



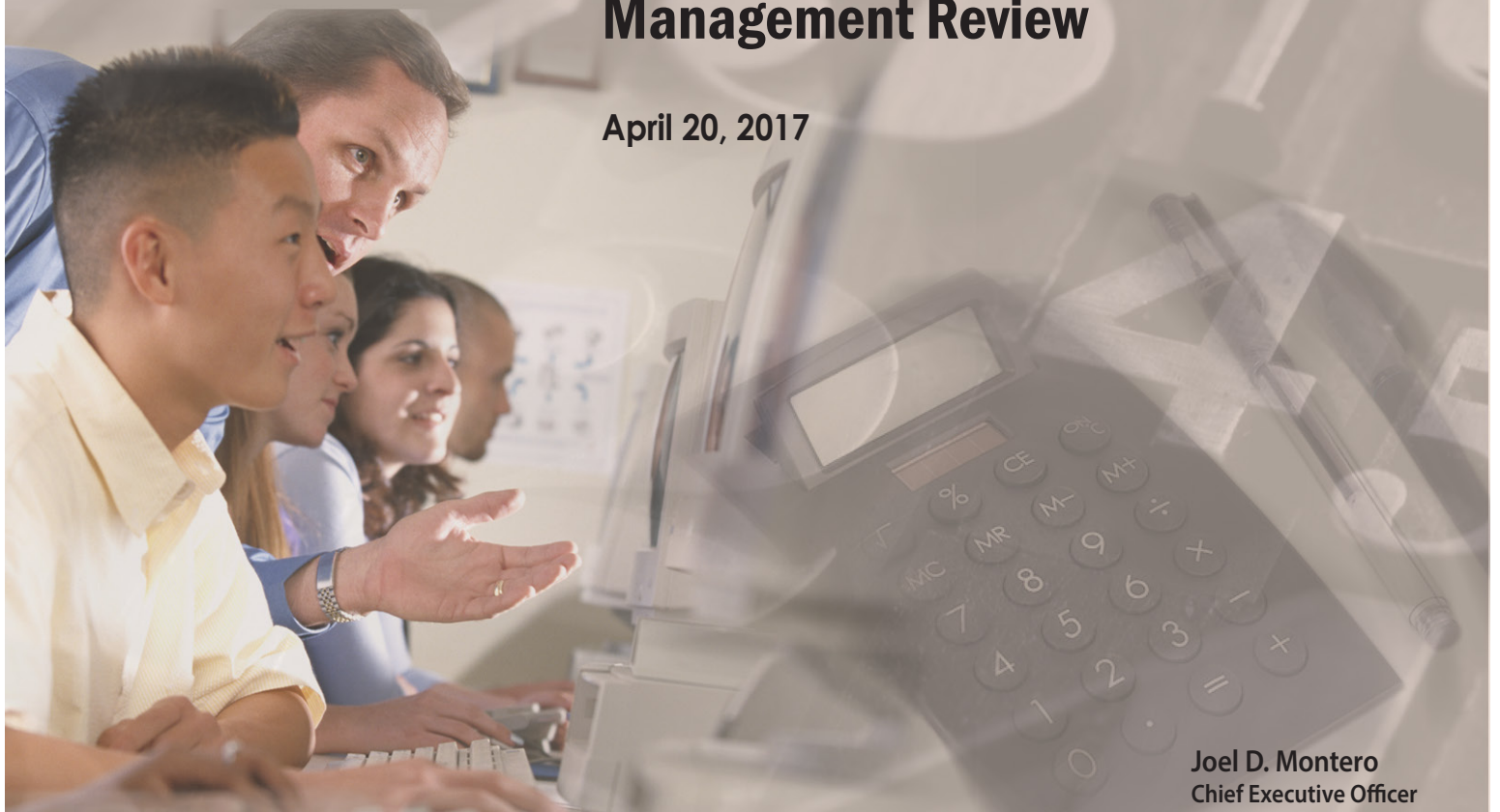
FISCAL CRISIS & MANAGEMENT  
ASSISTANCE TEAM

CSIS California School Information Services

# Santa Rosa City Schools

## Management Review

April 20, 2017



Joel D. Montero  
Chief Executive Officer







April 20, 2017

Diann Kitamura, Superintendent  
Santa Rosa City Schools  
211 Ridgway Avenue  
Santa Rosa, CA 95401

Dear Superintendent Kitamura,

In December 2016, the Santa Rosa City Schools and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for a management review. Specifically, the agreement stated that FCMAT would perform the following:

1. Review the district's 2016-17 general fund budget and develop a multiyear financial projection (MYFP) for the current and two subsequent fiscal years to validate the district's financial status. Make recommendations for expenditure reductions and/or revenue enhancements to help the district eliminate its structural budget deficit and maintain financial solvency. The MYFP will be a snapshot in time of the current financial status and will use the district's 2016-17 first interim report as the baseline. The MYFP will be developed as a trend based on certain criteria and assumptions instead of a prediction of exact numbers. It will be developed for the district's general fund and will include the review and fiscal impact of other funds on the general fund.
2. Conduct an organizational and staffing review of the district's Business Services and Human Resources departments and provide recommendations for staffing improvements or reductions, if any.
3. Evaluate the current workflow and distribution of functions within and between the above departments, and provide recommendations for improved efficiency, if any.

**FCMAT**

Joel D. Montero, Chief Executive Officer

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Administrative Agent: Mary C. Barlow - Office of Kern County Superintendent of Schools

4. Review operational processes and procedures for the Business Services department and provide recommendations for improved efficiency, if any, in the following areas:
  - Budget Development
  - Budget Monitoring
  - Accounts Payable
  - Accounts Receivable
  - Payroll
  - Position Control
5. Review operational processes and procedures for the Human Resources Department and provide recommendations for improved efficiency, if any, in the following area:
  - Position Control

This final report contains the study team's findings and recommendations in the above areas of review. FCMAT appreciates the opportunity to serve the [district name], and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joel D. Montero', with a stylized flourish at the end.

Joel D. Montero  
Chief Executive Officer

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# About FCMAT

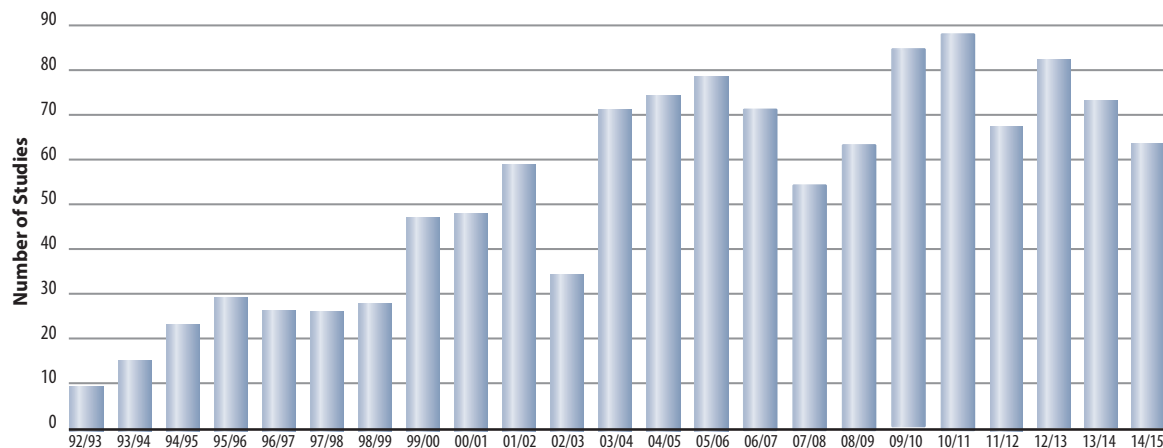
FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related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

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

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

FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of K-14 LEAs and the implementation of major educational reforms.

