



CSIS California School Information Services

Larkspur-Corte Madera School District

Business Services and Human Resources Review

September 1, 2017



Michael H. Fine
Chief Executive Officer





September 1, 2017

Brett Geithman, Ed.D., Superintendent
Larkspur-Corte Madera School District
230 Doherty Drive
Larkspur, CA 94939

Dear Superintendent Geithman:

In March 2017, the Larkspur-Corte Madera School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for management assistance. Specifically, the agreement states that FCMAT will perform the following:

1. Conduct an organizational and staffing review of the district's fiscal services and human resources departments, and provide recommendations for staffing improvements or reductions, if any.
2. Evaluate the current workflow and distribution of functions within and between the above departments, and provide recommendations for improved efficiency, if any.
3. Review the fiscal services department's operational processes and procedures, and provide recommendations for improved efficiency, if any, in the following areas:
 - Position control
 - Purchasing
 - Accounts payable
 - Accounts receivable
 - Payroll
4. Review the human resources department's operational processes and procedures, and provide recommendations for improved efficiency, if any.

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

FCMAT

Michael H. Fine , Chief Executive Officer

1300 17th Street - CITY CENTRE, Bakersfield, CA 93301-4533 • Telephone 661-636-4611 • Fax 661-636-4647
755 Baywood Drive, 2nd Floor, Petaluma, CA 94954 • Telephone: 707-775-2850 • Fax: 661-636-4647 • www.fcmat.org
Administrative Agent: Mary C. Barlow - Office of Kern County Superintendent of Schools

FCMAT appreciates the opportunity to serve the Larkspur-Corte Madera School District and extends thanks to its staff for their cooperation and assistance during this review.

Sincerely,

A handwritten signature in black ink, reading "Michael H. Fine". The signature is written in a cursive, flowing style.

Michael H. Fine
Chief Executive Officer

Table of Contents

About FCMAT	iii
Introduction	1
Executive Summary	3
Findings and Recommendations.....	5
Organizational Structure and Staffing	5
Internal Control.....	15
Business Services.....	19
Human Resources	33
Appendix.....	41

About FCMAT

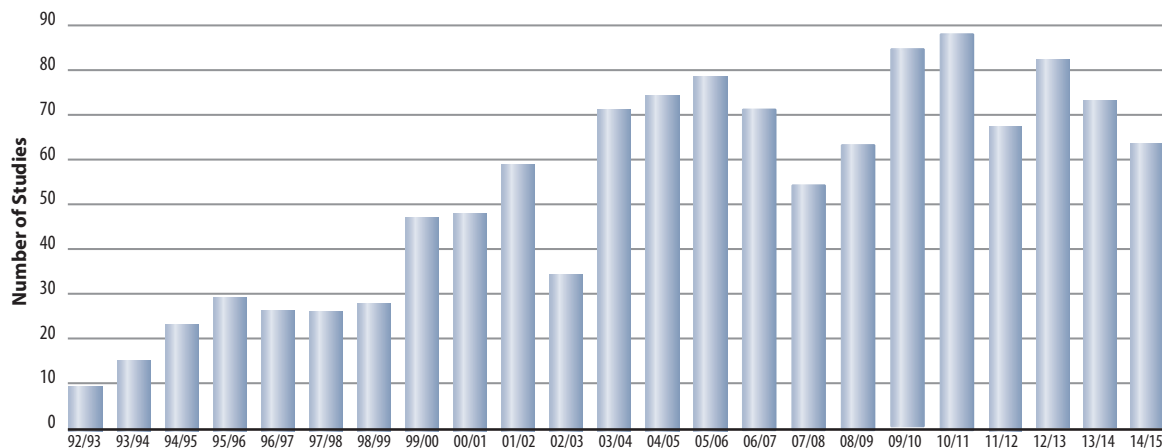
FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related 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) 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

Located in Marin County, the Larkspur-Corte Madera School District has a five-member governing board and serves approximately 1,523 students at two elementary schools and one middle school. Based on information from the California Department of Education (CDE), the district's unduplicated pupil percentage, which includes those students who qualify for free and reduced-price meals, English learners and foster youth, is 10.27%.

The community has supported the district by passing numerous parcel tax measures and general obligation bonds over the past several years, and also provides funds through the SPARK Larkspur-Corte Madera Schools Foundation.

In March 2017, the district and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for management assistance to review the district's Business Services and Human Resources departments.

Study Team

The study team was composed of the following members:

Diane Branham
FCMAT Chief Management Analyst
Bakersfield, CA

Cathy Shepard
FCMAT Consultant
Agua Dulce, CA

Leonel Martínez
FCMAT Technical Writer
Bakersfield, CA

Christin Newlon*
Director of Personnel
San Luis Coastal Unified School District
San Luis Obispo, CA

*As a member of this study team, this consultant was not representing her employer but was working solely as an independent contractor for FCMAT. Each team member reviewed the draft report to confirm its accuracy and to achieve consensus on the final recommendations.

Study and Report Guidelines

FCMAT visited the district on May 31 and June 1, 2017 to conduct interviews, collect data, and begin reviewing documents. This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Organizational Structure and Staffing
- Internal Control
- Business Services
- Human Resources
- Appendix

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. FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports.

Executive Summary

The district should be staffed according to the basic theories of organizational structure used in other school agencies of similar size and type. The district's structure should reflect the generally accepted theories of organizational structure, which include span of control, chain of command, and line and staff authority. A review of comparison districts and interviews with staff indicate that the district office is slightly understaffed. The district should consider increasing the .75 full-time equivalent (FTE) payroll and benefits specialist and the .75 FTE administrative assistant education services and special education positions to full-time. This increase in staffing and the establishment of consistent office schedules for support staff should improve office efficiency and customer service.

An organizational chart shows the structure and the relationship of all positions to one another and is necessary to identify the chain of command and the functional areas of each staff member. Some job titles on the district's draft organizational chart dated February 15, 2017, do not match those on the business office and human resources job descriptions. The district should update its organizational chart to include the titles shown on the approved job descriptions, and finalize it. Job descriptions for district office staff should also be reviewed and updated to ensure they are current and include minimum weightlifting and repetitive duty requirements, essential functions, and the date the job description was approved and/or revised by the governing board.

The division of labor among district office support staff members may not be equitable, and some duties may need to be reallocated. In addition, some staff members complete tasks that are typically assigned elsewhere such as student registration, the student instructional calendar, and some of the position control, employee recruitment and employee leave functions. To better understand the amount of time required for the tasks assigned to each position and ensure that tasks are equitably distributed, the district should assign each staff member to complete a one-month time analysis of daily job duties. The district should then consider redistributing duties among staff as needed and transferring responsibilities that are typically performed in other departments to the applicable support person or department/school site.

The district should consider giving similar job titles to positions with common levels of responsibility. For example, the manager of human resources title could be changed to human resources specialist or human resources technician; the administrative assistant accounts payable, food services and facilities title could be changed to fiscal specialist or fiscal technician; and the payroll and benefits specialist title could be changed to payroll specialist or payroll technician. The district should review and adjust duties as appropriate and/or reclassify business and human resources support staff positions to comply with the Government Code definitions for management and confidential employees. Job titles should also be added to the confidential salary schedule.

There is a lack of collaboration, teamwork and effective communication among several district office support staff members, and a significant amount of internal strife is caused by the perception of workload inequity, inappropriate placement of assigned duties, and a lack of customer service. Staff interactions should be more collaborative and easily adaptive to changing workloads, and staff need to work together to create an effective team. A focus on customer service is important for a successful district office, and leadership is needed to facilitate better communication among staff members. The district should schedule regular meetings with district office support staff to help ensure better communication, resolve issues, and promote a sense of teamwork. The district should also establish an annual mandatory workshop for school site and

department administrators and support staff that includes applicable human resources, fiscal services and payroll processes, procedures and timelines and hold staff accountable for following them. Ongoing information and training should be provided at the bimonthly administrators'/ principals' meeting and/or at separate training sessions to improve communication and discuss changes in processes and procedures. Pertinent information from these meetings should be provided to the support staff.

Internal control systems are the foundation of sound financial management and allow districts to fulfill their educational mission while helping ensure efficient operations, reliable financial information and legal compliance. Internal controls also help protect the district from material weaknesses, serious errors and fraud. To help provide for proper internal controls and ensure efficient operations, the district should implement several changes to its purchasing, accounts payable, accounts receivable, position control and human resources processes as indicated throughout this report.

Little or no cross-training occurs for many of the district's key functions such as payroll, employee absence tracking, accounts payable and recruitment. These tasks are essential to operations, and the lack of cross-training could place the district at risk in the case of staff absences or turnover. The district should develop and implement a plan to ensure employees are cross-trained in key functions. Desk manuals that include step-by-step procedures for each job duty should also be developed to provide for internal control and a better understanding of each position's responsibilities.

The district should continue its planned implementation of the electronic purchase requisition system through its financial software (QCC), and train site and department staff to enter purchase requisitions electronically. It is critical to maintain an effective position control system to manage the cost of salaries and benefits and to properly reflect those expenditures in the district's budget, and the lack of a fully integrated position control system to track and analyze employee data causes a duplication of effort and inaccuracies. Therefore, the district should continue with its planned implementation of the QCC position control system, and ensure that functions are appropriately separated for effective internal control.

The district's human resources service to sites and departments is diminished because of the lack of a position control system for maintaining data, written procedures that are inconsistently followed and enforced, poor responsiveness, errors and a lack of communication. The district should continue to designate the superintendent as the human resources administrator, and clearly identify and assign human resources managerial responsibilities to the superintendent and CBO. The district should also clearly identify and assign human resources support functions to the manager of human resources position and ensure they are completed accurately and timely.

