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ADDENDUM NO. 2

Date: March 12, 2024
Issued by: Sacramento City Unified School District
Project: RFQ/P #24-0802 Financial Practices Analysis

This addenda shall supersede the original Information, attachments, and specifications regarding RFQ/P #24-0802 where it adds to, deletes from, clarifies or otherwise modifies them. All other conditions and any previous addenda shall remain unchanged.

AD2.01 Responses to Questions

Question 1. Who is the current internal audit service provider?

Response: Crowe LLP is our external audit service provider

Question 2. What caused the need for the review? Is this support to assist with an existing internal audit plan?

Response: A review is critical due to the multitude of processes left unattended across various sites and departments since the onset of COVID and during the subsequent transition to post-COVID working procedures. This includes gaps within both the accounting and payroll departments. The need for this review is underscored by process oversights that have occurred, and it is important to note that this support is separate from our audit plan

Question 3. If applicable, when was the last time the in-scope processes were reviewed or audited?

Response: 2001

Question 4. Is this a co-sourced internal audit arrangement? Can you please specify the number of internal audit staff and leaders currently with the District?

Response: No, this will not be a co-sourced internal audit arrangement. There is one internal auditor coordinator who is a permanent staff member.

Question 5. How many key District management and applicable staff members are anticipated to be included in the fieldwork interviews?

Response: 21 – 22 staff members

Question 6. The Sacramento City United School District Website notes that accounting services are responsible for the following accounting functions: A/P, cash receipts, petty cash, student activity funds, A/R billable, and overpayments. Is this the inclusive list of accounting functions that will be in scope for the analysis? If not, could you please describe any other processes included in the scope?

Response: Accounting is has two units below:

- **General Accounting** – sites/depts. cash reconciliation, petty cash recons, sales taxes, reconciling ASB accounts, ASB transfers staled dated checks, sites warrant distributions, processing donations and refunds, PO /Disbursement requests, account cash revolving bank reconciliation, sites’ encumbrance reports, field trip request, journal entries on payroll adj. errors, taxes, live scans, fuel& oil, master teachers stipends to pay invoices, School Site ASB training, utilities, work order processing, sites 1099s and year-end entries/tasks.
- **Accounts Payable/Accounting Mgr** – Enter invoices, matching invoice audits, FTP transmittal file, Check registry, disburse and print checks, reconcile vendor statements, process credit memos, vendor 1099s, Cal-Cards, wires, employee benefit reimbursements, chargebacks, utilities, sales taxes, Nonresidential taxes, property taxes, quarterly payroll taxes, year-end close POs, in lieu property taxes, debt wires, W9 TIN recons, staled dated warrants/reissues, journal entries, Sales & Use Tax return, high level audits, wire entries, and check runs.
- **High-Level Accounting – Construction/Bond Accounting** – e-Builder (Construction Management ERP system that is separate from our Financial ERP system), fixed assets, facilities grants and insurance claims, budget transfers, process transactions related to bonds, Citizen Oversight Committee financial reports, debt trust cash, cash draw downs, FEMA/Cal OES, recons, cash flows, Year-end tasks – GASB 34, 87, and 96, Year-end closing tasks, cash recons, journal entries, chargeable work orde4rs, developer fees annual report, requisitions, AP high audit related to capital funds, and annual performance and audit items.
- **High-Level Accounting – Accounting Analyst** - Cash in County Treasury reconciliation, interest earned on federal funds report, federal cash management reporting, ESSR reports, high-level journal entries related to year-end or interim reporting, SACs TRC corrections, ESSER expenditures management, accounting projects, review accounting journals, reclass journals, and year-end closing tasks/journals.

Question 7. When was the last time applicable manuals/procedures were updated (Payroll, Accounting, and any other related manuals/procedures)?

Response: 2005

Question 8. Can you please provide more insight on what the District is looking for when the RFP calls for a “financial practices review”?

Response: This process typically entails a comprehensive assessment of the accounting and payroll departments' financial procedures, policies, and practices. The primary objective of this review is to ascertain that financial operations are carried out with optimal efficiency, effectiveness, and adherence to pertinent regulations and standards. Key areas addressed may include accounting and payroll processes, internal controls, fiscal risk management, and financial reporting. This includes providing recommendations for making the process more streamlined and efficient, helping form clear procedures, and assisting in updating the district’s Fiscal Accountability document, which was last updated in 1999.

Question 9. When was the last time a risk assessment was performed for the District? If available, can you please share the results of the most recent risk assessment and prior school year's audit plan?

Response: 2019 – Please see the attached FCMAT update as well as the California State Auditor's recommendation and responses.

Question 10. What is the budget for the internal audit function for the 2024-2025 school year?

Response: 24-25 budget is currently unavailable; however, for 2023-24, the external audit budget is approximately \$300K

Question 11. Apart from the exit meeting, do you anticipate the work being performed in person, virtually, or hybrid?

Response: Hybrid

Question 12. What ERP and payroll system is the District running? Are these systems hosted by a third party or on premises?

Response: Escape (Frontline), SchoolBooks, Parent Square, for Accounting and Payroll. E-builder and Escape for Bond construction accounting.

Question 13. How many accounting and payroll staff are there?

Response: Accounting – 11 staff members and 1 substitute Payroll - 8 staff members and 1 substitute

Question 14. Are any of the accounting or payroll processes currently outsourced to a third-party?

Response: No

Question 15. The District outlines that the draft report must include a phased plan for implementing recommended changes and streamlining processes. Will the District complete this plan internally or seek a third-party to assist in the implementation plan?

Response: We are in need of seeking a third party to assist in the implementation plan.

Question 16. Is there an existing fiscal responsibility policy, procedure, or manual? If so, when was it last updated?

Response: Yes, for Accounting - 1999. For Payroll – 2022. There are ISO procedures that were last updated in 2006-2007.

END OF ADDENDUM NO.2

Acknowledgement of this Addendum will be required at time of bid.

Sacramento City Unified School District
 Business Services Division
 FCMAT Update 9/21/23

No.	FCMAT Finding	Status	District Response	Progress
1.	Are clear processes and policies in place to ensure that the district’s Local Control and Accountability Plan (LCAP) and budget are aligned with one another? (part 2)	In Progress	<p>Board policies (BPs) and administrative regulations (ARs) adopted by the district related to the LCAP included the following: AR 1220 – Citizen Advisory Committee, BP/AR 1312.3 – Uniform Complaint Procedure, BP 6173.1 – Foster Youth.</p> <p>The California School Boards Association’s online board policy service, known as GAMUT, has one main LCAP/Budget alignment policy, BP/AR 0460, which many districts have adopted. Although the district has a subscription to GAMUT, it has not adopted this policy.</p>	<p><u>9/21/23 Update:</u> We are working on new processes and procedures to ensure there is clear and concise budgetary alignment with the goal of establishing progress monitoring practices. This need and plan to move this work forward was presented during our June 8 and June 22nd Board meetings.</p> <p><u>3/16/23 Update:</u> Staff continue to work collaboratively to ensure that processes and planning align efforts across Business Services and Continuous Improvement and Accountability.</p> <p><u>12/15/22 Update:</u> Staff continue to work collaboratively to ensure that processes and planning align efforts across Business Services and Continuous Improvement and Accountability.</p> <p><u>3/17/22 Update:</u> Staff continue to work collaboratively to ensure that processes and planning align efforts across Business Services and Continuous Improvement and Accountability. Recent efforts include the completion of the LCAP Mid-year report and the one-time supplement to the Annual Update. These processes required collaborative development of estimated actual expenditures for LCAP actions and</p>

				<p>reporting on the ESSER III Expenditure plan actions. The latter have involved a wider collaborative with program staff to understand the implementation status of various personnel-related actions and maintaining ongoing progress monitoring to ensure that unspent funds can be reallocated to already identified actions and open consideration for new actions. Additional collaboration has occurred to ensure that the standard LCAP development is on pace, with advance planning for the 2022-23 projected expenditures occurring as an outgrowth of the mid-year report efforts.</p> <p><u>12/16/21 Update:</u> Staff continue to work collaboratively to ensure that processes and policies are in place to align key planning efforts to the budget. A recent example is the ESSER III expenditure plan development. Business Services and Continuous Improvement and Accountability (CIA) staff collaboratively developed a Request for Funding process that was used by departments. This required departmental staff to describe their proposal in detail including, but not limited to, their intended use of funding, scope across the three-year timeline, and per year and total funding amounts requested. Business services and CIA staff further collaborated to facilitate executive leadership's prioritization process, review proposed expenditures in relation to</p>
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				<p>other CARES funding uses, and ensure that proposed amounts were accurate to staffing amounts requested. The ESSER III plan is closely aligned to the LCAP and other recent district plans, making this collaboration a key step in the 2021-22 development of the 2022-23 LCAP.</p> <p><u>9/16/21 Update:</u> Throughout 2019-20 and 2020-21 staff in Business Services and State and Federal Programs have developed processes to increase alignment between budget and LCAP. These include program coding for funds allocated to school sites to more accurately account for planned expenditures in the LCAP, realignment of resource coding for LCFF S&C funds, and development of shared tools to prepare projected and estimated actual expenditures. These efforts have been supported by regular meetings between Business Services and LCAP staff with the explicit goal of increasing LCAP-budget alignment. Business Services staff have also collaborated on multiple LCAP presentations to the Board of Education.</p> <p><u>11/30/20 Update:</u> Board Policy Staff have developed an initial draft of BP 0460: Local Control and Accountability Plan. BP 0460 was initially provided to the Board Policy Committee on 5/24/19.</p> <p>Board Policy Staff are in the process of developing an initial draft of BP 0460: Local Control and Accountability Plan. BP 0460 was</p>
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				initially provided to the Board Policy Committee on 5/24/19 and will be scheduled for a detailed review by the Board Policy Committee and full Board action at a later date. On 11/19/19 the topic of Budget/LCAP/SPSA policy efforts was included on the Policy Committee agenda but no recommendation was made. The policy will be scheduled for a subsequent review by the Board Policy Committee and full Board action at a later date.
2.	Has the district addressed any deficiencies the county office of education has identified in its oversight letters? (part 1)	Complete	Since 2006, the county office of education has identified the need for the district to develop a viable plan to fund its long-term other post-employment benefits (OPEB) liability, which has not been measurably addressed.	<p><u>12/15/22 Update:</u> The district has made progress towards funding at the Actuarially Determined Contribution (ADC) level and for the 2021-22 fiscal year funded at 100%. Funding at the ADC to the OPEB trust has resulted in the District's net OPEB liability decreasing from \$567M as of June 30, 2020 down to \$308M as of June 30, 2022. The District plans to continue funding at the actuarially determined contribution level.</p> <p><u>3/17/22 Update:</u> The District is continuing to review options to fully fund at the Actuarially Determined Contribution level for the 2021-22 fiscal year to continue its progress towards funding the OPEB liability.</p> <p><u>12/16/21 Update:</u> On November 2nd, 2021 the District received an updated actuarial study that reflects an improvement in the District's total OPEB liability. Due to increased contributions in FY 2021, the District funded 97.6% of its Actuarially Determined Contribution. The higher funding level</p>

				<p>allowed for a change in the actuarial methodology that contributed to a decrease in total OPEB liability from \$654M as of June 30, 2020 to \$415M as of June 30, 2021, or a 44% decrease. To continue to maximize progress, the district plans on fully funding at the Actuarially Determined Contribution level for the 2021-22 fiscal year.</p> <p><u>9/16/21 Update:</u> The District is expecting to receive an updated actuarial report in the next few weeks which will provide the status of the OPEB liability.</p> <p><u>5/1/21 Update:</u> The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/1/21 Update:</u> The District realized excess savings in its Dental and Vision funds and applied the savings towards its OPEB contribution. The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/10/20 Update:</u> On October 25, 2019 the District received its updated Other Post Employment Benefit (OPEB) liability amount in our latest GASB 75 actuarial report for fiscal year ended June 30, 2019. The latest valuation reports the District's Total OPEB Liability at \$599 million, a \$181 million decrease from the prior report of \$780 million. This is a result of lower than</p>
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				<p>projected medical premium growth and increased interest rates. While a portion of the change in interest rates is market-based, being able to maintain the higher interest (discount) rates is contingent upon sustained and/or increasing contributions to the OPEB trust. Failure to do so would likely result in a reduction to these rates in the future and revert to a higher Total OPEB Liability. The Net OPEB Liability decreased by \$199 million from the prior report to \$526 million. The decrease is a result of the continued funding of the District's OPEB irrevocable trust fund in addition to the decreases noted above. In other words, these continued contributions to the OPEB trust help not only in increasing the trust assets, but also in stabilizing or improving the discount rate used to calculate the Total OPEB Liability. This is a significant improvement, but the liability will continue to grow without continued efforts to decrease it. 11/30/20 Update: On September 2, 2020 the District received its updated Other Post Employment (OPEB) liability amount in the recent GASB 75 actuarial report for the fiscal year ended June 30, 2020. The key points are:</p> <ul style="list-style-type: none"> • The District's Net OPEB liability increased by \$41.7M year over year from \$526M FYE 2019 to \$568M FYE 2020. • The increase is due to annual costs and a decrease in the discount rate assumption from 4.25% to 3.90%
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				<ul style="list-style-type: none"> • The Actuarially Determined Contribution (ADC) is \$30.8M. The district contributed \$26.7M in 19-20, leaving a contribution deficit of \$4.1M. • If the District were to increase its contribution to the ADC amount it would help in two ways: <ul style="list-style-type: none"> o Fund the Net OPEB liability o Per GASB 75, allow the actuary to gradually increase the discount rate used (3.90%) to the asset return rate used (7.0%) in between 1-5 years' time. In dollars, if all else is equal, the Total OPEB liability would be closer to \$430M instead of the \$654M projected currently. <p>The District has made some progress but due to changes in assumptions, the Net OPEB liability has increased. To maximize progress, the district would need to contribute the full ADC amount each year.</p>
3.	Has the district addressed any deficiencies the county office of education has identified in its oversight letters? (part 2)	In Progress	<p>In letters dated December 7, 2017, January 16, 2018, and April 16, 2018, the county office discussed and outlined its concerns with the district's ongoing structural deficit, and the need for the district to submit a board-approved budget reduction plan to reverse the deficit spending trend.</p> <p>On August 22, 2018, the county office disapproved the district's 2018-19 adopted budget, and the district was instructed to revise its 2018-19 budget and submit a</p>	<p>9/21/23: Update: As of the 2022-23 Unaudited Actuals and 2023-24 45- Day Revise Budget, the district is projecting an unrestricted surplus of \$70.6M in 2022-23, \$26.9M in 2023-24, \$10M in 2024-25, and \$1.2M in 2025-26.</p> <p><u>3/16/23 Update:</u> As of the 2022-23 Second Interim Report the district is projecting an unrestricted surplus of \$39.2M in 2022-23, 24.6M in 2023-24 and \$1M in 2024-25.</p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim Report the district is projecting an unrestricted surplus of \$30.5M in 2022-23,</p>

			<p>balanced budget plan that supports ongoing expenditures from ongoing revenue sources, and that has a timeline showing when and how adjustments would be implemented no later than October 8, 2018. On October 11, 2018, the county office notified the district that its revised adopted budget was also disapproved based on their review. That budget showed that the district's unrestricted general fund balance would decrease by approximately \$34 million in 2018-19, approximately \$43 million in 2019-20 and \$66.5 million in 2020-21. The district was instructed to develop a viable board-approved budget and multiyear expenditure plan that would reverse the deficit spending trend, and to submit this plan with its 2018-19 first interim report, which is due December 14, 2018.</p>	<p>\$23.3M unrestricted surplus in 2023-24 and unrestricted surplus \$7.6 M in 2024-25. <u>3/17/22 Update:</u> As of the 2021-22 Second Interim report the District is projecting an unrestricted surplus of \$19.86M in the current year, an unrestricted surplus of \$10.45M in 2022-23 and projected unrestricted deficit of (\$6.17M) in 2023-24. <u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted deficit of (\$16.5M) in 2022-23 and (\$23.2M) in 2023-24. <u>5/1/21 Update:</u> As of the 2020-2021 2nd Interim financial report, the District is projecting an unrestricted deficit spend of (\$11.2M) in 2021-22 and (\$26.4M) in 2022-23. <u>3/1/21 Update:</u> On the February 4, 2021 Board meeting, the Board approved a reduction of approximately \$4.5M. <u>11/30/20 Update:</u> Over the past two years, the District has identified and implemented more than \$50 million in on-going non-negotiable budget reductions. However, these reductions have not been sufficient to address the structural deficit. As of the 2020-2021 1st Interim financial report, the District is projecting a \$56 million budget deficit and must implement an on-going solution to achieve fiscal solvency and avoid a State Loan. At the December 10, 2020 Board Meeting the Board will consider a Fiscal Recovery Plan to address some of the deficit</p>
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				<p>but this plan alone will not be sufficient to resolve the projected \$56M deficit.</p> <p><u>5/12/20 Update:</u> At the April 2, 2020 Board Meeting, the 2019-20 Second Interim Financial Report was approved with a negative certification and an update on the FCMAT matrix was also presented. At the May 7, 2020 Board Meeting, a State Budget update and impact on the District's finances using 3 LCFF COLA scenarios was presented to assess the impact on the District's revenue and cash flow for the 2020-21 and 2021-22 fiscal years. Under any of the 3 scenarios, the District's fiscal condition is worse and the cash challenges are projected to accelerate by a few months.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Financial Report and FCMAT Update was presented at the December 19, 2019 Board Meeting with a negative certification. A negotiated solution will be required to address the District's \$27M shortfall. The Fiscal Recovery Plan was presented at the February 6, 2020 Board Meeting and included proposals to achieve the \$27M solution. These proposals require negotiations.</p> <p><u>6/13/19 Update:</u> District has made approximately \$45 million in adjustments through the 2019/20 Proposed Budget. Additional adjustments of \$26 million are needed through negotiations. As of the 2019-20 Revised Adopted Budget the District has implemented \$50.2M in ongoing budget adjustments and \$12.1M in one-time budget</p>
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				<p>adjustments. These adjustments were made during the period of December 2018 through September 2019 and are not in addition to the previous adjustments listed above. Additional adjustments of \$27M are still needed to eliminate the deficit and achieve fiscal solvency. This information can be found in the Revised Adopted Budget 2019-20 presented at the October 3, 2019 Board Meeting.</p> <p>Update: Working towards a balanced budget. Student Centered Fiscal Recovery Plan presented to Board and adopted at the <u>3/27/19 Update</u>: Reductions in central staff and non-negotiable items have resulted in over \$20m in savings and as a result at 2nd interim: \$2.2m (19/20) and \$50m (20/21).</p>
4.	Are all balance sheet accounts in the general ledger reconciled, at a minimum, at each interim report?	In Progress	Although balance sheet accounts are reconciled multiple times each fiscal year, a reconciliation is not done at each interim.	<p><u>9/21/23 Update:</u> Staff have begun preliminary reconciliation of balance sheet items and a plan is in development to reconcile balance sheet items on a regular basis.</p> <p><u>3/16/23 Update:</u> Staff have begun preliminary reconciliation of balance sheet items and a plan is in development to reconcile balance sheet items on a regular basis.</p> <p><u>12/15/22 Update:</u> Staff have begun preliminary reconciliation of balance sheet items and a plan is in development to reconcile balance sheet items on a regular basis.</p> <p><u>3/17/22 Update:</u> Staff have begun preliminary reconciliation of balance sheet items and a</p>

				<p>plan is in development to reconcile balance sheet items on a regular basis.</p> <p><u>12/16/21 Update:</u> Staff have been assigned to reconcile balance sheet items and a plan is in development to reconcile balance sheet items on an interim basis.</p> <p><u>5/1/21 Update:</u> Staff are developing a plan to reconcile remaining balance sheet items on an interim basis.</p> <p><u>5/8/20 Update:</u> This item remains outstanding and staff have been assigned some balance sheets to reconcile.</p> <p>In 2019-20, staff will reconcile at each interim report period.</p>
5.	Does the district have sufficient cash resources in its other funds to support its current and projected obligations?	Complete	<p>During FCMAT’s fieldwork, the district was projected to be cash insolvent as early as October 2019 if budget reductions are not made. A more recent cash flow projection prepared by the district at the 2018-19 first interim shows the cash insolvency date as November 2019 without budget reductions.</p>	<p><u>3/17/22 Update:</u> The 2021-22 Second Interim Report projects a positive cash balance in 2021-22, 2022-23 and 2023-24 fiscal years. Based on 2021-22 Second Interim data, the District has sufficient cash resources to support its current and projected obligations and has addressed the identified deficiency.</p> <p><u>12/16/21 Update:</u> The 2021-22 First Interim report projects a positive cash balance in 2021-22, 2022-23 and 2023-24 fiscal years.</p> <p><u>5/1/21 Update:</u> Due to one-time savings as a result of the COVID-19 pandemic and approval for cash deferral exemptions from CDE, the 2020-21 Second Interim Cash Flow Report projects a positive cash balance for the 2020-21, 2021-22 and 2022-23 fiscal years.</p>

				<p><u>3/1/21 Update:</u> The 2020-21 First Interim Report projects that the district is able to meet its 2020-21 and 2021-22 obligations but is projecting that it will not satisfy the 3rd year 2022-23 obligations. The 2020-21 First Interim Cash Flow Report projects major cash challenges beginning in May 2021 unless further budget adjustments are made.</p> <p><u>11/30/20 Update:</u> The 2020-21 Revised Adopted Budget presented at the October 1, 2020 Board Meeting projects that the District is able to satisfy the current year 2020-21 and 2021-2022 obligations but is projecting that it will not satisfy the 3rd year 2022-23 obligations.</p> <p><u>5/8/20 Update:</u> The 2019-20 Second Interim Report presented at the April 2, 2020 Board Meeting states that major cash challenges start in October 2021 unless further budget adjustments are made.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Report presented at the December 19, 2019 Board Meeting states that major cash challenges start in November 2021 unless further budget adjustments are made. The Third Interim and 2019-20 Proposed Budget Cash Flow reports were completed. Both reports showed an improved cash position due to the budget adjustments. The District projects a positive cash balance</p>
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				through October 2020.
6.	Are all charters authorized by the district going concerns? (part 1)	In Progress	The district has transferred funds to some of its authorized charter schools when those schools were in financial need. In 2017-18, the district transferred a total of \$239,697.59 to charter schools, and it is projecting a transfer of \$300,000 in 2018-19.	<p>9/21/23 Update: As of the 2022-23 Unaudited Actuals report, the district has no contributions to the charter fund. Additionally, effective with the 2023-24 year, the district has expanded its charter school oversight department to include a dedicated budget analyst for continual monitoring and compliance support for charter schools.</p> <p><u>3/16/23 Update:</u> The 2022-23 Second Interim report projects a \$125K contribution to the Charter fund for New Joseph Bonnheim. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>12/15/22 Update:</u> For fiscal year 2021-22, the district transferred \$1,081,471 to the charter fund. \$918K of this transfer was to offset the estimated loss of LCFF revenue as a result of the loss of instructional days during the 21-22 school year. The remaining \$163K was a contribution to New Joseph Bonnheim. The 2022-23 First Interim budget projects a \$116K contribution to the charter fund. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>3/17/22 Update:</u> The 2021-22 Second Interim</p>

				<p>financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>12/16/21 Update:</u> The 2021-22 First Interim financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff will continue to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>9/16/21 Update:</u> With the 2020-21 Year End closing process, only \$245,201 contribution was made to the New Tech Charter School and no contribution was made to the George Washington Carver School.</p> <p><u>5/1/21 Update:</u> The 20-21 2nd Interim financial report projected a lower contribution for New Tech at \$392,960 and no contribution for George Washington Carver due to staff adjusting each of the charter schools LCFF funding.</p> <p><u>3/1/21 Update:</u> No projected changes at this time.</p> <p><u>11/30/20 Update:</u> The Revised Adopted Budget for 2020-2021 projects that two</p>
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				<p>dependent charters will require a contribution: 1. New Tech \$521K and 2. George Washington Carver \$315K. The District is assisting both schools to identify solutions to resolve the budget issues.</p> <p><u>5/8/20 Update:</u> The 2019-20 Second Interim Report was presented at the April 2, 2020 Board Meeting reported a decrease of \$218,466 in general fund transfers to the 3 charter schools.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Report provided the update on District staff meeting with Charter school administration to address the projected transfers from the District. 3 of the 4 schools have implemented the necessary adjustments to eliminate or reduce the need for a transfer. New Tech Charter School will require a transfer to support operations due to ongoing enrollment decline.</p> <p><u>7/23/19 Update:</u> During budget development, the fiscal consultant analyzed the five dependent charter schools who are governed by the SCUSD Board of trustees noting overspending in several of the schools. Contributions from the District's general fund are budgeted in both the budget year and continuing in the MYP. During the fiscal year, continued analysis and budget-balancing by staff will be needed to remove the general</p>
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				fund contribution to the charter school fund. Update: SCOE Fiscal Expert currently conducting analysis on all charter schools. Due 6/30/2019.
7.	Are all charters authorized by the district going concerns? (part 2)	In Progress	<p>Of most concern is the district’s ongoing support of the Sacramento New Technology Charter School for several years. Because this is an ongoing fiscal burden on the district, it needs to be discussed and remedied.</p> <p>The district has also given financial assistance in the past to George Washington Carver Charter School, though not every year. The district also needs to further study Sacramento Charter High School operated by St. Hope Public Schools to determine whether it is a going concern.</p> <p>The district’s charter schools are dependent from the standpoint of governance because they are part of the district and are under the authority of the district’s governing board. However, charter schools are not intended to have budget deficits that make them dependent on a district financially. Under California Code of Regulations (CCR), Section 11967.5.1(c)(3)(A), a charter school must have a realistic financial and operational plan. Part of that includes having a balanced budget and financial plan. The district should take steps to</p>	<p>9/21/23 Update: As of the 2022-23 Unaudited Actuals report, the district has no contributions to the charter fund. Additionally, effective with the 2023-24 year, the district has expanded its charter school oversight department to include a dedicated budget analyst for continual monitoring and compliance support for charter schools.</p> <p><u>3/16/23 Update:</u> The 2022-23 Second Interim report projects a \$125K contribution to the Charter fund for New Joseph Bonnheim. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>12/15/22 Update:</u> For fiscal year 2021-22, the district transferred \$1,081,471 to the charter fund. \$918K of this transfer was to offset the estimated loss of LCFF revenue as a result of the loss of instructional days during the 21-22 school year. The remaining \$163K was a contribution to New Joseph Bonnheim. The 2022-23 First Interim budget projects a \$116K contribution to the charter fund. District staff continues to monitor the financial health of the dependent charters by utilizing multi year</p>

			<p>ensure that approved charter schools do not require assistance from the district to stay solvent.</p>	<p>projections to make sure each makes the required reserve for economic uncertainty. <u>3/17/22 Update:</u> The 2021-22 Second Interim financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty. <u>12/16/21 Update:</u> The 2021-22 First Interim financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff will continue to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty. <u>9/16/21 Update:</u> With the 2020-21 Year End closing process, only \$245,201 contribution was made to the New Tech Charter School and no contribution was made to the George Washington Carver School. <u>9/16/21 Update:</u> With the 2020-21 Year End closing process, only \$245,201 contribution was made to the New Tech Charter School and no contribution was made to the George Washington Carver School. <u>5/1/21 Update:</u> The 20-21 2nd Interim financial report projected a lower contribution for New Tech at \$392,960 and no contribution</p>
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			<p>for George Washington Carver due to staff adjusting each of the charter schools LCFF funding.</p> <p><u>3/1/21 Update:</u> Pending 2020-21 2nd Interim Adjustments.</p> <p><u>11/30/20 Update:</u> The Revised Adopted Budget for 2020-2021 projects that two dependent charters will require a contribution: 1. New Tech \$521K and 2. George Washington Carver \$315K. The District is assisting both schools to identify solutions to resolve the budget issues.</p> <p><u>5/8/20 Update:</u> The 2019-20 Second Interim Report presented at the April 2, 2020 Board Meeting reported a decrease of \$218,466 in general fund transfers to the 3 charter schools.</p> <p><u>3/10/2020 Update:</u> The 2019-20 First Interim Report provided the update on District staff meeting with Charter school administration to address the projected transfers from the District. 3 of the 4 schools have implemented the necessary adjustments to eliminate or reduce the need for a transfer. New Tech Charter School will require a transfer to support operations due to ongoing enrollment decline.</p> <p><u>7/23/19 Update:</u> Over the next several months, SCOE's fiscal advisor is performing a comprehensive review of the processes and documentation of the District's authorized</p>
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				<p>charter schools, focusing on the ten independent charter schools operating in the District as direct funded charter schools with their own boards and separate financial system and audit reports. As of the 2019-20 Revised Adopted Budget, four dependent charters schools were projected to need financial assistance from the District in future years. The District has since met with each school to address the fiscal issues and three of the four have revised their budgets or are working on a plan that will remedy their deficit. New Technology Charter (New Tech) remains a concern. Over the years, New Tech has experienced an ongoing enrollment decline which has reduced the revenue and although expenditures have been reduced, the deficit is projected to persist. The Cabinet will continue to work with New Tech. The remaining work to be finalized is the comprehensive review of the processes and documentation of the ten independent charter schools. This work is being completed by the SCOE Fiscal Advisor. Update: SCOE Fiscal Expert currently conducting analysis on all charter schools. Due 6/30/2019.</p>
8.	Did the district conduct a pre settlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step	In Progress	The district entered into a multiyear agreement with the Sacramento City Teachers Association (SCTA) on December 7, 2017. The agreement granted salary increases of 2.5%	9/21/23 Update: As of 9/7/2023, AB1200 Public Disclosure of Budget Impacts was presented and approved at the board of education meeting. Budget impacts within

	<p>and column salary increases), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement?</p>		<p>effective July 1, 2016, an additional 2.5% effective July 1, 2017, and an additional 6.0% (2.5% and an additional 3.5% to restructure the salary schedule) effective July 1, 2018. Based on multiyear financial projections prepared at the time of the collective bargaining disclosure, it appeared that the district would be able to meet its required reserve for economic uncertainties in fiscal years 2017-18 and 2018-19 but would need to make budget reductions of approximately \$15.6 million to meet the minimum reserve requirement for fiscal year 2019-20. At that time, the district estimated that its unrestricted ending fund balance would decrease from \$73 million on July 1, 2017 to negative \$4 million on June 30, 2018 if no budget reductions were made. A budget reduction plan was not submitted with the collective bargaining disclosure.</p> <p>All of this information, including the fact that the increase was not affordable as agreed to without identified budget reductions, was communicated by the county office to the district in a letter dated December 7, 2017 and stated publicly at a district board meeting.</p>	<p>the AB1200 disclosure will be reflected at the 2023-24 First Interim Report.</p> <p><u>3/16/23 Update:</u> As of the 2022-23 Second Interim Report the district is projecting an unrestricted surplus of \$39.2M in 2022-23, 24.6M in 2023-24 and \$1M in 2024-25.</p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim Report the district is projecting an unrestricted surplus of \$30.5M in 2022-23, \$23.3M unrestricted surplus in 2023-24 and unrestricted surplus \$7.6 M in 2024-25.</p> <p><u>11/30/2020 Update:</u> The District is now in the process of determining appropriate budget reductions to address its ongoing deficit. See the FRP presented on November 19, 2020, and scheduled for Board Action on December 10, 2020.</p> <p>The FRP includes proposals made to SCTA to bring healthcare premium contributions in line with industry standards that would save an estimated approximate \$17 Million annually.</p> <p><u>5/8/2020 Update:</u> The 2019-20 Second Interim Report presented at the April 2, 2020 Board Meeting reported that salary and benefit negotiations have not been settled for all bargaining units.</p> <p><u>3/10/2020 Update:</u> The California State Auditor conducted an audit of Sacramento City USD which was presented at the February 6, 2020 Board Meeting. Proposals and</p>
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				<p>illustrations were presented on cost savings that could be achieved to resolve the fiscal distress. All proposals shared require negotiations with the District's 5 bargaining units: SCTA, SEIU, UPE, TCS and Teamsters Local 150.</p> <p><u>7/22/19 Update:</u> The District and SCTA have been meeting on the new salary schedules. Draft salary schedules have been shared with SCTA.</p>
9.	Has the district settled the total cost of the bargaining agreements at or under the funded cost of living adjustment (COLA), and under gap funding if applicable?	Complete	<p>The district entered into a multiyear agreement with the SCTA on December 7, 2017. The agreement granted salary increases of 2.5% effective July 1, 2016, an additional 2.5% effective July 1, 2017, and an additional 6.0% (i.e. 2.5% and additional 3.5% to restructure the salary schedule) effective July 1, 2018. The district and the SCTA disagree on the implementation date of the additional 3.5%, and the matter is being pursued in superior court. If the additional 3.5% is implemented on the date SCTA interprets as correct, it would result in a fiscal impact in 2018-19 of close to 7% for salary rescheduling rather than the 3.5% the district agreed to.</p>	<p><u>3/1/21 Update:</u> SCTA Retros paid. No outstanding COLAs.</p> <p><u>3/10/20 Update:</u> The SCTA Retros have been issued. The first SCTA Retro was paid on October 11, 2019 and the second SCTA Retro was paid on November 25, 2019.</p> <p><u>7/22/19 Update:</u> No new agreements at this time. District currently reviewing impact of contribution decision for 2019-20 and future years. The 2018-19 retro is planned for September 2019.</p>
10.	Does the district have a plan to reduce and/or eliminate any increasing contributions from the general fund to other resources?	In Progress	<p>Most of the district's general fund contributions are to special education programs and to the routine repair and maintenance account. Total contributions increased from \$62,581,129 in 2015-16 to</p>	<p><u>9/21/23 Update:</u> The 2022-23 Unaudited Actuals report reflects no contribution needed to the charter fund.</p>

			<p>\$67,759,639 in 2016-17 and to \$77,505,592 in 2017-18. The district's 2018-19 through 2020-21 budgets include continuing contributions for a total of \$89,134,727 in 2018-19, \$96,425,490 in 2019-20, and \$104,000,050 in 2020-21.</p> <p>FCMAT was not able to obtain an approved plan to reduce and/or eliminate increasing contributions from the general fund to other resources. The district did present an updated plan dated October 4, 2018 to reduce the district's overall deficit, but details were not found specific to reducing contributions to restricted programs.</p>	<p><u>3/16/23 Update:</u> The 2022-23 Second Interim Report projects a \$125K contribution to the charter fund.</p> <p><u>12/15/22 Update:</u> The 2022-23 First Interim Report projects a \$116K contribution to the charter fund.</p> <p><u>3/17/22 Update:</u> The 2021-22 Second Interim financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>12/16/21 Update:</u> The 2021-22 First Interim financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff will continue to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>5/1/21 Update:</u> The 20-21 2nd Interim financial report projected a lower contribution for New Tech at \$392,960 and no contribution for George Washington Carver due to staff adjusting each of the charter schools LCFF funding.</p> <p><u>3/1/21 Update:</u> The District projected a contribution for fiscal year 2020-21 of</p>
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				<p>\$314,819 for George Washington Carver and \$521,079 for New Tech Charter School.</p> <p><u>3/10/2020 Update:</u> The 2019-20 First Interim Report provided the update on District staff meeting with Charter school administration to address the projected transfers from the District. 3 of the 4 schools have implemented the necessary adjustments to eliminate or reduce the need for a transfer. New Tech Charter School will require a transfer to support operations due to ongoing enrollment decline.</p> <p>Update: Program analysis was conducted and completed by SCOE Expert. The District has worked with the dependent charter schools to address the financial assistance projected during the 2019-20 Adopted Budget and has reduced the contribution for two of the four schools. The District is working with the remaining two schools to address the deficits.</p>
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11.	<p>Is the district avoiding a structural deficit in the current and two subsequent fiscal years? (A structural deficit is when ongoing unrestricted expenditures and contributions exceed ongoing unrestricted revenues.)</p>	In Progress	<p>Structural deficit spending is projected in 2018-19, 2019-20 and 2020-21 due to negotiated agreements settled in 2017-18 without corresponding budget adjustments to offset these ongoing increased costs.</p>	<p>9/21/23 Update: As of the 2022-23 Unaudited Actuals and 2023-24 45- Day Revise Budget, the district is projecting an unrestricted surplus of \$70.6M in 2022-23, \$26.9M in 2023-24, \$10M in 2024-25, and \$1.2M in 2025-26.</p> <p><u>3/16/23 Update:</u> As of the 2022-23 Second Interim Report the district is projecting an unrestricted surplus of \$39.2M in 2022-23, 24.6M in 2023-24 and \$1M in 2024-25.</p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim Report the district is projecting an unrestricted surplus of \$30.5M in 2022-23, \$23.3M unrestricted surplus in 2023-24 and unrestricted surplus \$7.6 M in 2024-25.</p> <p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim report the District is projecting an unrestricted surplus of \$19.86M in the current year, an unrestricted surplus of \$10.45M in 2022-23 and projected unrestricted deficit of (\$6.17M) in 2023-24.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted surplus of \$12.9M in the current year and a projected deficit of (\$16.5M) in 2022-23 and (\$23.2M) in 2023-24.</p> <p><u>5/1/21 Update:</u> The 20-21 2nd Interim financial report projected an unrestricted deficit spend of (\$11.2M) in 21-22 and (\$26.4M) in 22-23.</p>
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				<p><u>11/30/20 Update:</u> The 2020-21 Revised Adopted Budget presented at the October 1, 2020 Board Meeting projects that the District has not resolved the structural deficit in all three years (2020-2021 thru 2022-2023). The District has implemented over \$50M in expense reductions over the past 2 years but still requires a multi-million solution to eliminate the deficit and achieve fiscal solvency.</p> <p><u>5/8/20 Update:</u> The 2019-20 Second Interim Financial Report and FCMAT Update was presented at the April 2, 2020 Board Meeting. The District's \$27M shortfall will not be resolved without a negotiated solution.</p> <p><u>3/10/20 Update:</u> The Fiscal Recovery Plan was presented at the February 6, 2020 Board Meeting and included proposals to achieve the \$27M solution. These proposals require negotiations.</p>
12.	Is the district avoiding deficit spending in the current fiscal year? Is the district projected to avoid deficit spending in the two subsequent fiscal years? If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate	Complete	Based on the revised 2018-19 adopted budget, the district's deficit spending is projected to be \$ 35,950,457.05 in total unrestricted and restricted funds. The district's total deficit, including unrestricted and restricted funds, is projected to be \$52,563,654.00 in 2019-20 and \$49,923,727.28 in 2020-21. As part of the district's revised 2018-19 adopted budget, the board approved a plan to reduce deficit spending; however, the plan does not reduce	<u>3/17/22 Update:</u> As of the 2021-22 Second Interim report the District is projecting an unrestricted surplus of \$19.86M in the current year, an unrestricted surplus of \$10.45M in 2022-23 and projected unrestricted deficit of (\$6.17M) in 2023-24. On December 17, 2021 the District presented and approved a fiscal recovery plan to help address a portion of the structural deficit. Based on the 2021-22 Second Interim data, historical trend data, and