**Studies by Fiscal Year**



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website ([www.ed-data.org](http://www.ed-data.org)) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

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

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

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

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



# Introduction

## Background

Santa Rosa City Schools provides educational services to students in the Santa Rosa High School District and the Santa Rosa Elementary School District: 10 elementary schools, five middle schools and five comprehensive high schools, as well as various alternative and charter schools. The two school districts have a common administration and governing board. This report will refer to the Santa Rosa City Schools (the combination of the two districts) as “the district.”

In December 2016, Santa Rosa City Schools requested that FCMAT assist the district by reviewing specific areas of the district’s operations. The study agreement specifies that FCMAT will perform the following:

1. Review the district’s 2016-17 general fund budget and develop a multiyear financial projection (MYFP) for the current and two subsequent fiscal years to validate the district’s financial status. Make recommendations for expenditure reductions and/or revenue enhancements to help the district eliminate its structural budget deficit and maintain financial solvency. The MYFP will be a snapshot in time of the current financial status and will use the district’s 2016-17 first interim report as the baseline. The MYFP will be developed as a trend based on certain criteria and assumptions instead of a prediction of exact numbers. It will be developed for the district’s general fund and will include the review and fiscal impact of other funds on the general fund.
2. Conduct an organizational and staffing review of the district’s Business Services and Human Resources departments and provide recommendations for staffing improvements or reductions, if any.
3. Evaluate the current workflow and distribution of functions within and between the above departments, and provide recommendations for improved efficiency, if any.
4. Review operational processes and procedures for the Business Services department and provide recommendations for improved efficiency, if any, in the following areas:
  - Budget Development
  - Budget Monitoring
  - Accounts Payable
  - Accounts Receivable
  - Payroll
  - Position Control
5. Review operational processes and procedures for the Human Resources Department and provide recommendations for improved efficiency, if any, in the following area:
  - Position Control

## Study Guidelines

Although FCMAT began reviewing the district's 2016-17 general fund budget to develop an MYFP for the current and two subsequent fiscal years to validate the district's financial status, the district and FCMAT agreed to not complete that portion of the study agreement due to the district's concurrent actions to fill several open business office administrator positions and to identify recommendations for expenditure reductions and/or revenue enhancements in 2017-18 and beyond. It was agreed that generating an MYFP was not cost efficient or helpful to the district until the board approved all recommendations to help the district eliminate its structural budget deficit and maintain financial solvency. FCMAT agreed to assist the district in this area once the 2017-18 proposed solutions are in place.

The remainder of the scope items are part of this report.

FCMAT visited the district on January 31 and February 1, 2017 to conduct interviews with district and school site administrators and staff regarding job responsibilities, staff workload, channels of communication, division of responsibilities, and the perceived effectiveness and efficiency of the organizational structure, policies, and practices for the departments under review. Data was collected and documents reviewed.

This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Communication, Policies and Procedures
- Staff Development
- Job Descriptions
- Position Control
- Business Services Department
- Human Resources Department
- Appendices

In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

## Study Team

The study team was composed of the following members:

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# Executive Summary

Interviews with staff members in Human Resources and Business Services yield mixed reports on the effectiveness of cross-departmental communications and the working relationship between the two departments. Formal lines of communication typically follow organizational charts, and these appear to be lacking. Communications are primarily informal as individual staff members in each department contact each other mainly when situations arise rather than on an ongoing basis. No evidence was found of formal meetings being held between the two departments.

Business Services has experienced turnover in many essential positions, particularly in department leadership and in Payroll. The assistant superintendent, business services; executive director; district accountant; one budget technician and two payroll technician III positions were vacant at the time of FCMAT's fieldwork. (Since the time of fieldwork, the budget technician position has been eliminated to obtain budget savings, and the accountant and two payroll technician III positions have been filled.) The remaining staff members were working diligently to continue to provide services to the district, staff, and students. These circumstances have resulted in changing directions, inconsistent and insufficient communications as staff struggle to complete their responsibilities effectively and timely.

Especially given its financial challenges, the district needs to attract and retain candidates with the leadership, communication, systems implementation, and other skills necessary to help restore fiscal stability and improve district functionality. At the time of FCMAT's report, the district was able to increase the salary range for the assistant superintendent, business services to be more competitive with that offered by nearby districts. Actions like this are key to the district's success in stabilizing Business Services and the district's overall finances.

Both the Human Resources and Business Services departments have relied on the skills and abilities of individuals and personal relationships to manage district operations rather than on written operational standards, policies and procedures. And while both departments consist of many dedicated employees, many were not formally trained when they were hired or have not received sufficient staff development opportunities to keep abreast of legal requirements and modern practices for their jobs.

Many of the job descriptions for the Business Services and Human Resources positions are outdated. Job descriptions should keep pace with the actual work being performed, both to comply with statutes and to ensure placing an employee with the appropriate skills in a job classification.

As Business Services returns to full capacity, its involvement in the oversight of staffing and position control should increase rather than existing mainly in Human Resources. Until then, recurring meetings between the two departments are needed to manage position control. The district should better utilize the Escape financial system to classify data and generate reports in multiple formats and with various filters. The Escape system should also be utilized to allow for an electronic workflow and authorization so that personnel requisitions can be electronically submitted by the site or department leader, routed to the appropriate parties for approval, and the position created in Escape.

The lack of staffing in Business Services, as well as past practices and procedures, has led to the need to establish and maintain proper controls over some accounting transactions. Recommendations include reducing the review of checks returned by the county office, requiring sites and departments to code their own credit card activity, ensuring that employees return receipts for purchases as well as utilize purchase orders for appropriate items per district policy, and restricting the ability for positions to increase purchase orders if an invoice exceeds the limit of a purchase. In addition, another position is needed in business services to assist with the

accounts receivable and collection of developer fee processes to establish appropriate segregation of duties, strengthen internal controls, and provide a backup when needed.

The budget development process is one-directional, without opportunity for sites and departments to provide input, ask questions, and develop budgets jointly. Although the budget process begins in mid-February, the budget development calendar is not provided to alert all relevant parties involved about the timeline. Formal meetings need to be scheduled with sites and departments during budget development, rather than the current practice of only doing so when requested. Doing so would allow sites and departments to be held accountable for staying within budget.

Current practice allows users to override budget controls and submit vendor requisitions without sufficient funds in associated budgets. All sites should be set up to submit budget transfers electronically, which would then be approved by Business Services, creating accountability and building capacity for monitoring budgets.

Job duties in Business Services should be aligned based on title and responsibility, with assurances that appropriate review of data occurs prior to submittal to CDE. Due to the significant turnover in the department and the length of vacancies, duties have been shuffled to the next available person. Once the department is back at full capacity, workloads should be evaluated to determine how job duties would be best aligned. This process must be balanced with maintaining effective internal controls.

Some functions in the Human Resources department have only limited backup by others in the department. Additional cross-training is needed to ensure that customers of the department continue to be served in a timely manner for the most essential functions. Many of these functions require timely action to mitigate risk and meet statutory deadlines. Each HR staff member should be assigned at least one or more backup staff, and training is needed to ensure that staff members can cover the significant functions of each other's desks.

Job offers should be made timelier so that the best candidates are not lost to other employers; handbooks should be provided to the various groups of employees about the district's mission, vision, goals, organizational structure, expectations, and applicable employment policies and procedures; and supervisors should be required to ensure employees use their high vacation balances rather than continuing to increase the district's liability.

