



FISCAL CRISIS & MANAGEMENT  
ASSISTANCE TEAM

# Position Control and Financial Management

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# Objectives

- Financial reporting responsibilities
- Position control
- Perspectives:
  - Business
  - Human resources
- Fraud/budget consequences
- Communication
  - Forms
  - Notifications
- Best practices
- QCC Position Control

# Financial Reporting

- The California education code requires local educational agencies (LEAs) to:
  - Adopt a Local Control and Accountability Plan (LCAP) and budget each fiscal year by July 1.
  - File a statement of all receipts and expenditures for the preceding fiscal year on or before September 15.
  - Approve by December 15 an interim budget report covering the financial and budgetary status of the district for the period ending October 31.
  - Approve by March 15 an interim budget report covering the financial and budgetary status of the district for the period ending January 31.
  - Certify whether it is able to meet its financial obligations for the remainder of the fiscal year and subsequent two years.

# Certification Status

- Positive: based on current projections, the district will meet its financial obligations for the current fiscal year and two subsequent years
- Qualified: based on current projections, the district may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.
- Negative: based on current projections, the district will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year.

# Assembly Bill (AB) 1200 Oversight

The county superintendent must:

- Examine the budget and determine whether the budget allows the district to meet its financial obligations.
  - Approve, conditionally approve, or disapprove the adopted budget.
    - Either conditionally approve or disapprove a budget that does not provide adequate assurance that the district will meet its current and future obligations.
- Review interim reports and approve or revise district certification.
- Take certain actions to assist the district if at any time during the fiscal year it determines that a school district may not meet its financial obligations for the current or two subsequent fiscal years.

# Financial Management

- Financial planning is critical for every LEA
  - Helps the LEA strategically align budget with instructional goals, programs and Local Control and its LCAP
  - Recognizing financial trends is essential to maintaining a district's fiscal health
  - Monitoring and analyzing year-to-year trends helps a district evaluate its budget direction and highlight possible areas of concern

# SACS Financial Reporting Forms

Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff (E/B) (F)
<b>A. REVENUES</b>								
1) LCFF Sources		8010-8099	8,737,196.00	10,439,688.00	6,641,979.03	10,935,822.00	496,134.00	4.8%
2) Federal Revenue		8100-8299	49,000.00	49,000.00	8,183.18	20,000.00	(29,000.00)	-59.2%
3) Other State Revenue		8300-8599	191,818.00	191,695.00	89,087.02	191,695.00	0.00	0.0%
4) Other Local Revenue		8600-8799	306,240.00	257,663.00	12,053,899.23	12,315,479.00	12,057,816.00	4679.7%
5) TOTAL, REVENUES			9,284,254.00	10,938,046.00	18,793,148.46	23,462,996.00		
<b>B. EXPENDITURES</b>								
1) Certificated Salaries		1000-1999	3,439,307.00	3,821,647.00	1,989,038.38	3,866,986.00	(45,339.00)	-1.2%
2) Classified Salaries		2000-2999	1,393,139.00	1,345,662.00	694,813.15	1,293,587.00	52,075.00	3.9%
3) Employee Benefits		3000-3999	1,655,406.00	1,724,676.00	959,941.75	1,736,646.00	(11,970.00)	-0.7%
4) Books and Supplies		4000-4999	391,228.00	443,415.00	154,233.18	434,437.00	8,978.00	2.0%
5) Services and Other Operating Expenditures		5000-5999	912,667.00	952,665.00	763,695.31	953,513.00	(848.00)	-0.1%
6) Capital Outlay		6000-6999	52,712.00	662,299.00	567,808.49	707,299.00	(45,000.00)	-6.8%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	348,434.00	375,470.00	169,655.18	375,470.00	0.00	0.0%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	(70,319.00)	(62,162.00)	0.00	(62,162.00)	0.00	0.0%
9) TOTAL, EXPENDITURES			8,122,574.00	9,263,672.00	5,299,185.44	9,305,776.00		
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)</b>			1,161,680.00	1,674,374.00	13,493,963.02	14,157,220.00		

