



CSIS California School Information Services



Imperial Community College District

Management Review

November 29, 2011

Joel D. Montero
Chief Executive Officer





CSIS California School Information Services

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Todd Finnell, Vice President for Information Technology
Imperial Community College District
380 E. Aten Road
Imperial, CA 92251

Dear Vice President Finnell:

In May 2011, the Imperial Community College District entered into an agreement with the Fiscal Crisis and Management Assistance Team (FCMAT) for a review of technology, payroll, and position control functions of the district. Specifically, the agreement stated that FCMAT would perform the following:

- 1) Review the College's support structure for delivery of technology support services and develop recommendations regarding an appropriate technology organizational structure to support the college.

Specifically, this scope point will address the following:

- a. Analyze requisite skill sets and job descriptions for the current departmental staff to determine if they are capable of meeting technology goals and support requirements;
 - b. Analyze organizational ratios (such as staff-to-device) against generally accepted industry standards;
 - c. Analyze the implementation of the Operational Data Store (ODS) and make recommendations for its effective use and support.
- 2) Review the costs, procedures, financial system capabilities, and operational efficiencies associated with procuring payroll processing services through the Imperial County Office of Education vs. performing these functions in-house.

Specifically, this scope point will address the following:

- a. Analyze and document any duplicated efforts on the part of fiscal staff who use the Banner system and the ICOE financial system;
- b. Analyze reconciliation functions required to keep both systems synchronized;
- c. Analyze internal control issues and organizational structure to support internal payroll processing;
- d. Analyze advantages and disadvantages associated with performing payroll

FCMAT

Joel D. Montero, Chief Executive Officer

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processing versus having payroll processed by the county office of education.

- 3) Review the procedures, system capabilities and operational efficiencies associated with implementing the position control component of Banner.

Specifically, this scope point will address the following:

- a. Analyze and document organizational structure to support implementation of Position Control;
 - b. Review internal control structure to support position control;
 - c. Identify opportunities to migrate off-line (not on Banner) tasks and data (i.e. externally maintained databases and spreadsheets) onto Banner.
- 4) Assist the College in developing procedures to ensure data confidentiality starting with data input and ending with data reporting, assessment, and decision-making.

Specifically, this scope will include:

- a. Analyze current policies and practices related to use of confidential data;
- b. Analyze the use of confidential information, including SSNs, in Banner and related enterprise systems, and make recommendations for improvement.

This report provides FCMAT's findings and recommendations. We appreciate the opportunity to serve the Imperial Community College District and extend our thanks to all the staff for their assistance during fieldwork.

Sincerely,



Joel D. Montero
Chief Executive Officer

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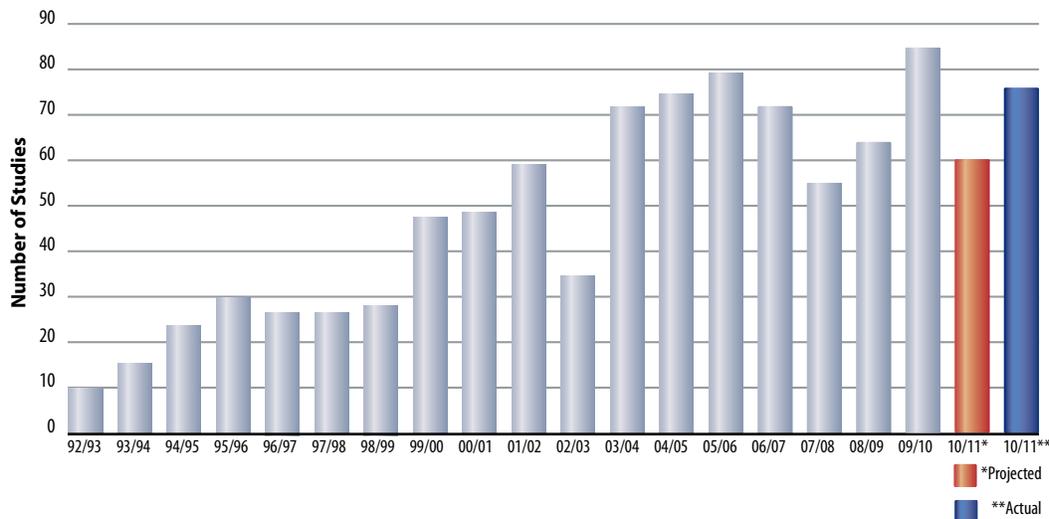
About FCMAT

FCMAT’s primary mission is to assist California’s local K-14 educational agencies to identify, prevent, and resolve financial 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 and efficient operations. FCMAT’s data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and share information.

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 local education agency 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 also develops and provides numerous publications, software tools, workshops and professional development opportunities to help local educational agencies operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) arm of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS) and also maintains DataGate, the FCMAT/CSIS software LEAs use for CSIS services. FCMAT was created by Assembly Bill 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. Assembly Bill 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. Assembly Bill 1115 in 1999 codified CSIS’ mission.

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

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

Since 1992, FCMAT has been engaged to perform nearly 850 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 Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

The Imperial Community College is located on a 160-acre site in the city of Imperial and enrolls approximately 7,000 students per year. The college has extended campuses in El Centro, Brawley and Calexico.

The Imperial Community College District is implementing technology projects that will have far-reaching effects throughout the organization and provide significant opportunities to make procedural, operational, and technical changes in the way the college functions to meet emerging academic challenges.

In May 2011, the district entered into a study agreement with the Fiscal Crisis and Management Assistance Team (FCMAT) for a technology review. The review's objectives are to provide a detailed report that demonstrates the current state of technology issues, technology use, and provide recommendations regarding the organizational staffing of the Technology Services Department, the Banner financial information system, implementation of Banner payroll and position control modules, and procedures regarding data and information security. The study agreement specifically requests that FCMAT perform the following:

- 1) Review the College's support structure for delivery of technology support services and develop recommendations regarding an appropriate technology organizational structure to support the college.

Specifically, this scope point will address the following:

- a. Analyze requisite skill sets and job descriptions for the current departmental staff to determine if they are capable of meeting technology goals and support requirements;
- b. Analyze organizational ratios (such as staff-to-device) against generally accepted industry standards;
- c. Analyze the implementation of the Operational Data Store (ODS) and make recommendations for its effective use and support.

- 2) Review the costs, procedures, financial system capabilities, and operational efficiencies associated with procuring payroll processing services through the Imperial County Office of Education vs. performing these functions in-house.

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- b. Analyze reconciliation functions required to keep both systems synchronized;
- c. Analyze internal control issues and organizational structure to support internal payroll processing;

- d. Analyze advantages and disadvantages associated with performing payroll processing versus having payroll processed by the county office of education.
- 3) Review the procedures, system capabilities and operational efficiencies associated with implementing the position control component of Banner.

Specifically, this scope point will address the following:

- a. Analyze and document organizational structure to support implementation of Position Control;
 - b. Review internal control structure to support position control;
 - c. Identify opportunities to migrate off-line (not on Banner) tasks and data (i.e. externally maintained databases and spreadsheets) onto Banner.
- 4) Assist the College in developing procedures to ensure data confidentiality starting with data input and ending with data reporting, assessment, and decision-making.

Specifically, this scope will include:

- a. Analyze current policies and practices related to use of confidential data;
- b. Analyze the use of confidential information, including SSNs, in Banner and related enterprise systems, and make recommendations for improvement.

Study Team

The study team was composed of the following members:

Andrew Prestage FCMAT Management Analyst Bakersfield, CA	Sean James* Vice Chancellor, Operations Management Bakersfield College Bakersfield, CA
Anthony L. Bridges, CFE FCMAT Deputy Executive Officer Atascadero, CA	Kathy Blackwood* Chief Financial Officer San Mateo County Community College District San Mateo, CA
Debi Deal, CFE FCMAT Fiscal Intervention Specialist Los Angeles, CA	Eric Raznick* Director of Information Technology San Mateo County Community College District San Mateo, CA
Leonel Martínez FCMAT Public Information Specialist Bakersfield, CA	

*As members of this study team, these consultants were not representing their respective employers but were working solely as independent contractors for FCMAT.

Study Guidelines

FCMAT held interviews on June 14 and 15 at the Imperial Community College administrative offices. FCMAT completed the information discovery for this assessment through a two-day series of interviews of staff members from various departments. Documentation regarding the district's strategic plan, systems information, and financial application and operating software and compliance information was reviewed and discussed as part of the interview process. The district's 2010-2013 technology plan provided information about the district's vision for technology.

Executive Summary

Information Technology

Responsibility for delivery of technology support services at Imperial Community College is divided between two administrators. As a result, some efficiency among these staff members who provide technology support services is lost because of the lack of a single administrator to direct all support activities. A total of six microcomputer technicians provide support for approximately 980 devices on campus. Under a single administrator, only four microcomputer technicians are needed.

Position titles such as “senior programmer/data analyst” and “data analyst” are used by the college, but no longer appropriately reflect the duties performed by these staff members. Given the district’s objectives with regard to enterprise applications, additional systems analyst staff members are needed. Specifically, the following changes would improve the delivery of technology support services for the Imperial Community College District.

The district should:

1. Consolidate all microcomputer technicians to report within the Division of Information Technology and reduce the number of microcomputer technicians from six to four full-time equivalent employees.
2. Reclassify the four microcomputer technicians as technology support technicians (TSTs).
3. Reclassify the senior programmer/data analyst positions as senior systems analysts.
4. Reclassify the existing data analyst as systems analyst.
5. Create two additional systems analyst positions, bringing the total number of systems analysts to three.

Banner Financial and Payroll

The district depends on the county office for payroll processing and reporting. However, the district has long considered the option of processing payroll internally. During fiscal year 2010-11, district administrators reintroduced the question of processing payroll internally to reduce duplication of effort, increase the overall effectiveness of Banner, improve internal controls, and automate numerous processes.

Fiscal Independence and/or Fiscal Accountability

Before assuming payroll processing responsibility, the district should achieve fiscal accountability or fiscal independence status so that payroll processing and regulatory reporting responsibilities can be legally assumed. Because an enterprise system such as Banner involves the entire college, the introduction of any new module will require strong administrative direction and clearly articulated and understood procedures involving shared data and resources. Pursuit of fiscal accountability or fiscal independence and implementation of in-house processed payroll and/or position control should be part of a strategy focusing on extensive realignment of duties and

responsibilities. The following recommendations involve areas where changes or improvement will be needed, in some cases regardless of whether the college opts to continue pursuing internal payroll processing capabilities.

The district should:

1. Pursue fiscal independence or fiscal accountability status, and the potential implementation of in-house processed payroll and/or the position control module as part of a strategy that includes the incremental realignment of the duties and responsibilities necessary to fully implement the integrated Banner system.
2. Ensure that these broad changes are supported by all college cabinet members.
3. Discuss the feasibility of becoming fiscally accountable or independent with administrators from the county office, county controller's office, and county treasurer.
4. Adopt the business process reengineering approach to identify improvements and changes to business processes that will lead to greater effectiveness and efficiency.
5. Appoint a disbursing officer and ensure this individual has full access to legal counsel if the recommendation to pursue fiscal accountability or fiscal independence is implemented.
6. Implement Banner Web Time Entry to collect and report payroll hours, calculate leave accruals, track leave balances, and employee benefit administration. Conversion to Web time entry should be conducted in stages beginning with financial aid work study students.

