

Vallejo City Unified School District

ASSESSMENT AND IMPROVEMENT PLAN



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Seventh Progress Report September 16, 2010

Vallejo City Unified School District

*Assessment and Improvement Plan
Seventh Progress Report
September 16, 2010*

Submitted by

Fiscal Crisis & Management Assistance Team

Financial Management

Internal Control Environment

The Vallejo City Unified School District Business Services and Operations Department continues to make changes and improvements to internal accounting controls. However, the 2006-07 audit report notes several internal control deficiencies in financial statements and federal and state compliance issues that must be corrected. The 2006-07 independent audit report included 41 findings with total questioned costs of \$8 million. While the number of audit findings has been reduced from prior years, there continues to be an excessive number of audit findings with a substantial fiscal impact. At the time of the FCMAT review, the 2007-08 independent audit was incomplete, so progress in this area could not be verified.

The district's internal auditor continues to conduct site audits of student body funds, instructional minutes, independent study and kindergarten retentions, as well as cash handling. Internal audits should continue to begin early each fiscal year, and results should be communicated to sites immediately so that corrective action can be taken and problems resolved as they occur.

The school board maintains a code of ethics; a conflict of interest code; and fraud awareness, identification and prevention policies. All employees should understand these policies and district expectations regarding integrity and ethical behavior. Administrators should routinely communicate to employees their expectations and demonstrate integrity and ethical behavior in their daily activities. The district should distribute information to employees about these policies annually and ensure that all new employees are provided with the policies.

A significant restructuring of the business services and operations department organizational structure is in progress and should contribute to the long-term success of the department.

Evaluations of business services and operations staff continue, with most efforts applied to new and developing staff. Employee morale continues to improve and employees appear cooperative and willing to accept change. All organizational changes and the resulting performance expectations should continue to be communicated to employees in a timely manner.

Correspondence from the county office continues to indicate several concerns with the required state financial reporting documents due to timeliness, completeness and accuracy of data.

Internal Audits

The district continues not to maintain an audit committee of the Governing Board, nor is there board policy surrounding the internal audit function. The district should establish an independent audit committee of the Governing Board to review audit findings and implement the necessary corrective actions to improve internal controls in all areas.

The internal auditor reports to the state administrator and the superintendent, and communicates regularly with the superintendent's cabinet to discuss issues related to both internal and external audit findings. The internal auditor provides continuing training and assistance to school site staff to address audit findings in the areas of instructional minutes, student body accounting, kindergarten retention and short- and long-term independent study.

The internal auditor continues to develop policies and procedures to address audit findings. New or updated policies and/or procedures relating to cash handling, bidding procedures and student activity funds have been implemented.

The district has final resolution on most audit findings for the 2003-04 and 2004-05 fiscal years. The financial impact of the 2003-04 audit findings has been reduced from a reported \$53.5 million to an estimated \$172,000 for resolved and unresolved findings. The 2004-05 financial impact has been reduced from \$54.9 million to an estimated \$3.1 million, while the 2005-06 impact has been reduced from \$5.1 million to an estimated \$1.7 million. These are substantial reductions, and the district is to be commended for positive resolutions and negotiations.

Budget Development

The budget goal for 2009-10 was to adopt a balanced budget and maintain the required 3% reserve for economic uncertainties. The target for 2009-10 was to reduce expenditures by \$8 to \$11 million before adoption of the 2009-10 budget in June 2009. In April 2009 the areas proposed for reductions included reducing district office and central administrative positions, implementing phase II of transportation efficiencies, reorganization of school site security, implementing categorical flexibility and ending balance sweeps, increasing class sizes in grades K-3 and 9, adjusting alternative education staffing ratios and implementing energy conservation. The budget savings from all these options was estimated at \$10.5 million; nearly half of these reductions were one-time savings. No supporting documentation was provided to support the savings calculations. A projection was not prepared to reflect the fiscal impact of these options over a multiyear period.

No analysis was provided to link the identified budget reduction options to the district's fiscal recovery plan or the district's priorities as reflected by the 2009-10 Governing Board goals.

The 2009-10 adopted budget report that contained the necessary elements for review was not presented to the board; rather, a five-page summary was presented. No action was taken by the board after conducting the public hearing and discussing the budget before adoption by the state administrator.

The budget development calendar for 2009-10 anticipated that discussions of budget reduction options would be held at several board meetings between February and June 2009. Budget options were discussed by the board and the public during this time period, with action taken on some options on April 29, 2009. However, discussions continued on some of the budget reduction options right up until the 2009-10 budget was adopted (i.e., class size reduction). This delay was the result of the state and district administrators being unable to reach consensus regarding recommendations having to do with class size reduction within time frames established by the budget development calendar, making it impossible for district staff to produce an adopted budget in detail to be brought to the board for review and discussion at the June 2009 budget adoption meeting. This then means that the detailed adopted budget is produced after board review.

The 2010-11 budget development process has been conducted to date in a manner that is more consistent with industry standards, including use of a detailed budget calendar, detailed budget reduction options, community forums, detailed board reports supporting staff recommendations and timely board action supporting most of the recommended adjustments.

The team received mixed feedback from site managers regarding their understanding of site budget allocations. Some advised they had complete understanding of their budget allocations and the processes necessary to effectively manage them. Others expressed frustration that discretionary unrestricted allocations were not articulated effectively, leaving it unclear how such allocations were determined and how unspent funds would be redistributed. All site managers indicated a perception that instruction was the highest priority in financial planning and management at the district level.

Ending Balance Projections

The district's financial reports do not represent fair and accurate projections of the district's financial position or ending fund balance. For example, the 2007-08 second interim budget report filed by the district indicated a projected ending fund balance of \$13.8 million, while the unaudited actuals report from that same fiscal year reported this balance at \$22.6 million, or a 64% increase. In addition, the 2008-09 first interim financial report's projected ending fund balance was decreased -\$12.4 million, or 50%, from the adopted budget projection. The second interim report included another 20% decrease in the projected ending fund balance, although this reflected the impact of midyear state funding reductions.

The 2008-09 first interim financial report was prepared using the standardized account code structure (SACS) software and did not reflect the correct deficit factor, thereby overstating the structural deficit by \$.6 million and understating the projected ending fund balance by the same amount. The correct deficit factor was utilized with the 2008-09 second interim financial report. Informed decisions and actions based on an inaccurate budget report could lead to ineffective decision making by management and the state administrator.

Similar significant differences were observed regarding the 2009-10 adopted budget and the first and second interim budget reports.

Staff did not prepare a narrative with the 2008-09 first, second or third interim financial reports or with the 2009-10 first or second interim reports when the reports were presented to the Governing Board. Many of the interim reports are not filed timely with the Solano County Office of Education. The county office of education was apprised in advance of these late filings by the district.

Risk Management

The district provided FCMAT with loss statistics, claims frequency reports, etc., that were compiled quarterly by independent consultant firms and district staff regarding workers' compensation claims. District staff review all claims and make recommendations based on loss data.

The district obtains its workers' compensation insurance from State Compensation Insurance Fund. The district completed a workers' compensation actuarial study on June 11, 2008. Per this report loss rates are projected to increase by 19% in 2009-10, consistent with experience in the general market for K-12 school districts. Claim frequency increased 11%; this rate was 82% higher than the statewide average for K-12 school districts and has been sustained at this rate due to the high volume of claims for many years.

District personnel continue to receive technical training in self-insurance, understanding actuarial data, claims processing, subrogation recoveries, and reinsurance claims. District staff have attended workshops on workstation ergonomic evaluations, work restrictions and return to work programs.

Maintenance and Operations

The district utilizes an automated Web-based maintenance work order system to monitor maintenance needs. While the system is designed to allow school site staff to track online the status of any outstanding work order that has been submitted, this feature is not currently functioning due to staffing reductions in the maintenance department.

The work order software will allow access to a maximum of 15 users at any given time. This has caused delays to system users' ability to submit work orders. The software vendor can host the software on an external server, which would resolve this issue.

Custodial staff have primary responsibility for operating the system at school sites. The district also cross trained site clerical staff to use the work order system. School site staff reported that not all custodians are proficient in use of the system and thus clerical staff are the primary system operators at their school.

Work order response time has increased in the last year due to budget/staffing reductions. The maintenance department has placed a higher priority on certain requests, such as graffiti removal, and those requests are filled typically within 24-48 hours.

The district conducted and completed an asset inventory and valuation project for all capital assets in June 2007. GASB 34 requires the district to maintain complete and current fixed asset records for accounting purposes. A new inventory by a third-party vendor is planned in the coming months.

Board policies were established in February 2008 to ensure that the district's accounting records correctly reflect the district's current assets and their value. Policies require an annual inventory and sign-off by each site and certification to verify the location of fixed assets prior to the end of each fiscal year. Site principals were to be provided with a computerized detail printout of all fixed assets, but this did not occur during the summer of 2009.

The maintenance department has not automated its tracking and monitoring processes for all power and hand tools either checked out or permanently located on district vehicles. Over 95% of the tools utilized on the service trucks would not meet the capitalization threshold of \$5,000 for fixed assets. Inventory is performed only upon issuance of tools to a new employee, with replacements issued only upon return of the used equipment.

Attendance Accounting

The district continues to improve the training of site and district office staff on the importance of accurate and timely student attendance accounting. Sites have been provided with enrollment and attendance manuals and procedures have been established at the district office for monthly audit of site attendance records. The district has set up a schedule for site visits throughout the year by the district office attendance clerk to review site processes and provide training as needed. The district continues to review audit findings related to student attendance at management and department meetings, and site management reviews them at staff meetings. The district needs to provide further assistance to all sites to develop programs to increase student attendance.

Accounting, Purchasing and Warehousing

The district continues to have many audit findings, although some have been addressed through new policies and procedures from the internal auditor. The district continues to be late with state-mandated reports, including interim reports, adopted budget and the unaudited actuals report, which is often due to delayed decision-making and lack of the necessary information to complete the reports. However, overall the district's days of lateness have decreased during this assessment period.

Cash deposits with the county treasurer are reconciled monthly, as are the revolving cash account and the student body accounts. The district is revising its cash flow methodology to align with the state's deferral system.

Although the payroll department continues to be short one position, the current team has been working more efficiently, producing more accurate and timely payrolls. Payroll errors continue to be reduced when compared to prior reviews. The team works proactively to help ensure that employees understand any changes to their paychecks before they occur. There is consensus by FCMAT and the district that the Payroll and Human Resources monthly meetings need to resume.

Long-Term Obligations

The district is having an updated actuarial analysis of retiree health benefits completed to assist in developing a plan for funding post retirement benefits. The last actuarial the district received was dated January 1, 2008, from Steven T. Itelson. At that time, the actuarial accrued liability including interest was \$27,551,000, which included \$7,993,000 for current retirees and \$19,558,000 for current employees. No reserves were projected for retiree health benefits as of June 30, 2008 or June 30, 2009. It is important for the district to establish a funding plan for these benefits.

Impact of Collective Bargaining

The district's three-year collective bargaining agreement concluded on June 30, 2008. The district, in conjunction with the administrator, continues to establish cost reduction options. Current negotiations are at impasse, and the district has been assigned a state mediator. Among the items under negotiation are one-time bonuses and a multiyear static salary schedule with no increases for cost of living adjustments or decreases for rollbacks.

Special Education

The Business Services and Operations Department continues to be responsible for preparing the maintenance-of-effort (MOE) reports. The reports continue to appear reasonable and compliant.

Inter- and Intra-Departmental Communications

Work continues on procedural manuals and other resources for business-related functions and departments. Business Services and Operations Department administrators have also drafted many new business procedures and other documents with internal control mechanisms incorporated for internal use. This will be a lengthy, ongoing process. Usually these documents are distributed at administrative meetings and/or sent to the school sites, but FCMAT has observed increased staff training on these procedures, which is commendable as there should not be an expectation that the applicable employees will read the information and comply with all provisions. Although employees should be held accountable for expectations and assigned duties, the employees expected to follow procedures should be trained and/or meet to review the procedures before being held accountable for implementing them. Such training has occurred for cash procedures, attendance,

risk management and student body accounting. FCMAT recommends training on all new procedures that are sent to sites or departments to ensure that the staff understands the procedures; then the staff with responsibility for portions of the procedures can be held accountable.

Administrators in the Business Services and Operations Department plan to continue to spend time assessing their processes and procedures. When manuals or other resources are developed, they should explain in detail the processes and procedures that are expected and/or necessary to comply with rules and regulations, as well as board and district policies and procedures. These resources should be updated at least annually. The completed procedure manuals should also function as a training tool for the staff, help ensure the accurate and appropriate discharge of job duties, and provide some continuity in the event of staff turnover.

Board and Community Communications

The district continues to provide the board and other stakeholders with thorough narratives along with the SACS reports, with the exception of the 2009-10 adopted budget, which was not considered a complete package. PowerPoint presentations have been clear, detailed and useful. A review of financial documents for the past year continues to find that sufficient detail has been included for current year transactions, although subsequent year information is brief or nonexistent. When the board receives financial reports, whether they are SACS compliant or not, the accompanying narratives should always thoroughly describe the assumptions used to prepare the information, explain variances from the last time the budget information was presented to the board, and detail all relevant data on ongoing and one-time revenues and expenditures. Financial reports must be user-friendly.

The board members interviewed seemed comfortable with the timeliness and content of financial information. In addition, when additional information is requested, it is always provided in a timely and understandable manner.

The district continues to draft and approve new board policies and administrative regulations related to business operations. There are plans to contract with CSBA to bring all board policies up to date.

Multiyear Projections

The district has continued to prepare the multiyear financial projections as part of the statutory requirements by including interim financial reports and the adopted budgets, using both Budget Explorer and the California Department of Education's SACS software. The MYFP projections, in FCMAT's opinion, are not sufficient because the budget assumptions are not clear for the two subsequent fiscal years, and do not appear to be an accurate or reliable presentation or projection of the district's financial position.

The district's Multiyear Fiscal Recovery Plan 2004-2012 was approved by the state Superintendent of Public Instruction during the 2006-07 school year. A revised plan was approved by the Governing Board in February 2010 and is under review by the California Department of Education.

The projections should be updated regularly with attainable assumptions because there are many fiscal uncertainties that could affect the projections, and thus the fund balance of the district. For instance, \$10 million of the state loan has been set aside for potential payment of audit findings.

If the \$10 million is insufficient, there would be a significant impact to the general fund that would need to be factored into the multiyear financial projection. In addition, the fiscal outlook at both the state and federal levels continues to affect the projections and must be closely monitored for its fiscal impact on the projected revenues and fund balance in future years. The sale of district-owned property may also impact the district's projection, as the district had originally planned to use the anticipated income from those sales for the state loan repayment. If that income were to be lower than anticipated, the difference would need to come from another source, such as the general fund, thus affecting the projection. Continued deficit spending patterns, declining enrollment and current state budget issues also require the district to continually modify and update the financial recovery plan.

The 2009-10 multiyear financial projections and the revised Fiscal Recovery Plan prepared by the district that FCMAT reviewed reflect that the district will maintain a 3.5% reserve in the two required subsequent fiscal years, which is 0.5% more than required by state-adopted criteria and standards. This is not consistent with FCMAT's analysis. Assumptions should be updated and resubmitted with each financial report because information and data will change from one reporting period to the next.

The district's 2009-10 J18-19 Average Daily Attendance (ADA) report reflected less ADA than projected by the district in its 2009-10 multiyear financial projections and revised Fiscal Recovery Plan. This lower ADA will affect revenue assumptions beginning with the 2010-11 fiscal year, which will increase budgeted deficits and decrease ending fund balances in the 2010-11 and 2011-12 fiscal years and beyond, absent corrective actions such as additional expenditure reductions and/or revenue enhancements.

Management Information Systems

During interviews, technology staff members commented that it has become increasingly difficult to manage the volume of student data and information. The district should establish a data management team to improve communications and develop data procedures.

The district lacks network documentation of the wide area network (WAN). To identify network infrastructure requirements the district should consider conducting an end-to-end network discovery audit.

A district employee maintains and submits all E-Rate funding documentation. The district should consider contracting with a private vendor to ensure that allowable discounts are maximized. The staff member currently assigned to perform E-Rate tasks could be reassigned to perform other tasks.

The district lacks a technology committee to provide guidance to the Technology and Information Services Department. A technology committee should be established to address issues related to the direction and implementation of district technology.

The district's large amount of antiquated computer hardware is slowly being replaced with thin client technologies. This implementation will enable each technology staff member to support a higher number of end-user devices and will reduce end-user support requirements. The district should continue to invest in thin client technologies to replace aging computer hardware.

Technology support technicians prioritize their own support requests, and there is no assigned site visit schedule to inform site administrators when a technology support technician will be on site. Technology support requests should be addressed based on a well-understood prioritization scheme, and a site visit schedule should be established for technology support technicians to follow.

Staff Professional Development

A staff professional development plan was shared with FCMAT for the Business Services Department for the 2008-09 and 2009-10 years. Each plan included both routine and specialized training. Many employees working in the Business Services Department attended workshops related to their duties, including those who were new to the job and those in need of continued professional development.

An annual staff development plan still needs to be implemented for nonbusiness services and operations department staff so that departments and sites are updated on changes in business procedures and the application of routine internal control processes. When manuals or other resources are developed on business and business-related items, they should explain in detail the processes and procedures that are expected and/or necessary to comply with rules and regulations, board policies and district procedures. These resources should be updated at least annually. The completed procedure manuals should also function as a training tool for staff. Desk manuals help ensure the accurate and appropriate discharge of job duties, and provide some level of continuity in the event of staff turnover.

The district should communicate changes in business services and operations policies and procedures by offering in-service training before each school year begins. This would help ensure that the staff at sites and departments understand and properly implement ongoing, new and changed policies, procedures and forms. These in-service trainings should be for administrators and site and departmental personnel who regularly handle business tasks. Separate training sessions may need to be developed based on employees' job duties. At present, it appears that some training occurs before the school year begins for administrators, but training does not occur for other employees, except in specialized circumstances.

In Summary

The review of Financial Management included the assessment of a selected subset of 39 professional and legal standards of performance. The average rating of this subset of 39 standards, on a scale of 1 to 10, with 10 the highest score possible, is as follows:

November 2004	1.31
May 2005	2.53
November 2005	3.56
May 2006	4.33
January 2007	4.41
July 2007	5.28
June 2008	5.77
May 2010	5.66

The average of the identified standards has decreased and remains below the established criteria of a 6.0. Therefore, the Financial Management area is not being recommended for return to local governance at this time.

1.1 Internal Control Environment—Integrity and Ethical Values

Professional Standard:

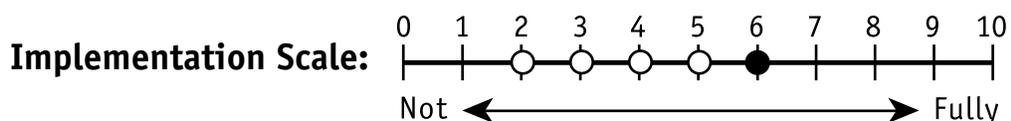
Integrity and ethical behavior is the product of the district’s ethical and behavioral standards, how they are communicated, and how they are reinforced in practice. All management-level personnel exhibit high integrity and ethical values in carrying out their responsibilities and directing the work of others. [SAS-55, SAS-78]

Progress on Implementing the Recommendations of the Improvement Plan:

1. The school board maintains a code of ethics, a conflict of interest code and fraud awareness, identification and prevention policies. All employees should understand these policies and district expectations regarding integrity and ethical behavior. Performance evaluations should be updated to include management’s expectations regarding ethical behavior.
2. Administrators should communicate to employees their expectations and demonstrate integrity and ethical behavior in their daily activities. The district should distribute information to employees about these policies annually and ensure that all new employees are provided with the policies.
3. Employees appear cooperative, but the FCMAT team did note some staff discouragement due to the continued changes in leadership at the top of the organization and a lack of focus on implementing meaningful progress on structural budget issues. On the whole, employees continue to accept change and are working to become more efficient with the introduction of more automated systems in their daily work activities.
4. Employees in the Business Services and Operations Department are evaluated on a timely basis, and each employee is required to submit annual goals to their supervisor. Evaluations are conducted based on the bargaining unit contract provisions of every two years, with more frequent evaluations for new staff.