# SACS Multiyear Projection

Description	Object Codes	Projected Year Totals (Form 01I) (A)	% Change (Cols. C-A/A) (B)	2021-22 Projection (C)	% Change (Cols. E-C/C) (D)	2022-23 Projection (E)
<b>B. EXPENDITURES AND OTHER FINANCING USES</b>						
1. Certificated Salaries						
a. Base Salaries				3,866,986.00		3,923,127.00
b. Step & Column Adjustment				56,141.00		56,141.00
c. Cost-of-Living Adjustment				0.00		0.00
d. Other Adjustments						
e. Total Certificated Salaries (Sum lines B1a thru B1d)	1000-1999	3,866,986.00	1.45%	3,923,127.00	1.43%	3,979,268.00
2. Classified Salaries						
a. Base Salaries				1,293,587.00		1,333,477.00
b. Step & Column Adjustment				39,890.00		39,890.00
c. Cost-of-Living Adjustment				0.00		0.00
d. Other Adjustments						
e. Total Classified Salaries (Sum lines B2a thru B2d)	2000-2999	1,293,587.00	3.08%	1,333,477.00	2.99%	1,373,367.00
3. Employee Benefits	3000-3999	1,736,646.00	13.00%	1,962,409.98	13.00%	2,217,523.28
4. Books and Supplies	4000-4999	434,437.00	0.00%	434,437.00	0.00%	434,437.00
5. Services and Other Operating Expenditures	5000-5999	953,513.00	0.00%	953,513.00	0.00%	953,513.00
6. Capital Outlay	6000-6999	707,299.00	-70.69%	207,299.00	0.00%	207,299.00
7. Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	375,470.00	0.00%	375,470.00	-84.32%	58,863.00
8. Other Outgo - Transfers of Indirect Costs	7300-7399	(62,162.00)	0.00%	(62,162.00)	0.00%	(62,162.00)
9. Other Financing Uses						
a. Transfers Out	7600-7629	12,030,816.00	-100.00%	0.00	0.00%	0.00
b. Other Uses	7630-7699	0.00	0.00%	0.00	0.00%	0.00
10. Other Adjustments (Explain in Section F below)						
11. Total (Sum lines B1 thru B10)		21,336,592.00	-57.22%	9,127,570.98	0.38%	9,162,108.28