Banner Position Control

The college has not fully completed implementation of the Banner HR, payroll, budget, and position control modules. Instead, position control information including seniority listings and labor distribution data, is maintained using Excel spreadsheets. Implementation of the Banner HR and position control modules would make data widely available throughout the organization and improve the accuracy of expenditure budgeting. The position control application *could* be implemented without transferring payroll processing in-house. A fully functioning position control system will help the college maintain accurate budget projections, employee demographic data and salary and benefit information. The following recommendations involve areas where the college could improve its position control information.

The district should:

1. Fully implement the Banner HR and position control modules.
2. Ensure that the implementation of the Banner HR and position control modules is a collaborative project involving HR, finance, payroll, and information technology staff members.
3. Discontinue the use of the Enlighten application to track adjunct faculty assignments. This data should be maintained in Banner.

4. Assign all payroll staff members to report to a single administrator in the HR Division.
5. Ensure there is appropriate separation of duties between HR and payroll staff member functions.
6. Implement internal control procedures to ensure proper segregation of duties between staff members of the Business and Human Resources departments.
7. Ensure that employees of the HR and business offices follow a business process reengineering (BPR) approach to develop workflows and define the specific steps of position control management.

Miscellaneous Issues

Information Assurance

During interviews, staff members commented that employees commonly send e-mails with attachments containing confidential employee information in the form of spreadsheets, databases, and other formats. Staff members also indicated that their user privileges are not modified as they move from one position to another. Technology support staff members have broad access to information assets, but have never signed an information confidentiality agreement. The following recommendations will strengthen the college's information assurance and data privacy efforts.

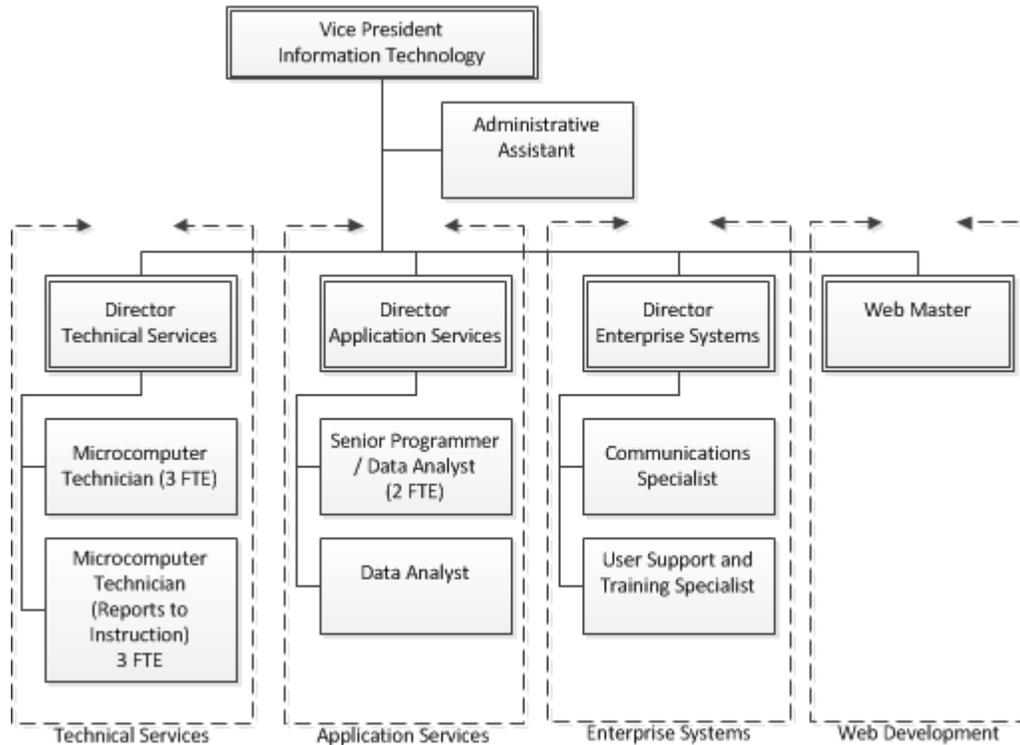
The district should:

1. Develop policies on the access and transmission of confidential data. Spreadsheets and databases containing confidential employee data should not be transmitted to other employees as attachments to e-mail messages.
2. Ensure that user privileges are removed or modified as employees move from one position to another.
3. Create a sign-out form that provides information to IT staff members when employees separate from the college. The sign-out form should provide position information that allows IT staff to delete obsolete user accounts.
4. Ensure that all technology support staff members who have access to personal and/or confidential data sign an information confidentiality agreement governing information privacy.
5. Assign responsibility for completing the installation and configuration of the operational data store (ODS) to one of the two senior systems analysts. In addition, the senior systems analysts should create reports and train users on the Argos reporting tool.

Findings and Recommendations

Organizational Structure

The Imperial Community College District (ICCD) Information Technology Division supports four areas of technology: technical services, application services, enterprise systems, and Web development. Composed of 17 positions, the information technology organizational structure is depicted below.



Technical Services

Three microcomputer technician staff members report to the director of technical services in the Information Technology Division and provide support for administrative computers. The three others report to the dean of learning services and instructional technology and provide support for classroom and lab computers. These six staff members together provide support for approximately 980 devices on campus, resulting in a device-to-technician ratio of 163-to-1. Some efficiency among these staff members is lost because of the lack of a single administrator to direct all support activities. The separation of function between providing support for instructional and administrative applications is inefficient and creates a perception of territorialism among support staff members. Under a single administrator, and given the average age of the equipment being supported on campus, a more realistic ratio would be 250-to-1. This ratio would result in the need for only four technicians. A training needs assessment should be conducted to ensure that all 4 technicians are at the same level of technical proficiency.

The microcomputer technicians do not consistently use the college's online help desk. Consistent use would allow the support staff to build an accurate database of support activities and more

easily identify areas where improvements are needed. Help desk requests frequently do not include a room number where the support services are needed. Additionally, the “microcomputer technician” position title no longer accurately reflects the duties and functions performed by these personnel. Because these staff members perform a variety of support services for software applications and hardware assets, reclassification to “technology support technician” would more accurately reflect the position’s duties.

The college lacks an application to lock down and prevent unwanted changes to user computers. Several technical services staff members expressed a desire for this type of application in particular to improve up time and help keep older systems in good working order. Implementation of this software will also help the college increase the device-to-technician ratio to 250-to-1.

Application Services

Reporting to the director of application services, the two senior programmer/data analyst positions provide support for a variety of enterprise applications including the student system, financial and financial aid systems, Argos (a reporting application), the Operational Data Store (ODS) data warehouse, and DegreeWorks (a Web-based coursework and academic planning tool). The senior programmer/data analyst title does not accurately reflect the functions and duties performed by the staff members. Because programming functions are only occasionally performed, and the emphasis is instead on the systems analysis work performed by these staff members, reclassification of the positions to “senior systems analyst” would more accurately reflect the position’s duties.

The data analyst position has been vacant for several months following the retirement of a longtime staff member. The retired staff member provided focused support for HR and payroll applications. The data analyst position title does not accurately reflect the duties and functions performed by this position.

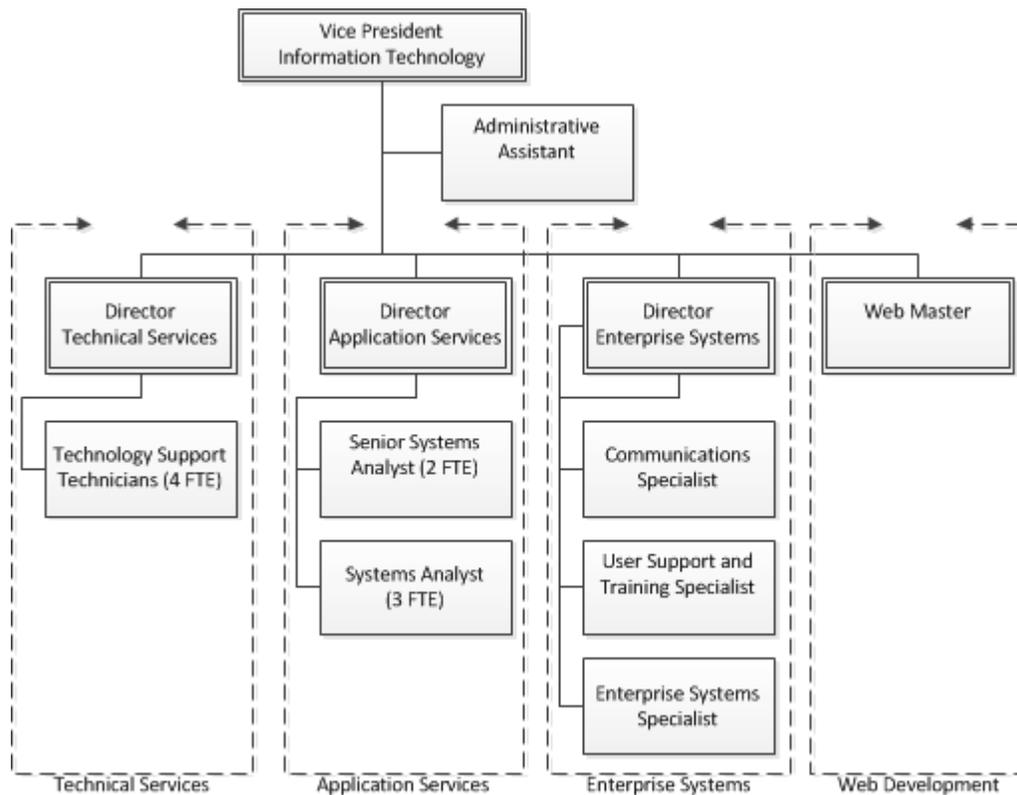
Initiative three of the district’s Strategic Technology Plan calls for implementation and support of “enterprise data systems that support effective decision-making and that promote synergy, collaboration, and efficiencies throughout the organization.” However, no one is assigned to provide focused support for the implementation or ongoing administration of critical Banner modules including financial, payroll, and position control. Dedicated support for these modules will be essential given the district’s objective to move toward implementing payroll and position control functionality. To provide this support, the college will need to create two additional systems analyst positions, bringing the total number of systems analysts to three. The new positions should report to the director of application services, but work closely with business office, payroll, and human resources staff in direct support of those Banner modules.

Enterprise Systems

At the time of fieldwork, a new position titled “enterprise systems specialist” had recently been approved. The functions of the new position would include server support, research into virtual server objectives, wireless configurations, network monitoring, and security.

