------------------------------------|
|                             | HR Benefits Technician                                                                         | HR Technician (4.0)                                     | HR Analyst (2.0)                                           | Credentials Analyst              | HR Analyst                                                 | HR Technician (2.0)                                               |
|                             | Administrative Secretary (2.0)                                                                 |                                                         | HR Specialist (7.0)                                        | Workers' Comp/ Safety Technician | HR Specialist (5.0)                                        | HR Office Assistant (1.75)                                        |
|                             | Secretary-Receptionist (.2)                                                                    |                                                         |                                                            | LiveScan Technician              | HR Technician                                              |                                                                   |
|                             |                                                                                                |                                                         |                                                            | Personnel Technician (5.0)       | Talent Acquisition Specialist                              |                                                                   |
|                             |                                                                                                |                                                         |                                                            |                                  |                                                            |                                                                   |
| Total Human Resources Staff | 9.2 FTE                                                                                        | 10.0 FTE                                                | 14.0 FTE                                                   | 13.0 FTE                         | 13.0 FTE                                                   | 9.55 FTE                                                          |
|                             |                                                                                                |                                                         |                                                            |                                  |                                                            |                                                                   |
| District Receptionist       | HR Department oversees Position includes some HR duties (.2 FTE is included above in HR staff) | District has a security desk rather than a receptionist | HR Department oversees Position does not include HR duties | Superintendent oversees          | HR Department oversees Position does not include HR duties | Deputy superintendent oversees Assists departments as time allows |
|                             |                                                                                                |                                                         |                                                            |                                  |                                                            |                                                                   |
| Reprographics               | Fiscal Services oversees                                                                       | No reprographics department                             | Educational Services oversees                              | No reprographics department      | Fiscal Services oversees                                   | Purchasing oversees                                               |
|                             |                                                                                                |                                                         |                                                            |                                  |                                                            |                                                                   |
| Warehouse                   | Fiscal Services oversees                                                                       | Purchasing oversees                                     | Purchasing/ Warehouse oversees                             | Purchasing oversees              | Fiscal Services oversees                                   | Purchasing oversees                                               |

**Alhambra** - educational services oversees Technology Department, site athletic directors, and CALPADS; educational services completes and CBO reviews state student attendance reports; superintendent oversees student support services; student support services oversees requests for student transcripts/records; financial system - BEST; purchase orders are signed by the purchasing manager; Purchasing Department places orders with vendors; HR Department completes employment verifications and obtains substitutes for teacher positions not filled by the online system and for campus supervisor and clerical positions; district is self-insured for health/welfare, workers' comp; passed GO bond and has large construction projects; has not authorized any charter schools.

**Norwalk-La Mirada** - fiscally accountable district; superintendent oversees technology services; educational services oversees instructional technology, student & family services, athletic director, and requests for student transcripts/records; fiscal services completes state student attendance reports, and instructional technology oversees CALPADS; CBO oversees School Safety Department; financial system - QCC; purchase orders are signed by the director of purchasing; Purchasing Department places orders with vendors; HR Department and payroll complete employment verifications; sites/departments obtain substitutes for positions not filled by the online system; district is self-insured for workers' comp; passed GO bond and has large construction projects; has not authorized any charter schools.

**Tracy** - educational services oversees Technology Department, student services, athletic director and requests for student transcripts/records; financial services completes state student attendance reports, and Technology Department oversees CALPADS; HR Department oversees workers' compensation portion of risk management; financial system - Escape; purchase orders are signed by the director of purchasing; Purchasing Department places orders with vendors; HR Department completes employment verifications and obtains substitutes for teacher and paraprofessional positions not filled by the online system; district is not self-insured; has no major construction projects at this time; has authorized one district-operated and three independent charter schools.

**Ventura** - merit system district; business services oversees Technology Department; educational services oversees student support services and requests for student transcripts/records; athletic director at each high school reports to site principal who reports to educational services; fiscal services completes state student attendance reports, and Technology Department oversees CALPADS; financial system - Escape; purchase orders are signed by director of fiscal services, CBO signs for capital acquisition and construction purchases; Purchasing Department places orders with vendors; payroll completes employment verifications; sites/departments obtain substitutes for positions not filled by the online system; district is not self-insured; passed GO bond in 2022, large construction projects have not yet started; has not authorized any charter schools.

**Sanger** - merit system district; CFO oversees finance, payroll, purchasing; chief operating officer oversees child nutrition, facilities/bond oversight, maintenance and operations, risk management/security, transportation; educational services oversees Technology Department, student support services, athletic director and requests for student transcripts/records; Finance Department completes state student attendance reports and educational services oversees CALPADS; financial system - Everest; purchase orders are signed by the CFO; Purchasing Department places orders with vendors; HR Department completes employment verifications and obtains substitutes for positions not filled by the online system; district is not self-insured; passed GO bond and has large construction projects; has authorized three dependent charter schools.

\* Source:Ed-Data 2021-22

\*\* Source: Ed-Data 2020-21 (most recent financial comparison data available)

## Recommendations

*The district should:*

1. Update its organizational charts to ensure they include all positions, the correct title of each position, accurate lines of authority, and the governing board's approval date.
2. Ensure employee evaluations are completed by direct supervisors.
3. Review, revise and update job descriptions annually and as needed, and present them to the governing board for approval; ensure approval and revision dates are included on all job descriptions.
4. Ensure human resources personnel are involved in developing all job descriptions.
5. Review all fiscal services and human resources job descriptions to ensure they describe key areas of responsibility.
6. Assign district office support staff to perform a one-month desk audit, or collect the information as part of a districtwide job classification study.
7. Consider reassigning and/or centralizing duties that are typically performed in other departments to the applicable employee or department.
8. Ensure that similar or identical work functions are assigned to the same classification and included in the job description.
9. Evaluate the need for additional job classifications based on results of the desk audit and/or job classification study.
10. Update job descriptions as needed based on any changes made to job duties, and provide training as needed for duties that are transferred from one employee to another.
11. Review and adjust duties as appropriate and/or reclassify positions, including those in fiscal services and human resources, to comply with the government code definitions for management and confidential employees.
12. Consider increasing fiscal services staff based on further analysis and information in this report, including staffing comparisons indicating the department is understaffed by up to 4.0 FTE.
13. Consider increasing human resources staff based on further analysis and information in this report, including staffing comparisons indicating the department is understaffed by up to 3.0 FTE.
14. Consider the time needed to process transactions in both Everest and Digital Schools when determining staff needs.

# Interdepartmental Considerations

## Internal Controls

Internal controls are the foundation of sound fiscal management and allow organizations to fulfill their mission while helping to ensure efficient operations, reliable financial information, and legal compliance. Internal controls also protect a district from material weaknesses, serious errors and fraud.

All LEAs need to have internal control procedures to do the following: 1) prevent management and staff from overriding internal controls, 2) ensure ongoing state and federal compliance, 3) provide assurance to management that the internal control system is sound, 4) help identify and correct inefficient processes, and 5) ensure that employees are aware of proper internal control expectations. To build an effective internal control structure, organizations need to apply concepts and have procedures for transactions and reporting including, but not limited to, the following:

- System of checks and balances – Formal procedures should be implemented to initiate, approve, execute, record, and reconcile transactions. The procedures should identify the employee responsible for each step and time for completion. Key areas of checks and balances include purchasing, accounts payable, cash receipts and payroll.
- Separation of duties – Adequate internal control accounting procedures should be implemented, and changes made as needed to separate job duties to protect the organization's assets. No one employee should handle a transaction from initiation to reconciliation or have custody of an asset (such as cash or inventory) and maintain the records of related transactions.
- Staff cross-training – More than one employee should be able to perform each job. All staff members should be required to use accrued vacation time, and another staff member should be able to perform those duties. Inadequate cross-training is a frequent problem, even in larger organizations.
- Use of prenumbered documents – Checks, sales and cash receipts, purchase orders, receiving reports, and event tickets should be preprinted. Physical controls should be maintained over check stock, cash, receipt books, and tickets. It is not sufficient to simply use prenumbered documents; a log of the documents and numbers should be maintained, and reconciliations performed periodically.
- Asset security – Cash should be deposited according to adopted procedures (at least weekly), computer equipment secured, and access to supplies/stores, food stock, tools, and gasoline restricted to designated employees.
- Timely reconciliations – An employee not involved in the original transaction and recording process should reconcile bank statements and account balances monthly. For example, the employee who reconciles the revolving check account should not maintain the check stock.

An internal control system should include both hard controls (e.g., separation of duties, management review and approval, and reconciliations) and soft controls (management tone, performance evaluations, and training programs) to provide reasonable assurance that the organization is achieving its goals and objectives. The district lacks some of these elements, as explained in further detail later in this report.

FCMAT has created a comprehensive list of management standards for school districts. These standards address key functional areas in personnel and financial management, including leadership and organiza-

tional capacity; planning; employee recruitment/selection; induction and professional learning; operational procedures; compliance practices; evaluation; employee services; employer/employee relations; internal control; budget policy and procedures; financial management; bell schedule and attendance accounting; projections; technology and information systems; ASBs; and charter schools. The district would benefit from reviewing these standards to ensure it develops and supports best practices to meet them.

## Policies and Procedural Manuals

Policies and procedural manuals give an organization the ability to plan and diagram internal controls and written standards for schools and 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 they generate goes. Policies and procedures standardize processes, and ensure the most accurate and efficient method is used to accomplish a task. Desk manuals provide information and step-by-step processes that staff members use to do their jobs. A written desk manual can guide and help a back-up employee in the event of employee absences and turnover.

The district's Human Resources and Fiscal Services departments do not have desk manuals, and their policies and procedures manuals are outdated. For example, the Human Resources Department provided FCMAT with a detailed department handbook, but it was last updated in April 2015 and appeared to be in draft form with pending changes and out-of-date information (e.g., the section on maintaining application files includes information on walk-in applications, which are no longer allowed). The district's purchasing handbook, last updated in February 2017, gives employees general information about procurement policies and procedures but also includes outdated information (e.g., bid limits). The district also has an accounts payable guide dated November 13, 2022, which gives schools and departments general information about vendor payments and procedures for tracking orders. No other district-authored policies and procedural manuals for fiscal services were provided to FCMAT. When asked, some staff in both departments stated there were no written desk manuals or policies and procedures manuals.

Managers need to ensure accurate and sufficient written policies and procedures manuals are in place to direct their department's work and provide useful guidance for schools and other district departments to follow. Staff members need to create written step-by-step procedures for each of their tasks and have another staff member perform the procedure to determine if revisions are needed. These procedures should be updated as needed and stored on a shared drive for all support personnel to access as needed.

To help complete both policies and procedures manuals and desk manuals, the district could consider using a third party to prepare them. This would help ensure the manuals are consistent in format cross all sections of a department and would not detract from time staff spend on assigned duties.

## Software Systems

The district has various software systems for its personnel and fiscal management processes. For its financial system, the district uses Everest, which is provided and managed by the Fresno County Office of Education; it is used to record all general ledger and budget transactions, make purchases, pay vendors and employees, and track personnel information.

According to interviews with district staff, the Everest system is limited in its ability to effectively integrate data for payroll, budget, and position control. Consequently, the district has implemented a separate system, Digital Schools, to manage its position control. The district uses DMS to manage employee absences, and recently implemented BenefitSolver to manage its employee health benefits program.

Both the Human Resources and Fiscal Services departments also report using other software systems for specific tasks, including Droplet in purchasing, and EdJoin, Aeries, Talent Ed, Public School Works, and SmartFind in human resources.

These systems do not interface with or transfer data easily to one another; therefore, staff, especially in human resources, must enter the same data into multiple systems. For example, new employee information is required in three systems: Digital Schools, Everest, and Aeries (the district's student data system). Each time data is entered manually, the risk of errors increases and the time available for other duties decreases. Information missed in one system or not entered in another in a timely manner can create confusion about the accuracy and validity of district data.

The Everest system, the primary system of record for all financial and personnel management transactions, does not automatically populate data between its modules, and requires the district to perform considerable manual input in payroll and budget. For example, labor distribution/payroll screens do not populate from human resources data; therefore, payroll staff must input all employee pay data, except name and position number, in Everest. Manual entry often results in errors; therefore, timely reconciliation, supervisory reviews, and written procedures are essential internal controls to protect the district from material weaknesses, serious errors and fraud.

## Organizational Culture, Collaboration, and Communication

Organizational culture is broadly defined as the customs, rituals and values shared within an organization. Every school district has a unique culture shaped over time through leaders' decisions and actions, both formal and informal, that influence behaviors and shape the professional learning community. The district has codified its cultural values in a formal written statement titled *Central Unified School District Guiding Principles*, which is posted on its website. The guiding principles include the following core values and beliefs to support its mission to "embrace diversity to educate our youth, ensure academic success, and empower tomorrow's leaders":

Core values: Communication, Achievement, Resilience, Empathy, and Service.

Beliefs: We believe in excellence and high expectations. We believe in equity and access. We believe in collaboration and community.

District leaders, including the superintendent, executive cabinet, and governing board, set the tone of a district's organizational culture. Staff need to see the district's leaders model its guiding principles if they are to trust and adopt the core values and beliefs it describes.