The district should establish, implement and enforce written procedures for human resources functions, including those for the recruitment and interview process. Training in these procedures should be provided to applicable staff to ensure they are consistently implemented. The district should also ensure that employee personnel files are organized and up-to-date, include all required documents, are properly stored and not removed from the district office.

Findings and Recommendations

Organizational Structure and Staffing

School districts should be staffed according to the basic theories of organizational structure used in other school agencies of similar size and type. The most common of these theories are span of control, chain of command, and line and staff authority.

Span of Control

Span of control refers to the number of subordinates who report directly to a supervisor. Although there is no agreed-upon ideal number of subordinates for span of control, the span can be larger at lower levels of an organization than at higher levels because subordinates at lower levels typically perform more routine duties, and therefore can be more efficiently supervised.

Chain of Command

Chain of command refers to the flow of authority in an organization. Chain of command is characterized by two guiding principles: unity of command, meaning that a subordinate is accountable to only one supervisor, thus eliminating the potential for an employee to receive conflicting direction and instruction from a variety of supervisors; and the scalar principle, meaning that subordinates at every level in the organization follow the chain of command and only communicate through their immediate supervisor. The result is a hierarchical division of labor in the organization.

Line and Staff Authority

Line authority is the relationship between supervisors and subordinates and refers to the direct line in the chain of command. For example, in Larkspur-Corte Madera the superintendent has direct line authority over the chief business official (CBO), and the CBO has direct line authority over the administrative assistant and payroll and benefits specialist. Conversely, staff authority is advisory in nature. Staff personnel do not have the authority to make and implement decisions; rather, they act in support roles to line personnel. The organizational structure of local educational agencies has both line and staff authority.

A school district's organizational structure establishes the framework for leadership and the delegation of specific duties and responsibilities for all staff members. As a district's enrollment increases or declines, the organizational structure should adapt as necessary to the changes.

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

Management positions are typically responsible for supervising employees and overseeing work of the department for which they are responsible. They must ensure that staff members understand all district policies and procedures and perform their duties in a timely and accurate manner. Managers must also serve as a liaison between their department and others to identify and resolve problems and design and modify processes and procedures as necessary. Management positions

should not typically be responsible for the department's routine daily functions; these should be assigned to department support staff.

As indicated below, some of the job titles on the district's draft organizational chart dated February 15, 2017, do not match those on the job descriptions provided to FCMAT. An organizational chart is important because it shows the structure and the relationship of all positions to one another. This document is also necessary to identify the chain of command and the functional areas for which each staff member is responsible. For clarity and consistency, titles on the organizational chart should match those on the approved job descriptions.

The CBO, who has served in this position since October 2016, oversees the district's Business Services Department. A draft job description for this position was provided to FCMAT indicating a change in job title from business manager to chief business officer, but it lacks a governing board approval date.

The department includes the following support staff positions:

Administrative Assistant Accounts Payable, Food Services and Facilities

This is a full-time, confidential position that reports to the CBO. The administrative assistant's job duties include purchasing, accounts payable, clerical duties for the food service program, clerical duties for maintenance and operations, facility use agreements, developer fees, developing the school calendar, and reconciling the revolving cash bank statement.

The job description for this position has a title of administrative assistant to business services, which does not match the title on the organizational chart (as shown above), and it lacks a governing board approval date.

Payroll and Benefits Specialist

This is a .75 full-time equivalent (FTE), confidential position that reports to the CBO. The payroll and benefits specialist's duties include end-of-month and mid-month payroll, employee absence tracking, health and welfare benefits, substitute employee processing, invoicing, accounts receivable, and parcel tax exemptions.

The job description for this position has a title of admin assistant – payroll & benefits, which does not match the title on the organizational chart (as shown above), and it lacks a governing board approval date.

The superintendent oversees the district's Human Resources Department, sharing some responsibilities with the CBO. The department includes the following support staff position:

Manager of Human Resources

This is a full-time, confidential position that reports to the superintendent. The manager of human resources' duties include employee recruitment, new hire orientation, credentials monitoring, professional growth unit tracking, verification of employment, workers' compensation reports, and employee training monitoring.

The job description for this position has a title of administrative assistant – human resources (.75 FTE), which does not match the title on the organizational chart (as shown above) or FTE of the actual position. The job description indicates that the position reports to the business manager and lacks a governing board approval date. A draft job description for this position was also provided to FCMAT, has a title of human resources manager and indicates that the position reports to the superintendent.

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

Interviews with staff found that several tasks may be more appropriately accomplished by others, and some positions provide services that are provided by another position in many district offices. Some examples are as follows, and others are discussed elsewhere in this report:

- Student registration – is performed at the district office, but is commonly done at school sites.
- Student instructional calendar – is done by the Business Services Department, but is typically completed in either human resources or educational services and double-checked by the business office.
- Position control tasks – are performed by the Business Services Department, but should be divided between the business and human resources staff (see Position Control section of this report).
- Employee recruitment, enrollment in health benefits and some employee leave functions – are performed by human resources, site and department administrators and payroll, but human resources often handles more of these duties in other districts (see Human Resources section of this report).

Some reasons for reassigning duties may be that they do not match the responsibilities of the position, the division of labor is disproportionate, or stronger controls are needed. Redistributing duties among staff will assist in the sharing of workloads and allow for cross-training to provide better customer service.

Once job duties are determined, the district should update the job descriptions. The Business Services and Human Resources job descriptions are well written but lack board-approval dates, and some of the documents provided to FCMAT were in draft form. Additionally, the job descriptions do not include minimum weightlifting and repetitive duty requirements or essential functions. As written, the district could not use the job descriptions as evidence of essential duties in accommodation cases, nor should it use them when making employment decisions regarding an applicant's ability to perform essential duties. Reviewing and revising job descriptions to ensure that duties are correctly identified as essential will help protect the district from disability discrimination claims by applicants and/or employees who may be eligible for reasonable accommodations under the Americans with Disabilities Act (ADA).

The district's confidential salary schedule does not list position titles, and interviews with the FCMAT study team indicated that staff are not aware of which positions are paid on each range of the salary schedule. Reportedly, all district office support staff positions had previously been designated as administrative assistants but several of the job titles were later changed to reflect the specific job duties. District office support staff positions are paid from the confidential salary schedule and have comparable salary ranges despite their varied job titles. The district should

add job titles to the salary schedule and give similar job titles to positions with common levels of responsibility. For example, the manager of human resources title could be changed to human resources specialist or human resources technician; the administrative assistant accounts payable, food services and facilities title could be changed to fiscal specialist or fiscal technician; and the payroll and benefits specialist title could be changed to payroll specialist or payroll technician. Changing the titles to specialist or technician for support staff indicates a similar level of job complexity that has been assigned to these positions.

Government Code Section 3513 is part of the Rodda Act that governs collective bargaining in education. Management and confidential employees are prohibited by the Rodda Act from being members of any bargaining unit. Government Code Section 3513 (e) defines management positions as having significant responsibilities for formulating district policies or administering district programs. Government Code Section 3513 (f) defines a confidential employee as “any employee who is required to develop or present management positions with respect to employer-employee relations or whose duties normally require access to confidential information contributing significantly to the development of management positions.” The district’s draft human resources job description includes the title of manager, but based on staff interviews and the job description, the position does not appear to meet the Government Code definition for a management employee. In addition, interviews indicated that none of the confidential staff are involved in the collective bargaining process, and therefore the positions do not appear to meet the Government Code definition for confidential employee.

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

Collaboration and Customer Service

There is a lack of collaboration, teamwork and effective communication among several district office support staff members, and a significant amount of internal strife is caused by the perception of workload inequity, inappropriate placement of assigned duties, and a lack of customer service. Ongoing workload issues have reportedly occurred between district office support staff for many years, and some staff members indicated they have more work than others and believe that some of their duties should be assigned to someone else.

Although each staff member supports a different function (such as payroll, human resources, accounting, or departmental assistance), little cross-training occurs. Staff members focus on their duties independently, which allows staff to run parallel with one another without communicating effectively or operating as a team. For example, no one is cross-trained in payroll duties, and mail is not routinely distributed nor is there an established rotation for reception duties when the regularly-assigned employee is absent. Staff interactions should be more collaborative and easily adapt to changing workloads because staff relationships affect office efficiency. The district office support staff positions are unavoidably linked and must work together to create an effective team.

A functions chart for each support position in the district office should be established and include each major area of responsibility. The chart should delineate each position with all the responsibilities assigned to it, and the position that provides secondary support for each

function to provide for efficient operations and customer service. A standard calendar of ongoing responsibilities with timelines for specific duties and the staff members responsible for each duty is also important to ensure all district office functions are completed timely.

Based on interviews with staff throughout the district, there is a longstanding lack of effective communication and customer service between district office staff and school site personnel. The district office support personnel are articulate and appear to be knowledgeable about their assigned responsibilities. However, a focus on customer service is important for a successful district office. This is a significant concern, and leadership will need to intervene to facilitate better communication among staff members. The district office support staff needs to make every effort to provide clear, concise and timely communication to its customers. Through a collaborative effort, the district staff can change perceptions and improve customer service.

It would benefit the district for the superintendent and CBO to work with district office staff on team building and to clarify expectations between staff members. This would help cooperation become a part of the organizational culture and build a cohesive district office. Employees will need to be provided with clear expectations regarding standards for working together and the consequences of not following them. The roles and responsibilities of staff will need to be closely monitored until clear lines of authority and responsibility have become accepted. Ongoing issues will require the superintendent and/or CBO to lend additional support. If after these efforts employees are unsuccessful, the district must be prepared to document the problems and behaviors and issue appropriate disciplinary warnings, notices and letters as provided by district policies.