	<p>deficit spending? Has the district decreased deficit spending over the past two fiscal years?</p>		<p>or eliminate deficit spending to an amount sufficient to sustain solvency. Additional significant reductions are needed. The total plan brought to the board on October 4, 2018 was for \$11,483,500 in reductions to the unrestricted general fund. FCMAT's review of the past two fiscal years shows that the district did not start deficit spending until 2017-18; the deficit for that fiscal year was \$10,966,055.80. In 2016-17, the district had a surplus of \$5,747,472.67.</p>	<p>the FRP plans approved in February 2021 and December 2021, the District has addressed the identified deficiencies.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted surplus of \$12.9M in the current year and a projected deficit of (\$16.5M) in 2022-23 and (\$23.2M) in 2023-24. The District is working on presenting a fiscal recovery plan to address the \$23.2M projected deficit for 2023-24 to the Board for approval.</p> <p><u>5/1/21 Update:</u> The 20-21 2nd Interim financial report projected an unrestricted deficit spend of (\$11.2M) in 21-22 and (\$26.4M) in 22-23.</p> <p><u>3/1/21 Update:</u> The 2020-21 1st Interim Budget presented at the December 17, 2020 Board Meeting projects that the District has not resolved the structural deficit in all three years (2020-2021 thru 2022-2023). The District has implemented over \$50M in expense reductions over the past 2 years but still requires a multi-million solution to eliminate the deficit and achieve fiscal solvency.</p> <p><u>11/30/2020 Update:</u> The 2020-21 Revised Adopted Budget presented at the October 1, 2020 Board Meeting projects that the District has not resolved the structural deficit in all three years (2020-2021 thru 2022-2023). The District has implemented over \$50M in</p>
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			<p>expense reductions over the past 2 years but still requires a multi-million solution to eliminate the deficit and achieve fiscal solvency.</p> <p><u>5/8/20 Update:</u> The 2019-20 Second Interim Financial Report and FCMAT Update was presented at the April 2, 2020 Board Meeting with projected deficit spending for 2020-21 of \$32M and \$30M for 2021-22.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Financial Report and FCMAT Update was presented at the December 19, 2019 Board Meeting with a negative certification. The District has implemented most of the non-negotiable items. The District estimates deficit spending during 2020-21 in the amount of \$28.6M resulting in unrestricted ending General Fund balance of approximately \$30.5M. The estimate for 2021-22 deficit spending is \$29.8M resulting in an unrestricted General Fund balance of approximately \$695K. A negotiated solution will be required to address the District's \$27M shortfall.</p> <p>Update: District Recommended Plan will correct deficit spending. However, adjustments do require negotiated savings. As of the 2019-20 Revised Adopted Budget the District has implemented \$50.2M in ongoing budget adjustments and \$12.1M in one-time budget adjustments during the period of December</p>
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				<p>2018 through September 2019. Although these adjustments did not eliminate the deficit, the District's financial position was improved as follows: 2018-2019 actual deficit was \$171K in total unrestricted and restricted funds and the District's total deficit, including unrestricted and restricted funds, is projected to be \$18,706,878 in 2019-20, \$28,123,536 in 2020-21 and \$30,977,139 in 2021-22. In order to eliminate the deficit and maintain sufficient reserves to satisfy the 2% required for economic uncertainties, the District will need to adopt \$27M in ongoing solutions. The District will continue to research opportunities to mitigate the deficit but major adjustments will require a negotiated solution. This information can be found in the Revised Adopted Budget 2019-20 presented at the October 3, 2019 Board Meeting.</p>
13.	Does the district have a plan to fund its liabilities for retiree benefits?	In Progress	<p>The district commissioned an actuarial valuation dated June 30, 2016, in accordance with Governmental Accounting Standards Board (GASB) Statement 75, Actuarial Report of OPEB Liabilities.</p> <p>The actuarial report estimates the district's total other post-employment benefits (OPEB) liability to be \$780,518,410 for the fiscal year ending June 30, 2018, and its net OPEB liability (i.e., factoring in employer contributions to</p>	<p>9/21/23 Update: For the 2022-23 fiscal year, the district made an estimated contribution of 100% of the projected Actuarially Determined Contribution and is pending the final OPEB report for the 2022-23 year. Once the final report is received, the district will provide an update on the actual contribution percentage and overall OPEB liability progress.</p> <p><u>3/16/23 Update:</u> The District is continuing to review options to fully fund at the Actuarially</p>

			<p>the trust, net investment income, benefit payments, and administrative expenses) to be \$725,760,458 for the same period.</p> <p>The district has established an irrevocable OPEB trust with assets dedicated toward paying future retiree medical benefits. GASB 75 allows pre funded plans to use a discount rate that reflects the expected earning on trust assets. However, the actuarial report states:</p> <p>. . . the district expects to yield 7.25% per year over the long term, based on information published by CalPERS as of the June 30, 2016 actuarial valuation date. However, total net contributions to the trust have averaged 31% of the amount that would have been needed to be deposited to the OPEB trust so that total OPEB contributions would equal the actuarially defined contribution.</p>	<p>Determined Contribution level for the 2022-23 fiscal year to continue its progress towards funding the OPEB liability.</p> <p><u>12/15/22 Update:</u> The district has made progress towards fully funding at the Actuarially Determined Contribution level and for the 2021-22 fiscal year funded at 100.10%. The increase in funding to the OPEB trust has resulted in the District's net OPEB liability decreasing from \$567M as of June 30, 2020 down to \$308M as of June 30, 2022. The District plans to continue funding at the actuarially determined contribution level.</p> <p><u>3/17/22 Update:</u> The District is continuing to review options to fully fund at the Actuarially Determined Contribution level for the 2021-22 fiscal year to continue its progress towards funding the OPEB liability.</p> <p><u>12/16/21 Update:</u> On November 2nd, 2021 the District received an updated actuarial study that reflects an improvement in the District's total OPEB liability. Due to increased contributions in FY 2021, the District funded 97.6% of its Actuarially Determined Contribution. The higher funding level allowed for a change in the actuarial methodology that contributed to a decrease in total OPEB liability from \$654M as of June 30, 2020 to \$415M as of June 30, 2021, or a 44% decrease. To continue to maximize progress, the district</p>
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				<p>plans on fully funding at the Actuarially Determined Contribution level for the 2021-22 fiscal year.</p> <p><u>5/1/21 Update:</u> The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/1/21 Update:</u> The District realized excess savings in its Dental and Vision funds and applied the savings towards its OPEB contribution. The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/10/20 Update:</u> On October 25, 2019 the District received its updated Other Post Employment Benefit (OPEB) liability amount in our latest GASB 75 actuarial report for fiscal year ended June 30, 2019.</p> <p>The latest valuation reports the District's Total OPEB Liability at \$599 million, a \$181 million decrease from the prior report of \$780 million. This is a result of lower than projected medical premium growth and increased interest rates. While a portion of the change in interest rates is market-based, being able to maintain the higher interest (discount) rates is contingent upon sustained and/or increasing</p>
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				<p>contributions to the OPEB trust. Failure to do so would likely result in a reduction to these rates in the future and revert to a higher Total OPEB Liability.</p> <p>The Net OPEB Liability decreased by \$199 million from the prior report to \$526 million. The decrease is a result of the continued funding of the District's OPEB irrevocable trust fund in addition to the decreases noted above. In other words, these continued contributions to the OPEB trust help not only in increasing the trust assets, but also in stabilizing or improving the discount rate used to calculate the Total OPEB Liability.</p> <p>This is a significant improvement, but the liability will continue to grow without continued efforts to decrease it.</p> <p>The Superintendent plans to establish an OPEB commission to further address the outstanding liability once a balanced budget is adopted.</p>
14.	Has the district developed measures to mitigate the effect of student transfers out of the district?	Complete	The district authorizes all interdistrict transfers out of the district and does not require the parents of students who receive interdistrict transfer permits to reapply annually.	<p><u>12/15/22 Update:</u> The district has partnered with SchoolMint to help support the Intra/Inter district permit process. This process will allow us to inform our community on how our Intra/Inter permit process is structured.</p> <p>Currently, we have extended our evaluation process for the inter district permit requesting to leave SCUSD. We required documentation from the parent to support the reason(s) for</p>

			<p>the request to leave SCUSD. If these requests do not meet certain criteria they will be denied. If parents want to appeal any denials, they will have 30 days to support the appeal in writing. Appeals are reviewed with CSO department, the EC director, and the IAS.</p> <p><u>3/17/22 Update:</u> Currently working to provide our current School Board with the necessary information to support a decision on moving forward with a third party vendor to support the Inter and Intra district permit process.</p> <p><u>12/16/21 Update:</u> Currently looking at third party vendors that support a robust online Inter and Intra district permit submission and tracking system. This will help support our Data tracking needs. The creation of an in-district Intra/Inter district permit appeal process is still in development.</p> <p><u>5/1/21 Update:</u> Initiated a requirement to attach documentation pertaining to the reason for any ITP request. Documentation will not be processed without supporting documents.</p> <p><u>11/30/20 Update:</u> Staff is currently reviewing the development of an internal program in “Infinite Campus” that will be used to track inter-district permits so that our data set will contain more information such as reason for the transfer; how many requests have been made for this student etc.</p> <p>We are looking to develop a process where</p>
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				<p>inter-district permits are vetted, but currently do not have the capacity and will need to look at the possibility of creating a position just for Inter district permits.</p> <p><u>5/8/20 Update:</u> In Progress, delayed due to COVID-19 pandemic.</p> <p><u>3/10/20 Update:</u> Staff is currently in the process of interviewing nearby districts to see what their process is as it relates to interdistrict permits requesting to leave their districts. The end result will be a proposal identifying the pros and cons for SCUSD to be submitted in the coming weeks.</p>
15.	Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?	Complete	The district will fall short of its 2019-20 and 2020-21 minimum reserve requirement based on its revised (October 4, 2018) adopted 2018-19 budget projections, which show unrestricted ending fund balances of (\$17,491,788.17) in 2019-20 and (\$66,494,314.95) in 2020-21.	<p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim Report, the District is projecting an unrestricted general fund balance of \$123.5M in 2021-22, \$134M in 2022-23, and \$127.8M in 2023-34 that provides reserves to meet the minimum required reserve for economic uncertainty. Based on the 2021-22 Second Interim data, the district has addressed the identified deficiency.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted general fund balance of \$116.6M in 2021-22, \$100.2M in 2022-23 and \$77.0M in 2023-24 that provides reserves to meet the minimum required reserve for economic uncertainty.</p> <p><u>5/1/21 Update:</u> At the March 18, 2021 Board Meeting, the 20-21 2nd Interim financial</p>

				<p>report was approved by the Board with a qualified certification. The 20-21 Unrestricted General Fund balance presented is \$89.5M for 20-21, \$78.3M for 21-22 and \$51.9M for 22-23.</p> <p><u>3/1/21 Update:</u> At the December 10, 2020 Board Meeting, the 2020-21 First Interim Report was approved with a negative certification. The 2020-21 Unrestricted General Fund balance presented at First Interim is \$62.5 M for 20-21, \$24.3 for 21-22, and (\$31.3 M) for 22-23.</p> <p><u>11/30/20 Update:</u> The 2020-21 Revised Adopted Budget presented at the October 1, 2020 Board Meeting projects that the District has not resolved the structural deficit in all three years (2020-2021 thru 2022-2023). The District is projected to meet the minimum required reserve in 2020-2021 and 2021-2022 but will not meet the required reserve in 2022-2023. The District has implemented over \$50M in expense reductions over the past 2 years but still requires a multi-million solution to eliminate the deficit and achieve fiscal solvency. Please see #16 below.</p> <p><u>5/8/20 Update:</u> At the April 2, 2020 Board Meeting, the 2019-20 Second Interim Financial Report was approved with a negative certification and an update on the FCMAT matrix was also presented. The unrestricted</p>
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				<p>general fund balance at the 2019-20 Second Interim is as follows: *2019-20: \$58,556,959 *2020-21: \$26,956,247 and *2021-22: -\$2,043,174. The District may not meet the minimum required 2% reserve in Fiscal Year 2021-22.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Financial Report and FCMAT Update was presented at the December 19, 2019 Board Meeting with a negative certification. The 2019-20 General Fund Balance presented at First Interim is \$59,146,111 for FY 19-20, and projected at \$30,523,941 in FY 2020-21 and \$695,344 in FY 2021-22.</p> <p>Update The 2019/20 Proposed Budget shows the District will have their minimum reserve for the 19/20 and 20/21 fiscal year. However, if no adjustments are made the 21/22 fiscal year the district will have a negative reserve. District is working on a negotiated solution. Although the District has made significant budget adjustments in the amount of \$50.2M in ongoing and \$12.1M in one-time resulting in improving the unrestricted fund balances to \$51.6M in 2019-20 and \$23.5M in 2010-21, the third year 2021-22 remains a challenge without a \$27M solution. The fund balances for the third year 2021-22 are projected at (\$7.5M).</p>
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16.	If the district is not able to maintain the minimum reserve for economic uncertainty, does the district's multiyear financial projection include a board-approved plan to restore the reserve?	Complete	The district does not have a board-approved plan sufficient to restore the reserve at the time of this Fiscal Health Risk Analysis.	<p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim Report, the District is projecting an unrestricted general fund balance of \$123.5M in 2021-22, \$134M in 2022-23, and \$127.8M in 2023-34 that provides reserves to meet the minimum required reserve for economic uncertainty. Based on the 2021-22 Second Interim data, the District has addressed the identified deficiency.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted general fund balance of \$116.6M in 2021-22, \$100.2M in 2022-23 and \$77.0M in 2023-24 that provides reserves to meet the minimum required reserve for economic uncertainty.</p> <p>3/1/21 Update: The MYP will include ongoing reductions of \$4.5M approved by the Board at the February 4th, 2021 Board Meeting. Revised BP 3100 adopted at 3/4/21 Board Meeting.</p> <p>5/8/2020 Update: The proposed policy BP 3100 was scheduled for further Board review and discussion in March or April 2020 Board meetings but this was delayed due to the impact of the COVID-19 pandemic on District operations. BP 3100 will be presented to the Board at the May 21, 2020 Board Meeting as a First Reading for further review and discussion.</p> <p>Update 11/30/2020: A Fiscal Recovery Plan (FRP) was presented at the November 19, 2020</p>
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				<p>Board Meeting and included negotiable and non-negotiable solutions to achieve fiscal solvency. The FRP will be considered at the December 10, 2020 Board Meeting for implementation. Revised drafts of BP 3100 will be presented at a Board Meeting not later than January 2021.</p> <p><u>3/10/20 Update:</u> In order to maintain fiscal solvency, restore stability and address the long term financial issues, the District presented for consideration revisions to Board Policy (BP) 3100: Business and Noninstructional Operations which include the increase of the general fund expenditure reserve from the minimum 2% to a 5% reserve level. BP 3100 was presented to the Board at the February 6, 2020 Board Meeting as a First Reading.</p> <p>Update: The District continues to work on a negotiated solution. The status remains unchanged, the District needs a negotiated solution to address the deficit and achieve fiscal solvency.</p>
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17.	Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years?	Complete	<p>The district's unrestricted general fund balance is projected to decrease significantly in 2019-20 and 2020-21 compared to its 2018-19 budgeted amount:</p> <ul style="list-style-type: none"> * 2018-19: \$25,926,177.49 * 2019-20: (\$17,491,788.17) * 2020-21: (\$66,494,314.95) 	<p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim Report, the District is projecting an unrestricted general fund balance of \$123.5M in 2021-22, \$134M in 2022-23, and \$127.8M in 2023-34. Based on the 2021-22 Second Interim Data, the District's unrestricted fund balance is stable and identified deficiency has been addressed.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted general fund balance of \$116.6M in 2021-22, \$100.2M in 2022-23 and \$77.0M in 2023-24; therefore, it is decreasing year over year.</p> <p><u>5/1/21 Update:</u> As of the 20-21 2nd Interim financial report the District's unrestricted fund balance is projected to decline from the 20-21 fiscal year to the two subsequent years as follows: 2020-21 = \$89.5M, 2021-22 = \$78.3M, 2022-23 = \$51.9M.</p> <p><u>11/30/20 Update:</u> As of 2020-2021 1st Interim financial report the District's unrestricted fund balance is projected to decline from the 2020-2021 to the two subsequent fiscal years as follows: 2020-2021 = \$62M 2021-2022 = \$24M 2022-2023 = -\$31M</p> <p>3/1/21 Update: Pending 20-21 2nd Interim final numbers.</p> <p><u>5/8/20 Update:</u> At the April 2, 2020 Board</p>
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				<p>Meeting, the 2019-20 Second Interim Financial Report was approved with a negative certification and an update on the FCMAT matrix was also presented. The unrestricted general fund balance is decreasing in the subsequent fiscal years and at the 2019-20 Second Interim is as follows: *2019-20: \$58,556,959 *2020-21: \$26,956,247 and *2021-22: -\$2,043,174.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Financial Report and FCMAT Update was presented at the December 19, 2019 Board Meeting with a negative certification. The unrestricted general fund balance at the 2019-20 First Interim is as follows: *2019-20: \$59,146,111 *2020-21: \$30,523,941 and *2021-22: 695,344.</p> <p>Update: While the District has made progress, the District continues to work on a negotiated solution. Although the District still needs a \$27M solution to achieve fiscal solvency, the adjustments implemented in the last year have improved the unrestricted general fund balance as follows: * 2018-19: \$61,133,835 *2019-20: \$51,622,467.60 *2020-21: \$23,498,932 and *2021-22: (\$7,478,207).</p>
18.	If the district has unfunded or contingent liabilities or one-time costs, does the unrestricted fund balance include any assigned or	In Progress	The district's unrestricted ending fund balance does not include amounts for the following liabilities:	9/21/23 Update: For the 2022-23 fiscal year, the district made an estimated contribution of 100% of the projected Actuarially Determined Contribution and is pending the

	<p>committed reserves above the recommended reserve level?</p>		<p>* Because the district and the SCTA disagree on the implementation date of a 3.5% increase included in the December 7, 2017 negotiated agreement,</p> <p>* There is a potential fiscal impact for 2019-20 and beyond of a 7% increase related to salary schedule restructuring rather than the 3.5% stated in the agreement.</p> <p>* The district's net contributions to the irrevocable OPEB trust established to pay future retiree medical benefits have averaged 31% of the amount that will be needed to ensure that total OPEB contributions equal the actuarially- defined contribution. The area of retirement benefits is a liability that the district will need to face because the costs are outpacing contributions.</p>	<p>final OPEB report for the 2022-23 year. Once the final report is received, the district will provide an update on the actual contribution percentage and overall OPEB liability progress.</p> <p><u>3/16/23 Update:</u> The District is continuing to review options to fully fund at the Actuarially Determined Contribution level for the 2022-23 fiscal year to continue its progress towards funding the OPEB liability.</p> <p><u>12/15/22 Update</u> The district has made progress towards fully funding at the Actuarially Determined Contribution level and for the 2021-22 fiscal year funded at 100.10%. The increase in funding to the OPEB trust has resulted in the District's net OPEB liability decreasing from \$567M as of June 30, 2020 down to \$308M as of June 30, 2022. The District plans to continue funding at the actuarially determined contribution level.</p> <p><u>3/17/22 Update:</u> The District is continuing to review options to fully fund at the Actuarially Determined Contribution level for the 2021-22 fiscal year to continue its progress towards funding the OPEB liability.</p> <p><u>12/16/21 Update:</u> On November 2nd, 2021 the District received an updated actuarial study that reflects an improvement in the District's total OPEB liability. Due to increased contributions in FY 2021, the District funded 97.6% of its Actuarially Determined Contribution. The higher funding level allowed</p>
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				<p>for a change in the actuarial methodology that contributed to a decrease in total OPEB liability from \$654M as of June 30, 2020 to \$415M as of June 30, 2021, or a 44% decrease. To continue to maximize progress, the district plans on fully funding at the Actuarially Determined Contribution level for the 2021-22 fiscal year.</p> <p><u>5/1/21 Update:</u> The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/1/21 Update:</u> The District realized excess savings in its Dental and Vision funds and applied the savings towards its OPEB contribution. The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/10/20 Update:</u> On October 25, 2019 the District received its updated Other Post Employment Benefit (OPEB) liability amount in our latest GASB 75 actuarial report for fiscal year ended June 30, 2019.</p> <p>The latest valuation reports the District's Total OPEB Liability at \$599 million, a \$181 million decrease from the prior report of \$780 million. This is a result of lower than projected medical</p>
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				<p>premium growth and increased interest rates. While a portion of the change in interest rates is market-based, being able to maintain the higher interest (discount) rates is contingent upon sustained and/or increasing contributions to the OPEB trust. Failure to do so would likely result in a reduction to these rates in the future and revert to a higher Total OPEB Liability.</p> <p>The Net OPEB Liability decreased by \$199 million from the prior report to \$526 million. The decrease is a result of the continued funding of the District's OPEB irrevocable trust fund in addition to the decreases noted above. In other words, these continued contributions to the OPEB trust help not only in increasing the trust assets, but also in stabilizing or improving the discount rate used to calculate the Total OPEB Liability.</p> <p>This is a significant improvement, but the liability will continue to grow without continued efforts to decrease it.</p> <p>In Progress: Superintendent to establish commission to further address the outstanding liability once a balanced budget is adopted.</p>
19.	Is the percentage of the district's general fund unrestricted budget that is allocated to salaries and benefits at or under the statewide average for the	In Progress	The statewide average for unified school districts as of 2016-17 (the latest data available) is 84.63%. At the 2018-19 first interim, the district is exceeding the statewide average by 6.37%.	<p><u>9/21/23 Update:</u> As of the 2022-23 Unaudited Actuals, the district's salaries and benefits comprised 91% of the unrestricted general fund expenditures and 75% of the combined general fund.</p>

	current year?			<p><u>3/16/23 Update:</u> As of the 2022-23 Second Interim Report, the District's Salaries and Benefits comprise 89% of the unrestricted general fund projected expenditures and 67% of the combined general fund.</p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim report, the District's Salaries and Benefits comprise 89% of the unrestricted general fund projected expenditures and 68% of the combined general fund.</p> <p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim report the District's Salaries and Benefits comprised 90% of the Unrestricted General Fund projected expenditures and 68% of the combined General Fund.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District's Salaries & Benefits comprised 90% of the Unrestricted General Fund projected expenditures and 69% of the combined General Fund.</p> <p><u>5/1/21 Update:</u> As of the 20-21 2nd Interim financial report the District's Salaries & Benefits comprised 89% of the Unrestricted General Fund projected expenditures and 75% of the combined General Fund.</p> <p><u>3/1/21 Update:</u> Pending 2020-21 2nd Interim final numbers.</p> <p><u>11/30/20 Update:</u> As of the Revised Adopted Budget for 2020-2021, the District's Salaries and Benefits comprise approximately 71% of the General Fund and 90% of the Unrestricted</p>
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				<p>General Fund balance.</p> <p><u>5/8/20 Update:</u> At the 19-20 Second Interim, the District's Salaries and Benefits was at 93.7% which does not fall within the standard percentage of 87.5%-93.5%. The District does not meet the status and is exceeding the statewide average by .5%.</p> <p><u>3/10/20 Update:</u> The SCTA Retros have been issued. The first SCTA Retro was paid on October 11, 2019 and the second SCTA Retro was paid on November 25, 2019. At the 2019-20 First Interim, the District's Salaries and Benefits was at 92.6% which falls within the standard percentage of 87.5%-93.5%.</p> <p>In Progress: Once the final calculations are determined for the second retro payment, this can then be determined.</p>
20.	Is the percentage of the district's general fund unrestricted budget that is allocated to salaries and benefits at or below the statewide average for the three prior years?	In Progress	The district exceeds the statewide average in this area for all three prior years, with its highest percentage in 2015-16 at 6.93% higher than the state average.	<p><u>9/21/23 Update:</u> As of the 2022-23 Unaudited Actuals, the district's salaries and benefits comprised 91% of the unrestricted general fund expenditures and 75% of the combined general fund.</p> <p><u>3/16/23 Update:</u> As of the 2022-23 Second Interim Report, the District's Salaries and Benefits comprise 89% of the unrestricted general fund projected expenditures and 67% of the combined general fund.</p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim report, the District's Salaries and Benefits comprise 89% of the unrestricted</p>

				<p>general fund projected expenditures and 68% of the combined general fund.</p> <p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim report the District's Salaries and Benefits comprised 90% of the Unrestricted General Fund projected expenditures and 68% of the combined General Fund.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District's Salaries & Benefits comprised 90% of the Unrestricted General Fund projected expenditures and 69% of the combined General Fund.</p> <p><u>5/1/21 Update:</u> As of the 20-21 2nd Interim financial report the District's Salaries & Benefits comprised 89% of the Unrestricted General Fund projected expenditures and 75% of the combined General Fund.</p> <p><u>11/30/20 Update:</u> As of the Revised Adopted Budget for 2020-2021, the District's Salaries and Benefits comprise approximately 71% of the General Fund and 90% of the Unrestricted General Fund balance.</p> <p><u>3/1/21 Update:</u> Pending 2020-21 2nd Interim final numbers.</p> <p><u>5/8/20 Update:</u> At the 19-20 Second Interim, the District's Salaries and Benefits was at 93.7% which does not fall within the standard percentage of 87.5%-93.5%. The District does not meet the status and is exceeding the statewide average by .5%.</p>
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				<p><u>3/10/20 Update:</u> The SCTA Retros have been issued. The first SCTA Retro was paid on October 11, 2019 and the second SCTA Retro was paid on November 25, 2019. At the 2019-20 First Interim, the District's Salaries and Benefits was at 92.6% which falls within the standard percentage of 87.5%-93.5%. In Progress: Once the final calculations are determined for the second retro payment, this can then be determined.</p>
21.	Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?	In Progress	The district has seen a 129% increase in its total restricted ending fund balance from 2014-15 to 2017-18. This increase indicates that the district is not fully expending its restricted funding allocations. In addition, staff stated that some federal funds have gone unspent and have been returned to the federal government.	<p><u>9/21/23 Update:</u> As of the 2022-23 Unaudited Actuals report, the district realized a \$122M restricted fund balance. This is primarily due to the accumulation of one time state and federal funding sources. Staff continues to work with sites and departments to encumber and expend restricted funds in compliance with requirements and expiration dates.</p> <p><u>3/16/23 Update:</u> As of the 2022-23 Second Interim Report, the district projects a restricted ending balance of \$86.3M primarily due to the addition of two restricted one time grant funding sources including the Learning Recovery Emergency Block Grant and Music Arts Grant. Staff continues to work with sites and departments to encumber and expend restricted funds in compliance with requirements and expiration dates.</p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim report, the district projects a restricted</p>

				<p>ending fund balance of \$94M primarily due to the addition of two restricted grant funding sources, the Learning Recovery Block Grant and Music Arts Grant. Staff continues to work with sites and departments to encumber restricted programs to ensure restricted funds are spent according to funding requirements including the expiration date.</p> <p><u>3/17/22 Update:</u> Staff continues to work with sites and departments to encumber and spend restricted programs to ensure these funds are not lost, also when needed the District will file for extension waivers.</p> <p><u>12/16/21 Update:</u> Staff continues to work with sites and departments to encumber and spend restricted programs to ensure these funds are not lost, also when needed the District will file for extension waivers.</p> <p><u>5/1/21 Update:</u> Staff is working with sites and departments to encumber and spend SIG, CSI and carryover Title funded programs to ensure these funds are not lost, also when needed the District will file for extension waivers.</p> <p>Update: For the 2019-20 budget, most of the title type current year allocations for the year have been programmed for the upcoming year. This includes Title I and Title II. Some Title III funds still need to be programmed and team members are working on this matter. Title IV first year allocations have been programmed. Title IV second year has not been allocated at</p>
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				<p>this time. While Title I funds have been allocated, the multi-year conservatively assumes \$1.5 million in Title I funds will not be spent by June 30 and utilized in 2020-21. Medi-Cal has a \$1.4 million carryover that needs to be programmed. SIG carryover of \$4 million will be spent over 2019-20 and 2020-21. These funds require discussions with the consortium as to the best option on spending carryover funds. Staff will monitor projected restricted carryover, so that plans can be developed to utilize these one-time carryover funds appropriately.</p>
22.	<p>Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (i.e. resignations, terminations, promotions or demotions) and at least annually?</p>	Complete	<p>The district does not regularly update authorization controls, and discrepancies based on changes in positions are often found many months later. The district relies on a digital change form that requires manual signatures, which slows the process or results in lost forms. The district should move to a digital form process to increase efficiency.</p>	<p><u>12/15/22 Update:</u> A new Palo Alto (PAN) firewall has been installed. Staff requiring remote access via VPN are being moved to the PAN after manager approval and Multi-Factor Authentication (MFA). All tech staff now have MFA enabled and new staff are added daily. All Escape backups are now immutable with offsite backups to Wasabi cloud storage. Staff password requirements are now 12 characters requiring complex characters with all passwords checked against the Microsoft password dictionary. Only U.S. logins are allowed. In addition, access to the network is ended automatically on the ending of employment status in our HR System. When an employee is terminated, their access is terminated.</p>

			<p><u>3/17/22 Update:</u> HR annually conducts a review of personnel transactions to ensure accurate staffing. The Information Technology Department is in the process of implementing a computer system (UMRA) to perform this task electronically. The District is about to implement a process in Escape that will allow for automatic and timed employment status changes when folks are hired and when they are separated. This change should allow a clear delineation of the automated network access process through UMRA, allowing for automatic network access/denial for those whose status changes. The Palo Alto firewall installation continues to move forward with a mid-April go live.</p> <p><u>12/16/21 Update:</u> The district completed a network security audit in June, 2021, that included a review of the Escape servers. We are currently using Illumio software on the Escape servers to monitor how the servers are accessed and by whom. Once the review is complete, Escape servers will be locked down to restrict access. The district is moving Infinite Campus, the Student Information System, to the cloud over the Winter break to increase security. The recent move from an on-premises Exchange email server to the cloud-based O365 is also part of the security move to mitigate phishing attempts and data loss. A new Palo Alto 5260 firewall, with threat</p>
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			<p>prevention and zero-day attack virus detection, has been approved with matching E-Rate funds, ordered the first week of November. We are still working on cleaning up data in our Escape system to allow for UMRA account creation to take place. We are meeting this month to make refinements to our script and process to bring this about quicker. We are also working with a newly hired Escape contractor/developer to automate our onboarding and separation processes. This will improve our data quality.</p> <p><u>9/16/21 Update:</u> We continue to work on data clean up so that we can turn on UMRA for the creation of accounts. UMRA is being used to disable staff accounts as soon as their employment status shows that they should no longer have access. We should be ready for full deployment by the end of the year.</p> <p><u>5/1/21 Update:</u> Progress has been made on the data clean up and we are seeing positive test results in our test data pulls. We will have this done very soon. We have also seen a significant switch in changes in the initial data entry causing fewer data issues. HR has made changes in the way data is entered and made it operational.</p> <p><u>3/1/21 Update:</u> UMRA was enabled on 2/11/21 to manage the deactivation of active directory accounts. Creation of accounts has</p>
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				<p>been put on pause while data issues are addressed within the system of record, Escape.</p> <p><u>11/30/20 Update:</u> The first phase of the rollout will be implemented by mid-January. Phase 1 – Active Directory: email account creation/deactivation. Subsequent phases would use UMRA to create user accounts for primary programs like Escape, Infinite Campus.</p> <p><u>3/11/20 Update:</u> The implementation will continue after the new Chief Information Officer is hired.</p>
23.	<p>Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored? • Accounts payable (AP)</p>	In Progress	<p>Although the accounts payable process appears properly supervised and monitored, the printing of the warrants is completed in the business department rather than in a separate department, such as technology, which would improve segregation of duties. One department should input the information and a different department should print warrants</p>	<p><u>9/21/23 Update:</u> The separation of duties in accounts payable involves dividing responsibilities among different AP staff members to establish checks and balances. Roles and responsibilities are assigned to different departments within the district to ensure there are layers of review, approval, and submission process before a check is issued and printed.</p> <p><u>3/16/23 Update:</u> The AP warrant process includes several layers of review and approval which provide a sufficient segregation of duties.</p> <p><u>12/15/22 Update:</u> The AP warrant process includes several layers of review and approval which provide a sufficient segregation of duties.</p> <p><u>3/17/22 Update:</u> The AP warrant process includes several layers of review and approval</p>

				<p>which provide a sufficient segregation of duties.</p> <p><u>5/1/21 Update:</u> The AP warrant process includes each AP team member inputting data. Once input, the data is then reviewed and cross-checked by a different AP team member. Once the review is complete, the AP batch is forwarded to the Lead AP for audit. Upon audit completion the AP batch is reviewed and approved by the Director of Accounting. The AP Batch is then printed by the Lead AP for distribution. With the multi-levels of review and audit in place for each AP batch, the district has ensured that duties are sufficiently segregated, supervised and monitored.</p> <p><u>3/1/21 Update:</u> IDT meetings ongoing, no process change at this time.</p> <p><u>11/30/20 Update:</u> Interdepartmental Team (IDT) meetings established between Human Resources, Business Services, Technology, and Continuous Improvement Departments. The first meeting took place on November 4, 2020. The next meeting is scheduled for November 18, 2020, meetings will be held every other week.</p> <p>Update: Staff to review technology, and conduct Cabinet to Cabinet discussion on implementation. No target date has been set. The status remains unchanged. The Business Office and Technology will continue reviewing</p>
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				options for addressing the segregation of duties. However, due to the reductions in personnel, appropriately adhering to segregation of duties will be a challenge.
24.	Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored? • Payroll	In Progress	The payroll process appears properly supervised and monitored; however, the business department prints the warrants rather than having a separate department, such as technology, do so to ensure separation of duties. One department should input the information and a different department should print warrants.	<p><u>9/21/23 Update:</u> The district payroll warrant process ensures secure issuance of cashable checks by separating duties among Technology Services, Payroll, and County Treasury. Payroll staff generates the check in the system, Technology staff prepares the FTP (File Transfer Protocol) file containing warrant information and securely sends the file to the County Treasury. The County Treasury personnel will verify and reconcile the file and provide clearance notification to the District to print the checks and mail them out accordingly. The County Treasury maintains fiscal oversight of the district cash revolving bank account. This process ensures the separation of duties, reducing unauthorized activities and ensuring the district is compliant with any financial policies.</p> <p><u>3/16/23 Update:</u> The District has moved to an online paystub portal for employees that has eliminated a significant portion of the printing and mailing of District payroll warrants. No process change has occurred for the remaining warrants that are printed at this time.</p> <p><u>12/15/22 Update:</u> The District has moved to an online paystub portal for employees that</p>

			<p>has eliminated a significant portion of the printing and mailing of District payroll warrants. No process change has occurred for the remaining warrants that are printed at this time.</p> <p><u>3/17/22 Update:</u> The District has moved to an online paystub portal for employees that has eliminated a significant portion of the printing and mailing of District payroll warrants. No process change has occurred for the remaining warrants that are printed at this time.</p> <p><u>12/16/21 Update:</u> The District has moved to an online paystub portal for employees that has eliminated a significant portion of the printing and mailing of District payroll warrants. No process change has occurred for the remaining warrants that are printed at this time.</p> <p><u>5/1/21 Update:</u> The payroll process begins with a fiscal technician inputting payroll data and submitting to their Payroll Lead to review and initial the reports. The initial report is then provided to the payroll Supervisor for an additional layer of review and final approval. Once approved, the payroll is locked within the financial system. To finish the process, a separate fiscal technician and Payroll Lead review the check batch and reconciles the check numbers to the payroll. With the multi-levels of review and approval in place, the payroll department ensures the process is</p>
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				<p>segregated, supervised and monitored. <u>3/1/21 Update:</u> IDT meetings ongoing, no process change at this time. <u>11/30/20 Update:</u> Interdepartmental Team (IDT) meetings established between Human Resources, Business Services, Technology, and Continuous Improvement Departments. The first meeting took place on November 4, 2020. The next meeting is scheduled for November 18, 2020, meetings will be held every other week. Update: Staff to review technology, and conduct Cabinet to Cabinet discussion on implementation. No target date has been set. The status remains unchanged. The Business Office and Technology will continue reviewing options for addressing the segregation of duties. However, due to the reductions in personnel, appropriately adhering to segregation of duties will be a challenge.</p>
25.	Is training on financial management and budget offered to site and department administrators who are responsible for budget management?	Complete	<p>There has been little or no budget and fiscal training for site and department administrators who are responsible for budget management. Training is done informally and as needed or requested rather than on a regular schedule.</p> <p>The amount of expertise, access to and knowledge of the financial system vary by site and department.</p>	<p><u>12/16/21 Update:</u> Trainings continue to be offered upon request or when new employees start working for sites and departments. <u>5/1/21 Update:</u> Currently, trainings are provided upon request. <u>3/1/21 Update:</u> Currently, trainings are provided upon request. Update: The District's Business Office scheduled a budget/fiscal training on January 8th, 2020 from 8:30 to 9:30am for all site</p>