The district has recently attempted to establish monthly interdepartmental meetings for fiscal services and human resources staff to review procedures related to payroll, budget, and position control. Educational services staff who oversee state and federal programs have also been invited to attend. These monthly meetings have exposed a lack of trust between departments. Department managers with decision-making authority initially attended the meetings, but some no longer attend; without their leadership, the meetings are unproductive. In addition, without a clear understanding of each department's responsibilities, it is difficult for staff to create and maintain processes that work for all.

The best practice is for managers to determine each department's responsibilities and clearly communicate that information to their respective staff. The monthly meetings can then focus on establishing interdepartmental practices. The meetings should not be used to transfer responsibilities from one department to another or to discuss how one department completes its responsibilities. Proposed changes to a depart-

ment's responsibilities or an individual's workload need to be reviewed and approved through that department's chain of command.

During interviews, district staff called attention to behavior contrary to the district's core values and beliefs, specifically ongoing tension between the Fiscal Services and Human Resources departments. Interpersonal conflicts, confusion regarding each department's authority and responsibilities, and a lack of customer service and leadership accountability have negatively affected the district's employees (e.g., errors in employee pay). The payroll and human resources staff do not have a functioning process to meet regularly to review and resolve common issues related to employee leaves, resignations, salary placement, differential pay, and other related subjects. Regular meetings are needed to provide valuable time for the two departments to collaborate on specific employee situations that may not occur regularly.

The Human Resources Department is at the district office, and the Fiscal Services Department is at another location approximately half a mile away. This physical separation has resulted in almost entirely email and telephone communications between the two departments, which has hindered relationship building and collaboration. The district states it is planning to move the fiscal services staff to the site where the human resources office is located. District staff overwhelmingly expressed support for this move and believed it would help improve communication and collaboration between the two departments.

The district has no districtwide standard for responding to telephone or email messages. In interviews, district staff indicated that the Fiscal Services and Human Resources departments do not respond in a timely manner to telephone and email messages, and department staff communicated varying expectations regarding response times (e.g., 24 hours versus 48 hours). Delayed responses have resulted in school and department staff having to escalate routine issues to the district's area administrators, assistant superintendents, and in some cases, superintendent. Communication is a key factor in any district's success in achieving its mission and goals. Telephone and email response standards hold employees accountable for performing their duties; a standard response time of one business day would ensure significant issues are addressed in time.

## Recommendations

*The district should:*

1. Review FCMAT's comprehensive standards for personnel and fiscal management functions and ensure it is meeting them.
2. Update the Human Resources Department handbook to reflect current practices and procedures.
3. Update its purchasing handbook, and create a written policies and procedural manual for all key functional areas of the Fiscal Services Department.
4. Assign staff members to complete written and clearly-defined step-by-step procedures for all their job duties, update them as necessary, and store them on a shared drive.
5. Consider using a third party to prepare the manuals.
6. Review and revise policies and procedures manuals and desk manuals periodically, but not less than annually.
7. Evaluate the need for each software system, and eliminate and/or consolidate them if possible to improve operational efficiencies.

8. Ensure it has adequate controls to maintain and reconcile its systems, especially Everest, Digital Schools, and BenefitSolver.
9. Prepare and revise as needed clear written policies and procedures documenting the use and maintenance of all software systems supporting fiscal services and human resources.
10. Ensure that the assistant superintendent/human resources and assistant superintendent/CBO work together to develop strong communication and collaboration between their departments.
11. Hold managers responsible for modeling the district's core values and beliefs; ensure the fiscal services and human resources directors meet regularly to establish and maintain each department's respective duties.
12. Require fiscal services and human resources personnel to meet monthly to improve communication; consider including other departments, such as educational services, as needed to further increase collaboration. Consider having the director of fiscal services initiate these meetings, prepare and distribute a written draft agenda before each meeting, and allow staff to propose agenda items in advance.
13. Establish regular meetings of payroll and human resources staff to discuss ongoing issues, develop solutions to common problems, and improve communication.
14. Continue planning for and taking all actions needed to move fiscal services staff to the district office site.
15. Establish a districtwide standard for responding to telephone and email messages, and hold all employees accountable for meeting it.

# Fiscal Services

## Structure and Staffing

The district's Fiscal Services Department is responsible for student attendance accounting, accounts payable, accounts receivable, budget, purchasing, payroll, health benefits, risk management, warehouse, duplication, and student records and transcripts. The department is overseen by the assistant superintendent/CBO, who had worked in the position for three years at the time of FCMAT's fieldwork (soon after FCMAT's fieldwork, the assistant superintendent/CBO resigned, and the district is recruiting to fill the position). The assistant superintendent/CBO position also oversees the following departments, which are outside of the scope of this study: Child Nutrition, Facilities Planning, Technology Services, and Maintenance, Operations and Transportation.

The department includes the following full-time manager, confidential, and support staff positions:

### **Director of Fiscal Services (1.0 FTE)**

The department is managed by the director of fiscal services, who reports to the assistant superintendent/CBO and has worked in the position for 10 years. The director position is responsible for planning, managing, and directing all department functions. The director's job duties include much of the routine work associated with budget development and monitoring, including preparation of enrollment and attendance projections, interim and budget financial reports, multiyear financial and cash flow projections, and state and federal program reporting.

The position's job description is dated November 2004 and indicates it reports to a "department administrator."

### **Senior Accounting Manager (1.0 FTE)**

The senior accounting manager position reports to the director of fiscal services and oversees the payroll and benefits specialists. The manager's job duties include all bank reconciliations and various accounting functions related to the cash clearing account, capital assets and depreciation, food service, and self-insurance funds. This position also serves as the primary point of contact and support for the district's 21 ASBs.

The job description is dated November 2012 and has a position title that does not match the organizational chart. In interviews, the employee in this position did not describe any responsibility for the job description's listed duties in the areas of position control, budgeting, and cash flow.

### **Payroll Specialist (3.0 FTE)**

This position reports to the senior accounting manager and performs all functions related to certificated and classified payrolls. The position also completes employment verifications, reconciles payroll general ledger holding accounts, processes state disability insurance payments, reviews and approves position status changes, and prepares and maintains payroll-related vendor databases.

The job description for this position is not dated, and although the three payroll positions are staffed as payroll specialists, the organizational chart shows two of the three positions as payroll technicians. The job description also incorrectly indicates the position reports to the director of fiscal services rather than the senior accounting manager.

**Benefits Specialist (1.0 FTE)**

This position reports to the senior accounting manager and performs all functions related to the district's employee health and welfare benefit programs.

The job description, dated March 2000, indicates the position reports to a "department administrator," and is responsible for supporting the district's workers' compensation and property and liability insurance programs. In interviews, district staff indicated that the district recently implemented new employee benefits software, BenefitSolver, that employee benefits duties occupy all the position's time, and that duties related to workers' compensation and property/liability claims have shifted to the executive secretary II position.

**Budget and Finance Manager (1.0 FTE)**

This position reports to the director of fiscal services and oversees account clerk III positions in accounts payable and accounts receivable. The manager's job duties include categorical and school budget development and monitoring in collaboration with the directors of fiscal services, and state and federal programs. This position also oversees a duplication manager and production specialist, whose duties are outside of this study's scope.

The job description for this position is not dated. It specifies responsibilities in general terms and includes various duties not reported by the employee in interviews as areas of responsibility, such as payroll, ASBs, student attendance accounting, purchasing, and administration of financial systems.

**Account Clerk III (5.0 FTE)**

Three accounts payable clerks and one accounts receivable clerk report to the budget and finance manager, and a purchasing account clerk reports to the purchasing/warehouse manager. These positions are primarily responsible for day-to-day activities related to accounts payable, accounts receivable, and purchasing. One of the accounts payable clerks also serves as the department's receptionist.

The accounts payable clerks pay vendor invoices and employee reimbursements. The accounts receivable clerk reviews and finalizes school and department budget revisions, and processes journal entries from various departments, including the district's due to and due from transactions. This is in addition to accounts receivable activities such as generating invoices, monitoring receipts, and counting cash. The purchasing clerk is responsible for the district's student attendance reporting and various purchasing support functions, such as scanning and indexing purchase orders and creating and maintaining vendor records in the purchasing system.

The job description is dated March 2000 and indicates the position reports to a "site administrator." It also refers to supervision "as assigned by the director of business and finance." Rather than specifying position responsibilities in each functional area, such as accounts payable, accounts receivable and purchasing, the description is written in general terms to include accounting clerical work related to the maintenance of district accounts. In addition, the department's organizational chart shows the position title as "accounts payable III" for those assigned to accounts payable duties.

**Purchasing/Warehouse Manager (1.0 FTE)**

This position reports to the director of fiscal services and oversees the purchasing/fiscal analyst and account clerk III positions in purchasing. The manager's job duties include overseeing purchasing, warehouse, bidding, inventory, and capital assets. This position also supervises the delivery and warehouse workers, whose duties are outside of this study's scope.

The job description for this position is dated August 2013 and indicates it is also responsible for construction cost accounting to ensure compliance with regulatory requirements, which the employee did not report in interviews as an area of responsibility.

### **Purchasing/Fiscal Analyst (1.0 FTE)**

This position reports to the purchasing/warehouse manager and is mainly responsible for processing purchase requisitions into purchase orders and receiving and tracking fixed assets.

The job description is dated March 2021 and incorrectly indicates the position reports to the finance and budget manager. Further, the job summary and specific responsibilities are not aligned with one another: the summary outlines responsibilities in position control, budget analysis and development, attendance accounting and fiscal management, but these are not further defined in the responsibilities list.

### **Fiscal Services Analyst (1.0 FTE)**

This position reports to the director of fiscal services and was created in October 2022 to perform some regular and daily duties previously performed by the director, such as reviewing and approving position control action requests and extra work agreements, and creating account strings in the financial system.

The district did not provide a job description for this position; however, the human resources webpage has a classified job description posted that is titled “Analyst, Fiscal Services.” This job description is not dated and indicates the position reports to a “site administrator.” The position summary includes performing various duties in the areas of budget analysis and development, position control, attendance accounting, and fiscal management.

### **Administrative Secretary I (1.0 FTE)**

This position reports to the director of fiscal services and performs clerical duties in support of the Fiscal Services Department, including fulfilling student transcript requests, collecting vehicle use forms, and assisting with accounts receivable.

The job description is dated March 2000 and indicates the position reports to the “department administrator.”

### **Executive Secretary II (1.0 FTE)**

This position reports to the assistant superintendent/CBO and performs clerical and administrative duties in support of the assistant superintendent/CBO and the departments reporting to that position. This position is also responsible for processing the district’s workers’ compensation and property/liability insurance claims.

The district did not provide a job description for this position; however, the district’s human resources webpage has a classified job description posted and dated August 2013 that indicates it reports to a “site administrator.” This position is not on the department’s organizational chart.

## **Areas for Possible Staffing Increases or Reorganization**

As noted previously, a staffing comparison with five unified school districts comparable to Central in enrollment, unduplicated pupil percentage, general fund revenues per student, and number of employees indicates the Fiscal Services Department may be understaffed by up to 4.0 FTE. Information collected during FCMAT’s site visits and document review indicate the following as areas in which the district may benefit from additional staffing or reorganization in the department:

- Risk management — the district's risk management functions are decentralized throughout the Fiscal Services Department; all but one of the comparison districts have a dedicated director of risk management. Such a position would consolidate oversight of the district's employee benefits, workers' compensation, and property and liability insurance programs, including supervision of the benefits specialist. Because the district is self-insured for its employee medical, dental, vision, and prescription benefits, it would benefit from increased attention in this area to ensure adequate cost containment. Further, if the district reallocated student transcript work to another department (e.g., educational services), the administrative secretary I position could also be reassigned in whole or in part to risk management and assume the related duties currently performed by the executive secretary II position.
- Centralized purchasing — the district has decentralized many of its purchasing functions, with the department staff primarily focused on compliance and processing the necessary forms and approvals to generate purchase orders that are then returned to requesters to initiate the purchase with vendors. If the Purchasing Department increased its support to schools and departments by initiating purchases with vendors and further centralizing activities such as developing quotes, bids, scopes of work, purchasing standards, contracting, and vendor relationships, the department could support adding a 1.0 FTE position (e.g., a buyer). In combination with an increased focus on customer service, an additional position would increase operational efficiencies districtwide.
- School site ASBs and student attendance — the senior accounting manager provides day-to-day support for the district's ASBs and completes all bank reconciliations. Typically, managers do not perform daily or routine functions. A new accountant position could assume these duties and other routine accounting tasks, as well as the student attendance responsibilities currently assigned to the account clerk III in purchasing. As discussed later in this report, the district would benefit from increased attention to enrollment and attendance tracking in relation to its budget development and monitoring practices. Such a position would further improve operational efficiencies in purchasing, and strengthen checks and balances and separation of duties in payroll and accounting by removing routine and daily activities from the senior accounting manager, allowing that position to instead focus on supervision and monitoring.
- Position control and budgeting — to consolidate the department's budget and position control responsibilities, strengthen internal controls, and clarify chain of command, the district could consider moving the fiscal services analyst position under the budget and finance manager and transitioning from the director to this position and the manager position routine budget and position control duties such as position and extra work agreement approvals, budget account creation, budget revisions, restricted program monitoring, and position control reconciliation. Primary responsibility and activities related to reviewing and approving position- and payroll-related budget accounts could also be moved from human resources staff to these positions in fiscal services.