Employees should be required to report their absences through the Aesop system, with consequences established for those who do not follow this procedure. Doing so would provide a real-time option for administrators to approve absences entered by their employees, eliminating the requirement to verify the monthly report and make adjustments before payroll runs. Keeping the absence and substitute assignment information current in Aesop would also facilitate an automated upload directly from Aesop to Escape.

Regularly scheduled training is needed for site and department managers on essential employment functions such as discipline, complaints, and how to report employee absences, workers' compensation and other employee transactions to the HR department. There should also be a forum for HR to provide training annually and as needed for all managers on how to handle employee discipline, complaint investigations, grievances, and other matters to ensure consistent application of the district's policies.

The HR department maintains many spreadsheets or other files outside of EDJOIN, Aesop and Escape, requiring the various offline files to be reconciled regularly with the main automated systems. Also, forms are routed manually through the various processes, including forms that are completed using electronic media. A number of these functions can be handled by the automated systems that are available, which would improve efficiency and accountability.

## Communication, Policies and Procedures

Human Resources and Business Services should establish a formal communication structure to improve functionality. For example, regular meetings between Human Resources and Payroll staff members could be held to discuss procedures related to employee leaves, resignations, salary placement, differential pay, and other related subjects. These meetings would be a forum to discuss specific employee situations that may involve more than one department, address any issues with cross-departmental procedures, learn about potential impacts of cross-departmental issues, and help both departments ensure that employees are appropriately served and that deadlines and statutory requirements are met. The staff members who attend the meetings should be able to add items to the agenda, with other departments included as appropriate. This proactive approach should result in efficiencies and better outcomes in the long run.

Well-written policies and procedures allow employees to understand their roles and responsibilities while allowing management to guide operations without constant intervention. Additionally, well-written policies and procedures:

- Ensure consistent implementation of effective practices
- Increase efficiencies
- Reduce potential errors and mitigate risks
- Allow managers to hold employees accountable to predetermined standards

To varying degrees, both the Human Resources and Business Services departments have relied on the skills and abilities of individuals and personal relationships in managing district operations rather than formal operational standards, policies and procedures. Consequently, written procedures documenting most Human Resources or Business Services department practices do not exist. The absence of written procedures presents significant risks, specifically, when individuals retire, resign, or otherwise separate from the district, taking their knowledge base with them. At a minimum, written procedures are needed for the district's most essential functions, such as position control, enrollment projections, and managing employee leaves. Then additional procedures can be prioritized and developed by management with staff members assigned to each task and given a completion deadline. An opportune time to document procedures is when a new employee is being trained.

Staff members reported to FCMAT that new employees receive some training from other department staff but, due to workload demands from position vacancies, little time can be dedicated to this training. Some staff members are documenting procedures as they learn them or as they are training someone else. FCMAT found no evidence of standardized formats or content for departmental procedures.

Particularly with the turnover in Business Services, staff members reported feeling overwhelmed at times and expressed concern that, because of staffing changes and vacancies, some functions may not be performed most efficiently. Documented procedures and processes are lacking, especially for those duties previously performed by long-term employees who may not have had a need for formal procedures.

The Human Resources department maintains an annual calendar of the significant department tasks for each month and the staff member(s) assigned to each. FCMAT did not find evidence of an annual calendar for Business Services. Such a calendar should reflect, for each month, the

significant activities that need to take place and the statutory or contractual deadlines that may apply. The annual calendar should be a standing agenda item for each department's staff meetings and should be used as a tool for communications and developing teamwork and cross-training for departmental staff. It can also be used to equalize workload among staff members as work demands fluctuate. Parts of this calendar could also be shared with other district departments to improve awareness of common deadlines and initiatives.

## Recommendations

*The district should:*

1. Implement cross-departmental communications, including regular meetings between Human Resources and Payroll staff members, to ensure that the Human Resources and Business Services departments function well together.
2. Prepare written procedures in both the Human Resources and Business Services department practices to guide operations. Focus on the most critical functions first.
3. Ensure that all new employees receive training from other department staff.
4. Develop an annual calendar of essential tasks for Business Services, using the Human Resources annual calendar as an example.



## Staff Development

One important way for an organization to improve efficiency and outcomes is to invest in a structured staff development program based on organizational goals and focused on the needs of individual departments and staff members. Training can result in employees' improved skills, knowledge, and abilities related to the functions they perform.

The Business Services and Human Resources departments consist of many dedicated employees, a number of which were not formally trained when they were hired or have not received sufficient training to keep abreast of legal requirements and modern practices for their jobs. Staff development opportunities have been limited due to budget constraints and minimal staff to manage the workload. Even in challenging economic times, it is still important that staff members have access to regular updated information related to their responsibilities, especially about changes in the state's funding model (the Local Control Funding Formula) or other funding sources, human resources and employment law, and technological platforms and advances. Recommendations related to staff development are made later in this report.

All staff members can benefit from formal training opportunities to ensure that they completely understand the expectations and responsibilities of their positions. Keeping abreast of best practices and changes in laws and regulations is especially important in these two departments. Appropriate training will also provide staff members with the resources to develop the skills and knowledge needed to be successful in their positions and prepare for potential advancement.

An important part of any staff development program, in addition to enhancing the effective functioning of the department, is a process to evaluate each employee's performance. Human Resources notifies managers when evaluations of their employees are due and follows up to ensure that evaluations are completed. Those interviewed from both departments indicated that they receive performance evaluations regularly (with exceptions during leadership position vacancies). It is essential for a standardized evaluation process to be in place to guide promotional considerations and to create a structure for holding employees accountable for their job performance and providing opportunities for personal and professional growth.

## Recommendations

*The district should:*

1. Prepare a staff development plan for Human Resources and Business Services staff members to improve efficiency and outcomes.
2. Ensure that staff members have access to regular updated information related to their responsibilities, including sufficient formal training.
3. Continue having Human Resources notify managers when employee evaluations are due and follow up to ensure they are completed.
4. Ensure that Human Resources provides relevant feedback and ensures that a standardized evaluation process is in place to guide promotional considerations, create a structure for holding employees accountable, and provide opportunities for personal and professional growth.



## Job Descriptions

The district provided job descriptions for Business Services and Human Resources positions. Of the 18 job descriptions, only seven had been updated in the last 10 years. The functions performed in a particular job classification can naturally evolve because of changes in the district's size, technology, position eliminations or additions, and for many other reasons. It is important for job descriptions to keep pace with the actual work being performed, both to comply with statutes and to ensure placing an employee with the appropriate skills in a job classification. The Cooperative Organization for the Development of Employee Selection Procedures (CODESP) can assist school districts with preparing and updating job descriptions and with skills testing, interview questions, and other support for recruiting, hiring and managing classified personnel. The cost of the subscription is minimal when compared with the staff time required to develop and update job descriptions, skills tests, interview questions, and other aspects of recruiting, hiring, and managing classified personnel.

Given the day-to-day workload, it is often difficult to prioritize updating job descriptions, but updating them regularly is key to ensuring that essential work is being performed. Updated job descriptions also provide clear expectations of job performance and functions to staff members.

None of the job descriptions identified essential duties versus marginal duties for the purpose of determining accommodations or light duty opportunities for employees. Duties that are essential should be identified under a separate heading or by an asterisk, and/or footnoted on the job description in some way.