In addition, the district’s Operational Data Store (ODS) serves as a data warehouse for several functional areas of the college. The district does not have a staff member assigned to provide support for the ODS and ensure that it is used to its maximum effectiveness.

Taken together, the recommended staffing changes outlined above would result in the updated organizational structure shown below.



Recommendations

The district should:

1. Assign all microcomputer technicians to report to the Division of Information Technology.
2. Reduce the number of microcomputer technicians from six to four full-time equivalent employees.
3. Ensure that all microcomputer technicians use the online help desk application to remain aware of support requests and track support activities.
4. Encourage users to include the room number when submitting support requests so that technicians clearly understand where the support services are needed.
5. Reclassify the four microcomputer technicians as technology support technicians (TSTs). A sample TST job description is attached as Appendix C to this report.
6. Conduct a skills assessment of the four TST staff members and ensure they are fully trained and capable of performing the position's technology support functions.

7. Use enterprise applications to manage computer systems and implement group policies to ensure they are effectively maintained.
8. Reclassify the senior programmer/data analyst positions as senior systems analysts to more accurately reflect the duties and functions performed by these positions.
9. Reclassify the existing data analyst as systems analyst, and assign the position to maintain and support the HR and payroll applications.
10. Create two additional systems analyst positions, bringing the total number of systems analysts to three. The two additional systems analysts should report to the director of application services and be assigned to provide functional and implementation support for the Banner HR, position control, and payroll users. In addition, the new systems analysts will free the senior systems analysts to improve support for other technology objectives.

Banner Financial and Payroll

Developed by SunGard Higher Education, Banner software is a comprehensive information system that includes modules for student, financial aid, human resources, and finance. Banner is utilized by many community college districts throughout the state and more than 1,000 institutions worldwide. Reports generated from Banner finance include all the information entered directly as well as the information fed from the various subsystems.

The district implemented Banner finance in January 2004, and district staff members use the system for financial planning and budgeting, general accounting, reporting and compliance. Various subsystems were brought online in the following sequence:

<u>Subsystem</u>	<u>Year</u>
Accounts receivable	2004
Student	2005
Financial aid	2005
Human resources	2006

The Banner software required to process payroll is a functional component of the human resources module that was brought online in 2006. However, the software is not used because the district's payroll is processed by the Imperial County Office of Education. The county office has processed payroll for the Imperial Community College District, including regulatory reporting, filings, and pension reporting requirements for both the Public Employees' Retirement System (PERS) and State Teachers' Retirement System (STRS), for many years. Since payroll processing is handled by the county office, the original Banner human resources module implementation was not focused on processing payroll transactions and therefore did not include many aspects of the integrated payroll system.

Despite this, college staff members run some limited Banner payroll processes to allow financial aid subsystem tracking of work study students. In addition, human resources staff members use the Banner HR subsystem (and concomitant payroll software) to maintain basic employee records. Entry of personnel data is primarily the responsibility of Human Resources Department staff members, and the data is accessed to produce the required notice of employment form needed to conform to county office payroll processing requirements. College employees are then required to reenter the data into the county office payroll system.

The district has long considered the option of processing payroll internally; however, an information technology staff member opted to develop custom written modules to support evolving user needs instead of implementing the Banner financial system's payroll and/or position control modules. With the employee's resignation early in fiscal year 2010-11, and the hiring of a vice president for information technology, interest in processing payroll in-house increased. During fiscal year 2010-11, district administrators reintroduced this possibility to reduce duplication of effort in payroll processing, increase the overall effectiveness of Banner, improve internal controls, and automate numerous processes.

Duplication of Effort

During fieldwork, FCMAT found numerous examples of job and position data maintained in Banner, on the county office system, and externally in spreadsheets. District staff members are required to perform many duplicate tasks to keep the Banner and county office systems properly maintained. For example, they enter the same data (e.g. employee name, social security number, position, and employee type) into each system, resulting in redundancy. Maintaining two systems necessitates several auditing and reconciliation functions to ensure the systems are synchronized, and the data maintained in spreadsheets is not widely available throughout the organization for reports and decision-making. Transferring these functions to Banner would create a more structured, integrated, secure and streamlined approach to employee compensation. In addition, the consolidated maintenance of data in Banner would make information more readily available to staff members throughout the organization so they can develop reports and make decisions. Duplicated efforts, redundant data input, and reconciliation functions also require significant staff time to perform.

Increasing the Effectiveness of Banner

The Banner financial system is fully integrated; however, the effectiveness of an integrated system decreases when modules such as payroll and position control are not implemented. For example, use of the payroll and position control systems would facilitate salary and benefits costs projections and direct loading of projected salary and benefits costs into the budget development module. The sharing of data between position control and payroll would also allow the system to generate pay lines. Since the district payroll is not processed by Banner but by the county office, neither system is used in the most effective manner. Specifically, it is more difficult for administrators to maintain control over budgets, hiring, and placement of employees.

Improving Internal Controls

The duplication of effort and requirement to synchronize disparate systems has created a situation where staff members use a variety of spreadsheet, databases, and other applications to keep track of information that could otherwise be maintained on Banner. This creates internal control issues that are difficult to resolve. In addition, ensuring appropriate segregation of duties is difficult without internal control structures. Internal control includes the integrity, ethical values and competence of personnel; the philosophy and operating style of management; the way management assigns authority and responsibility and organizes and develops its people; and the attention and direction provided by the governing board and executive management.

Automating Processes

Spreadsheets, databases, and other applications require significant time for staff members to maintain. Many of these processes could be performed more efficiently using Banner, and automating these functions will free personnel to perform other tasks.

Fiscal Independence and/or Fiscal Accountability

The district depends on the county office for payroll processing and reporting. Fiscal dependency does not imply that a financial benefit or burden exists. Instead, it is a legal reference designating the district as dependent on the county office for specific payroll, approval, and compliance responsibilities. Before accepting payroll processing responsibility, the district should achieve fiscal accountability or fiscal independence status so that the payroll processing and regulatory reporting responsibilities can be legally assumed. To process payroll, the district would be required to become fiscally accountable or fiscally independent according to Education Code (EC) Section 85266.5.

Fiscal independence requires approval by the board of governors, which is largely based on the recommendation of the respective county office of education. Fiscal independence provides broad authority to issue warrants (except debt service) without approval or review from the county office, and fiscal accountability is a less restrictive status subject to ongoing approval by the county office and requires no approval by the board of governors. From a legal and technical perspective, the college could process payroll internally now. However, absent fiscal accountability or fiscal independence, the county office still has the legal, fiduciary, and oversight responsibility to review and audit all payroll runs. Until the internal controls are reviewed and strengthened, including realignment of duties and responsibilities, payroll should continue to be processed by the county office.

The college's stated objective is to produce all payroll checks and direct deposit notices from the Banner system. To do so, the college is working to achieve fiscally accountable status to assume the fiscal and regulatory reporting responsibilities. Accomplishing these goals will necessitate adopting new and revising current business practices and will require revisions throughout the Banner HR system. The transition from county to college payroll will entail detailed system review, training, and establishing revisions in the Banner HR modules being used as well as user training and implementation of the Banner payroll module.

Fiscal Accountability

Fiscal accountability was designed to provide an alternative to the preaudit that the county superintendent is required to complete during review and approval of school district financial transactions. It grants increased local control while maintaining adequate safeguards over the expenditure of public funds. Specifically, fiscal accountability would entitle the district to assume responsibility for the preaudit functions of accounts payable and payroll transactions. The college would then be responsible for the following:

- Cash shortages
- Garnishments and tax liens
- Issuance of duplicate warrants to replace those lost, stolen or damaged
- Reconciling warrants issued and paid with the bank's records
- Retention of supporting documents
- Production of retirement and payroll related reports, including CalPERS and CalSTRS.

However, many of these functions could remain at the county office through a negotiated agreement.

Districts seeking fiscal accountability may negotiate with their local county office and are subject to ongoing approval by the county office with no involvement by the board of governors. The primary benefit of fiscal accountability status is that payroll and accounts payable warrants could be produced on site, allowing the college to convert to laser printing and not follow the time line of the county office's payroll and accounts payable production calendar. It would also significantly reduce the number of trips employees make to the county office to carry out these transactions. Approval of fiscal accountability is both conditional and revocable. Fiscal accountability status would grant the college greater flexibility in carrying out financial operations, however, this depends on the college meeting and maintaining certain conditions. The Education Code requires a single person to be designated as the district disbursing officer.

Fiscal Independence

Fiscal independence would provide the district with broad authority to issue warrants against all funds (except debt service) without the approval of or review by the county superintendent of schools or the county auditor. Districts seeking fiscal independence according to EC Section 85266.5 are required to file an application with the 17-member California Community Colleges Board of Governors. This board is required to prescribe standards for an independent survey of the applicant district's accounting controls and has final authority to approve or reject the applicant district's application for fiscal independence.

The application process focuses on the following four standards that are covered in extensive detail:

- Standard 1: Adequate Fund Balances** – The district has avoided deficit balances in its funds and has maintained a prudent reserve in its unrestricted general fund over the preceding five fiscal years.
- Standard 2: Statute and Governing Board** – The district makes only lawful and appropriate expenditures in carrying out the programs authorized by statute and by the governing board.
- Standard 3: Adequate Internal Controls** – The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments are adequate in numbers and skill level to administer administrative programs independent of detailed review by the county office and to provide an internal audit function that assures adequate internal controls.
- Standard 4: Legality and Propriety of Transactions** – The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments exercise independent judgment to ensure the legality and propriety of transactions.

The document attached as Appendix B to this report is the California Community Colleges Accounting Advisory that provides the standards expressed in broad terms, a checklist incorporating those standards for use by the independent auditors as part of their overall assessment of the district's internal controls, and the fiscal independence application form. The technical requirements of the application process notwithstanding, the ultimate decision of whether to process payroll internally must be based on a variety of economic, operational, and administrative considerations.

Economic Considerations

The college has made a substantial investment in acquiring and maintaining Banner finance and the associated subsystems. The system is used successfully to conduct student and financial aid processing. Add-in products such as Argos (for reporting), the Banner Document Management System (BDMS, for report production and imaging), and the Banner Operational Data Store (BODS, for data warehousing) have been appropriately licensed and installed.

Operational Considerations

During interviews, many staff members indicated that Banner is only one of many tools to complete their tasks. Staff members also use several tools such as custom spreadsheets and databases to perform functions that could be more efficiently performed with Banner. The existence

of disparate databases creates a situation where data is not available to other users throughout the organization. This cultural mindset will need to change to capture the full benefits of the integrated system, and this will require strong acceptance of Banner by the administration and support services.

