

# Haverhill Public Schools



***FINANCIAL OPERATIONS  
REVIEW  
SEPTEMBER, 2018***

**Massachusetts Association of School  
Business Officials**

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**SECTION 1:**  
*Report Overview*

### **Personnel Performance Disclaimer**

*It is important to note that this review does not represent or constitute an evaluation of personnel performance. It is simply not reasonable to assume that an evaluation of any employee can accurately be performed after only a two-day site visit, which includes a brief interview of particular individuals whose responsibilities are related to the district's financial operations. This review is specifically intended to first, obtain an accurate and thorough understanding of the district's current financial processes, and then to recommend ways to improve the efficiency and effectiveness of these processes.*

### **Introductory Commentary**

This report is prepared based upon findings and observations from a two-day site visit to the Haverhill School District. The primary objectives of the report are articulated in the correspondence to Dr. Margaret Marotta, the District's Superintendent, which is located on page 4 of "Section 1: Report Overview." Additionally, "Section 1" provides a "General Overview" beginning on page 6 that briefly summarizes the demographics of the region, especially as related to the schools throughout the district.

"Section 2: Report Findings" delineates observations and findings that the MASBO Review Team discovered during our visit. This section includes topics ranging from "Leadership & Organizational Structures" on page 10 through "Zero Tolerance & Separation of Duties Advisory" on page 27. Issues requiring remediation by School District Administration are also described throughout this entire section. The recommendations for this remediation follows, in a separate paragraph(s) each of the Report Findings, and there is also a section for "Other Observations" which addresses areas where there are no pre-existing conditions cited. This section also contains detailed information that has been provided by various staff members, and which relates to the performance of critical responsibilities. It is provided herein with the intent that the district can simply cut and paste relevant areas and use them to add to the Business Office Procedures Manual or to expand upon any other current documentation that is available.

Section 3 concentrates on the intersection of financial operations and processes with I.T. systems for Haverhill Public Schools. It begins on page 29. The technology review assesses the I.T. capacity, infrastructure, and organization as well as data systems utilization. Recommendations are made regarding opportunities for improved efficiencies that were revealed during the interview process.

"Section 4: Budget Management & Document Analysis" contains extensive recommendations that are not only related to the actual structure of the school district budget, but also to budget development and management procedures, which MASBO developed for the Department of Elementary and Secondary Education and have been adopted as "promising school district practices."

Finally, several addenda and appendices add support to our conclusions and recommendations.



## Massachusetts Association of School Business Officials, Inc.

Affiliated with the  
ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

Haverhill Public Schools  
4 Summer Street, Suite 104  
Haverhill, MA 01830  
Attention: Dr. Margaret Marotta, Superintendent

Dear Dr. Marotta:

On behalf of the MASBO Review Team and the MASBO Board of Directors, I would like to thank the staff, and administration of the Haverhill School District for affording us the opportunity to conduct this Financial Operations Review. I am especially grateful to your School Business Manager, Brian O'Connell and to Andrea Sheehan, who were extremely helpful to us in preparing for the review. They devoted large blocks of their time in order to assist us in obtaining the information that we needed to conduct a thorough review and their help was simply invaluable to us.

The Review Team recognizes that the two-day site visit was an imposition, and we are certainly appreciative of the hospitality, cordiality, and cooperation that was afforded to us.

During my initial discussions with you, we established the primary objectives of the review, which were:

- To review current business office practices for the purpose of determining their alignment with the statutory requirements of the Commonwealth that pertain to these procedures.
- To assess the effectiveness of the district's processes associated with budget planning and development, financial reporting, payroll and accounts payable, and cash management and determine whether the current central office staffing level is appropriate.
- To review the current procedure pertaining to the management of student activity accounts.
- To acknowledge strengths, identify weaknesses, and recommend improvements to the critical financial systems of the school district.

This review process also involved the completion of a Self-Assessment, and a copy of this document is enclosed as Appendix B.

The Review Team conducted interviews with the following individuals during its two day site visit: Central Office administration including the Superintendent and School Business Manager, School Committee Vice Chair, Accounts Payable and Grants staff, Director of Technology, high school administration including the (former) Principal and Athletic Director, elementary and middle school Principals, Director of Facilities, City Treasurer and Finance Director, Director and Accountant of the School Lunch Program, Business Office staff including Payroll and Accounts Payable, Special Education Director and Assistant, Director of Transportation and Dispatcher, Director of Elementary Curriculum, Acting Director of Staff and Students, and the Human Resources Intake Coordinator

We also reviewed budget planning, development and management processes, financial reporting, and procurement processes.