## Recommendations

*The district should:*

1. Consider adding a new director of risk management position that reports to the assistant superintendent/CBO to consolidate the district's risk management functions; move the benefits specialist under this new director.
2. Consider adding a new accountant position that reports to the senior accounting manager to perform ASB and student attendance accounting functions.
3. Consider adding a new buyer position to the Purchasing Department if the district further centralizes purchasing activities.
4. Consider moving the fiscal analyst position to report to the budget and finance manager rather than the director position.
5. Consider moving the administrative secretary I position to report to a new director of risk management position; consider also moving department receptionist duties from the accounts payable clerk, and risk management duties from the executive secretary II, and reassigning those duties to the administrative secretary I.
6. Consider moving student transcripts/records requests to educational services.
7. Consider moving account coding for all position and payroll activities from human resources to fiscal services.
8. Consider the need for other staffing adjustments, based on the results of a desk audit and/or job classification study.

## Processes and Procedures

### Budget Development and Monitoring

School districts are required to adopt their annual budget within the statutory timelines established by Education Code (EC) 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 attendance, changes in personnel, and negotiated settlements of employee bargaining agreements.

Budget development is a detailed process that typically begins in or before January 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 their Local Control and Accountability Plan (LCAP), which prioritizes each district's goals and the actions to achieve those goals. Effective budget development includes using a budget calendar so each staff member is aware of and meets deadlines.

Interviews and available documents indicate the district does not use a budget development calendar with descriptions of budget tasks and deadlines. The district would benefit from a calendar that includes tasks such as those listed below, deadlines for completion, and the staff member responsible for each, such as the CBO, director of fiscal services, or budget manager.

- Position control updates

- Student enrollment and attendance projections
- Local control funding formula (LCFF) calculations
- Staffing projections
- Distribution and return of school and department budget development worksheets
- LCAP preparation timelines
- Interim reporting tasks and deadlines
- Purchasing cutoff dates

The assistant superintendent/CBO, director of fiscal services, and budget and finance manager positions have primary responsibility for budget development. The director of fiscal services performs most tasks, including the following: attendance projections, revenue calculations, budget and interim forms preparation, LCAP financial reporting, salary and benefit expenditure calculations, multiyear general fund financial projections, cash flow projections, and related board presentations. The district would benefit from delegating more budget duties to the manager and line staff; this would allow the director position to focus on review, oversight, and strengthening the district's internal controls through added cross-training and separation of duties.

Accurate enrollment projections are needed to staff classrooms, schools, and programs cost effectively and to plan for and manage change. They also are the most important factor affecting LCFF revenue, the district's primary unrestricted funding source. The district lacks procedures to track historical enrollment and attendance by school. In addition, the district could provide no evidence that it monitors and analyzes current year enrollment and attendance monthly. Although the district has grown considerably over the last two decades, its enrollment has declined annually since peaking at 15,893 in 2017-18. The district has contracted with a consultant to help with facilities master planning and enrollment projections. The district used these projections for the 2022-23 budget enrollment estimates and applied a 95% yield rate for attendance projections. Enrollment projections used for facilities planning are not typically used for staffing and budgeting, because they are based on tenuous assumptions regarding new housing development and resulting student attendance. The best practice is to develop enrollment projections and attendance assumptions based on historical trends, adjusted as needed for other reasonable considerations specific to the district.

In interviews, district staff consistently reported having access to their budget information in Everest, the district's financial system. However, fiscal services does not actively involve schools and department managers in budget development; rather, the department rolls the prior year budget forward and adjusts it with limited to no input from others. This practice results in the district staff having to process numerous budget revisions as soon as the fiscal year starts to make necessary purchases and pay employees on time. Although budget revisions are common and best practice for budget monitoring in school districts, establishing a budget through budget revisions is inefficient and unnecessarily takes district staff away from regular duties. Everest has a three-year comparative budget report that school and department managers could use to give input on proposed budget allocations for the upcoming year. This report also includes helpful information such as prior year actuals, current year budget, and year-to-date actuals, which is useful for district staff to have when developing budget projections.

The department coordinates meetings with schools in September and October to review and align their budgets with school plans. However, because school plans are developed in the spring for the coming school year, school staff are forced to process budget revisions from July until their budgets can be updated in the fall. Unrestricted general fund school allocations follow a specific formula based on enroll-

ment; categorical funds are also allocated by school pursuant to program-specific requirements or enrollment. The district needs to develop school budgets based on preliminary enrollment and attendance estimates in the spring when schools are preparing plans and hiring staff for the coming school year. School budgets can then be revised as needed in the fall after the start of the school year.

Fiscal services did not provide documents outlining its budgeting procedures, and FCMAT could not determine based on interviews how unrestricted and categorical program budget monitoring duties are distributed among the assistant superintendent/CBO, director of fiscal services and budget and finance manager positions. This lack of accountability, combined with poor communication and insufficient collaboration between fiscal services and other departments, has led to unspent restricted funds and/or emergency spend downs to avoid losing categorical program funds. For example, the district's 2021-22 unaudited actuals restricted fund balance includes \$235,577 in California Clean Energy Jobs Act funds, which were available for projects completed by June 30, 2021 and will need to be returned to the state. Interviewees also described an unplanned rapid spending of Title I funds in August and September 2022 to ensure the district met the September 30, 2022 deadline for expenditure.

The department has budgeted most one-time funds and restricted program balances in placeholder accounts (i.e., object code 430000 for materials and supplies). This practice results in large variances in restricted revenue and expenditure totals at the end of the fiscal year. For most restricted program funds, the district is required to have a multiyear board-approved expenditure plan. Although it is common to use placeholder budget accounts during planning or program development, the best practice is to update budget accounts accordingly once the governing board approves an expenditure plan. Along with other department managers and executive cabinet, fiscal services leaders need to be actively engaged in and responsible for helping with the district's financial planning to ensure that all program funds are used effectively and budgeted and accounted for accurately in the financial system.

The director of fiscal services prepares the multiyear financial projections in an excel workbook. Although it separates the general fund into unrestricted and restricted totals, the projection does not include revenue and expenditure information at the resource code or program grant or entitlement level. Considering the significant investment of one-time and ongoing restricted revenues in K-12 education over the last three years, the district would benefit from developing its multiyear financial projections by resource code. This level of detail ensures the projection makes necessary revenue and expenditure adjustments for one-time funds or restricted dollars that are available for expenditure over multiple years. A multiyear financial projection completed by resource code would help ensure the district spends restricted funds before unrestricted, efficiently plans for the best use of funds, and accurately projects its general fund balance into subsequent fiscal years. Such tracking can be accomplished in an Excel workbook, or by using FCMAT's free Projection-Pro software, which is [available on the FCMAT website](#).

## Chart of Accounts

The state's standardized account code structure (SACS) is a statewide, uniform financial reporting format used by all school districts. It uses an account string that has seven numerically coded fields used in combination to classify revenues, expenditures, and balance sheet accounts. As noted in the California School Accounting Manual (CSAM), the state developed SACS to improve financial data collection, reporting, transmission, accuracy and comparability; reduce the administrative burden on school districts in preparing required financial reports; and ensure compliance with generally accepted accounting principles. The SACS format and its use creates a logical framework to determine where education funds come from and how they are used, and provides better information for use by administrators, parents, governing board members, and others interested in school finance.

A best practice is to develop and monitor budgets throughout the fiscal year at the SACS account string level. The district's account code structure and chart of accounts do not allow the district to do this. Specifically, the account code structure includes two additional fields beyond the state's SACS, which unnecessarily increases its complexity. These additional fields, "responsibility" and "manager," are defined as follows in the district's Detailed Chart of Accounts manual dated July 2022:

Responsibility - Identifies who is responsible for that account string, a particular program or project/use of funds.

Manager - Identifies who is responsible for managing the account string.

These definitions are very similar, and other districts often convey their purpose by using the SACS site field in financial transactions. In interviews, staff indicated the responsibility field was added to track LCAP expenditures; however, the number of code options indicate the field's use has extended well beyond its initial purpose, with more than 600 active codes. Written procedures on how to pull a budget report indicate schools and departments use a responsibility code to generate their budget reports rather than a manager or site code. The district's manager and site codes are mostly redundant and include mainly schools, departments, and certain programs as options.

Each field, particularly the resource, goal, object and responsibility fields, has too many code options, which results in an unmanageable number of possible account strings to budget for and monitor throughout the year. For example, the district has 27 object codes categorizing materials and supplies, including some that are too general (e.g., 430014 is defined as "other supplies") and others that are too detailed (e.g., 430012 is defined as "medical supplies"). Often a general object code (e.g., 430000 defined as "materials and supplies") in combination with a specific function code (e.g., 3140 defined as "health services") provides sufficient detail for monitoring and financial reporting (i.e., the account string 3140-430000 is used when recording transactions for medical supplies).

The CSAM details how the resource field is used in school accounting. Specifically, it states the following:

The resource field allows LEAs to account separately for activities funded with revenues that have restrictions on how the funds are spent (e.g., ESSA Title I) and for activities funded with revenues that have financial reporting or special accounting requirements (e.g., State Lottery).

The district is using the resource field incorrectly to track various internal programs and other activities or revenue sources without formal restrictions. For example, the district has created locally-defined unrestricted resource codes (e.g., 02430 defined as "California Peer Assistance & Review Program for Teacher") to track activities related to formerly restricted programs that lapsed with the state's implementation of the LCFF in 2013-14. The district has also created locally-defined restricted resource codes (e.g., 9017 defined as "Textbooks") to track revenues generated locally or at schools. These examples are incorrect uses of the resource field. Locally-defined resource codes should be limited to actual and current funding sources with special accounting or financial reporting requirements or restrictions. All miscellaneous unrestricted funding sources should be tracked in the appropriate fund (usually the district's general fund) using a revenue object code rather than a resource code.

The Fiscal Services Department has created a detailed chart of accounts manual for use by district staff; however, the manual, dated July 2022, is outdated. It is missing resource codes for programs created prior to July 2022 (e.g., Expanded Learning Opportunities Program, Expanded Learning Opportunities Grant Program, American Rescue Plan-Homeless Children and Youth II, Universal Prekindergarten Planning & Implementation Grant, Educator Effectiveness Block Grant, Kitchen Infrastructure and Training Funds, A-G Access/Success and Learning Loss Mitigation Grants) and includes a significant number of invalid, expired, or inactive options not used by the district. For this to be a useful tool, the district needs to download the

chart of accounts from the financial system and ensure only active codes are included. In addition, many districts find it helpful to create a one-page chart of accounts summarizing codes most used by schools and departments.

## Recommendations

*The district should:*

1. Develop and use a budget calendar to organize all budget development and interim reporting tasks, including the due date and individual or department responsible for completing each task. Distribute the budget calendar to all who are responsible for completing the listed tasks.
2. Consider redistributing position control and budget development and monitoring duties from the director position to the budget and finance manager and fiscal services analyst positions.
3. Monitor historical and current enrollment and attendance trends by school; develop and implement procedures to analyze enrollment and attendance monthly, annually, and by reporting period.
4. Ensure school and department managers are involved in budget development; consider using a tool that includes prior year and current year financial data, such as Everest's comparative budget report, to solicit input.
5. Schedule school budget development meetings in the spring to ensure preliminary budgets match adopted school plans; revise school budgets in the fall as needed.
6. Develop and maintain written procedures to organize its budget development and monitoring activities; ensure that unrestricted and categorical program budgets are clearly distributed between responsible positions, such as the assistant superintendent/CBO, director of fiscal services, and budget and finance manager.
7. Ensure it budgets and expends restricted funds before unrestricted funds.
8. Ensure it budgets and expends restricted categorical program funds according to board-approved plans.
9. Hold the fiscal services leaders responsible for facilitating the district's financial planning efforts to ensure expenditure plans are accurately budgeted and accounted for in the financial system; when possible, avoid using placeholder budget accounts.
10. Prepare general fund multiyear financial projections by revenue source at the resource code level; consider using FCMAT's Projection-Pro software.
11. Revise the account code structure to eliminate the responsibility and manager fields; use the site field to organize and monitor transactions by school, department, or responsible program budget manager; use the goal field to track LCAP expenditures if needed.
12. Simplify the chart of accounts by eliminating redundant, unnecessary, or incorrect code options for each account field.
13. Limit the resource field to the tracking of revenue sources with restrictions, financial reporting, or special requirements.

14. Download the chart of accounts from the financial system; ensure only active account codes are included; create, maintain, and distribute a one-page summary of accounts most often used for schools and departments, and update the documents annually and as needed. Consider maintaining a current version on the district's website.
15. Provide fiscal services staff with training on SACS and basic school accounting principles, including the CSAM; provide training on the district's chart of accounts to schools and departments annually, or periodically as needed for new employees or to address changes.

## Position Control

One of the most critical elements in budgeting for expenditures is accurately projecting employee salary and benefit costs. These costs are the largest part of school district budgets, averaging approximately 89% of unrestricted general fund expenditures in school districts throughout California (based on the latest data available in Ed-Data from 2020-21). As of the district's 2021-22 unaudited actuals report, unrestricted salaries and benefit costs totaled \$131.7 million or 86.0% of its unrestricted general fund budget. This amount was 1.5%, or \$2.0 million, less than the district projected in its estimated actuals in June 2022.