# Position Control

Position Control as a budget management tool

# Position Control

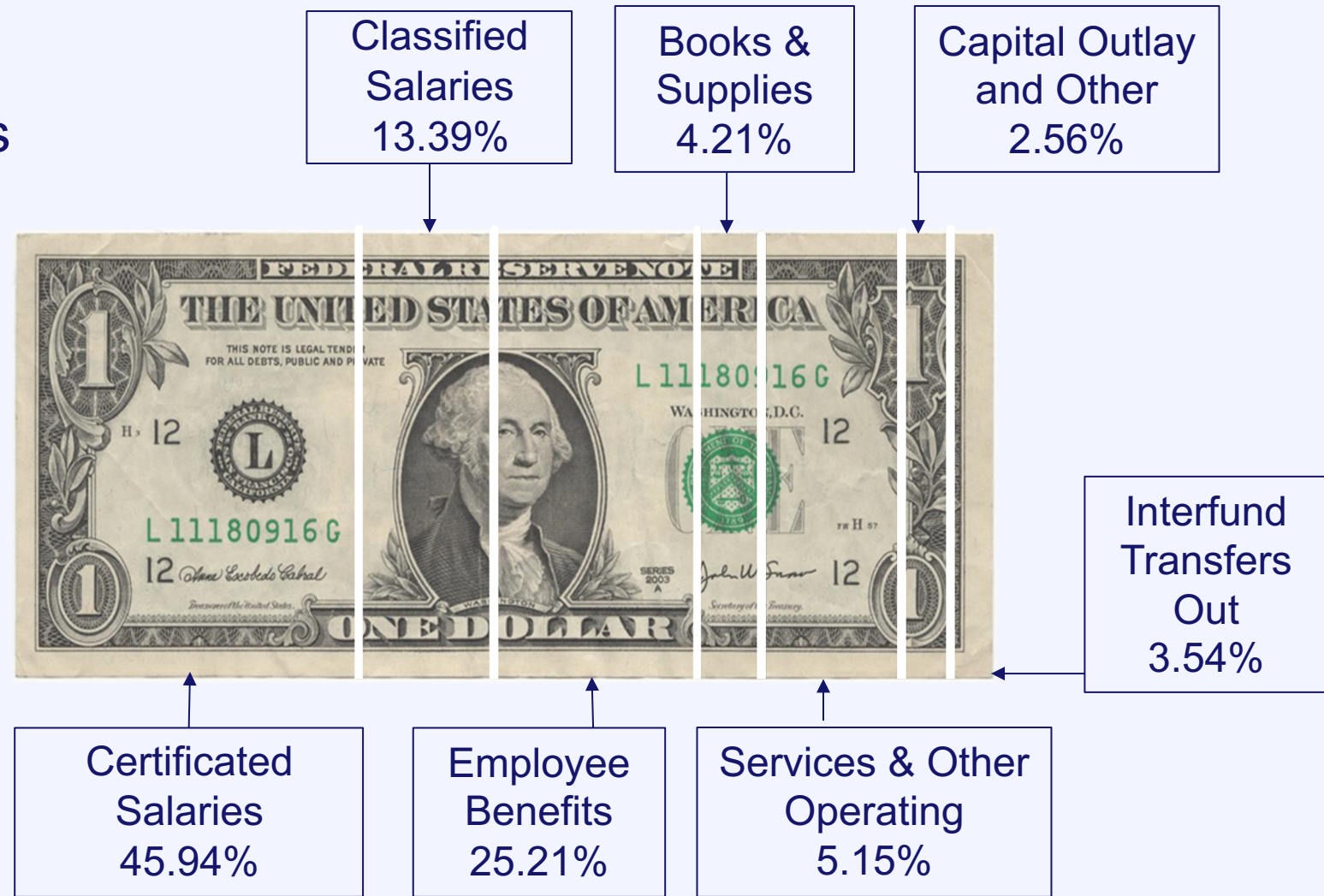
- Definition:
  - Oracle: “.....refers to the creation, maintenance, and monitoring of positions and their budgets.”
  - Definition.com: “is a workforce planning tool that imposes certain rules or restrictions on the creation, and filling of positions as a means to manage and control the costs associated with any given position within the organization.”
  - Rochester Institute of Technology: “Position Control refers to a system of tracking information based on positions rather than employees.”

# Position Control (cont.)

- One database managed jointly by the Business and Human Resources departments
- Focus is on authorized positions rather than names of employees
- Helps avoid hiring without an authorized position available
- Interfaces with budget development to streamline budget development process
- Interfaces with payroll system to ensure proper coding and payment of salaries

# Position Control (cont.)

- Managing costs



# Perspective – Business

- Business
  - Budgeting for current year costs
    - Salary
      - Certificated
      - Classified
    - Benefits
      - Statutory benefits
      - Health & welfare

## Expenditures:

- 1000s: Certificated Personnel Salaries
- 2000s: Classified Personnel Salaries
- 3000s: Employee Benefits (health insurance, retirement, state unemployment insurance, etc.)

# Perspective – Business (cont.)

- Business
  - Reconciling budget, payroll, and position control
  - Budget sources
    - Title I
    - Special education
    - LCAP expenditures
- Why is this important?