Standard Implemented: Partially

November 1, 2004 Rating:	2
May 1, 2005 Rating:	2
November 30, 2005 Rating:	3
May 31, 2006 Rating:	4
January 25, 2007 Rating:	4
July 2, 2007 Rating:	5
June 30, 2008 Rating:	6
November 18, 2009 Rating:	6



1.4 Internal Control Environment

Professional Standard:

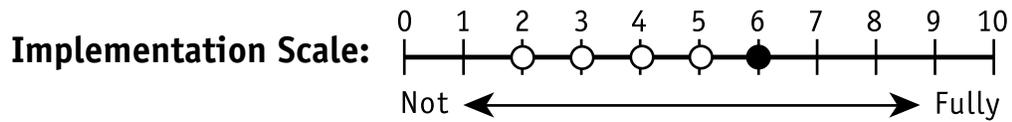
The organizational structure clearly identifies key areas of authority and responsibility. Reporting lines are clearly identified and logical within each area. [SAS-55, SAS-78]

Progress on Implementing the Recommendations of the Improvement Plan:

1. The assistant superintendent of business services and operations oversees business services, facilities, transportation, student nutrition and technology services, and has now completed his second year in this position. The district also employs a chief financial officer (CFO) who has the direct line of authority for budget and business operations. These two leaders have enhanced operations and delineated the support service areas in the division, and have made significant progress in creating a cohesive Business Services and Operations Department.
2. The Business Services and Operations Department is in the process of updating its organizational chart to further enhance and improve services. Consideration is being given to modifying the working responsibilities and relationships of the assistant superintendent of business services and operations and the CFO, such that the assistant superintendent would relinquish certain business and fiscal management responsibilities to the CFO, allowing more time to supervise the operations departments.
3. Mid-level management positions are being considered for reorganization in conjunction with the above. Four new operations manager positions are being formulated from existing positions, each with distinct operational responsibilities. These managers would report directly to, and be the primary focus of, the assistant superintendent of business services and operations.
4. Another format under consideration is to create an executive director position that would supervise all operations managers, allowing the assistant superintendent of business services and operations to provide more support to the CFO with regard to business and fiscal operations.
5. A new energy education specialist position was also created, although this position is not a district employee but is a consultant working for a vendor who is responsible for implementing an energy conservation performance contract.
6. The budget manager position is vacant; a hiring process was conducted but no viable candidates were recommended. The position may be filled internally. Filling this position is considered critical to the mission of providing quality fiscal services to the schools, departments and outside regulatory agencies.
7. The payroll manager position has been filled with an experienced school district payroll manager. The payroll lead, analyst and technician positions have been filled except for one remaining vacancy. Payroll errors have decreased remarkably from the previous year, and the Solano County Office of Education has commended the district on this achievement.

Standard Implemented: Partially

November 1, 2004 Rating:	2
May 1, 2005 Rating:	2
November 30, 2005 Rating:	3
May 31, 2006 Rating:	4
January 25, 2007 Rating:	5
July 2, 2007 Rating:	5
June 30, 2008 Rating:	6
November 18, 2009 Rating:	6



1.7 Internal Control Environment

Professional Standard:

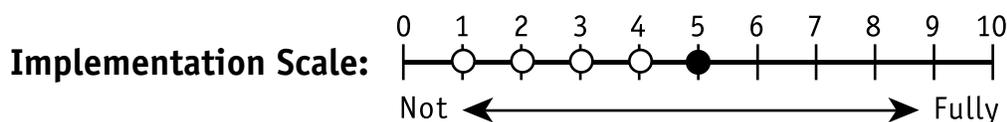
All employees are evaluated on performance at least annually by a management-level employee knowledgeable about their work product. The evaluations criteria are clearly communicated and, to the extent possible, measurable. The evaluation includes a follow-up on prior performance issues and establishes goals to improve future performance.

Progress on Implementing the Recommendations of the Improvement Plan:

1. Employees in the Business Services and Operations Department are being evaluated timely. The Human Resources Department sends an annual employee evaluation list to all departments. Steps should be taken to ensure that all evaluations are completed in a timely manner.
2. Measurable goals and objectives should be in place for all positions. Employees should know the standards used to evaluate them and these should be reflected in the evaluation instrument.
3. Business Services and Operations management staff members are working with each employee to develop annual goals and ensure that training opportunities are provided. Most of the effort in the last year was focused on training and supporting new business office staff members.
4. Managers and supervisors must be held accountable for evaluating employees on a timely basis. They should be fully trained to properly evaluate employees. Training should include the areas of the collective bargaining agreements, district procedures, proper use of district evaluation forms, and discipline and performance improvement procedures.

Standard Implemented: Partially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	1
November 30, 2005 Rating:	2
May 31, 2006 Rating:	2
January 25, 2007 Rating:	3
July 2, 2007 Rating:	4
June 30, 2008 Rating:	5
November 18, 2009 Rating:	5



1.8 Internal Control Environment

Professional Standard:

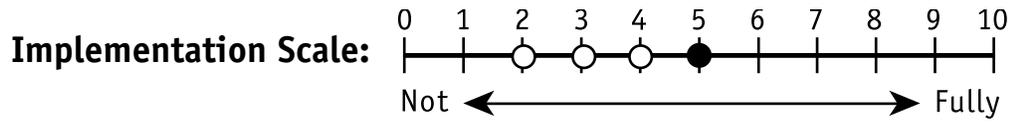
The responsibility for reliable financial reporting resides first and foremost at the district level. Top management sets the tone and establishes the environment. Therefore, appropriate measures are implemented to discourage and detect fraud (SAS 82; Treadway Commission).

Progress on Implementing the Recommendations of the Improvement Plan:

1. Internal accounting controls continue to improve, but are not yet fully implemented. Internal accounting controls and performance standards are necessary to hold employees accountable for following all district policies.
2. A board policy has been adopted addressing fraud awareness, identification and prevention, the misuse of funds, and conflict of interest. The district should ensure that all employees have been provided a copy of the fraud prevention policy, as this does not appear to be the case.
3. The district's internal auditor has conducted audits during the past year of payroll, student nutrition services, cash receipts and accounts receivable, and cash disbursements and accounts payable. These audits should begin as early in the fiscal year as possible so corrective action can be taken and problems resolved as they occur.
4. Some improvements have been made in the overall internal control process. However, based on the 2006-07 audit report, there are several internal control deficiencies in financial statements and federal and state compliance that must be corrected. Changes and revised expectations should be communicated to employees timely.
5. Employees should know how to report concerns or problems that they experience during routine daily activities. The district should ensure that a reliable system is in place and employees are encouraged to report abuses and/or fraud using an anonymous hot line or other avenue for tips and suggestions.
6. The county-wide CECC data processing system is being used and includes the necessary components to provide proper internal controls. The district should ensure that these internal control processes are implemented and that employees are able to access only those modules within their job functions.
7. Several of the Business Services and Operations Department staff are relatively new to school business and would benefit from continued training in school finance. Correspondence from the county office for the 2008-09 fiscal year indicates several concerns with the required state financial reporting documents.
8. The 2006-07 independent audit report included 41 findings with total questioned costs of \$8 million. While the number of audit findings is fewer than in prior years, there still is an excessive number of audit findings with a substantial fiscal impact. At the time of the FCMAT review, the 2007-08 independent audit was not complete, so progress in this area cannot be commented on.

Standard Implemented: Partially

November 1, 2004 Rating:	2
May 1, 2005 Rating:	2
November 30, 2005 Rating:	3
May 31, 2006 Rating:	4
January 25, 2007 Rating:	4
July 2, 2007 Rating:	5
June 30, 2008 Rating:	5
November 18, 2009 Rating:	5



2.1 Inter- and Intra-Departmental Communications

Professional Standard:

The business services and operations departments communicate regularly with internal staff and all user departments on their responsibilities for accounting procedures and internal controls. The communications are written whenever possible; particularly when they (1) affect many staff or user groups; (2) are issues of high importance; or (3) reflect a change in procedures. Procedures manuals are necessary to the communication of responsibilities. The departments also are responsive to user department needs, thus encouraging a free exchange of information between the two (excluding items of a confidential nature).

Progress on Implementing the Recommendations of the Improvement Plan:

1. The Business Services and Operations Department has done a much better job communicating regularly with internal staff and user departments on their responsibilities for accounting procedures and internal controls. Past practice usually was to either distribute the procedures at administrative meetings and/or to send them to the school sites, with the expectation that the applicable employees would read the information and comply with all provisions. Training is now provided on procedures more often than not, especially when they are new, and this should continue to be the norm whenever procedures are updated or added. Although employees should be held accountable for expectations and assigned duties, they first should be trained and/or attend a meeting to review the procedures. Providing sufficient discussion and training also reflects positively on the Business Services and Operations Department by showing that the department is respectful of site staff time.
2. The Business Services and Operations Department has developed a Business Services Procedures Manual containing many business procedures and other documents, with internal control mechanisms incorporated for internal use. Training should be conducted on these policies and procedures as they are approved to ensure that the staff understands them and is accountable for following them. These training sessions should include all customers who are affected by the procedures.
3. More trainings are being developed for the 2009-10 year than have been offered previously. The director of compliance and audit has planned trainings on student body, cash, and accounts payable. The trainings offered that FCMAT was able to validate since FCMAT's last review in spring 2008 included:
 - Risk Management/Workers' Compensation procedures, August 26, 2009 through September 10, 2009. Meetings were held with office managers and child development supervisors at their locations throughout the district.
 - Student Accidents/Incidents - Investigation and Reporting in August and September 2009. This is an annual training.
 - Aeries attendance system and attendance policies and procedures on August 13, 14, 17 and 18, 2009.

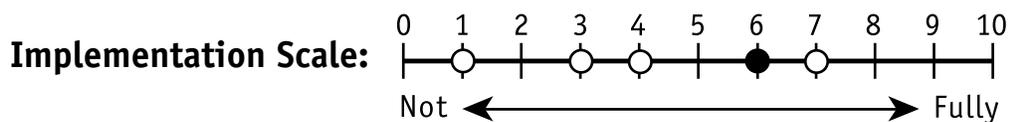
- CHP Driver's Training on July 21, 2009. This meeting was mandatory for all employees who operate district vehicles.
 - Back Safety Training (for workers' compensation), November 24, 2008 for all custodians.
 - Student Funds in August 2008. Training agenda included how to use the EPES software, student fund guidelines and credit cards.
4. Documents developed by the director of compliance and audit that are very complete and understandable include Student Fund Guidelines and Procedures, and Attendance Training Manual.
 5. The Business Services and Operations Department should continue to plan and conduct numerous trainings that include office managers, principals, and others needing to understand business and related information. Some topics should include EduReports, payroll calendar, budget development (setting up the budget correctly at the beginning of the year), purchasing, accounts payable, and risk management.
 6. In addition, annual training should be offered for both new and continuing employees. Annual training allows employees to ask questions and strengthen the knowledge they already have.
 7. During fieldwork, FCMAT continues to be provided with many documents by district office staff. Customers at the sites show more knowledge about many of the procedures, policies and communication being developed by the Business Services and Operations Department, although questioning revealed varying levels of knowledge. A system continues to be needed to increase awareness of these activities. One option is sending a cover sheet with the communication, including a requirement that customers (principals, office managers or other positions) certify they have received the communication and understand they are responsible for following it. In addition, communications on new processes and procedures that contain significant changes from the past practice should not be distributed without a meeting or training so employees understand what is expected of them before they are held accountable. A process should be established to train new staff at departments or sites on existing procedures and processes for which they will be held accountable.
 8. Administrators in the Business Services and Operations Department plan to continue to assess their processes and procedures. This will be a lengthy, ongoing process. When manuals or other resources are developed, they should explain in detail the processes and procedures that are expected and/or necessary to comply with rules and regulations, as well as board and district policies and procedures. These resources should be updated at least annually. The completed procedure manuals should also function as a training tool for the staff, help ensure the accurate and appropriate discharge of job duties, and provide some continuity in the event of staff turnover.
 9. The district should communicate changes in business services and operations policies and procedures by offering in-service training before each school year begins. Updates

to the procedures manual could be distributed and explained at the training. This would help ensure that site and department staff understand and properly implement the updated procedures as well as the ongoing ones. These trainings should be provided for administrators and site and departmental personnel who regularly handle business tasks. Separate trainings may need to be developed based on job level (e.g., administrators attending less detailed training than office managers). Currently, training is provided for administrators before the school year begins, but does not occur for other staff members except in areas that are the internal auditor's responsibility.

10. Organizational charts of the Business Services and Operations Department continue to be updated, as many changes continue to be implemented. Sites and departments need to be provided with a district office listing of staff by department, including specific phone extensions. Sites and departments seem more familiar with information on who to call regarding issues, but complaints continue that employees do not know who to call for specific questions and assistance, even though when they do call they usually get to the appropriate person. Information needs to be provided at the beginning of each school year and when changes occur so that sites and departments know who to contact for routine issues involving payroll, accounts payable, budget questions and purchase requisitions. Generally, it appears that response times have improved.
11. Agendas indicated that district leadership meetings and principals' meetings regularly include time to share financial and other information with department managers, principals, and program managers.
12. Periodic office manager/clerical meetings should also occur for information sharing and policy/procedure updates. This does not appear to occur regularly.
13. The Payroll and Human Resources departments have not met monthly since December 2007 to discuss ongoing issues and develop solutions to common problems. Specific meetings are held as needed between individual staff members. FCMAT strongly suggests reinstating monthly meetings to develop processes and procedures, rather than only meeting when issues arise.

Standard Implemented: Partially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	1
November 30, 2005 Rating:	3
May 31, 2006 Rating:	4
January 25, 2007 Rating:	6
July 2, 2007 Rating:	7
June 30, 2008 Rating:	6
November 18, 2009 Rating:	6



2.2 Inter- and Intra-Departmental Communications

Professional Standard:

The financial departments communicate regularly with the Governing Board and community on the status of district finances and the financial impact of proposed expenditure decisions. The communications are written whenever possible, particularly when they affect many community members, are issues of high importance to the district and board, or reflect a change in policy.

Progress on Implementing the Recommendations of the Improvement Plan:

1. Although the district submits thorough narratives and assumptions for current year budget submittals, the assumptions cover only the budget and not the multiyear projection in the budget. The district must submit updated assumptions for each reporting period because assumptions quickly become outdated and irrelevant to the current reporting period, especially during this difficult economic time where educational budgets have been severely affected.
2. The district should continue to provide training to new board members to better help them understand the district and their specific role as board members. The board also needs to receive training as a whole board, which has not occurred to date, so that all board members have the same level of knowledge. In addition, the board members have not received training on state-mandated reports, even though training has been planned for some time.
3. The more training board members receive, the more knowledgeable they become and the more comfortable they will be asking questions regarding financial and related data.
4. The district continues to provide the board and other stakeholders with thorough narratives along with the SACS reports, with the exception of the 2009-10 adopted budget. PowerPoint presentations have been clear, detailed and useful. A review of financial documents for the past year continues to find that sufficient detail has been included for current year transactions, although subsequent year information is brief or nonexistent. When the board receives financial reports, whether they are SACS compliant or not, the accompanying narratives should always thoroughly describe the assumptions used to prepare the information, explain variances from the last time the budget information was presented to the board, and detail all relevant data on ongoing and one-time revenues and expenditures. Financial reports must be user-friendly.
5. The board members interviewed seemed comfortable with the timeliness and content of financial information. When they request additional information, it is always provided in a timely and understandable manner.
6. The district continues to draft and approve new board policies and administrative regulations related to business operations. There are plans to contract with CSBA to bring all board policies, districtwide, up to date.
7. Once board policies and administrative regulations are reviewed, revised and approved as needed, they must be understood and followed by the district staff. The district should

consider training and other communication methods to ensure the staff is aware of the contents of these important documents.

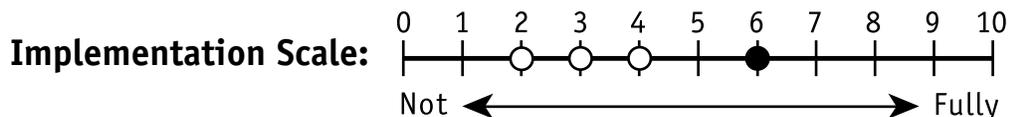
8. On March 26, 2007, the district revised Board Policy 3000, Concepts and Roles, to include the superintendent’s role of providing the board with frequent multiyear projection information. The word “frequent” is not defined. Providing more frequent projections would allow the board to make more informed expenditure decisions and would facilitate better understanding and timelier use of restricted categorical funding. Multiyear projections should always include assumptions underlying the future year calculations and should be thoroughly explained to ensure the board members’ familiarity with the data. Currently, projections are provided only when statutorily required, which includes at adopted budget and interim reporting times. They were also provided as part of the Fiscal Recovery Plan. The state administrator plans to work with the Business Services and Operations Department to establish a process and time line for twice yearly updates of current budget year information as well as multiyear projections.

9. The revised Board Policy 3000 also included in the superintendent’s role “providing the board with monthly budget and financial information that includes issues that will affect district finances as well as routine budget reports on the status of the general fund and categorical programs.” Review of board agendas and meeting minutes did not find that monthly budget information is specifically provided, although it is presented at various meetings during the year, as are reports on surplus property disposal and gifts and donations. The interviewed board members reported that the information they receive is sufficient and that the board policy may need to be modified not to require such information monthly, or to at least define what will be required monthly. The current types of financial information brought monthly to the board include payroll and vendor payment approval, contract approval and purchase order approval.

10. Continuing to hold community meetings in addition to board meetings will help the district ensure that financial communications are clear and concise. Many people who might not want to attend a board meeting would attend a community meeting, as it is more focused and less formal. This type of forum should continue.

Standard Implemented: Partially

November 1, 2004 Rating:	2
May 1, 2005 Rating:	2
November 30, 2005 Rating:	3
May 31, 2006 Rating:	3
January 25, 2007 Rating:	2
July 2, 2007 Rating:	4
June 30, 2008 Rating:	6
November 18, 2009 Rating:	6



2.3 Inter- and Intra-Departmental Communications

Professional Standard:

The Governing Board is engaged in understanding globally the fiscal status of the district, both current and as projected. The board prioritizes district fiscal issues among the top discussion items.

Progress on Implementing the Recommendations of the Improvement Plan:

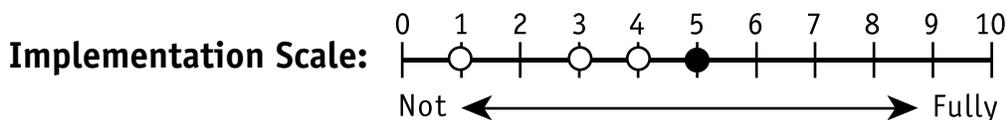
1. The district's website continues to contain useful information about the district's composition, including the number of schools, students, and staff members. The website contains a section titled Budget Issues, with categories on the state takeover and loan, the recovery plan, current budget information, and status and progress reports. This is an effective way to communicate with the community that should continue to be updated. Summary budget information should also be included, with communications to the department and school site staff who may not think to check the website for this information.
2. The various community meetings that have been held have allowed broader community participation, understanding and input into the budget process. It appears there have not been as many as in the past. They should continue, possibly quarterly.
3. Interviewed board members continued to speak positively about the staff responsiveness to their requests for additional information, as it is always provided in a clear, positive manner. It remains important for the board to understand the district's true fiscal status, including audit findings and recommendations, and to have adequate time to review financial data before board meetings. This will allow them to ask pertinent questions at board meetings and have input into corrective actions.
4. Detailed information should accompany budget reports to explain existing funding and how long it will be available. This will allow the board to make more informed expenditure decisions. To date, this information has not been provided. Receiving this information will allow the board and community to better understand the specific funding sources and could potentially assist in the timelier use of restricted categorical funding.
5. The district's initial Multiyear Fiscal Recovery Plan 2004-2012 was approved by the state Superintendent of Public Instruction during the 2006-07 school year, and was a requirement of the legislation that authorized the state loan. The base year of the multiyear projection included in the plan is 2006-07, with projections through 2011-12. Those projections, and the plan itself, were not updated again until 2009-10. The plan was approved by the district's Governing Board in February 2010, and is under review by the California Department of Education. Multiyear projections must be continuously updated because assumptions change continuously.
6. The budget office should provide the board with frequent multiyear projection information while the district's fiscal health is being restored. To date, only state-mandated multiyear projections have been completed and distributed, such as with interim reports and adopted budgets and as part of the recovery plan. Plans to prepare

and provide projections quarterly to the state administrator and the Governing Board during the period of financial recovery have not yet been implemented. The letter from the state administrator to the superintendent and Governing Board contained in the Fiscal Recovery Plan states that “The State Administrator plans to work with Business Services to establish a process and time line for twice yearly updates of current budget year information as well as multiyear projections.” On page 55 the plan states, “The district will update its multiyear projections at least once each year to reflect the changes in assumptions and the current year budget data.” The two statements should reflect the same time line, and twice yearly updates would be best.