The technician positions in the Human Resources department have titles that differ between the salary schedule and the job descriptions. The salary schedule distinguishes between the human resources technician III, which is paid at range 30, and the human resources recruiting technician and human resources substitute technician positions, which are paid at range 28. However, the job descriptions provided are for human resources technician III–recruiting technician and human resources technician III–substitute services. The salary schedule also includes a lead human resources technician, for which no job description could be found.

Similar conditions were found for the job descriptions in Business Services. The salary schedule lists the positions of accounting technician, account clerk I, and account clerk II, but only the accounting technician II and account clerk III positions exist in the organizational chart. There are payroll technician III positions in the organizational chart but no corresponding “II” or “I” positions on the organizational chart or the salary schedule.

Typically if a job title has a designation of “III,” there are other titles of “I” and “II” in that same job family. If these positions did exist in the past, they are no longer reflected in all three places: on the salary schedule, in the job descriptions, and in the organizational chart.

## Recommendations

*The district should:*

1. Ensure that job descriptions keep pace with the actual work being performed.
2. Ensure that all positions have job descriptions.
3. Implement a process and plan to update out-of-date job descriptions and ensure that this process occurs regularly by job family, on a rotating basis.

4. Consider subscribing to CODESP.
5. Update job descriptions to include the identification of essential versus marginal duties to assist in determining accommodations or light duty opportunities for employees.

## Position Control

Position control is the process that manages the largest part of the district's expenditure budget: employee salaries and benefits. An integrated, automated position control system and strong policies and procedures are key to managing this significant portion of the district's budget. Position control is primarily the responsibility of the Human Resources and Business Services departments, but all site and department leaders have a responsibility to ensure that they implement the policies and procedures necessary to support position control.

Human Resources oversees most of the district's position control process. The compensation/staffing technician is responsible for creating and managing position numbers in the system. Employees are entered into the positions by HR technicians. Business Services is then responsible for paying the person the rate approved by HR.

Sites and departments generate new employee requests using an FTE Change/Addition Authorization form. The form is signed by the site and department leader and routed to several administrators, including the executive director, business services, and assistant superintendents of business services and human resources. Once all signatures have been obtained, the compensation/staffing technician creates a position number in Escape based on the criteria included on the form. A change in employee hours or funding source uses the same form.

Staff reported that oversight of staffing is almost exclusively the responsibility of Human Resources. This is due in large part to the state of flux in Business Services. As Business Services returns to full capacity, its involvement should increase because more than 80% of the district's budget pays for people. Until then, recurring meetings of Business Services and Human Resources staff are needed to manage position control. The compensation/staffing technician should be involved in meetings with both departments to ensure everyone is aware of new personnel and changes in personnel funding. The frequency of the meetings can be adjusted based on the time of year.

The compensation/staffing technician also relies heavily on recording position numbers in Microsoft Excel. The dual entry between Microsoft Excel and Escape creates room for error, and also requires a significant amount of work to ensure both are updated correctly. Escape has the ability, if set up correctly, to generate reports in multiple formats and with various filters, such as by job classification, job type, location, account code, and other categories. If additional reports are needed, the district may want to work with Escape to determine the viability of accessing the information from the system.

The Escape system also has the ability to allow for an electronic workflow and authorization, similar to the purchasing module. When set up correctly, the personnel requisition can be electronically submitted by the site or department leader and routed to the appropriate parties for approval. Once the final approval is received, the position is created in Escape. Although the district has minimized the amount of paperwork for creating and adjusting positions, the electronic option is available and would decrease the risk of forms being misplaced or lost. An electronic routing system also allows individuals to approve requisitions remotely and provides a timestamp, or history log, to show when and where activities occurred.

Not only is it critical to maintain an effective position control system to manage the cost of salaries and benefits, it is also imperative to properly reflect those expenditures in the district's budget. Budgets should be compared against summary payroll data periodically to ensure that budgeted amounts are sufficient and align with position control records.

## Recommendations

*The district should:*

1. Hold recurring meetings of Business Services and Human Resources staff to manage position control.
2. Ensure that Business Services is more involved in the oversight of staffing once the department has built capacity.
3. Fully utilize Escape for reports rather than relying on Microsoft Excel, thus minimizing errors and requiring less work.
4. Automate personnel requisitions so they are electronically submitted, routed for approval, and then the position created in Escape.
5. Designate an employee in Business Services to be responsible for reconciling the budget against position control on a regular basis to ensure that budgeted amounts are sufficient and align with position control records.

## Business Services Department

A well-functioning Business Services department is essential to ensuring appropriate supervision over the district's assets. This involves establishing and maintaining proper controls over accounting transactions, including segregation of duties, management authorization of transactions, internal audits, financial reporting, checks and balances, proper training and supervision of staff.

Business Services consists of the following staff members that operate under the direction of the assistant superintendent, business services, (this position was vacant during fieldwork), as well as 5.0 vacant full-time equivalents (FTEs) in the department when FCMAT was in the district (although three of the positions have since been filled, and one position eliminated):

<b>Figure 1: Business Services Department Staff Positions</b>	
Position	Full-Time Equivalent (FTE)
Administrative Assistant	1.00
Executive Director (vacant during fieldwork)	1.00
District Accountant (vacant during fieldwork)	1.00
Budget Technician (1.0 FTE vacant during fieldwork)	3.00
Accounting Technician II	1.00
Account Clerk III	2.00
District Attendance/Revenue Specialist	1.00
Payroll Technician III (2.0 FTE vacant during fieldwork)	4.00
<b>Total FTEs</b>	<b>14.00</b>
Vacant FTEs during fieldwork	5.00

Source: District-provided data

## Accounts Payable

The account clerk III positions are responsible for the accounts payable process. Accounts payable is separated based on the alphabet, with one technician handling letters A-G, Office Depot and S, and the other handling letters H-Z, except for the previous items noted. Each technician is responsible for paying vendors only when the appropriate documentation has been received. Sites and departments are responsible for creating a vendor requisition in Escape that is routed electronically for the appropriate approvals, and ultimately a purchase order is printed and sent to the vendor.

Once items have been received, the department or site that received them is required to update the purchase order in the Escape financial system by marking the items as received. Escape then updates the purchase order as ready for payment, which informs the account clerk III positions to process a payment. The account clerk III positions match supporting documentation (invoice, packing slip) against a purchase order in preparation for payment status; if everything aligns, a vendor payment is created.

Payment batches are created and reviewed twice a week by the district accountant prior to submission to the Sonoma County Office of Education. The accountant electronically approves

the batch, allowing the payments to be converted into a check by the county office. When processed, the checks are returned to the district and either the accounting technician II, budget technician, or district attendance/revenue specialist reviews the checks to ensure everything is printed correctly prior to mailing them.

Check printing is an automated process, with electronic transmission of files between the district and the county office. The practice of requiring an individual outside the payment process to review the checks received from the county office is cumbersome and generally results in no errors detected, so the overall review of checks returned by the county office should be reduced.

The district utilizes two different credit card companies: First Bank for each department and U.S. Bank for districtwide purchases. The accounting technician II receives the First Bank statement and provides a copy of it to the respective department. The department is responsible for providing all the backup and receipts for each purchase. Although sites and departments code their own vendor requisitions, the task of coding credit card payments falls on the accounting technician II, who is not involved in the decision to spend the funds nor in the decision of what program is responsible for paying the invoice. Once the accounting technician II codes all of the activity, the budget technicians then verify the codes before the statement, with backup and coding, is provided to Accounts Payable for payment. To create autonomy and accountability for budgets, the sites and departments, with assistance from Business Services, should provide codes for their respective credit card statements.

