

September 6, 2016

Dave Parsons, Superintendent
Yreka Union School District
309 Jackson Street
Yreka, CA 96097

Dear Superintendent Parsons,

The purpose of this letter is to confirm that the Fiscal Crisis and Management Assistance Team (FCMAT) met and discussed our findings and recommendations with the district office staff of Yreka Union School District during FCMAT's on-site technical support on August 18 and 19, 2016.

On July 13, 2016, the Yreka Union School District entered into an agreement for FCMAT to provide on-site technical support. The study agreement specifies that FCMAT will perform the following:

1. Provide two days of on-site technical assistance for an employee transitioning to a new payroll position that will require use of the QSS Control Center (QCC) financial system.

FCMAT visited the district on August 18-19, 2016 to help the new human resources/payroll manager and executive assistant and answer questions about payroll processing, employee classifications, payroll coding, retirement reporting, quarterly reporting requirements, pay deduction codes, payroll reports and print manager capabilities. FCMAT discussed numerous items with staff, including the possible implementation of the Quintessential School Systems (QSS) position control and absence tracking modules, leave of absence provisions, and laws regarding employment after retirement for California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) members.

Position Control Integration

To be effective, a single position control system needs to be used, and it needs to be integrated with other financial software modules such as budget and payroll. In addition, position control functions need to be separated to ensure proper internal controls. The controls should ensure that only board-authorized positions are entered into the system, that the Human Resources Department hires individuals only for authorized positions, and that payroll pays only employees hired for authorized positions. Proper separation of duties is essential to creating strong internal controls and a reliable position control system. The Human Resources and Business Services departments both need strong internal control systems to initiate, approve and carry out board-approved hiring decisions. The table below shows a recom-

FCMAT

Joel D. Montero, Chief Executive Officer

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mended distribution and assignment of responsibilities among the governing board, Human Resources Department and Business Department to maintain strong internal controls.

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

Absence Tracking Module

The QSS absence tracking module can be used to accrue leave and record employee absences. Staff can create a variety of leave groups for different types of employees, such as teachers, classified staff, management, and administrative staff. Each employee is assigned to their identified leave group, which defines the parameters for accruing and recording absence transactions for that group. Users can transfer each employee’s prior year sick leave and vacation balances to the current year annually so they carry over, and reset balances for bereavement, personal leave, and other leave types that are not typically carried forward.

The absence tracking module can also help the district accrue sick leave balances as required under the Healthy Workplaces, Healthy Families Act of 2014 (AB 1522). This legislation states that certain employees, including substitute and temporary employees who work for 30 or more days in a year, are entitled to paid sick leave after their 90th day of employment. The employer must record employees’ balances on their monthly pay stubs or on a document issued with each pay stub, and must keep records of the hours earned and used for a period of three years.

The district should work with the QSS account manager and the county office of education to implement the position control system and absence tracking module, and to provide training for applicable staff members.

Leave of Absence

As is common among California school districts, district staff had questions regarding the handling of employees’ leaves of absence and expressed a need for further understanding of how to track, explain and

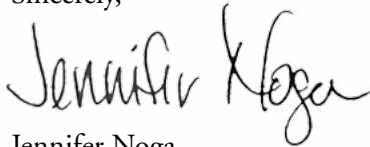
monitor the various types of leaves. The district should ensure that business office staff members responsible for these functions attend the California Association of School Business Officials' (CASBO's) Leave of Absence training seminar to gain an understanding of the different types of leaves and how they are to be applied.

Retirement and Return to Work Provisions

California retirement law and federal tax laws provide specific employment restrictions for retirees who, without exiting retirement, return to work with an employer in the same retirement system from which they receive a benefit. These restrictions are intended to prevent a retiree from concurrently receiving both a monthly CalPERS or CalSTRS retirement benefit and a salary from a permanent position with a CalPERS or CalSTRS employer. FCMAT discussed these issues with district staff and referred them to the CalSTRS and CalPERS websites for further guidelines regarding how to manage employing retirees from each system.

FCMAT appreciates the opportunity to serve you and extends our thanks to the staff of the Yreka Union School District.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Noga". The signature is written in a cursive, flowing style.

Jennifer Noga
Fiscal Intervention Specialist

C: Jim Berry, Chief Business Official, Yreka Union School District