Accurately projecting these costs requires reliable data. Position control is a system of tracking this information based on positions rather than employees; it includes the creation, maintenance, and monitoring of positions and their associated budgets. A position control system is the principal way to keep track of positions for all jobs in an organization, regardless of whether there is an employee in a specific position. In school districts, position control needs to be managed collaboratively by the Human Resources and Fiscal Services departments.

To be effective, the position control system must be integrated with other financial modules, such as budget and payroll. When these functions do not integrate automatically, procedures must be in place to manually reconcile position control to budget and payroll. Position control functions must also be separated to ensure proper internal controls so that only board-authorized positions are entered in the system, human resources hires only for authorized positions, and payroll pays only employees in authorized positions.

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. The district did not provide evidence that it uses staffing formulas or has established standards for budget development to drive the position control system. The best practice is for a district to analyze and adjust staffing based on ratios and enrollment projections. This responsibility typically resides with a human resources manager, such as the assistant superintendent/human resources and/or the director of human resources, and includes collaborating with the district's educational program leaders as well as fiscal services, which typically is responsible for preparing and maintaining enrollment and attendance projections.

Proper separation of duties is a key factor in creating strong internal controls to support a reliable position control system. The following table provides a suggested distribution of labor between the Fiscal Services and Human Resources departments to provide the necessary internal control structure for position control.

| Task                                                                                                                   | Responsibility              |
|------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Approve or authorize position                                                                                          | Governing Board or Designee |
| Input approved position into position control, with estimated salary/budget<br>Every position is given a unique number | Human Resources Department  |
| Review salary/account codes                                                                                            | Fiscal Services Department  |

| Task                                                                                                                                                                                                    | Responsibility                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Enter demographic data, including:<br>Employee name<br>Employee address<br>Social security number<br>Credential<br>Classification<br>Salary schedule placement<br>Annual review of employee assignments | Human Resources Department         |
| Update employee benefits<br>Update salary schedules                                                                                                                                                     | Human Resources or Fiscal Services |
| Review and update employee work calendars<br>Update employee step and/or column placement                                                                                                               | Human Resources Department         |
| Account codes<br>Budget development<br>Budget projections<br>Multiyear projections<br>Salary projections                                                                                                | Fiscal Services Department         |

The Everest financial software, managed by the Fresno County Office of Education, includes a position control system. However, the district uses Digital Schools, an independent third-party software, to manage its position control needs. Because the two systems do not integrate with one another, district staff must enter much of the same data into both systems. Everest does not encumber salaries and benefits in the budget module. In addition, the district must manually reconcile the two systems to ensure position control, budget and payroll are aligned. The district does not have a process or procedure to regularly reconcile the information in Everest and Digital Schools. In most districts, the responsibility to reconcile position control, budget and payroll is led by fiscal services, in coordination with human resources.

Primary management of the Digital Schools system is assigned to human resources, which is responsible for entering approved positions in both Everest and Digital Schools and making changes to existing positions. Human resources staff also establish salary placements and work calendars, assign new hires to the correct positions, close positions that are no longer needed, and work with fiscal services to roll positions from one fiscal year to the next. The department does not have a process to reconcile the information it enters in both Everest and Digital Schools.

Human resources staff also report that they are responsible for identifying and entering salary account codes, which are then reviewed and approved by fiscal services. Because fiscal services oversees management and administration of the district's budget, it should be responsible for identifying funding sources for new positions and finalizing all salary account codes. In most districts, this is the responsibility of a fiscal services manager, such as the assistant superintendent/CBO, the director of fiscal services, and/or the budget and finance manager, and includes collaborating with the district's educational program leaders.

When a school or department manager makes a request to hire an employee, he or she completes a paper Request for Personnel (RFP) Form and emails it to a dedicated human resources email address (RFPdocs@centralunified.org), where it is logged in a spreadsheet by the administrative secretary positions and checked for accuracy. To fill an existing position, human resources staff audit the required information to verify it is correct, including the number of hours, days, proper job title, salary amount, and budget account. Human resources staff prepare a weekly summary report of RFPs for the executive cabinet's review and ensure the necessary approvals are obtained.

If the position is approved, human resources staff recruit for it and, if it is a new position, create a new position number for the job in Digital Schools and enter it also in Everest. When the position is filled, human

resources staff attach the new employee to the approved position and input the employee's demographic data, salary information, hire date and other personnel-related information in both Digital Schools and Everest. The governing board reviews and approves all new positions before human resources recruits for the position. The board's approval is usually given annually in the spring in preparation for the coming school year. The governing board also approves all new hires before the employee begins to work for the district.

Human resources, payroll and fiscal functions are inextricably linked, and efforts to understand each department's work and jointly solve problems as they arise should be a priority. Without notification from human resources that an employee exists, payroll cannot be processed for that employee. Conversely, without timely notification from human resources that an employee has resigned or has no accrued leave remaining, payroll could overpay that employee. The Fiscal Services and Human Resources departments need to meet routinely to maintain an effective position control system. In addition, concise written procedures with step-by-step instructions need to be developed to establish each department's respective role and ensure a proper separation of duties.

## Recommendations

*The district should:*

1. Ensure it accounts for all positions and salary costs in its position control system.
2. Separate and distribute position control duties appropriately between human resources and fiscal services staff to provide for proper internal control, and hold staff in both departments accountable for exercising duties accordingly.
3. Ensure that human resources reconciles the information it enters in Digital Schools and Everest; create and maintain written procedures to document the reconciliation process.
4. Ensure that fiscal services reconciles the district's budget with the payroll data and position control information in Everest and Digital Schools; create and maintain written procedures to document the reconciliation process.
5. Ensure human resources analyzes and prepares staffing calculations based on district-approved ratios and enrollment projections.
6. Ensure any new positions and extra work assignments (e.g., stipends) are approved by the governing board.
7. Assign the identification of budget sources and account codes to a position in fiscal services, and ensure a budget source is identified for each new position before it is approved by the governing board.
8. Review and revise job descriptions to reassign duties as needed, and provide applicable training for all staff involved with the position control system.
9. Develop and implement written procedures to update position control for each financial reporting period, including procedures to roll position control from one fiscal year to another.
10. Ensure that fiscal services and human resources staff meet periodically, at least in preparation for each financial reporting period (i.e., budget adoption and interims), to review and reconcile position control with budget and payroll.

## Accounts Payable

Accounts payable is the function responsible for accurately tracking amounts owed to vendors, ensuring vendor payments are properly approved, and processing vendor payments. The accounts payable process originates when a purchase is made to obtain supplies, materials, or services from a vendor. Due to the nature and volume of the work, accounts payable and purchasing functions are at high risk for fraud. Effective accounts payable processes and procedures include activities to ensure that only legitimate and accurate invoices are authorized and that they are paid in a timely manner.

## Purchasing

The Purchasing Department works with schools and departments to procure goods and services. Public Contract Code, Education Code, Government Code, and board policies provide parameters within which the district must conduct purchasing and bidding.

Interviews indicated that purchases begin at the site or department level with an electronic requisition, which is created in Everest, routed through the approval process by email using the Droplet workflow system, and then sent to the Purchasing Department for processing. The district does not have a written workflow that shows the required approvers for purchase requisitions, which may differ depending on the funding source and/or the type of items being purchased.

Once the requisition is processed by the Purchasing Department, a purchase order (PO) is produced. Staff interviewed gave differing answers about who receives the purchase order and backup documents for review and signature: the assistant superintendent/CBO or the director of fiscal services. Purchasing scans the documents to an electronic filing system and emails the PO to the requester. The requesting school or department then sends the PO to the vendor.

In districts of Central's size, it is common for the director of purchasing or the director of fiscal services, rather than the assistant superintendent, to sign POs, particularly those for amounts less than specified purchasing thresholds. It is also frequent practice for purchasing duties to be more centralized and for a purchasing department to send POs and deal with vendors directly rather than for schools and departments to complete these tasks.

## 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 this purpose. There must also 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, the best practice is for principals or department heads to sign the original invoice to acknowledge the services have been completed.

The district's three accounts payable III positions are responsible for processing accounts payable transactions. In interviews, staff indicated that schools and departments send accounts payable staff a copy of the PO and the receiver documents (e.g., packing slip or signed PO) via district courier or to an approval email. Vendors are to use a specified email address or the district's billing address to send invoices to accounts payable. If a receiver document has not been provided to accounts payable staff, they forward the invoices to schools and departments for signature.

Accounts payable staff match the vendor invoice to the PO and the receiver document, and input the information needed to generate a payment in the Everest software system. After inputting a batch of invoices to be paid, accounts payable staff run a preliminary warrant list (prelist) for that batch of invoices and balance

the batch to the prelist. Information from interviews varied regarding whom the prelist is forwarded to for review and signature: the assistant superintendent/CBO or the director of fiscal services. In districts of Central's size, it is common for the prelist and backup documents to be given to the manager who oversees accounts payable and/or the director of fiscal services rather than the assistant superintendent, for review and approval before the batch is submitted to the county office for further processing.

Once the prelist is signed, the district submits the batch to the county office. After the county office completes its oversight procedures, the warrants are printed and delivered via county office courier to the district's accounts payable staff, who process the warrants for distribution to vendors. Warrants are mailed or placed in the office safe at the end of the day; the safe is kept locked and requires two staff members to open.

Effective internal control includes separation of duties that prevent the same person from initiating, processing and mailing transactions, and from posting the transactions in the accounting records. The district's procedure allows employees in the accounts payable III positions to process accounts payable transactions and receive and distribute the warrants for the payments they processed. Proper separation of duties would mean that different employees are assigned to generate warrants than are assigned to receive and distribute them.

The district provided an Accounts Payable Board Report for July 1 to October 31, 2022. To test the internal controls for accounts payable functions, FCMAT selected and tested 15 items from the report for the following:

1. Signed PO attached to the accounts payable packet.
2. Signed contract, if applicable, signed by both parties (district and vendor).
3. Invoice or detailed receipt attached.
4. Purchase made after the date of the PO.
5. Invoice or receiving document initialed or signed to approve payment.
6. Invoice or detailed receipt stamped "Paid."
7. Invoice paid on time.

The results of this testing were as follows:

- All the accounts payable packets included a signed PO; however, two appeared to be signed with a signature stamp. To provide better internal control, a best practice is to use an electronic or original signature.
- Four of the purchases needed a separate contract between the vendor and the district: three were for services and/or software products, and one was for a capital outlay project.
  - One of these packets included the vendor's terms and conditions of sale, with a price quote that was signed by a principal rather than a district-authorized signatory.
  - One of these packets referenced a board-approved contract on the PO, but no contract was included.
  - Two of these packets did not include a contract.

When entering into agreements with consultants, the best business practice is to memorialize that arrangement with a written contract. The contract should include

the duties of each party, such as the consultant's obligation to complete a W-9 form prior to any payment by the district, the consultant's insurance coverage, and the consultant's fingerprint requirements. These provisions help protect the district and its students. In addition, a contract is not legally enforceable until a district-authorized signatory signs it and it is approved or ratified by the governing board.

Although software purchases may not be required to have a separate contract, a best practice is to use such an agreement to ensure that all deliverables are provided.

- One packet was incomplete; it included 12 invoices on the copy of the warrant but only three invoices in the backup documents. Therefore, it could not be tested for all the attributes listed above.
- One packet did not contain an invoice or receipt.
- Three of the packets with invoices did not include a signature for approval of the payment.
  - One of these packets included progress payments that were paid partially through accounts payable and partially through wire transfers. Based on the documents provided, it was unclear how these amounts were determined.

Authorization for payment is essential in ensuring that the payments being made are for approved purchases and that the merchandise or services have been received.

- Six of the packets included invoices that were dated prior to the date of the signed PO, indicating that the purchases were made before the PO was approved.
- None of the packets included invoices or receipts with a notation or stamp indicating the item had been paid. Canceling vendor invoices and receipts by using a "Paid" stamp or other identifiable paid notation is essential to ensure that invoices are not paid a second time if they become separated from their payment package.
- Seven of the payments were not made in a timely manner (i.e., within 30 days of the invoice date). Five of these overdue payments were in situations in which the invoice predated the signed purchase order.
- One payment packet included technology equipment purchases for items that each exceeded \$500. However, the purchase was coded to object code 4300 (supplies) rather than 4400 (noncapitalized equipment).

Procedure 330 of the CSAM states the following about object code 4400:

Record expenditures for movable personal property of a relatively permanent nature that has an estimated useful life greater than one year and an acquisition cost less than the LEA's capitalization threshold but greater than the LEA's inventory threshold pursuant to Education Code Section 35168 or local policy.

The district's Administrative Regulation 3440 and 3512 state that the inventory threshold is for equipment items "currently valued in excess of \$500."

At the time of FCMAT's fieldwork, one of the accounts payable III employees had been with the district for approximately 16 months, one for seven months, and one for three months. District staff also indicated that the two most recently filled positions had been vacant or filled by a substitute for some time before the current staff members were hired, and staff were still trying to reconcile and process payments for past due

accounts. In addition, during the 2022-23 fiscal year, several schools created a PO for Office Depot for each teacher, rather than one PO per school as was done in the past. This significantly increased the volume of POs and workload for purchasing and accounts payable staff.