7. School boards must understand the impact of all their fiscal decisions and how these decisions affect future year budgets. This can be easily reflected in detailed, understandable multiyear projections. The projections should be thoroughly explained to ensure that board members are familiar with the data. The assumptions presented with the multiyear projections for the subsequent years must be clear and based on the most current information available. Assumptions supporting multiyear projections need to be clearly identified and continuously monitored for validity. When multiyear projections are presented, they need to be explained in detail to be thoroughly understood and trusted.
8. The board should receive quarterly updates on audit matters, including past findings, resolution of the findings and status of appeals. Because there can be a large fiscal impact depending on audit resolution, the board must be apprised of this information. In addition, to comply with Education Code requirements, the board should receive a copy of the annual audit at a public meeting and review all corrective actions developed by staff.

Standard Implemented: Partially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	1
November 30, 2005 Rating:	3
May 31, 2006 Rating:	3
January 25, 2007 Rating:	3
July 2, 2007 Rating:	4
June 30, 2008 Rating:	5
November 18, 2009 Rating:	5



2.4 Inter- and Intra-Departmental Communications

Professional Standard:

The district has formal policies and procedures that provide a mechanism for individuals to report illegal acts, establish to whom illegal acts should be reported, and provide a formal investigative process.

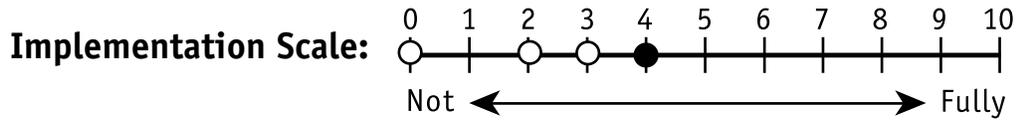
Progress on Implementing the Recommendations of the Improvement Plan:

FCMAT's review did not reveal any improvements or changes in this area.

1. The Governing Board approved a Fraud Awareness, Identification and Prevention board policy September 21, 2005, which was revised April 18, 2007. The administrative regulation for the policy was approved August 30, 2005 and revised April 18, 2007. The policy and administrative regulation are clear, thorough and well written. The policy provides direction to avoid fraud and fraudulent activities and a system for reporting suspicious activity while protecting the informant.
2. The code of ethics policy approved by the district September 7, 2005 outlines the expectations that employees will perform duties and conduct themselves with the utmost integrity, efficiency and reliability and will comply with all applicable laws, board policies, regulations and procedures. It states that the superintendent is expected to provide for implementation of the code of ethics and hold all employees responsible for its implementation using the district's supervision and evaluation policies and procedures.
3. FCMAT was not able to locate a more recent letter since March 14, 2007 where the Business Services and Operations Department reminded employees about fraud and theft reporting procedures. Although the fraud and ethics policies have been in place for some time, most of the staff members interviewed were unable to recall whether the policies had been explained and/or shared with them.
4. The Fraud Awareness, Identification and Prevention administrative regulations state that all district staff will be provided with annual training on the district's fraud policy and reporting procedures, which has not occurred to date. The awareness program should be in place to inform the staff about the board policies and procedures addressing fraud, the common types of fraud and theft, and the consequences stated in the policy. Included should be signs of potential misuse, employee responsibilities to deter and prevent fraud and theft, and the process and procedures for reporting suspected fraud or other illegal activities through an anonymous hot line or other mechanism.

Standard Implemented: Partially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	0
November 30, 2005 Rating:	2
May 31, 2006 Rating:	3
January 25, 2007 Rating:	3
July 2, 2007 Rating:	4
June 30, 2008 Rating:	4
November 18, 2009 Rating:	4



2.5 Inter- and Intra-Departmental Communications

Professional Standard:

Documents developed by the fiscal division for distribution to the Governing Board, finance committees, staff and community are easily understood. Those who receive documents developed by the fiscal division do not have to wade through complex, lengthy computer printouts.

Progress on Implementing the Recommendations of the Improvement Plan:

FCMAT's review did not reveal any improvements or changes in this area.

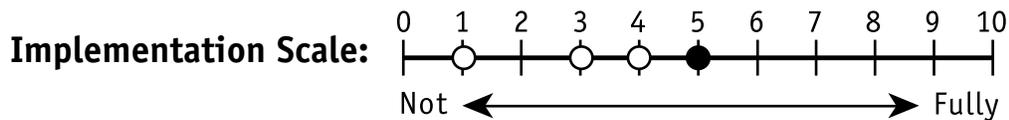
1. In the 2006-07 fiscal year, the district started to implement the goal of providing more thorough narratives to the board along with the SACS reports. That goal has continued to be implemented, although the format has not changed since that time.
2. When the board receives financial reports, SACS compliant or not, it is important for the accompanying narratives to thoroughly describe the assumptions used to prepare the information, variances from the last time the budget information was presented to the board, and all relevant data on ongoing and one-time revenues and expenditures. Financial reports must be user-friendly.
3. Board Policy No. 3000q, Roles and Responsibilities Related to Financial Management, was adopted on April 17, 2007. It outlines the superintendent's roles and responsibilities in this area. These roles and responsibilities include, among other things, providing the board with regular budget and financial information, including issues that will affect district finances, as well as routine budget reports on the status of the general fund and categorical programs. This type of information must be clear, easily understood, and provided throughout the year. Although some financial information is provided monthly, board agendas and minutes show no regular schedule for many of the items brought forward. The board should discuss what items they would like to see monthly, as well as quarterly, so they can be as fiscally accountable and knowledgeable as possible.
4. Board Policy No. 3000q states that the superintendent is to provide the Governing Board with frequent multiyear projection information that would enable the board to make more informed expenditure decisions and that facilitates better understanding and oversight of restricted categorical funding. The policy includes the statement that "Multiyear projections should include assumptions underlying the future year calculations." This area continues to be of concern to FCMAT. The budget office must provide the board with frequent multiyear projection information while the district's fiscal health is being restored. Assumptions behind multiyear projections need to be clearly identified and continuously monitored for validity. When multiyear projections are presented, they need to be explained in greater detail to be thoroughly understood and trusted.
5. School boards must understand the effect of all their fiscal decisions and how these decisions affect future year budgets, which can be easily reflected in detailed, understandable multiyear projections. The projections should be thoroughly explained

to ensure that board members are familiar with the data. Board policy 3000q states that the superintendent shall regularly inform the Governing Board of the financial effects of board decisions and that all recommended financial plans presented to the board for approval shall support the district's goals and objectives.

6. Detailed information should accompany budget reports explaining existing funding and how long it will be available to the district. This will allow the board to make more informed expenditure decisions. To date, this type of information has not been provided. This information would facilitate better understanding and timelier use of restricted categorical funding.
7. Adequate, easily understood information should accompany all business-related items brought to the board. The district's intent has been to ensure that board members have adequate information on the issues so they can make informed decisions. The board members interviewed seemed comfortable with the timeliness and format used on business related items, although FCMAT continues to recommend that additional information is needed. In addition, time lines are not adequately met so that the board can make informed decisions without being rushed.

Standard Implemented: Partially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	1
November 30, 2005 Rating:	3
May 31, 2006 Rating:	3
January 25, 2007 Rating:	3
July 2, 2007 Rating:	4
June 30, 2008 Rating:	5
November 18, 2009 Rating:	5



3.1 Staff Professional Development

Professional Standard:

The district has developed and uses a professional development plan for training business services and operations staff. The plan includes the input of business services and operations supervisors and managers, and, at a minimum, identifies appropriate programs office wide. At best, each individual staff and management employee has a plan designed to meet their individual professional development needs.

Progress on Implementing the Recommendations of the Improvement Plan:

1. A 2008-09 and 2009-10 staff development and training plan was presented to FCMAT. Each plan provided staff with both routine and specialized training. The staff development plan was consistent with the department plan, the employees' job duties, current skill and knowledge levels, and time lines for accomplishing training.

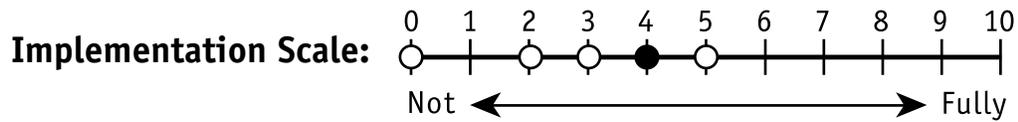
Individual staff and management employees do not appear to have a plan designed to meet their individual professional development needs. These individual plans should be included as part of the annual performance report filed with Human Resources.

2. All employees working in the Business Services Department should continue to attend workshops related to their duties whether they are new to the job or need a refresher course. FCMAT received evidence of attendance at a variety of workshops and other training sessions. Employees in the Operations Department should be provided the same opportunity to attend workshops and training.
3. Joint meetings between the Human Resources and Payroll departments have not occurred since December 2007, although individual meetings occur as needed for specific issues. Scheduled meetings should resume, as they provide time to discuss issues and strategic planning between the two departments. Because the departments share controls and processes, open communication is essential. Topics to include during scheduled meetings could include planning trainings for site and department staff, and placement of notices in employees' files once professional development training is completed.
4. Employee evaluations in the Business Services and Operations Department have been kept up to date and were updated in fall 2009 based on the two-year cycle. The evaluations include the employee-developed individual training plan and supervisor's identified training needs for the employee. In subsequent evaluations, the completion of training and updated plans for future training will be noted.

The rating in this area has decreased from a 5 to a 4 for several reasons. Some of the elements have not been developed, such as the need for the joint meetings between Human Resources and Payroll to continue, and because individual staff and management employees should have a plan designed to meet their individual professional development needs. To sustain a rating of 5, all standard elements would need to be developed and staff would need to be engaged in the implementation phase.

Standard Implemented: Partially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	0
November 30, 2005 Rating:	0
May 31, 2006 Rating:	2
January 25, 2007 Rating:	3
July 2, 2007 Rating:	5
June 30, 2008 Rating:	5
November 18, 2009 Rating:	4



3.2 Staff Professional Development

Professional Standard:

The district develops and uses a professional development plan for the in-service training of school site/department staff by business services and operations staff on relevant business procedures and internal controls. The plan includes the input of the business services and operations department and the school sites/departments and is updated annually.

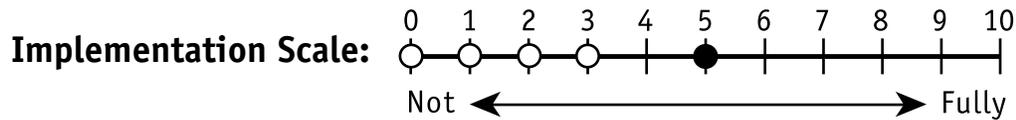
Progress on Implementing the Recommendations of the Improvement Plan:

1. A professional development plan has not been implemented for school site/department staff other than a master calendar of training events, workshops and conferences. All completed professional development plans should cover internal control procedures and include a review of procedural changes made in the last year, such as conversions to new software and/or systems.
2. It is essential to update departments and sites annually on changes in business procedures and the application of routine internal control processes. Currently, training is offered in specialized areas like attendance, risk management and student body. Additional trainings were being developed for cash management, accounts payable and purchasing to begin in fall 2009. When manuals or other resources are developed on business and business-related items, they should explain in detail the processes and procedures that are expected and/or necessary to comply with rules and regulations, and board and district policies and procedures. The resources that have been developed to date on attendance and student body have been done thoroughly and are well thought out. These resources should continue to be updated at least annually. The completed procedure manuals should also function as a training tool for staff. They help ensure the accurate and appropriate discharge of job duties, and provide some level of continuity in the event of staff turnover.
3. Each staff in-service training on business subjects should be geared to a specific audience, with mandatory or optional attendance as dictated by the subject matter. Currently the training on specialized topics is optional. Because employees are not mandated to go, they often complain that they are not aware of policies and procedures that would have been covered in such trainings. The topics covered in specialized trainings should pertain to the staff members invited so attendees feel their time is not wasted and they better understand the value of attending such trainings. Employees should be informed when the meetings are mandatory, and sign-in sheets maintained.
4. The district should offer in-service training before each school year begins to the staff at sites and departments so that they understand and properly implement ongoing, new and revised policies, procedures and forms. These trainings should be for administrators and site and departmental personnel who regularly handle business tasks. At present, some specific training occurs before the school year for administrators, and specific training on attendance, student body and risk management is given to non-administrators. However, employees as a group are not trained on overall business policies and procedures.
5. A work climate of mutual support should be encouraged so that ongoing questions and information sharing are the norm. Customers of the Business Services and Operations

Department need to feel comfortable asking questions to keep communication open and to move ahead positively and cooperatively. Much improvement has occurred in this area because all interviewed staff state that their questions are being answered. Site staff may not always know exactly who to contact, but when they do call or e-mail, they are directed to the appropriate person.

Standard Implemented: Partially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	0
November 30, 2005 Rating:	1
May 31, 2006 Rating:	2
January 25, 2007 Rating:	3
July 2, 2007 Rating:	5
June 30, 2008 Rating:	5
November 18, 2009 Rating:	5



4.1 Internal Audit

Professional Standard:

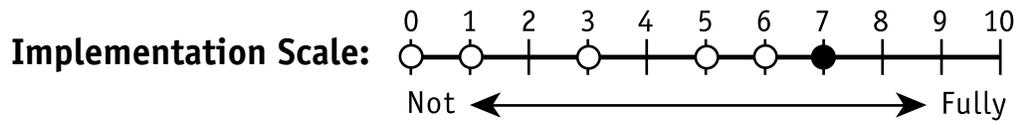
The Governing Board has adopted policies establishing an internal audit function that reports directly to the Superintendent/State Administrator and the audit committee or Governing Board.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The district does not maintain an audit committee of the Governing Board, nor is there board policy surrounding the internal audit function. The internal auditor reports to the state administrator and the superintendent, while communicating regularly with the superintendent's cabinet to discuss issues related to both internal and external audit findings.
2. The internal auditor provides continuing training and assistance to school site staff to address audit findings regarding instructional minutes, student body accounting, kindergarten retention and short- and long-term independent study.
3. Internal controls continue to improve but are not fully implemented. Several audit findings in the 2006-07 audit report cited internal control deficiencies in financial statements and federal and state compliance that must be resolved.
4. The internal auditor continues to develop policies and procedures to address audit findings. New or updated policies and/or procedures relating to cash handling, bidding procedures and student activity funds have been implemented.
5. The district has final resolution on most audit findings for 2003-04 and 2004-05. The financial impact of the 2003-04 audit findings has been reduced from a reported \$53.5 million to an estimated \$172,000 for resolved and unresolved findings. The 2004-05 financial impact has been reduced from \$54.9 million to an estimated \$3.1 million, while the 2005-06 impact has been reduced from \$5.1 million to an estimated \$1.7 million. These are substantial reductions.
6. The 2007-08 independent audit performed by the State Controller's Office was not complete at the time of the FCMAT review. Although the district continues to receive several audit findings, the number of findings has been reduced each year since 2005-06.
7. Instructional minutes are reviewed by the district to ensure compliance. These calculations are also reviewed by the Business Services and Operations Department before the start of the school year for accuracy. Bell schedules should be monitored throughout the year to avoid future audit findings in this area.
8. The internal auditor developed and issued procedural manuals and instructions for student attendance and cash handling. District office and site employees have been trained and are adhering to the new internal control policies in these operational areas. The district should conduct annual training for all staff involved in student attendance accounting.

Standard Implemented: Partially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	1
November 1, 2005 Rating:	3
May 31, 2006 Rating:	5
January 25, 2007 Rating:	5
July 2, 2007 Rating:	6
June 30, 2008 Rating:	7
November 18, 2009 Rating:	7



4.2 Internal Audit

Professional Standard:

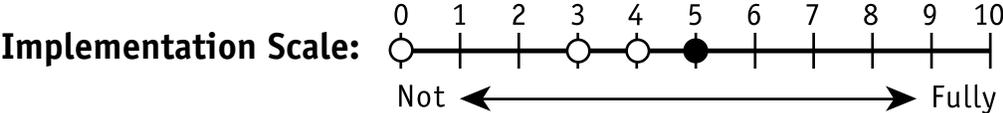
Internal audit functions are designed into the organizational structure of the district. These functions include periodic internal audits of areas at high risk for non-compliance with laws and regulations and/or at high risk for monetary loss.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The district's internal auditor during the past year conducted audits of payroll, student nutrition services, cash receipts and accounts receivable, and cash disbursements and accounts payable. These audits should begin as early in the fiscal year as possible so corrective action can be implemented and deficiencies addressed before the external audit begins.
2. The internal auditor has developed several policies, procedures and internal documents to assist staff with bidding procedures, cash handling and student activity guidelines.
3. The district's internal audit function should continue to include but not be limited to the following:
 - a. Providing assurance that the district's internal controls are adequate to ensure that management receives reliable financial information
 - b. Testing compliance with all laws and regulations
 - i. Assisting district personnel in performing their duties and meeting their responsibilities by implementing good business practices and policies
 - c. Properly training employees
 - d. Authorization to access all district records, physical property and personnel relevant to each area under audit
 - e. Correction of deficiencies related to audit findings
4. The district should establish an independent audit committee of the Governing Board to review audit findings and implement the necessary corrective actions to improve internal controls in all areas.

Standard Implemented: Partially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	0
November 1, 2005 Rating:	0
May 31, 2006 Rating:	3
January 25, 2007 Rating:	3
July 2, 2007 Rating:	4
June 30, 2008 Rating:	5
November 18, 2009 Rating:	5



5.4 Budget Development Process (Policy) — Strategic Process to Analyze All Resources and Allocations

Professional Standard:

The district has a clear process to analyze resources and allocations to ensure that they are aligned with strategic planning objectives and that the budget reflects district priorities.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The 2009-10 Governing Board goals of the district focus on improving student achievement for all students, accelerating the achievement of underperforming groups of students, improving student behavior and climate, maintaining a sound fiscal condition, providing opportunities to optimize parent involvement, establishing a career/college secondary education program and creating a 21st century learning environment through the use of technology. These goals are included at the beginning of each school board agenda.
2. The budget goal for 2010-11 was to adopt a balanced budget with a 3.5% reserve for economic uncertainties. The district also undertook the development of a new multiyear fiscal recovery plan, with 2008-09 as the base year and 2010-11 the beginning of a multiyear approach to resolving the district's budgeted structural deficit. The strategy includes targeted reductions in the deficit over the next four years, with interfund transfers from Fund 17 that provide a temporary financial cushion during the recovery period.
3. An expenditure reduction target of \$6.1 million was identified for the 2010-11 year. Areas of focus included overtime and substitute costs, textbook support, transportation, class sizes, maintenance and grounds positions, alternative program staffing, central administrative positions, special education programs and utility conservation for a total of \$3.8 million. Tier III program reduction or elimination was also targeted for an additional \$2.7 million, bringing the total to \$6.5 million.
4. Staff prepared a narrative for the preliminary 2010-11 budget that identified assumption details for revenue and expenditure adjustments. Revenue assumptions were developed consistent with industry standards, including the district's revenue limit and categorical program COLA and deficits. Expenditure assumptions were developed utilizing factors and formulas consistent with industry practices, including step and column increases, staffing allocations and statutory and inflationary cost increases. Contributions to restricted programs were limited to special education, transportation and the Vallejo Education Academy programs. Sources for state loan debt service were identified.
5. The state administrator reported that estimated savings of each identified budget reduction for the 2010-11 fiscal year were "hard savings," meaning the amount was supported by documentation, the underlying reduction could be implemented and thus the estimated savings could be relied on for budget planning. The state administrator reported that past years estimates consisted of both "hard" and "soft" reductions. Staff provided FCMAT with narrative explaining each reduction for the 2010-11 fiscal year preliminary

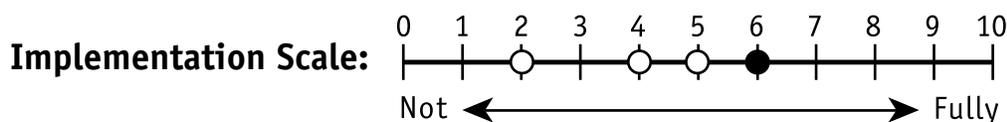
budget, but not all were supported by calculations. Thus, each estimate could not be verified as “hard savings” by the team.

6. The district developed a strategy to reduce the general fund budget deficit by 50% each year through the 2013-14 fiscal year, at which time the deficit is eliminated and Fund 17 depleted.
7. A School Consolidation and Surplus Property Advisory Committee was established to evaluate and present recommendations to the Governing Board regarding school consolidation options. In October 2009 the committee presented its report to the school board. The state administrator developed recommendations that same month that included closure of an elementary school in 2010-11 and a middle school and high school in 2011-12. Other school reconfiguration recommendations were provided, as well as a recommendation to surplus a middle school in the fall of 2010. In January 2010 the school board voted to close a middle school and a high school in the 2011-12 year. Budget reductions of \$1.9 million were estimated (exclusive of savings for custodial staff and utilities), although no supporting documentation was provided to FCMAT during fieldwork to support this estimate.
8. Budget reduction estimates for the 2011-12 year and beyond that were included in the Fiscal Recovery Plan and the 2009-10 SACS second interim budget report multiyear financial projection were detailed as to the nature of the reductions.
9. The 2009-10 SACS second interim budget report multiyear financial projection and the Fiscal Recovery Plan included more current data.

