



XYZ Unified School District

Position Control Review

November 8, 2007

Joel D. Montero
Chief Executive Officer



CSIS California School Information Services

November 8, 2007

Superintendent Jane Doe
XYZ Unified School District
XYZ Avenue
XYZ, California 99999

Dear Superintendent Doe,

In July 2007, the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for a position control review with the XYZ Unified School District. The request specified that FCMAT would:

1. Review the effectiveness of the district's position control system and the interaction between budget, human resources and payroll. Provide recommendations that, when implemented, will enable the district to achieve the maximum benefits of an integrated position control system for each of the three areas.

The attached final report contains the study team's findings with regard to the above areas of review. We appreciate the opportunity to serve you, and we extend our thanks to all the staff of the XYZ Unified School District.

Sincerely,

Joel D. Montero
Chief Executive Officer

FCMAT

Joel D. Montero, Chief Executive Officer

1300 17th Street - CITY CENTRE, Bakersfield, CA 93301-4533 • Telephone 661-636-4611 • Fax 661-636-4647
422 Petaluma Blvd North, Suite. C, Petaluma, CA 94952 • Telephone: 707-775-2850 • Fax: 707-775-2854 • www.fcmat.org
Administrative Agent: Larry E. Reider - Office of Kern County Superintendent of Schools

Table of Contents

Forewordiii

Introduction I

Study Team I

Study Guidelines I

Executive Summary 3

Findings and Recommendations 5

SunGard Bi-Tech System 5

Staffing 7

Departmental and Site Issues 9

Position Control Guidelines 13

Appendices 15

Foreword

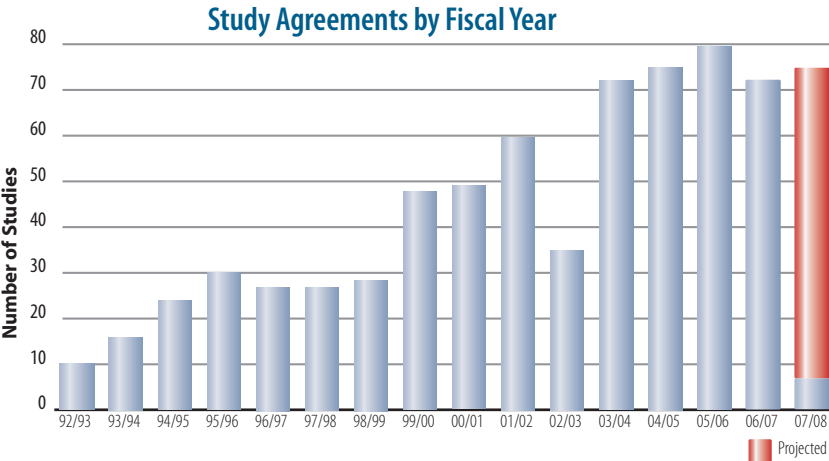
FCMAT Background

The Fiscal Crisis and Management Assistance Team (FCMAT) was created by legislation in accordance with Assembly Bill 1200 in 1992 as a service to assist local educational agencies in complying with fiscal accountability standards.

AB 1200 was established from a need to ensure that local educational agencies throughout California were adequately prepared to meet and sustain their financial obligations. AB 1200 is also a statewide plan for county offices of education and school districts to work together on a local level to improve fiscal procedures and accountability standards. The legislation expanded the role of the county office in monitoring school districts under certain fiscal constraints to ensure these districts could meet their financial commitments on a multiyear basis. AB 2756 provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans. These include comprehensive assessments in five major operational areas and periodic reports that identify the district’s progress on the improvement plans.