				<p>administrators at the Priority Initiative Meeting (Principal's Meeting). This session covered the following 3 topics: 1. how to access and understand a site budget 2. how to check on the status of a submitted requisition 3. the workflow for contracts and travel requisitions from creating a requisition to approval. The District's Business Office intends to provide regular budget/fiscal sessions at the Priority Initiative Meetings. Escape training offered monthly to all staff.</p>
26.	Does the governing board adopt and revise policies and administrative regulations annually?	Complete	Although board policies and administrative regulations are brought to the board sporadically for revision and/or adoption, there was no evidence of an intent to review the information annually or to ensure that it is a priority to communicate the permissions, limitations and standards of the board.	<p><u>3/1/21 Update:</u> Updated Bylaw Exhibit regarding process for approving and disseminating/communicating regarding updated policies and regulations. Memorandum regarding such circulated to staff – regarding the need for departments to follow this procedure, as well as periodically review their department related policies and regulations and work with the Legal Services Department to update existing or adopt new policies. Finally, the above is evidenced by the recent adoption of two polices and companion regulation, and the dissemination of each to staff (BP Lactation Accommodation; BP/AR Homeless Students). Revised BP 3100 adopted at 3/4/21 Board Meeting.</p> <p><u>11/30/20 Update:</u> The District plans to periodically bring forward a package of policies</p>

			<p>and regulations that should be adopted or revised. The next package of new/revised policies is planned for bringing forward to the Board early in the new year.</p> <p>Concerning the need to communicate out new/revised - See red-line Exhibit attached. This could be easily implemented by Cabinet promptly and without requiring Board Approval. The District has updated and formalized its process to disseminate and communicate new or revised policies and administrative regulations. The process also includes providing any training required as a result of a new or revised policy or regulation. See attached revised Exhibit Form.</p> <p><u>5/8/20 Update:</u> The proposed policy BP 3100 was scheduled for further Board review and discussion in March or April 2020 Board meetings but this was delayed due to the impact of the COVID-19 pandemic on District operations. BP 3100 will be presented to the Board at the May 21, 2020 Board Meeting as a First Reading for further review and discussion.</p> <p><u>3/10/20 Update:</u> In order to maintain fiscal solvency, restore stability and address the long term financial issues, the District presented for consideration revisions to Board Policy (BP) 3100: Business and Noninstructional Operations which include: 1. The increase of the general fund expenditure reserve from the</p>
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				<p>minimum 2% to a 5% reserve level. 2. One-Time funding should be used for one-time expenditures and shall only be used for an on-going expenditure as a last resort. As part of the approval of the annual budget, the Board shall consider any proposed use of One-Time funding and shall take separate action to approve such uses. BP 3100 was presented to the Board at the February 6, 2020 Board Meeting as a First Reading. Update: Staff, in conjunction with the Board Policy Committee, has begun developing structures to ensure new and current BPs/ARs are systematically reviewed, revised, and readopted as needed.</p>
27.	Are newly adopted or revised policies and administrative regulations communicated to staff and implemented?	Complete	When it brings policies to the board for revision or adoption, the district has no process for communicating the information to staff or implementing the policies in detail. A communication is sent to staff after each board meeting that summarizes the meeting, but for staff to fully understand changes in board policy and administrative regulations, further detail and instructions are needed.	<p><u>3/1/21 Update:</u> Updated Bylaw Exhibit regarding process for approving and disseminating/communicating regarding updated policies and regulations. Memorandum regarding such circulated to staff – regarding the need for departments to follow this procedure, as well as periodically review their department related policies and regulations and work with the Legal Services Department to update existing or adopt new policies. Finally, the above is evidenced by the recent adoption of two polices and companion regulation, and the dissemination of each to staff (BP Lactation Accommodation; BP/AR</p>

				<p>Homeless Students). Revised BP 3100 adopted at 3/4/21 Board Meeting.</p> <p><u>11/30/20 Update:</u> The District plans to periodically bring forward a package of policies and regulations that should be adopted or revised. The next package of new/revised policies is planned for bringing forward to the Board early in the new year.</p> <p>Concerning the need to communicate out new/revised - See red-line Exhibit attached. This could be easily implemented by Cabinet promptly and without requiring Board Approval. The District has updated and formalized its process to disseminate and communicate new or revised policies and administrative regulations. The process also includes providing any training required as a result of a new or revised policy or regulation. See attached revised Exhibit Form.</p> <p><u>5/8/20 Update:</u> At the upcoming board meeting in June, the District will adopt a new process for implementing new or revised policies on a regular and ongoing basis. The process will include steps for dissemination to the impacted staff, departments, and schools through appropriate memorandum, meetings, or trainings.</p> <p><u>3/11/20 Update:</u> Staff is finalizing guidance regarding the process for adopting and implementing new or revised policies on a</p>
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				regular basis. Following cabinet and Board approval, the process will include steps for dissemination to the impacted staff, departments, and schools through appropriate memorandum, meetings, or trainings. Update: Staff will develop a structure to ensure adoptions and revisions to policies and administrative regulations are communicated to staff once a system is in place to ensure BPs/ARs are reviewed, revised, and adopted on a regular basis.
28.	Does the district have board-adopted staffing ratios for certificated, classified and administrative positions?	Complete	Staffing ratios, where documented, appear to be a result of terms in the collective bargaining agreement rather than board-adopted.	<p><u>12/16/21 Update:</u> The staffing ratios were part of the 2021-22 Adopted Budget board item and this was approved at the June 24, 2021 Board Meeting. The District continues to include staffing ratios within the public hearing and subsequent adoption of the budget for each fiscal year.</p> <p><u>9/16/21 Update:</u> The staffing ratios were part of the 2021-22 Adopted Budget board item and this was approved at the June 24, 2021 Board Meeting.</p> <p><u>5/1/21 Update:</u> The staffing ratios for fiscal year 2021-22 were completed in preparation for Budget Development meetings conducted in January and February 2021. The staffing ratios will be approved in June 2021 when the Budget for 2021-22 is approved.</p> <p><u>5/8/20 Update:</u> The staffing ratios for fiscal year 2020-21 were completed in preparation</p>

				<p>for One Stop staffing in January 2020 which is part of the budget development process. The staffing ratios will be approved in June 2020 when the Budget for 2020-21 is approved.</p> <p>Update: The District presented staffing ratios to the Board in May. These staffing ratios were used in the development of the 2019-20 budget. Further refinements for future years will be presented to the Board. Target 10/30/2019. Update 11/19/19: In Progress: Board-adopted staffing ratios for certificated, classified, and administrative positions are being updated and additionally defined.</p>
29.	Does the district use its facilities fully in accordance with the Office of Public School Construction's loading standards?	Complete	<p>Although the district has a 24-to-1 student-to-staff ratio for K-3, and follows the class size standards in its collective bargaining agreement with SCTA for the other grade levels, its facilities department estimates that the district has approximately 20% more capacity than needed for its current student enrollment. The district closed six schools in the last seven years and reopened one.</p>	<p><u>12/16/21 Update:</u> The Board approved the Facilities Master Plan on October 21, 2021.</p> <p><u>9/16/21 Update:</u> The FMP was completed August 2021, Board Approval expected in the Fall 2021.</p> <p><u>5/1/21 Update:</u> Completion date is Summer 2021.</p> <p><u>3/1/21 Update:</u> New completion date is Summer 2021.</p> <p><u>11/30/20 Update:</u> New completion date is Spring 2021.</p> <p><u>5/8/20 Update:</u> The assessments were delayed due to the closure of schools. Staff has been in communication with DLR to discuss progress with completion of the assessments and developing a revised timeline.</p> <p>Update: A contract for Facilities Master</p>

				Planning services was Board approved on June 20, 2019 and will incorporate an analysis of District capacity. The contract was awarded to DLR Group, commenced on July 1, 2019 and will be completed Spring of 2020.
30.	Does the district have an up-to-date long-range facilities master plan?	Complete	The district's facilities master plan was prepared by MTD Architecture in 2012 and has not been updated since.	<p><u>12/16/21 Update:</u> The Board approved the Facilities Master Plan on October 21, 2021.</p> <p><u>9/16/21 Update:</u> The FMP was completed August 2021, Board Approval expected in the Fall 2021.</p> <p><u>5/1/21 Update:</u> Completion date is Summer 2021.</p> <p><u>3/1/21 Update:</u> New completion date is Summer 2021.</p> <p>Update: The current facilities master plan was prepared by MTD Architecture in 2012. An RFQ was submitted. A contract for the development of a new Facilities Master Plan (FMP) was Board approved on June 20, 2019 and will incorporate an analysis of District capacity. The contract was awarded to DLR Group, commenced on July 1, 2019 and will be completed Spring of 2020.</p> <p><u>11/30/20 Update:</u> New completion date is Spring 2021.</p> <p><u>5/8/20 Update:</u> The facility assessments are approximately 80% complete and will progress with a revised timeline. The completion of the assessments has been delayed due to the school closures.</p>

31.	Does the district account correctly for all costs related to special education (e.g., transportation, indirect costs, service providers)?	Complete	Not all appropriate costs related to special education are charged to the program, including legal fees and the full allowable indirect costs.	<p><u>Update:</u> Program analysis was conducted and completed by SCOE Expert.</p> <p><u>11/30/2020 Update:</u> Staff have confirmed that appropriate costs related to special education are charged to the program including indirect costs.</p>
32.	Is the district's contribution rate to special education at or below the statewide average contribution rate?	Complete	The district's 2018-19 budget plan indicates that its general fund contribution to special education will be \$73,590,731 and that its total special education expenditures will be \$107,398,026, which means that its contribution will equal 68.52% of total expenditures for the program. The statewide average contribution rate is 64.5% as of 2016-17.	<p><u>12/15/22 Update:</u> The Special Education department continues to collaborate with the Business department to monitor and accurately report on the Special Education budget. The 21-22 local contribution rate is 42.36% which is below the statewide average referenced.</p> <p><u>3/17/22 Update:</u> The Special Education department has worked with the Business department to monitor and accurately report on the Special Education budget. Aside from hiring for a Budget Analyst, the department has also hired a fund specialist to support greater capacity and expertise to the day-to-day operations of the Special Education budget. The team of Special Education and Business Services continues to meet and collaborate on a regular basis. Part of this partnership included the review and development of the SCUSD SELPA Local Plan which showed the local contribution rate to be 64.39% which is slightly under the statewide average referenced above.</p> <p>Over the past couple of months, the focus of the partnership has been on budget</p>

				<p>development for the 2022-2023 school year.</p> <p><u>12/16/21 Update:</u> The Special Education department is working closely with the Business Department to ensure accurate reporting of the Special Education budget. With the support of the Business Department, we have secured a Budget Analyst position dedicated to the Special Education department and are working on building even greater capacity in ensuring fiscally responsible decisions and reporting. The team has also collaborated to implement monthly and quarterly check-ins to review the special education budget throughout the year.</p> <p><u>3/1/21 Update:</u> Special Education Department completed an analysis of the historical MOE Data. The data highlights that Sacramento City Unified has consistently been below the statewide average, which is in the range of 65%. This was a result of a miscalculation of the local contribution and total expenditures as noted in the 1.2 grid provided.</p> <p><u>Sacramento City Unified MOE 2017-18 2018-19 2019-20</u></p> <table border="0"> <tr> <td>Federal</td> <td>10,046,238</td> <td>10,317,456</td> <td>10,296,631</td> </tr> <tr> <td>State</td> <td>41,487,253</td> <td>46,582,841</td> <td>47,634,332</td> </tr> <tr> <td>Local</td> <td>12,115,380</td> <td>11,274,010</td> <td>10,015,491</td> </tr> <tr> <td>Local Contribution</td> <td>64,868,198</td> <td>70,705,641</td> <td>69,911,735</td> </tr> <tr> <td>Total SpEd Expenditures</td> <td>128,517,069</td> <td></td> <td></td> </tr> <tr> <td></td> <td>138,879,948</td> <td>137,858,189</td> <td>Local Contribution as</td> </tr> </table>	Federal	10,046,238	10,317,456	10,296,631	State	41,487,253	46,582,841	47,634,332	Local	12,115,380	11,274,010	10,015,491	Local Contribution	64,868,198	70,705,641	69,911,735	Total SpEd Expenditures	128,517,069				138,879,948	137,858,189	Local Contribution as
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33.	Is the district's rate of identification of students as eligible for special education	Complete	The district has an identification rate of 14.5%, while the statewide average identification rate is 11.5% and the countywide identification	<u>3/16/23 Update:</u> SCUSD will continue to monitor the district's identification rate and compare it to the statewide and countywide

	comparable with countywide and statewide average rates?		rate is 12.3%.	<p>average, noting the impact that the COVID pandemic has had on district referral and identification rates.</p> <p><u>12/15/22 Update:</u> SCUSD's current rate of identification is 16.78% and continues to be above the statewide and countywide average rates. This will continue to be an area of focus for the district including collaboration mentioned in the 3/17/22 update regarding academic office initiatives.</p> <p><u>3/17/22 Update:</u> The District's current rate of identification continues to be 16.5% and continues to be an area of focus through the District's Significant Disproportionality Plan and initiative of MTSS. The department is also working with the Academic Office in ways it can better systematize and communicate pre-referral processes and interventions across the District.</p> <p><u>12/16/21 Update:</u> The District's current rate of identification is 16.5%. This is an area of focus through the District's Significant Disproportionality Plan and initiative of MTSS. Update: Program analysis was conducted and completed by SCOE Expert.</p> <p><u>3/1/21 Update:</u> The Fall 1 reporting window highlights that the District's current rate of identification of students as eligible for special education is 16.3%.</p> <p><u>11/30/20 Update:</u> Program analysis was</p>
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				conducted by SCOE expert, and draft findings submitted to SCOE in 2019. The Special Education department has recently undergone a reorg. There are no additional changes at this time.
34.	Does the district analyze and plan for the costs of due process hearings?	Complete	The district analyzes the incidence and cost of due process hearings. Employees interviewed stated that the current budgeted amount for due process hearings is insufficient and that the district would be increasing the shortfall during the next budget cycle. The average cost of a due process settlement has doubled in the last five years.	<p><u>3/16/23 Update:</u> SCUSD will continue to refine and utilize the system created for tracking, analyzing, and planning for the legal costs of formal and informal special education dispute resolutions.</p> <p><u>12/15/22 Update:</u> The Special Education department has established a system and process for tracking, analyzing, and planning for the costs of due process hearings. This includes development and implementation of Alternative Dispute Resolution (ADR) efforts which promote dispute resolution at the local level.</p> <p><u>3/17/22 Update:</u> The Special Education department has now begun implementing the comprehensive system for tracking special education conflicts. Additionally, our Alternative Dispute Resolution (ADR) efforts are taking off with more families participating in lower level conflict resolution practices. Additionally, the department has provided ADR training to other members of the Academic Office as a way to build greater capacity across the system.</p> <p><u>12/16/21 Update:</u> The Special Education Department has collaborated with its legal</p>

			<p>partners to develop a comprehensive system of tracking for special education conflicts. This includes settlement tracking, comprehensive invoice reviews, quarterly check-ins with department administrators to review what has been/ has not been used. Additionally, the department is focusing on building up and implementing Alternative Dispute Resolution strategies and processes to support resolving conflicts at a lower level prior to due process filings.</p> <p><u>3/1/21 Update:</u> The Special Education Department has designed an online tracking system for evaluating costs and management of current legal matters, including due process and settlement agreement management. The Department is in the process of collaborating with other departments, legal and fiscal to populate the system.</p> <p><u>11/30/20 Update:</u> Program analysis was conducted by SCOE expert, and draft findings submitted to SCOE in 2019. The Special Education department has recently undergone a reorg. There are no additional changes at this time.</p> <p>Update: Program analysis was conducted and completed by SCOE Expert.</p>
35.	Has the district corrected all audit findings?	Complete	<p>The district has only partially implemented the findings related to student body funds and student attendance from the 2015, 2016 and</p> <p><u>5/12/20 Update:</u> The District did not have any student body funds or attendance audit findings in the 2018-19 audit report. The</p>

			<p>2017 audits. Student body findings identified in the 2015 audit have been reported as partially implemented through the 2017 audit; student attendance findings, identified in 2016, have not been implemented as of the 2017 audit.</p>	<p>student body funds and attendance findings included from the 2015, 2016, and 2017 audit reports were updated in the 2018-19 audit report as implemented.</p> <p>Update: The District has partially implemented corrective actions for the student body fund findings identified beginning with the 2015 audit and the student attendance findings identified beginning with the 2016 audit. Findings have occurred each fiscal year since there is a rotation of school sites audited each fiscal year as well as turnover in site staff. Training is provided directly to school sites with findings. Also, ongoing trainings to all sites are provided throughout the fiscal year at both school sites and the district office to assist staff.</p>
36.	Is the superintendent's evaluation performed according to the terms of the contract	Complete	<p>FCMAT was not able to obtain evidence that the superintendent has received any evaluations since he was hired. His contract states:</p> <p>The Board shall evaluate the Superintendent in writing each year of this agreement. The evaluation shall be based on this agreement, the duties of the position, the 2016-2021 Strategic Plan, policy goals for the District, and other goals and objectives through a collaborative process with the Superintendent. The Superintendent and a committee of the</p>	<p>The current superintendent has been provided with evaluations as outlined in his contract.</p>

			<p>Board will develop the evaluation instrument upon which the superintendent shall be evaluated. The Board shall approve the evaluation instrument and metrics by which to evaluate the Superintendent. The annual evaluation shall be completed based on a timeline determined by the Board.</p> <p>Subsequent to fieldwork, FCMAT was notified that the superintendent’s initial evaluation was to be voted on by the governing board on December 6, 2018.</p>	
37.	Does the district include facility needs when adopting a budget?	Complete	The district discusses districtwide facility needs whenever it sells general obligation bonds, which occurs approximately every two years; this does not occur on the same cycle as budget adoption.	The district discusses districtwide facility needs whenever it sells general obligation bonds, which occurs approximately every two years; this does not occur on the same cycle as budget adoption, but the district does allocate 3 percent of general fund expenditures to the Routine Repair and Maintenance account to address facility maintenance needs.
38.	Is the district using the same financial system as its county office of education?	Complete	The county office of education uses Quintessential Control Center (QCC) (part of the Quintessential School Systems financial system) and the district uses Escape.	SCOE staff were trained by District staff on accessing data, data entry, and how to run reports. SCOE is currently working in ESCAPE for our District.
39.	If the district is using a separate financial system from its county office of education and is not fiscally independent, is there an automated interface with the	Complete	There is no automated interface between the two systems. When the district processes payroll and accounts payable warrants, information related to these transactions is uploaded to the county via a file transfer	SCOE is currently working in Escape for District oversight and data entry.

	financial system used by the county office of education?		protocol (FTP). This process is started manually once payroll and accounts payable warrant processing is complete. No other electronic interface exists between the two systems.	
40.	If the district is using a separate financial system from its county office of education, has the district provided the county office with direct access so the county office can provide oversight, review and assistance?	Complete	The county office of education has not been able to access the district's Escape system online, but conversations continue between the two agencies about how this will be accomplished. The software needed to access the Escape system has been installed on some systems at the county office, but there has been no training. The county office has had to create a second set of books for the district in its QCC system so it can attempt to monitor financial transactions and balances at the major object level. This requires much manual entry by county office staff since the district sends the county office only limited data related to warrant processing.	SCOE now has access to and training in Escape and is working in the system. SCOE and District staff are developing the process of reconciling in Escape.
41.	Does the district account for all positions and costs?	Complete	The district must improve its position control process. The district currently uses the same position control number for multiple positions, and for full-time equivalent (FTE) positions that have the same title, instead of creating a unique position control number for each board-approved position or FTE. The district's current practice leads to lack of clarity about which positions are being filled and about the site to which each belongs, because the same	<u>Update 7/22/19:</u> Position Control conversion completed. Although the Position Control (PC) conversion has been completed, the District is continuing to implement additional PC features and provide staff training on these features. Recent progress includes using Escape to analyze the changes in FTE from a past reporting period to the current reporting period; this was implemented November 15, 2019 with the assistance of the SCOE fiscal

			<p>position number can exist at multiple sites if the same title is assigned. The district needs to use a unique identifier, or position control number, for each board-authorized position.</p> <p>Another area to improve on in the position control process involves the ramifications of the one-stop process, because confusion often arises when employees are transferred between sites and departments without a paperwork trail since the information was input directly into the system and the typical forms are not used during one-stop meetings. In addition, as employee transfers and changes are discussed and made later in the year, position control system information about which positions are open and about employees' work locations is often found to be inaccurate. Because paperwork is not generated during one-stop meetings, it is often more difficult to determine the history and details of past decisions.</p>	<p>advisor. The next Escape tool to be implemented is budgeting for vacancies. The SCOE fiscal advisor introduced this feature to District staff on November 15, 2019 and the plan is to have this implemented for use by 2nd Interim. Escape's budgeting for vacancies feature will improve the accuracy and efficiency.</p> <p>Update: Staff has negotiated with Escape to receive no-cost support to expedite implementation of the position control changes recommended by FCMAT. To be completed by 7/1/2019. 6/12/19 Update: Interdepartmental project team has concluded extensive testing of the technical solution and obtained approval from the Executive Cabinet to proceed with implementation in the production environment. Roll-out of new position control system planned for the week of June 17, 2019.</p>
42.	Does the district use a budget development method other than a rollover budget, and if so, does that method include tasks such as review of prior year estimated actuals by major object code and removal of one-time revenues and expenses? (part 1)	Complete /Ongoing	<p>Although the district uses a one-stop method for budget development rather than a rollover budget, it appears that the primary driving force behind this method is to develop a list of employees who will receive a preliminary layoff notice on March 15 rather than to truly develop a reliable budget. The budget development process needs to be further</p>	<p>Monthly reviews are conducted of the District's Revenues and Expenditures. 3/23/2020 Update: The District will be utilizing budget models in Escape for budget development. Budget staff will analyze the budget and compare it to prior year estimated actuals by major object. One time revenue and expenses will be removed during this process.</p>

			refined so that all revenues and expenditures are reviewed and adjusted, not only those budgets with larger staffing allocations. A comprehensive budget development process is needed for the entire budget to ensure all revenues and expenditures are understood and used according to the district's goals and objectives.	
43.	Does the district use a budget development method other than a rollover budget, and if so, does that method include tasks such as review of prior year estimated actuals by major object code and removal of one-time revenues and expenses? (part 2)	Complete	The district uses its one-stop method in January and February. During that time, site administrators and department managers are scheduled to meet in a district office conference room on days set aside for that specific site or department. The site administrators and department managers are provided a funding estimate from the business department, then work collaboratively with the business and human resources staff (using updated staffing costs) to determine staffing and other expenditure levels for the upcoming budget year. All information is input into the financial system during the meeting, and because appropriate approval authorities are physically in the conference room, approvals are obtained and actual staffing is determined for the next fiscal year. This is a more expedited process than the typical routing of position change forms between departments to obtain various approvals, and it ensures that staffing decisions, and thus layoff notices	Ongoing: Personnel Requisitions are now required for all changes, signed off by the Business Office and submitted to H.R. for processing.

			<p>for the next school year, are determined by the March 15 deadline.</p> <p>The above process is efficient for meeting the March 15 deadline. However, not all budgets are assessed using this method. As additional staffing decisions are made during other one-stop meetings, or even after budget development ends, confusion can arise when employees are transferred between sites and departments without a paperwork trail since the information was input directly into the system and the typical forms are not used at the one-stop meetings.</p>	
44.	Has the district's budget been approved unconditionally by its county office of education in the current and two prior fiscal years?	Complete	Although the district's budgets were approved by the county office in 2016-17 and 2017-18, the district's 2018-19 adopted budget was not approved. The district submitted a revised budget dated October 4, 2018, which the county office disapproved on October 11, 2018.	Fiscal Recovery Plan submitted with Second Interim and presented at the March 21 Board Meeting. SCOE Vetted.
45.	Are clear processes and policies in place to ensure that the district's Local Control and Accountability Plan (LCAP) and budget are aligned with one another? (part 1)	Complete	No evidence was provided that the LCAP and the budget are aligned with one another. Information obtained during interviews indicates that the business department has not been engaged in the LCAP process in the past, although the current administration plans to work with teams to integrate the work more closely.	<p><u>7/23/19 Update:</u></p> <p>1. The budget office and LCAP staff worked closely in developing the public hearing and board adoption documents for both the June 6th and June 20th board meetings. There was an intentional effort to make sure numbers tied in both the LCAP and budget presentations.</p>

				<p>2. A cross department group of staff from State and Federal, LCAP, school leadership and fiscal met June 27-28 to debrief and identify lessons learned in the LCAP, Budget, SPSA and continuous improvement process integration effort. The goal is to apply these learnings for the 2020-2021 budget, LCAP and SPSA processes with a focus on continuous improvement.</p> <p>6/5/19 Update:</p> <ol style="list-style-type: none"> 1. LCAP/Budget staff schedule quarterly meetings to review milestones and project goals. (Dates: 9/24/18, 12/19/18, 4/5/19, 4/16/19) 2. School site budgets are now aligned to the LCAP goals and state priorities in the California School Dashboard as part of the One-Stop Staffing process.
46.	Does the district develop and use written budget assumptions and projections that are reasonable, are aligned with the Common Message or county office of education instructions, and have been clearly articulated?	Complete	Guidance provided in the May Revision Common Message stated that districts were “not to balance their budgets based on one-time revenues.” The narrative included with the district’s 2018-19 budget presented to its governing board on June 21, 2018 states that the district is using “\$13.2 million of one-time funds to meet the increase of labor contract negotiations.” The district cited and used appropriate assumptions related to percentages and amounts per unit of average daily attendance (ADA); however, the district	<p><u>3/1/21 Update:</u> Revised BP 3100 adopted at 3/4/21 Board Meeting.</p> <p>Update 11/30/2020: BP 3100 was presented at the June 18, 2020 and June 25, 2020 Board Meeting as a Second Reading. Revised drafts will be presented at a Board Meeting not later than January 2021.</p> <p><u>3/10/20 Update:</u> In order to maintain fiscal solvency, restore stability and address the long term financial issues, the District presented for consideration revisions to Board Policy (BP) 3100: Business and Noninstructional</p>

			<p>did not follow the guidance included in the Common Message, the governor’s statement about one-time funds, or other industry-standard guidance, which expressly state not to budget one-time funding for ongoing costs. That one-time funding was an estimated \$344 per ADA at that time. The approved state budget enacted subsequent to the May Revision decreased the one-time per-ADA funding amount from an estimated \$344 per ADA to \$185 per ADA, which created an approximately \$7.4 million deficit in the district’s 2018-19 budget due to the district’s action to fully commit the one-time funds to ongoing costs. This action will also have severe impacts on future years because the one-time funding will likely be unavailable to the district, leaving a \$13.2 million deficit moving forward.</p>	<p>Operations which include: 1. The increase of the general fund expenditure reserve from the minimum 2% to a 5% reserve level. 2. One-Time funding should be used for one-time expenditures and shall only be used for an on-going expenditure as a last resort. As part of the approval of the annual budget, the Board shall consider any proposed use of One-Time funding and shall take separate action to approve such uses. BP 3100 was presented to the Board at the February 6, 2020 Board Meeting as a First Reading. 5/8/2020 Update: The proposed policy BP 3100 was scheduled for further Board review and discussion in March or April 2020 Board meetings but this was delayed due to the impact of the COVID-19 pandemic on District operations. BP 3100 will be presented to the Board at the May 21, 2020 Board Meeting as a First Reading for further review and discussion. Update: This is no longer the philosophy of the Superintendent or Board beginning July 1, 2018. The revised adopted budget was taken to the Board in October 2018.</p>
47.	When appropriate, does the district budget and expend restricted funds before unrestricted funds?	Complete	The district’s restricted general fund ending fund balance increased from \$4,456,029 in 2014-15 to \$10,224,117 in 2017-18. This indicates unrestricted funds are being expended before restricted funds, which creates a potential liability because the district	Ongoing: Monthly monitoring

			may be required to return unspent restricted funds to the grantor.	
48.	Does the district forecast its cash receipts and disbursements at least 18 months out, updating the actuals and reconciling the remaining months to the budget monthly to ensure cash flow needs are known?	Complete	During interviews, staff indicated that the accountant prepares the cash flow for a 24-month period. However, it was not being relied on because major concerns had been expressed regarding the accuracy of the information. During FCMAT's visit a separate cash calculation and projection was prepared by the county office's fiscal advisor that concluded that the district will become cash insolvent in October 2019 based on current budget projections. This projection was different and showed more cash deficiency than the district-prepared cash flow projection. A more recent cash flow projection prepared by the district for 2018-19 first interim shows the cash insolvency date as November 2019, one month later than the projection prepared during FCMAT's fieldwork.	SCOE and staff have agreed on cash flow methodologies. SCOE will continue to do a secondary review.
49.	If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the general fund to cover the deficit spending?	Complete	Although the district's multiyear financial projection includes transfers from the general fund to cover deficit spending in other funds, FCMAT believes that those transfers are inadequate based on prior year deficits. Without a specific plan to reduce deficit spending, specifically in the child development fund, the budgeted transfers are likely inadequate to cover the increasing costs of salaries and benefits.	Board took action to reduce the size of the Child Development program by returning slots to the grantor (SETA) and thus the contribution to the Child Development program.

Based on unaudited actuals data, the following transfers were made from the general fund to the child development fund:

2015-16: \$1,500,000

2016-17: \$322,344

2017-18: \$502,296

Based on 2018-19 Standardized Account Code Structure (SACS) data, transfers to the child development fund are projected to be as follows:

2018-19: \$2,345,207

2019-20: \$382,178

2020-21: \$382,178

Assuming revenue and spending patterns remain the same, even if the current projected transfers of \$382,178 in 2019-20 and 2020-21 are included, the district's shortfall in cash would be as follows:

2019-20: (\$791,940.93)

2020-21: (\$2,754,969.93)

The district must develop a plan to ensure its expenditures are equal to or less than expected revenues, but until that time it must ensure that its budget is revised to include adequate transfers to all funds, including the child development fund, so they have

			adequate cash to close the fiscal year. Unless an approved plan to reduce spending, or increase revenues, is implemented in 2018-19, these shortfalls in 2019- 20 and 2020-21 will increase the district’s liabilities and further increase its projected general fund deficits. If this increased deficit is not remedied in 2018-19, it could cause the district to become cash insolvent prior to November 2019, based on current budget projections.	
50.	Has the district’s enrollment been increasing or stable for the current and three prior years?	Complete	The district’s enrollment has been declining for the last 15 years.	Adopted FCMAT recommendation of using Cohort Survival Method for staffing and enrollment purposes.
51.	Are the district’s enrollment projection and assumptions based on historical data, industry-standard methods, and other reasonable considerations?	Complete	<p>The district tracked the number of children who enter kindergarten as a percentage of countywide live births five years earlier to project kindergarten enrollment for the 2018-19 school year.</p> <p>However, to project enrollment in grades one through 12 for the same period, it used simple grade level progression rather than the more commonly used cohort survival method.</p> <p>The cohort survival method groups students by grade level upon entry and tracks them through each year they stay in school. This method evaluates the longitudinal relationship</p>	Adopted FCMAT recommendation of using Cohort Survival Method for staffing and enrollment purposes.

			<p>of the number of students passing from one grade to the next in a subsequent year. This method more closely accounts for retention, dropouts and students transferring to and from a school or district by grade. Although other enrollment forecasting techniques are available, the cohort survival method usually is the best choice for local education agencies because of its sensitivity to incremental changes to several key variables including:</p> <ul style="list-style-type: none"> * Birth rates and trends. * The historical ratio of enrollment progression between grade levels. Changes in educational programs. * Migration patterns. * Changes in local and regional demographics. 	
52.	Does the district ensure that one-time revenues do not pay for ongoing expenditures?	Complete	<p>As mentioned in the budget development section of this analysis, the district stated in its 2018-19 budget narrative that one-time funding was used to pay for salary increases. This action will also have severe effects on the budget in future years because the one-time funding will likely not be available to the district, leaving a \$13.2 million deficit moving forward.</p>	<p><u>3/1/21 Update:</u> Revised BP 3100 adopted at 3/4/21 Board Meeting.</p> <p><u>11/30/20 Update:</u> BP 3100 was presented at the June 18, 2020 and June 25, 2020 Board Meeting as a Second Reading. Revised drafts will be presented at a future Board Meeting not later than January 2021.</p> <p><u>5/8/20 Update:</u> The proposed policy BP 3100 was scheduled for further Board review and discussion in March or April 2020 Board meetings but this was delayed due to the impact of the COVID-19 pandemic on District operations. BP 3100 will be presented to the</p>

				Board at the May 21, 2020 Board Meeting as a First Reading for further review and discussion. <u>3/10/20 Update:</u> BP 3100 was presented to the Board at the February 6, 2020 Board Meeting as a First Reading. One-Time funding should be used for one-time expenditures and shall only be used for an on-going expenditure as a last resort. As part of the approval of the annual budget, the Board shall consider any proposed use of One-Time funding and shall take separate action to approve such uses.
53.	Does the district consistently account for all program costs, including allowable indirect costs, for each restricted resource?	Complete	The district does not charge allowable indirect costs to special education, and as a result there is underreporting of the total cost of the program. If the indirect cost rate of 4.21% for 2018-19 were applied to the district's 2018-19 annual special education expenditures of \$107,398,026, the resulting allowable indirect cost would be \$4,521,457. The district's total actual indirect charge for special education has been approximately \$100,000 per year. The industry-standard practice is to consistently account for indirect costs in all restricted resources, including special education. The district is not correctly identifying the true cost of its special education programs.	The 2019/20 Proposed Budget includes charging indirect to all appropriate grants.

54.	Is training on the budget and governance provided to board members at least every two years?	Complete	There was no evidence that budget or governance training is provided to board members regularly.	The Superintendent has been conducting Board Learning Sessions. Board governance trainings has been an ongoing and regular practice for the Board of Education for the past two years. Budget trainings have not previously been provided outside of the regular meeting setting over the past couple of years, but will begin with the 2019-20 academic year.
55.	Does the district use its most current multiyear projection when making financial decisions?	Complete	It appears that the district used multiyear projections when making financial decisions until the 2017-18 fiscal year, but that this practice ceased in that year, during which it also entered into a multiyear agreement with the SCTA (December 7, 2017) that granted ongoing salary increases without a budget reduction plan to maintain minimum reserves through 2020-21.	Current budget philosophy is to understand fourth year budget implications of financial decisions.
56.	Are the sources of repayment for non-voter-approved debt stable {such as certificates of participation (COPs), bridge financing, bond anticipation notes (BANS), revenue anticipation notes (RANS) and others}, predictable, and other than unrestricted general fund?	Complete	The district has \$67,920,000 in outstanding lease revenue bonds. The annual debt service payment is approximately \$5,400,000 and continues through fiscal year 2025-26. The annual debt service payments are made from a combination of unrestricted general fund revenue and developer fees.	Debt payment transferred outside of the General Fund to Mello Roos tax collections.
57.	Does the district analyze and adjust staffing based on staffing	Complete	The district did not provide evidence that regular analysis of staffing ratios is compared	Yes. Allocations to staffing are based on contract class size ratios and adopted Cohort

	ratios and enrollment?		<p>with actual enrollment or that adjustments are made in accordance with sites' or departments' needs after the one-stop budget and staffing process occurs in January or February of each year during the budget development process. During one-stop, because the primary purpose appears to be developing the March 15 notice list, staffing ratios are compared against enrollment projections, and staffing is scheduled accordingly.</p> <p>Although this process is efficient for meeting the March 15 deadline as well as initial budget development projections, the decisions made during one-stop need to be reassessed as the year proceeds and actual enrollment numbers are known.</p>	Survival Method for enrollment projections.
58.	Does the district reconcile budget, payroll and position control regularly, meaning at least at budget adoption and interim reporting periods?	Complete	<p>It is best practice to have a position control system that is integrated with, or at least reconciled with, budget, payroll and human resources records. The district does not reconcile these records regularly to ensure that its budget represents the amount the district should set aside for such costs. In interviews, employees indicated that the number of open positions shown in financial reports is usually inflated.</p> <p>At interim reporting times, the district</p>	Position Control true-up conducted with the support of SCOE fiscal experts. Regular bi-weekly meetings are now being conducted to ensure position control is reconciled.

			identifies variances between budgeted and actual amounts, and salary and benefit budgets are often revised based on that analysis. By contrast, standard industry practice is to reconcile actual human resources and payroll records to ensure that only open, authorized positions are shown as such in the budget; if an open position exists that should be closed, the appropriate paperwork is completed to do so, and the budget is updated.	
59.	Does the governing board approve all new positions before positions are posted?	Complete	The governing board approves new positions after employees have been hired rather than when the position is vacant or posted.	New process established: Cabinet Member to bring forth new positions to the Cabinet meeting for review and discussion. If allowed, the new position moves forward to Deputy and Superintendent for approval. Approved position is then submitted to the Budget department for assignment of position control identifying number. Budget then sends completed position requisition to H.R. for posting (Business Process Map was created for this new process and is currently being revised).
60.	Do managers and staff responsible for the district's human resources, payroll and budget functions meet regularly to discuss issues and improve processes?	Complete	Staff indicated that those responsible for human resources, payroll and budget meet two times per year. Scheduled meetings should be conducted at least monthly to resolve ongoing issues and problems, as well as improve processes, between the departments.	H.R. and Business Services now meet bi-monthly.

Report 2019-108 All Recommendation Responses

Report 2019-108: Sacramento City Unified School District: Because It Has Failed to Proactively Address Its Financial Challenges, It May Soon Face Insolvency (Release Date: December 2019)

Recommendation for Legislative Action

To help ensure that county office superintendents can prevent school districts under their oversight from becoming insolvent, the Legislature should consider amending state law to require school district boards to obtain approval from their county office superintendents before considering actions that would result in expenditures that exceed 200 percent of their required reserve amount. County office superintendents should disapprove any district action that they determine would cause school districts to do either of the following:

- Project insolvency within the current fiscal year or two subsequent fiscal years.
- Rely on reserves or other one-time resources, such as one-time funds from the State, to remain solvent within the current fiscal year or two subsequent fiscal years.