To facilitate this change, the district should consider scheduling regular meetings with district office support staff to better communicate, resolve issues, and promote a sense of teamwork. An emphasis should be placed on understanding issues and jointly solving problems. Interviews indicated that individual employee needs, such as flexible work schedules and necessary training for each position, are being addressed. However, several problems, including the lack of accurate data, poor relationships among some employees and a sense of frustration, may be caused by a lack of knowledge and openness regarding the importance of the connection between the processes and procedures of each department. For example, recruitment, payroll and the budget are integrally linked, and it is important for each staff member to understand how his or her role affects these functions. Budgets will not be accurate if human resources hires new employees without the business office checking the budget, or if payroll implements an employee pay rate that is different than the pay established through negotiations.

Regular staff meetings can help address and resolve issues as they arise and before they reach a point where relationships are compromised. If well-facilitated, this will eventually improve both verbal and written communication between personnel, provide a consistent avenue of reliable information, promote openness regarding decisions, and can improve communication and relationships throughout the district. The meeting agenda should include input from each department and be developed to ensure that everyone's concerns are addressed. Following are some of the topics that could be discussed:

- How to route the personnel request form most efficiently.
- Standardized procedures for determining which vacant and new positions require a more extensive approval process, and by which departments.
- Position control updates.

- Changes to policies and procedures that will affect the departments.
- Changes to the collective bargaining agreements.
- Payroll deadlines.

In addition to internal district office meetings, training for administrators and site support staff will be important so that expectations are known and consistently followed. The district should establish an annual mandatory workshop for school site and department personnel that includes applicable human resources, fiscal services and payroll processes, procedures and timelines and hold administrators, managers and staff accountable for following them. Administrative meetings should include ongoing training that helps managers understand their role in working with district office staff. Meetings should be scheduled to address and resolve issues as they arise to help facilitate more effective communication between the district office and school sites. The district should ensure that principals, department heads, and the CBO are included, and administrators should be assigned to provide their support staff with the pertinent information from these meetings.

Staffing Comparison

Data for a comparison of business services, human resources and central office support staffing was obtained from three California elementary school districts with student enrollments similar to that of Larkspur-Corte Madera. The comparison districts surveyed were Mark West, Thermalito and Wright elementary school districts.

Although comparative information is useful, it should not be considered the only measure of appropriate staffing levels. School districts are complex and vary widely in demographics and resources. Careful evaluation is recommended because generalizations can be misleading if unique circumstances are not considered. FCMAT's review considered district type, student enrollment and general fund revenues per student when choosing the comparison districts. Data for the following comparison was taken from CDE's DataQuest and Education Data Partnership (Ed-Data) websites, and department staffing information was obtained directly from the comparison districts.

**COMPARISON OF BUSINESS SERVICES, HUMAN RESOURCES AND CENTRAL OFFICE SUPPORT STAFFING IN
SELECTED CALIFORNIA ELEMENTARY SCHOOL DISTRICTS**

District	Larkspur-Corte Madera	Mark West	Thermalito	Wright
Enrollment*	1,523	1,475	1,493	1,593
Total Employees**	137	130	144	170
General Fund Revenues Per Student***	\$12,274	\$11,929	\$12,212	\$12,374
Chief Business Official (CBO)	Chief Business Official	Associate Superintendent of Business	Asst Superintendent, Business & Operations	Business Manager
Business Office Support Staff	Administrative Assistant Payroll & Benefits Specialist (.75)	Business/Personnel Technician Account Tech I/Accounts Payable Technician	Business Office Technician Payroll Compensation Analyst Accounting Analyst Information Systems Analyst	District Accountant Payroll Technician
Human Resources Support Staff	Manager, Human Resources	See Above (business office)	See Below (superintendent's office)	Personnel Coordinator (confidential/super-vised by superintendent)
Other Central Office Support Staff	Executive Assistant to Superintendent Admin Assistant, Ed Services/Special Ed (.75)	Executive Assistant to Superintendent Receptionist/Charter Attendance Clerk (.875) Curriculum/Special Ed Assistant (.50)	Executive Asst to Superintendent/HR Secretary, Special Ed (.75) Secretary, Director Special Projects (.50)	Admin Assistant to Superintendent/Board Special Projects Secretary (.50)
Total Support Staff	4.50 FTE	4.375 FTE	6.25 FTE	4.50 FTE

*Source: CDE DataQuest 2016-17

**Source: CDE DataQuest 2015-16 (includes all certificated and FTE classified staff)

***Source: Ed-Data 2015-16

Mark West - a manager who reports to the CBO oversees maintenance, operations and technology and has a .45 FTE (six hours per day, three days per week) data entry clerk; each school site has a cafeteria clerk that processes free and reduced-price meal applications and prepares food service deposits.

Thermalito - a director who reports to the CBO oversees food service and has one clerical support position; a director who reports to the CBO oversees maintenance, operations and transportation and has one administrative support/dispatcher/substitute bus driver position; one school site secretary spends approximately four hours per day on districtwide sub calling duties.

Wright - a .75 FTE classified confidential director who reports to the CBO oversees food service; a coordinator who oversees information technology reports to the superintendent and has a .50 FTE data technician support position whose duties include CALPADS reporting.

The data above indicates that the three comparison districts have an average of 5.0 FTE district office support staff. The comparison districts also have some additional support staff for their maintenance and operations, food service and/or technology functions that Larkspur-Corte Madera does not have. When these factors are considered, the district office is understaffed by at least .50 FTE support staff compared to the surveyed districts. The district should consider increasing the .75 FTE payroll and benefits specialist and the .75 FTE administrative assistant education services and special education positions to full-time. This will provide for all positions to be staffed daily, which should help to provide better customer service. Because health benefits are provided, and not prorated, for employees working at least half-time, there would be no additional health benefit costs for increasing these positions.

Setting consistent office schedules would also increase office efficiency. This is of particular importance because of the size of the district office staff. When someone is out of the office, others must take messages and cover the reception desk. A regular schedule of breaks, lunches and office coverage and staggered vacations would allow everyone to know what to expect and help provide more efficient customer service. Options for reception coverage may include assigning a primary and secondary position or a rotation among all support staff when the primary position assigned to these duties is absent. The method chosen should emphasize an expectation for teamwork among staff, and all essential tasks should have coverage when the district office is open.

Recommendations

The district should:

1. Update its organizational chart to include the titles shown on the approved job descriptions, and finalize it.
2. Review and update job descriptions to ensure they are current and include minimum weightlifting and repetitive duty requirements, essential functions, and the date the job description was approved and/or revised by the governing board.
3. Assign district office support staff to perform a one-month desk audit.
4. Consider redistributing duties among staff and transferring responsibilities that are typically performed in other departments to the applicable support person or department/school site. Update job descriptions based on any changes made to job duties and provide training as needed for duties that are transferred from one employee to another.
5. Update the district office contact list to reflect changes made to job duties and provide it to school sites and departments.
6. Add job titles to the support staff (confidential) salary schedule.
7. Consider retitling the business and human resources support staff positions to specialists or technicians.
8. Review and adjust duties as appropriate and/or reclassify business and human resources support staff positions to comply with the Government Code definition for management and confidential employees.

9. Ensure leadership staff work to facilitate better communication and team-building among staff.
10. Develop for each district office support position a functions chart that delineates all functions and includes a backup position for each major area of responsibility.
11. Develop an annual calendar of essential functions to ensure all tasks are performed timely.
12. Conduct regular district office staff meetings.
13. Conduct mandatory annual training with school site administrators, department managers and applicable office personnel regarding district processes, procedures and timelines.
14. Provide management training at the bimonthly administrators'/principals' meeting and/or at separate training sessions to improve communication and discuss changes in processes and procedures. Ensure that pertinent information from these meetings is provided to the support staff.
15. Clarify and emphasize to employees at all levels its expectations regarding policies, procedures and timelines, and the consequences of not following them.
16. Consider increasing the part-time payroll and benefits specialist and administrative assistant education services and special education positions to full-time.
17. Establish consistent office schedules for support staff.

Internal Control

Internal control systems are the foundation of sound financial management and allow districts to fulfill their educational mission while helping to ensure efficient operations, reliable financial information and legal compliance. Internal controls also help protect the district from material weaknesses, serious errors and fraud. All educational agencies should establish internal control procedures to do the following:

- Prevent management from overriding internal controls.
- Ensure ongoing state and federal compliance.
- Provide assurance to management that the internal control system is sound.
- Help identify and correct inefficient processes.
- Ensure that employees are aware of the proper internal control expectations.

To help build an effective internal control structure, districts should apply basic concepts and procedures to their transactions and reporting processes including, but not limited to, the following:

- System of checks and balances

Formal procedures should be implemented to initiate, approve, execute, record and reconcile transactions. The procedures should identify the employee responsible for each step and the time period for completion. Key areas of checks and balances include payroll, purchasing, accounts payable and cash receipts.

- Segregation of duties

Adequate internal accounting procedures should be implemented and necessary changes made to separate job duties and protect the district's assets. No single employee should handle a transaction from initiation to reconciliation or have custody of an asset (such as cash or inventory) and maintain the records of related transactions.

- Staff cross-training

More than one employee should be able to perform each job. All staff members should be required to use accrued vacation time, and another staff member should be able to perform those duties. Inadequate cross-training is often a problem even in the largest central offices.

- Use of prenumbered documents

Checks, sales and cash receipts, purchase orders, receiving reports and tickets should be preprinted by an outside printer. Physical controls should be maintained over the check stock, cash receipt books and tickets. It is not sufficient simply to use prenumbered documents. A log of the documents and numbers should be maintained and reconciliation performed periodically.

- Asset security

Cash should be deposited daily, computer equipment should be secured, and access to supplies/stores, food stock, tools and gasoline should be restricted to designated employees.