Analysis was provided to the school board identifying changes in student performance since the inception of the first fiscal recovery plan, including the achievement of underperforming groups. The district was not able to provide any type of documentation to FCMAT demonstrating linkage between budget priorities and board goals regarding improving student behavior and climate, providing opportunities to optimize parent involvement, establishing a career/college secondary education program and creating a 21st century learning environment through the use of technology.

Standard Implemented: Partially

November 1, 2004 Rating:	2
May 1, 2005 Rating:	4
November 1, 2005 Rating:	5
May 31, 2006 Rating:	5
January 25, 2007 Rating:	4
July 2, 2007 Rating:	5
June 30, 2008 Rating:	5
May 31, 2010 Rating:	6



5.5 Budget Development Process (Policy) — Policy Methodology Used to Build the Preliminary Budget

Professional Standard:

The district has policies to facilitate development of a budget that is understandable, meaningful, reflective of district priorities, and balanced in terms of revenues and expenditures.

Progress on Implementing the Recommendations of the Improvement Plan:

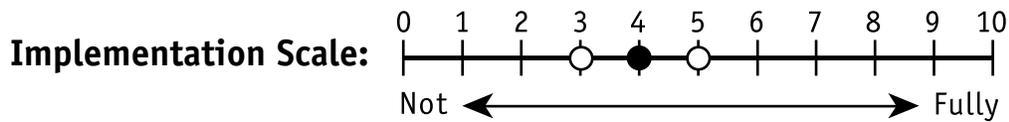
1. Governing Board policy defines roles and responsibilities related to fiscal management in general and budget development in particular. The policy also includes expectations of the superintendent in providing the board with regular budget and financial information that includes identification of issues that will affect district finances as well as routine budget information.
2. The Business Services and Operations Department has typically presented information to the board that includes the SACS documents as well as narrative reports. Data is presented in charts and tables, and assumptions used to build or adjust the budget are clearly identified. However, a one-page summary rather than a narrative accompanied the 2009-10 first and second interim budget reports to the board.
3. The budget development calendar for 2009-10 anticipated that discussions of budget reduction options would be held at several board meetings between February and June 2009. Budget options were discussed by the board and the public during this time period, with action taken on some options on April 29, 2009. However, discussions continued on some of the budget reduction options right up until the 2009-10 budget was adopted (i.e., class size reduction). This delay was the result of the state and district administrators being unable to reach consensus regarding reduction option recommendations having to do with class size reduction within time frames established by the budget development calendar, making it impossible for district staff to produce an adopted budget in detail to be brought to the board for review and discussion at the June 2009 budget adoption meeting. This then means that the detailed adopted budget was produced after board review; rather, a five-page summary was presented.
4. The budget development calendar for 2010-11 includes scheduled discussions of budget reduction options between January and June 2010 and provides for adoption before July 1, 2010. The calendar was approved by the school board on February 17, 2010.
5. Community forums were conducted to discuss budget options, with presentations of information that identified projected savings.
6. The state administrator remains responsible for oversight of financial management, and serves as state trustee for the four areas returned to local control. The state administrator is directly involved in the finance area and works with the assistant superintendent of business operations and the CFO on fiscal issues, including budget development, reduction option analysis and multiyear projection assumptions. The state administrator is

required to take all fiscal actions until governance over fiscal management is returned to the Governing Board by the state superintendent of public instruction.

The rating in this area has decreased from a 5 to a 4. To sustain a rating of 5, all standard elements would need to be developed and staff would need to be engaged in the implementation phase. In this reporting period, at least two budget reports were given in summary information to the Governing Board rather than in detail (i.e., narrative as well as SACS reports). Until there is more consistency in how detailed budget information is presented to the board and other stakeholders that is understandable, meaningful, and inclusive, it cannot be shown that the standard elements are developed or that the implementation stage is in place.

Standard Implemented: Partially

November 1, 2004 Rating:	3
May 1, 2005 Rating:	5
November 1, 2005 Rating:	5
May 31, 2006 Rating:	5
January 25, 2007 Rating:	4
July 2, 2007 Rating:	5
June 30, 2008 Rating:	5
May 31, 2010 Rating:	4



5.7 Budget Development Process (Policy) — Projection of the Net Ending Balance

Professional Standard:

The district has the ability to accurately reflect its net ending balance throughout the budget monitoring process. The first and second interim reports provide valid updates of the district's net ending balance. The district has tools and processes that ensure that there is an early warning of any discrepancies between the budget projections and actual revenues or expenditures.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The chief financial officer updates the budget at key financial reporting periods and as necessary throughout the year. The following table identifies changes to the combined unrestricted and restricted general fund budget throughout the 2008-09 fiscal year, in millions:

	Adopted	First Interim	Second Interim	Third Interim	Unaudited Actuals
Revenues	\$139.0	\$144.2	\$141.6	\$141.6	\$145.0
Expenditures	\$136.0	\$150.8	\$151.1	\$151.1	\$140.3
Net Change	\$3.0	(\$6.6)	(\$9.5)	(\$9.5)	\$4.7
Other Sources/Uses	(\$0.9)	(\$3.8)	(\$3.8)	(\$3.8)	(\$19.1)
Surplus/Deficit	\$2.1	(\$10.4)	(\$13.3)	(\$13.3)	(\$14.4)
Beginning Fund Balance	\$22.6	\$22.6	\$23.0	\$23.0	\$25.8
Ending Fund Balance	\$24.7	\$12.2	\$9.7	\$9.7	\$11.4

2. The following table identifies changes to the combined unrestricted and restricted general fund budget for the 2009-10 fiscal year to date, in millions:

	Adopted	First Interim	Second Interim
Revenues	\$133.5	\$130.0	\$130.0
Expenditures	\$133.2	\$137.0	\$137.2
Net Change	\$.3	(\$7.0)	(\$7.2)
Other Sources/Uses	\$5.4	\$5.6	\$5.6
Surplus/Deficit	\$5.7	(\$1.4)	(\$1.6)
Beginning Fund Balance	\$11.4	\$11.0*	\$11.0*
Ending Fund Balance	\$17.1	\$9.6	\$9.4

*after audit restatements

3. The 2007-08 second interim budget report filed by the district indicated an ending fund balance of \$13.8 million, while the unaudited actuals report from that same year indicated this balance at \$22.6 million, or a 64% increase.

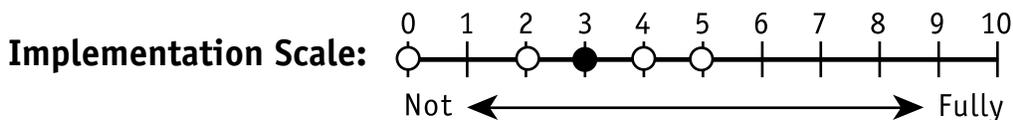
4. The ending fund balance decreased -\$15.0 million from the 2008-09 adopted budget to the 2008-09 third interim budget report, or about 60%.
5. The ending fund balance decreased -\$7.7 million from the 2009-10 adopted budget to the 2009-10 second interim budget report, or about 45%.
6. Neither the 2008-09 or 2009-10 first or second interim budget reports were filed timely with the Solano County Office of Education. The county office was apprised in advance of these late filings by the district.
7. Below is a table prepared by the county office indicating the number of days after the due date that each report was filed. A number in brackets indicates a late filing, while a zero indicates a timely filing:

Fiscal Year	July Budget	1 st Interim	2 nd Interim	3 rd Interim	Unaudited Actuals
2004-05	(14)	(2)	(34)	0	(52)
2005-06		(27)	(18)	(18)	(9)
2006-07	(60)	(27)	(16)	0	(84)
2007-08	(5)	(30)	(9)	0	(28)
2008-09	(17)	(57)	(72)	(2)	0
2009-10	(16)	(14)	(6)	N/A	N/A

The rating in this area has decreased from a 5 to a 3. To sustain a rating of 5, all standard elements would need to be developed and staff would need to be engaged in the implementation phase. To obtain a rating of 4, staff would need to be engaged in the implementation of most elements of the standard. FCMAT’s analysis of the above data reflects that although there are some reductions in the number of days of lateness, and explanations have been provided for varying projections of fund balances, there is not enough proof to reflect that most elements of the standard are being implemented.

Standard Implemented: Partially

- November 1, 2004 Rating: 0
- May 1, 2005 Rating: 2
- November 1, 2005 Rating: 3
- May 31, 2006 Rating: 4
- January 25, 2007 Rating: 4
- July 2, 2007 Rating: 5
- June 30, 2008 Rating: 5
- May 31, 2010 Rating: 3



6.1 Budget Development Process (Technical) — Technical Methodologies Used to Forecast Preliminary Budget Revenues and Expenditures

Professional Standard:

The budget office has a technical process to build the preliminary budget that includes: the forecast of revenues, the verification and projection of expenditures, the identification of known carryovers and accruals, and the inclusion of concluded expenditure plans. The process clearly identifies one-time sources and uses of funds. Reasonable ADA and COLA estimates are used when planning and budgeting. This process is applied to all funds.

Progress on Implementing the Recommendations of the Improvement Plan:

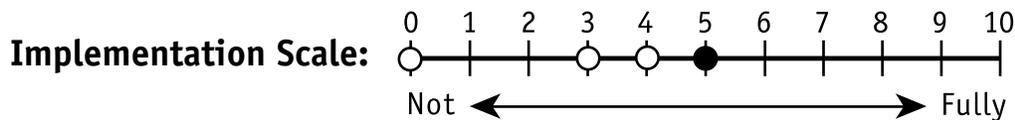
1. A 2010-11 budget development calendar was approved by the board in February 2010.
2. Early in the budget development process the staff, state administrator and Governing Board knew that significant expenditure reductions would be required given the continuing and severe funding reductions proposed by the governor in January. Community forums were conducted by the board in January and February 2010 wherein budget reduction options were reviewed. Certificated staff layoff notices were issued in March 2010 in anticipation of reduced funding levels for the following year.
3. Budget assumptions, including additional expenditure reductions, were identified in February 2010 such that timely planning could occur. Budget reduction cost estimates were developed by staff; documentation to support most but not all of these estimates was provided to FCMAT.
4. A detailed narrative supporting each budget reduction recommendation was developed by staff and presented to the board in February and March 2010. Staff recommended expenditure reductions of \$6.175 million for the 2010-11 fiscal year budget as necessary to maintain compliance with the district's updated Fiscal Recovery Plan presented to the board in February 2010. Board action to implement \$5.6 million in reductions was taken in March; staff reported additional efforts will be made such that the full target of \$6.175 million in reductions will be achieved by the time the budget is to be adopted in June.
5. The Solano County Office of Education provided a conditional approval of the 2009-10 adopted budget, citing concerns regarding revenue, expenditure and contribution estimates, categorical flexibility calculations and the district's plan to reduce the budgeted structural deficit in its multiyear financial projection. Other concerns included the estimated impact of audit adjustments under appeal, declining enrollment, sources of debt service payments, deficit spending, cash flow and the basis of assumptions utilized to develop the district's adopted budget. The budget was resubmitted by September 30, 2009.
6. The county office issued a final adopted budget review letter in November 2009 citing a continuance of the concerns noted above. In particular, the county office was concerned about a lack of supporting documentation regarding budget assumptions, a failure to

distinguish between one-time and ongoing resources, and incomplete submission of criteria and standards state forms.

7. The district implemented a task force to develop a plan to address the concerns identified by the county office, which ultimately would serve as the basis for a revised fiscal recovery plan.
8. The review letter from the Solano County Office of Education regarding the district's 2009-10 first interim SACS budget report included continuing concerns regarding the fiscal health of the district. These issues involved significant apportionment audit adjustments that have not been resolved, declining enrollment, deficit spending, multiyear financial projection assumptions and related cash flow analysis implications. A separate technical review letter was issued that identified additional financial concerns including uncleared accounts receivable and payable amounts, failure to modify budgets for "flexed" categorically funded program amounts, potential cash flow deficiencies relative to interfund payables and resources with negative ending fund balances.
9. A new budget manager position was approved by the district, and interviews were conducted. However, the position has not been filled to date as the district continues to determine the full scope of budget reductions for the 2010-11 year, including the prospect of continuing the vacancy in this position.

Standard Implemented: Partially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	3
November 1, 2005 Rating:	4
May 31, 2006 Rating:	4
January 25, 2007 Rating:	3
July 2, 2007 Rating:	5
June 30, 2008 Rating:	5
May 31, 2010 Rating:	5



7.5 Budget Adoption, Reporting, and Audits — Fund Balance Projections

Professional Standard:

The first and second interim reports show an accurate projection of the ending fund balance. Material differences are presented to the board of education with detailed explanations.

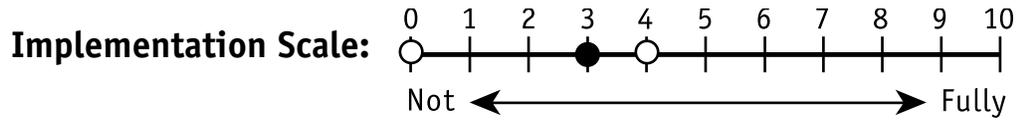
Progress on Implementing the Recommendations of the Improvement Plan:

1. The 2007-08 second interim budget report filed by the district indicated an ending fund balance of \$13.8 million; while the unaudited actuals report from the same year reported this balance at \$22.6 million, or a 64% increase.
2. The 2008-09 first interim budget report ending fund balance budget was decreased -\$12.4 million, or 50%, from the adopted budget projection. The second interim report included another 20% decrease in the ending fund balance, although this reflected the impact of midyear state funding reductions.
3. The 2008-09 first interim SACS report did not reflect the correct deficit factor, thereby overstating the structural deficit by \$.6 million and understating the projected ending fund balance by the same amount. The correct deficit factor was utilized with the 2008-09 second interim budget report. Informed decisions and actions based on an inaccurate budget report could lead to ineffective decision making by management and the state administrator.
4. The ending fund balance decreased -\$15.0 million from the 2008-09 adopted budget to the 2008-09 third interim budget reports, or about 60%.
5. The ending fund balance decreased -\$7.7 million from the 2009-10 adopted budget to the 2009-10 second interim budget reports, or about 45%.
6. Staff did not prepare a narrative with the 2008-09 first, second or third interim budget reports presented to the Governing Board. No evidence was provided of a narrative for the 2009-10 first or second interim budget reports. These narratives, if provided, should explain material differences with detailed explanations to assist stakeholders in understanding why such differences exist.
7. The district worked with the Department of Finance and the State Controller's Office to develop a settlement agreement related to penalties for audit findings in the 2003-04 annual audit report. The district has agreed to expend \$125,000 by 2009-10 for attendance, expenditure, and purchasing accounting; upgrades to the district's financial system including training business services and operations staff on payroll systems; site level attendance accounting; and development and distribution of fiscal handbooks and desk manuals.

The rating in this area has decreased from a 4 to a 3. To sustain a rating of 4, staff would need to be engaged in the implementation of most elements of the standard. FCMAT's analysis reflects that there is not enough proof that most elements of the standard are being implemented.

Standard Implemented: Partially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	0
November 1, 2005 Rating:	3
May 31, 2006 Rating:	4
January 25, 2007 Rating:	3
July 2, 2007 Rating:	4
June 30, 2008 Rating:	4
May 31, 2010 Rating:	3



8.1 Budget Monitoring

Professional Standard:

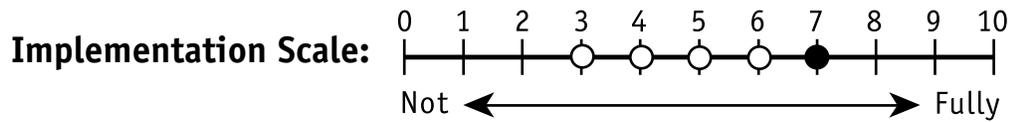
All purchase orders are properly encumbered against the budget until payment.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The online purchase order system module has been implemented throughout the district, giving those with budget responsibility greater access and accountability for their specific budgets.
2. Training on the system should occur regularly. Interviewed staff who are newer to the district told FCMAT they have not received formal training on the system, although the purchasing staff is very helpful when issues arise. District administrators state that annual financial training is provided that includes the purchase order system, but it is not mandatory and many employees choose not to attend. Formal training is essential, and should increase district efficiency overall. At a minimum, such training should be mandated for new employees.
3. The online purchase order system automatically verifies fund availability and account coding when the site/department enters a purchase requisition. It immediately encumbers the funds to avoid timing differences. If sufficient funds are not available or the budget code is invalid, the system requires a budget transfer before processing, which the Business Services and Operations Department enters on request of the site or department. Purchase orders that involve adjustments to categorical funding must also be approved by the Special Projects department before they are forwarded to the Business Services and Operations Department due to the many constraints on restricted funding. FCMAT did not hear complaints about delays as in the past because of the additional approval needed for purchases from categorical funds. Sites seem to better understand that there will be delays in categorical fund purchases when a budget revision needs to be approved by another department before processing. Communication to sites and departments reminding users about the additional approvals required might underscore the importance of keeping budgets updated and current.
4. The district continues to utilize a hard code block for purchase orders that cannot be overridden. This is essential especially for districts with fiscal issues, so expenditure transactions (other than salary and benefits) cannot be processed until a necessary budget transfer has been entered and approved.

Standard Implemented: Partially

November 1, 2004 Rating:	3
May 1, 2005 Rating:	4
November 30, 2005 Rating:	5
May 31, 2006 Rating:	5
January 25, 2007 Rating:	6
July 2, 2007 Rating:	6
June 30, 2008 Rating:	7
November 18, 2009 Rating:	7



8.2 Budget Monitoring

Professional Standard:

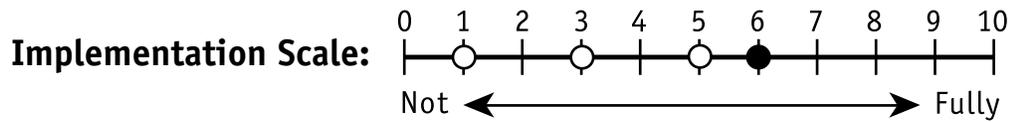
There are budget monitoring controls, such as periodic reports, to alert department and site managers of the potential for overexpenditure of budgeted amounts. Revenue and expenditures are forecast and verified monthly.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The Business Services and Operations Department has continued to dedicate staff time to develop, monitor, and maintain the budget. Budget monitoring controls seem to have been strengthened at the district office.
2. There appears to be some improvement in budget functions at the sites. School site staff expressed less frustration about a lack of budget communication between the district office and the sites.
3. The Business Services and Operations Department has been using a new system, EduReports, which uses Financial 2000 budget data, allowing greater access to detailed financial information in a more user-friendly manner. The system became accessible to all sites and departments during the 2008-09 year. Some training was provided to administrators (e.g., principals). Interviewed staff such as office managers were not aware of the EduReports system when questioned by FCMAT. These staff members also need to be trained on the system, as they need the additional detail to conduct their job in an efficient and accountable manner.
4. In addition to training on the EduReports system, new staff should be taught how to read the budget account structure and how to use Financial 2000 to view and understand current budgets.
5. The Business Services and Operations Department does not send financial reports to the sites and departments, other than reports on staffing levels and attendance information, since school sites and departments can run their own budget reports from the Financial 2000 and EduReports systems. It appears that reports are run and are monitored.
6. Online budget revisions for sites and departments have not been implemented as planned. When implemented, online budget revisions would give the Business Services and Operations Department greater budget control, provide site and department administrators with greater budget responsibility and promote better communication regarding assigned budgets.
7. Some site and department managers continue to be confused about how their budget allocations are determined. The budget office should continue working with site and department managers to determine what additional resources would make budget review and comprehension easier. Site and department input can promote greater accountability for the district budget.