The result of this site visit review and document analysis is compiled in the enclosed report. I sincerely hope that you find the information contained herein beneficial for your purposes. Please contact me if you require any additional clarification regarding any aspect of this report.

Very truly yours,

*John A. Crafton*

MASBO Consultant

## **General Overview**

Haverhill is a city in Essex County, Massachusetts. As of the 2017, Haverhill reports a total population of 60,879 at the 2010 census. The city is comprised of 35.6 square miles of which 33.0 square miles is land and 2.7 square miles is water. The City of Haverhill is governed by a Strong Mayor/City Council form of government. School Committee members are elected to four-year terms; three are elected every two years, on the "odd numbered years". The School Committee is comprised of seven members: six members elected by the voters of Haverhill as School Committee Members with the seventh member being the Mayor. The Mayor is also the School Committee Chairman. The School Committee has the following Sub-committees which hold meetings at irregular intervals:

- Athletic Subcommittee
- District Steering Subcommittee
- Finance Subcommittee
- Joint Communications Subcommittee
- Joint Maintenance/Facilities Subcommittee
- Legislative Liaison Subcommittee
- MASC Subcommittee
- Policy Subcommittee
- Strategic Planning Subcommittee
- Transportation Subcommittee

The School Committee also has eight negotiating teams which either two or three School Committee members are a part of.

The School Committee meets two times a month for regular meetings with the exception of July, August, November and December when they meet once a month.

The Superintendent of Schools was appointed in July 2018. The School Business Manager was appointed in 2015. The City and the School District do not have a Net School Spending Agreement.

Haverhill School District has thirteen elementary school, three middle schools and 1 high school. The schools are:

- Bradford Elementary School: (K-4) Enrollment 316 students
- Hunking: (K-8) Enrollment 1027 students
- Consentino Annex at Bartlett (K-3) Enrollment 107
- Consentino: (4-8) Enrollment 976
- Crowell (K): Enrollment 97
- Nettle (5-8): Enrollment 500
- Golden Hill (1-4): Enrollment 497
- Greenleaf Kindergarten Center (K) 108

- Haverhill Alternative School (HALT) (6-12) Enrollment 46
- Haverhill High School (9-12) Enrollment 1831
- Silver Hill (K-5): Enrollment 560
- Whittier (5-8): Enrollment 542
- Moody (PreK) Enrollment 221
- Pentucket Lake (K-4) Enrollment 504
- TEACH (K-4) Enrollment 50
- Tilton (K-4) Enrollment 537
- Walnut Square (K12) Enrollment 140

The annual appropriation for the Haverhill Public Schools is largely based on available state and local revenues as determined by the Mayor and the City Council. The development of the annual budget is led by the Superintendent and the Business Manager. As reported to us, level service budgets are developed and entered directly into Budget Sense by each building administrator or department head.

Budget managers are directed to submit separately any requests for new programs or initiatives, and any additional staffing. Requests for new programs or staffing are prioritized by the Superintendent and, when and if additional funds are made available to the district, priority items are incorporated into the budget. The recommendations provided below are intended to enhance the efficiency and effectiveness of the budget process and ensure a highly transparent and participatory process.

### **District Facts & Comparisons (based on FY 2016, the latest state estimates)**

- The district's student/teacher ratio is 18.3 to 1 vs. the state average of 18.1.
- Accountability and Assistance Level 3: *see explanation below.*
- The district has an enrollment of 7,308 students.
- The Hispanic population is 35% of total enrollment versus 20%, the state average.
- 43.4% economically disadvantaged versus the State average of 29.6%: *see explanation below.*
- 22.7% of the student population have disabilities vs. the state average of 17.4%.
- Net School Spending is 102% of requirement versus the state average of 119%.
- Per pupil costs are \$12,628 versus the state average of \$15,545.

\* **Accountability and Assistance Levels:** All Massachusetts schools and districts with sufficient data are classified into one of five accountability and assistance levels (1-5), with the highest performing in Level 1 and lowest performing in Level 5. In general, a district is classified into the level of its lowest performing school, unless the district was independently classified into Level 4 or 5 as a result of action by the Board of Elementary and Secondary Education.