Description of Legislative Action

AB 961 (McCarty, 2021) would have authorized the county superintendent of schools to stay or rescind any action of a personnel commission for classified school employees that is determined to be inconsistent with the school district's ability to meet its financial obligations. If a school district's subsequent year's budget is disapproved by the county superintendent of schools, the bill would have specified that the county superintendent of schools' authority to stay or rescind actions continues without interruption until the next subsequent year's budget is approved. The bill would have authorized the county superintendent of schools to impose or implement the multiyear financial recovery plan if the governing board of a school district fails to adopt or implement a multiyear financial recovery plan. If the county superintendent of schools prepares a multiyear financial recovery plan for the school district, the bill would have required the county superintendent to consult certain documents and entities and to hold at least two public hearings to receive stakeholder input. The bill would have authorized a school district to appeal to the superintendent a county superintendent of schools' decision to prepare, adopt, or implement a multiyear financial recovery plan. This bill died in the Assembly.

- **Legislative Action Current As-of:** January 2023

California State Auditor's Assessment of Annual Follow-Up Status: Legislation Proposed But Not Enacted

Description of Legislative Action

AB 961 (McCarty, 2021) would authorize the county superintendent of schools to stay or rescind any action of a personnel commission for classified school employees that is determined to be inconsistent with the school district's ability to meet its financial obligations. If a school district's subsequent year's budget is disapproved by the county superintendent of schools, the bill would specify that the county superintendent of schools' authority to stay or rescind actions continues without interruption until the next subsequent year's budget is approved. The bill would authorize the county superintendent of schools to impose or implement the multiyear financial recovery plan if the governing board of a school district fails to adopt or implement a multiyear financial recovery plan. If the county superintendent of schools prepares a multiyear financial recovery plan for the school district, the bill would require the county superintendent to consult certain documents and entities, and to hold at least two public hearings to receive stakeholder input. The bill would authorize a school district to appeal to the Superintendent a county superintendent of schools' decision to prepare, adopt, or implement a multiyear financial recovery plan. As of December 10, 2021, this bill is pending in the Assembly Education Committee.

- **Legislative Action Current As-of:** December 2021

California State Auditor's Assessment of Annual Follow-Up Status: Legislation Introduced

Description of Legislative Action

As of December 10, 2020, the Legislature has not taken action to address this specific recommendation.

- **Legislative Action Current As-of:** December 2020

California State Auditor's Assessment of 1-Year Status: No Action Taken

Description of Legislative Action

As of June 10, 2020, the Legislature has not taken action to address this specific recommendation.

- **Legislative Action Current As-of:** June 2020

California State Auditor's Assessment of 6-Month Status: No Action Taken

Description of Legislative Action

As of January 2020, the Legislature has not taken action to address this specific recommendation. However, SB 887 (Wilk) was introduced on January 23, 2020, as a spot bill regarding school district boards.

- **Legislative Action Current As-of:** February 2020

California State Auditor's Assessment of 60-Day Status: No Action Taken

Recommendation for Legislative Action

To help ensure that school district boards are accountable for the costs they approve, the Legislature should consider amending state law to require those boards to certify the district's ability to meet the costs disclosed in each collective bargaining agreement.

Description of Legislative Action

As of January 30, 2023, the Legislature has not taken action to address this specific recommendation.

- **Legislative Action Current As-of:** January 2023

California State Auditor's Assessment of Annual Follow-Up Status: No Action Taken

Description of Legislative Action

As of December 10, 2021, the Legislature has not taken action to address this specific recommendation.

- **Legislative Action Current As-of:** December 2021

California State Auditor's Assessment of Annual Follow-Up Status: No Action Taken

Description of Legislative Action

As of December 10, 2020, the Legislature has not taken action to address this specific recommendation.

- **Legislative Action Current As-of:** December 2020

California State Auditor's Assessment of 1-Year Status: No Action Taken

Description of Legislative Action

As of June 10, 2020, the Legislature has not taken action to address this specific recommendation.

- **Legislative Action Current As-of:** June 2020

California State Auditor's Assessment of 6-Month Status: No Action Taken

Description of Legislative Action

As of January 2020, the Legislature has not taken action to address this specific recommendation. However, SB 887 (Wilk) was introduced on January 23, 2020, as a spot bill regarding school district boards.

- **Legislative Action Current As-of:** February 2020

California State Auditor's Assessment of 60-Day Status: No Action Taken

Recommendation #3 To: Sacramento County Office of Education

To ensure that Sacramento Unified takes the steps necessary to address its fiscal crisis, the county office superintendent should do the following:

Direct Sacramento Unified to submit a corrective action plan by March 2020 that consolidates the district's plans to resolve its fiscal crisis.

Annual Follow-Up Agency Response From October 2023

On September 15, 2023, we approved the district's 2023-2024 Budget. However, we noted the following concerns:

- Multi-year projections submitted by the district show that the unrestricted General Fund balance will decrease by \$33.9 million in 2023-2024, by \$18.3 million in 2024-2025 and by \$32.2 million in 2025-2026.
- The district has not settled with its classified bargaining units for 2022-2023 and must still bargain with both certificated and classified bargaining units for the current fiscal year and beyond.
- From 2018-2019 through to the current fiscal year, the district adopted several fiscal recovery plans and implemented \$58.1 million in ongoing solutions and \$21.9 million in onetime solutions. With the fiscal pressures the district faces and the significant reductions the district has already made, it has limited ability to absorb additional cost increases.

We have provided a fiscal expert to support the district and will continue to closely monitor its fiscal condition.

- **Completion Date:** July 2023

California State Auditor's Assessment of Annual Follow-Up Status: Fully Implemented

The Sacramento County Office of Education has fiscal oversight responsibility of Sacramento Unified and all other school districts in the county. As part of his fiscal oversight, the county office superintendent reviews districts' annual budgets and interim financial reports to assess their ability to meet their financial obligations.

When a district's budget or financial reports indicate that the district may be unable to meet its financial obligations for the current fiscal year or two subsequent fiscal years, the county office superintendent can take action, such as assigning a fiscal expert to advise the district or requiring the district to submit a proposal for addressing its fiscal deficiencies. As long as it continues to exercise its duties by overseeing Sacramento City Unified and raising its concerns, it will have addressed our recommendation.

Annual Follow-Up Agency Response From October 2022

Response submitted by email.

- **Estimated Completion Date:** June 30, 2023

California State Auditor's Assessment of Annual Follow-Up Status: Pending

In its response, the Sacramento County Office of Education (SCOE) notes that all of the items in the financial recovery plan that Sacramento Unified developed in 2020 required negotiations with its employee associations. SCOE indicated that, to date, the district has not been able to reach an agreement with its employee associations on items that would address the fiscal solvency issues of the district. SCOE notes in its response that despite one-time funding from the State that will mitigate the district's structural deficit over the next few years, Sacramento Unified's fiscal improvement is temporary due to declining enrollment and significant ongoing fiscal pressures for program services. Therefore, SCOE conditionally approved the district's fiscal year 2022-23 budget and maintains its fiscal advisor to support the district.

Annual Follow-Up Agency Response From October 2021

Response submitted via email.

- **Estimated Completion Date:** December 31, 2021

California State Auditor's Assessment of Annual Follow-Up Status: Pending

The Sacramento County Office of Education (SCOE) has required Sacramento Unified to develop and submit a fiscal recovery plan by December 15, 2021. In its response, SCOE notes that all of the items in the financial recovery plan that Sacramento Unified developed in 2020 required negotiations with its employee associations. SCOE indicated that, to date, the district has not been able to reach an agreement with its employee associations on items that would address the fiscal solvency issues of the district. SCOE notes in its response that despite one-time savings over the past two years, Sacramento Unified's fiscal improvement was temporary. Therefore, SCOE has determined that the district's 2021-22 Adopted Budget does not provide adequate assurance that the district will meet its future obligations.

1-Year Agency Response

As indicated in our 6-Month Response, SCOE received a fiscal recovery plan from the district last Spring (May 21, 2020, Board agenda item 10.3). Unfortunately, all the items on this plan required negotiations with the district's employee associations. To date, the district has not been able to reach agreement with its employee associations on items that would address the fiscal solvency issues of the district.

As part of the 2020-21 Budget development and approval process, SCOE directed the district to submit a new fiscal recovery plan by December 15, 2020. District staff have developed a fiscal recovery plan and have placed it on the December 10, 2020, Board agenda (item 9.3) for approval by the district's governing board. However, many of the items included in the revised plan continue to require negotiations with the district's employee associations. SCOE will support the district to adopt and implement the fiscal recovery plan and work with its employee associations on the negotiable items in the plan. Furthermore, SCOE will continue to monitor the district's budget and financial transactions carefully to ensure it does not take any action to put it at further

financial risk and will look for additional opportunities to reduce expenditures so that the district can avoid any potential insolvency and move towards fiscal recovery.

- **Estimated Completion Date:** December 31, 2020
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Pending

6-Month Agency Response

SCOE directed the district to submit a corrective action plan and received the most recent copy of the plan (May 21, 2020 Board agenda item 10.3). This plan looks similar to the plan requested by the State Auditor. Unfortunately, all the items on the district's plan require negotiations with the district's employee associations. To date, the district has not been able to reach agreement with its employee associations on items that would address the fiscal solvency issues of the district. Furthermore, the amount of budget cuts needed will likely grow substantially if COVID-related revenue cuts are passed on to the school district from the State.

- **Estimated Completion Date:** December 31, 2020
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

As indicated in Sacramento City Unified School District's recommendation #6, the district is currently in the process of developing a fiscal recovery plan and has not yet settled on how it will address its financial condition.

60-Day Agency Response

We will send a copy of the letter from the County Superintendent directing the district to submit a corrective action plan as directed by the State Auditor.

- **Completion Date:** January 2020
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Partially Implemented

At our 6 month review, we hope to see that the Sacramento County Office of Education was successful in obtaining the corrective action plan from the Sacramento City Unified School District and the county office will have begun working with the district to correct the items identified in the audit.

Recommendation #4 To: Sacramento County Office of Education

To ensure that Sacramento Unified takes the steps necessary to address its fiscal crisis, the county office superintendent should do the following:

Ensure that Sacramento Unified addresses the issues identified in this report, including its executive management turnover and lack of policies guiding its budget process.

Annual Follow-Up Agency Response From October 2023

As indicated in our response to recommendation #3, SCOE is providing a fiscal expert to assist the district in maintaining its budget, monitor the district's staffing and financial transactions, and support the district to

address the issues identified in the Audit report. The district provides comprehensive reports throughout the year on the status of its efforts to address the audit items.

- **Estimated Completion Date:** June 30, 2024

California State Auditor's Assessment of Annual Follow-Up Status: Fully Implemented

The Sacramento County Office of Education has fiscal oversight responsibility of Sacramento Unified and all other school districts in the county. As part of his fiscal oversight, the county office superintendent reviews districts' annual budgets and interim financial reports to assess their ability to meet their financial obligations. When a district's budget or financial reports indicate that the district may be unable to meet its financial obligations for the current fiscal year or two subsequent fiscal years, the county office superintendent can take action, such as assigning a fiscal expert to advise the district or requiring the district to submit a proposal for addressing its fiscal deficiencies. As long as it continues to exercise its duties by overseeing Sacramento City Unified and raising its concerns, it will have addressed our recommendation.

Annual Follow-Up Agency Response From October 2022

Response submitted by email.

- **Estimated Completion Date:** June 30, 2023

California State Auditor's Assessment of Annual Follow-Up Status: Pending

The Sacramento County Office of Education (SCOE) notes in its response that it continues to have a fiscal advisor assist the district in maintaining its budget, monitor the district's staffing and financial transactions, and support the district in addressing the issues identified in our audit report. SCOE notes that the fiscal advisor regularly meets with the district to discuss the status of our audit recommendations.

Annual Follow-Up Agency Response From October 2021

Response submitted via email.

- **Estimated Completion Date:** June 30, 2022

California State Auditor's Assessment of Annual Follow-Up Status: Pending

The Sacramento County Office of Education (SCOE) notes in its response that it has appointed a fiscal advisor to help the district develop its budget and fiscal recovery plan, monitor the district's staffing and financial transactions, and address the issues identified in our audit report. SCOE also notes that the district has completed a comprehensive review of its budget and made improvements to some of its budgeting policies. Nevertheless, SCOE indicated that Sacramento Unified has not fully addressed its fiscal crisis. As a result, SCOE has directed the district to develop and submit a new financial recovery plan and take any immediate actions needed to implement the plan no later than December 15, 2021. In addition, SCOE will monitor the district's implementation of the plan and continue to follow up with the district to ensure that all remaining audit issues are fully addressed.

1-Year Agency Response

See emailed response from Nick Schweizer.

- **Estimated Completion Date:** June 30, 2021
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Pending

The Sacramento County Office of Education provided a summary of Sacramento Unified's efforts to implement our recommendations. As noted in Sacramento Unified's responses to our recommendations, the district has not implemented many of our recommendations.

6-Month Agency Response

Since response is in excess of 2000 characters, our response will be submitted via email.

- **Estimated Completion Date:** December 31, 2020
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

Sacramento County Office of Education provided us with a summary of its understanding of the Sacramento Unified's efforts to implement our recommendations. Their summary is consistent with our review that the district is still in the process of implementing many of our recommendations.

60-Day Agency Response

We will send a copy of the letter from the County Superintendent directing the district to submit an Audit Resolution Plan to our office by February 28, 2020. Once Received, we will determine our next steps.

- **Estimated Completion Date:** July 2020
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Pending

Recommendation #5 To: Sacramento County Office of Education

To ensure that Sacramento Unified takes the steps necessary to address its fiscal crisis, the county office superintendent should do the following:

Ensure that Sacramento Unified implements all of the recommendations detailed below.

Annual Follow-Up Agency Response From October 2023

As indicated in our response to recommendation #3, SCOE is providing a fiscal expert to assist the district in maintaining its budget, monitor the district's staffing and financial transactions, and support the district to address the issues identified in the Audit report. The district provides comprehensive reports throughout the year on the status of its efforts to address the audit items.

- **Estimated Completion Date:** June 30, 2024

California State Auditor's Assessment of Annual Follow-Up Status: Fully Implemented

Recommendation will be kept open until Sacramento Unified makes sufficient progress in implementing our recommendations.

Annual Follow-Up Agency Response From October 2022

Response submitted by email.

- **Estimated Completion Date:** June 30, 2023

California State Auditor's Assessment of Annual Follow-Up Status: Pending

The Sacramento County Office of Education (SCOE) notes in its response that it continues to have a fiscal advisor assist the district in maintaining its budget, monitoring the district's staffing and financial transactions, and supporting the district in addressing the issues identified in our audit report. SCOE notes that the fiscal advisor regularly meets with the district to discuss the status of our audit recommendations.

Annual Follow-Up Agency Response From October 2021

Response submitted via email.

- **Estimated Completion Date:** June 30, 2022

California State Auditor's Assessment of Annual Follow-Up Status: Pending

The Sacramento County Office of Education (SCOE) notes in its response that it has appointed a fiscal advisor to help the district develop its budget and fiscal recovery plan, monitor the district's staffing and financial transactions, and address the issues identified in our audit report. SCOE also notes that the district has completed a comprehensive review of its budget and made improvements to some of its budgeting policies. Nevertheless, SCOE indicated that Sacramento Unified has not fully addressed its fiscal crisis. As a result, SCOE has directed the district to develop and submit a new financial recovery plan and take any immediate actions needed to implement the plan no later than December 15, 2021. In addition, SCOE will monitor the district's implementation of the plan and continue to follow up with the district to ensure that all remaining audit issues are fully addressed.

1-Year Agency Response

Our responses to recommendation #4 address this recommendation as well. Please see emailed response from Nick Schweizer.

- **Estimated Completion Date:** June 30, 2021
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Pending

The Sacramento County Office of Education provided a summary of Sacramento Unified's efforts to implement our recommendations. As noted in Sacramento Unified's responses to our recommendations, the district has not implemented many of our recommendations.

6-Month Agency Response

See Item #4 above.

- **Estimated Completion Date:** December 31, 2020
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

Sacramento County Office of Education provided us with a summary of its understanding of the Sacramento Unified's efforts to implement our recommendations. Their summary is consistent with our review that the district is still in the process of implementing many of our recommendations.

60-Day Agency Response

We will send a copy of the letter from the County Superintendent directing the district to submit an Audit Resolution Plan to our office by February 28, 2020. Once Received, we will determine our next steps.

- **Estimated Completion Date:** July 2020
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Pending

Recommendation #6 To: Sacramento City Unified School District

To address its current financial problems, Sacramento Unified should do the following:

By March 2020, adopt a detailed plan to resolve its fiscal crisis. The plan should estimate savings under multiple scenarios and include an analysis that quantifies the impact of reductions the district can make to ongoing expenditures. Specifically, Sacramento Unified should consider the impact of possible salary adjustments for employees in different bargaining units and include the impact those salary adjustments would have on postemployment benefits, such as pensions. It should also use the most recently available data to estimate net savings from modifying the health care benefits it provides to employees, as well as the impact those modifications would have on the total compensation of the employees. Finally, it should calculate the impact of possible changes to district and employee contributions to fund future retiree health benefits. The district should use the plan it develops as the basis for its discussions of potential solutions with its teachers union.

Annual Follow-Up Agency Response From September 2023

The District's 2023-24 Adopted Budget and subsequent AB1200 public disclosure of collective bargaining agreements were reviewed and approved by the Sacramento County Office of Education. Additionally the State's COLA, other funding sources and strong ending fund balance from the 2022-23 year have improved the District's fiscal outlook. See the most recent adopted budget and budget approval letter from SCOE: https://www.scusd.edu/sites/main/files/file-attachments/10.2_board_approved_adopted_budget_2023-24.pdf?1687990875 and SCOE letter.

- **Completion Date:** July 2023

California State Auditor's Assessment of Annual Follow-Up Status: Partially Implemented

Although the district notes that SCOE approved its fiscal year 2023-24 budget, SCOE's approval letter identifies multiple factors that clearly demonstrate why Sacramento City needs a long-term financial plan. SCOE notes that while the district currently has sufficient reserves, it plans to spend \$33.9 million more than the unrestricted revenue it receives in fiscal year 2023-24, \$18.3 million in fiscal year 2024-25, and \$32.2 million in fiscal year 2025-26. SCOE also notes that the district does not have an agreement with its classified staff for fiscal year 2022-23 and does not have an agreement with any of its staff for the current school year. SCOE notes that cost increases from those labor agreements could result in the district being unable to meet its reserve requirements. Further, SCOE indicates that one-time federal funding the district received will begin to expire in fiscal year 2023-24, which will then require the district to identify ongoing funding to replace the one-time funding or terminate services and staff. All of these factors comprise a precarious financial position, and the district could benefit from developing a long-term financial plan to address the identified issues.

- Auditee did not address all aspects of the recommendation

Annual Follow-Up Agency Response From October 2022

The District has taken action and a fiscal recovery plan to address the deficit was approved by the Board in December 2021. Additionally, the State's COLA and other funding sources significantly improved the District's fiscal outlook. FRP adopted 12/16/21:

https://www.scusd.edu/sites/main/files/file-attachments/approved_copy_-_fiscal_recovery_plan.pdf?1641511320

2022-23 Budget adopted 6/23/22:

https://www.scusd.edu/sites/main/files/file-attachments/10.2_item__2022-23_adopted_budget_scusd_06.23.22.pdf?1659550307<https://www.scusd.edu/budget-updates>

See September 15, 2022 letter from SCOE providing conditional approval of district budget:

https://www.scusd.edu/sites/main/files/file-attachments/scoe_letter_9-15-22_re_2022-23_adopted_budget_report.pdf?1664386988

- **Completion Date:** December 2021

California State Auditor's Assessment of Annual Follow-Up Status: Partially Implemented

Despite developing a fiscal recovery plan, the district has not made changes that would address its structural deficit. In its response to our recommendations, the Sacramento County Office of Education (SCOE) notes that despite one-time federal and state funding that will mitigate the district's structural deficit over the next few years, Sacramento Unified is facing reduced revenue due to declining enrollment and related revenue loss and significant ongoing fiscal pressures for program services. Therefore, SCOE conditionally approved the district's fiscal year 2022-23 budget, asked the district to refrain from taking actions that would further increase its ongoing costs, and that it is continuing to maintain the current fiscal advisor to support the district. The budget that SCOE conditionally approved projects a decrease in the district's fund balance by \$5.3 million in fiscal year 2023-24 and \$13.6 million in fiscal year 2024-25. Until it addresses its structural deficit, the district will not have addressed its financial risks.

- Auditee did not substantiate its claim of full implementation

Annual Follow-Up Agency Response From October 2021

The Budget Department presented a fiscal recovery plan (FRP) for budget reductions to the Board, which was adopted on February 4, 2021. See Attachment 1.

The Budget Department presented a proposed budget for all funds to the Board, which was adopted on June 24, 2021. The department's most recent budget update occurred on August 19, 2021. See Attachments 2 and 3.

On September 15, 2021, the Sacramento County of Education (SCOE) issued its 2021-22 Adopted Budget Conditional Approval letter. The 2021-22 Adopted Budget has been conditionally approved and the District must meet various directives and timelines as provided by SCOE. Indeed, the District is required to submit a Board approved FRP plan to the County Superintendent and take any immediate actions needed to implement the plan no later than December 15, 2021. See Attachment 4.

As previously reported, the District's attempts to discuss a successor contract with the Sacramento City Teachers Association (SCTA) have been delayed by numerous factors, including the COVID-19 pandemic. In addition, on June 9, 2021, the California Public Employment Relations Board (PERB) found that SCTA failed to negotiate in good faith with the District over a successor contract for over a year and failed to respond to the District's proposals which unreasonably delayed negotiations and thwarted the possibility of reaching an agreement. See <https://www.scusd.edu/pod/scta-successor-contract-negotiations>. SCTA sent its most recent

proposal to the District on August 25, 2021. The District's proposals, including its proposal to achieve health care savings, are also located at the above link, which continues to be updated.

The department and staff responsible are Superintendent Aguilar and Chief Business Officer Rose Ramos.

- **Estimated Completion Date:** July 2022

California State Auditor's Assessment of Annual Follow-Up Status: Partially Implemented

1-Year Agency Response

The Budget Department presented a fiscal recovery plan (FRP) that includes both negotiable and non-negotiable options for budget reductions to the Board on November 19, 2020 and received feedback. The Board is set to vote on the FRP at the December 10, 2020 board meeting.

As you are aware, the District has previously passed a proposal to reduce its current 100% Healthcare premium contribution to an industry standard level which would save over \$17 million dollars each year. In addition to negotiable items, some of the major items contained within the draft FRP include significant program and site reductions and associated layoffs of staff and administrators. The FRP presentation is available at: https://www.scusd.edu/sites/main/files/file-attachments/frp_ppt_v2_fnl.pdf?1606274802 and the details of the plan that is summarized on slide 32 of the Power Point located: https://www.scusd.edu/sites/main/files/file-attachments/frp_details_slide32.pdf. The detailed summary and impact statements for each potential reduction are provided at item 9.3 of the December 10, 2020 Board items: <https://www.scusd.edu/boe121020>.

The most effective and equitable solution to the District's budget deficit will be found through negotiations for a successor contract with our bargaining partners, and specifically related to achieving a balanced District contribution to its employees' health care plans. Unfortunately, as we reported in July and August, the District's attempts to discuss a successor contract with the Sacramento City Teachers Association (SCTA) have been delayed by the focus on the safe reopening of our schools and serving the needs of particularly vulnerable student groups. Board approved FRP evidence to follow.

- **Completion Date:** December 2020
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Partially Implemented

Although Sacramento Unified's fiscal recovery plan is an important step toward resolving its financial challenges, it has several shortcomings. Specifically, its plan does not clearly address the district's looming cash challenges and relies on spending reductions that require agreements with collective bargaining groups that have yet to materialize. Sacramento Unified's fiscal recovery plan indicates that the district will need to make \$51 million in ongoing

expenditure reductions based on its projected budget deficit for fiscal year 2022-23 and identifies options to reduce costs that require and do not require negotiations with its labor partners. We are concerned that the district's plan does not fully address its near-term cash shortfalls that the district expects could occur in fiscal year 2021-22. Further, much of the district's solution for its deficit relies on reductions that require negotiations with its teachers union—an effort that has to date been unsuccessful.

At the district's December 10, 2020 board meeting, the board voted to discuss the fiscal recovery plan further in February 2021.

- Auditee did not substantiate its claim of full implementation

6-Month Agency Response

The FRP is an evolving plan and currently being reevaluated in light of the changed state budget.

Due to the drastic reductions in the state budget, the District's projected solution has increased substantially from the \$27M previously required to achieve fiscal solvency. The District recently presented its 3rd interim presentation at the 5/21/20 Board meeting containing discussion of the impact from state revenue reductions on the evolving Fiscal Recovery Plan (FRP): https://www.scusd.edu/sites/main/files/file-attachments/10.3_may_revise__scusd_budget_myp_5_21_20__final.pdf

As recognized by the Audit, the majority of the FRP involves changes to District represented employees' health care contributions and overall compensation, with the largest portion of that from certificated employees. In addition to what is "already on the table", the FRP analysis included cost savings items for further consideration. The District continues to further evaluate existing and potential new proposals with our labor partners. After holding the first negotiation session with SCTA on March 3, 2020, negotiations again stalled. Initially, SCTA requested that the District provide a budget presentation at the next session to which the District agreed. Then, SCTA made multiple information requests and the parties had lengthy discussions regarding distance learning during the COVID-19 school closures. SCTA finally agreed to hold the next session which was just held on June 9. The District has filed an Amended Unfair Practice Charge against SCTA detailing the continued pattern of delay which is set for hearing in late August 2020.

The District's proposed adopted budget will be presented on June 18 and the budget will be adopted on June 25.

- **Estimated Completion Date:** July 2020
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

The district states that it is developing a Fiscal Recovery Plan, which it notes is currently evolving and being evaluated. We are concerned that the district has yet to develop a detailed plan to address its declining financial condition. In addition, the economic impact of the COVID-19 pandemic certainly has added an additional financial strain for the district. It is therefore even more imperative that the district act quickly and judiciously to develop and implement a plan to resolve its fiscal crisis. Further, we expect to see action taken in its fiscal year 2020-21 budget.

Because of the impending risk of insolvency and lack of substantial progress on some of our recommendations, we believe more frequent updates from the district are necessary. Therefore, we requested that the district provide us another update in July and monthly thereafter.

60-Day Agency Response

The District presented the 2019-20 First Interim Financial Report's Fiscal Recovery Plan (FRP) at the February 6, 2020 Board meeting. https://www.scusd.edu/sites/main/files/file-attachments/9.2_17.pdf

An updated FRP will be included in the 2019-20 Second Interim Financial Report in March 2020 which will include more detailed negotiable and non-negotiable items. As recognized by the Audit, the majority of the FRP involves changes to District represented employees' health care contributions, with the largest portion of that from certificated employees. The District electronically issued its proposal related to limiting healthcare costs and increasing employee OPEB contributions to SCTA on August 2, 2019.

The District filed for an impasse determination from the Public Employment Relations Board (PERB) on December 20, 2019, and again on January 13, 2020, thereby following the statutory process for attempting to move negotiations forward when there is a stalemate as recognized by the Audit. And, while those impasse

applications were declined by PERB, we are pleased that there may be some positive developments for commencing negotiations with SCTA. While we would have preferred to begin this critical work this month, we look forward to beginning negotiations on March 3, 2020. See 3 Audit update letters.

The District has, and will continue to, base its FRP and its negotiation proposals on the latest relevant data related to projected ongoing expenditures and potential reductions, including changes to health care contributions.

- **Estimated Completion Date:** March 2020
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Pending

We look forward to reviewing the district's updated fiscal recovery plan. When considering efforts it needs to take to address its financial condition, we would remind the district to consider if the actions it takes will be sufficient so that in future years it does not fall back into a financial crisis as we show in Figure 9 on page 35 the audit report.

Recommendation #7 To: Sacramento City Unified School District

To address its current financial problems, Sacramento Unified should do the following:

Revise its multiyear projections and update them at least quarterly until it has taken action that would cause it to no longer project insolvency. It should disclose these projections to the board.

Annual Follow-Up Agency Response From October 2022

Fully Implemented. All interim reports and fiscal updates are on the website in the board documents and include up-to-date multi-year projections. <https://www.scusd.edu/budgets-financial-reports>

- **Completion Date:** December 2021

California State Auditor's Assessment of Annual Follow-Up Status: Fully Implemented

We have cleared this recommendation because the district has regularly prepared multi-year projections in its most recent interim financial reports and budget documents. However, it also needs to fully address our related recommendation (recommendation #8) regarding developing and publishing a methodology for these projections.

Annual Follow-Up Agency Response From October 2021

The Business Department continues to frequently revise and present to the Board its multiyear projections (MYP) at least quarterly pursuant to Education Code requirements.

On September 15, 2021, the Sacramento County of Education (SCOE) issued its 2021-22 Adopted Budget Conditional Approval letter. The 2021-22 Adopted Budget has been conditionally approved and the District must meet various directives and timelines as provided by SCOE. Indeed, the District is required to submit a Board approved FRP plan to the County Superintendent and take any immediate actions needed to implement the plan no later than December 15, 2021. See Attachment 4.

The department and staff responsible are Superintendent Aguilar and Chief Business Officer Rose Ramos.

- **Estimated Completion Date:** July 2022

California State Auditor's Assessment of Annual Follow-Up Status: Pending

1-Year Agency Response

The District continues to frequently revise and present to the Board its multiyear projections at least quarterly pursuant to Education Code requirements. Recently, due to the District's 2020-21 Adopted Budget disapproval by Sacramento County Office of Education (SCOE), the District was required to present a revised budget for adoption. At the October 1, 2020, Board Meeting, District CBO Rose Ramos presented the District's Revised Budget, including an updated cash flow at item 9.2. <https://www.scusd.edu/board-education-meeting/board-education-meeting-83>.

SCOE disapproved the revised budget due to the District not meeting the 2% minimum required budget reserve in all years and significant cash flow challenges. Accordingly, District staff has prepared the Fiscal Recovery Plan to address its serious fiscal needs. The most current updated budget information will be provided with the District's First Interim Report on December 10, 2020.

https://www.scusd.edu/sites/main/files/file-attachments/9.2_item_0.pdf

As previously outlined in the 60 day and 6 month updates, the District is required to present numerous interim and annual budget updates and reports including projections while its budget remains in disapproved or negative status pursuant to the Education Code.

- **Completion Date:** July 2020
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Pending

Although the district has regularly prepared multi-year projections in its most recent interim financial reports and budget documents, as we have previously stated, it needs to address our related recommendation (recommendation #8) regarding developing and publishing a methodology for these projections, including disclosing its assumptions and rationale used to estimate changes in its revenue and expenses. A clear and thorough methodology for these projections is critical to the district's financial planning. Further, the district must disclose this methodology and regularly update its projections to provide better information to the public about its financial condition, particularly while the district projects insolvency.

- Auditee did not address all aspects of the recommendation

6-Month Agency Response

The District has prepared revised multi-year projections and presented them to the Board at the following meetings: 2/6/20, 4/2/20, 5/7/20 and 5/21/20. These multi-year projections reflected the impact of developing State Budget information. The District is also preparing the 2020-21 budget which will include revised multi-year projections and will be presented at the 6/18/20 Board Meeting. The 2019-2020 budget information, including interim reports are found at: <https://www.scusd.edu/2019-2020-fiscal-year>

- **Estimated Completion Date:** July 2020
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

Although the district has regularly prepared multi-year projections in its most recent interim financial reports and budget documents, it needs to address our related recommendation (recommendation #8) regarding developing and publishing a methodology for these projections, including disclosing its assumptions and rationale used to estimate changes in its revenue and expenses. A clear and thorough methodology for these projections is critical to the district's financial planning. Further, the district must disclose this methodology and

regularly update its projections to provide better information to the public about its financial condition, particularly while the district projects insolvency.

60-Day Agency Response

With the Education Code requirements that correspond with a Disapproved budget and Negative budget certification, the District must provide three interim budget reports in December, March, and May, as well as its adopted budget in June. In addition, due to SCOE disapproving the District's budget because of its structural deficit and projected future negative balance, the District was required to additionally submit and present a Revised adopted Budget at the board meeting on October 3, 2019. (Board item 9.1 <https://www.scusd.edu/board-meetings>; SCOE letter 10/10/19). As long as the District's budget results in disapproved and negative status, it will continue to be required to submit the frequent budget updates and reports.

- **Completion Date:** October 2019
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Pending

Going forward, we expect to see evidence from the Sacramento City Unified School District that it is regularly updating its multiyear projections to provide timely information to its stakeholders.

Recommendation #8 To: Sacramento City Unified School District

To address its current financial problems, Sacramento Unified should do the following:

The district should adopt and disclose publicly a multiyear projection methodology. This methodology should disclose the assumptions and rationale used to estimate changes in salaries, benefits, contributions, and LCFF revenue—including changes in enrollment and the source and reliability of the data used to make these projections.

Annual Follow-Up Agency Response From September 2023

See the budget assumptions on the board adoption executive summary. https://www.scusd.edu/sites/main/files/file-attachments/june_22_2023_amended_agenda_reduced_1.pdf The executive summary includes a description of federal, state and local revenue and expenditure assumptions used to develop the budget and multi-year projections. The budget methodology outlined within the executive summary includes a comprehensive budget development process that utilizes enrollment projections to develop baseline staffing allocations by school site and department. The next step of the budget development process includes providing budget allocations and factors for each school site by grade span for administrators to plan their budgets. Next, the budget department, in conjunction with human resources, meets with every school site and department leader to review and finalize staffing and budget projections for the forthcoming budget year. The district then uses data from the staffing and budget projections combined with assumptions from Federal, State and Local sources to project revenues and expenditures for the budget year and two subsequent years. The District has also created a position control manager position to continuously monitor, reconcile, analyze and project positions throughout the district and ensure alignment between budget and human resources. Additionally, the budget is developed in accordance with standards and criteria for fiscal accountability as set forth by the State Board of Education and is presented and approved by June 30th for the following fiscal year. The district also relies upon the School Services of California dashboard and the Common Message published by the California County Superintendents Business and Administration Services Committee.

- **Completion Date:** July 2023

California State Auditor's Assessment of Annual Follow-Up Status: Partially Implemented

As we have previously noted, although the recent interim financial reports and budget documents include elements considered when developing multi-year projections, Sacramento Unified needs to develop and publish a methodology for these projections, including the rationale used to estimate changes in its revenue and expenses and the source and reliability of the data used to make these projections. A clear and thorough methodology for these projections is critical to the district's financial planning. Further, the district must disclose this methodology to provide better information to the public about its financial condition.

- Auditee did not address all aspects of the recommendation
-

Annual Follow-Up Agency Response From October 2022

See the budget assumptions on the board adoption executive summary.
https://www.scusd.edu/sites/main/files/file-attachments/10.2_item__2022-23_adopted_budget_scusd_06.23.22.pdf?1659550307

The executive summary includes a description of federal, state and local revenue and expenditure assumptions used to develop the budget and multi-year projections. Additionally, a description of one time funds and their uses is included within the budget report. The budget methodology outlined within the executive summary includes a comprehensive budget development process that utilizes enrollment projections to develop baseline staffing allocations by school site and department. The budget department then works closely with human resources and school sites and departments to make additional staffing adjustments to meet programmatic needs. The district then uses data from the staffing projections combined with assumptions from Federal, State and Local sources to project revenues and expenditures for the budget year and two subsequent years. Additionally, the budget is developed in accordance with standards and criteria for fiscal accountability as set forth by the State Board of Education and is presented and approved by June 30th for the following fiscal year.

- **Completion Date:** June 2022

California State Auditor's Assessment of Annual Follow-Up Status: Partially Implemented

Although the recent interim financial reports and budget documents include elements considered when developing multi-year projections, Sacramento Unified needs to develop and publish a methodology for these projections, including the rationale used to estimate changes in its revenue and expenses and the source and reliability of the data used to make these projections. A clear and thorough methodology for these projections is critical to the district's financial planning. Further, the district must disclose this methodology to provide better information to the public about its financial condition.

- Auditee did not address all aspects of the recommendation
-

Annual Follow-Up Agency Response From October 2021

The Business Department has obtained a template for budget assumptions and methodologies from a neighboring district and based on that model, is working to prepare a formal procedural document for the District that is consistent with its policies and practices. The District expects that this work will continue and has a goal of completing the document by February 2022 for the 2022-23 budget development cycle.

The department and staff responsible are Superintendent Aguilar and Chief Business Officer Rose Ramos.

- **Estimated Completion Date:** July 2022

California State Auditor's Assessment of Annual Follow-Up Status: Pending

1-Year Agency Response

The Business Department continues to gather resources and has obtained a template of a multi-year projection methodology from a neighboring district. The team is working to prepare a draft MYP protocols/procedures document for the District consistent with best practices. We expect that this work will continue with a goal toward completing same by February of 2021 before the Second Interim Budget Update is presented to the Board in March of 2021.

- **Estimated Completion Date:** March 2021
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Pending

At its six month response, we were concerned that Sacramento Unified planned to take until September 2020 to develop a methodology to project its revenue and expenditures while still projecting insolvency. The district now anticipates that it will complete this work by February 2021. Because the pending insolvency has such a large potential impact on the district, we believe that it is imperative that the district develop and publish a methodology as soon as possible to improve its financial planning and help its community and stakeholders better understand the problems facing the district and the need for swift action.

6-Month Agency Response

The MYP Budget Assumptions can be found in the District's fiscal interim reports. The District is developing a methodology for the assumptions and plans to have a draft completed by September 2020.
<https://www.scusd.edu/2019-2020-fiscal-year>

- **Estimated Completion Date:** September 2020
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

We are troubled that the district plans to take nine months to develop a draft methodology while still projecting insolvency. According to its proposed fiscal year 2020-21 budget, it currently projects to face significant cash challenges as soon as February 2021. Because the pending insolvency has such a large potential impact on the district, we believe that it is imperative that the district develop and publish a methodology sooner to improve its financial planning and help its community and stakeholders better understand the problems facing the district and the need for swift action.

60-Day Agency Response

The District agrees with the recommended budget development improvements and with the recent hiring of a Budget Director, the District will work on a plan to implement for the upcoming 2020-21 budget development cycle.