Administrative Considerations

Banner is a fully integrated system incorporating general ledger, budget development, personnel, position control, and payroll. An enterprise system such as Banner involves the entire college and therefore the launch of any new module will affect constituents beyond the Payroll and Finance departments. In the short term, strong administrative direction and clearly articulated and understood procedures involving shared data and resources should be agreed on as part of an overall implementation plan. In the long term, pursuit of fiscal accountability or fiscal independence and subsequent implementation of in-house processed payroll and/or position control should be approached as part of a carefully developed strategy focusing on extensive realignment of duties and responsibilities. Specifically, although many of the findings in this report appear to be related only to payroll, the underlying factors suggest broader issues that will require collegewide effort to resolve. Therefore, implementation of the payroll and/or position control applications will require the support of cabinet-level administrators since cooperation among all functional segments of the college (i.e. financial aid, student, HR, finance, payroll, and information technology) will be necessary.

Payroll Production: Evaluation of In-house vs. External

The county office has historically processed payroll for the district, including all regulatory reporting, filings, and pension reporting requirements for both PERS and STRS. The reliability, timeliness, and accuracy of county office payroll production are based on decades of experience. Similarly, transfer of payroll processing to the district will require a thorough revamping of existing processes to ensure that payroll production continues to be accomplished reliably and accurately.

After payroll is processed at the county office, the college receives an electronic file with the payroll information and uploads the data into the Banner finance module. The Banner payroll module then has to be reconciled against the payroll information produced by the county office to ensure the upload worked properly and that any changes at the county office have been uploaded and reconciled to Banner. One problem is that the data in the county office electronic file is at an aggregate level and does not contain any detailed information on individual employees, imposing significant limitations on the reconciliation and analysis of data related to payroll expenditures.

The two major advantages of processing payroll internally are that detailed information would be available, and the college would be in control of the timing of all payroll processing. The availability of detailed information would allow the college to use the data for budgeting, making decisions, developing exception reports for errors, and financial reporting. In addition, control of payroll processing would allow the college to determine the timing of payrolls and to immediately correct payroll errors. Additional benefits are that reconciliation of payroll between the two systems would be unnecessary, and error checking could be completed at the time of input.

The disadvantage of processing payroll internally is that it likely will cost more than using the county office during the first two years of transition. Processing internally will probably require additional technology staff to support and train users, systems analyst staff to document policies and procedures that ensure adequate internal controls, payroll staff to ensure proper audit of time

reporting and other staff necessary to comply with the requirements of fiscal independence or accountability criteria. In addition, all federal and state payroll reporting for tax purposes would need to be completed by the college, and the college would need to appoint a disbursement officer who will need full access to district counsel.

Processing payroll is a significant effort that will require the district staff to reexamine all processes using a business process reengineering (BPR) approach.

BPR is the analysis and design of workflows and processes in an organization to help rethink how organizations perform their work and identify improvements to increase efficiency and effectiveness. Likely results of BPR include identifying new processes that are needed as well as eliminating those that are obsolete and streamlining those that are inefficient.

Identification of New Processes

Many new processes will be introduced with the implementation of the Banner payroll software. The transfer of tasks from the county office to the district will inevitably introduce new processes as users accommodate Banner functionality requirements. Substantial revisions to the Banner HR subsystem will be needed to accommodate the data to be stored and functionality required from the system to meet user needs.

Elimination of Duplicate and/or Obsolete Processes

The BPR review will identify current practices that are no longer necessary such as maintaining spreadsheets to perform functions that could be performed more efficiently using Banner. The elimination of duplicate functions and reconciliation functions currently performed as a result of keeping two systems synchronized will free personnel to perform other tasks.

Streamlining of Inefficient Processes

Many current business practices will still be relevant following the BPR; however, they may need to be revised for several reasons. Tasks that are part of a process may no longer be relevant as these are transferred to Banner, and hard-copy reports that have traditionally been distributed to users may no longer be needed as users have online access to Banner.

Duplication of Effort: Banner vs. ICOE Payroll Processing

FCMAT consultants found numerous examples of job and position data maintained both in Banner and externally in spreadsheets. Data maintained in spreadsheets is not widely available throughout the organization for reports and decision-making. The transfer of these functions to Banner would create a more structured, integrated, secure and streamlined approach to employee compensation. In addition, consolidated maintenance of data in Banner would make information more readily available to staff members throughout the organization for reports and decision-making.

Consideration of in-house production of payroll and direct deposit notices from Banner has numerous advantages and disadvantages as noted below.

In-House Payroll Production	
<u>Advantages</u>	<u>Disadvantages</u>
<ul style="list-style-type: none"> • Ability to make more effective use of built-in tools and various add-in products already owned by the district to develop detailed and analytical reports; • Access to more accurate and timely data would lead to more informed decision making; • Data security could be strengthened by following a best-practices implementation of Banner security features; • Improved employee access to HR and payroll information (e.g. leave balances, online W-2 and W-4 information, year-to-date earnings information, online check stubs, and open enrollment for benefits); • Improved ability to correct payroll errors and respond to staff member inquiries in a timely manner; • Elimination of numerous reconciliation functions currently performed as a result of keeping two systems synchronized; • Improved budgeting and budget development processes; • Ability to distribute data entry responsibilities allowing for more effective use of HR and payroll staff to perform analysis and error checking functions; • Improved control over expenditures resulting from more accurate salary projections that reflect salary encumbrances. 	<ul style="list-style-type: none"> • Would not likely result in any material expenditure reductions; • Would likely require hiring additional staff to perform duties and functions currently performed by the ICOE; • Would require significant administrative oversight during the transfer of payroll production responsibilities to address conflicts which may adversely affect morale; • Would require additional professional development and training for staff; • Is a large project to undertake particularly when resources (both financial and personnel) are scarce.

Time Sheet Hours

Functions such as maintenance of time sheet hours could be performed with Banner even if the college decides not to implement the payroll module. For example, human resources staff members use a variety of spreadsheets to record time sheet hours and leave balances. This duplication of effort could be reduced by redesigning business processes that use Banner to store and report the data necessary to process payroll at the county office. These processes include creating and managing work assignments, time sheet processing and absence tracking and reporting.

Staff members throughout the college manually complete paper time sheets that are signed and forwarded to the Human Resources Department. These time sheets are used to record hours to be paid including overtime and compensatory time for regular employees and straight time for hourly employees, as well as any leave time taken. HR staff members review the time sheets, enter them into a spreadsheet, and scan certain time sheets for further review by the Payroll Department staff. The spreadsheets and scanned time sheets are then e-mailed to the assigned payroll staff member. The payroll staff member reviews the spreadsheets and time sheets for accuracy and enters either a lump sum dollar amount or actual hours to be paid into the county office system. Because other staff members are not cross-trained in using the county office payroll system, there is a significant loss of the ability to actually process payroll in this employee's absence.

A more efficient method of processing time sheet data would be to convert to Banner Web Time Entry for employee time sheets. The use of Web Time Entry would have several immediate benefits, including the following:

- Manual completion of time sheets would be eliminated
- Maintenance of time sheet data on a spreadsheet would be eliminated
- The scanning of time sheets would be eliminated
- Once entered into Banner and approved electronically, payroll staff members could run reports that could be used as source documents for data entry into the county office system (or alternatively run the payroll process in Banner).

The following payroll functions could be improved with implementation of Web Time Entry for all employees:

- Collection and reporting of payroll hours;
- Tracking of work study hours and pay for financial aid purposes.
- Employee benefits administration.

The Web Time Entry system would provide for electronic approvals of time entry to support staff and students who are required to report time worked and/or exception time taken. District staff members indicated that using Web Time Entry for hourly employees is not a priority although some form of time keeping is used for work study students. Web time entry may be utilized to capture payroll hours more efficiently than existing manual methods, and the Banner Document Management System (BDMS) could also be used as part of the payroll process to key document records.

Implementation of Banner Web Time Entry is time-consuming and should be conducted in stages. Financial aid staff members would be a logical group to pilot this effort because they are processing a mock payroll for their work-study students. Additionally, students typically adapt to electronic processes for Web Time Entry more readily than other groups of employees or managers. For employees who cannot be converted to Web Time Entry, switching from manual to electronic time sheet completion would be more efficient. The time sheets currently in use could be converted to a format that can be completed online, signed electronically and forwarded for approval via e-mail. The approver could batch, approve, and forward them to HR or Payroll for processing, and this would eliminate the need to enter time sheet data into spreadsheets and scan time sheets for other employee groups.

Leave Balances

Human resources staff members maintain a second spreadsheet to track leave balances, and as time permits, the same data is entered into Banner. This is unnecessary duplication of effort.

Additionally, because certain leave information is not entered into Banner, it is not readily accessible to other employees to answer employee questions. By ensuring that the date of hire and labor distribution lines are correct in Banner, reports could be produced from Banner instead of the current practice of maintaining spreadsheets.

To eliminate duplication of effort in leave accounting, leave data should no longer be entered into spreadsheets but instead should be entered directly into Banner Web Time Entry. Initial use of the system will be for regular employees to record leave balances. This would automate the calculation of leave accruals and tracking of leave balances. Once leave data is routinely entered into Banner, the district would be able to implement the Banner self-service software. Banner self-service allows employees to independently view and print their leave balance data. Banner self-service could also be used by employees during open enrollment periods for benefit selection, viewing check stub details, completing changes to W-4s, and would help to reduce processing, printing, and postage costs.

Internal Control Systems

Banner Internal Payroll Processing

The college has a number of organizational structure and internal control issues related to payroll processing. The current processes have not fully segregated the required duties between human resources and payroll. Almost all functions are controlled by human resources staff members with payroll (located in fiscal services) being used primarily for data input services. This has resulted in human resources employees being responsible for processing hiring paperwork, termination paperwork, and time sheet information for the same employees. The role of each department should be more clearly defined with emphasis on internal control considerations when assigning duties.

The distribution of functions between the payroll and human resources staff members is not adequate to assume the additional responsibility of payroll processing. Lines of responsibility are unclear and job duties are not clearly defined. The distribution of duties seems more a function of personalities and not institutional priorities.

Policies and procedures designed to provide management with reasonable assurance that the college operates with proper internal controls include segregation of duties, limiting access to cash, management review and approval of reconciliations. Other types of internal controls include management tone, performance evaluations, training programs, and maintaining established policies, procedures and standards of conduct. The internal control environment also includes the integrity, ethical values and competence of personnel; the philosophy and operating style of management; the way management assigns authority and responsibility and organizes and develops its people; and the attention and direction provided by the governing board and executive management.

Internal controls are critical to the successful operation of the college's support service departments as managers depend on information provided to make decisions. In fiscal services, internal controls are the foundation of sound financial management while information technology internal controls protect the integrity and reliability of the college's information reporting systems.

Internal controls include the following two broad categories:

1. General controls include access controls, controls over data and network systems;

2. Application controls are designed for the accurate processing of data and include authorization, validity checks and exception reports.

Effective procedures should provide assurance that the internal control system is sound, prevent controls from being overridden by any employee or management, ensure federal and state compliance, identify and correct inefficient processes, and provide employees with proper internal control expectations. Every internal control system should have procedures for checks and balances, separation of duties, cross-training, asset security and timely reconciliations.