One of the accounts payable III positions also serves as the receptionist for fiscal services, which is located on a separate site from the district office. Serving as the receptionist while trying to process accounts payable transactions can be disruptive, lead to errors, and cause delays in processing vendor payments.

## Credit Cards

The district uses the 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. The program is widely used by California public school districts. Staff indicated that the district has provided CAL-Cards to the superintendent, assistant superintendents, purchasing/warehouse manager, and executive assistant to the superintendent. The district also has some credit cards for specific vendors, which the accounts payable III clerks sign out to staff when requested. It is unclear if a purchase order or prior approval is required for all credit card purchases. District employees are not provided with or required to sign a credit card user agreement regarding the proper use of their CAL-Cards and the consequences of violation.

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. Cardholders presenting their CAL-Cards at a restaurant would be informed that the card was refused. Using this function of the CAL-Card program could help the district's review of monthly CAL-Card statements.

## Travel and Conference

Board Policy 3350 provides the district's travel expense policies, including its requirements for individuals to be reimbursed for items such as transportation, lodging and meals. The district's website includes the Travel Request and Conference Travel Reimbursement forms that individuals are to complete before and after a trip. A review of these documents revealed the following information about meals:

- The district's policy states, "The Superintendent or designee shall establish a per diem allowance for meal costs incurred while traveling on district business based on the hours of travel. The per diem allowance shall not exceed the standard meal allowance for business-related travel prescribed for federal income tax purposes."
- The Conference Travel Reimbursement Form indicates the time of day that travel must begin and end for meal per diems to be provided.

Over the past several years, the IRS has placed additional scrutiny on meal reimbursements or payment of per diems on travel that did not warrant an overnight stay and has indicated that meals not associated with overnight stays are generally a taxable fringe benefit. If the district includes nonovernight travel in its meal reimbursement policies, it will need to review IRS Publication 5137 and consult its independent auditors.

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 Appendix A of this report.

Because the total amount saved during a fiscal year can be substantial, it is a 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 when a payment must be made immediately and the district does not have time 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 EC 42800, which states:

(a) The governing board of a school district may, with the consent of the county superintendent of schools, establish a revolving cash fund for the use of the chief accounting officer of the school district, by adopting a resolution setting forth the necessity for the revolving cash fund, the officer for whom and the purposes for which the revolving cash fund shall be available, and the amount of the fund. The purposes for which the revolving cash fund shall be available shall include the purposes specified in Section 45167. Three certified copies of the resolution shall be transmitted to the county superintendent of schools. If he or she approves the establishment of the fund, the county superintendent of schools shall endorse his or her consent on the resolution and return one copy to the governing board of the school district, and transmit one copy to the county auditor.

(b) The maximum amount allowed for revolving cash funds established pursuant to subdivision (a) shall be the lesser of:

(1) Two percent of the school district's estimated expenditures for the current fiscal year, or

(2) A dollar amount limit of seventy-five thousand dollars (\$75,000) for any elementary school or high school district and one hundred fifty thousand dollars (\$150,000) for any unified school district for fiscal year 1990–91. The dollar amount limit for each school district shall, through the 2012–13 fiscal year, be increased annually by the percentage increase in the school district's revenue limit established by Section 42238, as that section read on January 1, 2013. The dollar amount limit for each school district shall thereafter be increased annually by the percentage increase in the school district's local control funding formula allocation established pursuant to Section 42238.02, as implemented pursuant to Section 42238.03.

The district has established a revolving cash fund account of \$25,000, though this specific amount is not indicated in its Board Policy 3314.2, Revolving Funds. This board policy includes a prepayment revolving cash fund established pursuant to Education Code Section 42820 and 42821, which state:

**42820** The governing board of any school district may establish a revolving cash fund in any bank or other institution whose deposits are federally insured, for the purpose of paying bills as prescribed in Section 42821. Article 1 (commencing with Section 42800) of this chapter shall not apply to the revolving cash fund established pursuant to this article.

The governing board may appropriate money from the county or joint school district fund in the county treasury belonging to the school district to establish the revolving cash fund.

The maximum amount in the revolving cash fund shall be as follows:

(a) In a school district with 20,000 or more units of average daily attendance, ten thousand dollars (\$10,000).

(b) In a school district with 5,000 or more, but less than 20,000, units of average daily attendance, five thousand dollars (\$5,000).

(c) In a school district with 500 or more, but less than 5,000, units of average daily attendance, two thousand five hundred dollars (\$2,500).

(d) In a school district with less than 500 units of average daily attendance, one thousand dollars (\$1,000).

**42821** The governing board of any school district that has established a revolving cash fund pursuant to Section 42820 shall designate a person or persons who shall be authorized to make immediate payments by check, drawn on the revolving cash fund, for purchases in an amount of one thousand dollars (\$1,000) or less, including tax and freight, or at the time of preparing the order for those purchases to make the check payable to the vendor permitting him or her to fill in the amount to be paid upon shipment of the purchases, the check to state on its face that it is not valid for more than one thousand dollars (\$1,000).

Based on the information provided, it is unclear if the district has established both a standard revolving cash fund under Education Code Section 42800 and a prepayment fund under Education Code Section 42820. District staff indicated that most revolving fund checks are issued for payroll when an employee has not been paid or has not been paid correctly. Therefore, a standard revolving cash fund is necessary to ensure these payments are timely.

## Year-End Closing

At the end of each fiscal year, it is the task of accounts payable staff to review all the POs in their files to determine if goods or services were received or provided by June 30. Those not received or provided by that date are posted as accounts payable liability items. During the next year, as those items are paid, entries should be made to reduce the accounts payable liability credit balance. This balance should ultimately be reduced to zero to avoid the district having duplicate expense items in multiple years: one in the year that the item was posted into accounts payable; and another when the item is paid and the accounts payable liability is not reduced, thereby overstating its expenses.

A review of the district's Auditor Worksheet Trial Balance report dated November 22, 2022, shows that most but not all of the beginning balances in object code 950000 (accounts payable – current liabilities) had been cleared as of that date.

## Recommendations

*The district should:*

1. Establish written accounts payable procedures and provide a system of checks and balances so that no one employee handles a transaction from initiation to reconciliation or has custody of an asset and maintains the records of related transactions. Provide the procedures and training to all applicable district office, school and department staff, and hold staff accountable for following the procedures.
2. Determine if purchase requisitions can be routed electronically for approval using the Everest financial system, and use this system if possible rather than email or a separate workflow system.

3. Provide applicable school and department staff with a workflow document that shows the required approvers for purchase requisitions.
4. Assign the director of fiscal services or the purchasing/warehouse manager to sign POs, particularly those that are for amounts less than specified purchasing thresholds.
5. Consider centralizing purchasing duties and assigning the Purchasing Department to send POs and deal with vendors directly.
6. Assign the manager of accounts payable and/or the director of fiscal services to review and approve the accounts payable prelist before the batch is submitted to the county office.
7. Ensure that the accounts payable III employees do not have access to and are not responsible for distributing vendor warrants that they processed for payment.
8. Ensure that signature stamps are not used for purchase order approval.
9. Ensure that executed contracts are included in payment packets, as applicable, and are signed by a district-authorized signatory.
10. Require that written contracts be entered into for consultant services and large purchases, that those contracts be fully executed before services are performed, and that they be approved or ratified by the governing board.
11. Ensure that purchase orders are issued before purchases are made.
12. Require an invoice or receipt to generate payment, and ensure that the invoice or receipt has been approved and signed prior to payment.
13. Mark invoices and receipts "Paid" after the payment is processed.
14. Ensure that noncapitalized equipment purchases are coded to object code 4400.
15. Reevaluate its practice of creating individual teacher POs for Office Depot to determine if the benefit is sufficient to warrant the increased workload for purchasing and accounts payable staff.
16. Consider assigning business office receptionist duties to a clerical or secretarial staff member rather than to an accounts payable III position.
17. Consider requiring a purchase order or prior approval for all credit card purchases.
18. Develop and require all applicable employees to sign a credit card user agreement annually.
19. Consider using the CAL-Card system's cardholder spending controls to ensure the cards are not used for prohibited expenditures and to help in the review of CAL-Card monthly statements.
20. Review IRS Publication 5137, consult its independent auditors, and revise board policy and/or procedures as necessary regarding overnight travel to qualify for meal per diems or reimbursements.
21. Revise board policy and/or procedures to include the use of state government hotel rates and waiver of the hotel/motel transient occupancy tax.

22. Revise board policy as needed to establish a standard revolving cash fund pursuant to Education Code Section 42800.
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.

## Accounts Receivable

The accounts receivable account clerk III position is responsible for creating invoices in the Everest financial system and sending the invoices to the respective individuals and organizations. Most accounts receivable invoices are for retiree benefits, the after-school program, and reimbursements due from ASB and booster organizations.

District staff indicated that payments received through the mail are delivered to the fiscal services staff member named on the envelope, and the payments are date stamped and initialed by the employee who opens the mail, including the account clerk III and the administrative secretary I. Payments are brought to the account clerk III for further processing.

School funds sent to the business office, such as those received for textbooks or library fines, are delivered in a sealed bank bag to the purchasing account clerk III, who maintains a deposit log with the signatures of the individuals who deliver and the individuals who receive the deposit. The funds are placed in the office safe. However, the deposit log is not used elsewhere in the accounts receivable process, and school personnel do not receive a copy of the bank receipt to confirm that all funds have been deposited.

Backup documents for all funds received are forwarded to the administrative secretary I, who enters the information in Everest, prints receipts, batches deposits, and sends the receipts and backup documents to the accounts receivable account clerk III. The account clerk III enters the batch number, submits the deposit in Everest, then scans and deposits checks electronically to the local bank or mails checks to the county treasurer for each respective batch. A Purchasing Department staff member and the account clerk III count cash together, sign and date a transmittal form, and place the cash deposit in a sealed bank bag, which is kept in the office safe until taken to the local bank by the purchasing/warehouse manager. District staff indicated that deposits are prepared once a week and cash deposits are taken to the bank every three to four weeks.

The account clerk III receives the deposit receipts from the bank and gives the receipts and backup documents to the senior accounting manager, who completes the monthly bank reconciliations.

No one employee should handle a transaction from initiation to reconciliation or have custody of an asset (such as cash) and maintain the records of related transactions. The district's procedure allows the account clerk III to create an invoice, receive some payments, and submit the deposit in Everest. The district's procedure also allows the administrative secretary I to receive some payments and mark invoices as paid in the financial system.

Additional procedures are needed to create sufficient separation of duties for invoicing and the receipt and recording of cash and checks. For example, one employee could be assigned to open the mail and make a control list of all receipts and endorse all checks received "For Deposit Only" with the district's bank account number. Marking the checks "For Deposit Only" as soon as they are received helps prevent unauthorized negotiation of checks prior to deposit. Once the funds have been processed and deposited to the bank, a separate employee will need to compare the deposit slips to the control list to ensure all funds have been deposited. The person who opens the mail and receives the cash and checks should not also

be responsible for preparing invoices, nor should they be able to mark the invoices as paid in the financial system.

The district provided an Invoice Report for July 1 to October 31, 2022. To test the internal controls for accounts receivable functions, FCMAT selected and tested eight items from the report for the following attributes:

1. Invoice was submitted within 30 days of service.
2. Terms for payment were indicated on the invoice and enforced.
3. Supporting documents (e.g., a contract, agreement for service or memorandum of understanding) were attached to the invoice.
4. Check was stamped "For Deposit Only."
5. Receipt of payment was recorded, and payment was deposited with the local bank or the county treasury in a timely manner.

The results of this testing were as follows:

- One invoice was not timely: it was dated September 13, 2022 for services rendered on July 7-10, 2022.
- Terms for payment were included on all the invoices. However, one invoice that included the terms "Due Upon Receipt" had an invoice date of August 18, 2022 and a receipt date of September 22, 2022.
- One invoice contained partial supporting documentation: the invoice was to an ASB, but the backup documents did not include certification of ASB approval for the service.
- One invoice contained supporting documentation with inconsistent billing information, and no notations were included regarding the inconsistency.
- Although checks were stamped "For Deposit Only" with the district's bank account number, it is unclear at what point in the process and by whom this was done.
- No receipt or payment document was included for three invoices dated July 22, September 9, and September 28, 2022.
- The invoice form includes a signature line for approval; however, only two of the invoices were signed.
- Three invoices were stamped "Paid" and included notations with the date and check number.

In interviews, staff indicated that the district has 25 bank accounts: 21 ASB accounts, and the revolving, clearing, cafeteria, and self-insurance accounts. FCMAT requested copies of bank statements and reconciliations for each of these accounts for August and October 2022. A sound internal control structure includes a procedure to ensure bank statements and account balances are reconciled monthly by a person independent from the original transaction and recording. The procedure would also require that both the person performing the work and the person reviewing the work sign and date the reconciliation.