# Perspective – Business (cont.)

- Business
  - Projecting future costs
    - Salary, including step increases, longevity, etc.
    - Benefits
  - Identifying budget savings from vacant positions
  - Generating alternative scenarios for planning
  - Estimating the cost of collective bargaining agreements

# Perspective – Business (cont.)

Unit	1% of Salary	Cost of Benefits	Total Cost of 1%
SLEA	\$115,259	\$23,674	\$138,933
CSEA	\$47,019	\$15,389	\$62,409
SLMA	\$21,009	\$4,740	\$25,750
SEIU	\$6,487	\$2,123	\$8,610
<b>Grand Total</b>	<b>\$189,774</b>	<b>\$45,927</b>	<b>\$235,701</b>



# Perspective – Business (cont.)

- Assembly Bill (AB) 1200
  - What is it?
    - Enacted in 1991
    - Established Fiscal Crisis and Management Assistance Team (FCMAT)
  - Fiscal management and oversight responsibilities
  - County superintendent responsible for:
    - Reviewing budgets and interim reports
      - Determine if a district can meet its financial obligations for current and two subsequent years
    - ***Review public disclosures of collective bargaining agreements***
    - Non-voter-approved debt
    - LCAP review and approval

# Perspective – Business (cont.)

- AB 1200: Collective bargaining:
  - Costs associated with tentative collective bargaining agreement in current and subsequent years must be disclosed at a public meeting before the agreement becomes binding.
    - ensures the public is aware of costs associated with agreement.
  - Superintendent and chief business official (CBO) certify in writing that the district can meet the cost of the agreement for the term of agreement.
  - The certification shall itemize budget revisions necessary to meet the cost of the agreement.
    - The district shall forward budget revisions to the county superintendent within 45 days of board adoption (if the district has a qualified or negative certification, it must allow the county office of education (COE) at least 10 working days to review and comment on the proposed agreement).
  - If budget revisions are not adopted in the current fiscal year, the county superintendent shall issue a qualified or negative certification at the next interim reporting period.

# Scenario Time!

- Tense negotiations have produced a tentative agreement. A mediator had assisted both parties to reach a deal. They were at impasse. The district is in qualified status.
- Details include:
  - 3% retro to all current and active employees.
  - Every member, active and current, is entitled to a \$500 bonus.
  - Both the teacher's union and the board have approved the settlement.
  - The union demanded that the retro pay be paid out the following month, and the district agreed.
- Discuss how you would avoid/resolve this situation.

# Perspective – Human Resources

- Human resources
  - Customer service
    - Benefits
      - Who is eligible for benefits?
    - Position location
      - Placed correctly
    - Pay reflected accurately?

# Perspective – Human Resources (cont.)

- Human resources
  - Staffing ratios
    - Collective bargaining implications
      - Certificated ratios (TK-2: 27:1, 3-6: 31:1, 7-12: 32:1\*)
      - Classified ratios (based on number of transactions, number of classrooms, etc.)
  - Increases/reductions
    - Reports based on hours in paid status
    - Seniority dates
    - Natural attrition

# Perspective – Human Resources (cont.)

- Human resources
  - Layoff options
    - Account strings
      - e.g., Title 1 funding
  - Site adding employees
    - Do allocated positions match what the site has?
  - Adding extra hours
    - 20-day contract extensions (Ed. Code Section 45137)
  - Negotiations
    - Payroll implications
    - Notice of change in practices

# Internal Controls

- Ensure only board-approved positions are entered into position control.
- Human resources (HR) hires only for board-authorized positions.
- Payroll pays only employees hired by HR for board-authorized positions.
- Separation of duties – no single individual can create a position, add an employee, and pay an employee.