**\*Economically disadvantaged students** - In 2015, Massachusetts stopped reporting accountability data for the low-income subgroup and began reporting data for the economically disadvantaged subgroup. Unlike the low income subgroup, which was determined based on a student's eligibility for free or reduced-price lunch, the economically disadvantaged group includes only those students who participate in one or more of the following state- administered programs: the Supplemental Nutrition Assistance Program (SNAP); Transitional Assistance for Families with Dependent Children (TAFDC); the Department of Children and Families' (DCF) foster care program; and MassHealth (Medicaid). Economically disadvantaged students are also included in the high needs subgroup.

***SECTION 2:***  
***Findings & Recommendations***

**Leadership and Organizational Structures Findings & Recommendations**

The current administration is to be commended for instituting various leadership team meetings, and for developing a district organizational chart that clearly defines span of control and areas of responsibility for district and school administrators. Presently, regular meetings are held with the district leadership team (central office administrators), the district's operations team, and the school and district administrators (sometimes known as an administrative council).

We recommend that the district continue this practice and build upon it to foster even greater collaboration and collegiality amongst the district's leadership team and model that same professional collaborative culture for staff and students in the district.

The Superintendent has developed a new organizational chart reflecting her vision for an ideal structure for the district's leadership team. The chart that was shared with us is consistent with the organizational structure observed in many highly effective school districts.

We recommend that the district continue to pursue a structure that confirms to the Superintendent's vision.

### **School Business Office Findings & Recommendations**

The school business office had experienced significant turnover and transition over the past several years. Prior to the current School Business Manager beginning in the fall of 2015. The district reports that deficits of as high as one million dollars were incurred in previous years. We have investigated this matter further and found that, although there appeared to be approximately a \$1 million balance in the July 1 financial report, much of this amount was converted into encumbrances prior to July 15<sup>th</sup>, the typical date for balancing the previous year's budget.

The current school business official has been able to achieve a balanced budget over the prior three years. However, multiple staff reported that tracking of positions and accuracy of staff lists has been and continues to be a challenge. In addition, the Superintendent has proposed a new organizational structure for the business office that would result in key operations departments reporting directly to the Director of Finance and Operations. This is an organizational structure that is very common in school districts.

The recommendations below are intended to ensure that the school business office operates in an efficient and effective manner.

1. Update all job descriptions for school business office personnel and ensure that job responsibilities are aligned to individual's strengths and abilities. Provide cross-training so that their key functions have a back up to perform those duties in the event of absences for the primary individuals.
2. Implement position control so that positions cannot be created or adjusted in the payroll system without proper approval and budgetary support. Should new positions need to be created that were not budgeted, ensure a system is in place to identify and, if necessary, transfer funds to cover the unbudgeted expense.

3. Develop a written Business and Finance Procedures manual to ensure consistency across all schools and departments within the district. The MASBO website has many samples that can be downloaded and customized to accommodate the Haverhill Public Schools' needs.
4. Provide necessary professional development, coaching or mentoring support to the Business Manager to ensure that he can effectively manage and supervise the operational departments which will now report to him.
5. Support the Business Manager in obtaining certification as a Massachusetts Certified Public Procurement Official (MCPPO) through the program offered by the Massachusetts Inspector General's office.

We also recommend that training be provided to school principals and department managers to ensure that business office practices and procedures are clearly understood and consistently followed. Similar training might also be provided to administrative support staff in the district. We also recommend regular refresher training on the use of Budget Sense as well as district's chart of accounts so that expenditures are appropriately classified and reported in accordance with the MA DESE chart of accounts.

### **Accounts Payable Findings & Recommendations**

The district is utilizing an electronic requisition and purchase order system that is integrated with their Budget Sense accounting software. Electronic workflow is being used and staff report that it usually takes an average of three days for a requisition to be approved and converted to a purchase order. Once a purchase order is generated, the requisitioner or the business office places the order for goods and services. Two copies of purchase orders are made, one on gold paper and one on green. The gold copy is sent to accounts payable while the green copy is sent to the originator of the requisition.