FCMAT's review of the August and October 2022 bank statements and reconciliations for the revolving, clearing, cafeteria, and self-insurance accounts found the following:

- The reconciliation forms did not include date lines for the preparer's and the approver's signatures.
- Except for the cafeteria account, the reconciliations were prepared within a month of the statement ending date. For the cafeteria account, the August reconciliation was dated October 13, 2022, and the October reconciliation was dated December 30, 2022.
- The reconciliations each included an approval signature but no date. Instead, the reconciliations were date stamped by the preparer with the date they were received from the approver. The received date for the reconciliations was December 13, except for one that was undated.
- The reconciliations for the revolving account included a bank adjustment dated August 27, 2019.
- The transaction register in the October reconciliation for the revolving account shows that several check numbers were skipped.

In interviews, staff indicated that each school collects and deposits its ASB funds, and fiscal services oversees the ASB accounts and prepares the monthly bank reconciliations. FCMAT's review of the August and October 2022 bank statements and reconciliations for the ASB accounts found the following:

- The August reconciliation forms did not include date lines for the preparer's and the reviewer's signatures; the October reconciliation forms did have these lines.
- Except for an August reconciliation dated October 5, 2022 for one ASB account, the reconciliations were prepared within a month of the statement ending date. The backup documents for the reconciliation dated October 5, 2022 indicated that information was needed from the school before the reconciliation could be completed.
- The reconciliations each included a reviewer signature, but most of the August reconciliations were undated by the reviewer, and two included October dates. Most of the October reconciliations were reviewed within a month of the statement ending date; however, one was undated, two included December dates, and two included January dates.
- Fiscal services typically sends ASB financial reports (i.e., balance sheet, trial balance, and transaction detail report) with the reconciliation and bank statement to each school for review with emails about any follow-up needed. In one instance the balance sheet and trial balance dates were not the same as the bank statement ending date; therefore, the balances on the documents did not match.
- One reconciliation form included a signature stamp rather than the reviewer's original signature. A best practice is to have electronic or original signatures on bank reconciliations.

## Year-End Closing

At the end of each fiscal year, it is the task of fiscal services staff to review the district's revenue accounts to determine if funds are outstanding that need to be posted as an accounts receivable asset item. During the next year, as those funds are received, entries need to be made to reduce the accounts receivable debit balance. This balance should ultimately be reduced to zero to avoid the district having duplicate revenue items in multiple years: first in the year the item was posted into accounts receivable; and second when the funds are received and the accounts receivable asset is not reduced, thereby overstating its revenues.

A review of the district's Auditor Worksheet Trial Balance report dated November 22, 2022, shows that most of the beginning balances in object code 920000 (accounts receivable) had been cleared as of that date. However, the beginning balance in each fund for interest receivable (object code 920020) had not been cleared; instead, the funds received appear to have been posted to current year revenue accounts (object code 866000).

## Recommendations

*The district should:*

1. Establish written accounts receivable procedures and provide a system of checks and balances so that no one employee handles a transaction from initiation to reconciliation or has custody of an asset and maintains the records of related transactions. Provide the procedures and training to all applicable district office, school and department staff, and hold staff accountable for following the procedures.
2. Separate duties in the invoicing and cash receipts process.
3. Ensure that school personnel reconcile bank receipts from accounts receivable to confirm that all funds have been deposited.
4. Maintain a control log that records all checks and cash when received, and use the control log when preparing a deposit.
5. Ensure that funds are deposited at least weekly in all its bank accounts.
6. Ensure that all invoices are prepared and submitted to the payer within 30 days of provided services.
7. Assign staff to review delinquent invoices each month, and follow up as needed with delinquent parties.
8. Ensure that invoice backup documentation is complete and that any adjustments or inconsistencies are noted and resolved.
9. Stamp checks "For Deposit Only" with the district's bank account number as soon as they are received.
10. Ensure that a signature is included on the "Approved" line of each invoice.
11. Review its processes to determine whether all accounts receivable invoices should be stamped "Paid" and include notations with the date and check number.
12. Revise its bank reconciliation forms to include the date the work was performed by both the preparer and reviewer/approver.
13. Ensure bank reconciliations are prepared and reviewed monthly, preferably within two to three weeks of the statement date, and that any adjustments, discrepancies in the backup documents or between the book and bank balance are investigated thoroughly and resolved in a timely manner.
14. Ensure that signature stamps are not used on bank reconciliations.
15. 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. If there are any

remaining accounts receivable entries for which funds have not been received, investigate whether 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 CSAM).

## Payroll

The district's payroll processing uses both the Everest financial system and Digital Schools, which is used by the district for position control. These two systems do not interface with one another; thus, information must be entered manually in both systems. A fully functioning integrated position control system could drive payroll; however, the district does not have such a system, and staff indicated that Digital Schools is not routinely reconciled to Everest. As discussed elsewhere in this report, processing transactions in two systems is neither effective nor efficient and increases the potential for error.

Staff indicated that the Human Resources Department rolls both systems over from year to year electronically for step changes but must make changes manually for column movement in both systems. Payroll must then enter changes manually (e.g., step/column, longevity) in the Everest payroll distribution screens for every employee at the beginning of the year because the information does not transfer from the Everest position screens to the distribution screens.

The district has two monthly payroll cycles: regular payroll is paid on the last working day of the month and is used for contract pay, and supplemental payroll is paid on the 10<sup>th</sup> of the month and is used for items such as substitutes, extra time, overtime, and stipends. The district's three payroll specialist positions are responsible for processing payroll, and the information needed to process payroll comes from various sources. It starts with data the Human Resources Department enters in Digital Schools and Everest.

Human resources staff enter information for new employees and current employee status changes in Digital Schools, and notification of the position control action (PCA) is sent to payroll staff via Digital Schools. In interviews, staff indicated that human resources staff calculate the pay for new hires, late starts and status changes in Digital Schools. Tasks such as determining salary schedule placement and calculating annual pay are typically performed by human resources staff to ensure separation of duties between the staff who determine employee pay and the staff who process pay. Digital Schools does not always calculate monthly pay correctly, so payroll staff recalculate the pay manually and send the information back to human resources for review and input into Digital Schools. This back-and-forth process between the two departments and the two software systems reportedly takes a significant amount of time. Once this process is complete, the director of fiscal services or the fiscal services analyst approves the PCA.

Payroll staff enter information in the Everest pay screens after any other required paperwork (e.g., driver's license, social security number, W-2, and retirement forms for new hires) is received from the Human Resources Department. Staff indicated that this process is not always completed in a timely manner; therefore, new employees may initially have to be paid on the supplemental payroll cycle and then switched to the regular payroll cycle. To ensure payroll receives documents on time, fiscal services created and provided for the Human Resources Department an HR Department Due Dates for Payroll calendar rather than continuing the prior procedure of payroll staff sending email reminders regarding deadlines.

For the supplemental payroll cycle, schools and departments enter information from employees' time sheets and from the SmartFind system for substitutes' time in the Everest Time Track portal. Staff indicated that substitute time is compared to the absences in DMS, the employee absence tracking module, during this process. Fiscal services closes the Everest portal to school and department data entry based on the payroll deadline shown on the Time Sheets Due Dates calendar. Staff indicated that schools and departments routinely miss the payroll deadline, and fiscal services must unlock the system so schools

and departments can enter payroll data. After the school and department information is finalized, human resources staff begin their audit process and notify the Payroll Department when the audit is complete.

Extra work assignments must be approved using an Employee Position Request (EPR) form, which schools and departments route to human resources to ensure the employee information and account code are correct. It is unclear why the account code is reviewed for accuracy by human resources rather than fiscal services; the district needs to consider reassigning this responsibility to the Fiscal Services Department.

After payroll staff have made any other necessary changes in Everest for each payroll cycle, they print the payroll prelist and then audit and balance the payroll. The director of fiscal services or the assistant superintendent/CBO reviews and signs the payroll prelist summary, and the payroll is submitted to the county office with all documents required for its oversight process. District staff indicated that the senior accounting manager reviews payroll after the county has completed its oversight process. In districts of Central's size, it is common for the prelist to be given to the manager position and/or the director of fiscal services, rather than to the assistant superintendent, for review and approval before the payroll is submitted to the county office.

Although a Time Sheets Due Dates calendar has been provided to schools and departments and posted on the district's website and the HR Department Due Dates for Payroll calendar has been provided to the Human Resources Department, employees indicated that these deadlines are routinely missed, which makes it difficult for the payroll staff to meet the county office deadlines.

The county office processes the payroll and issues the payroll warrants. In interviews, staff indicated that many employees have chosen direct deposit, and their payroll stubs are available online. For those who have chosen paper payroll warrants, one of the payroll specialists picks up the warrants at the county office on a monthly rotation. The payroll specialists then process the warrants for distribution. Employees who receive paper payroll warrants have several ways to obtain them: receive them by mail, pick them up at fiscal services, or pick them up at their work location. Employees are required to sign for their warrant if they have chosen one of the pick-up options. Schools and departments pick up warrants from fiscal services on payday and return those that have not been claimed after five days. Fiscal services mails all warrants that have not been claimed. Warrants are placed in a small portable safe in fiscal services at the end of each day until they are distributed or mailed.

When they pick up payroll warrants at the county office, the payroll specialists also pick up the vendor warrants that they processed for payment, such as those for payroll deductions for tax deferred investments, garnishments and other such items. The payroll specialists also process the vendor warrants for distribution.

Assigning payroll specialists to process payroll and have access to the payroll warrants, including those for payroll vendors, does not adhere to proper separation of duties that prevents the same person from initiating, processing, distributing and posting transactions in the accounting records. To provide for proper separation of duties, the staff members responsible for processing payroll should not have access to the payroll warrants they processed. Also, to provide additional security, warrants should be kept in the large, locked office safe rather than in a portable safe.

## **Retroactive Payroll Payments**

When agreements are reached with collective bargaining units and/or unrepresented employee groups, the agreements often involve retroactive salary increases.

Interviews with staff indicated that the Human Resources Department downloads a spreadsheet from the Digital Schools system with information regarding who is to receive retroactive pay and their old and new

monthly pay rates. Based on this information, staff add a column to the spreadsheet with a retroactive amount and provide the spreadsheet to payroll. The Everest financial system does not calculate retroactive payments electronically based on new salary schedules, and Digital Schools does not always calculate monthly pay correctly. Because of this, payroll staff must pull employment notices from Digital Schools, then manually calculate the retroactive pay for each affected employee and enter the information in Everest. Therefore, it is unclear why the spreadsheet provided to payroll by human resources includes payroll calculations rather than simply a list of who is to receive a retroactive payment.

## Health and Welfare Benefits

The district is self-insured for employee health and welfare benefits and uses BenefitSolver, a standalone software system, for employees to enroll in and make changes to their benefit selections. The benefits specialist uses the information in BenefitSolver to create an excel spreadsheet that includes all benefit changes for the month, then submits the spreadsheet to payroll, which inputs the information in Everest. The benefits specialist has view-only access to Everest and audits the health and welfare benefit changes after payroll has been processed. If errors are discovered, staff must then work with the affected employee to resolve the discrepancy and recover any funds owed to the district. This is a time-consuming and inefficient process that could be improved by having the benefits specialist audit the health and welfare benefits before payroll is finalized and submitted to the county office.

The district's website includes a page with health benefits information and contact information for various agencies, including Advantek, the district's benefit administrator. However, information from interviews indicated that employees often call the district's benefits specialist, rather than Advantek, with personal health questions. To ensure patient privacy is protected and Health Insurance Portability and Accountability Act (HIPAA) requirements are followed, the district will need to work with its legal counsel and/or Advantek to determine if employees' personal health questions should be directed to its benefit administrator rather than to district staff.

## Overpayments and Payroll Errors

Overpayments can be caused by many factors; the district's use of two systems for position control and payroll carries with it some of these factors and their associated risk. Some examples of overpayments are instances when information is not provided in time to the Payroll Department, such as notification of employee terminations, or instances when employees overuse their leave.

In interviews, staff indicated that some employees enter their absences in SmartFind to obtain a substitute and/or notify their supervisor of their absence, and others email their school or department if they are absent. School and department secretaries enter the absences from SmartFind and the emails in DMS. Human resources staff audit each employee's attendance; however, SmartFind is not reconciled with DMS to ensure the information matches. Payroll staff process pay docks based on the leave information in Everest; therefore, if schools or departments do not enter and/or human resources does not audit the leave information in time and an employee has overused their leave balances, the employee's pay may not be docked correctly.

Whatever the circumstances that generated the overpayment, the Payroll Department is tasked with collection and with making the necessary adjustments with various agencies such as tax authorities and retirement systems. This is cumbersome and laborious, and the district needs procedures and deadlines in place and enforced to ensure that overpayments are minimized.

Payroll errors that result in an employee's pay being shorted are also an issue that confronts districts. Education Code 45167 states:

Whenever 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 include all employees. To deal with such errors, districts typically maintain a revolving cash fund so they can pay employees within the five-day deadline imposed by this code section.

Interviews with staff indicated that if an employee is not paid or is paid incorrectly, the employee must contact the Human Resources Department to claim a hardship or wait to be paid until the next payroll cycle. This practice violates EC 45167 if the error is made by the district (i.e., district office, school, or department staff) rather than the affected employee.