Illegal acts, misappropriation of funds or fraud can include an array of irregularities characterized by intentional deception and misrepresentation of material facts. The principal mechanism for deterring fraud or illegal practices is a system of internal controls. Effective internal control policies and procedures provide management with reasonable assurance that the college's financial operations are effective and efficient, that the financial information produced is reliable, and that the college operates in compliance with all applicable laws and regulations. The internal control structure includes policies and procedures used by college staff, accounting and information systems, the work environment, and the professionalism of employees.

Internal controls can provide only reasonable assurance, not absolute assurance, that the college will be successful in achieving its goals and objectives. During fieldwork, FCMAT discovered numerous instances of ineffective internal controls.

Segregation of Duties

A critical element of effective internal control is to ensure that duties are appropriately separated. The college lacks an adequate plan that ensures appropriate segregation of duties between the payroll and HR departments and that would meet the standards necessary to be fiscally accountable of fiscally independent.

Human resources staff create jobs, recruit and hire personnel for vacant positions, process time sheets, calculate the amount each hourly employee should be paid, and distribute paychecks. HR staff members manually create payroll reports from spreadsheets instead of having them produced directly from Banner. The absence of strong and effective internal controls and appropriate segregation of duties carries serious financial risks.

Without effective internal controls, fraud may be perpetrated by creating a nonexistent or "ghost" employee and issuing a check to that employee. *Ineffective* internal controls fail to segregate duties and responsibilities and allow inappropriate access to assets or sensitive data such as cash, fixed assets, or personnel records. A lack of effective internal controls can result in unauthorized transactions, failure to record transactions, lack of timely reconciliations (or lack of reconciliations), and collusion among employees. Mistakes can occur such as including inaccurate ending dates on positions or unintentional errors that overstate or understate personnel costs in the budget development process. These actions can result in inaccurate checks or checks issued to an employee who has left the college.

Because the county office system and Banner payroll/human resources systems are not integrated, the salary for a position in human resources may not match the actual amounts paid. The amounts paid are compiled into summary totals into Banner; however, all the detail resides in the county office system. Managers do not have access to reports that list all personnel charged to their budget accounts. Personnel budgets are created by finance staff members using spreadsheets that are not linked to the position control system.

Without detailed payroll reports, managers are less likely to notice a fictitious employee or posting errors charged to their budget accounts. The college has few controls because position control data, personnel records, and what is paid through Banner and the county office payroll system are not integrated. These internal controls consist of matching the notices of employment (which are sometimes adjusted manually) to the actual pay reports from the county office system. The payroll staff person is the only employee who performs that reconciliation and that has the assigned responsibility to compare the data. The same staff member has the responsibility of entering the data into the county system. With appropriate separation of duties, the employee who enters the data would not be responsible for performing the reconciliation.

Recommendations

The district should:

1. Ensure that clearly articulated and clear procedures for sharing data and personnel resources among divisions are communicated to all administrators and department heads.
2. Pursue fiscal independence or fiscal accountability and implementation of in-house processed payroll and/or the position control module as part of an overall strategy. This strategy incorporates the incremental realignment of the duties and responsibilities necessary to support and eventually make full use of the integrated Banner system.
3. Discuss the feasibility of becoming fiscally accountable or independent with administrators from the Imperial County Office of Education, county controller's office, and county treasurer.
4. Ensure that the broad changes necessary to fully implement the Banner system are supported by all college cabinet members. This will be essential since cooperation among all functional segments of the college (e.g., financial aid, student, HR, finance, payroll, and information technology) will be required. Senior management should also be prepared to fund complete implementation from beginning to end, including obtaining expert advice (consulting) and allocating campus resources once in production.
5. Perform the following actions if the district decides to pursue fiscal independence/fiscal accountability:
 - Identify banking relationships with the county controller's office and possibly other banks.
 - Review the capacity to direct financial investments in-house.
 - Arrange for an independent audit of the college's internal controls.
6. Emphasize to users that Banner is the college's financial system of record. Establishing this perception will assist the college to capture the full benefits of Banner.

7. Adopt the business process reengineering approach to identify improvements and changes to business processes that will lead to greater effectiveness and efficiency. A fresh start perspective should be followed to determine how existing processes can be improved.
8. Document all policies and procedures that ensure adequate internal controls in payroll processing.
9. Appoint a disbursing officer, and ensure this position has full access to legal counsel if the district opts to pursue fiscal accountability or fiscal independence.
10. Implement Banner Web Time Entry for collecting and reporting payroll hours, calculating leave accruals, tracking leave balances, and administering employee benefits. Conversion to Web Time Entry should be conducted in stages beginning with financial aid staff members.
11. Convert existing time sheets to electronic format (pdfs) and create an approval process that allows the documents for employees who cannot be converted to Web Time Entry to be e-mailed.
12. Ensure that data such as hire dates and labor distributions are correct in Banner, and establish procedures to maintain the data.
13. Cross-train another district staff member on payroll processing functions to build internal capacity and improve support for this function.
14. Ensure that the employee who enters payroll data into Banner is not also responsible for reconciling it to ensure accuracy and appropriate separation of duties.
15. Create payroll and position control reports from the county office system for distribution to managers so they can verify the employees and pay rates charged to their accounts.
16. Provide training for HR and payroll managers and staff members on how to run additional Banner reports to obtain the payroll and personnel budget information they need.
17. Implement the Banner self-service software and train all employees in its use.

Position Control

The most critical requirement in expenditure budgeting is accurate projection of employee salary and benefit costs. These costs are the largest component of any college budget, averaging approximately 85% - 90% of general fund expenditures. The college has not fully completed implementation of the Banner HR, payroll, budget, and position control modules that would enable this functionality. Position control information, including seniority listings and labor distribution data, is maintained using Excel spreadsheets. This data is not widely available to administrators throughout the organization. Implementation of the Banner HR and position control modules would make data widely available throughout and improve the accuracy of expenditure budgeting.

A number of payroll and position control functions are linked, but not mutually dependent. Payroll cannot be performed in-house without full use of Banner position control functionality, but position control *could* be implemented without bringing payroll processing in-house. The college has the organizational structure to implement the position control module, and some functions of the module are already used. The current business processes on hiring have appropriate internal controls; however, a variety of current business processes would have to be modified to fully use Banner as the system of record for all positions. This would require additional training for staff members to fully understand position control.

There are many opportunities to transfer offline tasks and data to Banner, including the following:

- Time sheet reporting
- Leave tracking
- Benefit tracking
- Faculty seniority tracking
- Faculty minimum qualification tracking

Staff members from the Business Services and Human Resources departments will need to work collaboratively to ensure that the remaining Banner HR and position control functions are correctly implemented. However, HR, payroll and Technology Department staff members do not work together as a team or meet regularly to discuss system issues or problems. During interviews, staff members indicated that there is a lack of trust between the departments as well as some resentment concerning assigned duties. Typical payroll functions are sometimes performed by the HR Department staff. The individuals responsible for all functions should be clearly defined. Payroll and HR staff report to different administrators, with payroll staff members reporting to the Finance Division and HR staff members reporting to the HR Division.

A Technology Department staff member will also be needed to ensure a smooth transfer to the position control application. At present, no Technology Department staff member is assigned to perform analysis work with HR or Payroll Department staff members. The previous analyst opted to use exterior programs, often custom written, to generate reports and manipulate data. The physical and functional distance between the HR, payroll, and technology analyst position makes communication and functioning as a team difficult. The district should determine how such a team will be created and function to ensure that the support and direction it provides are effective.

Employees from the HR and business office will need to follow a BPR approach to develop a workflow process that accommodates personnel change requests. The goal should be to define specific steps associated with the following:

- Creating a new permanent position
- Deleting or reducing a position
- Filling a vacancy
- Creating a temporary position

The workflow process should determine the department and person responsible throughout the approval process, and should include an estimated time line for completing all steps.

Departmental Responsibilities/Separation of Duties

Portions of the position control module are utilized. For example, HR staff members create jobs in Banner and use that information with a report writer, Project One, to create the notice of employment forms (NOE) required by the county office. However, the information is further manipulated and sometimes changed once it is downloaded into Excel because the Banner information is sometimes erroneous.

HR staff members use an external application called Enlighten to track adjunct faculty assignments. Although this information could be maintained in Banner, data is entered into Enlighten and again manipulated before notices of employment are generated. Enlighten is also used to prepare for MIS data submission. All adjunct faculty assignment data could be more accurately and efficiently maintained in Banner.

Because of the timing and lack of a documented implementation plan for the Banner financial reporting software, internal controls for the separation of duties and responsibilities are not completed. It is difficult for a small college to have a sufficient number of staff numbers to appropriately segregate duties. However, adequate controls can be implemented by using appropriate signoffs and review and segregating all possible areas. At the same time, payroll and HR should work very closely together and integrate their duties. For example, functions such as creating positions, hiring, providing the authorization to pay, establishing pay rates, defining the terms of assignments, and assigning specific salary schedules are typical functions of human resources staff. Payroll staff members are then responsible for ensuring the accuracy of payroll processing including the number of hours paid, auditing functions and submission of reports related to payroll. This integration could be more easily achieved if the payroll staff member reported within HR to assist in developing adequate segregation of duties.

Position control functions should be separated to ensure an effective process. In addition, effective internal controls ensure that only board-authorized positions are entered into the system, human resources hires employees only for authorized positions, and the Payroll Department pays only employees that were hired and placed in authorized positions. Distribution of payroll warrants should not be performed by HR or payroll staff members. Periodic audits of paychecks are not performed to identify fraud and errors in the payroll processing function. The proper separation of duties is a key factor in creating strong internal controls and a reliable position control system.

Strong internal controls should be an integral part of a position control system. The following table depicts sample tasks to manage position control with the responsible department once

the governing board authorizes new positions or deletes positions in the budget. This division of labor is provided to help the college properly separate the duties required to maintain strong internal controls.

In-House Payroll Production	
<p><u>Advantages</u></p> <ul style="list-style-type: none"> • Ability to make more effective use of built-in tools and various add-in products already owned by the district to develop detailed and analytical reports; • Access to more accurate and timely data would lead to more informed decision making; • Data security could be strengthened by following a best-practices implementation of Banner security features; • Improved employee access to HR and payroll information (e.g. leave balances, online W-2 and W-4 information, year-to-date earnings information, online check stubs, and open enrollment for benefits); • Improved ability to correct payroll errors and respond to staff member inquiries in a timely manner; • Elimination of numerous reconciliation functions currently performed as a result of keeping two systems synchronized; • Improved budgeting and budget development processes; • Ability to distribute data entry responsibilities allowing for more effective use of HR and payroll staff to perform analysis and error checking functions; • Improved control over expenditures resulting from more accurate salary projections that reflect salary encumbrances. 	<p><u>Disadvantages</u></p> <ul style="list-style-type: none"> • Would not likely result in any material expenditure reductions; • Would likely require hiring additional staff to perform duties and functions currently performed by the ICOE; • Would require significant administrative oversight during the transfer of payroll production responsibilities to address conflicts which may adversely affect morale; • Would require additional professional development and training for staff; • Is a large project to undertake particularly when resources (both financial and personnel) are scarce.