Since 1992, FCMAT has been engaged to perform more than 600 reviews for local educational agencies, including school districts, county offices of education, charter schools and community colleges. Services range from fiscal crisis intervention to management review and assistance. FCMAT also provides professional development training. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The agency is guided under the leadership of Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Total Number of Studies.....	660
Total Number of Districts in CA.....	982
● Management Assistance.....	625 (94.7%)
● Fiscal Crisis/Emergency	35 (5.3%)
Note: Some districts had multiple studies.	
● Districts (7) that have received emergency loans from the state.	
(Rev. 8/6/07)	



Introduction

The XYZ Unified School District serves more than 37,000 students in grades K-12 who reside in the cities of XYZ and ABC, and in surrounding unincorporated areas. The district opened three new schools in fall 2007, and welcomed 84 new teachers and 37 staff members into school and district office positions. The district is situated in a fast-growing section of California.

In May 2007, the Fiscal Crisis and Management Assistance Team (FCMAT) received a request from the district for a position control review. The scope and objectives of the study agreement between the district and FCMAT are as follows:

1. Review the effectiveness of the district's position control system and the interaction between budget, human resources and payroll. Provide recommendations that, when implemented, will enable the district to achieve the maximum benefits of an integrated position control system for each of the three areas.

Study Team

The FCMAT study team was composed of the following members:

William P. Gillaspie, Ed.D.
Management Analyst
Fiscal Crisis and Management
Assistance Team
Sacramento, California

Linda Grundhoffer
FCMAT Consultant
Danville, California

Renee Hendrick*
Director of Fiscal Services
Orange County Department of Education
Costa Mesa, California

Laura Haywood
Public Information Specialist
Fiscal Crisis and Management
Assistance Team
Bakersfield, California

*As a member of the review team, this individual served as a consultant for FCMAT and did not represent her employer.

Study Guidelines

FCMAT consultants visited the district in August 2007 to conduct interviews, collect data and review documentation. This report is the result of those activities. Findings and recommendations are presented in the following sections:

- Executive Summary
- SunGard Bi-Tech System
- Staffing
- Departmental and Site Issues

Executive Summary

The XYZ Unified School District has a position control system that is not effectively or efficiently utilized. Administrative Services has not implemented or ensured that the district has proper control over its position control system. An effective position control system drives the budgeting and monitors the fiscal condition of the district.

Business Services does not have sufficient staff to implement, monitor, and train staff throughout the district to maintain an efficient position control system. The department should consider hiring an additional staff member to manage the system, oversee position allocation, and play a key role in budget development and monitoring. Dedicating an employee to position control will give sites and departments a resource to turn to when they have questions regarding their job positions.

Business Services should enhance training for sites and departments to ensure that they understand how employee requisitions should be completed and to help the area superintendents understand the importance of supplying correct and timely information to Business Services.

The district utilizes SunGard Bi-Tech for its financial and human resources systems where position control is a component of the system. Managed properly, this is a very effective technological system. The staff involved with position control are hard working and dedicated but are not properly trained, supervised, or given the necessary overall responsibility to implement the system.

Support from the district's Information Technology Services (ITS) department has been reduced in some areas, leaving the various district departments to handle SunGard Bi-Tech problems directly instead of receiving technological support. However, Business Services and Human Resources staff do not have the expertise or time to perform these tasks.

Position numbers are created by Human Resources to assist the department with reporting requirements. Other methods are available in the Human Resources system to assist with reporting. The Business Services staff should be involved in creating position numbers because this data is crucial to budget development.

There is a lack of communication between sites, departments, administration and especially between Business Services and Human Resources regarding position control. This has resulted in poor staff morale and unnecessary workloads across the organization.

A lack of training and accountability at the site and area levels can contribute to accounting and coding errors on the employee requisitions. The reallocation of additional administrative personnel units (APUs) by area superintendents and Cabinet members is not always communicated to all affected departments. Although flexibility for the sites and

areas is crucial, it is also very important to communicate actions to all departments. Some administrators sign requisitions without verifying the information.

SunGard Bi-Tech System

XYZ Unified utilizes the SunGard Bi-Tech system for its financial and human resources position control activities. SunGard Bi-Tech is a robust, flexible system that, when implemented and maintained properly, allows a district to maintain controls of positions and budgeting. The financial system appears to be sound, but the district should revisit how position control has been implemented. Many functions have changed over the years, and the system should be revamped to address those changes.