## Recommendations

*The district should:*

1. Establish written payroll procedures and provide a system of checks and balances so that no one employee handles a transaction from initiation to reconciliation or has custody of an asset and maintains the records of related transactions. Provide the procedures and training to all applicable district office, school and department staff, and hold staff accountable for following the procedures.
2. Ensure that the information in Digital Schools is routinely reconciled to Everest.
3. For review of account codes, route PCA and EPR forms to fiscal services.
4. Assign the manager of payroll and/or the director of fiscal services to review and approve the payroll prelist before payroll is submitted to the county office.
5. Ensure that the deadlines shown on the Time Sheets Due Dates and HR Department Due Dates for Payroll calendars are reasonable based on the deadlines imposed by the county office, and hold school and department staff accountable for meeting them.
6. Ensure that the payroll specialists do not have access to and are not responsible for distributing warrants that they processed for payment.
7. Place payroll warrants in the large, locked office safe until they are distributed or mailed.
8. Determine the purpose of the retroactive spreadsheet and whether it needs to include payroll calculations based on information from Digital Schools. If payroll staff do not need these calculations, discontinue using the spreadsheet and instead assign the Human Resources Department to provide the Payroll Department with a list of employees who are to receive a retroactive payment.
9. Adjust its payroll deadlines as needed to ensure the benefits specialist has sufficient time to audit health and welfare benefits before payroll is finalized and submitted to the county office.

10. Work with its legal counsel and/or its benefit administrator to determine if employees' personal health questions should be directed to the benefit administrator rather than district staff. Ensure that employees are made aware of any changes to the current procedure.
11. Consider requiring all staff to use SmartFind to record their absences.
12. Ensure that absences are entered in SmartFind in a timely manner and that SmartFind is routinely reconciled to DMS.
13. Implement and enforce procedures and deadlines to ensure that payroll overpayments are minimized.
14. Ensure that if it makes an error on an employee's payroll, a corrected payment is made within five working days of discovery of the error to comply with EC 45167.

## Department Morale and Customer Service

Employee morale describes the overall emotional and mental outlook, satisfaction, and confidence that employees feel at work. Employees with high morale are engaged, motivated, and efficient. They willingly put in more hours and are more productive on the job. Conversely, employees with low morale are less engaged, and exhibit behaviors such as increased absenteeism, conflicts with coworkers, insubordination, decreased productivity, and less attention to detail.

FCMAT's interviews with fiscal services staff indicate that many in the department are suffering from low morale. Employees described an overall negative working environment filled with gossip, intimidation, and favoritism created by its managers, the director of fiscal services, budget and finance manager, and purchasing/warehouse manager. Education is a people business, and examples shared in interviews indicate these department leaders do not prioritize, promote, or model positive relationship building within the department or with other departments. Interviewees indicated the managers had been heard on occasion yelling at the assistant superintendent/CBO. This behavior is contrary to the district's core values and beliefs.

District staff overwhelmingly referred to challenges in working with the department and perceived a lack of attention to customer service. Specifically, staff indicated that fiscal services managers are generally nonresponsive or abrupt, terse and unprofessional in verbal and written communications. One example that FCMAT heard often in interviews was an unwillingness by these managers to help schools and other departments with budget accounts for purchases and payroll. The department's managers themselves even reported regularly returning purchase requisitions and extra work agreements without approvals or the correct account information, which requires the originator to spend additional time trying to identify the correct budget account. Those whose documents were frequently returned without approval reported being punished by having their requests "placed at the bottom of the pile" when returned for processing. This back-and-forth account code identification is inefficient because it takes district staff away from their primary duties, delays the provision of critical goods and services, and creates undue pressure when processing deadline driven payroll.

Fiscal services leaders have created a departmental culture focused entirely on compliance rather than service. The most effective business offices perform compliance responsibilities with an attitude of service. However, the district's fiscal services managers view themselves as internal auditors rather than service providers, thereby eliminating almost all accountability for providing support and performing tasks typically handled by a district business office, such as coordinating and facilitating financial planning, and assisting

in various purchasing, accounting, and budgeting tasks. The department does not hold regular staff meetings, and employees described feeling disconnected from others, particularly since they are housed in a portable building separate from the main district office.

As its name suggests, the Fiscal Services Department is in the business of serving the district's fiscal needs. Whether preparing department budgets, facilitating purchases, or paying employees and vendors, its services should be collaborative, accurate, helpful, and provided in a professional manner to all stakeholders. Poor communication and negative customer experiences have reduced the department's credibility, diminished its influence, and lessened support. Increased employee morale can lead to better department culture and performance.

## Recommendations

*The district should:*

1. Hold fiscal services leadership at all levels, including the assistant superintendent, director and manager positions, accountable for prioritizing, promoting, and modeling positive relationships to improve employee morale, department culture, and effectiveness.
2. Immediately direct attention to establishing a department culture of service consistent with the district's core values and beliefs, including establishing processes, procedures, and systems to mend the work environment and promote the organization's mission.
3. Consider formal and informal ways to acknowledge and appreciate employees, including team-building activities and opportunities for recognition.
4. Hold all employees accountable for their behavior and conduct in the workplace.
5. Develop a regular meeting schedule for all staff in the Fiscal Services Department; give employees the opportunity to meet regularly and one-on-one with supervisors, as well as in smaller teams (e.g., project-specific) and with the entire department and other departments as needed.

# Human Resources

## Structure and Staffing

The district's Human Resources Department is responsible for the legal requirements associated with human resources management and for staff recruitment; it is overseen by the assistant superintendent/human resources, who has worked in the district for more than 20 years and in the assistant superintendent position for approximately eight years. The assistant superintendent/human resources also oversees the following departments, which are outside of the scope of this study: Student Information Systems, Athletics, and Student Support Services.

All human resources departments need an adequate organizational structure and staffing to support their organization's personnel management needs. These functions work best when human resources staff work with administrators and supervisors to carry out personnel evaluations, maintain personnel records, and develop and implement personnel procedures. As discussed previously, the department's chain of command is not clear; in most cases, the job descriptions indicate the positions report to the assistant superintendent/human resources position. However, in interviews, employees reported having a day-to-day supervisor that differed from what the job description described and/or the evaluating manager.

The department includes the following full-time manager, confidential, and support staff positions:

### **Director of Human Resources (1.0 FTE)**

The director of human resources reports to the assistant superintendent/human resources, and has been in the position since 2016. In addition to assisting with the department's overall supervision and management, the position's duties include overseeing all classified personnel issues such as hiring, progressive discipline, investigations, contract administration, coordinating the district's response to formal complaints, and directing the workers' compensation interactive process. The position also manages the district's classified collective bargaining responsibilities.

The job description for the position is dated March 2012 and lists specific duties in the areas of certificated employee recruitment, selection and assignment, enrollment projections, and staffing ratios and allocations, which the current employee did not report as areas of responsibility. The organizational chart shows this position directly supervises the human resources specialist/office manager position.

### **Human Resources Specialist/Office Manager (1.0 FTE)**

This position reports to the assistant superintendent/human resources and is responsible for supervising the department's day-to-day activities, including managing human resources staff attendance and leave requests, weekly meetings, and professional development. The position is the primary point of contact for the district's position control system, Digital Schools, and manages the processing of all new classified employees.

The job description is dated August 2013 and shows a position title of "human resources specialist." In its current form, the department's organizational chart indicates it supervises the human resources coordinators, human resources benefits technician, administrative secretaries I, and secretary-receptionist, and is supervised by the director of human resources. This position is not listed on the classified management salary schedule.

**Human Resources Coordinator (2.0 FTE)**

Based on interviews, these two positions report to both the assistant superintendent/human resources and the human resources specialist/office manager positions and are responsible for various personnel functions related to the recruitment, hiring and maintenance of certificated and classified staff, including administering union contracts, monitoring work calendars, salary placements and adjustments, overseeing absences and leaves, auditing payroll time sheets, managing substitutes, and retirement reporting.

The job description is undated and shows the positions report to the assistant superintendent/human resources. The department organizational chart shows the positions report to the human resources specialist/office manager position.

**Human Resources Benefits Technician (1.0 FTE)**

Information from interviews indicated this position reports to the assistant superintendent/human resources and is responsible for overseeing compliance with the Affordable Care Act, processing fingerprint clearances for athletic coaches and volunteers, organizing and coordinating job fairs and events, assisting in department budgeting and purchasing, and reviewing and approving all extra work agreements.

The job description is dated April 2014 and indicates the position reports to the assistant superintendent/human resources; however, the organizational chart shows the human resources specialist/office manager supervises the position. The position title and specific responsibilities outlined in the job description are focused entirely on the district's health benefits program and do not match the duties performed by the employee in the position.

**Administrative Secretary I (2.0 FTE)**

Staff interviews indicate these two positions report to both the assistant superintendent/human resources and human resources specialist/office manager positions. The two administrative secretary I employees perform clerical duties in support of the Human Resources Department, including processing fingerprint clearances, posting vacancies on EdJoin, scheduling new hire appointments, handling records requests, tracking requests for positions, and covering for the district office receptionist.

The job description, dated March 2000, indicates the position reports to a "department administrator." The organizational chart shows a direct line of supervision to the human resources specialist/office manager position.

**Secretary-Receptionist District Office (0.2 FTE)**

Based on staff interviews, this position reports to the human resources specialist/office manager position and serves as the district's receptionist. The position supports the Human Resources Department approximately one and a half hours per day by performing various clerical duties such as preparing employee identification badges, entering data into human resources systems (e.g., address and name changes), and tracking personnel action due dates (e.g., tb tests, classified evaluations, and CPR/first aid training). The position is also a point of contact for COVID-related illness monitoring.

The job description is not dated and includes responsibilities the current employee did not report as duties, such as assisting with budget planning and expenditure control, and supervising clerical assistants. It also shows the position reports to a "site administrator" and is supervised by a "district administrator."

**Executive Secretary II (1.0 FTE)**

This position reports to the assistant superintendent/human resources and performs clerical and administrative duties in support of the assistant superintendent/human resources and the departments reporting

to that position. The position oversees the formal complaint process, maintains the department website and handbook, and assists with cabinet and board meeting agenda items.

The district did not provide a job description for this position; however, the human resources webpage has a classified job description posted and dated August 2013 that indicates it reports to a “site administrator” rather than the assistant superintendent.

### **COVID-19 Response Technician (vacant)**

This position supports the district’s response to COVID-19, specifically contact tracing and outbreak management. The district reports this position is vacant; the secretary-receptionist district office position is performing some of its duties, such as collecting information on COVID-related absences.

The job description is not dated and states the position reports to a “department administrator;” it is not shown on the department’s organizational chart. Because the district is not actively recruiting to fill the position, it was not included in the FTE count used for the staffing comparison and analysis.

## **Overtime**

In interviews, human resources staff reported instances of working more hours than their contracted workday. Some stated the need for overtime was seasonal and connected to peak hiring times, such as the beginning and ending months of the school year. Others commented that they regularly work overtime because there is too much work to complete during regular work hours.

The department provided FCMAT with the following overtime information by fiscal year:

- 2019-20 – executive secretary II: 92.66 hours; administrative secretary I: 30 hours; human resources benefits technician: 9.75 hours.
- 2020-21 – executive secretary II: 81.75 hours.
- 2021-22 – human resources benefits technician: 4.5 hours; administrative secretary I: 10.17 hours; secretary-receptionist district office: 12.75 hours.
- 2022-23 (through November 2022) – human resources benefits technician: 5.25 hours; administrative secretary I: 37.5 hours; secretary-receptionist district office: 7.62 hours.

The district also provided written information that classified managers, such as the human resources specialist/office manager and human resources coordinators, commonly work overtime, but as exempt employees their extra hours are not tracked or paid. The district estimated these employees work an average of 200 overtime hours per year per employee.

Consistent overtime adversely affects both organizations and employees. Specifically, excessive overtime can result in issues such as employee health concerns, decreased productivity, increased absences, and high turnover. The Society for Human Resource Management recommends reviewing the need for increased staff if average overtime exceeds ten hours a week, especially if a consistent pattern exists.

## **Potential Reorganization and Staffing Increases**

The district provided FCMAT with a detailed list of human resources duties currently assigned by employee in the department; duties appear loosely distributed to managers and line staff according to whether the assignment is connected to classified or certificated employment. FCMAT’s staffing comparison indicates the Human Resources Department may be understaffed by as much as 3.0 FTE; however, based on infor-

mation collected from interviews and a review of documents such as duty lists and job descriptions, the department could realize improved operational efficiencies simply by reorganizing its structure, reclassifying certain positions, and reassigning some duties.

As discussed previously, the department's organizational structure should provide clear reporting relationships so that all staff are held accountable through supervision and evaluation. One option for a reorganized structure would be to organize the department into two teams, each headed by a director, and each of which would include one human resources assistant and two human resources analyst positions. While none of the districts in the staffing comparisons show two director positions in human resources, Central USD's department is unique in that the assistant superintendent/human resources position is also responsible for other operational areas, including athletics, student support services, and student information systems. The executive secretary II position would continue to report to the assistant superintendent/human resources, and the secretary-receptionist district office could report to one of the director positions. This structure would add only 1.0 FTE to the department.