Task	Responsibility
Approve or authorize position	Governing board
Enter approved position into position control with estimated salary/budget. Each position is given a unique number. Eliminate positions.	Business Services Department
Enter demographic data into the main demographic screen, including: Employee name Employee address Social Security number Credential (if applicable) Classification Salary schedule placement Annual review of employee assignments	Human Resources Department
Update employee benefits Review and update employee work calendars	Business Services and Human Resources departments
Annually review and update salary schedules. This may need to be completed more frequently, such as in the case of collective bargaining settlements.	Business Services Department and Human Resources departments
Account codes Budget development Budget projections Multiyear projections Salary projections	Business Services Department



# Fraud/Budget Consequences

- Black's Law Dictionary defines fraud as:
  - “all multifarious means which human ingenuity can devise, and which are resorted to by one individual to get an advantage over another by false suggestions or suppression of the truth. It includes all surprise, trick, cunning or dissembling, and any unfair way by which another is cheated”

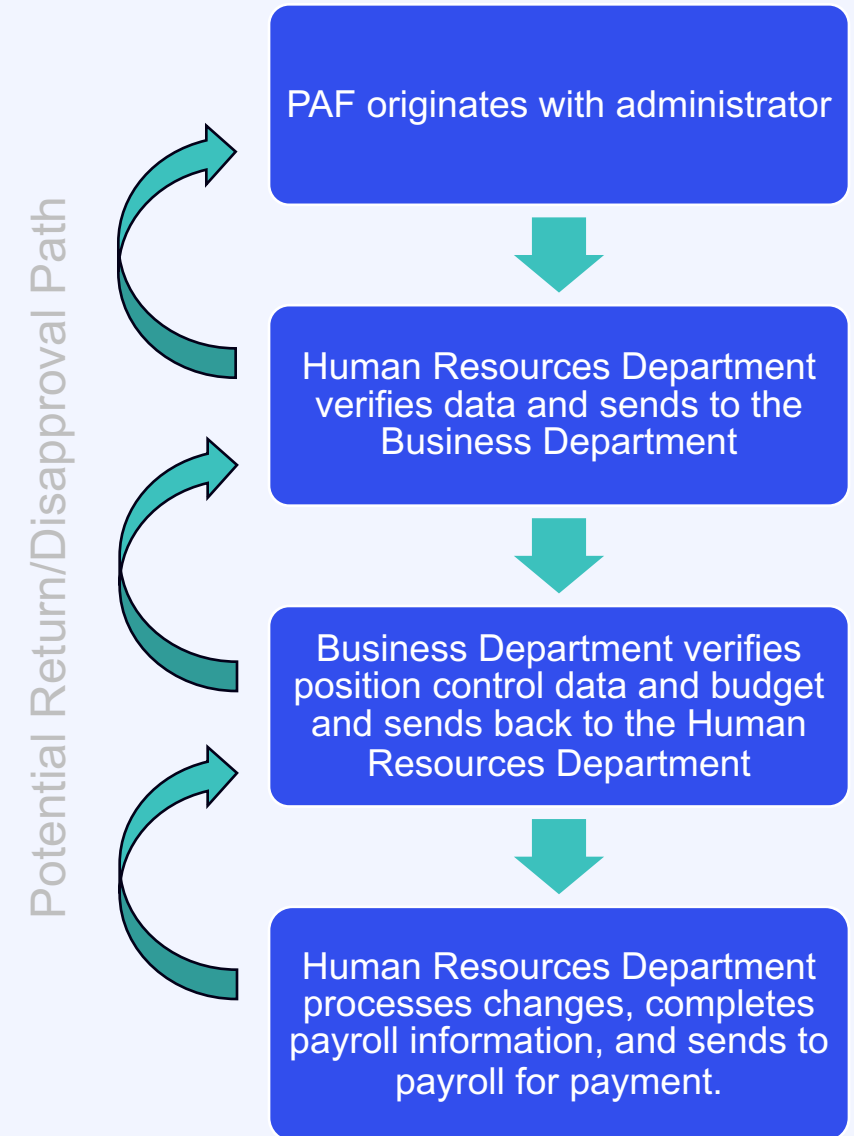


# Fraud/Budget Consequences (cont.)

- Internal controls
  - Ghost employees
- Richmond Unified School District (USD) /West Contra Costa USD
  - Layoff/rehire of employees
- Vallejo City USD
  - Special education compensation
- Oakland USD
  - Deceased employees still being paid

# Communication – Forms

- Form usage
  - Paper or electronic
- Develop Personnel Action Form (PAF) workflow
  - HR posts and fills position only after approval of PAF



# Scenario: No Personnel Action Form

- New hire information is not communicated to payroll before payroll processing deadlines.
- Contract requires employees to receive payment within five days.
- Employees receive payroll advances from the revolving fund.
  - The advances exceed the revolving fund account balance.
  - The Business Department now needs to work with the county office for a transfer of funds.