Staff members reported that quite frequently employees do not have receipts for purchases, and there tend to be a lot of small-ticket items that should have been billed under a purchase order. The U.S. Bank credit card is used for districtwide purchases and is held by the Purchasing department. An account clerk III is responsible for working with Purchasing to identify the budget codes and gather the backup for the U.S. Bank charges.

The account clerk III positions are also responsible for processing employee reimbursements. While employee reimbursements may occur from time to time, Board Policy 3300 states that, *"all purchases shall be made by formal contract or purchase order ..."* Staff members reported that employee reimbursements have escalated recently and although employees were reimbursed through Escape, there was no formal approval process prior to incurring the expense and the subsequent reimbursement request. While it may be reasonable to accommodate employee reimbursements by setting a dollar limit, a formal policy is needed.

The accounts payable process operates effectively and efficiently due in large part to the continuity of individuals who hold these positions. The district also has a stable process for generating purchase orders and applying payments against them through a chain of approvals. However, account clerk III positions have the ability to increase the final purchase order without any additional electronic approvals. The account clerk III positions should be very restricted in their duties to issue payments against purchase orders. Staff members reported that if an invoice exceeds the limit of a purchase, they can increase the amount of the purchase without any other electronic approval, although the assistant superintendent, business services, is responsible for giving a verbal approval. It was not determined if their authority was capped at a certain limit or percentage increase. The absence of electronic approvals, or a limit on the amount of the increase, creates a weakness in the purchasing internal control procedures.



## Recommendations

*The district should:*

1. Consider reducing the review of checks returned by the county office.
2. Require sites and departments to code their own credit card activity, with review and assistance from Business Services, rather than the accounting technician II doing so.
3. Ensure that employees understand they must return receipts for purchases, as well as utilize purchase orders for appropriate items per district policy.
4. Implement a formal employee reimbursement policy if it is decided to accommodate employee reimbursements for expenses.
5. Restrict the ability for account clerk III positions to increase purchase orders if an invoice exceeds the limit of a purchase, unless an electronic approval, or a limit on the amount of the increase, is established.

## Accounts Receivable

The accounting technician II is responsible for all aspects of accounts receivable. The duties include creating invoices to bill the associated student body (ASB) for various fundraising activities as well as billing outside vendors for use of facilities including the space fee, custodial work, and utilities. The position also collects developer fees paid by construction companies to develop land within the district's boundaries.

All invoices for billings are entered into Escape. Invoices are mailed to vendors or ASB, and payments are sent back to the district. The payments are then matched against the invoices, deposited into the county treasury, and the invoice is closed. The flow of information is standard; however, all of the steps in the process are handled by one position, the accounting technician II. This creates a two-fold problem: (1) If the position becomes vacant, there is no backup for the duties. The absence of this individual with the knowledge to process the invoices creates a void. (2) The duties are inadequately segregated. A proper segregation of duties includes three separate positions in the process. One position creates the invoice, a second position receives and deposits the payments, and a third position records the transactions in Escape. Even without proper segregation of duties, at least one other position should be involved to break up the steps, ideally in the middle, to strengthen internal controls around the receipt and deposit of money from outside sources. This would allow the accounting technician II to create invoices and record the transactions in Escape, while the other individual would receive the physical payments. The inclusion of another position in the department would also allow for cross-training, and a backup if either position is vacant for an extended period.

An important function of accounts receivable and the creation of invoices is adequate communication about who should be billed. Staff reported that communication about upcoming billable events is very infrequent. Quite often, invoices are sent well after an event occurs. Staff also reported there is no master calendar or central location to track the facility use activities. A process is needed to document the steps for approving facility use and for requesting the use of district staff for extra work so that the appropriate parties are billed.

In addition to communicating about events, the district needs a method for tracking billable expenditures so that the costs incurred can be reconciled with the invoices sent. The district uses goal code 1399 to identify billable expenditures in Escape. However, staff reported that use of the goal code is inconsistent, no reconciliation process exists to ensure all expenditures are billed, and the goal code is not applied to revenues. A process is needed to identify all billable time on timesheets and ensure proper coding. Applying the code to all revenues would strengthen the reconciliation process and ensure that all expenditures have been billed.

The accounting technician II also is responsible for collecting developer fees. If this position is vacant, the account clerk III acts as a backup for this process. Similar to the invoicing process, the accounting technician II is responsible for all phases of collecting and recording the developer fees, creating the internal control weakness of inadequate segregation of duties.

## Recommendations

*The district should:*

1. Include another position in the accounts receivable process to establish appropriate segregation of duties, strengthen internal controls, and provide a backup when needed.
2. Establish a calendar and/or formalize communication for facility use/billable events so that invoices are sent out timely.
3. Establish a procedure for documenting the steps for approving facility use and consistently coding all billable activity so that costs and invoices can be reconciled.
4. Include another position in the collection of developer fee process to establish adequate segregation of duties.

## Budget Development/Monitoring

The executive director and the district accountant lead the budget development/monitoring processes. Both positions were vacant during FCMAT's fieldwork. As of the writing of this report the district had filled the district accountant position.

Keys to a strong budget development/monitoring process are:

1. Effective and efficient communication.
2. Leadership providing technical knowledge.
3. Department staff sharing a clear vision and goal

The absence of the two positions noted above, as well as a vacancy in the position of assistant superintendent, business services, prevents the district from achieving the second item, and also factors into items one and three. Interviews with staff disclosed that inter- and intra-department communication is disjointed. Staff reported that the budget development process was very one-directional, with no opportunity to provide input, ask questions, and develop budgets jointly. Staff stated that the budget process begins in mid-February, but no budget development

calendar is provided to alert all parties involved about the timeline. A detailed, annual calendar is necessary as it provides notice to all parties of deadlines, both state and local, that must be adhered to for Business Services to collect the necessary data. An annual calendar can improve the flow of communication as well, but only if it is widely distributed.

FCMAT was told that interactions, while brief, were generally positive, and staff in Business Services exhibited a willingness to help. However, the willingness to help did not necessarily translate into effective outputs.

The budget development process, as reported by staff, includes a spreadsheet showing prior-year activity as well as the current-year budget. Sites and departments are responsible for developing budgets for the upcoming year based on this information. Interviews revealed that the budget technicians are available to answer questions, but no formal meetings are scheduled unless requested. Meetings would increase transparency of the budget process and provide an opportunity for questions in a face-to-face setting, promoting working relationships and allowing both parties to focus on the budget and work on accountability for staying within budget.

The budgets are split among three budget technicians, with one position vacant during fieldwork. Currently, one budget technician handles site budgets for the elementary district and charter schools, while the other handles the high school district budget. This split of duties is ideal if both employees are present, but if one employee is out for an extended period, the duties fall to the other budget technician who is not familiar with the activities. This creates delays in processing information and answering questions. The budget technicians also are responsible for monitoring federal and state funds that are allocated to the sites.

Staff reported that higher level budgeting, such as position control budgeting, Nutrition Services, and Resource Code 0000, is handled at the district accountant and executive director level. The district has an outside contractor to handle these activities while the positions are vacant. Staff reported that communication in the department has been one-way. An example cited was the calculation for site allocations. It was unknown how the allocations were determined, as the former executive director provided the total to the budget technicians, who then provided the number to the sites. Since many items in the budget development process are derived from formulas to provide an equitable distribution to sites and departments, access to the support for the calculations would provide clarity and transparency in the budget development process.