- Timely reconciliations

An employee who was not involved in the original transaction and recording process should reconcile bank statements and account balances monthly. For example, the employee who reconciles the revolving checking account should not maintain the check stock.

A system of internal control consists of policies and procedures designed to provide the governing board and management with reasonable assurance that the organization achieves its objectives and goals. Hard controls include segregation of duties, management review and approval, and reconciliations. Soft internal controls include management tone, performance evaluations, training programs, and maintaining established policies, procedures and standards of conduct. The district lacks some of these elements, as indicated below and elsewhere in this report.

FCMAT has developed an extensive list of management standards, including those for financial and personnel management, for public school agencies. These standards address general functions such as policies and procedures; job descriptions; internal and external communication; internal control; employee recruitment, selection, orientation and training; and accounting, payroll and purchasing. The district would benefit from reviewing all the standards to ensure it meets them and to help develop best practices for its financial and human resources operations. FCMAT is in the process of updating the standards, but the most recent list can be accessed at <http://fcmat.org/wp-content/uploads/sites/4/2014/02/FCMATStandards2009.pdf>.

Desk Manuals, Training and Cross-Training

Clearly defined and communicated policies and procedures for each job duty, also referred to as desk manuals, help ensure proper internal control and provide a better understanding of each position's responsibilities. Written internal processes and procedures provide valuable guidance and organizational continuity in case of employee absences and turnover and improve the district office's functionality. The district does not have desk manuals. Staff members should create written step-by-step procedures for each of their tasks and have another staff member perform the procedure to determine if revisions are needed. These procedures should be updated as necessary and stored on an electronic shared drive for all support personnel to access as needed.

The district would benefit from ensuring that staff members have received and continue to receive training for all their assigned areas of responsibility and that management provides clear direction and necessary oversight. The district should continue to encourage staff to attend professional development opportunities and training activities to gain more in-depth knowledge in their assigned areas. Training is offered by several organizations including the Marin County Office of Education, California Commission on Teacher Credentialing (CTC), Association of California School Administrators (ACSA), Cooperative Organization for the Development of Employee Selection Procedures (CODESP), Education Jobs Opportunities Information Network (EDJOIN), California Association of School Business Officials (CASBO), and School Services of California (SSC). Increasing staff communication and building relationships with other school district professionals through these types of organizations is beneficial to the district.

Although some district office employees have prior experience with other central office job duties, cross-training is needed for key job functions to ensure that coverage is provided when employees are absent and when the workload is heaviest. It is important for more than one employee to be able to perform each major function in the district office. When staff members use accrued vacation time, another staff member should be able to perform those duties. Little or

no cross-training occurs for many of the district's key functions such as payroll, employee absence tracking, accounts payable and recruitment. These tasks are essential to operations, and the lack of cross-training could place the district at risk in the case of staff absences or turnover. Staff should be required to double-check each other's work in essential areas such as data entry in the position control system and payroll information. This will improve accuracy, workload balance, communication, teamwork, and customer service.

System Security

To safeguard electronic data and provide for proper internal control, view-only and/or change access to software programs should be restricted to designated employees based on job duties. Staff indicated that the administrative assistant accounts payable, food services and facilities has access to change vendor information and process vendor payments; the payroll and benefits specialist has access to input employee demographic information and process payroll. Allowing any individual access to change all the data necessary to set up and pay a vendor or an employee does not provide proper internal controls because a fictitious vendor or employee may be created and paid without the district's knowledge.

Board Policies and Administrative Regulations

Board policies and administrative regulations are based on laws contained in numerous codes including the Education Code, Government Code, and Public Contract Code, as well as federal regulations, case law and individual district practice. They are the basis for the guidelines and directives used by a school district and its personnel to operate. A proper system of internal control includes board policies and administrative regulations that are current, well communicated and monitored for consistent implementation.

Staff indicated that the district uses the California School Boards Association Gamut policy service. A review of the district's business and noninstructional operations and personnel policies and regulations posted on its website indicate that many were reviewed and revised in 2015. However, the Gamut website shows that several sample policies and regulations have been updated since then, including, but not limited to, those related to bidding, payments for goods and services, food service, nondiscrimination in employment and personnel files.

Recommendations

The district should:

1. Review FCMAT's list of standards for financial and personnel management functions and ensure they are being met.
2. Assign staff members to complete clearly defined step-by-step procedures for all of their job duties, update them as necessary and store them on an electronic shared drive.
3. Ensure that training has been and continues to be provided as necessary to district office support staff for their assigned areas of responsibility.
4. Cross-train staff in all major functions, and ensure that work is double-checked in essential areas.

5. Ensure that the administrative assistant accounts payable, food services and facilities position has view-only access to vendor demographic screens and is not assigned to enter this data in the financial software system.
6. Ensure that the payroll and benefits specialist position has view-only access to employee demographic screens and is not assigned to enter this data in the financial software system.
7. Review and update its board policies and administrative regulations, develop new ones as needed, and implement a plan to keep them current.

Business Services

Purchasing

Government Code, Education Code, Public Contract Code and the California Code of Regulations provide parameters within which the district must conduct purchasing. District policies, regulations, procedures and guidelines should serve as additional controls to protect assets while meeting the district's various procurement needs at the lowest cost.

Staff indicated that the district plans to implement an electronic requisition system through its financial software (QCC), which digitally routes requisitions through approval, budget verification, and printed purchase order. However, formal purchase requisition forms were not used at the time of FCMAT's visit. Instead, purchase requests are input into a district-created Excel purchase order form and routed via email to the administrative assistant accounts payable, food services and facilities. The administrative assistant is responsible for setting up new vendors and making changes to vendor information in QCC, and verifies the account code and prints the purchase order. If not system generated, the administrative assistant hand writes a number on the purchase order. Purchase order numbers are recorded in a spreadsheet log. To provide for proper internal controls, the purchase order number should always be system generated and automatically printed on the purchase order.

The purchase order is printed on plain paper and includes the critical elements required to effectively communicate an order to a supplier and initiate a legal contract agreement. The purchase order notates the district's terms and conditions in an Important Instructions section; however, there is no indication of delivery deadlines, such as "all items must be received by June 30." Special requests or instructions are hand written on the purchase order.

The administrative assistant submits the purchase order to the CBO for signature. The purchase order may require a second signature from the superintendent, although no written criteria exists to determine this need. After it is signed, the administrative assistant mails or electronically delivers the purchase order to the vendor. A hard copy is placed in the vendor file.

The district has established a hard stop in QCC to prevent a purchase from progressing past the requisition stage without sufficient funds. When an account has insufficient funds, the administrative assistant creates a budget transfer, which the CBO approves and enters in QCC. Some accounts are allowed to operate with negative balances in anticipation of reimbursements, such as those from the SPARK Foundation.

The district issues open purchase orders to some vendors annually for a specified dollar amount, but does not include the name of the authorized signers on the order. It would be prudent to issue open purchase orders for a shorter term, such as biannually, to allow for frequent review of the employees who are authorized to sign for purchases to ensure they are current and provide for further monitoring of site/department budgets to help promptly identify any abnormalities. To provide for proper internal control, every open purchase order should list the names of all staff authorized to make purchases on behalf of the district.

Credit Cards

Credit cards are typically used to enable districts to purchase from vendors who may not accept purchase orders or to expedite purchases such as registration fees for a conference. Credit card purchases should be accompanied by a purchase order and should receive prior approval. The

district has one credit card, which is stored in the business services vault; the administrative assistant accounts payable, food services and facilities, the payroll and benefits specialist and the CBO have access to the vault. The superintendent carries a photocopy of the credit card for use when necessary. Although credit cards provide flexibility in making purchases, they have been misused in some local educational agencies. Credit card use must be closely monitored to ensure conformity to policies and procedures.

Interviews indicated that district credit cards are used extensively to purchase meals and food for meetings. The district uses a traditional VISA credit card with a total limit of \$5,000, no single purchase limit or commodities restriction is applied. The district does not have board policy and/or administrative regulations on the specific use of credit cards and the circumstances that are required for a district credit card to be used for meals and food purchases, nor does it require signed user agreements. Staff interviews indicated that a purchase order is to be completed before making a credit card purchase.

Procurement cards, such as the CAL-Card issued through the state's Department of General Services, can restrict purchases to limited commodities, and vendors and may be set up to provide different restrictions for each user. Therefore, these cards offer more control and less potential for misuse than traditional credit cards. Additional information regarding the CAL-Card Program is available at www.dgs.ca.gov/pd/home.aspx.

Bids/Contracts

The California legislature established the California Public Contract Code (PCC) as a guideline and authority for the procurement of products used by publicly-funded agencies. The purpose of the code is expressed in PCC Sections 100-102 with the objective of determining competitive bidding requirements to protect the public from misuse of public funds. Additionally, the code provides qualified bidders with a fair opportunity to compete while eliminating favoritism, fraud and corruption. Code Sections 20110-20118.4 provide greater specificity for school district transactions such as establishing bid threshold values and determining what types of purchases require public bidding. The administrative assistant accounts payable, food services and facilities, the CBO and/or the director of operations and sustainability prepare bids and contracts for the district.

The district's Board Policy and Administrative Regulation 3311, Bids, were last updated in October 2015. However, the Gamut website indicates that its sample policy and regulation was revised in December 2016. Adopting and implementing up-to-date policies, regulations and procedures help ensure that the district is compliant with the PCC, align it with best purchasing practices of California public agencies, and provide for greater efficiencies and economies of scale through the sharing of limited public resources.