Standard Implemented: Partially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	3
November 30, 2005 Rating:	5
May 31, 2006 Rating:	5
January 25, 2007 Rating:	5
July 2, 2007 Rating:	5
June 30, 2008 Rating:	6
November 18, 2009 Rating:	6



8.5 Budget Monitoring

Professional Standard:

The district uses an effective position control system that tracks personnel allocations and expenditures. The position control system effectively establishes checks and balances between personnel decisions and budgeted appropriations.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The district's internal controls for position control continue to be effective. The Human Resources and Business departments have different roles in the process and have improved overall efficiency and accountability.
2. The departmental roles and responsibilities may be misaligned. Business Services and Operations Department employees, from budget to payroll, appear to clearly understand the purpose of position control and its importance in budgeting, allocating, and ultimately paying employee salaries. However, interviews reveal that the Human Resources department employees that work directly with position control do not clearly and consistently connect the person to the budgeted position and the internal control and accountability components. Many unresolved issues exist between the departments regarding employee calendars, position attachment, annual positional rolls, and required position changes due to funding, employee transfers, or separation from the district. The departments need to determine who is responsible for specific portions of position control. The number of adjusting entries that must be made to payroll could be greatly decreased if the positions were initially established appropriately.
3. Position control drives the contracted salary and benefits in the adopted budget. Once the position control information is entered and validated during budget development, it is rolled into the adopted budget. During the year, as changes occur to contracted positions or positions are added, position control is updated. The budget is also updated independently for changes in salary and benefits to include position additions and eliminations, but the information does not come directly from position control. Because position control does not include noncontracted positions, such as extra hire, stipends, overtime or substitutes, the data in position control cannot continue to be rolled into the budget once the fiscal year begins. Adjustments are made to salary and benefit accounts through budget revisions. If the data were rolled into the budget, all manual salary and benefit adjustments for noncontracted positions and other types of budget revisions would be deleted and would need to be re-entered each time position control data is rolled.
4. The district manually reconciles position control data to the budget periodically throughout the fiscal year since the changes do not occur electronically. The financial system does not allow salaries and benefits to be encumbered, so it is even more difficult and time consuming to accurately reflect and reconcile actual amounts to projections. The budget must reflect the current and most accurate data because salaries and benefits are the district's largest expenditures. Reconciliations are performed for school site staffing with the director of assessment, who manages enrollment and certificated staffing allocations. This occurs during the budget process and periodically between

August and October as certificated staffing allocations are added and amended at the start of the school term. This exercise is repeated in the late fall as a result of course offerings and enrollment changes, and again in the spring to confirm that each site has the appropriate FTE allocation. Human Resources simultaneously supports the actual staffing components of the position control process to address transfers and any applicable vacancies as a result of the allocated and budgeted positions.

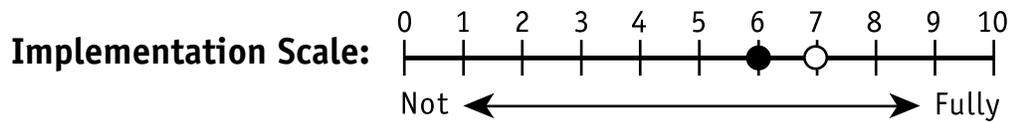
5. The Business Services and Operations Department also completes classified and other program FTE allocations by program and department. The department includes periodic analysis of position control to monitor how employees are paid, staffed, and attached to positions comparatively throughout the district and as it relates to the accuracy of their salary payments in conjunction with their position calendar (the dates and number of days the employee is scheduled to work within the fiscal year) and the frequency of their payments. This then coincides with how the salary is budgeted monthly. The district also has been addressing and preventing overlapping calendars, where employees are contracted in position control but then a new position is requested, e.g., for summer school activities, and the dates scheduled to work on the existing contract and the summer school contract overlap. A monthly department Headcount Report is generated and analyzed by the Business Services and Operations Department. The district plans to resume the distribution of this report to the departments and sites as an additional means of managing position control. The sites are essentially responsible for confirming if the individuals listed on the report are at their site and are affixed to the correct FTE and funding resource.
6. The district has advanced in utilizing the online position control system. At this time, the focus is on substitute, short-term, summer school, adult education and noncontracted positions, as all contracted positions are already in the system. The goal is to enter all salary accounts into the system, both contracted and noncontracted, so they are not vulnerable to overexpenditure and subject to manual transactions. The district should formulate a plan to include noncontracted employees in the position control system because time card use is extensive. If those positions are not included in the system, budget overruns could easily occur.
7. There appears to be a misalignment of positions between the Business Services and Operations and Human Resources departments. Business Services and Operations has technician, analyst, and management positions that can manage and address the various aspects of position control. Human Resources needs additional support to manage, advise, and facilitate the hiring and attachment aspects of position control. It is imperative to support the site and department managers in their hiring and staffing needs and simultaneously in the budgeting, planning, and payment of employees that accurately reflects the district's salary and benefit expenditures. The Human Resources Department should consider adding an analyst or operational management position to bridge the gap and address the various position control process and funding components from planning to placement of employees in positions.

The score for this standard has decreased from a 7 to a 6 because all elements of the standard are not fully implemented and being monitored, with appropriate adjustments taking

place. The misalignment between the Business Services and Operations and Human Resources departments has contributed to this score decrease.

Standard Implemented: Partially

November 1, 2004 Rating:	6
May 1, 2005 Rating:	7
November 30, 2005 Rating:	7
May 31, 2006 Rating:	7
January 25, 2007 Rating:	7
July 2, 2007 Rating:	7
June 30, 2008 Rating:	7
November 18, 2009 Rating:	6



11.1 Attendance Accounting

Professional Standard:

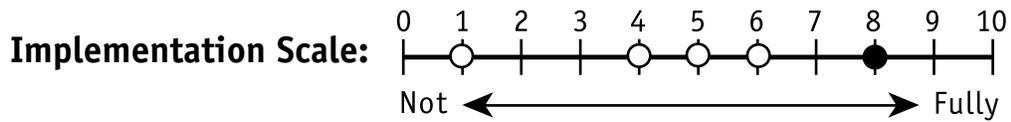
An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The sites have been provided with enrollment and attendance manuals that include Education Code, forms and a Question and Answer section to help ensure that attendance is reported properly.
2. The district provides training for site attendance clerks prior to the beginning of each school year.
3. School site staff know who to contact at the district office regarding attendance and appear to feel comfortable asking attendance questions.
4. The district office attendance clerk completes state attendance reports. Procedures have been implemented for this staff member to print and audit monthly reports. The district has imposed daily system closing times, which has forced sites to input attendance by the end of the business day.
5. The district should ensure that an employee is cross-trained to perform the district office attendance clerk's duties, as they are essential.
6. The district office attendance clerk has scheduled site visits throughout the year to review the processes sites are using and to do on-site training where needed.
7. The district should continue to reconcile site attendance reports with the district summary reports for each attendance reporting period. The district should continue to ensure that P-2 and annual state attendance reports are revised as attendance accounting is adjusted at the school sites.
8. To maximize funding opportunities, the district has implemented a procedure for calculating instructional minutes by grade and by site. These calculations are then compared to the data submitted by each site to ensure that the district is meeting the required minutes.
9. The district's student attendance office should investigate attendance variances monthly and ensure that the Business Services and Operations Department is provided with all information relating to any discrepancies so budget adjustments can be made as needed.

Standard Implemented: Fully-Substantially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	4
November 1, 2005 Rating:	5
May 31, 2006 Rating:	6
January 25, 2007 Rating:	6
July 2, 2007 Rating:	6
June 30, 2008 Rating:	6
November 18, 2009 Rating:	8



11.3 Attendance Accounting

Professional Standard:

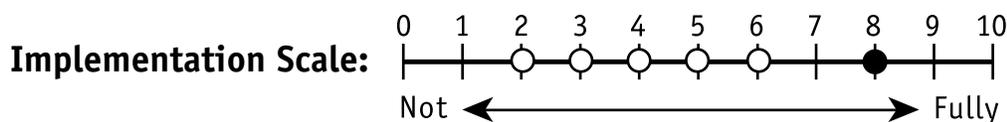
Students are enrolled by staff and entered into the attendance system in an efficient, accurate and timely manner.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The district continues to provide annual training on the standard attendance reporting procedures.
2. Enrollment is monitored at the district level, and actual student body counts are taken during the first few weeks of school to ensure the data in the attendance system is correct and up to date.
3. The importance of accurate and timely student attendance, as well as review of annual audit findings, has been emphasized at all levels throughout the district to help staff perform their jobs in a more accountable and compliant manner. Sites address this important subject in staff meetings, and the district does the same in management and departmental meetings.

Standard Implemented: Fully-Substantially

November 1, 2004 Rating:	2
May 1, 2005 Rating:	3
November 1, 2005 Rating:	3
May 31, 2006 Rating:	4
January 25, 2007 Rating:	5
July 2, 2007 Rating:	6
June 30, 2008 Rating:	6
November 18, 2009 Rating:	8



11.6 Attendance Accounting

Professional Standard:

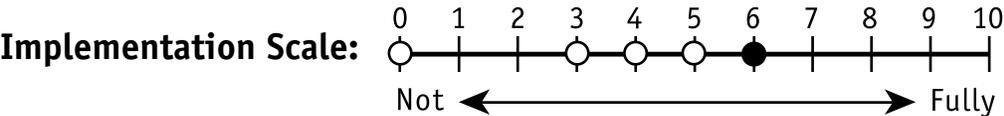
The district utilizes standardized and mandatory programs to improve the attendance rate of pupils. Absences are aggressively followed up by district staff.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The district has continued to implement a common student attendance calendar.
2. Some school sites have initiated programs to increase the attendance rate, including awarding good student attendance. The district should make an effort to institute common attendance incentive programs districtwide.
3. The district's attendance rate increased by .463% from 2007-08 to 2008-09, which is a positive sign.
4. In addition to revenue limit funding, several unrestricted and restricted programs are funded based on ADA, so the importance of increased attendance rates cannot be overemphasized. The attendance to enrollment ratios should be calculated monthly and shared in the small cabinet meetings and administrative team meetings in an effort to improve the ratio.

Standard Implemented: Partially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	3
November 1, 2005 Rating:	4
May 31, 2006 Rating:	5
January 25, 2007 Rating:	6
July 2, 2007 Rating:	6
June 30, 2008 Rating:	6
November 18, 2009 Rating:	6



11.7 Attendance Accounting

Professional Standard:

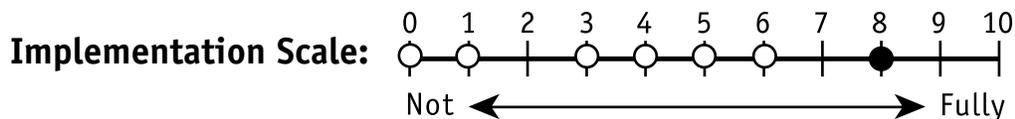
School site personnel receive periodic and timely training on the district's attendance procedures, system procedures and changes in laws and regulations.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The district continues to conduct annual attendance training for all attendance clerks before the start of the school year. The district should make this attendance training mandatory for all site and district office attendance personnel.
2. The district should continue to ensure that any changes in attendance procedures and/or changes in laws and regulations are included in the annual attendance training.
3. Sites have been provided with enrollment and attendance manuals that include Education Code, forms and a Question and Answer section.
4. The district office attendance clerk has scheduled site visits throughout the year to review the processes the sites are using and to do on-site training where needed.

Standard Implemented: Fully-Substantially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	1
November 1, 2005 Rating:	3
May 31, 2006 Rating:	4
January 25, 2007 Rating:	5
July 2, 2007 Rating:	6
June 30, 2008 Rating:	6
November 18, 2009 Rating:	8



12.2 Accounting, Purchasing, and Warehousing

Professional Standard:

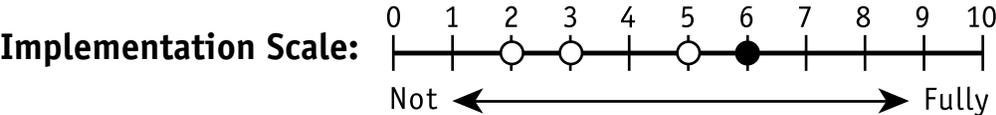
The district timely and accurately records all information regarding financial activity (unrestricted and restricted) for all programs. Generally Accepted Accounting Principles (GAAP) requires that financial reporting must be reliable and timely to serve the needs of the users. Therefore, the timely and accurate recording of the underlying transactions (revenue and expenditures) is an essential function of the district’s financial management.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The 2006-07 independent audit performed by the State Controller’s Office contained many findings also found in previous years’ reports that were not implemented or partially implemented. The chief financial officer and the internal auditor continue to address these findings with new procedures and efficiencies.
2. The district continues to improve internal controls and develop good business procedures to ensure that accounting activities are performed in a timely manner.
3. All payroll positions except one are now filled. Payroll errors and the number of requests to the county office for payroll deadline extensions have continued to decrease. A minimal number of manual checks are written each month due to payroll errors.
4. State mandated reports, including the 2009-10 adopted budget and 2008-09 interim reports, continue to be submitted late to the Solano County Office of Education. However, overall the district’s days of lateness have decreased during this assessment period, as reflected in the chart in Standard 5.7. In some cases, this has been due to a lack of information and delayed decision-making at the board/administrator level. The district should prepare time lines for staff to ensure that all interim and other budget reports are filed on time.
5. Employee training has become a priority and has helped ensure more timely and accurate data. The district should continue to ensure that employees receive the necessary training and direction to perform their job duties and that staff members provide timely responses to employee questions.

Standard Implemented: Partially

November 1, 2004 Rating:	2
May 1, 2005 Rating:	2
November 30, 2005 Rating:	2
May 31, 2006 Rating:	3
January 25, 2007 Rating:	3
July 2, 2007 Rating:	5
June 30, 2008 Rating:	5
November 18, 2009 Rating:	6



12.3 Accounting, Purchasing, and Warehousing

Professional Standard:

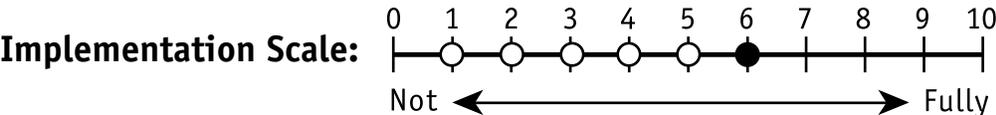
The district forecasts its revenue and expenditures and verifies those projections monthly to adequately manage its cash. In addition, the district reconciles its cash to bank statements and reports from the county treasurer monthly. Standard accounting practice dictates that, to ensure that all cash receipts are deposited timely and recorded properly; cash is reconciled to bank statements monthly.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The internal auditor has monitored cash handling procedures and has trained staff, evaluating the separation of duties in all matters involving cash receipts, bank deposits and reconciliations, and the recording of cash transactions in the accounting system to ensure that the established procedures are being followed.
2. Staff have been trained on forecasting methods and are now able to monitor revenue and expenditure projections more effectively. This has increased the accuracy of the cash flow statement. The district should continue to strengthen procedures to forecast accurate cash requirements, revenues and expenditures. During this period of uncertainty with the state budget, these forecasts should be reviewed and updated monthly.
3. The district is revising its cash flow methodology to align with the state’s deferral system.
4. Cash in the County Treasury is balanced monthly, as is the revolving cash bank account.
5. The internal auditor has continued to offer annual training for associated student body (ASB) funds. Elementary and middle school student body accounts have been balanced as of June 30, 2009, and the district is working to balance the high school student body accounts. These accounts are now balanced monthly.

Standard Implemented: Partially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	2
November 30, 2005 Rating:	2
May 31, 2006 Rating:	4
January 25, 2007 Rating:	3
July 2, 2007 Rating:	5
June 30, 2008 Rating:	4
November 18, 2009 Rating:	6



12.4 Accounting, Purchasing, and Warehousing

Professional Standard:

The district's payroll procedures are in compliance with the requirements established by the County Office of Education, unless fiscally independent (Education Code Section 42646). Standard accounting practice dictates that the district implements procedures to ensure the timely and accurate processing of payroll.

Progress on Implementing the Recommendations of the Improvement Plan:

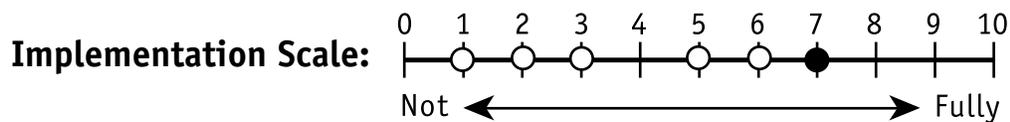
1. Although the Payroll Department continues to be short one position, the team has been working efficiently, accurately and in a timely manner. Management should ensure that payroll employees continue to be provided adequate training to complete their job duties, and should continue to require payroll staff to attend meetings sponsored by the county office.
2. The Human Resources and Payroll departments agree that their joint monthly meetings need to be renewed to address and strengthen communication between the departments. Ongoing meetings are essential to improve processes, procedures and internal controls. Although there is one-on-one communication, all department employees should hear the issues and solutions. These meetings also would help correct some of the remaining problems that cause incorrect payroll checks.
3. The district has moved from three payrolls per month to two. The dates covered by time sheets also have changed. Both of these changes have made processing of payroll timelier and reduced the number of manual paychecks.
4. Although issues remain with incomplete time cards being submitted to payroll, the number has been greatly reduced because of emphasis on training, sharing of information with sites and departments and a higher expectation of the sites. All district staff members should be trained and held accountable for providing complete payroll information on time.
5. The Human Resources and Payroll departments should continue to work cooperatively to process employment documents. Payroll was given time at the new employee orientation to explain payroll and answer questions. In addition, the payroll team has become proactive in explaining to clients how they will be paid before their first paycheck to avoid surprises.
6. Overtime in the Payroll Department has been reduced significantly and now is performed only at peak periods of the year, such as the beginning of the new school year.
7. The number of manual payroll checks resulting from payroll errors has been reduced significantly.
8. The overpayment collection process has improved but is not yet perfected. The district needs to implement and carry out a defined process and procedure, including legal action if necessary, to appropriately track and collect all overpayments to employees.

9. Functions and components of payroll duties should be clearly identified and assigned based on job classifications in the certificated and classified payroll divisions to help ensure proper distribution of duties and accountability for each position.

10. The Payroll Department balances the time sheet payrolls but is still working on an effective method of balancing the monthly payroll. Each payroll should be verified by payroll staff utilizing a cross-check and balance system prior to the audit review by management staff.

Standard Implemented: Partially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	2
November 30, 2005 Rating:	2
May 31, 2006 Rating:	3
January 25, 2007 Rating:	3
July 2, 2007 Rating:	5
June 30, 2008 Rating:	6
November 18, 2009 Rating:	7



14.3 Multiyear Financial Projections

Legal Standard:

Multiyear financial projections are prepared for use in the decision-making process, especially whenever a significant multiyear expenditure commitment is contemplated. [EC 42142]

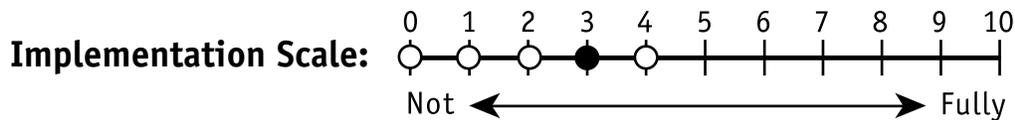
Progress on Implementing the Recommendations of the Improvement Plan:

1. The district continues to prepare the multiyear projections as part of the statutory requirements, such as for interim reports and adopted budgets, using both Budget Explorer and the California Department of Education's SACS software. In FCMAT's opinion, the projections are not sufficient because the assumptions are not clear for the future years, nor do they appear reliable. The district does ensure that the base year of the projections reflects what is being adopted in that year, but the basis for subsequent year projections is unclear.
2. The district's Multiyear Fiscal Recovery Plan 2004-2012 was approved by the state Superintendent of Public Instruction during the 2006-07 school year. A revised plan was approved by the district Governing Board in February 2010 and is under review by the California Department of Education. This new plan covers fiscal years 2004-2015.
3. The recovery plan should be updated regularly because many significant uncertainties could affect the projections, and thus the district's fund balance. For instance, and as the district is aware, \$10 million of the state loan has been set aside for potential payment of audit findings. If \$10 million proves to be insufficient, there would be a significant impact to the general fund. In addition, the fiscal outlook at both the state and federal levels suggests revenue projections that may negatively impact fund balance in future years. Property sales would also affect the district's projection because the district plans to use the anticipated income from these sales for the state loan repayment. If that income were to be lower than anticipated, the difference would need to come from another source, such as the general fund, thus affecting the projection. Continued deficit spending patterns, declining enrollment and current state budget issues will also require continual modifications to the financial recovery plan.
4. The budget office needs to provide multiyear projection information more frequently than at budget adoption and interim reporting periods during fiscal recovery. The board must understand the effect of all its fiscal decisions on the budget in future years. Multiyear projections should include sufficient detail so that the board is familiar with the information and can more easily comprehend and have confidence in the data.
5. The 2009-10 multiyear projections and the updated Fiscal Recovery Plan produced by the district reflect that the district will be able to maintain, at a minimum, the state-required 3% reserve in subsequent years (2010-11 and 2011-12). However, the assumptions are somewhat aggressive as compared to industry standards given that many of the more significant amounts are based on future events over which the district has little control, such as property sale revenues and significant audit finding relief. Assumptions should be updated and resubmitted with each financial report because information and data will likely change from one reporting period to the next.