Monitoring budgets during the year includes assisting sites and departments to ensure budgets are not overspent and activity is properly coded. The district utilizes Escape to encumber all payments and the system includes controls to prevent a vendor requisition from being submitted if there are insufficient funds. Current practice allows users to override budget controls and submit vendor requisitions without sufficient funds. Although an error appears when funds are insufficient, staff reported that this error is largely ignored and vendor requisitions are submitted regardless of the availability of funds. Staff was unaware of any consequence if a site or department exceeds its total budget for the year, and FCMAT found no evidence of such. This process passes the responsibility of monitoring the budget from the site and department to the budget technician and does not build accountability at the site and department level.

Staff also reported that only one site enters its own budget transfers in Escape. All other sites either enter the vendor requisition without sufficient funds or send an email to the budget technician, who then creates the budget transfer. Escape can be set up so that the sites and departments submit budget transfers electronically, which are routed to a budget technician for approval. Doing this will create accountability and build capacity for monitoring budgets.

Enrollment projections have historically been prepared by Business Services. With the departure of a long-term employee who prepared the projections, it was difficult for staff to determine the procedures and calculations previously used. Business Services still prepares the projections, but Human Resources also reviews them before they are used to establish staffing for the coming school year. Staff reported that an outside demographic agency is being used to develop enrollment projections for the subsequent year.

The attendance/revenue specialist tracks attendance. This position is responsible for ensuring that the data in eSchools Plus, the district's attendance system, is accurately reported, and for submitting the information to the California Department of Education at designated times during the year. Student attendance drives a significant portion of the district's funding so it is critically important that the information is correct and is properly substantiated since the amount that can be gained, or lost, via the attendance records is significant. The district, due in large part to the vacancies, does not have an adequate review process in place prior to submitting the records to the state. At a minimum, the person responsible for calculating the Local Control Funding Formula revenue for the budget should review the student attendance reports and perform an analysis for reasonableness. In addition, an analytical review should be prepared for the Cabinet to show changes year-over-year and identify where trends may be occurring.

In addition to reporting all the student attendance data, the attendance/revenue specialist reconciles health benefit payments to vendors, backs up payroll, and processes change orders for purchases. This detracts from the ability of the employee to focus on student attendance, and makes it difficult for the employee to be absent due to specific deadlines during the year.

## Recommendations

*The district should:*

1. Ensure that a formalized budget calendar is provided to alert all parties involved in budget development about the timelines.
2. Schedule meetings with site and department leaders for budget development.
3. Provide supporting information for calculated numbers.
4. Fully utilize the budget controls in Escape.
5. Consider requiring the sites and departments to enter budget transfers.
6. Consider implementing a review process for student attendance records prior to state submittal.
7. Ensure that the person responsible for calculating the LCFF revenue for the budget analyzes the student attendance reports for reasonableness.
8. Ensure that the cabinet reviews information on attendance changes year-over-year to identify trends.
9. Evaluate workloads based on title and responsibility to determine which job duties would be better aligned with another position, while maintaining effective internal controls.

## Payroll

The Business Services payroll function is responsible for ensuring all employees are paid accurately and in a timely manner. Payroll processing responsibilities are split between classified and certificated staff, rather than based on the alphabet. There are four Payroll Technician III positions, two of which were vacant at the time of FCMAT's fieldwork but have been filled at the time this report was written. The two positions are filled with temporary employees, both covering certificated staff. The absence of both certificated payroll positions and the backfill with temporary employees has highlighted the need to have additional expertise for both classifications. Splitting the payroll by work site or employee last name would allow each Payroll Technician III to handle both classified and certificated personnel. Then, whenever a technician is out, any other technician can fill in because they know how to handle both classified and certificated employee payrolls. It should also serve to smooth out the peaks and valleys of the workload related to either the classified or certificated payroll.

The district processes all contracted (base) pay as part of the month-end payroll. The district utilizes the supplemental pay period that occurs the following month on the 10<sup>th</sup> to capture extra duty work such as overtime, coaching stipends, etc. The timecards for supplemental pay are due by the last day of the previous month. The district requires employees to have preauthorization to work additional time, or overtime. Employees submit their timesheet along with an authorization form signed by the site and department heads. Payroll is not allowed to process the timesheet without this authorization.

The timing of receipt for month-end timesheets and the turnaround for submission to the county office is very tight. Although the supplemental payroll occurs on the 10<sup>th</sup> of the following month, information must be submitted to the county office three to four days prior to the processing date. Frequently, Payroll only has a few days to process timecards that are received on the last day of the month. The crunch of entering timesheets can be stressful, and can reduce accuracy. Changing the due date for timesheets would allow Payroll staff a few more days to enter the information and verify that it is correct.

The current situation with two temporary workers is very strenuous on the two permanent staff because they must perform their own duties plus provide support for the temporary workers. The stress is heightened by the fact that the permanent staff are only responsible for classified payroll. While it may be efficient to have employees specialize in classified or certificated payroll, any disruption in employment creates strain on the remaining positions.

Staff reported difficulties surrounding the Aesop time management system and employee leaves. Although Payroll pays individuals based on their timecards, leave balances in Escape are manually updated based on Aesop reports. Aesop was implemented with the intent that it would feed directly into Escape for leave balances. However, this feature was never set up. In the absence of electronic communication between Aesop and Escape, a process is needed to verify that employee leaves in Aesop match those recorded on the timesheets. If they don't match, employees may be docked too much time or overpaid for time they were not present.

## Recommendations

*The district should:*

1. Realign duties to cross-train payroll staff on certificated and classified employee payrolls.
2. Consider altering the deadline for month-end timesheets.
3. Develop procedures to reconcile Aesop records to timesheets.

## Human Resources Department

The Human Resources (HR) department should be adequately structured and staffed to support the educational agency in all of its personnel management needs. The HR department is responsible for the legal requirements associated with HR management and for staff recruitment. HR staff must work with administrators and supervisors in personnel evaluation, personnel records maintenance, and personnel procedures. Staff must also be appropriately trained and operate within the framework of district policies adopted by the Board of Education, the California Department of Education, the California Education Code, and all other applicable state and federal laws.

### Organizational Structure and Staffing

The HR department is responsible for the activities involving the district's regular employees, along with the substitutes and other short-term employees required for daily operations. Figure 2 represents the HR department FTE staff positions:

<b>Figure 2: Human Resources Department Staff Positions</b>	
Position	FTE
Assistant Superintendent	1.0
Administrative Assistant	1.0
Compensation/Staffing Technician	1.0
Director	1.0
HR Technician III	5.0
HR Substitute Technician	1.0
HR Recruiting Technician	1.0
<b>Total FTEs:</b>	<b>11.0</b>

Source: District-provided data

The assistant superintendent is responsible for the overall leadership, management, and coordination of all human resource functions and programs, including recruitment, hiring, evaluation, classification, discipline, salaries, and leaves, and serves as the chief negotiator for the district. The assistant superintendent supervises the director, HR, whose purpose is to assist the assistant superintendent with day-to-day responsibilities and operations of the department and to supervise the HR technicians. The assistant superintendent also supervises the administrative assistant and the compensation/staffing technician, who handle other support functions for the department and position control (discussed earlier in this report).

The workload is split among the 5.0 FTE HR technician III positions by work site so that all positions handle certificated staff, classified staff, health benefits, leaves, credentials, fingerprinting, and other aspects of employment. The work sites assigned to each HR technician III are provided on the HR website along with each technician's phone extension. Splitting the workload by work site, rather than by classified or certificated employee name, as is the traditional way most HR departments are set up, enhances customer service by providing consistency and redundancy among the HR technicians. If one technician is out, another can easily handle the most critical functions.