Best business practices include setting price quote thresholds for items that are not required to be publicly bid to ensure that the district receives the best price through competitive purchasing. For example, some districts require three or more verbal or written quotes for purchases of \$5,000 or more. Although there is no designated standard for minimum thresholds for procuring price quotes, a district's competitive procurement policy should be based on getting the lowest overall cost using the least amount of staff time. The lowest overall cost, unlike the lowest price, will consider factors such as delivery speed and cost, vendor discounts, service during and after the sale, and other qualitative criteria. The district's Board Policy 3300, Expenditures and Purchases, provides some purchase procedures but does not include procedures or thresholds for obtaining quotes.

Travel Expense

The district has established Board Policy 3350, Travel Expenses, to regulate allowable activities and expenditures for employee travel. The policy states the district will authorize payment for actual and necessary travel expenses that do not exceed the maximum amounts established by the superintendent or for the time of day that district travel occurred.

A district memorandum dated January 1, 2017 titled “Expense Claim Reimbursement Process” provides detailed instructions and indicates maximum reimbursement rates by category. Staff desiring to attend a conference or travel on behalf of the district complete the Request to Attend Conference or Staff Development Activity form. This form indicates maximum values for allowable expenses; approval of this form is required prior to conference attendance and/or school business travel. The form includes a description of the district’s conference attendance and travel rules. The documents indicate original, itemized receipts are required for reimbursement.

Recommendations

The district should:

1. Implement the QCC electronic purchase requisition system, and train site and department staff to enter purchase requisitions in QCC.
2. Implement a purchase order number system that electronically assigns sequential numbers and prints numbers on the purchase order.
3. Add a delivery deadline description to the purchase order form in the Important Instructions section.
4. Establish written criteria to determine the need for two signatures instead of one on a purchase order.
5. Assign the administrative assistant to enter budget transfers in the financial software once they are approved by the CBO.
6. Limit open purchase orders to a biannual time period, and indicate the expiration date on the purchase order.
7. Ensure that every open purchase order includes the names of the employees authorized to make purchases using the order.
8. Adopt a board policy and/or administrative regulation on district credit card use, including information about the allowable items that can be purchased with the credit card.
9. Develop a comprehensive credit card user agreement for all users to sign before issuing a district credit card.
10. Ensure it enforces its stated requirement that a purchase order be completed and district office approval obtained before a district credit card is used.
11. Closely monitor credit card use to ensure conformity to policies and procedures and to confirm that all charges are for district-approved purposes.

12. Consider using procurement cards instead of credit cards.
13. Develop and implement an administrative regulation and/or written procedures for obtaining informal price quotes for purchases costing more than a specified amount, such as \$5,000.
14. Ensure that purchasing authority and responsibilities are clearly defined in the job description of each employee responsible for procurement.
15. Provide training to all staff members who participate in the procurement process to ensure they fully understand public agency procurement requirements and best business practices.

Accounts Payable

The administrative assistant accounts payable, food services and facilities is responsible for accounts payable. When items are received, the packing slip is forwarded to the administrative assistant; if a packing slip is not received, the requesting site/department confirms receipt of products via email. The administrative assistant matches the purchase order, receiving document and invoice to begin the payment process.

Reimbursement for personal purchases or travel expenses are submitted to the administrative assistant on either the Expense Claim or the Request to Attend Conference or Staff Development Activity form. Reimbursement is processed if all required receipts are attached and approval signatures affixed.

Documents that have been matched and include the required supporting receipts are used to create an accounts payable batch in QCC. The administrative assistant prints the batch listing, which is reviewed and approved by the CBO. The CBO signs the batch certification page that is then scanned and emailed to the county office, and the county office processes the accounts payable batch.

After the county office has completed its oversight procedures, the warrants are printed and the administrative assistant receives an email indicating that the checks are ready to be collected. The next morning, the payroll and benefits specialist collects the warrants from the county office on her way to work and delivers them to the administrative assistant.

The administrative assistant applies postage to the warrants, which are then placed in the bin for mailing. Many vendors are paid using Automated Clearing House (ACH) electronic transfers; therefore, not all payments are mailed. The administrative assistant matches copies of the warrants to purchase orders and places the documents in vendor files. Effective internal control and segregation of duties prevent the same person from initiating, processing and mailing transactions, and from posting the transaction in the accounting records. The district's system allows the administrative assistant to have custody of the warrants once the county office issues them. The district has no control to detect whether the administrative assistant appropriately distributes the warrants.

After expenditures have posted to the general ledger, journal entries are prepared for any changes necessary because of account coding error. The CBO is responsible for preparing and posting all journal entries. This does not provide for proper internal control because one employee has access to the financial system screens required to establish accounts, create budgets, and transfer expenditures. The district has no control to detect whether the CBO accurately prepares and posts journal entries.

A copy of the monthly warrant report is submitted to the board and is approved through the board meeting consent calendar. The district requests three board members to sign the warrant certification page after the warrant report is approved; however, the county office does not require this document for warrant processing. Because the board approves the monthly warrant report and this action is reflected in the board meeting minutes, there is no need for them to sign the warrant certification page.

As discussed elsewhere in this report, the administrative assistant is responsible for setting up new vendors and making changes to vendor information in QCC. This does not provide for proper internal controls because one employee has access to the financial system screens required to create vendors and the screens required to pay them. This has the potential to allow the same employee to create a vendor, submit an invoice for payment, generate the payment, and remove it from the warrant batch without the district's knowledge.

To test the internal controls on purchasing and accounts payable functions, FCMAT was provided with lists of accounts payable items for November 2, 2016 through May 10, 2017. From the lists, 13 items were selected and tested for the following six attributes:

- A signed purchase order, expense claim, or travel request was used to start the purchase.
- A signed contract was present, if applicable, that included the signature of an authorized district signatory.
- The invoice or detailed receipt was attached to the accounts payable payment packet.
- The purchase was made after the date of the purchase order.
- The invoice was initialed or signed to approve payment or the receiving document was attached.
- The invoice or detailed receipt was marked "Paid."

The results of this testing were as follows:

- Twelve of the 13 accounts payable packets included a signed purchase order, expense claim or travel request.
 - One packet was paid against an initialed invoice only.
- Of the 13 packets, 10 did not need a separate contract between the vendor and the district. Of the three that did, the following anomalies were noted:
 - One packet referenced a contract number, but no contract was provided.
 - One packet contained a contract; however, no contract number or authorized signature was affixed to the contract.
 - One packet did not contain a contract.
- One of the 13 packets was paid in full before the service was rendered.
- Three of the 13 packets were expense claim reimbursements; no documentation was provided to determine if approval was given before the personal purchase.
- One of the expense claims did not include an itemized receipt.
- None of the packets included invoices or receipts with a notation or stamp indicating the item had been paid. Cancelling vendor invoices by using a "Paid" stamp or other identifiable means is essential to ensure that invoices are not paid a second time if they become separated from their payment packet.

When entering into agreements with consultants, a best business practice is to memorialize that arrangement with a written contract. The contract should include the duties of each party, such as the consultant's obligation to complete a W-9 form before any payment by the district, the consultant's insurance coverage and fingerprint requirements. These provisions help protect the district and its students. Additionally, the contract is not legally enforceable until a district authorized signatory has signed the contract and the agreement has been approved or ratified by the governing board.

Recommendations

The district should:

1. Ensure the administrative assistant does not have access to and is not responsible for distributing the vendor warrants when they are returned to the district office.
2. Assign the administrative assistant to prepare journal entries, the CBO to review and approve them, and the administrative assistant to enter them in the financial system once they are approved by the CBO.
3. Discontinue its practice of securing board member signatures on the warrant certification page.
4. Assign an employee other than the administrative assistant to establish new vendors and change vendor information in the financial software system. Ensure that the administrative assistant has view-only access to vendor demographic screens.
5. Ensure that a signed purchase order or travel request is issued before the purchase of goods or services.
6. Ensure that executed contracts are included in payment packets, as applicable.
7. Ensure that services are rendered before payment.
8. Ensure that all expense claims include itemized receipts, as applicable.
9. Mark invoices and receipts "Paid" after the payment is processed.
10. Require that written contracts are entered into for consultant services, they are fully executed before services are performed, and that they are approved or ratified by the governing board.

Accounts Receivable

The payroll and benefits specialist is responsible for accounts receivable functions, including creating invoices, receiving and depositing cash and checks. The administrative assistant accounts payable, food services and facilities reconciles the revolving cash account. Cash is deposited in the revolving cash account held at a local bank and checks are scanned and electronically deposited directly with the county treasury. A cash receipts log is not maintained, and there is no written protocol for how cash is counted, how often it is deposited or how it is transported to the bank. A receipts log is maintained for checks. Cash or checks not deposited by end of day are stored in

the business services vault. Effective internal control and segregation of duties prevent the same person from initiating, processing and mailing transactions, and from posting the transactions in the accounting records. The district's system allows the payroll and benefits specialist to create an invoice, receive and deposit payment.

District invoices are created in Excel, and the invoice number represents the row number on the invoice log spreadsheet. Payment terms, such as due in 30 days or due upon receipt, are not notated on the invoice. A review of the district invoice log indicates most transactions are reimbursements due from other agencies for shared services, program participation, or use of facilities. Review of the accounts receivable sample chosen for testing found that one invoice included reimbursement for a district purchase that was erroneously paid twice causing the invoice to be overstated. Additionally, the backup documentation value for one invoice was greater than the amount invoiced. In this instance, the backup documentation included three items; however, the payee was only billed for one. When backup documentation contains items that do not qualify for reimbursement/payment to the district, a best practice is to either make a notation or highlight the items and include a written explanation of the exception.

To test the internal controls on accounts receivable functions, FCMAT was provided with a list of accounts receivable items for November 7, 2016 through April 27, 2017. From the list, eight items were selected and tested for the following four attributes:

- Invoices were timely, preferably submitted within 30 days of service.
- Terms for payment were indicated on the invoice and enforced.
- Supporting documentation such as a contract, agreement for service or memorandum of understanding was attached to the invoice.
- Receipt of payment was recorded and receipts were deposited with the local bank or the county treasury within a reasonable period.