The District is improving the disclosure of assumptions used for the multi-year projection to be included in the Second Interim Budget report to the Board in March 2020. The District MYP uses the assumptions provided by School Services of California as well as information from Federal, State and local agencies. Additionally, the table of assumptions may include other items that are specific to the District and that may have a significant impact on the budget and multi-year projections. A few examples of District specific assumptions may include major changes to: vendor rates, compensation changes other than step and column, one-time funds and expenditures and long term commitments. MYP Budget Assumptions Document to follow.

- **Estimated Completion Date:** March 2020
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Pending

The district provided a draft of an updated multiyear projection assumption disclosure. In developing its multiyear projection methodology and disclosure, it will be important for the district to explain clearly why it is making certain assumptions to increase transparency and trust in its projections.

Recommendation #9 To: Sacramento City Unified School District

To address its current financial problems, Sacramento Unified should do the following:

Before it imposes an agreement on its teachers union or accepts state assistance, the district should publicly disclose the likely effects that such actions will have on the district's students, faculty, and the community, and its plans to address these effects.

Annual Follow-Up Agency Response From October 2022

The district's budget has been conditionally approved and there is no plan to seek state assistance or impose terms. The district reached agreements with labor partners in 2022 and complied with all AB 1200 disclosure requirements. <https://www.scusd.edu/board-education-meeting/board-education-meeting-118>

SCOE 2022-23 Budget Conditional Approval Letter:

https://www.scusd.edu/sites/main/files/file-attachments/scoe_letter_9-15-22_re_2022-23_adopted_budget_report.pdf?1664386988

- **Completion Date:** April 2022

California State Auditor's Assessment of Annual Follow-Up Status: Resolved

- Auditee did not substantiate its claim of full implementation

Annual Follow-Up Agency Response From October 2021

Currently, the Business Department District cannot fully implement this recommendation until negotiations and the related processes with its labor partners are exhausted. The impact of these negotiations will have to be fully evaluated thereafter in order to clearly inform the public. Accordingly, the District plans to disclose the fiscal changes to the public and its plans to address the same following its evaluation as required by through the Assembly Bill 1200, legislation passed in 1991, that defined a system of fiscal accountability for school districts and county offices of education to prevent bankruptcy. The law requires districts to do multiyear financial projections; identify sources of funding for substantial cost increases, such as employee raises; and make public the cost implications of such increases before approving employee contracts. County offices review district budgets, and the state reviews countywide school districts.

The department and staff responsible are Superintendent Aguilar and Chief Business Officer Rose Ramos.

- **Estimated Completion Date:** July 2022

California State Auditor's Assessment of Annual Follow-Up Status: Pending

1-Year Agency Response

The District agrees that before it would impose terms or accept state assistance it would publicly disclose the impacts of such upon District students, faculty and community and the plans to address same. It is not possible to fully implement this recommendation unless negotiations are exhausted and the impasse procedures have taken place through PERB or state assistance is triggered. The impacts of these scenarios will have to be fully evaluated at that time given the circumstances involved in order to clearly inform the public of these consequences.

- **Estimated Completion Date:** TBD
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Pending

6-Month Agency Response

The District agrees that before it would impose terms or accept state assistance it would publicly disclose the impacts of such upon District students, faculty and community and the plans to address same.

- **Estimated Completion Date:** TBD
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

At its May 21, 2020 board meeting, a speaker from the Sacramento County Office of Education indicated that it had begun working with a state legislator to draft legislation needed for the district to accept state assistance. As of June 2020, the district has not formally requested an emergency loan from the State. In our report, we discussed the negative repercussions of accepting state assistance, including fewer funds available for student education. Therefore, before the district decides to request state assistance, the district should publicly disclose the likely effect it will have on the district's students, faculty, and the community, and the district's plans to address these effects.

60-Day Agency Response

The District agrees that before it would impose terms or accept state assistance it would publicly disclose the impacts of such upon District students, faculty and community and the plans to address same.

It is not possible to fully implement this recommendation unless negotiations are exhausted and the impasse procedures have taken place through PERB or state assistance is triggered. The impacts of these scenarios will have to be fully evaluated at that time given the circumstances involved in order to clearly inform the public of these consequences.

- **Estimated Completion Date:** TBD
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Pending

Recommendation #10 To: Sacramento City Unified School District

To prevent a similar fiscal crisis in the future, Sacramento Unified should do the following by July 2020:

Have the board adopt a budget methodology, including guidance on the use of one-time funds, the use and maintenance of district reserves, and the maintenance of a balanced budget. The methodology should use the

Government Finance Officers Association's best practices as a guide and should address at least the following areas:

Including administrators from different divisions of Sacramento Unified into the budget development process to help ensure the accuracy of projections.

Establishing criteria and measures for success in the budget process, such as whether budget decisions were made with adequate input and deliberation and whether the budget was balanced without using reserves or one-time revenues for ongoing expenditures.

Developing and adhering to a multiyear funding budget plan, with the goal of realigning resources where necessary to fund ongoing expenses with ongoing revenue.

Conducting an analysis of variances in budgeted and actual revenues and expenditures at each interim reporting period. Sacramento Unified should then use this information to inform its estimates for the upcoming fiscal year's budget.

Annual Follow-Up Agency Response From September 2023

In addition to its budgeting processes on the use of one-time funds, the District also continuously monitors revenue and expenditure trend data to revise its budget and prepare budget projections moving forward. As part of the budgeting process, the budget team continuously reviews budget versus expenditure variances and revises the budget for the current year interim reports as well as informing budgeting adjustments for multi-year projections. Additionally, in order to ensure adequate input is incorporated within the budget, the budget team meets in conjunction with the human resources team with every school site and department leader to make sure needs are met and staffing projections are finalized. The budget team also works closely with the executive leadership team to realign resources as necessary to support single and multi-year district initiatives. The District has also created a position control manager position to continuously monitor, reconcile, analyze and project positions throughout the district and ensure alignment between budget and human resources. The district also relies upon the School Services of California dashboard and the Common Message published by the California County Superintendents Business and Administration Services Committee.

- **Completion Date:** July 2023

California State Auditor's Assessment of Annual Follow-Up Status: Partially Implemented

SCUSD has yet to demonstrate that it has established criteria and measures for success in its budget process. To fully implement this recommendation, we would expect that SCUSD would develop acceptable levels of variation in its budgeted expenditures and investigate variances that exceed those levels to improve its budgets going forward.

- Auditee did not address all aspects of the recommendation

Annual Follow-Up Agency Response From October 2022

See Board Policy 3100 on use of One-time funds and increased fund balance reserves to mitigate against deficits. <https://www.scusd.edu/board-policies>

See also use of one-time funds table included within the adopted budget executive summary. <https://www.scusd.edu/2022-2023-fiscal-year>

One time funds are used to fund one-time purchases and temporary positions throughout the district. As a part of the ongoing budget development and budget revision processes, the district analyzes one-time

expenditures and eliminates, reduces, or transfers expenditures to an ongoing funding source upon expiration of the one-time funding source.

- **Completion Date:** June 2022

California State Auditor's Assessment of Annual Follow-Up Status: Partially Implemented

In addition to implementing a policy regarding the use of one-time funds, SCUSD also provided a budget development planning calendar, demonstrating that it was involving administrators from different divisions in the budget planning process.

However, SCUSD has yet to demonstrate that it has established criteria and measures for success in its budget process, nor has it demonstrated that it uses budget variances in planning for its future budgets.

- Auditee did not address all aspects of the recommendation

Annual Follow-Up Agency Response From October 2021

On February 18, 2021, the Budget Department brought to the Board the proposed revised Board Policy 3100 (Reserves and Use of One-Time Funds), which was approved. See https://www.scusd.edu/sites/main/files/file-attachments/7.3_item.pdf. As such, the 2021-22 adopted budget and 2020-21 unaudited actuals include the schedule of one-time funds. See https://www.scusd.edu/sites/main/files/file-attachments/10.2_item_2.pdf and https://www.scusd.edu/sites/main/files/file-attachments/10.1_item_8.pdf.

The Business Department has obtained a template for budget assumptions and methodologies from a neighboring district and based on that model, is working to prepare a formal procedural document for the District that is consistent with its policies and practices. The District expects that this work will continue and has a goal of completing the document by February 2022 for the 2022-23 budget development cycle.

The department and staff responsible are Superintendent Aguilar and Chief Business Officer Rose Ramos.

- **Estimated Completion Date:** July 2022

California State Auditor's Assessment of Annual Follow-Up Status: Partially Implemented

Sacramento Unified addressed part of our recommendation by adopting a policy regarding the use of one-time funding and detailing the use of those funds in its budget. The policy also requires that Sacramento Unified provide a rationale and a plan for supporting ongoing expenditures in cases where one-time funds are used for such purposes. As we discuss in our report, Sacramento Unified should not rely on one-time funds to support ongoing expenditures. To the extent that it refrains from doing so, it would have addressed this aspect of the recommendation.

1-Year Agency Response

The Budget Department will bring to the Board the proposed revised Board Policy 3100 that provides guidance on the appropriate use of one-time funds and the maintenance of a District reserve above the state required minimum at the second board meeting in January 2021.

- **Estimated Completion Date:** January 2021
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Pending

Although appropriate guidance on the use of one-time funds and maintaining reserves is a portion of our recommendation, the total recommendation goes further to address the problematic budgeting practices we observed during our audit. To fully address this recommendation, the district will need to develop more thorough policies and guidance for use in developing its budget.

6-Month Agency Response

Subsequent to the February 6, 2020, Board Meeting, at the May 21, 2020, Board Meeting, the District brought forward a revised draft of the above Board Policy for a first reading. The Board provided comments and suggestions which staff will address and present at the June 18, 2020 Board Meeting. https://www.scusd.edu/sites/main/files/file-attachments/10.2_31.pdf

Beginning in the spring of 2019, Fiscal and budget staff have been meeting regularly with the LCAP/SPSA Coordinator and Director of State and Federal Programs to review key issues in developing the LCAP and SPSA budget plans. These meetings have resulted in enhancements in LCFF supplemental and concentration reporting to ensure greater alignment between what is base versus supplemental. There is stronger collaboration on the reporting of LCAP variances to ensure that responses reflect the thinking of both the State and Federal team and fiscal services.

During the fall of 2019, a cross department team including the academic office, fiscal, human resources, instructional assistant superintendents, guidance and counseling, master scheduling, technology, and continuous improvement met to redesign the district's one stop staffing and resource allocation process to ensure greater alignment and integration of key discuss processes such as core course pre-registration and SPSA action planning/budgeting. The team has created an integrated planning calendar to ensure that all resource allocation decisions are framed through a financial and student centered return on investment. The work on the additional items of this recommendation will continue into the summer and fall of 2020.

- **Estimated Completion Date:** TBD
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

We look forward to Sacramento Unified adopting policies that would address our recommendations regarding the use of one-time funds and maintenance of district reserves and we will review its revised budget policies when the district completes them.

60-Day Agency Response

The District agrees with the recommended budget development improvements and with the recent hiring of a Budget Director, the District will work on a plan to implement for the upcoming 2020-21 budget development cycle.

At the February 6, 2020, Board Meeting, the District brought forward a first draft of a revised Budget Policy that includes guidance on the use of One-Time Funds and the maintenance of a district reserve above the State Required Minimum. https://www.scusd.edu/sites/main/files/file-attachments/combined_2-6-20.pdf

- **Estimated Completion Date:** July 2020
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Pending

Recommendation #11 To: Sacramento City Unified School District

To prevent a similar fiscal crisis in the future, Sacramento Unified should do the following by July 2020:

Develop a long-term funding plan to address its retiree health benefits liability. The plan should include appropriate action necessary to ensure the district will be able to meet its obligations to its employees and retirees.

Annual Follow-Up Agency Response From September 2023

The District is funding at the rates specified in order to maximize the return earnings and has reduced the liability from \$700M to \$415M as of fiscal year June 30, 2022 and is finalizing the OPEB report for fiscal year 2022-23. The district plans to continue to fund at the actuarially determined contribution level to fund the OPEB liability which includes fully funding all future costs of projected benefits.

- **Completion Date:** July 2023

California State Auditor's Assessment of Annual Follow-Up Status: No Action Taken

The district reports that it is contributing the actuarially determined contribution toward its retiree health benefit costs each year, the minimum amount it should pay toward those obligations. However, the district's actuarial report as of June 30, 2022, shows that projected annual benefit payments are expected to double within the next 15 years. We recommended that the district develop a long-term plan to address its growing retiree health benefit costs to minimize the impact such costs have on the district's budget and its ability to provide educational services to its students. By failing to develop a plan to address these costs, the district risks not being able to meet its obligations in the future.

- Auditee did not substantiate its claim of full implementation

Annual Follow-Up Agency Response From October 2022

The District is funding at the rates specified in order to maximize the return earnings and has reduced the liability from \$700M to \$415M as of fiscal year June 30, 2022. See the latest OPEB report. For fiscal year 2021-22, the Actuarially Determined Contribution Amount was \$28,427,786 and the district contributed \$28,457,590, or 100.10%. The district plans to continue to fund at the actuarially determined contribution level.

- **Completion Date:** June 2022

California State Auditor's Assessment of Annual Follow-Up Status: No Action Taken

The district reports that it is contributing the actuarially determined contribution toward its retiree health benefit costs each year, the minimum amount it should pay toward those obligations. However, the district's actuarial report shows that projected annual benefit payments are expected to double over the next 15 years. We recommended that the district develop a long-term plan to address its growing retiree health benefit costs to minimize the impact such costs have on the district's budget and its ability to provide educational services to its students. By failing to develop a plan to address these costs, the district risks not being able to meet its obligations in the future.

- Auditee did not address all aspects of the recommendation

Annual Follow-Up Agency Response From October 2021

The Budget Department is in the process of finalizing the OPEB report for 2020-2021.

The department and staff responsible are Superintendent Aguilar and Chief Business Officer Rose Ramos.

- **Estimated Completion Date:** July 2022

California State Auditor's Assessment of Annual Follow-Up Status: Pending

As we noted in our last assessment, to fully address the recommendation, the district will need to develop and adopt a plan detailing how it will address its retiree health benefits liability. Such a plan will allow the district's board and stakeholders to hold the district accountable for its efforts to reduce its liability.

1-Year Agency Response

The District has passed a proposal to SCTA to increase the employee contribution from \$20 per month to 2% of employee salary - a major increase to address the projected shortfall. In addition, due to changes in assumptions since the State Auditor Report was issued, the OPEB liability decreased substantially from the \$726 million outlined in the State Audit. Due to additional changes in the assumptions of the most recent Actuarial Report dated September 3, 2020, however, the District's total Net OPEB liability increased by \$41M year over year from \$526M to \$567M. The discount rate used to calculate the District's total liabilities decreased from 4.25% to 3.90% which accounted for the majority of the increase in the Net OPEB liability. For the fiscal year ending 2020, SCUSD contributed \$26.7M towards its Net OPEB liability which is \$4.1M under the Actuarially Determined Contribution (ADC) of \$30.8M necessary to fund OPEB liabilities (a decrease from the \$8.7M gap outlined in the State Audit). The District will review options in addition to the proposed increased employee contribution to fully fund at the ADC level which, over a five year span, will substantially decrease the Net OPEB liability.

- **Estimated Completion Date:** February 2021
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Pending

Although the steps discussed above could have an impact on the district's retiree health benefits liability, to fully address the recommendation, the district will need to develop and adopt a plan detailing how it will address its liability. Such a plan will allow the district's board and stakeholders to hold the district accountable for its efforts to reduce its liability.

6-Month Agency Response

The District is developing its plan to establish the OPEB commission, including identifying qualified individuals to serve on a "Blue Ribbon Commission" to evaluate the District's strategies and make recommendations aimed at how to best meet the District's OPEB obligations. The expectation is that individuals will be selected in the coming weeks in order to form the OPEB Commission.

Negotiations also continue with labor partners regarding increasing employee contributions to OPEB and the impact of same on the budget.

- **Estimated Completion Date:** TBD
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

As we note in our report, Sacramento Unified has not developed a plan to address its large retiree health benefit liability, which impacts the minimum amount the district has to contribute each year to pay for current and future retiree health benefits. Therefore, any plan developed by the OPEB commission must be integrated into the district's fiscal recovery plan.

60-Day Agency Response

The District Business Office is reviewing its OPEB liability and potential funding strategies, including an evaluation of District and employee contribution amounts, fully funding the future cost for current employees, and the amortization of the unfunded liability. This includes the District's August 2, 2019 proposal to SCTA Article 13, to increase to SCTA employee OPEB contributions to a higher percentage of their salaries.

Currently, the District contributes a fixed amount per current employee that pays for current year retiree health premiums and funds our California Employees Retiree Benefit Trust account. All employee contributions are invested in the trust. The current trust value is nearly \$93.5 million, which includes over \$20 million in interest earnings since 2012, over \$6 million in the current fiscal year. The trust earnings will eventually fund annual costs, alleviating the District contribution from current operating funds.

The District intends to form an OPEB commission to evaluate the overall plan.

- **Estimated Completion Date:** July 2020
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Pending

Recommendation #12 To: Sacramento City Unified School District

To prevent a similar fiscal crisis in the future, Sacramento Unified should do the following by July 2020:

Adopt a policy that guides staff on steps they should take to ensure that special education expenditures are cost-effective. The policy should include consideration of options for offering services, including those provided by district staff or by contracted providers.

Annual Follow-Up Agency Response From October 2022

The State Auditor expressed concern with the costs for the District's use of contracted services for students with special needs, especially residential placements. Federal and state law require services be provided to students with disabilities through the IEP process and students shall be placed in the least restrictive environment which enables them to make appropriate progress based on assessed needs. The SPED Department's changes include revising and adopting critical policies concerning how it provides services, including BP/AR 6159 governing the Individualized Education Process. Most specifically on point to this recommendation is BP 6159.2, adopted by the Board on December 16, 2021, addressing when non-public, non-sectarian schools and agencies may be used by the District to meet the needs of students consistent with the law. The policy specifically provides that:

"No district student shall be placed in a nonpublic, nonsectarian school or agency unless the student's individualized education program (IEP) team, which shall include the student's parent(s)/guardian(s), has determined that an appropriate public education alternative does not exist and that the nonpublic, nonsectarian school or agency placement is appropriate for the student, in light of the student's unique circumstances," and that, "Within 15 days of any decision for an out-of-state placement, the student's IEP team shall submit to the Superintendent of Public Instruction a report with information about the services provided by the out-of-state program, the related costs, and the district's efforts to locate an appropriate public school or nonpublic nonsectarian school or agency within California. (Education Code 56365)"

- **Completion Date:** December 2021

California State Auditor's Assessment of Annual Follow-Up Status: Fully Implemented

Annual Follow-Up Agency Response From October 2021

On February 18, 2021, the Budget Department brought to the Board the proposed revised Board Policy 3100 (Reserves and Use of One-Time Funds), which was approved. See https://www.scusd.edu/sites/main/files/file-attachments/7.3_item.pdf.

The Special Education Department is working on updating Board Policy and Administrative Regulation 3312 (Contracts) and plans to bring an updated version to the Board for its approval in the 2021-22 fiscal year.

Additionally, the Special Education Department is working with the Human Resources Department to update job descriptions to confirm alignment with current laws and regulations, best practices, and level of staffing needs within the District.

The department and staff responsible are Superintendent Aguilar and Dr. Sadie Hedegard Assistant Superintendent Special Education, Innovation, and Learning.

- **Estimated Completion Date:** July 2022

California State Auditor's Assessment of Annual Follow-Up Status: Pending

1-Year Agency Response

The District's work with outside entities such as CCEE and retained experts to review its Special Education Department is continuing. The Special Education Department has begun the work on restructuring to meet the challenges the District faces in providing FAPE to its students with disabilities in an efficient manner.

The COVID-19 related school closures and distance learning has presented many additional challenges in this work, not the least of which is providing legally required assessments and services via distance learning exclusively while in-person services continue to be discussed with labor partners. The Department expects to continue its department-wide work to retool including updating policies related to provision of services in a cost-effective manner, including BP/AR 6159.2 which clarify that only when the district is unable to provide direct special education and/or related services to students with disabilities, the Governing Board may enter into a contract with a nonpublic, nonsectarian school or agency to meet a student's individualized education program (IEP) needs.

These policies will be evaluated together with the SPED department-wide reviews described in previous updates for a comprehensive SPED improvement plan that is expected to be presented to the Board in 2021.

- **Estimated Completion Date:** June 2021
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Pending

6-Month Agency Response

The District has several policies and procedures which are relevant to the utilization of cost-effective practices in special education. It is important to ensure that these policies remain compliant with the District's legal obligation to design special education programs in response to individual student need and not solely based on cost. In an effort to balance these goals, a complete review of the District's policies was completed and are reflected in the proposed changes to policies and regulations that the District is providing to the Auditor, including BP/AR 6159 and 6159.2 which clarify that only when the district is unable to provide direct special education and/or related services to students with disabilities, may it enter into a contract with a nonpublic, nonsectarian school or agency to meet the student's IEP needs. In AR 6159, language is added to reference the special education procedural manual which provides guidance to staff on the utilization of various cost-

effective strategies. Language is also included regarding process to ensure due diligence for determining the necessity and regular evaluation of such placements. The District will also consider the addition of a Board Policy addressing Least Restrictive Environment, with the inclusion of language aimed at the utilization of cost-effective practices.

These updated policies will be evaluated together with the SPED department-wide reviews described at the 60 day update for a comprehensive SPED improvement plan that is expected to be presented to the Board in fall 2020.

- **Estimated Completion Date:** Fall 2020
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

60-Day Agency Response

SPED Policy is currently being reviewed and developed to provide greater guidance on the consideration of cost friendly alternatives for providing FAPE to students, including regarding mental health resources available from outside entities and relating to residential placements.

The District is also currently undergoing a broader Special Education Department review with the assistance of CCEE, and anticipates additional outside experts also being utilized by the District in the coming months that will further evaluate the effectiveness and equity of the District's SPED services.

Currently there is a focus on the development and implementation of a strong multi-tiered system of support ("MTSS") which the District believes will strengthen classroom and site based teaching/learning and interventions for students whereby over time referrals for special education services can decrease due to student need being met prior to a referral for services.

- **Estimated Completion Date:** July 2020
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Pending

Recommendation #13 To: Sacramento City Unified School District

To prevent a similar fiscal crisis in the future, Sacramento Unified should do the following by July 2020:

Annually apply for available state funding for its extraordinary special education costs.

60-Day Agency Response

2018-19 Claim submitted. Expected CDE notification date is February 20, 2020.

In October of each year, cumulative expenses for each student placed in a Residential Treatment Center whose expenses meet the year threshold set by CDE, will be submitted to CDE for reimbursement through the P-1 software. Accompanying paper documentation verifying the expenses and payments made will be sent to CDE as required in order to be considered for the Extraordinary Cost Pool. Currently the due date to CDE is November, 30, 2020; there is current trailer bill language pending for the upcoming budget which moves this deadline forward to October 31, 2020. Documents to follow.

- **Completion Date:** February 2020
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Fully Implemented

Sacramento Unified provided interdepartmental procedures assigning responsibilities to its special education and budget departments to ensure that the district applies for extraordinary special education costs each year.

Recommendation #14 To: Sacramento City Unified School District

To prevent a similar fiscal crisis in the future, Sacramento Unified should do the following by July 2020:

Develop and adopt a succession plan that ensures that it has staff who have the training and knowledge necessary to assume critical roles in the case of turnover.

Annual Follow-Up Agency Response From September 2023

Sac City launched initiatives to support staff to ensure they have the training and knowledge in critical areas. In the fall of 2022, SCUSD, SCOE and National University created the Sac City Unified Leadership Program (SCULP). The program--to "grow leaders from within" the District--offered certificated aspiring administrators the training in pursuit of their credential. Additionally, the SCULP 2.0, was designed to retain administrators. This experience is paid for by the District and the administrators agree to remain in the District for 6 years. The district also prepared a professional learning series that offered monthly Just in Time sessions to site leaders. These innovative programs illustrate how SCUSD is working towards a succession-based "grow from within" model that aims to educate, train, empower, and retain a new cohort of aspiring leaders each year who are poised to assume critical roles in the event of staff turnover.

- **Completion Date:** August 2023

California State Auditor's Assessment of Annual Follow-Up Status: Partially Implemented

As we have noted in prior updates, Sacramento City Unified School District has taken some steps to help reduce turnover, but it has not developed a succession plan as we recommended. The purpose of an organization-wide succession plan is to ensure that the district will have staff with adequate training and knowledge in the event of turnover. The efforts the district have taken so far have focused on school site staff and not on key administrators, such as the superintendent or department-level directors.

- Auditee did not address all aspects of the recommendation
-

Annual Follow-Up Agency Response From October 2022

Our professional learning opportunities provided throughout the district have been a platform for administrators to gain access to the tools and knowledge needed to perform their positions and ensure individuals are ready in the case of turnover. Specifically our series has connected our administrators with various departments to learn more about systems like; Infinite Campus (our student information system), ESCAPE (our employee management system), Frontline (our system to request substitutes) and our budget managing system also found in ESCAPE. Other professional learning opportunities are grounded in other job related tasks. We have provided this training across the district to administrators, and also support our teacher leaders through our SCULP program and mentorship. The newly formed People and Culture Talent Management Division of Human Resources' mission is to seek out and recruit the most qualified, talented, diverse people to not just "fill" the open positions, but to grow them and to grow those around them. Recruiting the right people, for the right position and placing them at the right position is paramount to building our inclusive, equitable, diverse, inviting, healthy culture that allows our employees to thrive.

- **Completion Date:** August 2022

California State Auditor's Assessment of Annual Follow-Up Status: Partially Implemented

Although the district has developed some items and activities to mitigate the impacts of staff turnover, it has still not developed a succession plan, as we recommend. In its 2021 update, the district pointed to checklists it had developed to help transition principals. The activities described here may be helpful to the district but are not a replacement for a succession plan that would help ensure that the district has staff with necessary training and knowledge in the event of staff turnover.

- Auditee did not address all aspects of the recommendation

Annual Follow-Up Agency Response From October 2021

The Human Resources Department has implemented the succession planning process for all management positions, including those in the central office. The implemented process includes transition checklists and documents, electronic welcomes and introductions, regular communications, offerings of trainings, enhanced automations, one-one check-ins, and Google resources.

Additionally, the District is engaging in cross-training efforts to enhance the sustainability of processes and has developed and implemented an inter-departmental team structure aimed at ensuring enhanced knowledge building and inter-department functionality.

The department and staff responsible are Superintendent Aguilar and Chief Human Resources Officer Cancy McArn.

- **Estimated Completion Date:** July 2022

California State Auditor's Assessment of Annual Follow-Up Status: Partially Implemented

Sacramento Unified provided evidence that one of its divisions has completed a succession plan. It states that the other divisions' plans are in progress.

1-Year Agency Response

The Transition Planning Process has been developed. See Procedures document for each site/principal to be completed upon their resignation/retirement. The Human Resources Department meets with the departing principal or supervisor to review and facilitate transition of knowledge. Elements of the plan concerning updated department priorities and manuals require additional work and adoption.

- **Estimated Completion Date:** March 2021
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Pending

Although Sacramento Unified has developed forms to be completed by principals leaving the district, it has not developed a succession plan as we recommended. As we describe in our report, a succession plan is a proactive step taken to ensure that an agency has a talented and competent workforce and that the agency can mitigate the loss of institutional knowledge when it experiences attrition.

6-Month Agency Response

HR consulted with other districts regarding these processes. The process for "Succession Planning" includes reaching out to each department to ascertain: 1) If they have an existing department manual; 2) Request

updates as needed; 3) Standardize manuals to have consistency. HR will obtain the description of key functions for each department. Ongoing communication and an example manual to support each department manager will be issued by July 1, 2020. However, this work has already started with gathering data, including organization charts from each department. HR will implement monthly interdepartmental meetings with all stakeholders to help support managers in HR/District policies, Ed Code & contract management.

Concerning Exit Plans, HR is revising the current exit process to incorporate a project status/task document to help support the new administrator hired to fill the role.

- **Estimated Completion Date:** TBD
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

60-Day Agency Response

HR will conduct a search for effective succession plans by reaching out to neighboring school districts as well as partner agencies (ACSA, Council of Great City Schools, Central Valley Personnel Study Group, etc.).

HR will also work with appropriate stakeholders to establish a mandatory exit process for all administrators, both site and central. Training and communication would follow.

All sites/departments will be required to submit an annual list of top priorities/projects for the site/department, along with their department reporting structure. Communication would follow.

Each department will create a department manual. Training and communication would follow.

- **Estimated Completion Date:** July 2020
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Pending

Recommendation #15 To: Sacramento City Unified School District

To prevent a similar fiscal crisis in the future, Sacramento Unified should do the following by July 2020:

Develop effective employee orientation programs, including mentorship, to allow incoming leaders to better adapt to the organization's structure and culture.

Annual Follow-Up Agency Response From September 2023

The district implemented initiatives to support leaders in adapting to the organization's structure and culture. Key programs include individualized support based on the needs of leaders. Included but not limited to, are the following: 1:1 orientation for new leaders, continued Fall meetings leaders to discuss relevant needs, additionally the newly developed HR University has served as a bank of resources. HR University is a Google classroom that is a one-stop resource bank of commonly used resources for leaders. A highlight for administrators is the ongoing offering of office hours led by several departments, each department sets aside time weekly to host open drop-in sessions for leaders to come and ask questions and get support needed. Principal/Mentor pairings were implemented as a resource.

- **Completion Date:** August 2023

California State Auditor's Assessment of Annual Follow-Up Status: Fully Implemented

Annual Follow-Up Agency Response From October 2022

The District has established a mentoring support system, the system consists of mentor networks within our district and cohorts are organized by Instructional Assistant Superintendent areas of support. The newly formed People and Culture Talent Management Division of Human Resources' mission is to seek out and recruit the most qualified, talented, diverse people to not just "fill" the open positions, but to grow them and to grow those around them. Recruiting the right people, for the right position and placing them at the right position is paramount to building our inclusive, equitable, diverse, inviting, healthy culture that allows our employees to thrive.

- **Completion Date:** August 2022

California State Auditor's Assessment of Annual Follow-Up Status: Pending

The district has provided documentation showing that it has recently developed a formal mentorship program. We look forward to reviewing how it has implemented this program at our next annual follow-up.

- Auditee did not substantiate its claim of full implementation
-

Annual Follow-Up Agency Response From October 2021

The Human Resources Department has updated orientation processes for new employees that includes electronic welcomes and introductions and awareness of resources. An exit process for all administrators, both at sites and in the central office, has been established.

Additionally, all sites and departments are instructed to submit an annual list of top priorities and projects for their teams, along with their department reporting structure. Each department will also work to create a department manual.

Further, the District has invested in staff to build employee recognition and retention efforts.

The department and staff responsible are Superintendent Aguilar and Chief Human Resources Officer Cancy McArn.

- **Estimated Completion Date:** July 2022

California State Auditor's Assessment of Annual Follow-Up Status: Pending

The activities that Sacramento Unified describes do not address the goal of the recommendation we made. For example, the documentation that Sacramento Unified provided did not include programs for mentoring new leaders. Our audit identified that Sacramento Unified had high turnover of key leadership positions and had not developed strategies to mitigate the impact of such turnover. To fully implement our recommendation, Sacramento Unified must develop an orientation program, including mentorship, for new leaders to help ensure they successfully integrate into the organization's culture.

1-Year Agency Response

The Human Resources Department has implemented a Transition Checklist for staff entering or leaving a new position. The department has also significantly updated its trainings for administration, engaged in school site and department check-in meetings, and continued efforts to enhance automated processes.

- **Completion Date:** September 2020
- **Response Date:** December 2020

California State Auditor's Assessment of 1-Year Status: Partially Implemented

Sacramento Unified provided a checklist for principals entering or leaving a position but not for other key management positions within the district. As we note in our report, it is important for the leaders of the organization to be introduced into the district's culture, particularly because it has experienced turnover in key management positions.

- Auditee did not substantiate its claim of full implementation

6-Month Agency Response

Successful implementation with two recently hired administrators. Due to COVID-19, HR has created an online New Employee Orientation system. HR has moved forward to create a virtual onboarding process, which was implemented 4/1/20. Administrator training will be implemented 7/1/20. New Administrator HR "meet and greets" was implemented 2/1/20.

- **Estimated Completion Date:** July 2020
- **Response Date:** June 2020

California State Auditor's Assessment of 6-Month Status: Pending

60-Day Agency Response

HR will conduct a search for effective new employee programs by reaching out to neighboring school districts as well as partner agencies (ACSA, Council of Great City Schools, Central Valley Personnel Study Group, etc.).

New Employee Orientations currently take place twice a month. This is mandatory for all administrators. Supporting documentation to follow.

Trainings for administrators are currently offered on a monthly basis.

New administrators will receive individualized meet-and-greet opportunities to assist in their transition to the District.

- **Estimated Completion Date:** July 2020
- **Response Date:** February 2020

California State Auditor's Assessment of 60-Day Status: Pending

While Sacramento Unified offers new employee orientation and training for managers, we look forward to seeing how the district will combine new employee orientation and manager training with mentorship opportunities to ensure that new managers to the organization adapt to its culture and can be retained.

All Recommendations in 2019-108

Agency responses received are posted verbatim.

FISCAL ACCOUNTABILITY

BEGINNING JULY 1, 1999

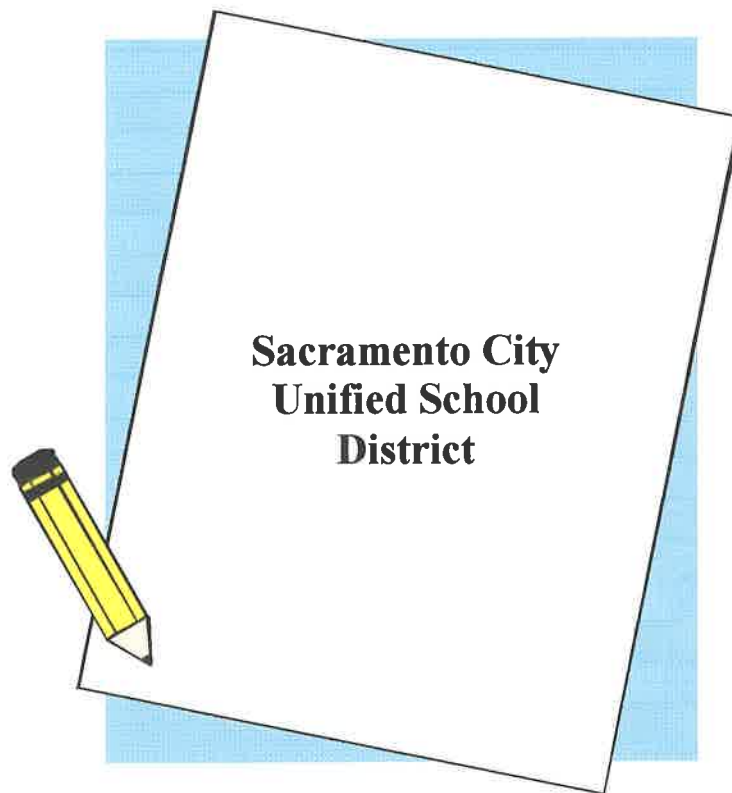


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INTRODUCTION

On August 10, 1998, the School Board adopted Resolution No. 2035 requesting fiscal accountability "to issue all warrants, except debt service, of the district by a person designated as the District Disbursing Officer, to those entitled thereto, which payments have been examined, allowed and ordered paid by the governing board." The assumption of fiscal accountability permits recognition of district competence, minimizes duplication of effort between school districts and the county office, and grants increased control at the local level, while maintaining adequate safeguards over the expenditure of public funds.

A separate audit of the controls of the district's systems, procedures and this implementation manual will be performed. Upon acceptance of this plan by the SCUSD board, the remainder of the calendar of significant events will be followed.

CALENDAR OF SIGNIFICANT DATES FOR
FISCAL ACCOUNTABILITY

September 1, 1998	<u>Final date</u> for filing a written Resolution and Application for fiscal accountability with the County Superintendent of Schools and County Auditor. Completed.
September 1	<u>Final date</u> for submitting to the County Superintendent of Schools a recommendation for selection of the audit firm to conduct the required audit study. Completed.
October 1	<u>Final date</u> for the County Superintendent of Schools to approve the audit firm to conduct the audit study. Completed
December	Board will approve Implementation Plan <ul style="list-style-type: none">- Organization Chart- Job Descriptions- Procedures
December	Board will designate the Director of Accounting Services, Greg Roseboom, as the District Disbursing Officer as of 7/1/99.
January 1, 1999	<u>Filing date</u> for filing the required Audit Study Report. <u>Note:</u> If the report contains recommendations for improvement to meet the requirements for fiscal accountability, a supplemental report certifying that the proper changes have been made must be filed by February 1 with the County Superintendent of Schools.
March 1	<u>Final date</u> for the County Superintendent of Schools and County Auditor to approve the application for fiscal accountability in order for the issuance of warrant to be effective at the beginning of the next following fiscal year.
March 1	Agree on format of financial statements to be sent to the County Superintendent of Schools
May 1	Implement revised manual procedures
June 1	Begin a parallel run with the computer tape at the County
July 1	<u>Effective date</u> for the issuance of warrants under fiscally accountable status.

COST ANALYSIS OF FISCAL ACCOUNTABILITY

A. Additional Costs Incurred as a Result of Fiscal Accountability

1. The County Auditor-Controller may charge the School District a share of the costs of processing warrants.
2. The cost of the Audit Study performed by an Independent Certified Public Accountant is approximately \$5,000. This is a one—time expense.
3. As an internal audit position already exists, no additional costs will be incurred in utilizing this position.

B. Projected Savings as a Result of Fiscal Accountability

1. Payment in a more timely manner will be possible without the County Office of Education pre—audit function. This should result in the utilization of additional cash discounts.
2. It may be possible to obtain a lower price from a vendor when prompt payment can be offered.

C. Legality Review and Board Approval of Expenditures

Legality Check

The Disbursing Officer will keep abreast of the legal restrictions in the Education Code, Government Code, Civil Code, and Public Contract Code and will ensure that expenditures comply with legal restrictions before a warrant is released.