When goods and services are received, the originator signs and returns the green copy of the PO to accounts payable, essentially serving as a claim voucher. When an invoice is received, accounts payable matches the invoice to the gold copy of the purchase order. If a green copy of the purchase order has been received by accounts payable, the invoice is processed. If there is no green copy on file, the invoice is held.

There does not appear to be a consistent practice or expectation that accounts payable contacts originating departments when they receive an invoice that does not have a corresponding claim voucher. We recommend that the business office establish a consistent, proactive practice of having accounts payable staff contact the originating department whenever invoices are received that do not have a corresponding claim voucher.

Accounts payable staff report that, on occasion, they receive invoices that do not have a corresponding approved purchase order. The city auditor does require that all invoices have an approved purchase order. Therefore, there are times when a requisition is entered, and a purchase order approved and created after the purchase has already been made.

Staff report that employees who submit for expense reimbursement are required to submit detailed documentation to support those requests but are not required to obtain pre-approval for those expenditures. It is our position that these practices are contrary to strong internal control procedures and

we recommend the district implement clear procedures to ensure that all expenditures receive the necessary approval in advance of purchases, except where unavoidable extenuating circumstances exist.

Accounts payable staff report that, on average, invoices are paid forty-five to sixty days from being received. This is longer than customary and could have a deleterious effect on vendors willingness to do business with the district and/or to provide competitive pricing for goods or services being rendered. Staff report that the lengthy time frame results from several factors including invoices being sent directly to the schools and not to accounts payable, claim vouchers not being sent to accounts payable in a timely fashion, or weekly accounts payable warrants awaiting signatures of school committee members.

We recommend the following improvements be considered:

1. Accounts payable staff should generate open purchase order reports on a regular basis, no less than quarterly but ideally monthly. Accounts payable staff would contact originators of open purchase orders to determine the status of orders with the goal of proactively identifying claim vouchers for goods and services that have been received but have not been forwarded to accounts payable. This will also help to ensure that excess encumbrances are relieved in a timely fashion with unspent balances then made available for future purchases.
2. Consider designating one member of the school committee to approve all accounts payable (and payroll) warrants as allowed under the provisions of the recently approved *Municipal Modernization Act (MGL c.41, §56)*. This should allow warrants to be approved and released for payment much more quickly than has presently been reported. On a related note, it is recommended that the invoices be included in the warrant that is presented to the school committee for review and approval.
3. Staffing levels supporting the accounts payable function appear to be inadequate given the volume of activity that occurs in the district. The district should review opportunities to possibly decentralize the accounts payable function to departments that have administrative support staffing available to handle high volume activity (e.g. special education, facilities, food services). If enough staffing is not available at the department level to allow some decentralization, the district should consider reallocating existing staff or adding staff to create additional support of at least 0.5 FTE.
4. The district should explore whether Budget Sense has a receiving module available that would allow for electronic confirmation of receipt of goods and services thereby eliminating the need for a paper process (i.e. the “green sheet” system).

The district is to be commended for having cross-trained individuals within the business office to provide back-up for the various functional areas should that be necessary to do absences or other extenuating circumstances and we recommend that the district continue and strengthen this practice.

### **Payroll Findings & Recommendations**

Payroll processing for the school department is entirely the responsibility of the district’s payroll department. That department consists of just one full time position, but back up support is sometimes provided by the grants assistant or the assistant to the business manager. The district is to be commended for identifying and training staff to back up the payroll function.

However, given the volume of work to administer payroll for over 1,700 employees, the level of staffing appears inadequate.

We recommend that the district consider adding at least 0.5 FTE to support the payroll department.

As noted above, we recommend that the district implement position control, which is essentially a payroll internal control feature whereby new positions cannot be created without proper approval that ensures funds are available to support the position. To achieve true position control, the system must be integral to the payroll processing system, in this case Budget Sense. While position tracking in the HR information management system is useful, it does not constitute true position control. Also, if the district is not currently doing so, we recommend that the payroll department investigate the use of the payroll encumbrance feature of Budget Sense so as to assist with budget monitoring and reporting.

Finally, to improve efficiency and effectiveness of the payroll department, we recommend the district evaluate the possibility of implementing the Budget Sense electronic time keeping system. This would allow the automation of time and attendance entry and could result in significant time savings for the payroll staff, as well as improve the accuracy of time and attendance entry.