Position numbers are created by Human Resources to assist the department with reporting requirements. This is not an effective use of the position control system. Other methods are available in the Human Resources system to assist with reporting. The Business Services staff should create the position numbers because this data is crucial to budget development. Restructuring the position control system could be as simple as using the major object codes from the California Schools Accounting Manual, such as 1100, 1200, 1300, 2100, 2400, etc. Position control numbers are unique, while the position numbers generated by Human Resources should identify related job titles.

In spring 2007 a software upgrade to the SunGard Bi-Tech system created an error in how allocated APUs, full-time equivalent (FTE) units and budget amounts were compared to actual APU, FTE and budgeted amounts. This blocked Human Resources from a large amount of data input.

When the error was detected, the Business Services staff responded by removing the blocks. During this time period without blocks, overages of APUs, FTEs and dollar amounts occurred. When the blocks were reactivated, Human Resources again encountered problems with the data input of new employees because of the incorrect allocations versus the actual APUs, FTEs and/or dollar amounts. Now Human Resources must print screens and provide them to Business Services so that APUs, FTEs and/or dollar amounts can be adjusted. This has caused lengthy delays in entering new employees into the system and has created additional work for both Human Resources and Business Services staff.

Support from the district's Information Technology Services (ITS) department has been reduced in some areas, leaving the various district departments to handle SunGard Bi-Tech problems directly instead of receiving technological support. However, Business Services and Human Resources staff do not have the expertise or time to perform these tasks.

When SunGard Bi-Tech sent a software patch to the district to correct the allocation problem caused during the previous upgrade, multiple errors in the district's database required cleanup and further testing. The position control process is extremely important to the day-to-day operation of both Business Services and Human Resources and the errors created extra work for both departments. This additional work included delays in entering

new employees into the system, additional paper flow between Human Resources and/or Business Services, and additional input by Business Services to correct APUs, FTEs, and dollar amounts. ITS should have dedicated more resources to fixing a problem of this severity. ITS should also implement a strategy to assist the various departments with thorough testing of software upgrades and patches.

The district's ITS department will work with SunGard Bi-Tech on future upgrades. This is essential so that the ITS department can assist in the appropriate and ongoing maintenance of the system. It is encouraging that ITS plans to work closely with SunGard Bi-Tech to convert the existing system to SQL servers and to the new SunGard Bi-Tech product 7I.

Recommendations

The district should:

1. Restructure the position control system to utilize unique position control numbers that reflect the major object codes from the California Schools Accounting Manual. Utilize the position numbers so that they more effectively identify job titles.
2. Discontinue the use of assignment codes in the position number. If there is a need for the codes in the SunGard Bi-Tech system, Human Resources can utilize other input fields on the employee master screen.
3. Assign an employee in Business Services to create position control numbers and position numbers because this data is crucial for pulling data for budget development.
4. Either continue blocking and find a way to streamline the APU, FTE and/or dollar amount approval process, or remove the blocking and adjust the budget, APUs and FTEs after budget approval.
5. Re-evaluate technology support and how it assists the Business Services and Human Resources departments.

Staffing

The district lacks appropriate staff to facilitate system and/or procedural changes or corrections for the Business Services and Human Resources departments and to manage the position control system. A Project Manager position, reporting to the Associate Superintendent of Administrative Services, could manage, calendar, test, coordinate, implement, develop reports and train staff. The first priority for such a position would be to restructure the position control system.

Once the position control system is restructured, this position could transition to the Business Services department to work with the Assistant Superintendent of Business Services on fiscal and human resources upgrades, changes and corrections to the system, maintaining user documentation and providing ongoing training on SunGard Bi-Tech (see Appendix A for typical duties).