Reports to the Board for Ratification. Purchase orders and warrant numbers are reported to the Board monthly.

Budgeted Items. The Annual Budget, as finally adopted by the Board, authorizes the Fiscal Services Division to proceed with the procurement of items specifically enumerated in the Budget within the availability of funds.

D. Procedures to Audit Commercial Warrants

1. After the warrants are prepared, they are delivered to the Accounts Payable Supervisor.
2. Warrants are compared with vendor invoices for proper vendor name, invoice number, and amount.

Procedures to Audit Commercial Warrants (Continued)

3. The warrants listings are then delivered to the Accounts Payable Supervisor using the “checklist for audit of commercial warrants” as a guide.
4. A duplicate copy of the warrant is attached to the file copy of vendor invoice.

DISBURSEMENTS PROCEDURES AND CONTROLS

When the invoice arrives, it is entered on-line by Accounts Payable clerk. The clerk checks the invoice for clerical accuracy, compares it to the receiving screen and checks for correct pricing and quantity, along with a review of the Checklist for Audit of Commercial Warrants.

If there is a discrepancy in quantity between the invoice and the receiving report, or if there is a pricing error, the problem is directed to the Buyer in Purchasing. (Purchasing Guideline) The invoice will not be processed further until the invoice or purchase order is adjusted or corrected.

If an invoice is received but the goods have not been received on-line by Purchasing or the site, the Account Clerk waits 10 days before contacting Purchasing or the site to check on the receiving status. If the goods are at the Warehouse, the Purchasing Department is instructed to expedite the paper work. If the goods have not been received at the Warehouse, or at one of the schools, Accounts Payable will hold all invoices. The Purchasing Department will consult with the requester or the vendor to determine where or if the goods were shipped. No payments will be made if the goods have not been received on-line.

When all invoices to be paid are input, a warrant pre-register report is produced. Each account clerk reviews another clerk's payments before the final okay is given to the Accounts Payable supervisor. This review matches invoices on check with actual vendor invoices, a mathematical check, and vendor name verification with check name.

The Accounts Payable supervisor then calls Information Services and Educational Technology (ISET) to run the warrants. ISET loads the blank warrant stock to the printer, the warrants are printed, and the blank stock is logged in and returned to locked storage. At this time, the printed warrants are hand delivered by ISET to the Accounts Payable supervisor.

If the printer jams while the warrants are being printed, the jam is corrected and a restart procedure is initiated by ISET. Large blocks of warrants to be destroyed are delivered to the Internal Auditor to be destroyed, and are noted on the log.

The claims subject to audit (see appropriate section), along with the appropriate backup documentation and a warrant register will be set aside in accounts payable until audited.

After receiving the warrants and warrant register, the Accounts Payable Supervisor will perform an audit procedure. In the absence of the Accounts Payable Supervisor, the Director of Accounting or General Accounting Supervisor will perform the audit. The checklist provided on page 16 will serve as a guide during this step of the process, but is not to be considered a complete list. As the review of an invoice is completed, the Accounts Payable Supervisor or designee will initial the commercial warrant register next to the warrant audited. On a quarterly basis, the Internal Auditor will examine a sample of the review performed by the Accounts Payable Supervisor or designee and verify that these audit procedures are being performed. The County Office of Education will perform a quarterly audit of accounts

payable and communicate any findings and recommendations for improvements.

Using the Warrant Register, the Disbursing Officer or designee will check the cash balance to ensure sufficient funds are available before the warrants are mailed. If the funds are sufficient, the General Accounting Department is notified to release the processed warrants and then mail to the vendors. The Warrant Register information is processed to convert the data to magnetic tape. The magnetic tape is delivered to the County Auditor—Controller's office. The Warrant Register is delivered to the County Office of Education. To accomplish fiscal oversight responsibilities, Sacramento County Office of Education will need the same documentation, with the exception of the physical warrants and their supporting documentation (i.e. still need warrant registers, journal vouchers, deposit permits, transfer vouchers, etc.) to update their accounting records.

The registers are filed in the General Accounting Department and the invoices are filed numerically in Accounts Payable.

Special procedures, such as replacement warrants, stop notices, outlawed warrants and forgeries, are processed as described beginning on page 18.

PURCHASING GUIDELINES

RECEIVING ON LINE

Hold invoices for 2 weeks before requesting to receive. Look at the “ship to” address. This is the location that must receive on line.

CHANGE NOTICE

When a vendor notes on an invoice to cancel an item (s) send a copy of the invoice to the appropriate buyer. A change notice must be created to enable purchasing to notify the school of the reason for cancellation.

CHECK NOTEPAD

If there is any discrepancy in an invoice check the notepad. There is probably an explanation written there.

UNIT COST VS. TOTAL COST

If the total of the invoice equals the total of a purchase order pay it. Freight or subs may be the reason.

PRICE DISCREPANCIES

We have a \$250.00 leeway on billings. However check notepad first. There may be adjustments following.

Exceptions are Warehouse and Food Services.

WRONG P0 NUMBER

Check to see if they have entered the requisition number in error.

BUDGETING PROCEDURES AND CONTROLS

The District uses the following procedures in setting up the budget:

1. The District sets up a budget for each school site/department. Formula allocations that utilize enrollment as the controlling factor are used for budgeting most salaries, supplies, equipment, etc.
2. The proposed budget is printed and the public budget hearing is advertised.
3. The public meeting is then held and the Board gives approval after changes, if any, have been made.
4. Our finance system allows each site/department to pull their own financial reports for up-to-the-minute activity. The finance system will prevent purchase requisitions from being submitted if funds are not available. The budget department reviews expenditures and encumbrances and contacts sites/departments with potential budget problems.
5. The finance system has built-in budget controls which do not allow individual budget lines to be overexpended. This control is turned on (approximately October) within the first 4 months of the year (to allow time to input budgets and carryover information), with manual review by the budget technicians until that time.
6. All requisitions (except JIT) are reviewed by the fund specialists who verify allowability of expenditures.

PAYROLL

General: Due to the size of the district, most of the functions listed below are already produced and reported by the district, the exception being the actual quarterly tax forms and ongoing deposits to the IRS. The district does not view this final step as having a major impact on operations and expects no additional staff requirements to fulfill.

Retirement Reports (STRS / PERS): The district currently has a process for producing, correcting and submitting retirement reports on tape to the county office. The district will continue to submit the tapes and deposit checks to the County Office of Education.

Tax Deposits and Reporting (Federal / State / FICA / Medicare): The district currently sends tax deposits to the county office that in turn transmits to the appropriate agency. The district will assume this function after each payroll. Quarterly tax reporting information is currently produced by the district and sent to the county office for processing the necessary quarterly forms to the IRS and State. The district will assume this function under fiscal accountability. The County Office of Education will review the district tax payments as part of a quarterly review and communicate any findings and recommendations for improvements.

W2 Forms: The district currently produces all W2 information for employees and transmits the necessary tapes to the IRS and State. This will continue along with the assumption of the preparation of the quarterly reports as mentioned above.

Unemployment Insurance Reports: The district currently produces all the information and tapes for UI reporting to the State. The district will take over the calculation and payment of UI from the county. This will be a quarterly function and should not impact ongoing operations.

Workmen's Compensation: The district operates a fully insured workers compensation program, which does not involve the county office of education. There will be no change to the operation of this program.

Tax Sheltered Annuities: The district operates an extensive tax sheltered annuity program which does not involve the county office of education. There will be no change to the operation of this program.

Health and Welfare: The district operates an extensive health and welfare program, which does not involve the county office of education. There will be no change to the operation of this program.

Credential Verification: The district currently handles credential verification in house through direct contact with the State Teacher Credential Program. There will be no change to this program.

Garnishments: The district has a program for processing, monitoring and paying garnishments. There will be no change to this program.

PETTY CASH FUND PROCEDURES

Sacramento City Unified School District's Board of Education Policy requires all district purchases to be made by the district's Purchasing Department. Any purchases not in accordance with this policy become the personal liability of the individual who initiated the purchase. The exception to this policy is the site or departmental Petty Cash Fund. Board Policy allows the Superintendent, Director of Purchasing or designee to make purchases for the district. In the case of a Petty Cash Fund, the principal/site manager is the designee authorized to make purchases within the parameters of this policy. The principal or site manager must verify budget availability before an expenditure is approved.

Petty Cash Funds are established based on the following criteria:

Elementary, Preschool, Central Departments, and Children's Centers locations	\$ 500 maximum
K-8 and Middle School locations	\$1,000 maximum
Continuation, High Schools, Nutrition Services, and Adult Education locations	\$2,000 maximum

Consideration is given to sites and departments with special needs.

The Petty Cash Fund is to be safeguarded as the personal responsibility of the principal or site manager. This person must be able to produce the fund, either in cash or in receipts or vouchers upon demand of the district's internal auditor or external auditors.

Handling, printing charges and returned check fees that may be assessed by the bank can be included in the Petty Cash claim for reimbursement. Stop payment charges may also be reimbursed through the Petty Cash Fund. In all cases, include a copy of the bank charge slip or bank statement with the claim form. Principal or site managers are personally responsible for bank charges caused by writing checks without the funds to cover them in the bank.

Ineligible purchases (Ed Code Section 42804) made from the fund become the personal liability of the principal or site manager. If there are any questions regarding acceptable purchases, call Purchasing Services at (264) 6662. If you suspect forgeries have occurred or notice discrepancies in your account, contact your bank first, then notify Accounts Payable at (264) 4522 or Internal Audit at (264) 3593.

No more than \$20 in coin/currency should be kept at the site. The rest of the site/department petty cash funds are kept in a bank checking account. The principal/site manager is personally responsible for any theft of coin/currency over \$20.00. Any loss of funds due to theft up to \$20.00 will be charged to the site/department's budget.

Do not deposit Petty Cash Funds with any other funds, particularly a student body bank

account.

The Petty Cash Fund may only be used for supply line items (Object Codes in the 4000 series) not exceeding \$100 per item and \$250 per total purchase. Postage may be purchased for any amount. All purchases exceeding \$250 must be made through the purchasing Department. Purchases that are not in compliance or are made without the approval of the principal or site manager should be rejected.

Contracted services, consultants, travel claims, mileage claims and other non-supply items may not be paid from the Petty Cash Fund. Attempts to influence government decisions, entertainment or other purposes unrelated to classroom instruction may not be paid with this fund (Education Code 42810). No ATM cards can be issued against this account.

Each purchase must be supported by a receipt in order to receive reimbursement. The receipt should then be attached to a PETTY CASH VOUCHER FORM #1. The individual who received cash from the principal or site manager is required to sign the voucher.

50% used
reimb,
process
with 5

The Petty Cash Fund should be reimbursed when approximately 50% of the fund has been used or sooner if desired. To receive reimbursement, complete an on-line petty cash reimbursement requisition and place a snapshot copy of the requisition and all receipts and vouchers in a designated petty cash envelope. Incomplete requests will be returned to the principal or site manager for correction. Complete and appropriate petty cash reimbursement requests will be reimbursed by the Accounts Payable Department within five working days.

If the principal or site manager's assignment is changed, the Petty Cash Fund must be transferred or closed. This can be accomplished by one of the following methods.

If the successor is a current district employee and is willing to assume the checking account as is, then make the appropriate arrangements with the bank to have the successor take it over. Normally, new signature cards will be required. However, before assuming the account, the successor should reconcile the account to the imprest amount.

If there is no successor or the successor is not known, the checking account must be closed. This is done by returning unspent cash along with receipts or vouchers to cover purchases not yet reimbursed. The total of these two must reconcile to the amount originally issued to the principal/site manager.

The bank selection for the checking account establishment is left up to the principal or site manager. The bank selected should be noted on the REQUEST FOR PETTY CASH FORM #3. The bank account title should read "Sacramento City Unified School District - Site/Department Name". A letter from the Chief Financial Officer will be sent with the petty cash check authorizing the principal or site manager to use the district tax identification number when setting up the account.

Two signatures are required on all checks for reimbursement. It is recommended that you have at least three authorized signators and no more than five. It is recommended that checks

be pre-printed with the words "2 signatures required". You also have the option of having checks pre-printed with the words "do not exceed \$100".

The Petty Cash Fund must be reconciled monthly; and for auditing purposes, a signed copy must be submitted to Accounts Payable, Box 44, by the end of the next month. The June 30 reconciliation must include transactions through June 30 and must be submitted by August 15.

**REQUEST FOR REVOLVING FUND CHECK
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Fiscal Services - Payroll Department**

Date: _____/_____/_____

I, _____, acknowledge that I am receiving a check in the amount of \$ _____ for the reason checked below.

Pay Code: _____

Location: _____

Certificated: _____

Classified: _____

Signature

Social Security No.

Identification

In Lieu Of Payroll Warrant

Physical Check: Yes _____ No _____	Warrant: # _____
Stop Lifted: _____	Dated: _____/_____/_____
To Gen. Acct.: _____	Amount: \$ _____

Handdrawn

Check one of the following:

- Late Requisition: Site _____
- Late Requisition: Pers. _____
- Late Requisition: Other _____
- Late Timesheet: Site _____
- Late Timesheet: Empl. _____
- Late Absent Report: _____
- Payroll Error: _____
- Personnel Error: _____
- System Error: _____
- W/Comp Reimburse: _____

DS Trans: Code _____ Amount _____

RF Trans: Code _____ Amount _____

Written Check Information

Check: # _____
Date: _____/_____/_____
Net Amount: \$ _____

Other: _____

Period Paid: _____/_____/_____ - _____/_____/_____

Payroll Tech.: _____

Check Authorization: _____/_____
Initials Date

Check Authorization: _____/_____
Initials Date

ENCUMBRANCES PROCEDURES AND CONTROLS

When a requisition is submitted for approval, the funds are automatically encumbered. Once all appropriate approvals are obtained electronically, a purchase order is cut. All requisitions and purchase orders are numbered. Requisitions may be tracked by vendor name, purchase order number, ordering site, creation date, or status.

When the expenditure related to a particular encumbrance is made, the encumbrance is credited for the original amount encumbered, with the actual expenditure debited to expense. These two are matched up through the purchase order number. The cancellation of the encumbrance and the recording of the expenditure are processed when warrants are prepared.

If a purchase order is canceled, the encumbrance will be reversed.

INTERNAL LIMITS FOR THE PROCUREMENT OF GOODS AND SERVICES

	MULTIPLE SUPPLIERS		PUBLIC CONSTRUCTION PROJECTS	LIMITED SPECIALTY SUPPLIERS**	
	GOODS	SERVICE		GOODS	SERVICE
Requisition Quote	\$50 - 2,500	\$0-2,500	\$0 - 2,500		
(2) Phone/Fax Quotes	\$2,501 - 10,000	\$2,501-10,000	\$2,501 - 10,000		
(3) Phone/Fax Quotes	\$10,001 - 17,000	\$10,001 - 17,000	\$10,001 - 17,000		
(3) Written Quotes	\$17,001 - 53,899	\$17,001 - 53,899	\$17,001 - 24,999		
Informal Bidding Public Works (PCC20112)**	-	-	\$25,000- 74,999		
Formal Bidding Labor (PCC20112)*	-	\$53,900	-		
Formal Bidding Material & Supplies (PCC20112) & Public Works (PCC22032)*	\$53,900	-	\$75,000		

None Required

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Art and Craft Supplies • Computer Supplies • First Aid Supplies • General Office Supplies • Janitorial Supplies • Sports Equipment | <ul style="list-style-type: none"> • Refrigeration Repair • Roofing • Electrical • Small Construction • Vehicle Repair | <ul style="list-style-type: none"> • Construction • Reconstruction • Erection • Alteration • Renovation • Improvement • Demolition • Repair Work |
| <ul style="list-style-type: none"> • Perishable Foods • Education Materials (textbooks) • Specific Curriculum Material • Single Source OEM (original equipment mfg.) | <ul style="list-style-type: none"> • Utilities • Sanitation (trash pick up) • Repairs to OEM • Single Source | |

* Contracts require prior Board of Education approval.
 ** Contracts over \$53,900 require prior Board of Education approval.

RECEIPT PROCEDURES AND CONTROLS

Student Body funds are collected by school staff and deposited to Bank of America. Duplicate deposit slips are used and the duplicate is sent by the school site to the District for verification and recording.

General Fund deposits are made weekly. A log sheet is done daily by the Fiscal Tech I at District level who logs incoming deposits, checks numerical sequence, and prepares data for data processing. Receipts are written daily, and each week the deposit is closed out and posted to the general ledger. The receipts, along with a Sacramento County Office of Education Deposit Permit, are deposited to the County Treasury via courier each Friday. The County will forward a copy of the County and Sacramento County Office of Education deposit permits to the Sacramento County Office of Education.

Cafeteria Fund Account deposits are prepared daily from each school site and transported via courier to the West America Bank. A Daily Cash Report is sent to the Fiscal Tech II at the District. The Daily Cash Report is compared to the duplicate deposit slip sent from the bank and information is posted to the general ledger.

CLAIMS SUBJECT TO AUDIT

All district claims go through a regular approval process prior to order and payment. The district Purchasing office approves all purchase order requisitions, contract requisitions, along with direct vendor payments. The district Budget office approves all payment funding charges with the exception of petty cash.

The district has an automated purchasing, budget, accounts payable system in place with on-line approvals and receiving which do not allow Accounts Payable to pay any bill for more than the authorized or received amount.

The general fund of the district is over \$250,000,000. The amounts designated for audit by the Accounts Payable Supervisor were selected based on the strong automated internal control system in place along with the cost/benefit of auditing every individual payment.

Vendor claims for the following must be audited by the Accounts Payable Supervisor prior to payment:

- For all funds, except General Fund, warrants exceeding \$10,000, except for benefits and utility payments. For the General Fund, warrants exceeding \$15,000, except for benefits and utility payments.
- Charges to object codes 5100 (consultants), 5800 (administrative) and 9000 (suspense) if they exceed \$1,000.
- Charges to object code 5200 (travel) exceeding \$500 and a sample of travel/petty cash reimbursements.

The district will manually countersign vendor checks in excess of \$100,000, excluding object code 3000—health benefit checks and payroll vendor checks.

If documentation is missing or questions arise, Accounts Payable will contact the originator for more information. A hold will be placed on the warrant until issues are cleared. The internal auditor will be contacted if necessary.

If a claim is submitted that is illegal, the warrant will be canceled.

Board policy affecting Accounts Payable will be distributed annually to Accounts Payable staff, so they are knowledgeable of district policies.

For all claims processed for payment, the Accounts Payable staff will follow the checklist on page 19 when processing for payment.

The Internal Auditor will conduct quarterly audits of a sample of accounts payable claims. During such audit, the above guidelines will be followed and a sample of claims below the above threshold will also be audited.

Finally, the Contracts Office reviews all building contracts (and other contracts) to ensure legality prior to releasing to Accounts Payable. See the guide on page 15.

Accounts Payable Staff
CHECKLIST FOR AUDIT OF COMMERCIAL WARRANTS

1. Authorized on-line.
2. Payee must agree with supporting documents (invoices and listing).
3. Nature of expenditure must be legal and reasonable. Be alert to items indicative of being a gift of public funds.
4. Invoices must be itemized, quoted in job lot prices or covered by contract.
5. Previous balances cannot be paid; request an invoice.
6. Invoices are randomly checked for mathematical accuracy. ✕
7. Sales tax is accrued for out of state vendors not authorized to collect California sales tax.
8. Labor, supplies, or a combination of labor/supplies exceeding bid limits will be stopped.
9. Emergency repairs exceeding bid limits must be approved by the district governing board, by unanimous vote, and approved by the county superintendent's office. Please forward copy.
10. Payments should be paid in arrears. Exceptions would include travel pre-payments, including airline, hotel, and registration fees. All other prepayments require specific approval of the Accounts Payable Supervisor or Director of Accounting. ✕
11. Rental of facilities or equipment in possession of the district for the current month on an itemized invoice is considered to be in arrears.
12. Consultant (independent contractor) invoices must be examined to rule out those who belong on the payroll. Consultant services of employees and STRS retirees must be on the payroll.
13. Travel claims or invoices for employees must show proper approvals and follow Board policy.
14. Districts are encouraged to take discounts regardless of time limitations stated on the invoice. ✕
15. Expenditure classification shall be noted on each claim register.

16. For architects and construction payments, verify arithmetical accuracy of "completed to date" column and "payment summary". Payments must be in compliance with payment provisions of the contract. *
17. An error less than \$10.00 or 2% of the amount of the warrant, not exceeding \$20.00, shall be noted on the remittance advice but will be approved. *
18. Errors greater than \$20.00 or 2% of the amount of the warrant will not be processed until verification with Purchasing. *

PROCEDURES TO REPLACE LOST OR DESTROYED WARRANT

1. Use bank software (if within 61 days of issue) to see if warrant has paid.
2. If check is older than 61 days, use bank CD to check if warrant has paid.
3. If warrant has not been paid, use bank software to place stop~~pay~~ pay. A warrant should not be replaced, until the stop is obtained. If the warrant has been paid, and it is a forgery, see section on forgeries.
4. At the end of the day, print report from stop-pay software to FAX to the County Auditor's.
5. District will complete an affidavit for replacement and have the payee sign.
6. A replacement warrant will be prepared and the original warrant recorded as cancelled.
7. A magnetic tape for the cancel and replacement warrant will be forwarded to the County.
8. The transmittal, completed journal voucher, and the affidavit need to be sent to SCOE to record the cancel and the replacement warrant(s).

AFFIDAVIT TO OBTAIN DUPLICATE OF
LOST OR DESTROYED WARRANT

STATE OF CALIFORNIA)
) SS.
COUNTY OF SACRAMENTO)

_____ being duly sworn; says: That
_____ legal owner of that
Certain County Warrant numbered _____ dated _____
And drawn by the County Auditor-Controller of Sacramento County on the _____
_____ Fund of said County, in favor of
_____ as payee, thereof, for
_____ dollars: _____.

That said warrant has not been paid, but was _____

Before the same was paid by the County Treasurer of said County of Sacramento, and cannot now be produced
by the said _____.

I UNDERSTAND THAT I CANNOT CASH THE WARRANT
INDICATED ABOVE IF IT COMES INTO MY POSSESSION,
AND THAT IF IT DOES, I MUST RETURN IT TO THE ABOVE
NAMED SCHOOL DISTRICT OFFICE, OF THE COUNTY OF
SACRAMENTO IMMEDIATELY.

Subscribed and sworn to before me this
_____ day of _____, 19 ____

Notary Public

PROCEDURES FOR PROCESSING STOP ORDERS

1. A "Notice to Stop Payment" will be directed to the District Disbursing Officer/ or designee.
2. The vendor will be notified that a stop order has been received.
3. Further payments will be withheld until an agreement is reached.

PROCEDURES FOR REISSUANCE OF A STALE DATED WARRANT

1. The County will produce reports on a monthly basis showing any stale dated warrant.
2. District will cancel all stale dated warrants. *
3. Magnetic tape reflecting the cancels will be forwarded to the County.
4. District will send transmittal and the completed journal voucher to SCOE. District will indicate on the transmittal that these are "Stale Dates".
5. If re-issuing a stale dated warrant, District will indicate on the transmittal that this is a re-issue of stale dated warrant # _____. *
6. Stale dated warrants cannot be re-issued after 2 ½ years unless approved by the governing board. *

LOG OF WARRANTS OUTLAWED DUE TO AGE

<u>DATE</u>	<u>PAYEE</u>	<u>ACCOUNT DISTRIBUTION</u>	<u>AMOUNT</u>	<u>DATE REPLACED</u>
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PROCEDURES FOR FORGERIES

1. If payee reports a forged warrant, district needs to use bank CD to produce a copy of the front and back of paid warrant. If CD has not been produced, use bank software to order front and back from the bank—take about 2 weeks.
2. Payee needs to sign a Forgery Affidavit. Any forgeries **must** be notarized.
3. District will send the original and one copy of the affidavit, a copy of the paid warrant (front and back), and a County deposit permit to the County Treasurer's office.
4. District will send SCOE a copy of the county Deposit permit (goldenrod), a copy of the affidavit of forgery, and a prepared SCOE deposit permit.
5. When the County sends the deposit permit back to SCOE (could take a couple of months or more), SCOE will process through their accounting system.
6. SCOE will send back to district a copy of SCOE deposit permit.

ORDERING WARRANTS

1. The District will work with the County to obtain a new bank account number.
2. The District will design the warrant and have the specifications approved by the County Auditor.
3. The District will initiate an informal or formal bid process.
4. The District will check the proofs from the printer to ensure that the format is correct and that the magnetic strip on the check can be processed. The proof will be reviewed with the County Auditor.
5. The District will receive final approval from the County Auditor. Proof of the initial check will go to the County Auditor and bank in March 1999.
5. The District will authorize delivery of the warrants.

STORAGE AND SECURITY OF WARRANTS

1. When not in use, all warrant stock will be stored in a locked room within Information Services.
2. Warrant processing is initiated by the Accounts Payable and Payroll Supervisors by giving directions to Information Services personnel to process checks. Information Services personnel maintain a log of all checks. Information Services personnel who have access to the warrant stock will not have the ability to input or change data.
3. The Director of Accounting Services will be notified if there are any missing warrants.
4. When signed warrants have been prepared, they are locked up in Information Services until they are audited. The unused portion of the box of warrants is secured, and logged, in the Information Services Department.

SECURITY OF SIGNATURE MACHINE

- I. The signature machine will be stored in the Information Services department.
2. The Director of Information Services is responsible for access to the signature machine.
3. Warrants will be signed by the signature machine in a secured area in Information Services.
4. The signature machine and the key will be returned to the proper place upon completion of the signatures.

RECORDS RETENTION

The Director of Accounting Services is responsible for the security and control of records. The records will be stored at the Purchasing Services warehouse.

The CASBO Records Retention manual is used to determine the records retention schedule. After the retention period has expired, the Director of Accounting Services coordinates the destruction of records with code provisions.

PROCEDURES FOR CASH CONTROL

1. All transactions affecting the District's cash balance at the County Treasurer will be recorded on the accompanying forms and posted to the general ledger by general accounting and sent to the County Office of Education.
2. The County Office of Education will reconcile cash and forward the monthly County Cash Report to the District..
3. Prior to the release of warrants, the cash balance in the County Treasury will be checked by the district in order to ascertain that sufficient cash is on hand to cover those warrants.
4. If insufficient cash is on deposit, District Disbursing Officer will be notified and warrants will not be released.

Forms attached:

- A. Check log for 1998-99
- B. Record of Sales and Cash Received
- C. Reconciliation of Weekly Deposits
- D. Weekly Deposit
- E. Deposit Permit

CHECK LOG FOR 1998/1999

ENTERING DATE	NAME	CHECK NUMBER	CHECK AMOUNT	CASH AMOUNT	DAY'S TOTAL	INTL
10/29/98	SBC COMMUNICATIONS INC	30051310	\$ 41,949.76			KCL
10/29/98	SBC COMMUNICATIONS INC	30050733	\$ 42,681.08			KCL
10/29/98	GRACIELA ALBIAR	2516	\$ 5.80			KCL
10/29/98	TERESA A D'ARTENAY	9144	\$ 54.09			KCL
10/29/98	BUNTAIN	22342	\$ 2,797.20			KCL
10/29/98	NJB NORCAL ALLNET LEAGUE	1163	\$ 37.80			KCL
10/29/98	INTEL FOUNDATION	12368	\$ 800.00			KCL
10/29/98	COUNTY OF SACRAMENTO	1000071870	\$ 31,192.95			KCL
10/29/98	C K MCCLATCHY ASB FUNDS	7981	\$ 152.00			KCL
10/29/98	C K MCCLATCHY ASB FUNDS	7983	\$ 435.45			KCL
10/29/98	UNIVERSITY OF CALIFORNIA	1117385	\$ 285.54			KCL
10/29/98	SACRAMENTO CO OFF EDUCATION	470378	\$ 4,253.91			KCL
10/29/98	SCUSD NUTRITION SERVICES	97-325707	\$ 42.70			KCL
10/29/98	SCUSD - CRF	97-326177	\$ 5,025.55			KCL
10/29/98	SCUSD - ACRF	97-325549	\$ 10,969.90			KCL
10/29/98	SCUSD - ACRF	97-326178	\$ 9,708.80			KCL
10/29/98	CALIFORNIA	DEPOSIT	\$ 1,431.00			KCL
10/29/98	CALIFORNIA	DEPOSIT	\$ 817.90			KCL
10/29/98	CALIFORNIA	DEPOSIT	\$ 1,080.00			KCL
10/29/98	CALIFORNIA	DEPOSIT	\$ 216.00			KCL
10/29/98	CALIFORNIA	DEPOSIT	\$ 1,062.34			KCL
10/29/98	CALIFORNIA	DEPOSIT	\$ 696.50			KCL
10/29/98	WILL C WOOD	DEPOSIT	\$ 552.00			KCL
10/29/98	HUBERT BANCROFT	DEPOSIT	\$ 1,784.00			KCL
10/29/98	C M GOETHE	DEPOSIT	\$ 353.00			KCL
	TOTAL		\$ 158,385.27	\$	\$ 158,385.27	
10/30/98	MARIA E KOANIG	000168367	\$ 658.54			KCL
10/30/98	MICHAEL A MCDANIEL	2126	\$ 57.19			KCL
10/30/98	ALICE P BURKS	2152	\$ 56.43			KCL
10/30/98	CLARA FREITAS	2148	\$ 124.71			KCL
10/30/98	VIRGIL WOLFE	0821	\$ 42.11			KCL
10/30/98	R DALE LINT	4101	\$ 175.76			KCL
10/30/98	ELIZABETH NEHR	2036	\$ 129.42			KCL
10/30/98	CHARLES E CALVERT	1596	\$ 54.06			KCL
10/30/98	MARGARET J KELLEY	7666	\$ 168.18			KCL
10/30/98	OMA L LEE	2898	\$ 224.60			KCL
10/30/98	ANDREW J MUNSCHE	4408	\$ 98.74			KCL
10/30/98	JUNE A MCCOLLOCH	755	\$ 121.46			KCL

CHECK LOG FOR 1998/1999

ENTERING DATE	NAME	CHECK NUMBER	CHECK AMOUNT	CASH AMOUNT	DAYS TOTAL	INTL
10/30/98	LOUISE HUSTON	1432	243.15			KCL
10/30/98	BETHEL BAPTIST CHURCH	3524	56.43			KCL
10/30/98	GEORGE SPITTAL	RB329809454	100.00			KCL
10/30/98	GEORGE SPITTAL	RB329809455	100.00			KCL
10/30/98	GEORGE SPITTAL	RB329809453	100.00			KCL
10/30/98	GEORGE SPITTAL	RB329809452	100.00			KCL
10/30/98	JAMES W BRODE	13212	154.35			KCL
10/30/98	WILDA A GREER	517	285.74			KCL
10/30/98	ANN RYAN	71395991887	19.00			KCL
10/30/98	OKUMURA BIOLOGICAL INSTITUTE	6677	56.43			KCL
10/30/98	HELENE M HAWKINS	347	103.92			KCL
10/30/98	SANDY ROBINSON	3894	37.74			KCL
10/30/98	DORIS ERICSON	1890	212.76			KCL
10/30/98	MARION BLUMBERG	3434	42.11			KCL
10/30/98	SAN FRANCISCO MARRIOTT	7F2-46777	188.10			KCL
10/30/98	SAMS CLUB DIRECT	0001718492	55.73			KCL
10/30/98	DANIEL A WONG	1969	128.00			KCL
10/30/98	AIRTOUCH CELLULAR	228132	912.65			KCL
10/30/98	COMMUNITIES IN SCHOOLS	3354	66.00			KCL
10/30/98	C K MCCLATCHY ASB FUNDS	7982	129.30			KCL
10/30/98	ATTORNEY'S AID INC	52577	15.00			KCL
10/30/98	NUTRI CAFÉ	97-326013	473.50			KCL
10/30/98	SCUSD NUTRITION SERVICES	97-326071	521.70			KCL
10/30/98	SCUSD - CRF	97-325888	7,265.01			KCL
10/30/98	HOLLYWOOD PARK	DEPOSIT	229.75			KCL
10/30/98	HOLLYWOOD PARK	DEPOSIT	134.00			KCL
10/30/98	HOLLYWOOD PARK	DEPOSIT	171.00			KCL
10/30/98	LEONARDO DA VINCI	DEPOSIT	687.25			KCL
10/30/98	LEONARDO DA VINCI	DEPOSIT	2,255.52			KCL
	TOTAL		16,755.34	\$	\$	
11/2/98	SERVICE EMPLOYEES INTERNATIONAL UNION	36033	96.00			KCL
11/2/98	CHRIST DELIVERANCE CHURCH	202	1,352.00			KCL
11/2/98	STATE OF CALIFORNIA	38-841574	31,792.38			KCL
11/2/98	COUNTY OF SACRAMENTO	1000072711	46,233.02			KCL
11/2/98	KEMPER	411-0-039-959	268.66			KCL
11/2/98	STRINGER BUSINESS SYSTEMS	046469	144.96			KCL
11/2/98	CITY OF SACRAMENTO	765605	2,788.90			KCL
11/2/98	FERN BACON	DEPOSIT	987.00			KCL

CHECK LOG FOR 1998/1999

ENTERING DATE	NAME	CHECK NUMBER	CHECK AMOUNT	CASH AMOUNT	DAY'S TOTAL	INTL
11/2/98	SUTTER	DEPOSIT	1,418.30			KCL
11/2/98	ABRAHAM LINCOLN	DEPOSIT	3,630.00			KCL
	TOTAL		88,711.22	\$	\$ 88,711.22	
11/3/98	EDUARDO AQUIRRE	CASH	647.16	138.30		KCL
11/3/98	UNITED STATES TREASURY	8380-02445090	20.00			KCL
11/3/98	MEMOREX	000046456	20.00			KCL
11/3/98	PAGENET	1196540	35.00			KCL
11/3/98	CAROL A HOUSEMAN	5730	35.00			KCL
11/3/98	RACHEL HERNANDEZ	0584	35.00			KCL
11/3/98	TONY L VALLES	1107	175.00			KCL
11/3/98	CALIF MIDDLE SCHOOL P E WORKSHOP	628	471.96			KCL
11/3/98	WESTIN HOTELS & RESORTS	002451	228.02			KCL
11/3/98	KEMPER	411-0-044-310	144.00			KCL
11/3/98	KEMPER	411-0-042-911	105.00			KCL
11/3/98	CMPREHENSIVE ADULT STUDENT ASSESS	016869	1,000.00			KCL
11/3/98	CLAYTON B WIRE	2011523456	117.88			KCL
11/3/98	CAL RAM CONSTRUCTION CO INC	010827	943.71			KCL
11/3/98	YMCA OF GREATER SACRAMENTO	011817	145.00			KCL
11/3/98	CALIFORNIA ASSOC OF STUDENT COUNCILS	3061	48.75			KCL
11/3/98	SCHOOLS INSURANCE AUTHORITY	17355	10.00			KCL
11/3/98	LYNN MOODY	1737	445.56			KCL
11/3/98	CROCKER/RIVERSIDE PTA	1931	56,334.72			KCL
11/3/98	SCUSD - CRF	97-328673	50.00			KCL
11/3/98	MCCLASKEY	DEPOSIT	4,741.88			KCL
11/3/98	MCCLASKEY	DEPOSIT	241.00			KCL
11/3/98	LEONARDO DA VINCI	DEPOSIT	9,000.00			KCL
11/3/98	SAM BRANNAN	DEPOSIT	597.00			KCL
11/3/98	MARTIN LUTHER KING JR	DEPOSIT	327.00			KCL
11/3/98	ABRAHAM LINCOLN	DEPOSIT	2,373.05			KCL
11/3/98	FERN BACON	DEPOSIT	50.00			KCL
11/3/98	DAVID LUBIN	DEPOSIT	221.00			KCL
11/3/98	DAVID LUBIN	DEPOSIT	144.00			KCL
11/3/98	DAVID LUBIN	DEPOSIT	1,599.00			KCL
11/3/98	DAVID LUBIN	DEPOSIT	80,305.69	138.30	\$	80,443.99
	TOTAL		80,305.69	\$	\$ 138.30	
11/4/98	RESOURCES FOR EDUCATORS	006683	205.00			KCL
11/4/98	FIRST CALL TELEPHONE INC	6621	12.98			KCL
11/4/98	COUNTY OF SACRAMENTO	10000076437	30,976.66			KCL

CHECK LOG FOR 1998/1999

ENTERING DATE	NAME	CHECK NUMBER	CHECK AMOUNT	CASH AMOUNT	DAYS TOTAL	INTL
11/4/98	ORANGE COUNTY DEPT OF ED	94008481	\$ 674.90			KCL
11/4/98	ROBERT W WHITE	1898	\$ 50.00			KCL
11/4/98	SKILL CENTER	RTN CK	\$ (20.40)			KCL
11/4/98	A M WINN	DEPOSIT	\$ 1,243.15			KCL
11/4/98	A M WINN	DEPOSIT	\$ 216.00			KCL
11/4/98	A M WINN	DEPOSIT	\$ 460.50			KCL
11/4/98	A M WINN	DEPOSIT	\$ 1,158.55			KCL
11/4/98	A M WINN	DEPOSIT	\$ 78.00			KCL
11/4/98	LEONARDO DA VINCI	DEPOSIT	\$ 591.57			KCL
11/4/98	HOLLYWOOD PARK	DEPOSIT	\$ 1,088.40			KCL
11/4/98	C M GOETHE	DEPOSIT	\$ 130.00			KCL
11/4/98	C M GOETHE	DEPOSIT	\$ 130.00			KCL
	TOTAL		\$ 36,865.31	\$	36,865.31	
	GRAND TOTAL		\$ 381,022.83	\$ 138.90	\$ 381,161.13	

RECORD OF SALES AND CASH RECEIPTS

MONTH OF FUND 101 19

DATE	DESCRIPTION	(1) CHARGES	(2) CREDITS	CHECK # (3)	RESTRICTED BALANCE	NAME	ACCOUNT RECEIVABLES CURRENT			ACCT #
							9160	9161	9170	
						AMOUNTS BROUGHT FORWARD				
11/3/98	90919		205911 65			City of Sacto	285			1
11/4/98	90970		2788 90	76505		Memorex	204			2
11/4/98	90971		280 00	Misc Checks		Vit Carson				3
11/4/98	90972		372 02	Misc Checks		Kemper				4
11/4/98	90973		105 00	016869		CASAS				5
11/4/98	90974		117 88	010827	64891	CalRam Construction				6
11/4/98	90975		943 71	011817		YMCA				7
11/4/98	90976		145 00	3061		CALIF ASSN OF STUDENT UNIV				8
11/4/98	90977		10 00	1737		Lynn Munday	10	00		9
11/4/98	90978		445 56	1931		Coche PTA	445	56		10
11/4/98	90979		50 00	DepSlip		M ^c Clarke & Deposit				11
11/4/98	90980		4741 88	DepSlip		M ^c Clarke Deposit				12
11/4/98	90981		48 75	17355		Schools Insurance Assn				13
11/4/98	90982		20 00	1196540		PAGNET				14
11/4/98	90983		1000 00	201152	8450	EB Wine				15
11/5/98	90984		12 98	6621		First Call Telephone Co				16
11/5/98	90985		30976 66	100001637		COS				17
11/5/98	90986		674 90	9400848		Orange Co Dept of Ed				18
11/5/98	90987		50 00	1898		Norma White		50	00	19
11/5/98	90988		20 40	RTCK		Returned Ch - Skill Center				20
11/5/98	90989		205 00	6683		Resources for Educators				21
11/5/98	90990		64716	8380-0247590		UST				22
11/5/98	90991		471 96	002451		Westin Hotel - Santa Clara				23
						AMOUNTS BROUGHT FORWARD				24
							935	60	00	25

FORM T-421 (8-83)

PROOF OF ENTRY

PREVIOUS BALANCE - COL. #4, PLUS CHARGES - COL. #1
LESS CREDITS - COL. #2, EQUALS - BALANCE - COL. #3

DISTRIBUTION OF FUND 101

JD 112

FUND 108

FUND 103

No.