The score for this standard has been reduced from a 4 to a 3, as it does not appear that most of the elements of the standard are being implemented. Now that the recovery plan has been updated, if the multiyear projection in the plan continues to be updated, and projections are updated at the time of adopted budget and interim reports, the score in this standard will see an increase. FCMAT’s reviews have found, though, that the district does not update the projections at the time of all budget reports, but instead refers back to the Fiscal Recovery Plan, whose numbers will become outdated as time progresses.

Standard Implemented: Partially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	1
November 1, 2005 Rating:	1
May 31, 2006 Rating:	2
January 25, 2007 Rating:	1
July 2, 2007 Rating:	3
June 30, 2008 Rating:	4
May 31, 2010 Rating:	3



15.4 Long-Term Debt Obligations

Professional Standard:

The district has developed and uses a financial plan to ensure that ongoing unfunded liabilities from employee benefits are recognized as a liability of the school district. A plan has been established for funding retiree health benefit costs as the obligations are incurred.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The district provides post-employment health care benefits in accordance with the respective employment contracts to all employees who retire from the district on or after attaining the age of 55 with a minimum service level of 15 years. Retirees receive district payment for single-party Kaiser medical premiums for five years. Post-retiree benefits for members of the Vallejo Education Association and the Vallejo School Management Association end after the earlier of five years or age 67. There is a California Public Employees Retirement System (PERS) minimum, and it is paid for life.
2. In 2004, GASB issued two statements related to Other Post Employment Benefits (OPEB): GASB 43 and 45. In April 2004, GASB 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, related to OPEB Plans. The most common framework for this statement is the establishment of a qualifying irrevocable trust administered as an OPEB Plan. A school agency using a trust or agency fund to administer financing and payment of benefits would apply GASB 43 requirements for the OPEB Plan. If GASB 43 applies, it must be implemented one year prior to GASB 45 (see table below).

This statement deals exclusively with issues of disclosure and financial reporting and does **not** require the liability to be prefunded. School agencies may continue funding OPEB on a pay-as-you-go basis. However, according to published reports from Fitch and Standard & Poor’s credit rating agencies, reporting a substantial unfunded liability on the agency’s financial statements **may** have a negative effect on future credit and bond ratings.

GASB Implementation Time Line

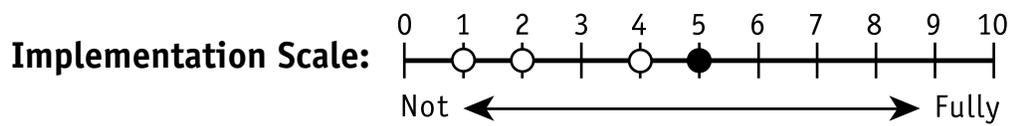
The new accounting standards have been phased in over several years, based on the amount of revenue collected by each school agency in its governmental and enterprise funds as of June 30, 1999.

All School Agency Governmental and Enterprise Funds	GASB 43 Implementation Date	GASB 45 Implementation Date
Revenues over \$100 million	2006-07	2007-08
Revenues between \$10 million and \$100 million	2007-08	2008-09
Revenues under \$10 million	2008-09	2009-10

3. To comply with GASB, a school agency will recognize on its government-wide financial statements not only the payment of current year expenses (pay-as-you-go), but also the future liability over a maximum period not to exceed 30 years. Even if the OPEB is not fully funded by the local agency, the liability must be recognized in the annual audited financial statements.
4. The district is having a new actuarial study performed. Based on the results of that study the district will be able to develop a plan for funding of their post retirement benefits.
5. Actuarial valuations should be conducted at least biannually according to GASB requirements.

Standard Implemented: Partially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	2
November 1, 2005 Rating:	2
May 31, 2006 Rating:	2
January 25, 2007 Rating:	2
July 2, 2007 Rating:	4
June 30, 2008 Rating:	5
November 18, 2009 Rating:	5



16.1 Impact of Collective Bargaining

Professional Standard:

The district has developed parameters and guidelines for the collective bargaining process that ensure that the collective bargaining agreement is not an impediment to the efficiency of district operations or academic progress. At least annually, collective bargaining agreements are analyzed by the management team consisting of the State Administrator, and Assistant Superintendents of both Human Resources and Business Services and Operations. The group meets to identify those characteristics of the respective collective bargaining agreements that may pose an impediment to effective delivery of district operations and academic programs. The district identifies those issues for consideration by the State Administrator that are considered a priority for the district to sustain its financial recovery. The State Administrator considers the impact on district operations of current collective bargaining language and proposes amendments to district language as appropriate to ensure effective and efficient district delivery. Any parameters developed by the management team are provided in a confidential environment, reflective of the obligations of a closed executive board session.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The district completed a three-year contract with its certificated and classified associations and management staff for the period beginning July 1, 2005, and ending June 30, 2008. New contract articles included a significant reduction of district-paid health benefits beginning July 1, 2005, some flexibility at the high school level for staffing of teachers and higher ratios for counselors and nurses, and an alternate custodial day cleaning program. As a result of the agreement, the district achieved a portion of the budget reductions necessary to reduce deficit spending through cost avoidance.
2. A cap on district paid health benefits was approved since July 1, 2008, maximizing district contributions to levels incurred at January 1, 2008. Other tentative agreements to contract language changes have been approved as well.
3. Negotiations parameters for compensation articles for the 2008-09 year have been developed and approved by the school board. The district met with its certificated staff bargaining unit and impasse was declared in February 2010. A mediation process is scheduled later in 2010, and a PERB mediator has been assigned. The bargaining unit has approved a strike under certain circumstances.
4. District parameters include an off-the-salary-schedule bonus of 1.5% to be funded via one-time resources. Bargaining unit demands include the bonus as well as restoration of the district's contribution to medical benefits to previous levels.
5. Both parties seek a multiyear agreement that will prohibit any reductions to compensation during the term of the agreement. No analysis or contingency plan has been developed should such an agreement be approved and further federal, state and/or local funding decreases occur.

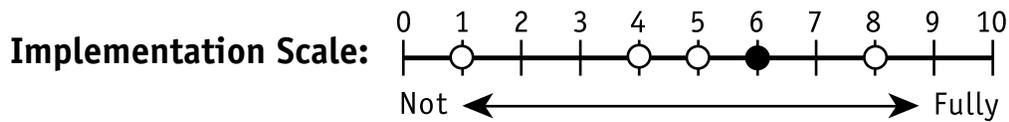
6. The district's Assistant Superintendent of Human Resources position is vacant. Staff is developing recommendations to distribute responsibility for these duties among existing central administrative staff.

The score for this standard has been reduced because the proposal presented by the district may impede the district's ability to recover financially and provide effective instructional programs, a key component of this standard. The district's desire for a multiyear agreement that prohibits any reductions to compensation limits options and may expose it to financial harm. All options for expenditure reduction should be retained by the district until the state economy recovers, if not longer.

Maintaining the flexibility noted above would contribute significantly to improving the score for this standard.

Standard Implemented: Partially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	4
November 1, 2005 Rating:	5
May 31, 2006 Rating:	6
January 25, 2007 Rating:	8
July 2, 2007 Rating:	8
June 30, 2008 Rating:	8
May 31, 2010 Rating:	6



16.2 Impact of Collective Bargaining

Professional Standard:

The State Administrator ensures that any guideline developed for collective bargaining is fiscally aligned with the instructional and fiscal goals on a multiyear basis. The State Administrator ensures that the district has a formal process in which collective bargaining multiyear costs that are identified. Proposed expenditure changes were identified and implemented as necessary prior to any imposition of new collective bargaining obligations. The State Administrator ensures that costs and projected district revenues and expenditures are validated on a multiyear basis so that the fiscal issues faced by the district are not worsened by bargaining settlements. The public is informed about budget reductions that will be required for a bargaining agreement prior to any contract acceptance by the State Administrator. The public is notified of the provisions of the final proposed bargaining settlement and is provided with an opportunity to comment.

Progress on Implementing the Recommendations of the Improvement Plan:

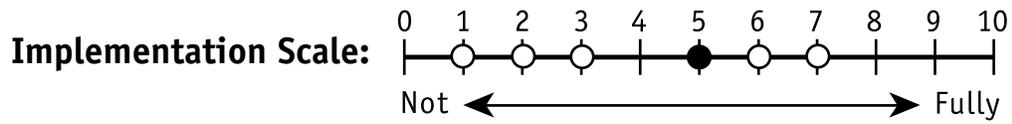
1. In accordance with AB 1200 and Government Code Section 3547.5, the district prepared public disclosure documents for the proposed agreements with CSEA and VTA for the current agreement that concluded June 30, 2008. This analysis included the costs of proposed collective bargaining agreements for the current and two subsequent fiscal years, and was submitted to the county office for review and analysis. The district's current contracts for each respective bargaining group expired June 30, 2008.
2. The district, in conjunction with the state administrator, continues to establish cost reduction options annually that are considered when budgets are adopted. These cost reduction options were included in multiyear projections prepared at the time of 2009-10 second interim budget and the recently updated Fiscal Recovery Plan.

None of these cost reduction options include assumptions surrounding staff compensation. Given the current fiscal climate of the state, the district needs to keep all options available for expenditure reductions. In recent negotiations the district sought a multiyear agreement that would prohibit reductions in compensation. This action is inconsistent with the development of collective bargaining guidelines that are aligned with the fiscal goals of the district.

It is for this reason that the score for this standard has been reduced. Maintaining all options for expenditure reductions, including those surrounding the collective bargaining process, would be necessary to improve the score for this standard.

Standard Implemented: Partially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	2
November 1, 2005 Rating:	3
May 31, 2006 Rating:	5
January 25, 2007 Rating:	5
July 2, 2007 Rating:	6
June 30, 2008 Rating:	7
May 31, 2010 Rating:	5



17.1 Management Information Systems

Professional Standard:

Management information systems support users with information that is relevant, timely, and accurate. Needs assessments are performed to ensure that users are involved in the definition of needs, development of system specifications, and selection of appropriate systems. Additionally, district standards are imposed to ensure the maintainability, compatibility, and supportability of the various systems. The district ensures that all systems are compliant with the new Standardized Account Code Structure (SACS), year 2000 requirements, and are compatible with county systems with which they must interface.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The district's new director of technology and information services has continued to emphasize service orientation among department staff members. The department continues to conduct meetings to discuss district and department technology issues, and input from staff members is welcomed.
2. Users continue to use the established process for submitting requests for technology support. During interviews, technology staff members commented that it has become increasingly difficult to manage the volume of student data and information. Staff expressed the need to establish a group that meets occasionally to improve communications, discuss data requirements, and develop formal procedures for data management. The district should establish a data management team to improve communications and develop data procedures, which should consist of three to seven key stakeholders. The team should be co-chaired by the two technology support specialists. Members should understand the use of SIS and assessment data to support district goals and operational needs. Responsibilities should include the following:
 - Establish procedures and data standards to ensure consistent coding of the same data at different school sites.
 - Define the roles, responsibilities and expectations of the school site staff as opposed to district office staff. These roles should call for the end users to be involved in the development of procedures and in the review of procedures before they are submitted for approval.
 - Define the process used to approve policies and procedures.
 - Define the process for developing, vetting, and implementing data standards throughout the district. This process must include district as well as site staff and ensure that the same data are consistently coded at all school sites.
 - Identify the data reports program administrators (e.g. special education, GATE and others) are responsible for reviewing and verifying, and develop a sign-off procedure to document they have completed the verification.
 - Take steps to ensure confidentiality of the data including the actions that can be taken by specific employees, the appropriate occasions, circumstances and methods.

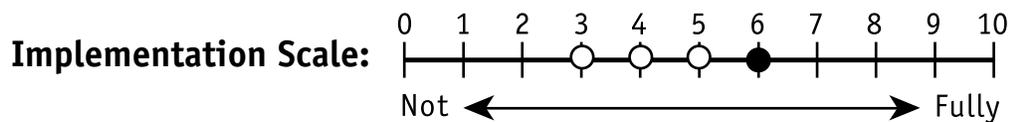
- Review the requirements for CALPADS reporting, identify any gaps between what is currently collected and what will be required under CALPADS, and make plans for bridging the gap.
 - Inventory current local needs (e.g. attendance, grades, scheduling, and assessments) for data and develop a plan and process to collaboratively address any identified gaps.
3. The district lacks network documentation of the wide area network (WAN). To identify network infrastructure requirements the district should consider contracting with a private vendor for an “end-to-end” network discovery audit. In addition to documenting all elements in the district’s network, the audit should identify all teacher systems that will need to be upgraded or replaced to meet the minimum specification requirements of the student information system. An audit would provide district administrators with the information needed to make technological decisions and would be instrumental in achieving districtwide technology equity.
 4. Technology department staff expressed a desire to convert the district’s remaining telephone trunk lines to the new voice over Internet protocol (VoIP) communication backbone. Staff members indicated the potential opportunity to discontinue using up to 500 trunk lines that cost the district \$25 each month. A more detailed cost benefit analysis should be conducted to determine if converting the remaining trunk lines to VoIP would be financially advantageous.
 5. The district lacks procedures for informing technology support staff members of districtwide staff changes. For example, when an employee separates from the district there is no process in place to ensure that the technology department is informed. As a result, the employee’s e-mail and other network account resources are not removed. Conceivably, employees who have separated from the district could continue to access e-mail and other network resources indefinitely. A procedure should be developed to ensure that the Human Resources Department informs the Technology and Information Services Department of employee separations. This will improve network security by enabling technology support staff to remove e-mail and network resource access privileges in a timely manner following employee separation.
 6. Technology department staff members share one district vehicle for all technology department needs. Technology support staff commonly use their own vehicle to conduct necessary site visits to resolve support requests. However, staff members indicated they do not submit reimbursement requests for mileage associated with job functions. In addition to encouraging staff members to submit reimbursement requests, the district might also consider leasing an additional vehicle or providing selected technology support staff members with a modest vehicle allowance to cover expenses associated with job functions.
 7. Similar to findings noted in the previous report, a district employee maintains and submits all E-Rate funding documentation. The process of applying for E-Rate discounts is complex, and users must be thoroughly familiar with technology and the numerous strict application filing deadlines involved in completing applications. School districts increas-

ingly contract with an E-Rate consultant to maximize their discounts and minimize the delays associated with inquiries from representatives of the organization overseeing this federal discount program. E-Rate consultants typically charge either a flat rate per year or a small percentage of the discount the district receives, with a “not to exceed” cap amount established in advance.

E-Rate consultants can be identified with an Internet search or by contacting other school districts.

Standard Implemented: Partially

November 1, 2004 Rating:	3
May 1, 2005 Rating:	6
November 1, 2005 Rating:	6
May 31, 2006 Rating:	6
January 25, 2007 Rating:	4
July 2, 2007 Rating:	4
June 30, 2008 Rating:	5
November 18, 2009 Rating:	6



17.3 Management Information Systems

Professional Standard:

Selection of information systems technology conforms to legal procedures specified in the Public Contract Code. Additionally, there is a process to ensure that needs analyses, cost/benefit analyses, and financing plans are in place prior to commitment of resources. The process facilitates involvement by users, as well as information services staff, to ensure that training and support needs and costs are considered in the acquisition process.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The district lacks a technology committee to provide guidance to the Technology and Information Services Department. The lack of an active committee that meets regularly to provide oversight and guidance to the department makes it impossible to align technology efforts with the district's goals and objectives. Best practices for establishing a technology committee suggest that the group be composed of members representing students, parents, teachers, library media specialists, resource specialists, site administrators, district administrators (curriculum and technology), classified staff, community leaders, business representatives and partners from higher education.

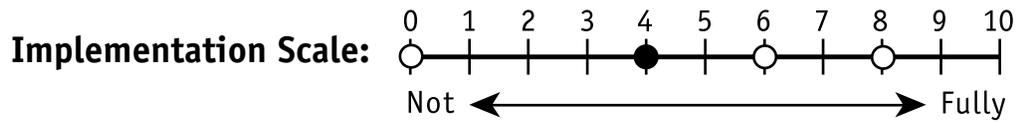
The committee should be chaired by the director of technology and information services and a teacher on special assignment. Each principal should designate up to two staff members to serve as liaisons and representatives of the school site on the technology committee. Ideally, the liaisons should include a representative from the certificated and classified employee groups. Liaisons should be appointed rather than volunteer to ensure that the correct individuals comprise the committee.

The committee should meet monthly for the first few months to establish meeting procedures, standards, and objectives. After this period, the committee should meet at least quarterly to maintain itself as an effective working group. The committee's goals should be as follows:

- Prioritize the fiscal and personnel resources of the Technology Department.
- Establish short- and long-term goals for the use of technology by creating a districtwide technology plan.
- Review the progress of technology support staff members in supporting goals established in the plan and make recommendations for changes.
- Ensure that a smooth integration occurs in the application of technology to support teaching and learning.
- Develop standards for hardware and software including electronic learning resources to be used in classrooms.
- Evaluate and monitor the implementation of technology, share and articulate information among schools, and suggest revisions to the district's technology plan.

Standard Implemented: Partially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	6
November 1, 2005 Rating:	8
May 31, 2006 Rating:	8
January 25, 2007 Rating:	4
July 2, 2007 Rating:	4
June 30, 2008 Rating:	4
November 18, 2009 Rating:	4



17.4 Management Information Systems

Professional Standard:

Major technology systems are supported by implementation and training plans. The cost of implementation and training is included with other support costs in the cost/benefit analyses and financing plans supporting the acquisition of technology systems.

Progress on Implementing the Recommendations of the Improvement Plan:

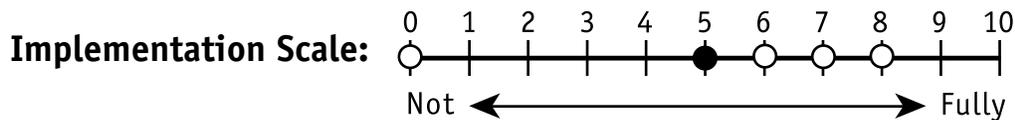
1. Technology support services for the district's 26 sites are provided by three network computer support staff members. Technology support staff members stated they are overloaded by the workload. Staff members also commented that the presence of aging computer hardware complicates their ability to provide timely support. To overcome the shortage of staff to provide technology support, technology staff have begun to replace antiquated hardware with thin client technologies. This deliberate migration to thin client technologies will enable each technology support staff member to and support more end-users.
2. Similar to findings noted in the previous report, technology support technicians continue to prioritize their own support requests and there is no visitation schedule that informs site administrators when a technology support technician will be on site. Technology support staff indicated that some users have become very vocal in the hopes of receiving priority support. A staff allocation plan should be developed that ensures that all sites receive more structured support, such as assigning technology support staff members to specific sites on specific days. Each site administrator should be aware of when technology support staff will be on site to address support issues. These assignments should be interrupted only for emergency cause.
3. Technology support requests should be addressed based on a well-understood prioritization scheme. Effective prioritization of support requests requires a combination of experience, understanding, and judgment. Frequently, site administrators can provide guidance regarding the true level of urgency of support requests because they have the best understanding of calendar events, testing, home to school communications, and general lesson planning. The technology committee should review and discuss the support prioritization criteria to ensure that they are acceptable and that everyone understands them. Committee discussion is important to achieving agreement on the process.
4. The district still has not established a position to provide greater instructional technology leadership or assistance with instructional technology issues. Such a position could be filled by a teacher on special assignment assigned to address district-wide professional development and instructional technology applications such as the Aeries Gradebook, which allows teachers to set up all class assignments and enter scores received by students for assignments.
5. Also noted in the previous report, the district's student information system has a feature called the Aeries Browser Interface (ABI). ABI is required before users can take

advantage of other SIS features such as online attendance and grade reporting. The Vallejo Educational Academy, long-term independent study, all four middle school sites, and all of the high school sites are on ABI and have implemented the online attendance and grade reporting features. In addition, the district planned to implement ABI in seven elementary schools on January 5, 2010. Other elementary school administrators have expressed interest in ABI but may have to postpone implementation until they can ensure that a computer can be made available in every classroom. The district should develop a plan and document the remaining tasks required to fully implement ABI districtwide. Associated equipment needs should be determined and a detailed training plan developed to support the implementation for instructional staff that will be using the online attendance and grade reporting features.

The score for this standard has been reduced from a 6 to a 5 because it does not appear that the elements of the standard are implemented, monitored, and becoming systematic.

Standard Implemented: Partially

November 1, 2004 Rating:	0
May 1, 2005 Rating:	7
November 1, 2005 Rating:	7
May 31, 2006 Rating:	8
January 25, 2007 Rating:	6
July 2, 2007 Rating:	6
June 30, 2008 Rating:	6
November 18, 2009 Rating:	5



18.1 Maintenance and Operations Fiscal Controls

Professional Standard:

The district has a comprehensive risk management program that monitors the various aspects of risk management including workers' compensation, property and liability insurance, and maintains the financial well-being of the district.