The responsibilities of such a position would include:

- Maintaining the position control system
- Ongoing analysis and evaluation of Human Resources and Business Services processes and system issues
- Meeting regularly with Business Services and ITS staff to determine areas of inefficiencies and/or system and process issues
- Setting the calendar for projects and ensuring timely completion
- Coordinating the system needs of Business Services and Human Resources with ITS and SunGard Bi-Tech, ensuring the appropriate resources to complete projects
- Testing all changes and corrections so that the transfer to the production database is transparent to users
- Implementing system changes, corrections and processes with sufficient training and clear documentation for all users
- Designing, developing and creating complex reports

Having a dedicated employee who is responsible for position control will provide sites and departments with a resource for help when they have questions with their positions. Business Services should enhance training for sites and departments to ensure understanding of how employee requisitions should be completed and to help the area assistant superintendents understand the importance of providing correct and timely information to Business Services.

Business Services has insufficient technical support staff. The Director of Budget and Finance and the district office financial analysts spend too much time answering phones, researching problems and doing data entry. Additional staffing in the Business Services department would improve the department's effectiveness and ability to monitor, oversee

and forecast the financial conditions of the district. Because of the lack of technical support in Business Services, the Human Resources department has assumed many responsibilities of Business Services with regard to position control.

The district should consider the addition of one or more department positions to handle the following duties:

- Answering site and department questions regarding budget and accounting or directing them to the correct resource for appropriate answers
- Researching questions, data errors, or other issues related to SunGard Bi-Tech input
- Inputting data such as journal entries, budget revisions, and all other SunGard Bi-Tech-related information

The FCMAT study team was informed by numerous staff members that there is a difference in pay between the payroll specialist and HR specialist job positions. This discrepancy occurred because of a recent upgrade in classification for the HR specialists but not the payroll specialists. This has created staff morale problems, as these staff are effectively performing similar duties.

Recommendations

The district should:

1. Consider creating a Director of Budget Services position to oversee position control.
2. Develop a job description for a technical support position in Business Services.
3. Review the work of the payroll specialist positions to determine if the payroll and Human Resources specialists perform similar work but are not compensated similarly.

Departmental and Site Issues

There is a lack of communication between sites, departments, and administration, especially between Business Services and Human Resources regarding position control. This has resulted in poor staff morale and unnecessary workloads across the organization.

A lack of training and accountability at the site and area levels has resulted in account code errors on the employee requisitions. The reallocation of additional APUs by area superintendents and Cabinet members is not always communicated to all affected departments. Although flexibility for the sites and areas is crucial, it is also very important to communicate actions to all departments. Some administrators sign requisitions without verifying the information.

Business Services rolls the salary and benefit budgets from year to year and adjusts for planned growth in positions. The staff then compares those budgets to reports produced from the Human Resources system and manually adjusts the budgets. A more effective system would utilize position control data directly from Human Resources to develop a more realistic detail budget each year.

A site must initiate an employee requisition when a teacher's class assignment changes. This paperwork flows through the hands of at least eight district staff members.

The purpose of position control is to track positions, not people. It appears that the initial setup of the position control numbers and position numbers was intended to track people.

The employee requisition process is flawed in two regards:

- Too many requisitions are processed due to the restrictive nature of the position control system. Only approximately 30% of those requisitions should be necessary. Requisitions should only be completed for new or terminated positions, site or funding changes, and any other changes affecting salary or job title.
- Employee requisitions flow to Human Resources first. Besides the SunGard Bi-Tech issue during the system upgrade that caused blocking problems for Human Resources, other blocks occur because of incorrect org keys and/or object codes, and incorrect APUs, FTEs or dollar amounts in position control.

All employee requisitions should flow to Business Services. Human Resources should not input data from an employee requisition without the appropriate signature from Business Services.

If all requisitions go to a Director of Budget Services first, Human Resources should experience no blocking problems. Also, some of these problems could be avoided with additional, ongoing training for site and department personnel. This training would include but not be limited to:

- the purposes of the form
- which field(s) to complete for which purpose
- the meaning of account codes and object codes
- the workflow process of the requisition (see Appendix B)

Overriding or bypassing warnings or blocks should be restricted to the proposed new Project Manager position under the Associate Superintendent of Administrative Services and to the Assistant Superintendent of Business Services. When blocking was removed after the last SunGard Bi-Tech upgrade, some position control allocations were overfilled. This puts the district at risk of exceeding its budget.