The results of this testing were as follows:

- Four of the eight invoices were submitted beyond 30 days of service rendered; one was undeterminable because no date of service was notated.
- No terms for payment were notated on any of the invoices.
- No backup documentation was provided for two of the eight invoices, and two invoices contained partial or insufficient backup documentation.
- Payment in full was received for seven of the eight invoices; one invoice was seven months delinquent at the time of FCMAT's testing.
- Deposit to the county treasury was significantly delayed for two of the seven receipts.

Recommendations

The district should:

1. Prepare written receipts for all cash and checks received, and provide a copy to the payer. If receipts are not prepared, ensure an employee who is not responsible for preparing the invoices records all cash and checks received in a log.

2. Ensure that the employee responsible for preparing invoices is not assigned to receive cash and checks.
3. Ensure that two employees count cash received and sign the cash deposit slip.
4. Assign an employee who is not involved with the accounts receivable process to transport cash received to the local bank.
5. Ensure that invoice backup documentation includes a notation regarding any items that do not qualify for reimbursement/payment to the district.
6. Ensure that invoices are prepared and submitted to the payer within 30 days of provided services and that payment terms are established, included on the invoice and enforced.
7. Ensure that staff review delinquent invoices each month and follow up as necessary with the delinquent parties.
8. Ensure that all invoices include applicable supporting documentation or reference a board-approved agreement.
9. Ensure that receipts are deposited at the bank or county treasury in a reasonable period, such as within one week of receipt.

Payroll

The payroll and benefits specialist is responsible for payroll processing duties. The district has two monthly paydays: the regular employee assignments are paid on the last working day of the month and additional assignments and substitutes are paid on the tenth of the month. With the exception of paraprofessionals, regular classified employees complete a monthly timesheet, and regular certificated employees complete an absence log or extra duty assignment log as appropriate. Paraprofessional and certificated substitute attendance is recorded in the sub-finder system and retrieved digitally in report form.

The end-of-month payroll cycle begins with the collection of timesheets and absence logs at the sites/departments. Each employee is expected to complete his or her timesheet or absence log, sign it, obtain the supervisor's signature and submit the document to the business office by the second Friday of the month. Regular employees' salaries are annualized and all adjustments made in the last month of the year; therefore, timesheet deadlines during the year are not critical. However, holding all salary adjustments to the end of the year may place the district in a position of not being able to recover sufficient monies from a single warrant if the adjustment exceeds the pay amount or an employee leaves midyear. The best practice is for adjustments to be made throughout the year as they occur. Extra duty, overtime and substitute timesheets are due to the business office by the second workday of the month.

Staff indicated there is no internal payroll calendar stating when timesheets are due and that deadlines are informally communicated with school sites. To increase efficiency and help reduce the possibility of errors, the district should establish a payroll calendar and implement a cutoff date for processing payroll transactions (for example, the tenth of the month for end-of-month payroll and the first for mid-month payroll). A best practice is to notify employees when they are hired or when payroll changes are made that transactions occurring after the cutoff date will be

processed the following month. Exceptions to the cutoff date can be made for unique situations, such as when employees leave the district, to help prevent overpayment.

FCMAT's review of the district's timesheets found that they include a signature line for the employee but do not indicate what the signature attests to. It would benefit the district to modify its timesheets to include an attestation statement such as "I certify that the above request for payment is an accurate account of time worked" above the employee's signature.

The timesheets are delivered to the payroll and benefits specialist who enters the information in both the payroll system and an Excel spreadsheet. The spreadsheet includes account code information and is used to balance and double check data entries in the payroll system. When all the timesheet information, contracted pay revisions and other adjustments have been entered in the payroll system, the specialist runs Payroll Report 510. This report is compared to the Excel spreadsheet, then reviewed and approved by the CBO. The CBO signs the last page of the report, referred to as the certification page, and the specialist scans the signed certification page and emails it to the county office. The county office then releases the payroll to process.

The county office notifies the district when payroll warrants are available. The payroll and benefits specialist collects the warrants from the county office on her way to work; the warrants are transported in an unlocked bag. The specialist sorts the warrants, and the district courier delivers them to the sites. Many of the staff utilize electronic deposit in which case a pay stub is produced instead of a warrant. Effective internal control and segregation of duties prevent the same person from initiating, processing, distributing, and posting the transaction in the accounting records. The district's system allows the payroll and benefits specialist to have custody of the warrants once the county office issues them, and there is no control to detect whether the specialist appropriately processed the warrants.

Staff indicated that employees are not required to sign for their payroll warrants or stubs and that the method of delivery is left to the individual site or department. Some of the methods include hand delivery of warrants to employees or placing warrants in employee mailboxes. These methods of disbursing payroll do not include adequate internal control procedures such as a documented chain of possession and a mechanism to help ensure that individuals who do not work for the district are not included in the payroll system. Requiring employees to pick up their warrants or pay stubs in person and sign for them would establish this internal control.

The payroll and benefits specialist enters new hire information into QCC for substitute employees, and inputs employee voluntary deductions and withholding assignments for all employees. This system does not provide for effective internal control because it allows the payroll and benefits specialist to enter a new employee in QCC, process payroll, and have custody of the warrants once the county office issues them.

The payroll and benefits specialist calculates pay for any prorated salary, and calculations are reviewed and approved by the CBO. The specialist is responsible for preparing annual Notice of Terms of Employment letters and distributing these to classified staff. The specialist records employee leave in QCC and the system calculates the balances, which are listed on employee pay stubs. The specialist is also responsible for tracking employees on Family Medical Leave Act (FMLA) and California Family Rights Act (CFRA) leaves, collecting doctor's notes and adjusting their work calendars. Tasks such as determining salary schedule placement, calculating annual pay, preparing annual employments letters, and FMLA and CFRA leave functions are typically performed by human resources staff to ensure separation of duties between the staff that determines employee pay and staff that processes it.

Recommendations

The district should:

1. Make applicable payroll adjustments as they occur throughout the year.
2. Establish and implement a district payroll calendar that includes standard monthly cut-off dates for payroll information to be submitted to the district office.
3. Modify its timesheets to include an attestation statement above the employee's signature.
4. Assign an employee other than the payroll and benefits specialist to collect payroll warrants at the county office and distribute them.
5. Require employees to pick up and sign for their pay warrant and/or stub.
6. Assign the manager of human resources to enter employee demographic information in QCC for all employees, including substitutes. Ensure that the payroll and benefits specialist has view-only access to employee demographic screens.
7. Assign the manager of human resources to calculate annual employee salary, including prorated salaries for late hires, terminations and promotions, and the payroll and benefits specialist to review them.
8. Assign the manager of human resources to prepare and the payroll and benefits specialist to review annual Notice of Terms of Employment documents.
9. Assign the manager of human resources to track FMLA and CFRA leave, collect doctor's notes and adjust work calendars as necessary, and provide applicable information to the payroll and benefits specialist.
10. Provide training as needed for duties that are transferred from one employee to another.

Position Control

One of the most critical elements in budgeting for expenditures is accurately projecting employee salary and benefit costs. These costs are the largest part of school district budgets, and comprise approximately 89% of Larkspur-Corte Madera School District's unrestricted general fund budget. Accurately projecting these costs requires reliable data. Therefore, it is critical to maintain an effective position control system to manage the cost of salaries and benefits and to properly reflect those expenditures in the district's budget.

To be effective, the position control system must be integrated with other financial modules such as budget and payroll. Position control functions also must be separated to ensure proper internal control. The controls must ensure that only board-authorized positions are entered into the system, human resources hires only for authorized positions, and payroll pays employees hired for authorized positions. The proper separation of duties is a key factor in creating strong internal control and a reliable position control system. A fully functioning position control system helps districts maintain accurate budget projections, employee demographic data and salary and benefit information.

At the time of FCMAT's visit, staff indicated that the district was in the process of implementing the QCC position control system and that Excel spreadsheets were used for position control purposes in the meantime.

Interviews with staff and a review of personnel data indicated a redundancy of data, some of which is inaccurate or does not match other similar data. For example, information about staff members such as their assigned work locations and evaluation dates is not accurate or readily available at the district office. The lack of a fully integrated position control system to track employee data and make analyses causes a duplication of effort and inaccuracies. Maintaining accurate data is essential for budget development, collective bargaining and providing effective services. Additionally, the ability to easily download data from the position control system is important for operational efficiency and accuracy.

Proper separation of duties is a key factor in creating strong internal control and a reliable position control system. The Human Resources and Business Services departments are key areas where strong internal control systems must be implemented to initiate and execute approved decisions. The following table provides a suggested distribution of labor between these departments to maintain a high level of internal control:

Task	Responsibility
Approve or authorize position.	Governing Board or Designee
Input approved position into position control, with estimated salary/budget.	Human Resources Department
Every position is given a unique number.	
Review salary/account codes.	Business Department
Enter demographic data, including:	Human Resources Department
Employee name	
Employee address	
Social Security number	
Credential	
Classification	
Salary schedule placement	
Annual review of employee assignments	Human Resources or Business Department
Update employee benefits.	
Update salary schedules.	Department
Review and update employee work calendars.	Human Resources Department
Update employee step and/or column placement.	
Account codes	Business Department
Budget development	
Budget projections	
Multiyear projections	
Salary projections	

Management of the position control system could be assigned to the district's CBO, and the manager of human resources should be responsible for entering approved positions in the position control system and making changes to existing positions. This position should also establish salary placements and work calendars, assign new hires to the correct position, close positions that are no longer needed and work with the business office to roll positions from one fiscal year to the next.