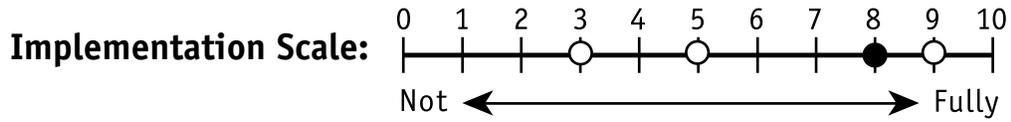
Progress on Implementing the Recommendations of the Improvement Plan:

1. The district provided FCMAT with quarterly loss statistics, claims frequency reports, etc., that were compiled by independent consultant firms and district staff. District staff review all claims and makes recommendations based on loss data. FCMAT reviewed property and liability claims provided by the Alliance of Schools for Cooperative Insurance Programs and workers' compensation claims analysis provided by Edgewood Partners Insurance Center.
2. The district obtains its workers' compensation insurance from State Compensation Insurance Fund but was self-insured between April 1, 2003 and July 31, 2005. The district completed a workers' compensation actuarial study on June 11, 2008. Per this report loss rates are projected to increase by 19% in 2009-10, consistent with experience in the general market for K-12 school districts. Claim frequency increased 11%; this rate was 82% higher than the statewide average for K-12 school districts and has been so for many years.
3. As a budget planning tool, the district completed a property and liability claims cost projection analysis for the 2009-10 fiscal year. Claim losses totaled \$350,304 for the 2008-09 year.
4. District personnel receive technical training in self-insurance, understanding actuarial data, claims processing, subrogation recoveries, and reinsurance claims. The district has utilized a third party broker to assist and train staff. The duties and responsibilities for risk management functions have moved from Human Resources to the Business Services and Operations Department. District staff have attended workshops on workstation ergonomic evaluations, work restrictions and return to work programs.
5. The district has completed a draft risk management instruction booklet that includes topics such as student accidents, first aid training, athletic insurance, and workers' compensation responsibilities.

The score for this standard has decreased as a result of the increase of workers compensation program claim frequency. The district's experience is too high relative to other school districts, and thus its performance has decreased relative to the standard of maintaining its fiscal well being. The district needs to reduce its workers compensation claims experience to restore the previous score.

Standard Implemented: Fully - Substantially

November 1, 2004 Rating:	3
May 1, 2005 Rating:	3
November 1, 2005 Rating:	5
May 31, 2006 Rating:	5
January 25, 2007 Rating:	8
July 2, 2007 Rating:	8
June 30, 2008 Rating:	9
November 18, 2009 Rating:	8



18.2 Maintenance and Operations Fiscal Controls

Professional Standard:

The district has a work order system that tracks all maintenance requests, the worker assigned, dates of completion, labor time spent and the cost of materials.

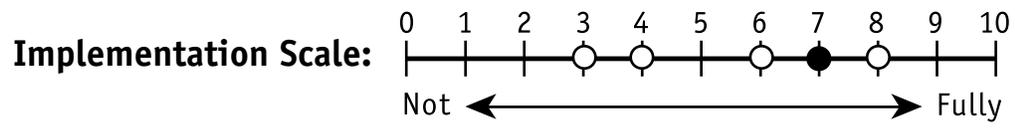
Progress on Implementing the Recommendations of the Improvement Plan:

1. The district utilizes an automated Web-based maintenance work order system to monitor maintenance needs. The system also tracks preventative maintenance, labor, and cost of materials.
2. While the system is designed to allow school site staff to track online the status of any outstanding work order that has been submitted, this feature is not currently functional due to staffing reductions in the maintenance department. Instead, staff must contact the office to determine the status of work orders.
3. The work order software will allow access to a maximum of 15 users at any given time. This has caused delays to system users' ability to submit work orders. The software vendor can host the software on its servers, which would resolve this issue. The staff is investigating this option.
4. The custodial staff has primary responsibility for operating the system at school sites. The district also cross trained site clerical staff on use of the work order system. School site staff reported that not all custodians are proficient in use of the system and thus clerical staff are the primary system operators at their school.
5. Work order response time has increased in the last year due to budget/staffing reductions. The maintenance department has placed a higher priority on certain requests, such as graffiti removal, and those requests are filled typically within 24-48 hours.

The score for this standard has decreased from an 8 to a 7 due to the issues with the work order software. To maintain a score of 8, all elements of the standard must be fully and substantially implemented.

Standard Implemented: Partially

November 1, 2004 Rating:	3
May 1, 2005 Rating:	4
November 1, 2005 Rating:	6
May 31, 2006 Rating:	7
January 25, 2007 Rating:	8
July 2, 2007 Rating:	8
June 30, 2008 Rating:	8
November 18, 2009 Rating:	7



18.5 Maintenance and Operations Fiscal Controls

Professional Standard:

Materials and equipment/tools inventory is safeguarded from loss through appropriate physical and accounting controls.

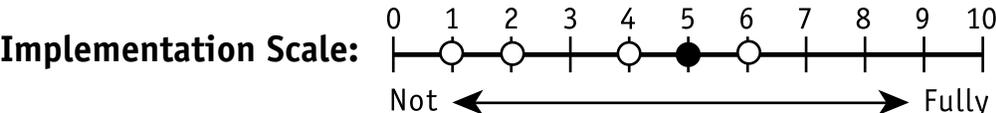
Progress on Implementing the Recommendations of the Improvement Plan:

1. The district conducted and completed an asset inventory and valuation project for all capital assets in June 2007. The appraisal report was completed by Maximus Asset Management Services and accounts for all capital assets by fund and account as of June 30, 2007. GASB 34 requires the district to maintain complete and current fixed asset records for accounting purposes. A new inventory by a third-party vendor is planned in the coming months.
2. Board policies were established in February 2008 to ensure that the district’s accounting records correctly reflect the district’s current assets and their value. Policies require an annual inventory and sign-off by each site and certification to verify the location of fixed assets prior to the end of each fiscal year. Site principals were to be provided with a computerized detail printout of all fixed assets, but this did not occur during the summer of 2009.
3. The maintenance department has not automated its tracking and monitoring processes for all power and hand tools either checked out or permanently located on district vehicles. It is estimated that over 95% of the tools utilized on the service trucks would not meet the capitalization threshold of \$5,000 for fixed assets. Inventory is performed only on issuance of tools to a new employee, with replacements issued only on return of the used equipment. The equipment for vehicles may be checked out by team number and is tracked to each vehicle, site location, hours utilized, and date checked in.

The score for this standard has decreased from a 6 to a 5 because the elements of the standard are not yet implemented and becoming systematic.

Standard Implemented: Partially

November 1, 2004 Rating:	1
May 1, 2005 Rating:	1
November 1, 2005 Rating:	2
May 31, 2006 Rating:	2
January 25, 2007 Rating:	4
July 2, 2007 Rating:	4
June 30, 2008 Rating:	6
November 18, 2009 Rating:	5



22.1 Special Education

Professional Standard:

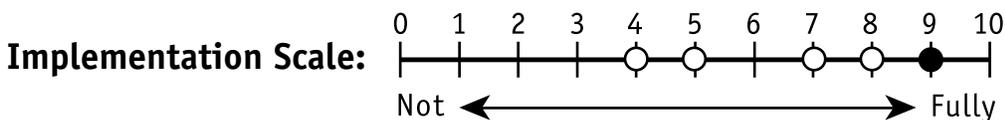
The district actively takes measures to contain the cost of special education services while still providing an appropriate level of quality instructional and pupil services to special education pupils.

Progress on Implementing the Recommendations of the Improvement Plan:

1. The fiscal employee assigned to monitor special education budgets continues to work closely with the department director and meets at least quarterly to review the special education budget.
2. The interim director of special education was unavailable for interviews. However, FCMAT reviewed 2008-09 expenditure reports versus those of 2007-08. It appears, although the district had not completed closing fiscal year 2008-09, that the special education expenditures from year to year were reasonable.
3. The Business Services and Operations Department is responsible for preparing the maintenance of effort (MOE) reports. FCMAT reviewed the MOE reports from 2006-07 and 2007-08 to ensure the district was in compliance.
4. The special education director is monitoring the special education encroachment and continues to look for ways to contain the encroachment.

Standard Implemented: Fully - Substantially

November 1, 2004 Rating:	4
May 1, 2005 Rating:	5
November 1, 2005 Rating:	7
May 31, 2006 Rating:	8
January 25, 2007 Rating:	8
July 2, 2007 Rating:	8
June 30, 2008 Rating:	9
November 18, 2009 Rating:	9



Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
1.1	PROFESSIONAL STANDARD - INTERNAL CONTROL ENVIRONMENT Integrity and ethical behavior are the product of the district's ethical and behavioral standards, how they are communicated, and how they are reinforced in practice. All management-level personnel exhibit high integrity and ethical values in carrying out their responsibilities and directing the work of others. [State Audit Standard (SAS) 55, SAS-78]	2	2	3	4	4	5	6	6
1.2	PROFESSIONAL STANDARD - INTERNAL CONTROL ENVIRONMENT The district has an audit committee to: (1) help prevent internal controls from being overridden by management; (2) help ensure ongoing state and federal compliance; (3) provide assurance to management that the internal control system is sound; and (4) help identify and correct inefficient processes. [SAS-55, SAS-78]	0							
1.3	PROFESSIONAL STANDARD - INTERNAL CONTROL ENVIRONMENT The attitude of the Governing Board and key administrators has a significant effect on an organization's internal control. An appropriate attitude balances the programmatic and staff needs with fiscal realities in a manner that is neither too optimistic nor too pessimistic. [SAS-55, SAS-78]	2							
1.4	PROFESSIONAL STANDARD - INTERNAL CONTROL ENVIRONMENT The organizational structure clearly identifies key areas of authority and responsibility. Reporting lines are clearly identified and logical within each area. [SAS-55, SAS-78]	2	2	3	4	5	5	6	6
1.5	PROFESSIONAL STANDARD - INTERNAL CONTROL ENVIRONMENT Management has the ability to evaluate job requirements and match the requirements to the employee's skills. [SAS-55, SAS-78]	1							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
1.6	PROFESSIONAL STANDARD - INTERNAL CONTROL ENVIRONMENT The district has procedures for recruiting capable financial management and staff and hiring competent people. [SAS-55, SAS-78]	2							
1.7	PROFESSIONAL STANDARD - INTERNAL CONTROL ENVIRONMENT All employees are evaluated on performance at least annually by a management-level employee knowledgeable about their work product. The evaluation criteria are clearly communicated and, to the extent possible, measurable. The evaluation includes a follow-up on prior performance issues and establishes goals to improve future performance.	1	1	2	2	3	4	5	5
1.8	PROFESSIONAL STANDARD - INTERNAL CONTROL ENVIRONMENT The responsibility for reliable financial reporting resides first and foremost at the district level. Top management sets the tone and establishes the environment. Therefore, appropriate measures are implemented to discourage and detect fraud (SAS 82; Treadway Commission).	2	2	3	4	4	5	5	5

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
2.1	PROFESSIONAL STANDARD - INTER- AND INTRADEPARTMENTAL COMMUNICATIONS The business and operational departments communicate regularly with internal staff and all user departments on their responsibilities for accounting procedures and internal controls. The communications are written whenever possible, particularly when they (1) affect many staff or user groups, (2) are issues of high importance, or (3) reflect a change in procedures. Procedures manuals are necessary to the communication of responsibilities. The departments also are responsive to user department needs, thus encouraging a free exchange of information between the two (excluding items of a confidential nature).	1	1	3	4	6	7	6	6
2.2	PROFESSIONAL STANDARD - INTER- AND INTRADEPARTMENTAL COMMUNICATIONS The financial departments communicate regularly with the Governing Board and community on the status of district finances and the financial impact of proposed expenditure decisions. The communications are written whenever possible, particularly when they affect many community members, are issues of high importance to the district and board, or reflect a change in policy.	2	2	3	3	2	4	6	6
2.3	PROFESSIONAL STANDARD - INTER- AND INTRADEPARTMENTAL COMMUNICATIONS The Governing Board is engaged in understanding globally the fiscal status of the district, both current and as projected. The board prioritizes district fiscal issues among the top discussion items.	1	1	3	3	3	4	5	5

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
2.4	PROFESSIONAL STANDARD - INTER-AND INTRADEPARTMENTAL COMMUNICATIONS The district has formal policies and procedures that provide a mechanism for individuals to report illegal acts, establish to whom illegal acts should be reported, and provide a formal investigative process.	0	0	2	3	3	4	4	4
2.5	PROFESSIONAL STANDARD - INTER-AND INTRADEPARTMENTAL COMMUNICATIONS Documents developed by the fiscal division for distribution to the Governing Board, finance committees, staff and community are easily understood. Those who receive documents developed by the fiscal division do not have to wade through complex, lengthy computer printouts.	1	1	3	3	3	4	5	5
3.1	PROFESSIONAL STANDARD - STAFF PROFESSIONAL DEVELOPMENT The district has developed and uses a professional development plan for training business staff. The plan includes the input of business office supervisors and managers, and, at a minimum, identifies appropriate programs office-wide. At best, each individual staff and management employee has a plan designed to meet their individual professional development needs.	0	0	0	2	3	5	5	4
3.2	PROFESSIONAL STANDARD - STAFF PROFESSIONAL DEVELOPMENT The district develops and uses a professional development plan for the in-service training of school site/department staff by business staff on relevant business procedures and internal controls. The plan includes the input of the business office and the school sites/departments and is updated annually.	0	0	1	2	3	5	5	5

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
4.1	PROFESSIONAL STANDARD - INTERNAL AUDIT The Governing Board has adopted policies establishing an internal audit function that reports directly to the Superintendent/State Administrator and the audit committee or Governing Board.	0	1	3	5	5	6	7	7
4.2	PROFESSIONAL STANDARD - INTERNAL AUDIT Internal audit functions are designed into the organizational structure of the district. These functions include periodic internal audits of areas at high risk for non-compliance with laws and regulations and/or at high risk for monetary loss.	0	0	0	3	3	4	5	5
4.3	PROFESSIONAL STANDARD - INTERNAL AUDIT Qualified staff are assigned to conduct internal audits and are supervised by an independent body, such as an audit committee.	0							
4.4	PROFESSIONAL STANDARD - INTERNAL AUDIT Internal audit findings are reported on a timely basis to the audit committee, governing board and administration, as appropriate. Management then takes timely action to follow up and resolve audit findings.	0							
5.1	PROFESSIONAL STANDARD - BUDGET DEVELOPMENT PROCESS (POLICY) The budget development process requires a policy-oriented focus by the Governing Board to develop an expenditure plan that fulfills the district's goals and objectives. The Governing Board focuses on expenditure standards and formulas that meet the district goals. The Governing Board avoids specific line-item focus, but directs staff to design an entire expenditure plan focusing on student and district needs.	3							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
5.2	PROFESSIONAL STANDARD - BUDGET DEVELOPMENT PROCESS (POLICY) The budget development process includes input from staff, administrators, board and community.	3							
5.3	PROFESSIONAL STANDARD - BUDGET DEVELOPMENT PROCESS (POLICY) Policies and regulations exist regarding budget development and monitoring.	2							
5.4	PROFESSIONAL STANDARD - BUDGET DEVELOPMENT PROCESS (POLICY) The district has a clear process to analyze resources and allocations to ensure that they are aligned with strategic planning objectives and that the budget reflects district priorities.	2	4	5	5	4	5	5	6
5.5	PROFESSIONAL STANDARD - BUDGET DEVELOPMENT PROCESS (POLICY) The district has policies to facilitate development of a budget that is understandable, meaningful, reflective of district priorities, and balanced in terms of revenues and expenditures.	3	5	5	5	4	5	5	4

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
5.6	<p>PROFESSIONAL STANDARD - BUDGET DEVELOPMENT PROCESS (POLICY) Categorical funds are an integral part of the budget process and have been integrated into the entire budget development. The revenues and expenditures for categorical programs are reviewed and evaluated in the same manner as unrestricted General Fund revenues and expenditures. Categorical program development is integrated with the district's goals and used to respond to district student needs that cannot be met by unrestricted expenditures. The superintendent, superintendent's cabinet and fiscal office have established procedures to ensure that categorical funds are expended effectively to meet district goals. Carryover and unearned income of categorical programs are monitored and evaluated in the same manner as General Fund unrestricted expenditures.</p>	4							
5.7	<p>PROFESSIONAL STANDARD - BUDGET DEVELOPMENT PROCESS (POLICY) The district has the ability to accurately reflect its net ending balance throughout the budget monitoring process. The first and second interim reports provide valid updates of the district's net ending balance. The district has tools and processes that ensure that there is an early warning of any discrepancies between the budget projections and actual revenues or expenditures.</p>	0	2	3	4	4	5	5	3
5.8	<p>PROFESSIONAL STANDARD - BUDGET DEVELOPMENT PROCESS (POLICY) The district utilizes formulas for allocating funds to school sites and departments. This can include staffing ratios, supply allocations, etc. These formulas should be in line with the board's goals and directions, and should not be overridden.</p>	3							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
6.1	PROFESSIONAL STANDARD - BUDGET DEVELOPMENT PROCESS (TECHNICAL) The budget office has a technical process to build the preliminary budget amounts that includes: the forecast of revenues, the verification and projection of expenditures, the identification of known carryovers and accruals and the inclusion of concluded expenditure plans. The process clearly identifies one-time sources and uses of funds. Reasonable ADA and COLA estimates are used when planning and budgeting. This process is applied to all funds.	0	3	4	4	3	5	5	5
6.2	PROFESSIONAL STANDARD - BUDGET DEVELOPMENT PROCESS (TECHNICAL) An adopted budget calendar exists that meets legal and management requirements. At a minimum the calendar identifies statutory due dates and major budget development activities.	3							
6.3	PROFESSIONAL STANDARD - BUDGET DEVELOPMENT PROCESS (TECHNICAL) Standardized budget worksheets are used in order to communicate budget requests, budget allocations, formulas applied and guidelines.	3							
7.1	LEGAL STANDARD - BUDGET ADOPTION, REPORTING, AND AUDITS The district adopts its annual budget within the statutory time lines established by Education Code Section 42103, which requires that on or before July 1, the governing board shall hold a public hearing on the budget to be adopted for the subsequent fiscal year. Not later than five days after that adoption or by July 1, whichever occurs first, the governing board shall file that budget with the county superintendent of schools. [EC 42127(a)]	3							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
7.2	LEGAL STANDARD - BUDGET ADOPTION, REPORTING, AND AUDITS Revisions to expenditures based on the State Budget are considered and adopted by the governing board. Not later than 45 days after the governor signs the annual Budget Act, the district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect funding available by that Budget Act. [EC 42127(2) and 42127(i)(4)]	3							
7.3	PROFESSIONAL STANDARD - BUDGET ADOPTION, REPORTING, AND AUDITS The district has procedures that provide for the development and submission of a district budget and interim reports that adhere to criteria and standards and are approved by the county office of education.	3							
7.4	LEGAL STANDARD - BUDGET ADOPTION, REPORTING, AND AUDITS The district completes and files its interim budget reports within the statutory deadlines established by Education Code Section 42130, et. seq.	2							
7.5	PROFESSIONAL STANDARD - BUDGET ADOPTION, REPORTING, AND AUDITS The first and second interim reports show an accurate projection of the ending fund balance. Material differences are presented to the board of education with detailed explanations.	0	0	3	4	3	4	4	3