### **Accounts Receivable and Cash Management Findings & Recommendations**

The district manages several receivables including full-day kindergarten tuition, athletic user fees, athletic gate receipts, food service receipts, and student activity funds. Staff articulate that written policies and procedures exist for cash management and processing of receivables, although none were provided to the review team. Staff also can articulate current procedures which are consistent with best practices for receivables processing and cash management.

We recommend that the district review and revise these documents as necessary, distribute those documents to those responsible for these functions, and provide training on an annual basis to all those responsible for this function.

Staff report that fee waivers are often granted, however, there does not appear to be a clearly articulated process or procedures for applying for or granting fee waivers. Reference was made to lists of free and reduced lunch eligible students being shared with departments in making fee waiver determinations.

We recommend that the district develop a formal fee waiver and/or sliding scale system with waiver determinations made by the school business office. This will eliminate sharing the lists of free and reduced meal eligible students which is not permitted, absent signed parental or guardian approval. We recommend that the district develop and utilize a sharing of information form that parents, or guardians can use to provide their consent or denial of sharing.

School district staff are responsible for tracking transaction detail for all accounts receivable and the municipal treasurer reports that receivable detail is imported from Excel into Budget Sense allowing transaction details to be accessed in Budget Sense. The district is to be commended for having receivable detail available within the accounting system.

We recommend that the district perform an audit of its revolving accounts and cash management procedures on a regular basis but no less than once every three years.

### **Grants Management Findings & Recommendations**

In general, it appears that there is a lack of clarity with respect to who is responsible for various aspects of grants management and administration. This seems to be due, in large part, to staff transitions and the frequent shifting of responsibilities over the past several years.

We recommend that the district clearly articulate who is responsible for each of the aspects of grants management including completing and filing of grant applications, monthly requests for funds, and grant reporting. In addition, we recommend that the district conduct a grant summit prior to completing and submitting all of the annual entitlement grants to coordinate grant funding plans and priorities and to ensure those are aligned to district and school improvement goals. In addition, we recommend a standing monthly meeting between those responsible for grants management and the school business office staff to review the status of grant spending to ensure the funds are being spent properly and that amendments are processed as needed and in a timely fashion.

Principals reported a desire to have a clearer understanding of how Title I funds are being allocated. They articulate that in the past each school had a Title I coordinator who helped to manage each school's Title I allocation. We recommend that the role of the Title I coordinator be clearly articulated and that regular meetings between the coordinator and the principal be scheduled so that principals have a clearer understanding and make the most effective use of Title I funds.

### **Human Resources Findings & Recommendations**

The Human Resources Department is currently staffed by a part time Director of Staff and Student Services and a full-time HR administrative assistant, and a full-time Intake Coordinator. For a district of Haverhill's size, we typically see and would recommend a full time Director of Human Resources who is responsible solely for the Human Resources Department. The HR Department is using School Brains as the HR Information System (HRIS). Attendance and accruals are managed through School Brains, as is EPIMS state reporting. Since accruals are not tracked within the payroll system, a manual notification process must be used to alert payroll to withhold pay should there be an insufficient accrual balance for an employee.

We recommend an automated process be implemented that would notify payroll of insufficient accrual balances to prevent overpayment of employees.

Staff report that School Brains and Budget Sense are not integrated and do not interface well. We recommend that the district evaluate utilizing Budget Sense or another product that integrates more seamlessly with Budget Sense. We also recommend that the district identify a definite source for all personnel and payroll data and eliminate the practice of double or triple entry by using file transfer protocols or similar process to ensure daily updates of duplicate fields from the primary data source. This

will also improve the accuracy of the data, limit the need to maintain separate Excel spreadsheets to track staffing data, and restore confidence in data that is being reported.

As identified previously, while position identification codes are utilized in the HRIS system, true position control is not presently being utilized to ensure that positions are created or filled for which there are no funds to support. Staff report that positions can easily be added in the system for which no budget exists. In addition, payroll can create new position control codes for vacancies that already exist and already have a position control code. We recommend that this practice be discontinued and that the Business Manager or his designee be the only person allowed to create new position control codes, not the payroll coordinator.