The rollover of position control data from the current fiscal year to the budget year will provide business office staff members with a solid starting point based on actual expenditures for the college's 2012-13 budget development process. Position control files for the budget year should be updated monthly or at a minimum quarterly to eliminate unnecessary positions and project budget savings, add new approved positions, make adjustments in statutory and health and welfare benefit rates, and make any other adjustments that will affect projected salaries and benefits for the budget year.

A fully functioning position control system will help the college maintain accurate budget projections, employee demographic data and salary and benefit information. If a position becomes vacant and the college *does not* intend to fill it until some later date, the start date should be adjusted. This will release the funds encumbered for that position and allow it to be properly budgeted. Similarly, when a new position is added, Business Department staff members will assign a position control number and provide it to HR staff. HR staff members are then responsible for entering all demographic information for the position and for assigning a specific employee to each authorized position.

Recommendations

The district should:

1. Fully implement the Banner HR and position control modules. This will require staff members in the HR and Business Services departments to review their policies and procedures for position control and work collaboratively to create a proper system of checks and balances as the modules are brought online. The position control software will provide the college with reliable labor distribution information using unique position control numbers. This will help prevent the overbudgeting or underbudgeting of staff by accurately reflecting all board-approved positions. In addition, an effective position control system helps prevent colleges from omitting other payroll items such as substitutes, extra duty pay, longevity and education stipends, and estimated costs for step-and-column changes.
2. Ensure that the implementation of the Banner HR and position control modules is approached as a collaborative project between HR, finance, payroll, and information technology staff members. Senior management should be prepared to fund the implementation process from beginning to end. This should include obtaining expert advice (consulting) and allocating campus resources once in production.
3. Assign employees from the HR, business office, and Technology department to develop a workflow process that accommodates personnel change requests. The goal should be to define specific steps associated with the following:
 - Creating a new permanent position
 - Deleting or reducing a position
 - Filling a vacancy
 - Creating a temporary position

The workflow process should identify specifics down to the department and individual employee responsible throughout the approval process, and should include an estimated time line for completion of all steps.

4. Ensure that employees of the HR and business office follow a BPR approach to develop workflows and define the specific steps of position control management.
5. Improve the accuracy of position data entered into Banner to improve data reliability and integrity.
6. Discontinue using the Enlighten application to track adjunct faculty assignments. This data should be maintained in Banner.
7. Assign management of the complete payroll operation to one senior staff member. To ensure that the payroll process proceeds smoothly, the senior staff member should ensure that clear communication is established between payroll, HR, and business office staff.
8. Ensure that there is appropriate separation of duties between HR and payroll staff member functions.
9. Strengthen internal controls by ensuring that only board-authorized positions are entered into Banner, that HR hires employees only for authorized positions, and that payroll staff members pay only employees who have been hired into authorized positions.
10. Locate payroll and HR staff members in the same building, preferably next to each other, regardless of the reporting structure.
11. Hire an IT analyst who will be dedicated to supporting users of the HR, payroll, and position control systems.
12. Start regular meetings of HR, payroll and IT to review, prioritize and implement the various projects in Banner.
13. Provide all employees who are responsible for position control data with training on the Banner system and hold them accountable for ensuring that accurate information is entered and procedures are followed and documented.
14. Transfer the distribution of paychecks from the HR and payroll offices, perhaps to finance or security. Perform periodic audits of paychecks, requiring all employees to collect their paychecks or direct deposit advices.
15. Implement internal control procedures to ensure proper segregation of duties between the Business and Human Resources departments.

Miscellaneous Issues

Information Assurance

During fieldwork, FCMAT found numerous examples of duplication of effort. For example, staff members throughout the college manually complete paper time sheets that are signed and forwarded to the Human Resources Department. These time sheets are used to record the hours to be paid, including overtime and compensatory time for regular employees and straight time for hourly employees, as well as any leave time taken. HR staff members review the time sheets, enter them into a spreadsheet, and scan certain time sheets for further review by the Payroll Department staff. The scanned time sheets and spreadsheets, which include Social Security numbers, are e-mailed to the college's payroll staff member. The payroll staff person again reviews these documents for accuracy and enters either a lump sum dollar amount or actual hours to be paid into the county office system. In addition, the HR staff complete a second spreadsheet that is used to track leaves. As time permits, the HR staff enters the leaves in Banner manually.

During interviews, staff members commented that employees commonly send e-mails with attachments containing confidential employee information in the form of spreadsheets, databases, and other formats. Staff members also indicated that their user privileges are not modified as they transfer from one position to another. When employees promote or transfer to a new position, the user privileges associated with their former position should be modified to improve internal controls and ensure that no employee has access to system functions that are inappropriate for the position.

The college does not have formal procedures to ensure that employees who separate from the district no longer have access to information assets. A sign-out form would allow IT staff to ensure that former employees no longer have access to the district's information assets. The Banner payroll application has several layers of security that can be used to ensure that data access permission, both in read-only and update mode, is adequately addressed. Using general object level security, the college can limit access to specific types of data. Additionally, HR data can be further secured with the use of employee class, organization and salary class level security.

Technology support staff members have broad access to information assets, but have never signed an information confidentiality agreement. This type of agreement defines the regulations that technology support staff members are required to follow because these employees have easy access to personal and confidential data. A sample information confidentiality agreement is attached as Appendix A to this report.

The college's domain administrative passwords are used to bind certain applications and processes together for ease of use. The passwords are widely known and provide little security.

The college lacks network monitoring tools to administer and maintain network resources. Without these, technology staff members cannot monitor the status of network switches, routers, or performance. Such systems provide monitoring of network performance and automatically alert college staff in the event of a network outage. Network monitoring and trend analysis are also available, which is important when evaluating the performance of the network over time.

The college's acceptable usage policy (AUP) governing appropriate use of network resources has not been updated recently and has not been signed by all college employees.

Training and Technology Support

The Banner human resources module is designed to store and track personal information and work assignments for all college employees and includes a payroll function that is designed to calculate and pay all employees. These systems are complex and require a complete understanding of how they interact with each other and the student and finance modules. Information Technology, HR, and Finance department staff members lack the training necessary to use Banner to design the business processes that would allow the college to process its own payroll. A complete redesign of business processes will be necessary to implement payroll and take the steps necessary to become either fiscally accountable or fiscally independent. Many college staff members perceive that the Banner training provided when the system was launched was inadequate. Training and assistance were abruptly interrupted, and many staff members have unanswered questions regarding the new applications.

The district's Information Technology Department staff members have not received adequate training and lack the experience required to respond to all user questions on Banner applications. IT staff members' ability to respond to user support questions will require them to be informed on the use of the applications. This has created a concern among staff members that payroll production would be at risk if adequate support resources are unavailable.

For reliable payroll production to occur over time, the respective Banner servers must be properly sized and regularly maintained. Server, operating system, and application software patches should be routinely tested and applied. Adequate power and cooling should be available in the data center, and backups of data should be maintained and tested. Test Banner environments should be available for users and IT staff to test new software and processes before being moved into production.

The college will need to provide ongoing professional development, training, proper system security protocols and standard reporting functionality to meet the full implementation standards for Banner.

The college will also need to devote resources to completing the training that is lacking in Banner, and in some cases, may need to change business processes or even reimplement Banner where certain ledgers have not been maintained.

Operational Data Store

One of the information assets the college has acquired but not fully implemented is the Operational Data Store (ODS), a data warehouse designed to be used with Banner. ODS is an effective system that needs to be installed, configured and continuously maintained. The staff has the ability to install, configure, and maintain the ODS. To create reports for end users, the college's Argos reporting tool will be needed. Training in the use of ODS and Argos will be necessary to enable comprehensive reporting of Banner data.

Because payroll is processed by the county office, the college has limited access to detailed payroll data. The ODS is an Oracle database and therefore not limited to hosting Banner data. The college should work with county office administrators to explore the possibility of downloading detailed payroll data from the county-office-hosted systems to the ODS. Availability of detailed payroll data in the ODS would improve the college's access to data for budgeting, making decisions, reconciling data, and reporting.

Recommendations

The district should:

1. Develop policies on the access and transmission of confidential data. Spreadsheets and databases containing confidential employee data should not be transmitted to other employees as attachments to e-mail messages.
2. Review Banner's current security levels and configuration to ensure that data access permission, both in read-only and update mode, is adequately addressed.
3. Ensure that user privileges are removed or trimmed as employees move from one position to another. User privileges should always be associated with the current job held by the employee.
4. Create a sign-out form that provides information to IT staff members when employees separate from the college. The sign-out form should provide position information that allows IT staff to delete obsolete user accounts.
5. Ensure that all technology support staff members who have access to personal and/or confidential data sign an information confidentiality agreement governing information privacy.
6. Review the domain administrative passwords used to bind applications and processes and develop group policies to provide appropriate application security.
7. Purchase and install a network management system (NMS) to improve up time and reliability of network resources.
8. Update the acceptable usage policy (AUP) governing appropriate use of network resources and ensure that all college employees sign it annually. A copy of the AUP should be included among other standard forms that employees are required to sign annually. A single sign-off sheet could be included with all standard employee forms allowing employees to acknowledge receipt of the documents and acknowledging acceptance of the terms and conditions contained therein.
9. Conduct a training needs analysis of Information Technology, HR, and Finance department staff to determine the additional training needed. As a byproduct of this training, users should identify and define the new processes that will need to be adopted in support of payroll processing functions.
10. Assign responsibility for completing the installation and configuration of the Operational Data Store (ODS) to one of the two senior systems analysts. In addition, the senior systems analysts should assume responsibility for creating reports and training users in the use of the Argos reporting tool.

11. Work with county office administrators to explore the possibility of downloading detailed payroll data from the county-office-hosted systems into the ODS.
12. Conduct a training needs assessment among Banner system users to determine the additional training needed help them successfully use the system. This training should start with what was being taught when introductory training was interrupted. Training opportunities and best practice recommendations should be available to users on an ongoing basis.
13. Ensure that selected Technology Department staff members receive advanced training in using and maintaining Banner. These staff members should attend all end-user trainings and meet regularly with department representatives. Specific IT staff members should be assigned as the lead on specific Banner modules and receive the responsibility of first-level user support. This will prepare technology staff members to respond to user support questions, perform year-end closing procedures, and all other required Banner support functions.
14. Ensure that application support is available from the Information Technology Department to respond to user questions.
15. Conduct an assessment of the existing Banner servers to determine whether they are sized appropriately and whether all patches and updates are properly maintained. In addition, the college should ensure that adequate power is available in the data center, and that backups are maintained and occasionally tested. A test Banner environment should be established for users and IT staff to test new software and processes before they are moved into production.