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
7.6	LEGAL STANDARD - BUDGET ADOPTION, REPORTING, AND AUDITS The district has complied with Governmental Accounting Standard No. 34 (GASB 34) for the period ending June 30, 2003. GASB 34 requires the district to develop policies and procedures and report in the annual financial reports on the modified accrual basis of accounting and the accrual basis of accounting.	1							
7.7	LEGAL STANDARD - BUDGET ADOPTION, REPORTING, AND AUDITS The district has arranged for an annual audit (single audit) within the deadlines established by Education Code section 41020.	3							
7.8	LEGAL STANDARD - BUDGET ADOPTION, REPORTING, AND AUDITS The district should include in its audit report, but not later than March 15, a corrective action for all findings disclosed as required by Education Code Section 41020.	4							
7.9	LEGAL STANDARD - BUDGET ADOPTION, REPORTING, AND AUDITS The district must file certain documents/reports with the state as follows: J-200 series - (Education Code Section 42100); J-380 series - CDE procedures; Interim financial reports - (Education Code Section 42130); J-141 transportation report (Title V, article 5, Section 15270).	4							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
7.10	LEGAL STANDARD - BUDGET ADOPTION, REPORTING, AND AUDITS Education Code Section 41020(c) (d) (e) (g) establishes procedures for local agency audit obligations and standards. Pursuant to Education Code Section 41020(h), the district submits to the county superintendent of schools in the county that the district resides, the State Department of Education, and the State Controller's Office an audit report for the preceding fiscal year. This report must be submitted "no later than December 15."	5							
8.1	PROFESSIONAL STANDARD - BUDGET MONITORING All purchase orders are properly encumbered against the budget until payment.	3	4	5	5	6	6	7	7
8.2	PROFESSIONAL STANDARD - BUDGET MONITORING There are budget monitoring controls, such as periodic reports, to alert department and site managers of the potential for overexpenditure of budgeted amounts. Revenue and expenditures are forecast and verified monthly.	1	3	5	5	5	5	6	6
8.3	PROFESSIONAL STANDARD - BUDGET MONITORING The routine restricted maintenance account is routinely analyzed to ensure that income has been properly claimed and expenditures are within the guidelines provided by the State Department of Education. The district budget includes specific budget information to reflect the expenditures against the routine maintenance account.	6							
8.4	PROFESSIONAL STANDARD - BUDGET MONITORING Budget revisions are made on a regular basis and occur per established procedures, and are approved by the Governing Board.	5							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
8.5	PROFESSIONAL STANDARD - BUDGET MONITORING The district uses an effective position control system that tracks personnel allocations and expenditures. The position control system effectively establishes checks and balances between personnel decisions and budgeted appropriations.	6	7	7	7	7	7	7	6
8.6	PROFESSIONAL STANDARD - BUDGET MONITORING The district monitors both the revenue limit calculation and the special education calculation at least quarterly to adjust for any differences between the financial assumptions used in the initial calculations and the final actuals as they are known.	6							
8.7	PROFESSIONAL STANDARD - BUDGET MONITORING The district monitors the site reports of revenues and expenditures provided.	0							
9.1	PROFESSIONAL STANDARD - BUDGET COMMUNICATIONS The district budget is a clear manifestation of district policies and is presented in a manner that facilitates communication of those policies.	0							
9.2	PROFESSIONAL STANDARD - BUDGET COMMUNICATIONS The district budget clearly identifies one-time sources and uses of funds.	0							
10.1	LEGAL STANDARD - INVESTMENTS The Governing Board reviews and approves, at a public meeting and on a quarterly basis, the district's investment policy. [GC 53646]	0							
11.1	PROFESSIONAL STANDARD - ATTENDANCE ACCOUNTING An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly.	1	4	5	6	6	6	6	8
11.2	PROFESSIONAL STANDARD - ATTENDANCE ACCOUNTING Policies and regulations exist for independent study, home study, inter/intradistrict agreements and districts of choice, and address fiscal impact.	1							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
11.3	PROFESSIONAL STANDARD - ATTENDANCE ACCOUNTING Students are enrolled by staff and entered into the attendance system in an efficient, accurate and timely manner.	2	3	3	4	5	6	6	8
11.4	PROFESSIONAL STANDARD - ATTENDANCE ACCOUNTING At least annually, the school district verifies that each school bell schedule meets instructional time requirements for minimum day, year and annual minute requirements.	4							
11.5	PROFESSIONAL STANDARD - ATTENDANCE ACCOUNTING Procedures are in place to ensure that attendance accounting and reporting requirements are met for alternative programs such as ROC/P and adult education.	1							
11.6	PROFESSIONAL STANDARD - ATTENDANCE ACCOUNTING The district utilizes standardized and mandatory programs to improve the attendance rate of pupils. Absences are aggressively followed-up by district staff.	0	3	4	5	6	6	6	6
11.7	PROFESSIONAL STANDARD - ATTENDANCE ACCOUNTING School site personnel receive periodic and timely training on the district's attendance procedures, system procedures and changes in laws and regulations.	0	1	3	4	5	6	6	8
11.8	LEGAL STANDARD - ATTENDANCE ACCOUNTING Attendance records are not destroyed until after the third July 1 succeeding the completion of the audit. (Title V, CCR, Section 16026)	5							
11.9	PROFESSIONAL STANDARD - ATTENDANCE ACCOUNTING The district makes appropriate use of short-term independent study and Saturday school programs as alternative methods for pupils to keep current on classroom course work.	0							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
12.1	LEGAL STANDARD - ACCOUNTING, PURCHASING, AND WAREHOUSING The district adheres to the California School Accounting Manual (CSAM) and Generally Accepted Accounting Principles (GAAP) as required by Education Code Section 41010. Adherence to CSAM and GAAP helps to ensure that transactions are accurately recorded and financial statements are fairly presented.	2							
12.2	PROFESSIONAL STANDARD - ACCOUNTING, PURCHASING, AND WAREHOUSING The district timely and accurately records all information regarding financial activity (unrestricted and restricted) for all programs. Generally Accepted Accounting Principles (GAAP) require that in order for financial reporting to serve the needs of the users, it must be reliable and timely. Therefore, the timely and accurate recording of the underlying transactions (revenue and expenditures) is an essential function of the district's financial management.	2	2	2	3	3	5	5	6
12.3	PROFESSIONAL STANDARD - ACCOUNTING, PURCHASING, AND WAREHOUSING The district forecasts its revenues and expenditures and verifies those projections on a monthly basis in order to adequately manage its cash. In addition, the district reconciles its cash to bank statements and reports from the county treasurer reports on a monthly basis. Standard accounting practice dictates that, in order to ensure that all cash receipts are deposited timely and recorded properly, cash is reconciled to bank statements monthly.	1	2	2	4	3	5	4	6

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
12.4	PROFESSIONAL STANDARD - ACCOUNTING, PURCHASING, AND WAREHOUSING The district's payroll procedures are in compliance with the requirements established by the County Office of Education, unless fiscally independent. (Education Code Section 42646) Standard accounting practice dictates that the district implement procedures to ensure the timely and accurate processing of payroll.	1	2	2	3	3	5	6	7
12.5	PROFESSIONAL STANDARD - ACCOUNTING, PURCHASING, AND WAREHOUSING Standard accounting practice dictates that the accounting work is properly supervised and work reviewed in order to ensure that transactions are recorded timely and accurately, and allow the preparation of periodic financial statements.	1							
12.6	PROFESSIONAL STANDARD - ACCOUNTING, PURCHASING, AND WAREHOUSING Federal and state categorical programs, either through specific program requirements or through general cost principles such as OMB Circular A-87, require that entities receiving such funds must have an adequate system to account for those revenues and related expenditures.	1							
12.7	PROFESSIONAL STANDARD - ACCOUNTING, PURCHASING, AND WAREHOUSING Generally accepted accounting practices dictate that, in order to ensure accurate recording of transactions, the district have standard procedures for closing its books at fiscal year-end. The district's year-end closing procedures should comply with the procedures and requirements established by the county office of education.	1							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
12.8	LEGAL STANDARD - ACCOUNTING, PURCHASING, AND WAREHOUSING The district complies with the bidding requirements of Public Contract Code Section 20111. Standard accounting practice dictates that the district have adequate purchasing and warehousing procedures to ensure that only properly authorized purchases are made, that authorized purchases are made consistent with district policies and management direction, that inventories are safeguarded, and that purchases and inventories are timely and accurately recorded.	2							
12.9	PROFESSIONAL STANDARD - ACCOUNTING, PURCHASING, AND WAREHOUSING The district has documented procedures for the receipt, expenditure and monitoring of all construction-related activities. Included in the procedures are specific requirements for the approval and payment of all construction-related expenditures.	3							
12.10	PROFESSIONAL STANDARD - ACCOUNTING, PURCHASING, AND WAREHOUSING The accounting system has an appropriate level of controls to prevent and detect errors and irregularities.	2							
12.11	PROFESSIONAL STANDARD - ACCOUNTING, PURCHASING, AND WAREHOUSING The district has implemented the new Standardized Account Code Structure. SACS ensures the district is in compliance with federal guidelines, which will ensure no loss of federal funds, e.g., Title I federal class size reduction.	5							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
13.1	LEGAL STANDARD - STUDENT BODY FUNDS The Governing Board adopts policies and procedures to ensure compliance regarding how student body organizations deposit, invest, spend, raise and audit student body funds. [EC 48930-48938]	4							
13.2	LEGAL STANDARD - STUDENT BODY FUNDS Proper supervision of all student body funds is provided by the board. [EC 48937] This includes establishing responsibilities for managing and overseeing the activities and funds of student organizations, including providing procedures for the proper handling, recording and reporting of revenues and expenditures.	4							
13.3	PROFESSIONAL STANDARD - STUDENT BODY FUNDS The district provides training and guidance to site personnel on the policies and procedures governing the Associated Student Body account.	4							
13.4	PROFESSIONAL STANDARD - STUDENT BODY FUNDS In order to provide adequate oversight of student funds and to ensure the proper handling and reporting, the California Department of Education recommends that periodic financial reports be prepared by sites, and then summarized by the district office.	2							
13.5	PROFESSIONAL STANDARD - STUDENT BODY FUNDS In order to provide adequate oversight of student funds and to ensure proper handling and reporting, the California Department of Education recommends that internal audits be performed. Such audits should review the operation of student body funds at both district and site levels.	2							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
14.1	PROFESSIONAL STANDARD - MULTI-YEAR FINANCIAL PROJECTIONS A reliable computer program that provides reliable multiyear financial projections is used.	0							
14.2	LEGAL STANDARD - MULTIYEAR FINANCIAL PROJECTIONS The district annually provides a multiyear revenue and expenditure projection for all funds of the district. Projected fund balance reserves are disclosed. The assumptions for revenues and expenditures are reasonable and supportable. [EC 42131]	0							
14.3	LEGAL STANDARD - MULTIYEAR FINANCIAL PROJECTIONS Multiyear financial projections are prepared for use in the decision-making process, especially whenever a significant multiyear expenditure commitment is contemplated. [EC 42142]	0	1	1	2	1	3	4	3
15.1	LEGAL STANDARD - LONG-TERM DEBT OBLIGATIONS The district complies with public disclosure laws of fiscal obligations related to health and welfare benefits for retirees, self-insured workers compensation, and collective bargaining agreements. [GC 3540.2, 3547.5, EC 42142]	3							
15.2	PROFESSIONAL STANDARD - LONG-TERM DEBT OBLIGATIONS When authorized, the district uses only non-voter approved, long-term financing such as certificates of participation (COPS), revenue bonds, and lease-purchase agreements (capital leases) to address capital needs, and not operations. Further, the general fund is used to finance current school operations, and in general is not used to pay for these types of long-term commitments.	2							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
15.3	PROFESSIONAL STANDARD - LONG-TERM DEBT OBLIGATIONS For long-term liabilities/debt service, the district prepares debt service schedules and identifies the dedicated funding sources to make those debt service payments. The district projects cash receipts from the dedicated revenue sources to ensure that it will have sufficient funds to make periodic debt payments. The cash flow projections are monitored on an ongoing basis to ensure that any variances from projected cash flows are identified as early as possible to allow the district sufficient time to take appropriate measures or identify alternative funding sources.	2							
15.4	PROFESSIONAL STANDARD - LONG-TERM DEBT OBLIGATIONS The district has developed and uses a financial plan to ensure that ongoing unfunded liabilities from employee benefits are recognized as a liability of the school district. A plan has been established for funding retiree health benefit costs as the obligations are incurred.	1	2	2	2	2	4	5	5

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
16.1	PROFESSIONAL STANDARD - IMPACT OF COLLECTIVE BARGAINING The district has developed parameters and guidelines for collective bargaining that ensure that the collective bargaining agreement is not an impediment to efficiency of district operations. At least annually, collective bargaining agreements are analyzed by management to identify those characteristics that are impediments to effective delivery of district operations. The district identifies those issues for consideration by the Governing Board. The Governing Board, in the development of its guidelines for collective bargaining, considers the impact on district operations of current collective bargaining language, and proposes amendments to district language as appropriate to ensure effective and efficient district delivery. Governing Board parameters are provided in a confidential environment, reflective of the obligations of a closed executive board session.	1	4	5	6	8	8	8	6

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
16.2	PROFESSIONAL STANDARD - IMPACT OF COLLECTIVE BARGAINING The Governing Board ensures that any guideline developed for collective bargaining is fiscally aligned with the instructional and fiscal goals on a multiyear basis. The Superintendent ensures that the district has a formal process in which collective bargaining multiyear costs are identified for the Governing Board, and those expenditure changes are identified and implemented as necessary prior to any imposition of new collective bargaining obligations. The Governing Board ensures that costs and projected district revenues and expenditures are validated on a multiyear basis so that the fiscal issues faced by the district are not worsened by bargaining settlements. The public is informed about budget reductions that will be required for a bargaining agreement prior to any contract acceptance by the Governing Board. The public is notified of the provisions of the final proposed bargaining settlement and is provided with an opportunity to comment.	1	2	3	5	5	6	7	5

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
17.1	PROFESSIONAL STANDARD - MANAGEMENT INFORMATION SYSTEMS Management information systems support users with information that is relevant, timely, and accurate. Needs assessments are performed to ensure that users are involved in the definition of needs, development of system specifications, and selection of appropriate systems. Additionally, district standards are imposed to ensure the maintainability, compatibility, and supportability of the various systems. The district ensures that all systems are compliant with the new Standardized Account Code Structure (SACS), year 2000 requirements, and are compatible with county systems with which they must interface.	3	6	6	6	4	4	5	6
17.2	PROFESSIONAL STANDARD - MANAGEMENT INFORMATION SYSTEMS Automated systems are used to improve accuracy, timeliness, and efficiency of financial and reporting systems. Needs assessments are performed to determine what systems are candidates for automation, whether standard hardware and software systems are available to meet the need, and whether or not the district would benefit. Automated financial systems provide accurate, timely, relevant information and conform to all accounting standards. The systems are designed to serve all of the various users inside and outside the district. Employees receive appropriate training and supervision in the operation of the systems. Appropriate internal controls are instituted and reviewed periodically.	8							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
17.3	PROFESSIONAL STANDARD - MANAGEMENT INFORMATION SYSTEMS Selection of information systems technology conforms to legal procedures specified in the Public Contract Code. Additionally, there is a process to ensure that needs analyses, cost/benefit analyses, and financing plans are in place prior to commitment of resources. The process facilitates involvement by users, as well as information services staff, to ensure that training and support needs and costs are considered in the acquisition process.	0	6	8	8	4	4	4	4
17.4	PROFESSIONAL STANDARD - MANAGEMENT INFORMATION SYSTEMS Major technology systems are supported by implementation and training plans. The cost of implementation and training is included with other support costs in the cost/benefit analyses and financing plans supporting the acquisition of technology systems.	0	7	7	8	6	6	6	5
17.5	PROFESSIONAL STANDARD - MANAGEMENT INFORMATION SYSTEMS Access to administrative systems is reliable and secure. Communications pathways that connect users with administrative systems are as free of single-points-of-failure as possible, and are highly fault tolerant.	3							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
17.6	PROFESSIONAL STANDARD - MANAGEMENT INFORMATION SYSTEMS Hardware and software purchases conform to existing technology standards. Standards for copiers, printers, fax machines, networking equipment, and all other technology assets are defined and enforced to increase standardization and decrease support costs. Requisitions that contain hardware or software items are forwarded to the technology department for approval prior to being converted to purchase orders. Requisitions for non-standard technology items are approved by the technology department unless the user is informed that district support for non-standard items will not be available.	3							
17.7	PROFESSIONAL STANDARD - MANAGEMENT INFORMATION SYSTEMS Computers are replaced on a schedule based on hardware specifications.	2							
17.8	PROFESSIONAL STANDARD - MANAGEMENT INFORMATION SYSTEMS The following network standards, established for school districts, are being followed by the district: <ul style="list-style-type: none"> • A stable firewall is used with a separate DMZ and "inside" network. • The district follows EIA/TIA 568-B for all network cabling. • A Web content filter is used for all outbound Internet access. • The district uses an e-mail spam filter for all inbound e-mail. • Administrative and academic network traffic is kept separate. • Switches and network hubs are installed, and the district ensures that switches support certain features. • Login banners are added to all network elements that will support them. • The district has transitioned from all non-TCP/IP protocols. • The district uses a VPN for any access to the internal network from the outside. 	4							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
18.1	PROFESSIONAL STANDARD - MAINTENANCE AND OPERATIONS FISCAL CONTROLS The district has a comprehensive risk-management program that monitors the various aspects of risk management including workers compensation, property and liability insurance, and maintains the financial well being of the district.	3	3	5	5	8	8	9	8
18.2	PROFESSIONAL STANDARD - MAINTENANCE AND OPERATIONS FISCAL CONTROLS The district has a work order system that tracks all maintenance requests, the worker assigned, dates of completion, labor time spent and the cost of materials.	3	4	6	7	8	8	9	7
18.3	PROFESSIONAL STANDARD - MAINTENANCE AND OPERATIONS FISCAL CONTROLS The district controls the use of facilities and charges fees for usage in accordance with district policy.	6							
18.4	PROFESSIONAL STANDARD - MAINTENANCE AND OPERATIONS FISCAL CONTROLS The Maintenance Department follows standard district purchasing protocols. Open purchase orders may be used if controlled by limiting the employees authorized to make the purchase and the amount.	6							
18.5	PROFESSIONAL STANDARD - MAINTENANCE AND OPERATIONS FISCAL CONTROLS Materials and equipment/tools inventory is safeguarded from loss through appropriate physical and accounting controls.	1	1	2	2	4	4	6	5
18.6	PROFESSIONAL STANDARD - MAINTENANCE AND OPERATIONS FISCAL CONTROLS District-owned vehicles are used only for district purposes. Fuel is inventoried and controlled as to use.	2							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
18.7	LEGAL STANDARD - MAINTENANCE AND OPERATIONS FISCAL CONTROLS Vending machine operations are subject to policies and regulations set by the State Board of Education. All vending machine contracts reflect these policies and regulations. An adequate system of inventory control also exists. [EC 48931]	3							
18.8	LEGAL STANDARD - MAINTENANCE AND OPERATIONS FISCAL CONTROLS Capital equipment and furniture is tagged as district-owned property and inventoried at least annually.	2							
18.9	LEGAL STANDARD - MAINTENANCE AND OPERATIONS FISCAL CONTROLS The district adheres to bid and force account requirements found in the Public Contract Code (Sections 20111 and 20114). These requirements include formal bids for materials, equipment and maintenance projects that exceed \$50,000; capital projects of \$15,000 or more; and labor when the job exceeds 750 hours or the materials exceed \$21,000.	7							
18.10	PROFESSIONAL STANDARD - MAINTENANCE AND OPERATIONS FISCAL CONTROLS Standard accounting practices dictate that the district has adequate purchasing and contract controls to ensure that only properly authorized purchases are made and independent contracts approved, and that authorized purchases and independent contracts are made consistent with district policies, procedures, and management direction. In addition, appropriate levels of signature authorization are maintained to prevent or discourage inappropriate purchases or contract awards.	6							

The identified subset of standards appears in bold print.

Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
19.1	PROFESSIONAL STANDARD - FOOD SERVICE FISCAL CONTROLS In order to accurately record transactions and to ensure the accuracy of financial statements for the cafeteria fund in accordance with generally accepted accounting principles, the district has adequate purchasing and warehousing procedures to ensure that: 1. Only properly authorized purchases are made consistent with district policies, federal guidelines, and management direction. 2. Adequate physical security measures are in place to prevent the loss/theft of food inventories. 3. Revenues, expenditures, inventories, and cash are recorded timely and accurately.	7							
19.2	PROFESSIONAL STANDARD - FOOD SERVICE FISCAL CONTROLS The district operates the food service programs in accordance with applicable laws and regulations.	7							
19.3	PROFESSIONAL STANDARD - FOOD SERVICE FISCAL CONTROLS Food service software permits point of sale transaction processing for maximum efficiency.	7							
20.1	PROFESSIONAL STANDARD - CHARTER SCHOOLS In the process of reviewing and approving charter schools, the district identifies/establishes minimal financial management and reporting standards that the charter school will follow. These standards/procedures will provide some level of assurance that finances will be managed appropriately, and allow the district to monitor the charter. The district monitors the financial management and performance of the charter schools on an ongoing basis in order to ensure that the resources are appropriately managed.	1							

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Standard to be addressed		Nov. 2004 Rating	May 2005 Rating	Nov. 2005 Rating	May 2006 Rating	Jan. 2007 Rating	July 2007 Rating	July 2008 Rating	Nov. 2009/ May 2010 Rating
21.1	PROFESSIONAL STANDARD - STATE-MANDATED COSTS The district has procedures that provide for the appropriate oversight and management of mandated cost claim reimbursement filing. Appropriate procedures cover: the identification of changes to existing mandates; training staff regarding the appropriate collection and submission of data to support the filing of mandated costs claims; forms, formats, and time lines for reporting mandated cost information; and review of data and preparation of the actual claims.	2							
22.1	PROFESSIONAL STANDARD - SPECIAL EDUCATION The district actively takes measures to contain the cost of special education services while still providing an appropriate level of quality instructional and pupil services to special education pupils.	4	5	7	8	8	8	9	9

The identified subset of standards appears in bold print.