Human resources processes and procedures are consistent with best practices for the most part, although we received inconsistent responses as to which approvals were required as part of the final hiring of an individual. We recommend that the district utilize a "Recommendation to Hire Form" which would accompany the hiring packet for any individual being hired. That form would need to be signed by the hiring administrator as well as the HR Director, the Special Education Director (for special education staff hires), the Director of Finance and Operations, and the Superintendent. It was reported that all these individuals are approving posting forms used to initiate the advertising of the open positions.

It was reported in the past that neither the Superintendent or the HR administrator (as the position did not exist) would interview candidates prior to final approval and hiring.

We recommend that the Superintendent, or the HR Director in her absence, interview all professional staff prior to hiring. We also recommend that the HR Director or the Business manager review and approve the placement of staff on steps and columns and ensure appropriate documentation has been provided (e.g. official transcripts) prior to final hiring approval. We also recommend that certifications be closely examined and that waivers be obtained for any individual who does not possess the necessary licensure. We recommend that hiring managers be provided a form to complete to assist with the waiver application process.

It was reported that the district requires candidates to complete a CORI before making an offer of employment. We would suggest that the district contact labor counsel to verify the legality of that practice as most districts solicit a CORI only after making a conditional offer of employment.

We recommend that the Human Resources department collaborate with the district's data analyst on the EPIMS submission. Human Resources staff should review staffing data and reports prior to submission to the state. In general, we recommend tight collaboration between district and school administrators and the district's data analyst to ensure the accuracy of all data being reported.

The Human Resources staff reported that they are not typically involved in the budget development process. As a key member of the leadership team and given their responsibility for personnel administration, with personnel being the largest component of any school district budget, we recommend that Human Resources be integrally involved in the budget process, particularly the development of staffing reports and compensation projections.

Finally, staff report that employee identification numbers are assigned using a protocol that includes the employee's initials as well as the last five or six digits of their social security number. We believe that this exposes the district to significant liability and would recommend that a randomly or sequentially assigned identification number be used, ideally system generated, that would not include any personal information that, if obtained, could result in identity theft or fraud.

### **Special Education Findings & Recommendations**

The Special Education Department is to be commended for its substantial efforts to provide high-quality services to students with disabilities while simultaneously containing special education costs by developing appropriate in-district programs to allow students to receive a free and appropriate education within its community schools. The special education director clearly has the necessary skill and will to develop and manage the special education department budget.

That said, there are several challenges that appear to inhibit her ability to do so effectively which the recommendations listed below could help to address.

1. Develop a shared resource for tracking and monitoring all special education staffing in the district. Responsibility for maintaining this database should be shared between the special education department, school business office, personnel office, and principals.
2. Provide training on the district's financial and accounting software, Infinite Visions, to the special education director and other district special education administrators and administrative support staff to allow them to review, track and monitor special education expenditures, compare those expenditures to budgeted amounts, and make necessary adjustments to ensure special education expenditures remain within budgeted amounts.
3. Ensure a closer integration between building principals and the special education administration for assessing special education staffing needs, budgeting for anticipated staffing, and recruiting and hiring of special education staff, including ensuring appropriate qualifications and licensure of recommended hires. We understand that the special education director does sign off on the posting requisitions but may not be signing off on all recommendations to hire. The hiring process should allow for the special education director to approve all recommendations to hire special education staff prior to final submission to the Superintendent for approval.
4. Update job descriptions for members of the special education department, most notably administrative staff including the Director, Assistant Director, Out of District Coordinator, and Educational Team Facilitators, to reflect current job responsibilities and desired qualifications; consider removing all confidential, managerial positions from the teachers bargaining unit (e.g. Out of District Coordinator, Educational Team Facilitators).
5. Ensure that the Special Education Director has direct control and oversight of all aspects of the special education budget, including building based special education staff, and that presentations of the special education budget include building-based expenditures.
6. Develop a clear and consistent methodology for how itinerant related services providers are treated with respect to budgeting, recruiting and hiring, tracking, and supervision and evaluation.
7. Ensure that special education department administrators are actively involved in the supervision and evaluation of special education staff (including paraprofessionals and related service

providers) and that there is a clear and transparent process for assigning evaluator to special education staff.