The HR substitute technician handles all aspects of employment for substitute employees, including management of the automated substitute calling system, Aesop. The HR recruiting technician position functions as the HR department receptionist and is responsible for the recruitment process for all personnel.

## Operations and Communications

The director, HR, holds weekly staff meetings with the technicians to help keep them informed of current events, HR initiatives, changes in law, and other information that is necessary to perform their individual job duties. HR staff members report that they can bring their own agenda items for discussion and that these meetings are beneficial in helping them with their job functions.

The hiring process for a new employee begins with the department or site preparing the Request to Recruit form, which is manually routed to the compensation/staffing technician. The technician assigns a position number and the appropriate HR administrator approves the form. The HR recruiting technician then posts the vacancy on EDJOIN (an online education job site). Certain positions may be posted on other websites as appropriate.

Hiring managers are responsible for using EDJOIN to screen applications, set up the interview panels and interview questions, schedule and conduct the interviews, and prepare the reference check forms in EDJOIN once they have selected their candidate. HR conducts training for all managers on how to follow the district's protocols for hiring and to ensure a fair and legally compliant process. All participants in the hiring process are required to sign a confidentiality statement.

The hiring managers then assemble the documents into a manual packet that is submitted to HR. The HR recruiting technician verifies that the packet is complete, routes it to the compensation/staffing technician to enter the appropriate information into a position control spreadsheet, submits it to the appropriate HR administrator for approval, and then the HR technician III makes the formal job offer. According to interviewees, this process can take up to several weeks and frequently causes the district to lose some of its best candidates, as they have not received a job offer in a timely manner. This causes further delay in filling the position as the rest of the candidate pool is reconsidered and additional steps are needed to select another qualified candidate. This delay also means that the unsuccessful candidates are not notified in a timely manner.

The district should consider training hiring managers to make an initial job offer pending review and salary placement by the HR department, upon which a formal job offer can be made within a certain number of days – at most a week. Another option would be for the recruitment packet from the school site or department to be prioritized and authorized in HR so that the successful candidate receives a job offer from HR within a certain number of days – at most a week. Although these are just two possible solutions, the district must find a way to make job offers timelier so that the best candidates are not lost to other employers.

The HR recruiting technician maintains coaching positions on a spreadsheet. Any Request to Recruit form that is received for a coaching position is posted without going through the same process as for a regular position, as the spreadsheet functions as the control check. This spreadsheet is viewable by the school sites as necessary for their purposes.

The HR technician III position starts the employment process by making the formal job offer to the successful candidate, ensuring that the pre-employment physical, tuberculosis clearance, and fingerprinting are done. The director, HR, reviews all fingerprint results before the HR



technician III meets with the employee to go over the new hire packet and the employee starts work. The HR technician III position then handles all employment transactions after initial hire throughout the employee's tenure at the district. This ensures that each employee and each school site or department has a consistent contact person to handle anything they might need that is HR related.

The district should consider designating specialists for employee leaves, health benefits, and credentials, as they are some of the more complex areas of personnel operations. Having dedicated staff members to keep abreast of these more complex areas can help ensure compliance and manage risk. The assigned technicians should be made responsible for and provided opportunities to stay up-to-date on the latest practices, statutes, and regulations, and with a backup employee for each specialty as well.

The HR department uses an automated system for health benefits enrollment and transmission of the information to the health benefit providers. At the time of FCMAT's fieldwork the district was implementing a new automated onboarding process for new employees, which involves using videos and prompts to review the forms that need to be completed and disseminate other essential information. The information can then be attached to the employee records in Escape. HR prepares a packet of information for new hires that contains all the required documents and information. FCMAT found no evidence of handbooks being provided to the various groups of employees (certificated, classified, management and substitute) containing information on the district's mission, vision, goals, organizational structure, expectations, and applicable employment policies and procedures. Handbooks should be provided to all new hires and also posted on the HR website for easy access by all employees.

The classified union contracts provide for carryover of accrued vacation of up to one year's accrual, with an additional 10 days upon authorization from the superintendent or designee. If a district emergency prevents the use of vacation, the superintendent or designee can authorize the excess vacation balance to be paid to the employee. The district has had a practice of paying out excess vacation to employees, and during the 12 months prior to FCMAT's fieldwork had paid \$394,735 to 208 active employees. The district should require supervisors to work with employees that have high vacation balances to use the accrued vacation at a mutually agreeable time. Both parties should be held accountable for ensuring that the excess accrued vacation is used and that vacation time continues to be used in the future to avoid accumulation of an excess balance. Otherwise this will continue to result in extra expenditures for vacation payouts each year and a growing future liability for accrued vacation balances.

It is intended that all employees call their absences into Aesop, whether a substitute is needed or not, as a way of tracking all absences. However, not all employees report their absences this way. School sites and departments are required to generate and review the monthly absence report generated from Aesop, which is signed off by the site or department manager, and then sent to Payroll. However, managers aren't necessarily aware of all situations where employees have not entered their absences into Aesop as they are reviewing the data for an entire month. Any missed absences that managers are aware of are handwritten into the monthly report, which the HR substitute technician then enters into Aesop. Employees should be required to report their absences through the Aesop system, with consequences established for those who do not follow this procedure. Aesop provides a real-time option for administrators to approve absences entered by their employees, which should be done daily, as each administrator can determine which employees are at work that day. This could eliminate the requirement to verify the monthly

report and make adjustments before payroll runs, and would allow Aesop to directly upload absences to the payroll system.

The HR substitute technician prepares an extract from Aesop to a spreadsheet of the substitute workers' time and assignments, which is submitted to Payroll. Payroll makes adjustments based on the timecards received and uploads the spreadsheet to Escape. Keeping the absence and substitute assignment information current in Aesop would facilitate an automated upload directly from Aesop to Escape, which would eliminate the manual intervention required for substitute timecards. The district may need to invest time to enter all the different work schedules into Aesop to ensure the integrity of the data; some temporary help may be needed to accomplish this.

In many instances school sites or departments do not provide information on employee transactions to HR or Payroll in a timely manner. Often this means that a payroll deadline is looming or has passed, and staff time is required to make adjustments and ensure that employees are properly paid. One reason for this is that many forms are manually routed through the process and therefore can be lost or delayed along the way. Personnel requisitions/request to recruit forms should be automated through Escape so they are processed more quickly and are not subject to loss or errors.

FCMAT found no evidence of regularly scheduled training of site and department managers on essential employment functions such as discipline, complaints, etc. Site and department managers and secretaries should receive annual training on how to report employee absences, workers' compensation and other employee transactions to the HR department and why it is so critical for these notices to be timely. There should also be a forum for HR to provide training annually and as needed for all managers on how to handle employee discipline, complaint investigations, grievances, and other matters in board policies, administrative regulations, or collective bargaining agreements to ensure consistent application of the district's policies.

Many spreadsheets or other files are maintained by the HR department outside of EDJOIN, Aesop and Escape, such as position control, credentials and expiration dates, recruitment schedules and information, coaching positions and volunteers, and TB test expiration. This means that the various offline files need to be reconciled regularly with the main automated systems, which requires more staff time. Also, forms are routed manually through the various processes, including forms that are completed using electronic media. A number of these functions can be handled by the automated systems that are available.

All personnel files are manual files that are kept locked in the HR department. Terminated employee files are kept secured in another building. The HR department is considering methods for electronically storing personnel files. A number of available options on the market are used by other school districts and function effectively. The HR department will likely need to hire additional temporary staff to scan in files for the initial implementation.