Appendices

- A. Confidentiality Agreement
- B. Accounting Advisory
- C. Sample Job Description
- D. Study Agreement

CONFIDENTIALITY AGREEMENT

Imperial Valley Community College District

As an employee of the Imperial Valley Community College District, you may have access to confidential information. This information includes, but is not limited to, documents concerning employees, students or members of the public. The documents may include medical information; home address or telephone number; social security number; payroll deductions; salary documents, data, and reports; personnel files and any personally identifiable information regarding employees or applicants; and student files and data. This agreement also applies to E-mail and other electronically accessible information.

You are personally responsible for maintaining the confidential nature of these materials by carefully observing the security measures listed below:

1. Permit no other persons to have access to confidential information or materials and **do not** discuss any aspect of the data/information or other confidential personnel-related matters with any other persons unless they are:
 - a. members of the Imperial Valley Community College District staff who need the information to perform their work
 - b. authorized by your supervisor or another designated member of the Imperial Valley Community College District staff
2. Secure all confidential materials when you are not directly working with them.
3. Do not retain any copies or make personal file copies of confidential materials unless necessary. Any extra copies of confidential materials should be destroyed by shredding when they are no longer necessary.
4. If you have any questions about the confidentiality of any of the information to which you have access, you should assume the information is confidential and handle it as such until you are informed otherwise by your supervisor.

These security standards apply to any and all confidential materials to which you have access. It is essential that these standards and any additional ones that are requested or may be necessary are maintained at every stage of a confidential process in which you assist, participate, or review.

Because of the importance of security, you should notify your supervisor or another designated staff member if any circumstances cause you to believe that confidential nature of any material or process has not been maintained.

A copy of this form will be maintained in your personnel file.

I have read the above Confidentiality Agreement and understand the policy regarding security and misuse of confidential information. I accept the responsibility of maintaining the strict confidentiality of all materials and information to which I have access.

(Employee's Name)

(Signature)

(Date)

(Classification)

These security standards were discussed with the above employee:

(HR Director or Designee)

(Signature)

(Date)

(Classification)

STATE OF CALIFORNIA

DIANE WOODRUFF, CHANCELLOR (INTERIM)

**CALIFORNIA COMMUNITY COLLEGES
SYSTEM OFFICE**

1102 Q STREET
SACRAMENTO, CA 95814-6511
(916) 445-8752
HTTP://WWW.CCCCO.EDU



August 16, 2007

FS 07-06

TO: Chief Business Officers

FROM: Frederick E. Harris, Assistant Vice Chancellor
College Finance & Facilities Planning

SUBJECT: Accounting Advisory: Fiscal Independence

I. Synopsis:

For Community College Districts seeking fiscal independence pursuant to Education Code (E.C.), Section 85266.5, the Board of Governors is required to prescribe standards for an independent survey of the applicant district's accounting controls and has final authority to approve the applicant district's application for fiscal independence. This accounting advisory provides those standards expressed in broad terms, a checklist incorporating those standards for use by the independent auditors as part of their overall assessment of the district's internal controls, and the fiscal independence application form.

II. Background:

Under E.C., Section 85266.5, fiscal independence is granted by the Board of Governors, based largely on the recommendation from the community college district's applicable county offices and results of the independent Certified Public Accountant survey of the district's accounting controls. Fiscal independence gives districts broad authority to issue warrants without review or approval of the County Office of Education or County Auditor.

Conversely, under E.C., Section 85266, districts may currently negotiate with their COE to attain fiscal accountability status, which entitles the district to issue most of their own warrants. Fiscal accountability status is subject to ongoing approval by the county, with no involvement by the Board of Governors.

Application for District Fiscal Independence

The process for an applicant district to have its application approved by the Board of Governors pursuant to E.C. 85266.5 is reiterated as follows:

- In order to obtain the approval of the board of governors, a community college district shall file a written application with the county superintendent of schools (*Attachment A*).
- Upon receipt of the application, the county superintendent of schools shall cause a survey to be made of the district's accounting controls by an independent certified public accountant or public accountant in accordance with standards prescribed by the board of governors (*Section III. and Attachment B*).
- The certified public accountant or public accountant shall report his or her findings and recommendations to the county superintendent, county auditor, and to the applicant district.
- The county superintendent shall forward the district's application, together with his or her other recommendations and the recommendations of the county auditor and a report of the survey, to the board of governors for approval or disapproval of the application.
- The board of governors shall approve the application only if it finds that the accounting controls of the district are adequate. If the board of governors determines that these controls are inadequate, it shall disapprove the application.
- The county superintendent of schools shall be reimbursed for all costs incident to the accounting controls survey made pursuant to the district's application, from the district's funds.
- When approved by the board of governors, the issuance of warrants pursuant to this section shall be effective at the beginning of the fiscal year if the approval had been made prior to the preceding first day in January.
- In the event that the issuance of warrant has been disapproved, the board of governors shall state the specific steps which must be taken by the district in order to receive approval.
- If at any time the county superintendent of schools determines that the accounting controls of the district have become inadequate, he or she may recommend to the board of governors that the approval be revoked, to be effective on the first day of the next following fiscal year.

III. Standards for Board of Governors Approval of District Applications for Fiscal Independence

The following four standards are intended to be broad and general guidelines for evaluating a district's ability to issue warrants directly on the county treasury without review and approval of the county auditor and county superintendent of schools. Generally, scrutiny of the legality and propriety of district accounting transactions has been performed by the county superintendent of schools. Under fiscal independence, the chief financial officer and the accounting staff of the district must provide that scrutiny.

Standard 1: **Adequate Fund Balances** - The district has avoided deficit balances in its funds and has maintained a prudent reserve in its unrestricted general fund over the preceding five fiscal years.

Standard 2: **Statute and Governing Board** - The district makes only lawful and appropriate expenditures in carrying out the programs authorized by statute and by the governing board.

Standard 3: **Adequate Internal Controls** - The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments are adequate in numbers and skill level to administer administrative programs independent of detailed review by the county office of education and to provide an internal audit function that assures adequate internal controls.

Standard 4: **Legality and Propriety of Transactions** - The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments exercise independent judgment to assure the legality and propriety of transactions.

**California Community Colleges
District Application for Fiscal Independence**

To: [enter County Superintendent of Schools name and title]
[enter System Office Chancellor's name and title]

The [enter district name] Community College District hereby applies for fiscal independence in issuing its own warrants under the provisions of Education Code Section 85266.5. The district superintendent and chief financial officer acknowledge that fiscal independence for the district is predicated on the continuing adherence to the following Board of Governors standards:

Standard 1: Adequate Fund Balances: The district has avoided deficit balances in its governmental funds and has maintained a prudent reserve in its unrestricted general fund over the preceding five fiscal years.

Standard 2: Statute and Governing Board: The district makes only lawful and appropriate expenditures in carrying out the programs authorized by statute and by the governing board.

Standard 3: Adequate Internal Controls: The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments are adequate in numbers and skill level to conduct administrative programs independent of detailed review by the county office of education and to provide an internal audit function that assures adequate internal controls

Standard 4: Legality and Propriety of Transactions: The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments exercise independent judgment to assure the legality and propriety of transactions.

President of Governing Board

Date: _____

Chief Executive Officer

Date: _____

District Financial Officer

Date: _____

Certified Public Accountant

Date: _____

**California Community Colleges
District Application for Fiscal Independence**

This questionnaire has been developed by the California Community Colleges, System Office through the consultation process. It is intended for use by the independent auditors in conjunction with the independent auditors' internal control questionnaire.

This checklist focuses on points of specific interest to the County Office of Education and the System Office in reviewing the District's application. The internal control questionnaire used by the independent auditors will focus on the district's accounting and administrative controls over the district's operations.

	<u>Yes/Met Consistently</u>	<u>Met Partially</u>	<u>No/Not Met</u>
1. Adequate Fund Balances			
The district has avoided deficit balances in its funds and has maintained a prudent reserve in its unrestricted general fund over the preceding five fiscal years.			
a. For the past five fiscal years the district has maintained fund balances in its unrestricted general fund at or above the minimum established by the California Community Colleges, System Office.	_____	_____	_____
b. The district has avoided deficit fund balances in its funds for the past five fiscal years.	_____	_____	_____
c. Appropriation balances are checked before orders are forwarded.	_____	_____	_____
d. Procedures are established to assure sufficient funds are in the county treasury before issuing/requesting warrants.	_____	_____	_____
e. Provision is made early in the fiscal year to assure adequate cash to operate the district until receipt of local taxes and state subventions.	_____	_____	_____
f. Purchase orders are verified for availability of funds, within budget limits authorized for division, campus, or program.	_____	_____	_____
2. Statute and Governing Board			
The district makes only lawful and appropriate expenditures in carrying out the programs authorized by statute and by the governing board.			
a. All funds are established in accordance with applicable statutory requirements in the Education Code, the Government Code, and the California Code of Regulations (Title 5).	_____	_____	_____
b. The board has adopted a conflict of interest policy consistent with the Government Code, beginning at Section 87300, and has ensured wide distribution to all staff and contractors.	_____	_____	_____
c. Payments, loans, and advances to employees from undeposited receipts are prohibited.	_____	_____	_____
d. State regulations on adoption of the district budget are followed.	_____	_____	_____
e. The accounting system is established and maintained in accordance with the Community Colleges Budget and Accounting Manual (BAM).	_____	_____	_____
f. Debt records are centrally maintained.	_____	_____	_____
g. If the district maintains a revolving fund, it is established in accordance with the Community Colleges BAM.	_____	_____	_____
h. Controls are established over advances to and receivables from employees.	_____	_____	_____

California Community Colleges District Application for Fiscal Independence

	Yes/Met Consistently	Met Partially	No/Not Met
i. The local board authorizes all sales of real or major personal property.			
j. The required notice is given before major sale of equipment or real estate.			
k. Sales of district property to board members and district employees are prohibited (Government Code, Section 1090).			
l. Each purchase order is verified for legality before issuance.			
m. Procedures are in place to preclude unallowable costs and expenditures on State and Federal grants.			
n. Additional authorizations and signatures are required on major purchases.			
o. Bids are solicited as required by Public Contract Code, Section 52011.			
p. Safeguards are in place to prevent conflict of interest by board members and employees.			
q. Controls are established to assure that payroll costs charged to grants are in compliance with agreements.			
r. The board has adopted a conflict of interest policy consistent with the Government Code and has ensured wide distribution to all staff and contractors.			
s. The district has a written policy that clearly prohibits use of the revenues or expenditures of the student body funds for the district's operations.			
t. All internal and external audit exceptions and recommendations are promptly reported to the campus president, district superintendent, and board.			
u. All internal and external audit recommendations have been reviewed, acted upon and resolved in a timely manner.			

3. Adequate Internal Controls

The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments are adequate in numbers and skill level to conduct administrative programs independent of detailed review by the county office of education and to provide an internal audit function that assures adequate internal controls.

a. A plan of organization that provides segregation of duties appropriate for the safeguarding of district assets.			
b. Procedures are established to monitor compliance with:			
• Financial reporting requirements			
• Use of funds and other grant terms			
• Timely billing of amounts due under grants			
b. For entitlements and apportionments, comparisons are made of the amount anticipated and the amount received – variances are investigated and resolved.			
c. A responsible official reviews statistical and data reports before they are submitted.			
d. Controls are in place to assure adequate follow-up on unmatched invoices, purchase orders, and requisitions.			