A typical process would work as follows. When a site or department manager makes a request to hire an employee, he or she completes a personnel action form that includes the proper account code and sends the form to human resources where it is checked for accuracy and necessary approvals. To fill an existing position, the manager of human resources audits the required information to verify that it is correct, including the number of hours, days, and proper job title. The form then goes to the business office for budget approval. The manager of human resources ensures that necessary approvals have been obtained and notifies the requesting site/department if the position was approved or disapproved. If the request is for a new position, additional approvals such as the board and/or superintendent may be required. If the position is approved, the manager of human resources recruits for the position and inputs new positions in the position control system. When the position is filled, human resources attaches the new employee to the approved position in position control and inputs the employee's demographic data, salary information, hire date and other personnel-related information. A checklist should be used to ensure that all required information is provided to and obtained from the new hire and entered properly in the position control system.

Payroll screens should automatically populate from the human resources data, and only payroll staff should have access to change the pay screens. The payroll and benefits specialist makes any necessary changes to payroll and retirement screens and verifies the annual salary based on the employee's pay range/column and step on the applicable salary schedule. The payroll system then calculates the employee's monthly salary, which is verified by payroll. This process provides for proper internal control by keeping the functions of setting up an employee separate from paying them.

With the implementation of any new system, it is essential that all applicable staff members are provided and attend mandatory training in its use. It must be communicated to all staff that knowledge on the use of the position control system is necessary to properly and accurately perform human resources and business functions. Comprehensive training and support are critical to ensure that the information produced for budget development, multiyear projections and payroll is reliable and accurate. Interviews with some staff members indicated that their understanding of the scope and purpose of the position control system is incomplete.

The human resources, fiscal and payroll functions are unavoidably linked, and an emphasis should be placed on understanding departmental issues and jointly solving problems. Without notification from human resources that an employee exists, payroll cannot be processed for that employee, and a sound position control system cannot be created for budgeting purposes. Consequently, it is vital for the Business Services and Human Resources departments to work closely with one another so that each department's needs are understood and adequately addressed. The departments should meet routinely to ensure that proper separation of duties is clearly outlined, concise written procedures with step-by-step instructions are developed, and human resources and business office staff have a clear understanding of their respective roles.

Recommendations

The district should:

1. Implement the QCC position control system.
2. Consider assigning management of the position control system to the CBO.

3. Separate position control duties appropriately between human resources and the business office staff to provide for proper internal control.
4. Provide applicable training for all staff involved with the position control system.
5. Ensure that business office and human resources staff meet routinely.

Human Resources

The district's human resources service to sites and departments is diminished because of the lack of a position control system for maintaining data, written procedures that are inconsistently followed and enforced, poor responsiveness, errors and a lack of communication. The manager of human resources performs some of the human resources functions; however, there is a lack of clear supervision for this position and conflicts about where many human resources duties belong and how various processes should be implemented. Many duties that are typically assigned to a human resources support staff position, such as setting up interviews, making job offers and calculating salaries, are performed by other staff in the district office or at school sites.

Although the district has a well-written recruitment process, it is not consistently followed or enforced by management. Other written procedures for human resources functions do not exist such as those for processing new employees, classification changes and position control implementation. Interviews indicated that staff do not have confidence in the human resources data provided such as employee demographics, position information, staff lists and evaluation information.

Districts the size of Larkspur-Corte Madera typically do not warrant a full-time human resources administrator, and none of the comparison districts shown in the Organizational Structure and Staffing section of this report have such a position. Instead, the superintendent or CBO is often designated as the human resources administrator, managerial duties are shared by the superintendent, CBO and/or other administrators, and support staff complete routine ongoing tasks.

Because of the district's size and the superintendent's human resources background, it would be prudent for the superintendent to continue to oversee, direct and supervise the human resources support staff position. The superintendent should take the lead role in overseeing critical human resources functions such as: reviewing policies to ensure legal compliance with state and federal laws; analyzing human resources practices; assisting support staff in developing new operational procedures; handling employee classification issues; recommending the appointment, transfer, promotion, demotion, suspension or dismissal of all employees, subject to the approval of the board; and recommending leaves of absence for employees when, in the superintendent's judgment, it will benefit the district. Additionally, the superintendent should observe and enforce all laws, rules and regulations regarding human resources. For both the district's financial health and accurate communication, it is important for a person who is knowledgeable about legal issues related to human resources to oversee these functions. The draft job description for the human resources manager position includes responsibilities for interpreting personnel laws and handling personnel releases, layoffs and nonreelections. However, the superintendent should manage these duties with support provided by the manager of human resources; nonmanagerial duties fall within the scope of the manager of human resources position.

In addition to the superintendent's role in human resources as described above, other administrative staff in small districts often perform some of the managerial functions for human resources. The district would benefit from considering the assignment of the following responsibilities to the CBO:

- Oversee the position control system and direct district office support staff roles for the system.
- Review and verify salary schedules that are developed or revised by human resources.

- Assist the superintendent with maintaining personnel-related legal standards; bargaining unit contract negotiations, interpretation and implementation; and resolving personnel issues.
- Serve as the lead for issues related to classified employment.
- Act as the district's lead negotiator in all collective bargaining sessions, or as the lead negotiator for classified bargaining and a member of the team for certificated bargaining.
- Attend pertinent management meetings, such as the biweekly administrators'/ principals' meeting.

All department and site leaders should be assigned responsibility for the following:

- Recommend to the superintendent the appointment, placement, suspension, promotion or dismissal of employees.
- Supervise and evaluate the performance of assigned personnel.
- Help oversee the hiring process for their site or department.

Although it is not practical or advisable for one staff member to perform all the administrative and support functions for human resources, the human resources support position should consistently perform several duties. These include being more involved in and coordination of the recruiting process; hiring substitutes; implementing position control; calculating annual salary based on salary schedule placement; maintaining applicable data and staff information that may not be in the position control system; being involved in the negotiations process, such as in a consultative role regarding proposal development; entering demographic, salary and stipend information in QCC for all employees, including substitutes; completing notices to employees regarding salary and employment; completing the J-90 report; entering leave balances in QCC for new hires; working with payroll to reconcile leave balances as needed and rolling accruals into the next fiscal year; corresponding with sites and employees regarding available leaves; and corresponding with employees regarding long-term leaves and providing documentation to employees and payroll for docking purposes. Instead, the payroll and benefits specialist performs several of these tasks.

The draft human resources manager job description provided to FCMAT includes many of the responsibilities that should be assigned to this support position such as: implementing position control, handling the recruitment and interview process, calculating salary placements, and maintaining a variety of databases and information. However, some items listed in the draft human resources manager job description require further analysis to determine if they should be deleted or placed elsewhere, such as those that overlap with the Educational Services Department. These include No Child Left Behind (which is no longer relevant), Beginning Teacher Support and Assessment (now called Teacher Induction), and coordination and maintenance of California Basic Educational Data System (CBEDS) records (should be clarified to reflect pertinent personnel data).

Employee Recruitment and Selection

One of the most essential human resources processes is the efficient and legally compliant hiring of staff. Interviews indicated that approximately 20-30 recruitments take place annually. This is a reasonable amount for one support staff position to handle in addition to the other human resources functions listed above. Clear well-written procedures exist for the recruitment

function; however, they are not consistently followed. This indicates that the district should review the efficiency and responsiveness of its hiring process. When procedures, including the chain of command and lines of responsibilities, are not followed, the hiring process can be influenced by parties that are not aware of all relevant issues. Creating and adhering to consistent hiring practices will allow for more efficient operations and better customer service.

The following recruitment process was described to the FCMAT study team. To initiate the hiring process, supervisors typically send emails to the manager of human resources; a personnel action form is not used. The manager of human resources creates a job posting and sends it back to the department or school site for review prior to recruiting. Several staff members expressed frustration with this process because it takes additional time and frequently mirrors past postings. Once the job posting has been reviewed and approved, human resources advertises the position. Administrators perform most of the applicant screening, unless the applicant pool is quite large. In this case, the manager of human resources assists in the screening process. Once the administrators have determined the applicants to interview, there is inconsistency regarding who sets up the interviews and manages the process including who arranges a location and schedule, calls applicants and provides interview questions. Several administrators also expressed concern about the process for onboarding new hires and indicated support staff do not adequately welcome new employees to the district.

To create a clear and efficient recruitment process, standard forms, routing procedures, approvals, and roles for staff pertaining to the interview process should be developed and implemented. A typical process for hiring a replacement employee should take approximately four to six weeks from the time the need for the position is known until the first date of employment, with the greatest amount of time spent on advertising the position and onboarding the employee.

A personnel action form that includes information needed for budget, payroll and human resources, which is readily accessible to all managers and their support staff, should be developed and implemented. This form should be completed by the hiring manager and initiate the recruitment process for all vacant positions. This type of form is critical for the collection of districtwide data, budget management, and to trigger the systems that need to be activated for a new employee (e.g. payroll, benefits, student information systems, and email). Information that is needed on this form typically includes: department/school site, requesting manager name, position, employee being replaced (resignation form must be received) or new position, effective date, end date if applicable, FTE/hours per day, schedule, special advertising instructions or comments, account codes and signature lines for approvals. It is essential that the personnel action form is complete and accurate. Human resources should develop a handout or guide and provide training to all employees who are responsible for completing the form.

After the personnel action form is completed, it should follow a standard routing process. A typical process is for the form to be sent from the site administrator/department manager to the human resources office, where all information is double-checked for accuracy. While human resources creates the advertisement, the form is sent to the business office for budget approval and if needed to educational services and/or cabinet for approvals. Forms for routine job postings typically do not need to be reviewed and approved by staff outside of the business office since this slows the process. Unless the position is new or changed, a posting should not take more than 24-48 hours to produce after the personnel action form has been received by human resources and required approvals have been obtained. Frequently, collective bargaining contracts require that positions be advertised internally prior to posting outside. This practice should be reviewed

and analyzed to maximize efficiency. If internal posting requirements are significantly slowing down the hiring process, the district should consider negotiating changes to such requirements during collective bargaining.