Personnel files are structured so that medical and related information is appropriately placed in a separate file from the main personnel file for each employee. The forms I-9, which normally include Social Security numbers, are filed in the personnel file. The forms I-9 are subject to audit by the U.S. Immigration and Customs Enforcement (ICE), so all forms I-9 should be kept in one file, separate from employee personnel files, to ensure employee confidentiality and ease the I-9 audit process. This keeps the Social Security numbers out of employees' personnel files.

The HR department sends notices out to all supervisors when performance evaluations are due for both classified and certificated personnel. HR follows up to ensure that the evaluations are completed. Staff members interviewed reported that they receive regular performance evalua-

tions. This is essential in ensuring staff members meet or exceed performance standards and carry out their responsibilities effectively and efficiently.

## Recommendations

*The district should:*

1. Develop a training plan to ensure that HR staff members are appropriately trained to cover the significant functions of each other's desks.
2. Formalize backup assignment for the three HR technician positions.
3. Shift the responsibility for initial screening of all applications to the HR department and set a standard to have this completed in a timely manner.
4. Prepare handbooks for each employee group – certificated, classified, management, and substitute employees – including information about the district as well as policies and procedures that apply to each group and where to find further information.
5. Consider ways to make a job offer as soon as the finalist is selected rather than the current process of taking several weeks so that the best candidates are not lost to other employers.
6. Consider designating specialists for employee leaves, health benefits, and credentials, as they are some of the more technical and complex areas of personnel operations. Ensure a backup is trained for each specialist.
7. Provide training to school sites and departments on essential HR-related functions.
8. Discontinue the practice of paying out accrued vacation to active employees and instead require supervisors to work with employees that have high vacation balances to use the accrued vacation at a mutually agreeable time.
9. Hold employees accountable for ensuring that excess accrued vacation is used and that vacation time continues to be used in the future to avoid accumulation of an excess balance.
10. Create a file to contain employee Form I-9 and supporting documents.
11. Consider various methods to further automate HR functions, as described above.
12. Continue to send notices when performance evaluations are due for personnel, following up to ensure that they are completed.



# Appendices

**Appendix A – List of Documents Reviewed for this Study**

**Appendix B - Study Agreement**



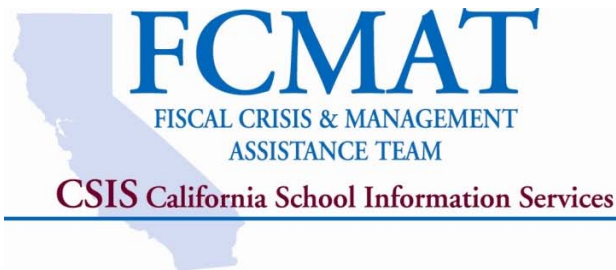
## Appendix A — List of Documents Reviewed for This Study

1. Organizational charts for Business Services and Human Resources
2. Position control reports for Business Services and Human Resources, listing employee names, job classifications, full-time equivalencies, email addresses, and work phone numbers
3. Job descriptions for all positions in Business Services and Human Resources
4. Calendars/work year schedules for all positions in Business Services and Human Resources
5. Bargaining unit agreements for all positions in Business Services and Human Resources
6. Goals, objectives, and accomplishments for Business Services and Human Resources
7. Statistical or other data indicating workload in Business Services and Human Resources (such as FTE employees for payroll department workload, etc.)
8. Copies of reports conducted for the district by outside agencies or consultants within the last three years pertaining to Business Services and/or Human Resources
9. Sample forms used for transactions handled by Business Services and/or Human Resources (such as personnel requisitions, time sheets, absence forms, travel and conference requests, etc.)
10. Board policies and administrative regulations regarding Business Services and Human Resources functions





## Appendix B—Study Agreement



### FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT December 14, 2016

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Santa Rosa City Schools, hereinafter referred to as the district, mutually agree as follows:

#### 1. BASIS OF AGREEMENT

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

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

#### 2. SCOPE OF THE WORK

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

1. Review the district's 2016-17 general fund budget and develop a multiyear financial projection (MYFP) for the current and two subsequent fiscal years to validate the district's financial status. Make recommendations for expenditure reductions and/or revenue enhancements to help the district eliminate its structural budget deficit and maintain financial solvency. The MYFP will be a snapshot in time of the current financial status and will use the district's 2016-17 first interim report as the baseline. The MYFP will be developed as a trend based on certain criteria and assumptions instead of a prediction of exact numbers. It will be developed for the district's general fund and will include the review and fiscal impact of other funds on the general fund.

2. Conduct an organizational and staffing review of the district's Business Services and Human Resources departments and provide recommendations for staffing improvements or reductions, if any.
3. Evaluate the current workflow and distribution of functions within and between the above departments, and provide recommendations for improved efficiency, if any.
4. Review operational processes and procedures for the Business Services department and provide recommendations for improved efficiency, if any, in the following areas:
  - Budget Development
  - Budget Monitoring
  - Accounts Payable
  - Accounts Receivable
  - Payroll
  - Position Control
5. Review operational processes and procedures for the Human Resources Department and provide recommendations for improved efficiency, if any, in the following area:
  - Position Control

B. Services and Products to be Provided

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

included in the report. Progress in implementing the recommendations will be documented to the district in a FCMAT management letter. FCMAT will work with the district on a mutually convenient time to return for follow-up support that is no sooner than eight months and no later than 18 months after completion of the study.

### 3. **PROJECT PERSONNEL**

The study team will be supervised by Michael H. Fine, Chief Administrative Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

<i>A. To be determined</i>	<i>FCMAT Staff</i>
<i>B. To be determined</i>	<i>FCMAT Consultant</i>
<i>C. To be determined</i>	<i>FCMAT Consultant</i>
<i>D. To be determined</i>	<i>FCMAT Consultant</i>

### 4. **PROJECT COSTS**

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

- A. \$650 per day for each staff member while on site, conducting fieldwork at other locations, presenting reports and participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate for all work performed.
- B. All out-of-pocket expenses, including travel, meals and lodging.
- C. The district will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon the district's acceptance of the final report.

**Based on the elements noted in section 2A, the total not-to-exceed cost of the study will be \$32,800.**

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

Payments for FCMAT's services are payable to Kern County Superintendent of Schools - Administrative Agent.

## 5. **RESPONSIBILITIES OF THE DISTRICT**

- A. The district will provide office and conference room space during on-site reviews.
- B. The district will provide the following if requested:
  - 1. Policies, regulations and prior reports that address the study scope.
  - 2. Current or proposed organizational charts.
  - 3. Current and two prior years' audit reports.
  - 4. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the district and sent to FCMAT in electronic format.
  - 5. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the district will upload all requested documents.
- C. The district's administration will review a preliminary draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report.

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

## 6. **PROJECT SCHEDULE**

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

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

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

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

## **8. INDEPENDENT CONTRACTOR**

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

## **9. INSURANCE**

During the term of this agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the district, automobile liability insurance in the amount required under California state law, and workers compensation as required under California state law. FCMAT shall provide certificates of insurance, with Santa Rosa City Schools named as additional insured, indicating applicable insurance coverages upon request.

## **10. HOLD HARMLESS**

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

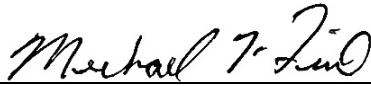
**11. CONTACT PERSON**

Name: Diann Kitamura, Superintendent  
Telephone: (707) 528-5388  
E-mail: [dkitamura@srcs.k12.ca.us](mailto:dkitamura@srcs.k12.ca.us)

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Diann Kitamura, Superintendent  
Santa Rosa City Schools

Date



December 14, 2016

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

Date