The district could split personnel responsibilities between the two teams in different ways: 1) by school site and department, or 2) by certificated and classified employment. In the first case, the teams would handle all personnel management for assigned school sites and departments. This organizational structure would give the department's customers one team to address all staffing and personnel needs. Having more than one of each position with the same assigned duties would also ensure the department's essential work continues when an employee is absent or unavailable. Special projects and assignments, such as job fairs and employee recognition events, could be distributed to individual employees or specific positions across the department as needed.

The district could implement the proposed structure with minimal hiring and the following changes to current positions:

- **Human resources specialist/office manager**  
This management position is not listed on the classified management salary schedule. If this position is maintained, either a new position description is needed or the employee in this position would need to be assigned to the human resources manager position on the salary schedule. The proposed organizational structure would reclassify this position to a human resources director who would lead one of the newly formed teams. If the current employee does not have the credentials required for the human resources director position, the district could develop a classified human resources director position; the lack of credentials should not affect the reorganization because the director position would not supervise or evaluate certificated personnel.
- **Human resources coordinator**  
Since the current human resources coordinator position does not and would not manage other employees in a new structure, this position would be reclassified to a nonmanagement confidential position with a new title such as human resources analyst.
- **Human resources benefits technician**  
This position would be reclassified to the new confidential human resources analyst position; the position's current responsibilities for Affordable Care Act compliance and employee position request budget accounts could be transferred to positions in fiscal services.
- **Secretary-receptionist district office**  
This position would need to be updated to include human resources duties such as assisting with substitutes, coaches, lifeguards, employment verifications, and posting vacancies

on EdJoin; responsibility for employment verifications would be removed from the payroll specialists.

- **COVID-19 response technician**

Staff indicated this position is vacant and its workload greatly reduced, and some remaining duties have been absorbed by the secretary-receptionist district office position. Thus this position could be eliminated.

- **Administrative secretary I**

This position would need to be reclassified to a nonconfidential classified position with a new title such as human resources assistant.

To facilitate the reorganization, the department will need to establish an implementation plan to ensure a successful transition. The plan needs to include but not be limited to the following: 1) clear timelines for necessary changes such as hiring, job description revisions, and board approvals; 2) protocols for communicating changes promptly and frequently to schools and departments to ensure essential personnel services continue uninterrupted; and 3) training for all human resources staff on the changes and any new or additional assigned duties. Once the reorganization is in place, the department will need to regularly (meaning at least annually) assess the department's effectiveness. Such assessment should include input from the department's customers and other departments.

## Recommendations

*The district should:*

1. Consider implementing the following changes to reorganize the department's structure to improve operational efficiencies and customer service:
  - Reclassify the human resources specialist/office manager position to a human resources director position.
  - Reclassify the human resources coordinator position to a new confidential human resources analyst position.
  - Reclassify the human resources benefits technician position to a new confidential human resources analyst position.
  - Reclassify the administrative secretary I position to a new classified human resources assistant position.
  - Hire to add a 1.0 FTE human resources analyst position.
  - Organize the department into two teams that each include one director, one human resources assistant, and two human resources analyst positions; consider organizing each team's responsibilities to cover all personnel management for assigned schools and departments.
2. Consider the need for further staffing increases, based on the results of a desk audit and/or job classification study.
3. Develop a clear implementation plan to successfully transition to a reorganized structure, including timelines, communication protocols, and staff training.

4. Implement an annual assessment to evaluate the department's effectiveness; ensure input is collected from customers.
5. If the human resources specialist/office manager position is maintained, either create a new job description for this position or move the employee in this position to the human resources manager position.

## Processes and Procedures

### Board Approval for Personnel Actions

The California School Boards Association (CSBA) has issued [guidance](#) regarding the role of school boards in the area of human resources. This guidance recommends a governing board take the following steps to fulfill its responsibilities in relation to district staff: 1) ensure a framework for sound hiring practices is in place; 2) ensure a supportive and positive work environment exists; and 3) ensure effective evaluation systems are in place and used. The CSBA guidance states school boards should hold the superintendent accountable for the administration of an effective personnel system, and that the superintendent may delegate those responsibilities to a personnel/human resources administrator. In the district, oversight of the personnel system has been delegated to the assistant superintendent/human resources, who is responsible for ensuring that all district personnel practices follow board policies, negotiated contracts and legal requirements.

District staff indicated in interviews that candidates for hire may not start working in the district until approved by the governing board, which is accomplished over two board meetings. New hires are first presented to the governing board for review in closed session and then again at a subsequent meeting in open session for final approval. Interviewees indicated this process allows governing board members to review each hire and ensure no conflicts of interest or appearances of impropriety exist. The Human Resources Department Handbook states that when preparing a list of new coaches for governing board approval, the coaches' relationships, if any, to current employees must be included in the board report. This practice lengthens the time needed to complete the hiring process by at least two weeks or more, given that the governing board meets twice a month. Such delays in hiring have negatively affected the district's operations as staff reported losing qualified candidates to other districts because these individuals could start work sometimes as much as a month or two sooner elsewhere. If no other qualified candidate is available, such a loss results in the district having to restart the hiring process.

The best practice is for a governing board to approve new positions and extra assignments (e.g., stipends) before human resources posts open positions. Thereafter, the governing board's approval is simply a matter of ratifying the individual selected to fill the position. Many districts allow candidates to begin work before governing board approval, opting instead to allow for a board ratification approval process. This allows the district staff to conduct their work efficiently and increases the likelihood that recommended candidates will be hired in a timely fashion. This practice also aligns with CSBA's guidance that personnel functions properly reside with the superintendent and those designated to execute those responsibilities.

### Employee Recruitment and Selection

The Human Resources Department Handbook includes information indicating the department has electronic resources available on the district's intranet for managers to use regarding requests for personnel (RFPs) and the hiring process. FCMAT could not access the information via the handbook's embedded links;

however, during fieldwork, interviewees provided consistent descriptions of the recruitment and selection process.

A school or department manager first submits a request to hire using the district's RFP form. This form is emailed to [RFPdocs@centralunified.org](mailto:RFPdocs@centralunified.org), where it is received by human resources staff, who log the RFP in an internal tracking spreadsheet and review and process the request for necessary approvals (i.e., executive cabinet approves all RFPs, even those requesting to fill existing positions). Once a position is approved, human resources staff recruit for the position, using EdJoin to advertise and recruit applicants for open positions. The department also uses this system to organize its screening process for applicants who meet minimum qualification requirements.

Applicant interviews begin once the school or department receives candidate information from human resources. This notification comes via email through EdJoin. The schools and departments are responsible for creating interview panel packets, conducting reference checks, and making recommendations for hire. In interviews, district staff indicated that human resources staff provide annual training on how to manage and conduct interviews. Each school and department is responsible for developing its own interview questions, and the annual training provides guidance regarding legally compliant questions. Employees consistently indicated the importance of following the process to ensure consistency in the treatment of all candidates. The department provided sample interview packets for a variety of positions; these packets included interview and new hire selection forms, candidate forced rating sheets, and professional reference forms.

Human resources staff have directed schools and departments to maintain interview documents, including a copy of the interview questions. The best practice is to maintain all interview paperwork, including questions and interview panel notes, in one location, preferably in the Human Resources Department. Although it conducts regular training regarding legally compliant interviews, the department has no oversight standards or processes and procedures to ensure adherence to the guidance provided.

Although it is not necessary to standardize interview questions across the district, a compilation of questions, by job category, would reduce duplication of effort and increase the likelihood that interviewers conduct legally compliant interviews. The best practice would be for human resources management to provide a sample of interview questions by position and review final questions before conducting interviews.

The requesting manager returns the interview new hire selection form and other supporting documents to human resources using the RFPdocs email address. At this point, human resources staff arrange for a final interview between the candidate and either the assistant superintendent/human resources or the director of human resources as the last step before the governing board's approval.

In interviews, district staff reported that the hiring process is antiquated and takes a long time to complete. Hiring managers receive no response or acknowledgment of receipt after submitting documents to the RFPdocs email address. The department has no procedures to update hiring managers on the status of pending RFPs. School and department managers are not informed when positions are approved or when jobs are posted on EdJoin. In addition, once a final candidate is recommended for hire, no information is shared regarding the timeline for final approval or when an employee will be able to begin work. Some employees also expressed frustration at the department's failure to take proactive steps to address known personnel changes in advance to limit potential impact to schools and departments (e.g., substitutes for maternity leaves).

## Employee Absences and Leaves

As noted previously, the district uses DMS to manage employee leaves. The human resources specialist/office manager and human resources coordinators are responsible for monitoring employee leaves, and

they maintain a separate excel spreadsheet to track various leaves such as Family and Medical Leave Act, extended leaves of absence, and workers' compensation. The coordinators use these spreadsheets to help audit leave balances and review absences recorded by schools and departments in DMS and entered by employees in SmartFind, the district's substitute teacher management system.

The district does not have standard operating procedures for how absences are reported, how information in DMS and SmartFind is reconciled, and how timelines are enforced to minimize payroll impacts. For example, in interviews, district staff explained that at some schools the school secretaries enter all employee absences, but at others the employees are responsible for entering their own absences. When employees run out of accrued paid leave, the Human Resources Department is responsible for creating a pay dock and sharing that information with payroll. In some instances, employees have been overpaid because schools did not enter absences on time, so employees appeared to have enough paid leave but in fact did not. This results in additional work for payroll staff to correct and collect the overpayment from the employee.

## Employee Handbook

Employee handbooks are designed to communicate important policies and expectations to employees and are typically provided at the time of employment. The district provided FCMAT with an employee handbook last updated in September 2019. The handbook includes the following topics: preamble and definitions; employment law; general employment practices and expectations; pay periods; workers' compensation; and employee leave. The best practice is to evaluate and amend employee handbooks at least once a year, or every time a new law, regulation or policy is implemented. In addition, the handbook should be provided to all employees annually, preferably electronically, and the district should keep a signed and dated written record of an employee's receipt.

## Recommendations

*The district should:*

1. Revise the hiring process to have the governing board routinely ratify candidates for hire.
2. Ensure the governing board continues to approve all new positions and extra assignments (e.g., stipends) before posting for applicants.
3. Ensure human resources management reviews all interview questions developed by schools and departments before candidates are interviewed.
4. Develop a questions bank that has legally compliant questions for various job classifications, and make it accessible to hiring managers through human resources.
5. Ensure that schools and departments return all interview paperwork to human resources after completing the interview process.
6. Review and revise hiring practices to improve communication with managers and increase efficiencies; consider using a Google form or other tool, other than the RFPdocs email address, to organize RFP information and track key steps in the recruitment and selection process.
7. Establish a districtwide process for entering employee absences.
8. Consider requiring all staff to use SmartFind to record their absences.
9. Ensure that absence information in SmartFind is reconciled to DMS.

10. Review and revise the employee handbook for necessary changes at least annually; ensure the handbook is accessible to all employees, and document its receipt by employees annually.

# Appendices

**Appendix A: Hotel/Motel Transient Occupancy Tax Waiver**

**Appendix B: Study Agreement**

# **Appendix A**

## **Hotel/Motel Transient Occupancy Tax Waiver**

## 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.

# Appendix B

## Study Agreement



**FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM  
STUDY AGREEMENT  
September 26, 2022**

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

**1. BASIS OF AGREEMENT**

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

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

**2. SCOPE OF THE WORK**

**A. Scope and Objectives of the Study**

1. Review operational processes and procedures in the fiscal 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
2. Review operational processes and procedures in the human resources department and make recommendations for improved efficiency, if any.
3. Evaluate the current workflow and distribution of functions within and between the above departments and make recommendations for improved efficiencies, if any.
4. Conduct an organizational and staffing review of the above departments and make recommendations for staffing improvements and organizational restructuring, if any.

### **B Services and Products to be Provided**

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

### **3. PROJECT PERSONNEL**

The FCMAT study team may include:

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

### **4. PROJECT COSTS**

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

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

- B. All out-of-pocket expenses, including travel, meals and lodging.
- C. The district will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon the district's acceptance of the final report.

**Based on the elements noted in section 2A, the total not-to-exceed cost of the study will be \$28,600.**

- 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, 1300 17<sup>th</sup> 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. Upon the request of the district and the receipt of the signed study agreement, FCMAT shall provide certificates of insurance, with Central Unified School District named as additional insured, indicating applicable insurance coverages.

## **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 FCMAT's 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 solely from negligent acts or omissions of the district's board, officers, agents and employees undertaken under this agreement.

## **11. COVID-19 PANDEMIC**

Because of the existence of COVID-19 and the resulting shelter-in-place orders, local educational agency closures and other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the District (Sections 2, 4 and 5 herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:

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

## **12. FORCE MAJEURE**

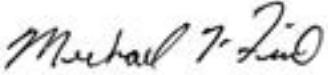
Neither party will be liable for any failure of or delay in the performance of this study agreement due to causes beyond the reasonable control of the party, except for payment obligations by the district.

## **13. CONTACT PERSON**

Name: Rosa Romero, HR Specialist  
 Telephone: (553) 691-5516  
 E-mail: [rosa.romero@centralusd.k12.ca.us](mailto:rosa.romero@centralusd.k12.ca.us)

  
 Stephen McClain, Assistant Superintendent  
 Central Unified School District

9/30/22  
 Date

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

10/3/22

Date