Discuss how you would avoid/resolve this situation.

# Communication

- Movement
  - Site/department/hours
- Recruitment
- Onboarding/offboarding
  - Internet technology (IT) access
- Leaves of absence
- Development of internal processes
- Confidential matters



# Scenario: No Position Control Reconciliation

- Budget, human resources and payroll information is not regularly reconciled.
- Many vacant positions are included in the budget that HR is not currently recruiting for.
- Result is an inaccurate budget, and inaccurate budget information communicated to the board, unions and community.
- Resources reserved for vacant positions are not available for other priorities of the board and district.

Discuss how you would avoid/resolve this situation.

# Best Practices

- Assign each position a unique number.
- Reconcile vacancies in position control to vacancies in HR.
- Require board approval for all newly created positions.
- Require superintendent or cabinet approval to fill a vacant position.
- To retain history, create a new position for increases in hours per day, days per year, or pay rate.
- To retain history, close or end any eliminated positions rather than deleting them.
- Provide sites and departments with a position control report at least annually for verification.

# Best Practices (cont.)

- Recommendations from FCMAT management assistance reports:
  - *“Ensure district leaders set the example for and encourage a climate of collaboration, teamwork and open communication among all departments and school sites.”*
  - *“Convene regular meetings of HR and payroll staff to discuss ongoing issues, develop solutions to common problems, and improve communication between the departments.”*
  - *“Establish regular meetings to improve communication between the departments and increase understanding of the responsibilities of each staff member and how their work affects the work of other employees.”*



# Best Practices (cont.)

- Recommendations from FCMAT management assistance reports:
  - *“Conduct meetings with the Human Resources and Payroll staff when bargaining unit agreements are negotiated to determine the impact to employee compensation and ensure both departments understand the specifics of the agreement.”*
  - *“Develop standard written processes and procedures that outline the workflow between the Human Resources and Business/Payroll departments.”*

# Best Practices (cont.)

- Fiscal Health Risk Analysis (FHRA) (questions for scoring purposes)
  - Position Control
    - *Does the district account for all positions and costs?*
    - *Does the district analyze and adjust staffing based on staffing ratios and enrollment?*
    - *Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim reporting periods?*
    - *Does the district identify a budget source for each new position before the position is authorized by the governing board?*
    - *Do managers and staff responsible for the district's human resources, payroll and budget functions meet regularly to discuss issues and improve processes?*

# Documentation and Training

- Detailed policies and procedures manual defines roles and responsibilities.
- Ensure processes and procedures align with board policy.
- Review periodically, at least annually, and update as needed.
- Clear procedures ensure staff understand their roles and the roles of others.
- Provide training for new staff and refresher training as needed.

# QCC Position Control System

# Employee Maintenance Screen

- Demographic screen – fields used in position control:
  - Hire date
  - Longevity base date: used for longevity bonus calculations
  - Anniversary base date: used for step advancement calculations
  - Employee type: used for reporting
  - Bargaining unit: used for reporting, step advancements, projections
  - Report code: used for reporting
- Degrees screen
  - Add degrees earned by employee for degree bonuses

# Master Files

- Master files must be set up and maintained – do not delete codes or reuse codes – historical data will be lost
- Required codes for position control:
  - Work Location
  - Job Categories (broad categories of positions — e.g., clerical)
  - Job Codes (more specific — e.g., account clerk)
  - Bargaining Unit (useful for projection reports and negotiations)
  - Degree Type (must be defined to compute pay for degree bonuses)