Before the closing date, human resources should screen applicants for the minimum requirements listed on the job description. The hiring manager should view only those applicants that meet minimum qualifications. This central screening process will assist the district in defending against potential discrimination challenges and meeting its legal requirements to hire only appropriately credentialed applicants as outlined on the board-approved Declaration of Need form that is submitted to the California Commission on Teacher Credentialing. Once screened by human resources for minimal qualifications and credentials, the site/department administrator should be responsible for determining applicants to be interviewed and hired. Principals and other administrators are best suited to understand their staffing needs and the qualities desired in applicants. They should help design the interview questions and activities that will elicit the desired responses during the interview process. Training should be provided to administrators to ensure compliance with applicable recruitment laws.

The manager of human resources should assist by scheduling the interviews, providing past interview questions and preparing the interview packets. Human resources should retain the responsibility of making final job offers, setting appropriate compensation, collecting all required documents from new employees and providing new hire orientations that meet legal requirements. Interviews indicated that site administrators are often assigned to collect the required documents, verify the documents required by the I-9 form, and ensure that fingerprinting has been completed and background clearance obtained. Although some indicated the lengthy process is frustrating, the new hire process has many required steps and these should be clearly communicated to site and department administrators. Educating administrators about the requirements should create a greater understanding of and support for this process. The superintendent should examine the onboarding process for efficiency and customer service. It would also be beneficial for site and department administrators to provide additional orientation to new employees about the specifics of the department, program, or service after an employee is hired.

Employee Evaluations

The district has established performance evaluation forms and procedures for the certificated and classified staffs. However, staff interviews indicated that the evaluation information and due dates provided to the school sites contain errors. It would benefit the district to utilize the position control system for tracking employee evaluations to ensure employee names, site locations and due dates are accurate, and that evaluations are completed timely.

Employee Leaves

The district uses an automated substitute calling system for certificated employee absences when substitutes are required. Consideration should be given to using the system to track absences for all employees and assigning administration of the system to the manager of human resources. By automating absence tracking for all employees, the district could monitor days worked by classified and management employees and substitutes to ensure that employees do not unknowingly become permanent and have better control over absence tracking.

As previously discussed, the payroll and benefits specialist completes many of the duties for employee leaves instead of the manager of human resources. The processes for long-term leaves

of absence should be reviewed to ensure all legally required correspondence is sent to employees such as notices for FMLA and CFRA and the dates on which an employee would be separated from employment. The human resources staff typically performs these types of leave functions. Interviews indicated that more training is needed on employee leaves.

Substitutes and Extra Duty

The district is part of a countywide substitute consortium managed by the Marin County Office of Education. Although the county office performs the initial steps for determining basic qualifications for substitutes, those interested in working for the district are referred to the payroll and benefits specialist.

The manager of human resources position should perform the onboarding of substitutes and all human resources tasks performed for other new employees. This includes recruitment functions not performed by the county office and entering employee demographic information in QCC. As discussed previously, the separation of these duties is needed to provide proper internal control between the person entering the employee in QCC (human resources) and the person paying the employee (payroll).

Operational Procedures

A review of the human resources tab on the district website found that the information provided is easy to read and clear. Contracts are current, and pertinent information needed for employment, such as some job descriptions, some salary schedules, and new hire and credentialing information, is clearly listed. However, management and confidential job descriptions, salary schedules for some management positions, and information related to some substitute positions are not posted.

Work hours listed on the human resources webpage are 8:30 a.m. – 4:00 p.m. Monday through Thursday. Because the manager of human resources is a full-time position, the work hours shown on the website should be extended to include the full work day and Friday. All work hours should be available for employee questions, messages and meetings. District office support staff should assist in taking messages when the manager of human resources is assisting other employees.

Personnel Files

Interviews indicated that personnel files are not up-to-date, in need of organization and are sometimes removed from the district office. Employee personnel files contain the history of the employment relationship from application through separation. The personnel file is the only official and legal permanent record that can be maintained on employees. Only designated district office staff and the employee's immediate supervisor should have access to the information in the employee personnel file, and it should never leave the district office. Personnel files should be stored in a locked, fireproof file cabinet in a locked location. The confidentiality of the employee information in the personnel file is of paramount importance. Documentation that an employer typically keeps in an employee personnel file are as follows:

- Items related to employment history such as application, transcripts, employment contracts, signed acknowledgment form showing receipt of employee handbook, official forms such as requests for transfer, promotion and internal job applications.

- Items related to employee performance records such as evaluations and performance improvement plans, disciplinary actions and/or training records.
- Items related to separation such as a resignation letter, COBRA notification, employment ending checklist, accounting for the final paycheck and return of property.

Records that are to be kept separate from the basic personnel file are reference/background checks, drug test results, immigration (I-9) forms, medical/insurance records (medical questionnaires, benefit enrollment forms and benefit claims, doctor's notes and accommodation requests, child support/garnishments, litigation documents, workers' compensation claims, investigation records (although relevant disciplinary action, counseling or other direct communications are placed in the employee's personnel file), and requests for employment/payroll verification. Maintaining these records in separate files allows managers, employees and auditors to see the information they need to make decisions but does not allow inappropriate access.

Another major purpose of the employee personnel file is to protect employees against arbitrary and prejudicial personnel decisions. The personnel file is governed by the California Education Code, which requires a procedure whereby employees can correct or rebut incomplete or inaccurate information in the hands of their employers that might affect their employment status. Additionally, no information of a derogatory nature can be entered or filed unless and until the employee is given notice and an opportunity to review and respond. Documents may include anything relating to an employee's performance, whether it is a formal evaluation, observation, report, memorandum, commendation, written warning or reprimand. Every employee has the right to inspect his or her personnel file upon request. All employee personnel files are confidential and are to be made available only to the employee and to those who have authorized access. (Education Code Section 44031)

Recommendations

The district should:

1. Continue to designate the superintendent as the human resources administrator.
2. Clearly identify and assign human resources managerial responsibilities to the superintendent and CBO.
3. Clearly identify and assign human resources support responsibilities to the manager of human resources.
4. Ensure human resources responsibilities are completed accurately and timely.
5. Consider transferring duties, such as the Teacher Induction program and CBEDS coordination, from the human resources manager position to the Educational Services Department.
6. Establish and enforce written procedures for human resources functions.
7. Analyze and update its recruitment process, provide training to applicable staff, and ensure the process is consistently implemented.

8. Develop and implement a personnel action form to initiate the recruitment process for all vacant positions. Develop written procedures on the routing process and required approvals for the form.
9. Post routine positions using the prior job posting for the same position, and do not require the requesting site or department to double check it.
10. Centralize the initial applicant screening process to ensure candidates are minimally qualified and appropriately credentialed.
11. Assign the manager of human resources to manage the interview process, including making the final job offer.
12. Evaluate the onboarding process for efficiency and customer service, and assign the manager of human resources to manage it.
13. Utilize the position control system to track employee evaluation information.
14. Utilize the substitute calling system to track absences for all employees, and assign administration of the system to the manager of human resources.
15. Provide training regarding legal compliance for all employee leaves to applicable staff members, and consider assigning long-term leave functions to the manager of human resources.
16. Reassign human resources tasks regarding substitutes from the payroll and benefits specialist to the manager of human resources.
17. Add all job descriptions, salary schedules and substitute information to its website.
18. Change the office hours posted on the human resources web page to reflect a full 40-hour workweek.
19. Ensure that personnel files are organized and up-to-date, include all required documents, are properly stored, accessed by only authorized staff and not removed from the district office.

Appendix

A. Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT March 7, 2017

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

1. BASIS OF AGREEMENT

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

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

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

1. Conduct an organizational and staffing review of the district's fiscal services and human resources departments, and provide recommendations for staffing improvements or reductions, if any.
2. Evaluate the current work flow and distribution of functions within and between the above departments, and provide recommendations for improved efficiency, if any.
3. Review the fiscal services department's operational processes and procedures, and provide recommendations for improved efficiency, if any, in the following areas:
 - Position control
 - Purchasing

- Accounts payable
 - Accounts receivable
 - Payroll
4. Review the human resources department's operational processes and procedures, and provide recommendations for improved efficiency, if any.

B. Services and Products to be Provided

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

3. PROJECT PERSONNEL

The 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>

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 or participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate for all work performed.
- B. All out-of-pocket expenses, including travel, meals and lodging.
- C. The district will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon the district's acceptance of the final report.

Based on the elements noted in section 2A, the total not-to-exceed cost of the study will be \$22,800.

- 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 located at 1300 17th Street, City Centre, Bakersfield, CA 93301.

5. RESPONSIBILITIES OF THE DISTRICT

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

- C. The district's administration will review a 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 field work, 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

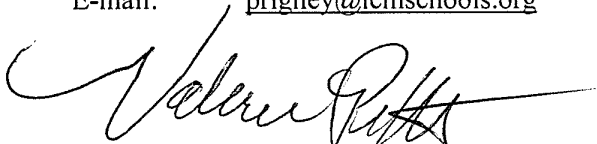
During the term of this agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the district, automobile liability insurance in the amount required under California state law, and workers compensation as required under California state law. FCMAT shall provide certificates of insurance, with Larkspur-Corte Madera School District named as additional insured, indicating applicable insurance coverages upon request prior to the commencement of on-site work.

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: Paula Rigney
 Telephone: (415) 927-6960
 E-mail: prigney@lcmschools.org



Valerie Pitts, Superintendent
 Larkspur-Corte Madera School District

Date



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

March 7, 2017

Date