No.	INCOME		ABATEMENTS		MISCELLANEOUS		DEVELOPER FEES		ADULT EDUCATION		CHILD DEVELOPMENT		MISCELLANEOUS FUNDS	
	AMOUNT	ACCT #	AMOUNT	ACCT #	AMOUNT	ACCT #	AMOUNT	ACCT #	AMOUNT	ACCT #	AMOUNT	ACCT #	AMOUNT	ACCT #
1	11228 50		89930 49		2777 70		144 96						578 96	
2	255484 81990													
3			20 00	450 0										
4			105 00	4110 0										
5			175 00	5225 5										
6					117 88	868 0								
7	943 71	868 0												
8	145 00	869 0												
9														
10														
11														
12														
13			4875	5695										
14			20 00	5690 0										
15	1000 -	869 0												
16			12 98	5330 0										
17	309766	8170 5												
18	67490	8590 5												
19														
20														
21														
22			205 00	8699 0										
23			647 16	8699 0										
24			471 96	8699 0										
25														
			10655 73		507 44								956	86
			9132 00											

suspense
suspense
suspense

20407914

SD 1116 914 0
4741 82948 0

52 50 1105 0
52 50 4570 0

507 44

956

86

RECORD OF SALES AND CASH RECEIVED

DATE	DESCRIPTION	(1) CHARGES	(2) CREDITS	CHECK # (3)	REF # (4)	NAME	ACCOUNT RECEIVABLES CURRENT			ACT #
							9160	9161	9170	
10/20/98	90945	5113084				AMOUNTS BROUGHT FORWARD				
10/20/98	90945	3412084		30051370 30051373		SBC Communications				1
10/20/98	90946	580		2516		Diaciela Alban				2
10/20/98	90947	5409		9144		Jessica Denton				3
10/20/98	90948	879720		22342	6488	Bertin Constant				4
10/20/98	90949		3780	1163		NJB Local Allnetwage				5
10/20/98	90950		80000	12368		Intel				6
10/20/98	90951		3119295	10000780		COS				7
10/20/98	90952		15200	7981		CKM ASB Funds				8
10/20/98	90953		4545	7983		CKM ASB Funds				9
10/20/98	90954		28554	117385		UCD Revolving Fund	28554			10
10/20/98	90955		425391	42378		SCOE				11
11/2/98	90956		91265	228152		Air Jamb Cellular				12
11/2/98	90957		18810	752-46777		San Francisco Marriott				13
11/2/98	90958	VOID	5593	171842		S VOID				14
11/2/98	90959		12800	1969		Denise A Wong				15
11/2/98	90960		6600	3394		Communications School				16
11/2/98	90961		12930	7982		CKM - ASB Funds				17
11/2/98	90962		1500	52577		Attorney Aid One				18
11/3/98	90963		9600	36033		SELU Local 750				19
11/3/98	90964		135200	202		Must Delaware Bank				20
11/3/98	90965		379238	58-841574		SOC				21
11/3/98	90966		423302	7771		COS				22
11/3/98	90967		20866	411089	959	Kemler				23
11/3/98	90968		14496	046469		Stinger Business				24
			208916			AMOUNTS BROUGHT FORWARD	208916			25

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
PERSONAL PAYMENT ACCOUNT DEPOSIT RECEIPTS

DATE	RECEIPT NAME	CHECK NO.	AMOUNT
11/2/98	Miss Chetka		3522.83
11/4/98	Eduardo Aguirre	CASH	138.30
TOTAL			3661.13

WEEK OF: 11/5/98

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STUDENT ACTIVITY ACCOUNT DEPOSIT RECEIPTS

DATE	RECEIPT NAME	CHECK NO.	AMOUNT
10/30/98	CAL MIDDLE	Dep Slip	1431.00
"	CAL	"	817.90
"	CAL	"	1080.00
11	CAL	"	216.00
"	CAL	"	1062.34
"	CAL	"	696.50
"	will C wood	"	552.00
"	Bancroft	"	1784.00
"	Goethe	"	353.00
11/2/98	Holly wood Park	Dep slip	229.75
"	Holly wood Park	"	134.00
"	Holly wood Park	"	171.00
"	DAVINCI	"	687.25
"	DAVINCI	"	2256.62
11/3/98	FERN BAZON	"	987.00
"	SUTTER	"	1418.30
"	LINCOLN	"	3630.00
11/4/98	DAVINCI	"	241.00
"	SAM Brannan	"	9000.00
"	MLK	"	597.00
TOTAL			27,343.56

WEEK OF: 11/5/98

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT RECONCILIATION OF WEEKLY DEPOSITS

DATE	DAILY RECEIPTS	INITIAL
10/29/98	\$ 158,385.27	KCL
10/30/98	\$ 16,755.34	KCL
11/2/98	\$ 88,711.22	KCL
11/3/98	\$ 80,443.99	KCL
11/4/98	\$ 36,865.31	KCL

TOTAL RECEIPTS

\$ 381,161.13

DEPOSIT DATE

11/5/98

COUNTY TREASURER

250,078.61

ALT. CASH REVOLVING

20,678.70

CAFETERIA

1093.63

CASH REVOLVING

68,625.28

INSURANCE-RETIREEES

0.00

PERSONAL PAYMENTS

3,661.13

STUDENT ACTIVITY

37,023.78

TOTAL DEPOSITS

381,161.13

TOTAL RECEIPTS

\$ 381,161.13

DIFFERENCE

0

COMPILED BY:

Kathy Oloufa

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
WEEKLY DEPOSIT
NOVEMBER 5, 1998

GENERAL FUND

4110-0	\$540.45
4310-0	\$281.30
4510-0	\$35.00
5220-0	\$188.10
5225-5	\$175.00
5530-0	\$84,709.82
5530-5	\$59.89
5690-0	\$20.00
5690-5	\$48.75

\$86,058.31

ABATEMENTS

8170-5	\$62,169.61
8290-5	\$46,233.02
8551-0	
8590-5	\$32,467.28
8631-0	
8650-0	\$2,702.51
8699-0	\$9,241.10
8699-0000	\$1,324.12

\$154,137.64

INCOME

9160-0	\$935.16
9161-0	\$60.00

\$995.16

ACCOUNTS RECEIVABLE

\$241,191.11

GENERAL FUND

ADULT EDUCATION

1103-5	\$52.50
4510-5	\$52.50
5690-5	\$144.96

ABATEMENTS

8170-5

INCOME

9141-5 \$4,771.48

\$5,021.44

CASH AWAITING

\$5,021.44

ADULT EDUCATION

DEFERRED MAINTENANCE

8699-5 \$310.30

\$310.30

INCOME

\$310.30

DEFERRED MAINTENANCE

DEVELOPER FEES

8681-5 \$2,915.08

\$2,915.08

INCOME

\$2,915.08

DEVELOPER FEES

SELF-INSURANCE

5800-5

\$640.68

\$640.68

\$640.68

SELF-INSURANCE

\$250,078.61

TOTAL DEPOSIT

\$500,157.22

CONTROL TOTAL

BANK OF AMERICA	
MCCLASKEY – ADULT	\$50.00
MCCLASKEY – ADULT	\$4,741.88
RETURNED CK – SKILL CENTER	(\$20.40)
TOTAL	\$4,771.48

INTERFACE WITH COUNTY

To ensure communication, the following interface with the County will be maintained on an ongoing basis:

1. The Disbursing Officer will communicate with the County Office of Education and County Auditor— Controller (and County Treasurer as required) on any matter that will significantly impact the warrant processing procedure. Specifically, the Disbursing Officer will contact the County Auditor in the case of any of the “special procedures” mentioned above or if the District’s records for the cash account do not equal the County Office of Education or the County Auditor’s report.
2. The Information Services Director will communicate with the representative of the County Department of EDP Services to become aware of any proposed changes in the County Data Processing System that would affect the District.
3. The Disbursing Officer will contact District Counsel as required, and will maintain “opinion file” from District Counsel.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
APPROVED ORGANIZATION CHART
 July 1, 1998

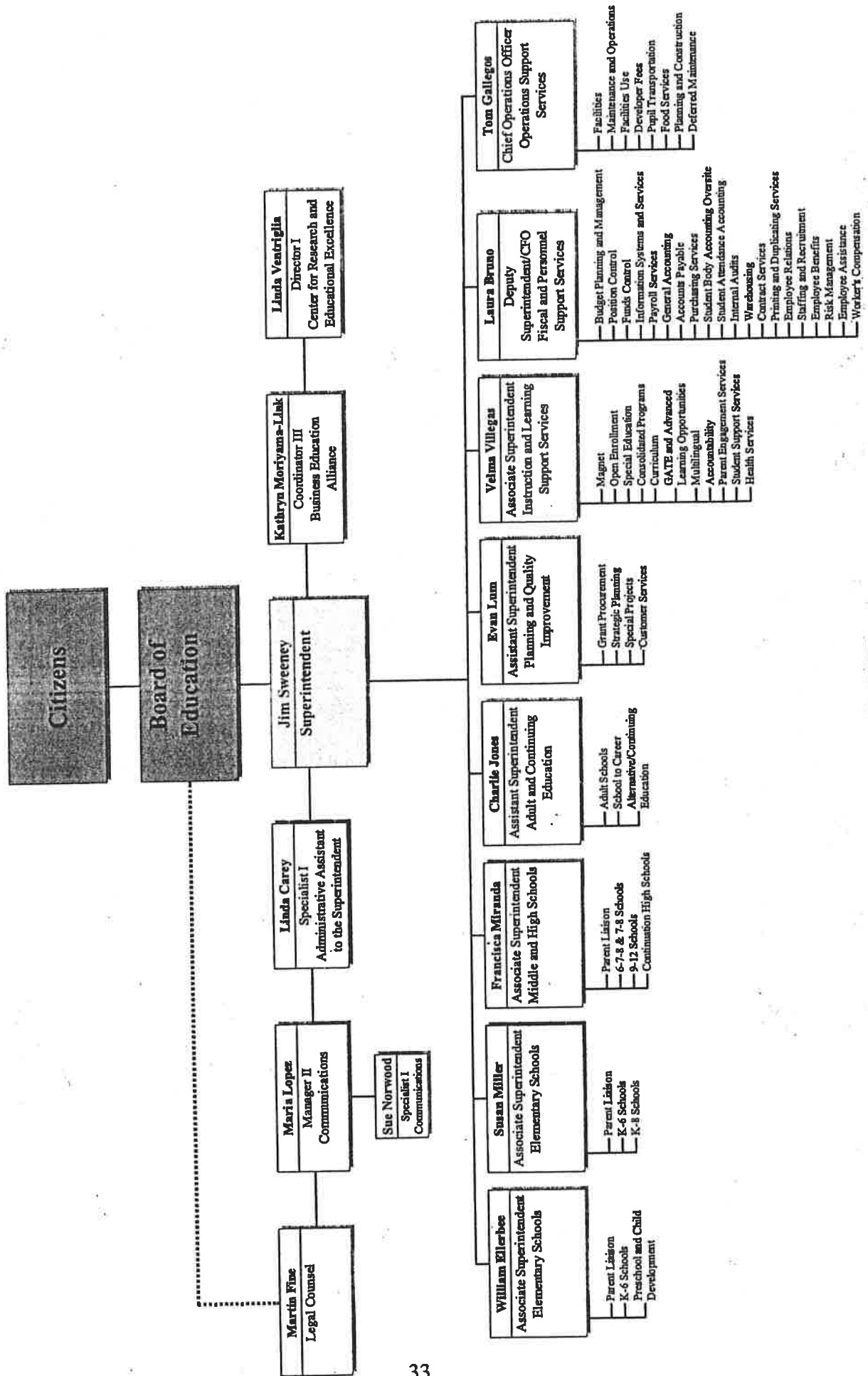


Chart A

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
FISCAL AND PERSONNEL SERVICES
APPROVED ORGANIZATION CHART**

July 1, 1998

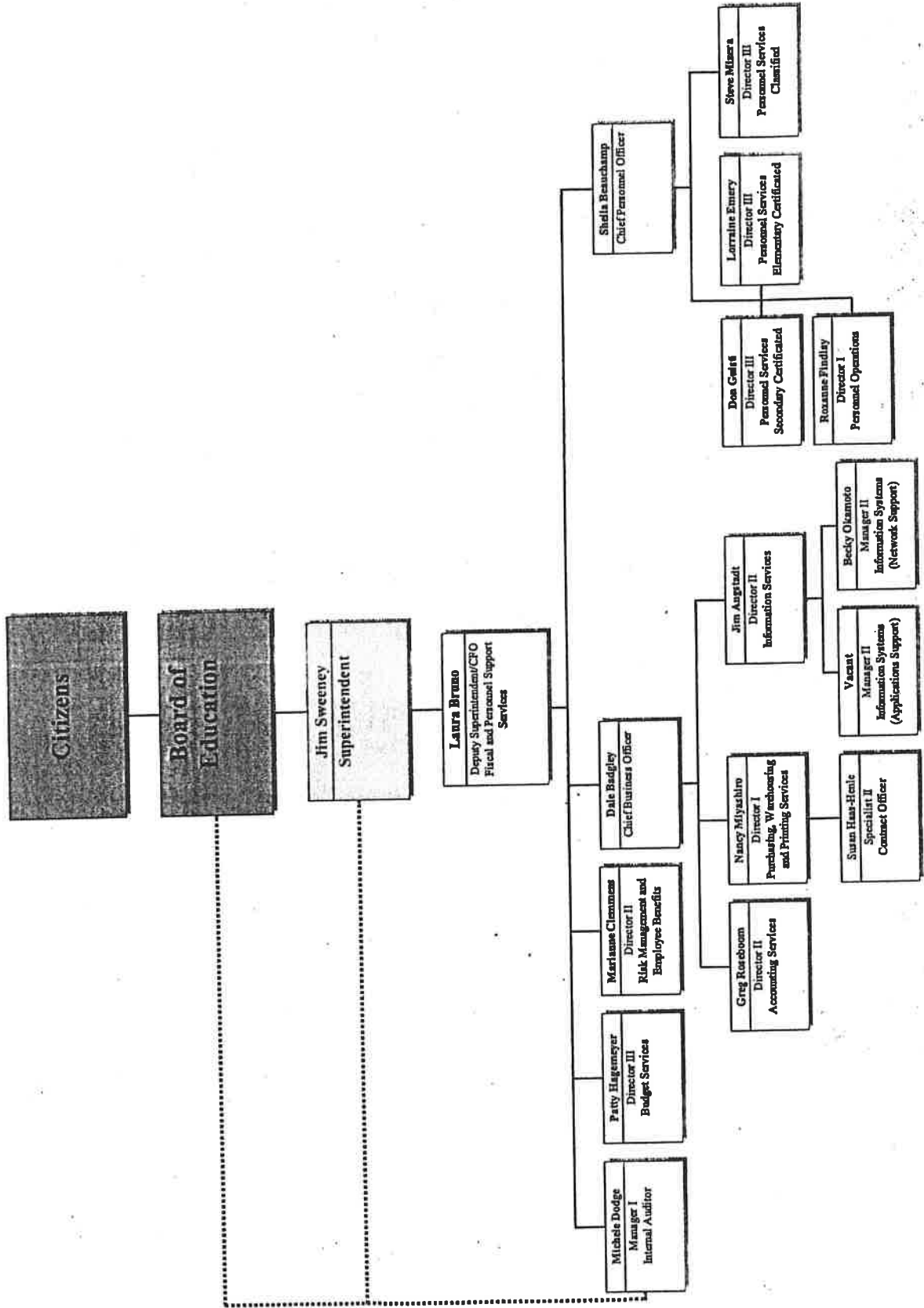
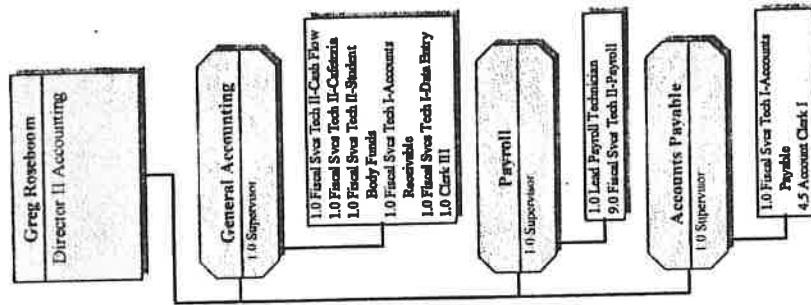
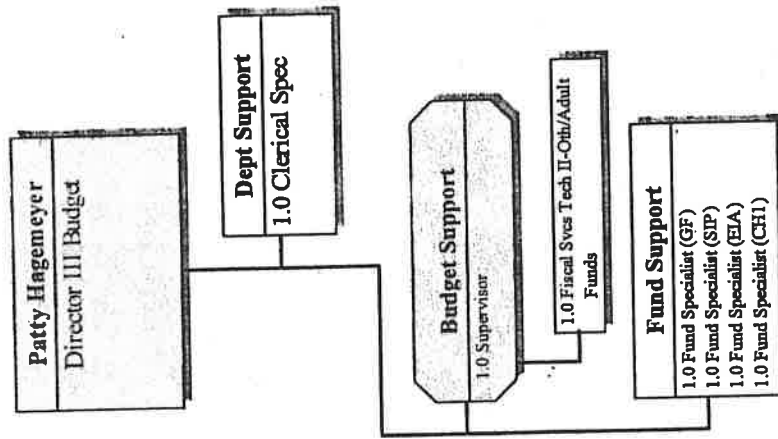


Chart F

Fiscal and Personnel Services Division



Fiscal and Personnel Services Division



DISTRICT DISBURSING OFFICER

Following is a list of items that may be considered areas of responsibility and involvement that will be incorporated within the duties of the Director, Accounting Services:

Determine that funds are available to cover the payment of the claim.

Have access to independent legal counsel and other officers and employees of the District.

Determine that adequate documentation exists to substantiate the appropriateness and authenticity of financial transactions.

Determine that compliance has been achieved with budgetary, legal, procedural and specifically funded program requirements.

Maintain a record of all transactions reviewed together with notations regarding rejected warrant requests.

Issue warrants in accordance with procedures prescribed by the Sacramento County Auditor.

Maintain magnetic tape and required reporting interface with the Sacramento County Auditor and the Sacramento County Treasurer.

Ensure organizational independence between operating, custodian, accounting and internal auditing departments. ✓

Ensure that the separation of duties is properly controlled. ✓

Ensure that the handling of receipts and disbursements of funds are divorced from the accounting function.

Ensure a degree of independence of the district disbursing officer to other management offices sufficient to maintain positive integrity of responsibilities.

Ensure controls between the Purchasing and Accounts Payable Departments.

Ensure the control of warrants and signatures. ✓
Ensure the adherence to Board rules and policies.

Ensure that the investment of funds meets legal requirements.

Monitor encumbrance system.

Monitor accounting procedures and internal controls systems.

Monitor accounts payables and cash disbursements.

Monitor cash receipts.

Understand data processing as it relates to accounting functions to ensure that there are adequate audit trails through operational data processing systems. ✓

Monitor food service and student body receipts and disbursements. Review and interpret legislation as it relates to the collection and disbursement of funds. ✓

Determine compliance with laws, regulations and procedures.

Prepare written reports of audit findings and recommendations (internal audits and replies to certified audit reports)

Audit revolving cash fund and bank accounts.

Review the preparation of annual State reports.

Issue duplicate warrants.

Detect, account for and recover monies lost due to forged warrants.

Process garnishments and tax liens against employees and/or vendors. *

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Position Description

TITLE: Chief Business Officer	CLASSIFICATION: Management, Classified
SERIES: Chief Officer	FLSA: Exempt
POSITION CODE:	WORK YEAR: 223 Days
DEPARTMENT: Fiscal Services	SALARY: A-23 Management Salary Schedule
REPORTS TO: Deputy Superintendent/CFO	BOARD APPROVAL: 10-05-98 BOARD REVISION:

BASIC FUNCTION:

Plan, organize, control and direct a variety of fiscal and business services for the district.

REPRESENTATIVE DUTIES:

Plan, organize, control and direct a variety of programs, projects and activities related to fiscal services including financial accounting, payroll and administration of the computer systems; provide for cost management and cost analysis.

Plan, organize, control and direct a variety of programs, projects and activities related to business services, including purchasing, telecommunications, warehousing and delivery, printing, mail room activities and inventory control.

Develop and prepare a variety of budgets and reports; analyze and review budgetary and financial data; monitor and authorize expenditures in accordance with established guidelines.

Provide technical expertise regarding assigned functions; formulate and develop policies and procedures related to general accounting, payroll and business services.

Develop and implement long and short-term plans and activities.

Direct the preparation and maintenance of a variety of narrative and statistical reports, records and files.

Communicate with other administrators, district personnel and contractors to coordinate activities and program, resolve issues and conflicts and exchange information.

Supervise and evaluate the performance of assigned staff; interview and select employees and recommend transfers, reassignments, terminations and disciplinary actions; plan, coordinate and arrange for appropriate training of subordinates.

Perform related duties as assigned.

TRAINING, EDUCATION AND EXPERIENCE:

Any combination equivalent to: bachelor's degree in finance, business administration or related field and five years increasingly responsible supervisory experience.

LICENSES AND OTHER REQUIREMENTS:

Valid California driver's license and provide personal automobile.

KNOWLEDGE AND ABILITIES:

KNOWLEDGE OF:

Planning, organization and direction of the fiscal and business services of the district.
Financial analysis techniques.
Financial reporting procedures.
Oral and written communication skills.
Principles and practices of management.
Applicable laws, codes, regulations, policies and procedures.
Cash management matters.

ABILITY TO:

Plan, organize and administer the fiscal and business services of the district.
Analyze financial data and prepare reports and recommendations.
Operation of financial computing system.
Communicate effectively both orally and in writing.
Interpret, apply and explain rules, regulations, policies and procedures.
Analyze situations accurately and adopt an effective course of action.
Meet schedules and time lines.
Work independently with little direction.
Plan and organize work.
Prepare comprehensive narrative and statistical reports.
Supervise and evaluate the performance of assigned staff.

WORKING CONDITIONS:

SAMPLE ENVIRONMENT:

Office environment; driving a vehicle to conduct work.

SAMPLE PHYSICAL ABILITIES:

Sitting for extended periods of time; hearing and speaking to exchange information and make presentations; seeing to read a variety of financial and statistical records and reports; dexterity of hands and fingers to operate a computer keyboard.

HAZARDS:

Contact with dissatisfied and abusive individuals.

ChiefBus(248)

**CLASS SPECIFICATIONS FOR THE
DIRECTOR, ACCOUNTING SERVICES**

DEFINITION

Under general direction of the Administrator, Fiscal Services, plans, directs, and supervises all accounting activities of the school district, including general audit, general accounting, accounts payable, and payrolls; special projects and equipment inventory; and other tasks as required.

QUALIFICATIONS

Credential: None is required.

and

Education: A bachelor's degree with a major in accounting or business administration from an approved institution is required. The MBA degree is desirable.

and

Experience: Five years of diversified general accounting and cost accounting experience in a governmental agency, preferably in a California school district, is required, including or supplemented by two years of supervisory experience in accounting.

or

Ten (10) years of diversified general accounting and cost accounting experience, six (6) of which must have been in a California school district or California county superintendent of schools office, is required, including, or supplemented by, four (4) years of supervisory experience in accounting.

TYPICAL DUTIES AND RESPONSIBILITIES

- ___ 1. Plans, directs, and supervises the day-to-day work of accounting and clerical personnel to facilitate and promote accurate and efficient accounting procedures and records.
- ___ 2. Develops records and controls for the disbursement of funds to insure that claims are correct, legal, and charged to the proper account.
- ___ 3. Reviews basic accounting journals and other accounting operations for accuracy and completeness, and advises, instructs, and trains employees in the performance of their duties.
- ___ 4. Is responsible for the preparation of financial statements and for billings for special programs that are partially or totally funded by other agencies.
- ___ 5. Coordinates closely with Special Projects for the preparation of federal and state categorical reports.
- ___ 6. Supervises general accounting procedures including report preparation, bank reconciliations, and verification of journal entries.

DIRECTOR, ACCOUNTING SERVICES

TYPICAL DUTIES AND RESPONSIBILITIES (Continued)

- ___ 7. Makes improvements to existing procedures, forms, and statements, and installs new accounting office procedure systems.
- ___ 8. Cooperates with district's external auditors.
- ___ 9. Adds to and updates procedural manual on a continuing basis.
- ___ 10. Invests available funds under his control in interest-earning securities or bank accounts.
- ___ 11. Directs the preparation of all district payrolls.
- ___ 12. Is the point of contact on all matters pertaining to the accountability of all funds apportioned to the district.
- ___ 13. Supervises accounts payable claims and payment procedures.
- ___ 14. Attends Board of Education meetings when required.
- ___ 15. Performs other additional tasks as assigned.

93a:diracct

Approved: 10-68
Revised: 7-16-73
Revised: 6-11-79
Revised: 4-27-82
Revised: 3-84
Totally Revised: 5-6-92

CLASS SPECIFICATIONS FOR THE DIRECTOR, BUDGET SERVICES

DEFINITION

Under general direction of the Administrator, Fiscal Services, plans, organizes, and directs the development of the district budget; develops and implements budgetary control procedures; and provides budgetary information to the Superintendent, Board of Education, and others as required.

QUALIFICATIONS

Credential: None is required.

and

Education: A bachelor's degree with a major in a business is required. School district budget experience may be substituted for up to two years of college work on a year-for-year basis.

and

Experience: Must have at least five years of experience in the preparation and analysis of fiscal operations and budgetary procedures and highly knowledgeable of all aspects of budget operations. Additional budget/accounting experience may be substituted on a year-for-year basis for up to four years of college. Preference will be given for budget-related experience in a public school district and for supervisory experience.

TYPICAL DUTIES AND RESPONSIBILITIES

- ___ 1. Prepares preliminary, tentative and final adopted budgets annually. Prepares and presents budgetary information to the Superintendent, Board of Education, and other groups as required.
- ___ 2. Assists the Administrator, Fiscal Services, in maintaining close contact with district staff, the Budget Committee, community organizations, and employee organizations in budget development activities; and makes available and disseminates relevant program and expenditure data and information to such groups and organizations.
- ___ 3. Conducts financial analysis, and provides financial data as required for district negotiations.
- ___ 4. Interacts closely with the district's business manager, fiscal services administrator, program managers, and other district personnel with regard to changes in the budget.
- ___ 5. Insure accurate calculation of all non-categorical revenues for the district.
- ___ 6. Verifies all departmental budgets submitted; monitors all district budgets to insure compliance with district policy, the Education Code, and county, state and federal regulations.
- ___ 7. Develops management reports that clearly show program progress and problems for policy guidance and administrative control.

DIRECTOR, BUDGET SERVICES

TYPICAL DUTIES AND RESPONSIBILITIES (Continued)

- ___ 8. Develops computational data for required governmental reports showing total district resources and expenditures.
- ___ 9. Analyzes and defines all district program and subprogram activities in order to develop budgetary information about the program.
- ___ 10. Directs a staff consisting of, but not limited to, a Budget Analyst, Supervisor and technicians on all budgetary matters and other day-to-day activities.
- ___ 11. Serves as a control point for position control purposes.
- ___ 12. Administers state instructional materials credit allocation budgets.
- ___ 13. Assists in the development of Business Services operational procedures, rules, and regulations.
- ___ 14. Attends Board of Education meetings when required.
- ___ 15. Accomplishes other additional tasks as assigned.

93a:dirbudgt

**CLASS SPECIFICATIONS FOR THE
DIRECTOR, INFORMATION SERVICES AND EDUCATIONAL TECHNOLOGY**

DEFINITION

Under general direction of the Deputy Superintendent, Business Services, administers and evaluates the information and communication services of the district to obtain maximum educational benefits of information and communication technologies; plans, organizes, directs, and participates in selecting, supervising, and evaluating job performance of information services programming, operations, and clerical and technical personnel; provides expertise for district use and implementation of information and communications technologies; coordinates and initiates relationships with private sector and public resources to enhance the district's use of information and communication technologies.

QUALIFICATIONS

Credential: None is required.

and

Education: A bachelor's degree in computer science or business-related field from an approved institution is required with master's degree in computer science or business-related field preferred. Recent advanced training or experience in the planning, implementation, and use of information and communications technologies applied to education is highly desirable. Must have working knowledge of modern information systems equipment including main-frame, mini and microcomputers, terminals, printers and other appropriate hardware, communications equipment including networks, multiplexers, modems, and distribution systems; plus, must understand the principles of information processing, design, and operation of information equipment, computer languages and programming fundamentals, computer operating system fundamentals, installation, maintenance and repair of information system equipment.

and

Experience: Preference will be given to candidates with the ability to (1) plan and implement the installation and use of integrated information technologies in an educational system; (2) conduct effective staff development in information technologies; (3) communicate effectively, and maintain positive working relationships with school personnel, students, and district staff; manage and organize technology resources.

TYPICAL DUTIES AND RESPONSIBILITIES

- ___ 1. Administers the Office of Information Services and Educational Technology; including data processing, office automation, communications, distributed processing, and wide and local area networks.
- ___ 2. Directs the development and maintenance of a data processing system, including feasibility studies, systems analysis and design, computer programming, conversion of data, information storage and retrieval, management data controls, and all related man-machine interaction.
- ___ 3. Prepares and administers the Information Services and Educational Technology budget.
- ___ 4. Prepares and monitors contracts for Information Services with outside vendors, agencies, and districts.

DIRECTOR, INFORMATION SERVICES AND EDUCATIONAL TECHNOLOGY

TYPICAL DUTIES AND RESPONSIBILITIES (Continued)

- ___ 5. Prepares reports of Information Services activities and accomplishments.
- ___ 6. Meets and consults with departmental and school administrators on the development, maintenance, and effectiveness of data processing applications; and develops and maintains effective communication and working relationships with administrative departments and schools.
- ___ 7. Represents the district in local, county, state, and national information and communication services activities.
- ___ 8. Recommends changes in the organization and procedures of Information Services and Educational Technology organization.
- ___ 9. Supervises the evaluation, acquisition, installation, maintenance, and repair of information and communications technology equipment and software.
- ___ 10. Coordinates ongoing evaluation, and recommends procedures to encourage response to instructional and administrative needs for information and communications resources.
- ___ 11. Provides support in planning and implementation of staff development activities involving information and communication technologies.
- ___ 12. Supervises preparation of detailed user procedural manuals.
- ___ 13. Supervises and assures appropriate documentation of district information and communication resources.
- ___ 14. Formulates and supervises feasibility studies, and plans and supervises original applications of information resources for instructional and administrative functions.
- ___ 15. Coordinates the preparation of appropriate district information, communications, and educational technology plans.
- ___ 16. Coordinates the submission of district data as required by the State Department of Education.
- ___ 17. Assures the security and validity of district information through the development of security and back-up/recovery procedures.
- ___ 18. Develops goals and objectives for the Information Services and Educational Technology organization. Monitors progress toward goal attainment.
- ___ 19. Performs other duties as assigned.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Position Description**

TITLE: Internal Auditor	CLASSIFICATION: Management, Classified
SERIES: Manager I	FLSA: Exempt
POSITION CODE:	WORK YEAR: 223 Days
DEPARTMENT: Fiscal Services	SALARY: A-09 Management Salary Schedule
REPORTS TO: Deputy Superintendent/CFO	BOARD APPROVAL: 04-13-98 BOARD REVISION:

BASIC FUNCTION:

Perform broad examinations and evaluations of the adequacy and effectiveness of the district's system of internal controls; provide professional information and advice as appropriate; serve as liaison between the district and external auditors.

REPRESENTATIVE DUTIES:

Conduct audits for student body funds, cafeteria cash collections, school activities, transportation fees, adult education fees, developer fees, travel claims, payroll, accounts payable and others as determined appropriate.

Make oral and written presentations to the Superintendent and the Board of Education regarding audit activities, policies and procedures; render judgment, make recommendations and provide for appropriate follow-up.

Serve as liaison between the district and external auditors.

Prepare, maintain and examine a variety of accounting documents, records, procedures, purchase orders and systems of internal control to determine compliance with existing laws, management policies and procedures; identify potential areas of risk exposure.

Assure district divisions and departments are performing accounting and control activities in compliance with management instructions, existing laws and various business-related policies and procedures; provide results as appropriate.

Monitor quality control of business-related activities.

Conduct examinations to ascertain the reliability and integrity of information, compliance, the safeguarding of assets, the economical and efficient use of resources, and the accomplishments of established objectives and goals for operations of programs.

Incorporate the Standards of the Institute of Internal Auditors to assure the integrity of the internal auditing process and safeguard the independence of the process.

REPRESENTATIVE DUTIES: (continued)

Assist in the development of accounting and auditing procedures and consult with appropriate departments in developing new accounting programs; perform auditing feasibility checks on final products.

Assist school personnel with accounting and reporting procedures and develop manuals and other training aids needed for operational functions.

Communicate with other administrators, district personnel and contractors to coordinate activities and programs, resolve issues and conflicts and exchange information.

Operate a computer, accounting-related software and a calculator.

Perform related duties as assigned.

TRAINING, EDUCATION AND EXPERIENCE:

Any combination equivalent to: bachelor's degree in accounting or related field and three years of professional accounting or auditing experience.

LICENSES AND OTHER REQUIREMENTS:

Valid California driver's license; provide personal automobile; Certified Internal Auditor or Certified Public Accountant.

KNOWLEDGE AND ABILITIES:

KNOWLEDGE OF:

Generally Accepted Accounting and Auditing Procedures, practices and procedures.

Preparation, maintenance, verification and processing of accounting records.

Preparation of financial statements and comprehensive accounting reports.

Standards of the Institute of Internal Auditors.

Technical aspects of field of specialty.

Interpersonal skills using tact, patience and courtesy.

District organization, operations, policies and objectives.

Laws, rules and regulations related to assigned activities.

ABILITY TO:

Perform broad examinations and evaluations of the adequacy and effectiveness of the district's system of internal controls.

Provide professional information and advice as appropriate.

Serve as liaison between the district and external auditors.

Reconcile, balance and audit assigned accounts.

Maintain accurate financial and statistical records.

Compare numbers and detect errors efficiently.

Analyze situations accurately and adopt an effective course of action.

Work independently with little direction.

Meet schedules and timelines.

Plan and organize work.

Make oral and written presentations.

WORKING CONDITIONS:

SAMPLE ENVIRONMENT:

Office environment; driving a vehicle to conduct work.

SAMPLE PHYSICAL ABILITIES:

Sitting and operating a keyboard to enter data into a computer terminal for extended periods of time; hearing and speaking to exchange information and make presentations; dexterity of hands and fingers to operate a computer.

IntAudit(248)

SUPERVISOR, GENERAL ACCOUNTING SECTION

DEFINITION

Under general direction, to perform accounting functions in the preparation of financial statements for various funds involving receipts and proper disposition, including reports and records maintenance necessary for accurate accounting procedures; and to supervise clerical personnel engaged in routine duties of the work.

EXAMPLES OF DUTIES

Supervises a small staff of clerks engaged in the posting, checking, assembling, tabulating, verifying, balancing, and comparing of various funds, including the school general fund, school building bond fund, school special reserve fund, child care fund, and cafeteria fund; is responsible for the receipt and proper disposition of these funds and the preparation of monthly statements of income, encumbrances, expenditures, and balance available in these funds; prepares various reports involving monthly lunch and milk reimbursements, insurance premiums, teachers' retirements, and others as directed; prepares reports of the quarterly state sales tax returns and the federal payroll withholding tax returns as necessary; and performs related duties as required.

MINIMUM QUALIFICATIONS

Knowledge of:

Principles and practices of financial recordkeeping;
Office procedures, methods, and equipment;
Principles of accounting;
Principles and procedures of governmental accounting;
Principles of effective supervision.

and

Ability to:

Direct others in the performance of financial recordkeeping and general clerical work;
Express ideas and give instructions effectively;
Apply rules and regulations to specific cases;
Operate common office appliances used in financial record-keeping work;
Analyze data and draw logical conclusions.

and

Experience:

Three years of financial recordkeeping, including experience in double-entry bookkeeping and related ledgers and journals involved in complex fiscal operations.

and

Education:

Two years of college, including courses in accounting and related courses of instruction in business administration. (Additional qualifying experience may be substituted on a year-for-year basis.)