Flexibility in the use of APUs is valuable for sites and should not be changed at this time. However, it does not work in the position control system. The district has a spreadsheet that sites and departments use to allocate their APUs. This is converted to FTEs on the spreadsheet. The district should continue the use of this spreadsheet to communicate to Business Services how the APUs have been allocated. However, only FTEs should be loaded in position control. A protected master copy of the spreadsheet should be kept in a shared computer folder so that sites can view it to ensure that Business Services has the correct allocations.

The FTEs created via the spreadsheet should be loaded into the SunGard Bi-Tech system to be used for position control. This would enable Business Services to allow the system to create salary and benefit budgets from actual data in Human Resources.

Recommendations

The district should:

1. Require accountability and responsibility at the site administrator and Area Superintendent level to ensure that employee requisitions contain accurate and timely data for the Business Services and Human Resources departments.
2. Combine the efforts of Information Technology Services, Business Services and Human Resources to find an alternative way to track personnel data other than through the position control system.
3. Reorganize the employee requisition form to route to the appropriate department(s) and to streamline the data input.
4. Restructure position control to decrease the need for employee requisitions for all personnel actions.
5. Provide district-wide training on using the employee requisition form.

6. Restrict system overrides and/or bypasses to the control of the proposed new Project Manager position reporting to the Associate Superintendent of Administrative Services and to the Assistant Superintendent of Business Services.
7. Require ITS and Business Services to verify and implement the use of the APU to FTE conversion spreadsheet as a way to load position control. After that is accomplished, create new working budgets for salary and benefits.
8. Combine the efforts of ITS and Business Services to develop a method of regularly updating FTEs and budgets from the district spreadsheet.

Position Control Guidelines

One of the most critical elements in budgeting for expenditures is accurately projecting employee salary and benefit costs. These costs are the largest part of school district budgets, averaging approximately 91% of the unrestricted budget in unified school districts throughout California.

A reliable position control system establishes positions by site or department and helps prevent overstaffing by ensuring that staffing levels conform to district-approved formulas and standards. To be effective, the position control system must be integrated with other financial modules such as budget and payroll. Position control functions must be separated to ensure proper internal controls. The controls must ensure that only board-authorized positions are entered into the system, that Human Resources hires only employees authorized by the board, and that the payroll staff pays only employees hired for authorized positions. The proper separation of duties is a key factor in creating strong internal controls and a reliable position control system.

Internal controls help ensure efficient operations, reliable financial information and legal compliance. They also help protect the district from material weaknesses, serious errors and fraud. These controls should be in place for any position control system. The following table provides a suggested distribution of labor to help provide the necessary internal control structure.

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

Rolling over position control data from the current fiscal year to the budget year provides a starting point for development of the district's budget and should be completed early in the cycle (i.e., December, January). Position control files for the budget year should then be updated to eliminate positions as necessary, add new approved positions, make changes in statutory and health and welfare benefit rates and make any other adjustments that will affect salaries and benefits for the budget year. A fully functioning position control system helps districts maintain accurate budget projections, employee demographic data and salary and benefit information. The system should be fully integrated with payroll and budget modules and used to update the budget at each reporting period.

An integrated position control system would permit the district to incorporate the functions of payroll, budgeting, hiring and monitoring staffing levels into one system, reducing the amount of staff time needed to maintain and process data. This would enhance the district's ability to adequately project and monitor salary and benefit costs.

Any new positions the district adds should be submitted to the Governing Board for approval before hiring occurs in any classifications, certificated, classified, or management.

Recommendations

The district should:

1. Follow applicable guidelines for separation of duties to ensure strong internal controls and a reliable position control system.

Appendices

Appendix A - Project Manager Sample Requirements

Appendix B - Requisition Workflow

Appendix C - Study Agreement