# Work Calendars

- Drive calculations – working days, holidays, non-workdays must be correct to correctly project salaries and benefits; especially important if driving payroll.
- One calendar for same number of work/pay days and same start/end days.
- No need to create a calendar for late start/early termination; those dates are input on employee's assignment.
- Hours per day and months per year: salary and benefits will be prorated based on this information

# Benefit Tables

- Benefit object maps define the object codes for each benefit class by salary object code.
- Benefit tables become part of each salary schedule to indicate the type and value of benefits that apply to employees attached to that salary schedule.
- Rates for each fiscal year must be input for accurate benefit projections.
- Health and welfare: set up as many plans and employees may choose; or set up as one plan with maximum employer cost by bargaining unit.
- Do not change order of benefit entries or will have to change on salary schedules



# Salary Schedules

- A series of ranges and steps that govern the pay rate for a group of positions. Salary schedules also define the calculation of bonus pay for advanced degrees, longevity, and other stipends.
- Created for a group of positions.
- Set bargaining unit to one most typical of schedule (can override on position or employee).

# Salary Schedules (cont.)

## Schedule Calculation Factors tab:

- Attach a default work calendar that works for most of the positions on this schedule; can be overridden on position screen
- Advance on: tells the system when to move an employee to the next step. Important for correct salary calculations: if set to “anniversary” and anniversary date is left blank on employee demographic screen, will use hire date.

## Payroll interface rules tab:

- Important if rolling pay lines to payroll
- Pay schedule – set to typical – will look here first, then at W4 screen

# Salary Schedules (cont.)

## Bonuses tab:

- Enter the amounts paid for advanced degrees.
- Degree Type master file must be set up.
- Degrees screen must be completed in Employee Maintenance.
- Longevity Bonus Information
  - Important for correct salary calculations and projections
  - Hire date is used if longevity base date is left blank on employee demographic screen

## Benefits tab:

- Select the benefits that will apply to most of the positions with this schedule
- Selections can be overridden for individual positions or employees

# Establish District-Authorized Positions

## Description:

- Positions are linked to a work calendar, a salary schedule, and a benefits definition.
- Start and end date: start date cannot be prior to board approval date; end date should be blank if position is expected to be ongoing.
  - Add an end date if position will not be ongoing – do not delete positions or historical data will be lost.
- Status: reducing will project negative dollars (not \$0).
- FTE: One FTE per position (best practice).
- Placement: set the step and range to be used for budgeting purposes for vacant positions.

# Establish District-Authorized Positions (cont.)

## Account Distribution:

- Important for budgeting salaries and benefits correctly.
- Use start and end dates if account code will change mid year.
- Hint – use throwaway account code to capture savings from vacant positions.

## Benefits:

- Select the benefits that will apply to this position (can be customized for individual employee).

# Assign Employees to Authorized Positions

- Enter start date for this employee in this position (important for correct calculations and projections).
- AO (Allow Overlapping): select to temporarily allow two employees to be assigned to the same position (for example, training replacement); set for the departing employee, not for both.
- Salary schedule placement based on position, set to actual for this employee.
- Benefits: based on position; override default for this employee if appropriate.

# Reports and Processes

Many reports can be run and filtered or sorted by the various master file codes

- Scattergrams by bargaining unit
- A report listing all vacant positions
- A report showing all approved positions with FTE, current employee, funding source, and salary
  - By location/department
- A projection report to project the cost of 1% for negotiations, or the cost of the projected or actual amount of the settlement
  - By bargaining unit
- A report to help project the cost of steps and columns

# Reports and Processes (cont.)

The position control system interfaces with budget development and payroll.

- Load salaries and benefits to budget development.
- Create budget transfers based on comparison of budget and position control.
- Roll positions and assignments from one fiscal year to the next.
- Roll from position control to payroll to create pay lines.



# Questions?

# Contact Info

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**Thank you!**