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SUPERVISOR, ACCOUNTS PAYABLE SECTION

DEFINITION

Under direction, to supervise and assist a small group of clerks engaged in checking, preparing for payment, and following up on accounts payable for the school district; and to audit, balance, and reconcile warrants, prepared by electronic data processing, and other financial documents for a multifund operation.

EXAMPLES OF DUTIES

Supervises and assists a small group of clerks engaged in preparing accounts payable for payment by verifying invoices and receipts of acknowledgment against purchase orders, and by verifying contract invoices, vendors' claims, mileage claims, and other special claims involving the reconciliation of warrants and other financial documents; keeps purchase order file current and keeps accurate records of payments; is responsible for checking incoming mail and answering correspondence in regard to unpaid claims, lost warrants, and other related items; uses the telephone to answer questions or to check on items as necessary; requests invoices on open purchase orders when not received; checks for proper coding of transmittal sheets and checks purchase orders for errors; sets up liabilities accounts at the end of the fiscal year; and performs related duties as required.

MINIMUM QUALIFICATIONS

Knowledge of:

Principles of financial or statistical record-keeping;
Principles of supervision;
Modern office management and record-keeping procedures.

and

Ability to:

Make arithmetical calculations quickly and accurately;
Learn school policies and regulations;
Learn school methods and procedures;
Effectively supervise a small group of clerks.

and

Experience:

Three years of experience in the maintenance of financial of statistical records.

and

Education:

Graduation from high school, including or supplemented by courses in accounting.
(College-level courses in business administration may be substituted for the required experience on a year-for-year basis for a total of two years.)

SUPERVISOR, PAYROLL SECTION

DEFINITION

Under direction, to supervise and participate in payroll computations and to perform related duties involving salary warrants for certificated and classified employees and including a variety of payroll deductions; and to supervise a small clerical staff engaged in the necessary maintenance of files and records.

EXAMPLES OF DUTIES

Directs a small clerical staff; applies school policies and procedures to recordkeeping and report activities involving payrolls; checks payroll for compliance with rules, regulations, and policies; interprets payroll policies for employees; is responsible for collecting funds due from abatements and overpayments; compiles information for department heads; codes and records changes in budget and salary balances related to position control procedures; prepares O.A.S.D.I. and retirement reports for submission to proper agencies; and performs related duties as required.

MINIMUM QUALIFICATIONS

Knowledge of:

Principles of financial or statistical recordkeeping and supervision;
Modern office equipment and recordkeeping procedures.

and

Ability to:

Make arithmetical calculations quickly and accurately;
Learn school methods and procedures;
Learn school policy and regulations;
Effectively supervise a small clerical staff.

and

Experience:

Three years of experience in the maintenance of financial or statistical records.

and

Education:

Graduation from high school, including or supplemented by courses in accounting.
(College-level courses in business administration may be substituted for the required experience on a year-for-year basis for a total of two years.)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Analysis of Payroll Operations

July 2002

Prepared By:

Carol A. Berg, Ph.D.
Executive Vice President

John D. Gray, CIA
Director of Management Consulting Services

Sheila Bua
Director of Management Consulting Services

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Analysis of Payroll Operations

July 2002

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July 12, 2002

Ms. Bernice Hardee
Chief Personnel Officer
Sacramento City Unified School District
520 Capitol Mall
Sacramento, CA 95812

Dear Bernice:

School Services of California, Inc., is pleased to provide Sacramento City Unified School District with the following report. Specifically, this report results from a review of your District's payroll function.

We reviewed a number of areas involving the payroll operation in the District. Specific areas covered by the review included:

- ▶ Evaluated the current service levels in view of service expectations from school site administrators
- ▶ Reviewed workflow, including the ability of current staffing levels to handle workload peaks and to prioritize projects
- ▶ Reviewed the development and adequacy of standardized office procedures
- ▶ Reviewed the effectiveness of the internal control structure to detect and correct errors in a timely manner
- ▶ Recommended reassigning work duties, where appropriate
- ▶ Made suggestions for the computerization of any manually kept records
- ▶ Identified and suggested elimination of duplicated or unnecessary work
- ▶ Provided ideas to better integrate and coordinate payroll office work among the central District office and school site offices

In each of these areas, we reviewed existing systems and procedures, assessed effectiveness, and made recommendations.

School Services of California, Inc., is pleased to have had the opportunity to serve the Sacramento City Unified School District, and look forward to serving your District again in the future. Please contact us if there are any questions concerning the report.

Sincerely,

CAROL A. BERG, Ph.D.
Executive Vice President

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EXECUTIVE SUMMARY

This report was requested by the District to provide an analysis of the payroll operations within the District.

The scope of our review is as defined in the proposal accepted by the District. Specifically, we conducted a review of the Payroll Department that included, but was not limited to:

- ▶ Operations
- ▶ Technology
- ▶ Customer Service
- ▶ Organizational Structure
- ▶ Working Environment

This report contains the following major elements:

COMMUNICATIONS: Communication is a major problem for the Payroll Department. The most frequent complaint we heard from the school sites and departments (customers), was that no one in the Payroll Department ever answers the phones. All calls used to roll over to voice mail, but were seldom returned. Because of this, the Department discontinued the use of voice mail. Each of the Fiscal Technicians we interviewed was aware that this was happening, but could not see how any time could be devoted to returning calls or answering phones. This is a major source of irritation for principals and school site personnel.

ORGANIZATIONAL STRUCTURE: The current flat organizational structure in the Payroll Department is not providing a level of service that meets a standard that the Sacramento City Unified School District should expect. School site and department “customers” are not satisfied with the current level of service provided by the Payroll Department. Their number one complaint was the lack of responsiveness to their inquiries.

TECHNOLOGY:

- ▶ The District’s automated substitute employee calling system does not interface with the Escape system. An interface between the Escape system and the District’s substitute employee calling system can result in increased efficiency and reduction of errors. Properly interfaced, the process of paying substitutes, updating the permanent employees’ leave balances, and docking as necessary, can be automated.

- ▶ Sacramento City Unified School District uses a third-party vendor software package called Escape Technologies for its administrative system, which includes payroll processing. The District has made the wise decision not to customize the Escape Technologies software to accommodate local practices and procedures. As a result Sacramento City Unified School District receives the many benefits that vendor-supplied administrative system software packages can provide.
- ▶ We were pleased to find that the District has a functioning automated position control system for its regular employees. While many districts have systems with position control modules, many do not implement them due to a lack of strong leadership. An effective position control system establishes checks and balances between personnel decisions and budgeted appropriations. The position control function should be solely in the Budget Office, and all personnel transactions related to a position should be processed first through the Budget Office in order to ensure both the availability of a position and the adequacy of funding.
- ▶ It was reported by all those interviewed that the Escape system is down frequently. It was indicated that, during preparation of the end-of-month payroll, the system was consistently down.
- ▶ Employees do not understand the reporting capabilities of the Escape system. Lack of understanding and access to information from the heavy users of the system was a constant theme noted during the review.

PROCEDURES/DESK MANUALS: Desk manuals for the staff in the Payroll Department are in process. Some staff members were able to provide a list of some of their duties, but there were no written specifics on the procedures needed to carry out those duties. We also found that there was a lack of standardization between the three payroll/personnel teams in the District. There was not always consistency in how the same practice was done by the different teams in the office.

The District has recently provided school sites with a new Administrative Services Handbook that outlines the different central office processes and procedures. It was reported by all of the school site personnel we interviewed that the Administrative Services Handbook has been a tremendous help to them and they refer to it frequently.

ENVIRONMENT: Teamwork is crucial within the Payroll Department if goals are to be met efficiently and effectively. A lack of teamwork has resulted in poor productivity, wasted time through repeated and duplicated tasks, and a poor working environment. The success of the Payroll Department depends on building relationships and developing ways of working together to accomplish goals.

Based on our interviews and review of documents, it is clear that the working environment in the Payroll Department is poor. Until recently, the conflict was kept under the surface. It has now been raised to the surface through meetings and detailed presentations. Conflict in a department is natural, but the level of employee conflict in the Payroll Department has negatively impacted employees throughout the District. Now that it is out in the open, it needs to be resolved.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT PAYROLL REVIEW

PURPOSE

The purpose of this review is to assess the existing structure and operations of payroll within the District. To that end, we reviewed the organizational structure, interviewed personnel within the Payroll and Personnel Departments, interviewed customers (school site and other department personnel), and reviewed reports and other documentation. We have identified several key issues, each of which is discussed below, followed by our conclusions and recommendations.

Our findings are intended to provide a basis for management decisions and actions. Our goal is to provide recommendations that will allow the Payroll Department to maximize its contributions to the District.

METHODOLOGY

We reviewed documents relating to the existing structure, systems, and plans. We interviewed key employees of the operation and a sampling of personnel, school site, and other central office functional personnel. We compared existing conditions with “best practices.” Our recommendations focus on implementation of these best practices.

SCOPE OF THE REVIEW

The scope of our review is as defined in the proposal accepted by the District. Specifically, we reviewed the payroll operation for structure, efficiency, and effectiveness. Our report includes the following major elements:

APPLICATION SOFTWARE AND SUPPORT: We examined the payroll systems and support. Their efficiency and effectiveness, documentation, and support were major factors in our review.

ORGANIZATIONAL STRUCTURE: We examined the Payroll Department staffing levels and structure. Our review examined customer support functions, productivity, efficiency, and effectiveness.

SERVICE LEVELS: We examined District business practices for accuracy and relevance as they relate to payroll. Specifically, we examined:

- ▶ How might the organizational structure be improved to meet anticipated future workload demands?
- ▶ Are duties assigned to the position that is best able to carry out the tasks effectively?
- ▶ Are there inefficiencies—duplicative or ineffective procedures?
- ▶ How might duties be combined for effectiveness and efficiency?
- ▶ Is the workload fairly distributed among the existing staff?
- ▶ Are there services that should be provided but are not because of organizational problems?
- ▶ How might reorganization of the positions or changes in procedures enhance services to the school sites and employees?
- ▶ Are services being provided in a timely manner?

FINDINGS AND RECOMMENDATIONS

COMMUNICATIONS

Communication is a major problem for the Payroll Department. The most frequent complaint we heard from the school sites and departments (customers), was that the Payroll Department doesn't answer the phones. All calls used to roll over to voice mail, but were seldom returned. Because of this, the Department discontinued the use of voice mail. Each of the Fiscal Technicians we interviewed was aware that this was happening, but could not see how any time could be devoted to returning calls or answering phones. This is a major source of irritation for principals and school site personnel.

The Department has tried using voice mail and has also tried to operate without it, with no success. Under the current structure in the Department, the prospect of addressing the phone problem is bleak. There needs to be a redesign of service deliverables that includes phone time coverage. As it stands, all employees in the Department are loaded up with the exact same level of complexity and workload.

Another point of irritation for the sites is that procedures or timelines are changed without any notification. They indicated that they often find out about a procedural change when they do it the old way only to find out that it needs to be done differently because their request or input has been rejected.

While the team concept of organizing payroll and personnel services (refer to the next section of this report) seems to be working well for the District overall, it does have its drawbacks. There are occasions where the same functions are performed inconsistently among the teams

RECOMMENDATION:

We recommend that duties be assigned in a manner to allow for staff time to respond to customer phone calls. See page 8, Schedule I, for our detailed restructuring recommendation.

We also recommend that procedural or processing changes continue to be communicated in written form frequently. The District should consider creating a monthly payroll newsletter as a way of communicating procedural changes to the school sites.

It should be noted that the Payroll Supervisor attends principal and office manager meetings periodically to communicate and answer questions relating to the payroll process.

The desk manuals being produced by personnel and payroll staff will go a long way towards resolving differences among the teams in the way the same job is done. We recommend that the District continue its practice of weekly staff meetings among like staff members, so that, as procedural questions and issues arise, they can be discussed and understood by all involved. The teams should be encouraged to share "best practices" with each other.

ORGANIZATION

Organizational structure plays a key role in a department's ability to function effectively. A well-designed organization clearly specifies decision authority, information flow, and the roles of employees. To attract and retain quality people, there needs to be a clear career path and progression ladder to enhance the knowledge base and personal development for employees.

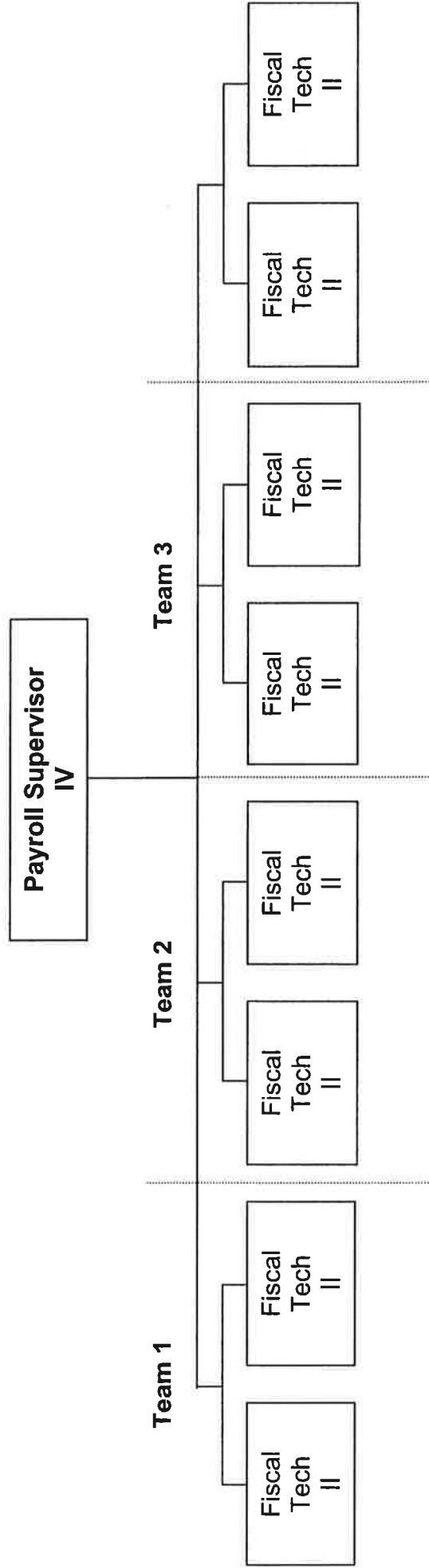
The current flat organizational structure in the Payroll Department is not providing a level of service that meets a standard that the Sacramento City Unified School District should expect. School site and department "customers" are not satisfied with the current level of service provided by the Payroll Department. Their number one complaint was the lack of responsiveness to their inquiries.

The customers did indicate that there has been some improvement in the last year with the implementation of a "team" structure. The Payroll and Personnel Departments are working together in three separate teams. Each team is assigned a specific number of schools and departments for which it is responsible. This has provided one-stop shopping for the sites, which has eliminated much of the transferring of calls and has improved the ability to get timely and accurate responses.

The current organization structure is flat (See Exhibit I on page 6), with one Payroll Supervisor and eight Fiscal Technician II positions reporting to the Payroll Supervisor. Two of the Fiscal Technicians handle the retirement functions of the State Teachers' Retirement System (STRS) and the Public Employees' Retirement System (PERS). The remaining six Fiscal Technicians are split up into three teams of two each. These three teams handle all other payroll functions, including but not limited to time-sheet entry, pay docking, tax-sheltered annuities, W-4 entry, payroll set up, garnishments, deductions, etc. The teams are each assigned specific schools and departments and work closely with the Personnel Department to handle all of their customers' payroll and personnel needs.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
PAYROLL DEPARTMENT**

Current Structure



Having the same job title and classification for all of the non supervisory employees in a payroll department is unusual in larger school districts. The reason for this is that the complexity of the different duties in payroll processing varies widely. As an example, the handling of STRS is a complex job that requires advanced skills. Conversely, opening mail, entering time sheets, and answering the phones are less complex tasks. For this reason, most large districts have two or three levels of payroll employees.

The higher-level employee typically performs more complex duties, often acts as a project leader, provides guidance to the lower-level employee, and acts as a technical resource. The lower level employee usually has a more limited scope of knowledge and skills and has less independence of action.

RECOMMENDATION:

We recommend that the District consider reorganizing the current payroll structure.

The proposed structure shown in Structure I on page 9 converts four of the Fiscal Tech II positions into five lower Tech I positions. In this structure, the team concept is maintained with the retirement functions still being handled separately. Each team would remain with two employees like the current structure. Each team would have a Lead Payroll Tech position to handle the more complex payroll duties, and the Fiscal Services Tech I position would handle the more basic knowledge and skill-level tasks. This structure would allow the Lead Payroll Tech position to handle the more complex tasks, and possibly reduce the constant interruption of phone calls and some of the more simplistic processing requirements currently assigned to the position. The Fiscal Services Tech I position would handle the time-consuming data entry tasks, handle the check distribution, answer the phones, etc.

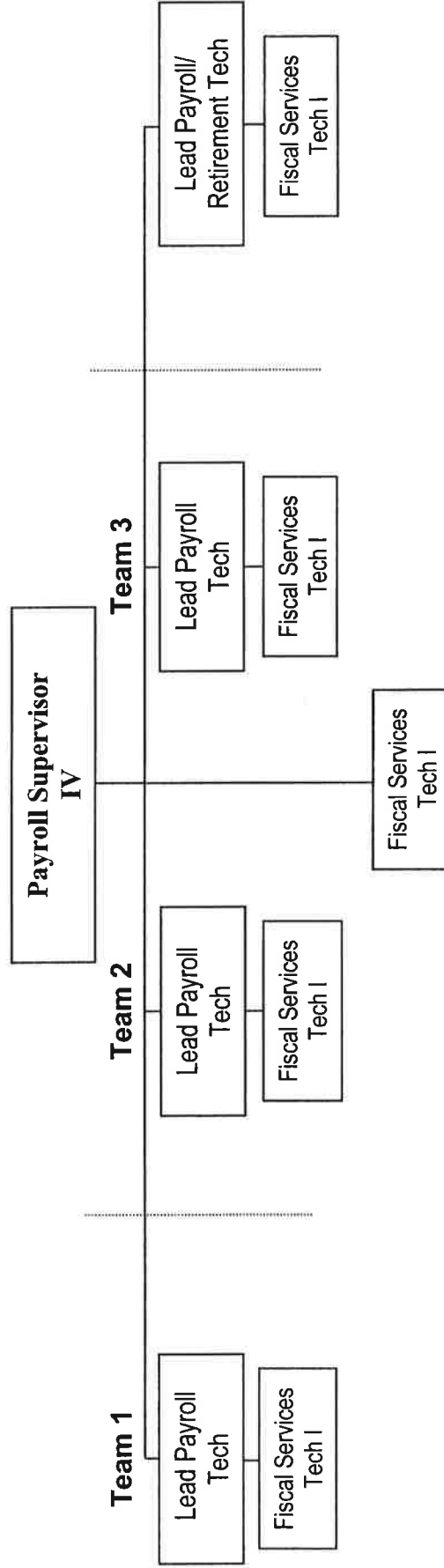
One Tech I would report directly to the Payroll Supervisor. This position's primary responsibility would be to handle phone calls, open and distribute the mail, assist the three teams during high-volume periods, and perform other less-technical tasks as needed. As mentioned before, the biggest criticism the school sites had for the Payroll Department was its lack of responsiveness to phone inquiries. We believe that this structure would provide some relief to the phone-response problems.

We recommend that the retirement function remain separate, as it is a highly specialized area. The proposed structure would have this area handled by two employees, a Lead Payroll/Retirement Tech and a Fiscal Services Tech I. The Lead Payroll/Retirement Tech would oversee both STRS and PERS, and have the advanced technical knowledge to perform the more complex tasks. The Fiscal Services Tech I, under the guidance of the Lead Payroll and Retirement Tech, would handle the routine processing functions and provide clerical support.

For estimating the cost of this proposed structure, we recommended a higher level of lead position at SEIU Range 51. For the Fiscal Services Tech I positions, we used SEIU Range 43. See Schedule I on Page 10.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
PAYROLL DEPARTMENT**

Structure I



Schedule I

CURRENT STRUCTURE COST			
Position	# of Employees	Compensation	Cost
Tech II	8	\$40,332	\$322,656
Tech I	0	\$33,679	\$0
Health Benefits*	8	\$6,000	\$48,000
		Total	\$370,656

PROPOSED STRUCTURE COST			
Position	# of Employees	Compensation	Cost
Tech II	4	\$42,228	\$168,912
Tech I	5	\$33,679	\$168,395
Health Benefits*	9	\$6,000	\$54,000
		Total	\$391,307

*Health and welfare benefits were taken from the 2000-01 J-90 report and rounded up to the next one hundred.

The current flat organizational structure in the Payroll Department is not providing a level of service that meets a standard that the Sacramento City Unified School District should expect. There may be other configurations that will enhance the level of service provided by the Payroll Department other than the one we have provided. However, we believe that the proposed structure would significantly improve upon the current service levels. We recommend that the District restructure the Payroll Department in a manner that best serves the needs of the District.

TECHNOLOGY

SUBSTITUTE SYSTEM:

The District's automated substitute employee calling system does not interface with the Escape system. An interface between the Escape system and the District's Substitute Employee Calling System can result in increased efficiency and reduction of errors. Properly interfaced, the process of paying substitutes, updating the permanent employees' leave balances, and docking as necessary, can be automated.

Currently, paying substitutes and updating leave balances are manual processes.

RECOMMENDATION:

The District has already identified the need to interface the two systems and plans on doing so in the future. We recommend that the District follow through with the project to interface the two systems.

CUSTOMIZATION OF VENDOR-SUPPLIED SOFTWARE:

Sacramento City Unified School District uses a third-party vendor software package called Escape Technologies for its administrative system, which includes payroll processing. The District has made the wise decision not to customize the Escape Technologies software to accommodate local practices and procedures. As a result, Sacramento City Unified School District receives the many benefits that vendor-supplied administrative system software packages provide. These benefits include:

- ▶ Automated “best practices” of the industry
- ▶ Vendor support and routine updates as improvements are made in the software
- ▶ Fewer support costs and less staff time to maintain and update the system, as the vendor is responsible for ensuring that the software meets legal requirements for reporting purposes
- ▶ New releases that typically keep the software up-to-date for legal compliance and efficiency
- ▶ Having the same system as other districts, which provides networking opportunities to maintain “best practices”

COMMENDATION:

The District is commended for its practice of not customizing its vendor-supplied administrative software.

AUTOMATED POSITION CONTROL:

COMMENDATION:

We were pleased to find that the District has a functioning automated position control system for its regular employees. While many districts have systems with position control modules, many do not implement them due to the lack of strong leadership.

An effective position control system establishes checks and balances between personnel decisions and budgeted appropriations. The position control function rests solely in the Budget

Office, and all personnel transactions related to a position are processed first through the Budget Office in order to ensure both the availability of a position and the adequacy of funding.

EMPLOYEE LEAVE INFORMATION:

Employee leave information, including sick leave and vacation, was recently updated on a database separate from the District's payroll system. Employees in the Personnel Department now enter information into the Escape system from time sheets. The leave information is now available to the Payroll Department in case an employee needs to be docked pay. However, the Fiscal Technicians in the Payroll Department have not yet taken advantage of this feature. There were a few years when the leave information was inaccurate. The "Leave Team" has been working on correcting the leave information. Personalized confirmations have been sent out to all employees to aid in the clean up.

The District plan is to fully validate the leave information and to provide correct data on the District's payroll system. The Payroll Department will then implement automated payroll docking.

RECOMMENDATION:

We recommend that the District continue with the plan as stated. Once the leave information has been validated, information will be current in the District's payroll system. Having the leave information on the District's payroll system could allow automation of employee pay docking and allow access to the sites and departments for viewing.

SYSTEM FUNCTIONALITY:

There are some significant areas where the software does not meet the District's payroll processing needs, or where the District is not fully utilizing the capabilities of the software:

- The retirement portion of the software requires significant manual interventions and overrides. It should be noted that the next release of the Escape software is supposed to provide improvements in this area.
- Time sheets are not prepared and submitted to Payroll online. Rather than performing edits and corrections as the school site is entering data, the manual time sheets push the editing and correction process to Payroll. Having this process removed from where the data is initially created causes payroll errors, inefficient use of staff time, and incorrect or late paychecks. The system design supports online entry of time-sheet data from the

central Payroll Department. If the online entry were made available to school sites, the only way to limit access to each site's employees would be to set up a separate pay cycle for each site. This is not feasible.

- The District is not using the online personnel requisition functions available within the system. This is currently being tested for functionality within the District.
- Portions of the system involving position and personnel updates are not real-time. Therefore, updates are not reflected until a nightly batch process is run. In the meantime, users not familiar with this "feature" do not realize that the data they are viewing may not be the most current. This also causes delays in the middle of payroll processing if the pay cycle has to be re-run to include last-minute updates.
- If a position is closed but is still occupied by an employee, that employee continues to get paid. If a position's FTE is changed and the employee is not updated as well, the employee continues to get paid at the previous FTE.
- The "add-on" feature is meant for extra-pay job assignments, but can be used as a shortcut to hire a new employee. Once the job is assigned, all that is necessary is a time sheet to pay the employee. This bypasses the position control process.
- Staff members aren't aware of the full range of reporting capabilities from the Escape system. Lack of reports and access to information from the heavy users of the system were a constant theme noted during the review. It was indicated that a user had to go to several places to get information, whether it be the Personnel, Payroll, or Technology Department. This reflects a need for training, especially for school site personnel, on the use of system inquiries and reports. We are aware that the District offers training on the system at least once per month, but many site personnel who should use these features of the system do not attend.
- School site staff members who are responsible for payroll expressed concerns that they do not have easy access to employee status and FTE information. The information is available through online access to the system, but sites have not used it because of the slow response time.

The District is already planning to implement the new version of the software in July, which should resolve, or at least mitigate, some of these issues. The District is also working with the software vendor to implement online personnel requisitions. In addition, there is a software

upgrade currently being piloted by other districts which will allow data to be stored on a separate server. This will make the data more easily accessible to school site users of the Escape system.

The District has just finished installing T1 lines to all school sites, which will improve system response time for site users.

RECOMMENDATION:

We recommend that the District continue pursuing the newer versions of the software and implementing online personnel requisitions, which should help to resolve many of the above issues.

The District needs to continue to work assertively with the vendor, either directly or with user groups, to implement changes in functionality to address the remaining issues. Until then, the District needs to implement manual controls to compensate for the shortfalls of the system and assure the accuracy of the data. For example, while the “add-on” feature is a function that can save time, the District needs to have controls in place to ensure that only the appropriate types of employees are paid through this feature. One way would be to periodically clear out all employees added through this feature so that they will not be paid erroneously just by submission of a time sheet.

Good information systems reduce massive amounts of data to actionable information. To be useful, information must be accessible to everyone who needs it. Timely and accurate information that can be relied upon to make decisions is essential. It is recommended that the District continue to invest in staff development on the use of the ad hoc reporting tools and online inquiries currently provided. Site personnel responsible for payroll activities should be required to attend the training sessions.

SYSTEM AVAILABILITY:

The system is frequently unavailable to the users. Escape file structure problems can cause some of this, but the main cause is the outdated infrastructure in the District Office building.

RECOMMENDATION:

The District needs to implement the Windows version of Escape Finance as soon as it becomes available, which will resolve the key file problems. More significantly, the District is already planning to relocate its District Office operations to a new building. This will eliminate the limitations of the current token ring network structure.

PAYROLL OPERATIONS

PROCEDURES/DESK MANUALS:

Desk manuals are in the process of being developed for the staff in the Payroll Department. Some staff members were able to provide a list of some of their duties, but there were no written specifics on the procedures needed to carry out those duties. It should be noted that the Payroll and Personnel Departments recognize the need for consistency and documented desk manuals. Both departments are in the process of developing desk manuals, and have set aside time periodically in the future to finish these manuals for all positions within their Departments.

We also found that there was a lack of standardization between the three payroll/personnel teams in the District. There was not always consistency in how the same practice is done by the different teams in the office.

The District has recently provided school sites with a new Administrative Services Handbook that outlines the different central office processes and procedures. It was reported by all of the school site personnel we interviewed that the Administrative Services Handbook has been a tremendous help to them and they refer to it frequently.

RECOMMENDATION:

Continue developing standardized procedures for the various functions within the Payroll and Personnel Departments. The standardized procedures will serve as a guide for the employees to minimize mistakes and maximize productivity. These procedures will also prove useful when developing the employees' annual evaluations.

COMMENDATION:

We commend the District on the development and issuance of the Administrative Services Handbook. It serves as an excellent reference point for the school sites.

PER-DIEM REQUISITIONS AND OVERTIME PAY:

Per-diem requisitions are the forms used to pay classified employees who have been hired on a casual (not permanent) basis. One form contains the time worked for several employees. After the school sends the form in to Payroll, there may be an issue in paying one or more of the employees on the form. The current procedure is to line out the employee's data, call the school to notify it of the issue, and mail a copy of the form back to the school. Meanwhile, the form is submitted through Payroll so that the rest of the employees on the form can get paid.

Staff at the school sites believe that there are significant problems with this process, as well as with other special-pay items, such as overtime pay. Site staff don't receive phone calls when there are issues, and they don't always get a copy of the form back. At times, their first notification of a problem is when the employee does not get paid and notifies the school. In Payroll, the per-diem form sometimes does stay attached to the time sheet until all the processing is done, and then the copy is sent to the school. This is too late to correct for the current payroll.

RECOMMENDATION:

It will be difficult to improve the per-diem requisition and overtime pay processes until the District moves to online time reporting. In the meantime, Payroll should continue lining out employees from the per-diem requisitions when there are issues, so that the other employees on the form can get paid in that payroll period. We recommend that, at the time a problem is detected for a per-diem or overtime item, an e-mail is immediately generated to the designated person at the school site. A copy of the form should then immediately be sent on its way to the school. The forms should not be reattached to the time sheet until these steps have been completed.

These changes will help to ensure that the school site receives timely feedback, and will reduce incorrect employee paychecks and frustration on the part of the employees and staff involved.

CLEAN-UP PAYROLL CHECK GENERATION:

The District processes a number of late paychecks on its clean-up payroll each month. The primary reason is that some sites in the District do not complete and submit payroll time sheets on time and/or correctly. Many come in without all of the required information. This requires follow-up work for the Payroll Department and can result in incorrect payroll checks.

RECOMMENDATION:

Incomplete or late time sheets are a major cause of payroll errors in school districts. Usually incomplete time sheets can be traced to the same work sites month after month, as is the case in the Sacramento City Unified School District. It is recommended that incomplete time sheets be tracked over a period of time to identify the problem work sites. Then District leadership needs to hold the leadership at those sites accountable. Without consequences for those site leaders, poorly prepared time sheets will continue to cause payroll errors and late or incorrect paychecks.

MULTIPLE PAYROLLS:

With the clean-up payrolls, the District is processing a payroll every week of the month. This places undue pressure on school site office staff and the personnel/payroll teams, who find it difficult to work on non payroll deadline responsibilities.

RECOMMENDATION:

The District needs to move its employees to only one or two payrolls per month. This will not only increase efficiencies and reduce errors because of constant time pressures, it will also reduce confusion on deadlines if there are fewer deadlines to enforce. The clean-up payrolls should be limited to one a month by implementing some of the other recommendations in this report. Other payrolls will require discussion with employee groups on how to implement the changes with minimal impact on employees.

TIME-SHEET FORMAT:

Currently, the District time sheets do not match the payroll due dates. The District's monthly time sheet has columns for days running from the first of the month through the 31st of the month. However, the Payroll Department requires that time sheets be turned in on the 26th of the month. School site office managers indicated that they had to guess what to put on the time sheet for the days on or between the 26th and the 31st of the month.

RECOMMENDATION:

It is recommended that the District consider redesigning the time sheet to accurately reflect the days in the reporting period. The resolution of this should be in concert with the movement of the District to fewer payrolls each month.

TIMELY HIRING OF EMPLOYEES:

It was reported in several of our interviews with staff that some casual employees at school sites are allowed to work before they are hired, and that the District does pay them for this time worked. This seems to be occurring at certain sites in the District, without fingerprinting or TB tests. This can be a tremendous liability for the District.

RECOMMENDATION:

The District has communicated to all hiring managers that it is illegal to have people working before they are officially hired by the District Office. The consequences of violating this regulation need to continue to be made clear to, and enforced with, all staff members that hire employees. In addition, the District has paid people for work performed before they are officially hired, so we recommend that the District immediately discontinue this practice.

PAYROLL STAFF DEVELOPMENT:

The Payroll Department does not have a formal staff development plan for new employees in the Department. All of the payroll employees interviewed indicated that their original training was all on-the-job training. They learned how to do the tasks on their desks by trial and error, and by watching their peers. For this reason, each payroll employee may handle the same task differently.

RECOMMENDATION:

Highly trained and qualified people are essential to the success of any business operation. Staff development is recognition that people need continuous learning to maintain and improve competence. To enable them to be successful, a comprehensive training program for the operation of the administrative computer system is necessary. Key elements of an effective training program include:

- ▶ An analysis of who should be trained
- ▶ Identification of who will provide the training

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- ▶ Identification of subjects to be covered in training
 - ▶ Scheduling of initial and refresher training sessions
 - ▶ Identification and development of training materials
 - ▶ An analysis of training costs and related resources

We recognize that all of the above attributes might not be feasible for a department as small and specialized as the District's Payroll Department. However, once the Department completes its desk manuals, all employees in the Department need refresher training to ensure that everyone is handling similar transactions the same. In addition, as new employees come to work for the Payroll Department, they need structured training on the basic operations of the payroll process.

SCHOOL SITE STAFF DEVELOPMENT AND PROCEDURES:

School site office personnel who are responsible for payroll are in need of more complete training and procedures. This results in incorrect and untimely information being submitted to Payroll, with resulting incorrect paychecks and staff time spent to follow up on and correct errors. This becomes even more critical when considering the high rate of turnover in site office personnel.

The District's Administrative Services Handbook, which provides some information in the personnel and payroll areas, is much appreciated by school site staff. However, more detailed procedures are required, especially when dealing with exceptions.

The District has created the STAR team, which consists of staff members from Personnel, Payroll, and Budget, and is available for training site personnel. This team is not used as much as needed across the District, mainly because the training is done as requests are received from sites, and many site personnel don't seem to be aware of this service.

RECOMMENDATION:

The STAR team-concept needs to be expanded by making sure that all site administrators are aware of the available training, and by automatically providing the training when a new employee responsible for payroll is hired at a school site. While direct training by District Office personnel would be optimal, another option would be to arrange for a substitute or extra pay for an experienced person at another site to train the new employee.

In addition, at the beginning of each school year, there should be a refresher workshop provided for all school site office staff that have responsibilities involving payroll. This training could

encompass other areas in addition to payroll, such as budget, personnel, and purchasing, as long as the appropriate school site staff are included.

The Administrative Services Handbook needs to be supplemented with more detailed payroll procedures for site personnel, especially when it comes to the handling of exceptions.

ABSENCE SLIPS:

The absence slip, which is required to be completed and signed by the employee for each absence, is often missing or incomplete. This results in an inefficient use of staff time to follow up on these forms.

RECOMMENDATION:

The absence slip form should be replaced by a printout for each employee of the absences and types of leave used for that pay period. Each employee should review and sign the report as verification of their absences, within a specified time frame. These reports should be kept on file by the school site and made available for audit when requested. This will significantly reduce District Office and school site staff time in following up on the individual absence slips.

PAYCHECK STUBS:

The consensus of staff we interviewed, including Payroll staff, is that the paycheck stubs are not self-explanatory. A cryptic coding scheme is used, which requires translation for an employee who wishes to understand his/her paycheck stub. In addition, when employees call Payroll for explanations, the records in the system do not mirror the pay stub. This is because the paycheck stub design is custom for each District that uses Escape, and of course would not necessarily match the format and descriptions in the system. Because of this, however, it is more difficult for Payroll to respond quickly to inquiries about an employee's paycheck. The District is already working on this project.

RECOMMENDATION:

The District needs to check with other users of Escape to determine how best to improve the printing of data on the pay stubs. Then the District can work with the software vendor to improve the understandability of the information on it, as well as to align it more closely to the data in the system. This will help reduce confusion on the part of employees who are trying to understand their paychecks. It will also help Payroll to respond more quickly to inquiries about paychecks.

WORKING ENVIRONMENT:

Teamwork is crucial within departments, if goals are to be met efficiently and effectively. A lack of teamwork results in poor productivity, wasted time through repeated and duplicated tasks, and a poor working environment. The success of teamwork depends on building relationships and developing ways of working together.

Based on our interviews and review of documents it is clear that the working environment in the Payroll Department is poor. There is conflict between the Payroll Supervisor and the Payroll employees. Until recently, the conflict was kept under the surface. It has now been raised to the surface through meetings and detailed presentations. Conflict in a department is natural. Now that it is out in the open, it needs to be resolved so that the Department is functional.

Some of the conflict is based on misperceptions. The Payroll staff contends that the Payroll Supervisor is not technically competent. Based on our review, we found that to be the contrary. In fact, we were impressed with her knowledge and experience.

We often find that employees perceive that their managers must have technical knowledge equal or superior to their own. We believe that managers must have basic technical skills, but, more importantly, they must have different skills than their subordinates, such as planning, meeting facilitation, coaching, conflict management, scheduling, and evaluating.

There are other items of contention relating to the conflict in the Department as well. The current level of hostility has had a negative impact on productivity and needs to be addressed soon.

The District, in an effort to address the negative environment in the Payroll Department, brought in an outsider with team-building skills. It was reported that this attempt to resolve the conflict was met with hostility from the Payroll Department employees.

RECOMMENDATION:

It is management's responsibility to address the poor working environment in the Payroll Department. We noted that management recognizes the problem and has taken actions as noted previously to address it. However, at some point, when management has first made every effort to resolve the problem, the burden then falls on the employees. When it reaches that point, we recommend that management move toward disciplinary action. Each employee should be counseled on an individual basis as to what is considered acceptable behavior in the Department. It is then career-decision time for the employee: either comply with the acceptable behavior guidelines or face termination.