**California Community Colleges
District Application for Fiscal Independence**

	<u>Yes/Met Consistently</u>	<u>Met Partially</u>	<u>No/Not Met</u>
e. Purchases have been centralized in the business office under an employee designated by the board.	_____	_____	_____
f. The person responsible for signing warrants is bonded in an amount fixed by the governing board.	_____	_____	_____
g. The district maintains security (control) over payroll and commercial warrants at all times in the process (i.e. from raw stock to mailing of warrants including security over signature plates and/or software embedded signatures).	_____	_____	_____
h. The IRS 1099 requirements are met.	_____	_____	_____
i. The procedures are adequate for placing personnel on the proper salary schedule.	_____	_____	_____
j. The personnel information, current and historical, is available to meet all reasonable district requirements.	_____	_____	_____
k. For open, on-line systems of procurement and budget reports, adequate controls of access to files and security of data are maintained.	_____	_____	_____
l. There are adequate controls over the distribution of reports.	_____	_____	_____
m. There is adequate follow-up on unmatched transactions between master record and transaction records.	_____	_____	_____
n. Controls over master files are adequate.	_____	_____	_____
o. Copies of important programs, records and files are kept in separate fireproof storage.	_____	_____	_____
p. Documentation is kept up to date and record keeping practices are adequate to support transactions (for audit trail purposes).	_____	_____	_____
q. Safeguards are adequate to prevent unauthorized entry of program changes and/or data.	_____	_____	_____
r. There are systems and procedures manuals for the administrative activities of the district.	_____	_____	_____
s. The district has adequate business continuation plan to ensure that the district could continue to process payments in case of a disaster that destroys the district's computer facilities.	_____	_____	_____
t. The external auditors report on the lack of or weak internal control procedures and make recommendations to management.	_____	_____	_____

4. Legality and Propriety of Transactions

The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments exercise independent judgment to assure the legality and propriety of transactions.

a. The <i>accounting office staff</i> exercise independent judgment on the legality and propriety of accounting transactions.	_____	_____	_____
b. The <i>fiscal officer</i> exercises independent judgment on the legality and propriety of accounting transactions.	_____	_____	_____
c. The <i>person signing warrants</i> exercises independent judgment on the legality and propriety of all district expenditures.	_____	_____	_____

**California Community Colleges
District Application for Fiscal Independence**

	<u>Yes/Met Consistently</u>	<u>Met Partially</u>	<u>No/Not Met</u>
d. The <i>purchasing agent</i> exercises independent judgment in the legality and propriety of purchases made on behalf of the district.	_____	_____	_____
e. The district has a separate independent receiving division to handle receipt of all materials and equipment.	_____	_____	_____
f. The warrants are audited by someone other than the person responsible for warrant payments to ensure sufficient oversight to support the legality and issuance of warrants.	_____	_____	_____
g. The custodian of the inventory is independent of the purchasing and receiving departments.	_____	_____	_____
h. The personnel office exercises independent judgment in assuring the legality and propriety of personnel transactions.	_____	_____	_____
i. The district performs accurate and timely STRS, PERS, FICA, Worker's Compensation, and Unemployment Insurance reports as well as Federal/State Withholding Tax reports.	_____	_____	_____
j. The staff of the management information systems department exercises independent judgment in assuring the legality and propriety of data processing activities.	_____	_____	_____
k. The management information systems department is independent of all operating units it serves.	_____	_____	_____
l. An independent internal audit function is performed to determine compliance with policies, laws, regulations and accounting procedures.	_____	_____	_____
m. Adequate safeguards have been established to maintain the independence and integrity of the accounting function.	_____	_____	_____
n. If the district is too small for a separate receiving department, controls are in place to assure receipt of items before invoice is paid; staff is identified to verify quantity and quality of items received and to match receiving documents against purchase orders.	_____	_____	_____

Imperial Valley Community College District**DRAFT POSITION DESCRIPTION**

Position Title: **TECHNOLOGY SUPPORT SPECIALIST**
Department: Technology Services
Reports: Director, Technical Services

SUMMARY:

Responsible for providing technology assistance and support services to technology users in the district. This includes software, hardware and operational support to ensure minimal down time and greatest staff productivity. In addition, duties may include installing and maintaining computer systems including software and hardware; installing and Level I testing of basic network infrastructure equipment including switches, routers, servers, and associated cabling; determining causes of computer/software/network malfunctions through evaluation and testing and resolution via modifications, repair, or external support assistance.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

- Provide technology assistance and support for all technology users in the district for network/hardware/software issues
- Assist staff members to resolve problems relating to daily or routine technology usage
- Diagnose user problems
- Determine appropriate solutions for the user
- Field questions pertaining to software and hardware necessary to facilitate completion of job
- Work cooperatively with other Information Technology Division staff members
- Maintain appropriate documentation of technical resources and services as provided throughout the district
- Log support calls as to origin and type and track amount of time needed to complete entire service process
- Document repeated calls by type and origin and evaluate as to the need for additional training or other systemic issues
- Assist in training district staff regarding either changes in technology or areas of concern
- Advise users of the necessary changes in operations due to new installations
- Consult and or assist manufacturer's representatives in the installation of new or malfunctioning equipment
- Utilize support management software as appropriate to assigned tasks
- Determine causes of computer/software/network malfunctions through evaluation and testing and resolve via additions, modifications, repair, or external support assistance
- Resolve problems by taking appropriate actions relative to the specific problem
- Modify system parameters as necessary to resolve problems
- Document support methods and processes



**FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
May 9, 2011**

The FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT), hereinafter referred to as the Team, and Imperial Community College, hereinafter referred to as the College, mutually agree as follows:

1. BASIS OF AGREEMENT

The Team provides a variety of services to school districts, county offices of education, charter schools, and community colleges upon request. The College has requested that the Team provide for the assignment of professionals to study specific aspects of the Imperial Community College operations, based on the provisions of Education Code section 84041. These professionals may include staff of the Team, County Offices of Education, the California State Department of Education, school districts, charter schools, community colleges, or private contractors. All work shall be performed in accordance with the terms and conditions of this Agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The scope and objectives of this study are to:

- 1) Review the College's support structure for delivery of technology support services and develop recommendations regarding an appropriate technology organizational structure to support the college.

Specifically, this scope point will address the following:

- a. Analyze requisite skill sets and job descriptions for the current departmental staff to determine if they are capable of meeting technology goals and support requirements;
- b. Analyze organizational ratios (such as staff-to-device) against generally accepted industry standards;
- c. Analyze the implementation of the Operational Data Store (ODS) and make recommendations for its effective use and support.

- 2) Review the costs, procedures, financial system capabilities, and operational efficiencies associated with procuring payroll processing services through the Imperial County Office of Education vs. performing these functions in-house.

Specifically, this scope point will address the following:

- a. Analyze and document any duplicated efforts on the part of fiscal staff who use the Banner system and the ICOE financial system;
 - b. Analyze reconciliation functions required to keep both systems synchronized;
 - c. Analyze internal control issues and organizational structure to support internal payroll processing;
 - d. Analyze advantages and disadvantages associated with performing payroll processing versus having payroll processed by the county office of education.
- 3) Review the procedures, system capabilities and operational efficiencies associated with implementing the position control component of Banner.

Specifically, this scope point will address the following:

- a. Analyze and document organizational structure to support implementation of Position Control;
 - b. Review internal control structure to support position control;
 - c. Identify opportunities to migrate off-line (not on Banner) tasks and data (i.e. externally maintained databases and spreadsheets) onto Banner.
- 4) Assist the College in developing procedures to ensure data confidentiality starting with data input and ending with data reporting, assessment, and decision-making.

Specifically, this scope will include:

- a. Analyze current policies and practices related to use of confidential data;
 - b. Analyze the use of confidential information, including SSNs, in Banner and related enterprise systems, and make recommendations for improvement.
- B. Services and Products to be Provided
- 1) Orientation Meeting - The Team will conduct an orientation session at the College to brief College management and supervisory personnel on the procedures of the Team and on the purpose and schedule of the study.
 - 1) On-site Review - The Team will conduct an on-site review at the College office and at College sites if necessary.

- 2) Exit Meeting - The Team will hold an exit meeting at the conclusion of the on-site review to inform the College of significant findings and recommendations to that point.
- 4) Exit Letter - The Team will issue an exit letter approximately 10 days after the exit meeting detailing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.
- 5) Draft Reports - Sufficient copies of a preliminary draft report will be delivered to the College administration for review and comment.
- 6) Final Report - Sufficient copies of the final study report will be delivered to the College following completion of the review. The final report will be published on the FCMAT website.

3. PROJECT PERSONNEL

The study team will be supervised by Anthony L. Bridges, CFE, Deputy Executive Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

- | | | |
|----|-----------------|------------------------------------|
| A. | Andrew Prestage | FCMAT Management Analyst |
| B. | Sean James | FCMAT Community College Consultant |
| C. | Kathy Blackwood | FCMAT Community College Consultant |
| D. | Eric Raznick | FCMAT Community College Consultant |

Other equally qualified consultants will be substituted in the event one of the above noted individuals is unable to participate in the study.

4. PROJECT COSTS

The cost for studies requested pursuant to E.C. 42127.8(d)(1) shall be:

- A. \$800.00 per day for each FCMAT staff Member while on site, conducting fieldwork at other locations, presenting and preparing reports, or participating in meetings.
- B. All out-of-pocket expenses, including travel, meals, lodging, etc. The College 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 acceptance of the final report by the College.

Based on the elements noted in section 2 A, the total cost of the study is estimated at \$16,000.

- C. Any change to the scope will affect the estimate of total cost.
- D. Payments for FCMAT services are payable to Kern County Superintendent of Schools - Administrative Agent.

5. **RESPONSIBILITIES OF THE COLLEGE**

- A. The College will provide office and conference room space while on-site reviews are in progress.
- B. The College will provide the following (if requested):
 - 1) A map of the local area
 - 2) Existing policies, regulations and prior reports addressing the study request
 - 3) Current or proposed organizational charts
 - 4) Current and two (2) prior years' audit reports
 - 5) Any documents requested on a supplemental listing
 - 6) Any documents requested on the supplemental listing should be provided to FCMAT in electronic format when possible.
 - 7) Documents that are only available in hard copy should be scanned by the district and sent to FCMAT in an electronic format.
 - 8) All documents should be provided in advance of field work and any delay in the receipt of the requested documentation may affect the start date of the project.
- C. The College Administration will review a preliminary draft copy of 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. The final report will be published on the FCMAT website.

6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for key study milestones:

Orientation:	June 13, 2011
Staff Interviews:	June 13-14, 2011
Exit Interviews:	June 14, 2011
Preliminary Report Submitted	To be determined
Final Report Submitted	To be determined
Board Presentation	To be determined