8. Consider reducing the number of staff charged to the IDEA, Fund Code 240 grant so that the district is able to re-capture the 9% currently being lost to charges assessed by the Massachusetts Teachers Retirement System.
9. Review and evaluate current levels of paraprofessional staffing and provide training to EFT's and other special education liaisons regarding the most appropriate and effective use of paraprofessional supports, particularly one-to-one supports, and consider developing criteria to guide paraprofessional assignment decisions. Given the number of paraprofessional staff in the district, it is likely that significant resource reallocation opportunities exist whereby funds used for paraprofessional staffing could be re-directed to maximize the number of highly-qualified, licensed special education staff available to best support the needs of students with disabilities and/or the number of administrative staff available to assist with the management of the department, including supervision and evaluation of special education staff.
10. Continue to focus on the development of in-district programs and improving the quality and effectiveness of those programs, where needed, to cost effectively reduce out-of-district placements, as well as short term placements. Consider developing staffing guidelines for the various in-district programs.
11. Convene regular monthly meetings with the Business Manager to review the Special Education budget and project the status of the budget as of June 30, the end of the fiscal year; and most importantly, carefully monitor the accuracy of staff lists and positions. Implement a clear process by which the special education director is made aware of and can approve any recommended transfer of funds within the special education cost center.
12. Special education administrators report that the current IEP software being utilized (a School Brains module) is not effective and does not meet the needs of the department. It is recommended that the district investigate alternative IEP software as the ability to track and monitor IEP services is critical to managing the department and the departmental budget. Special education administrators and staff should be involved in the development of software specifications and the selection process.
13. Continue the very effective practice of proactively monitoring and managing student placement at the time of registration as well as communicating and collaborating with area districts when new students are anticipated or being referred for services in the district. This will allow the district to ensure that the LEA has fiscal responsibility for the student and minimize the number of improperly placed or assigned students.
14. Continue to strengthen core Tier 1 instruction striving to meet the needs of all learners in the regular education setting as much as possible and preventing over referral of students for special education services. To that end, develop a District Curriculum Accommodation Plan and provide extensive professional development to staff on the regular education accommodations that can and should be made prior to referral for special education evaluation. Provide professional development to staff on meeting the needs of English Language Learners in the regular education setting to limit the possible over-referral of this population of students for special education services.
15. Districts are facing an ever-increasing number of students who present with social and emotional challenges which impact their ability to effectively participate in the education process but do not

rise to the level that would require an Individualized Education Plan. The district may want to consider establishing a regular education alternative program or school for those students who are socially maladjusted but don't qualify for special education services.

### **School Facility and Custodial Operations Findings & Recommendations**

School building maintenance and custodial operations are managed by the school department under the direction of the School Supervisor of Facilities. The Supervisor has been in the position for one year and has a solid and diverse background making her well qualified for the position. The district employs approximately 45 custodians across the seventeen school operated facilities. In addition, there is one storekeeper, plumber, electrician, HVAC technician, general maintenance person (who handles painting, carpentry, etc.), and three grounds keepers on staff. There is also one Facilities clerk that provides administrative support to the Supervisor. The maintenance staff is supervised by the Supervisor of Facilities while supervision of the custodial staff is shared with the building principals. The custodial staff operate on two shifts, 6:00 am to 3:00 pm and 2:00 pm to 11:00 pm.

In addition to maintaining the seventeen school facilities, the school department maintenance staff is occasionally asked to perform maintenance on municipal buildings as well, such as City Hall, the Fire Department, Police Department, and DPW buildings. Snow plowing at all buildings, except for the Hunking School, is the responsibility of the Department of Public Works which outsources the function to an outside contractor. However, snow plowing at the Hunking School is done by the grounds keepers and school custodians are responsible for snow removal on school sidewalks.

The Facilities Department utilizes and manages outside contractors for some of the major trades, including plumbing, roofing, and HVAC. Those contracts are procured by the City's Purchasing Director and managed by the Supervisor.

We recommend that the district evaluate the amount of work being performed by outside contractors to determine if in-sourcing would result in significant savings. While there is typically always a need for outside contractors for emergency or large repair projects, preventative maintenance and regular maintenance can often be provided more cost effectively by in-district staff since prevailing wage rates for outside contractor are often two to three times greater than rates paid under local collective bargaining agreements. In addition, we recommend that the Supervisor be actively involved in the development of specifications for tradesperson contracts. The district may want to consider sending the Supervisor to MCPPO training and/or to obtain MCPPO certification.

Given the number of buildings that the district maintains, not including the additional responsibilities of some municipal building maintenance, typical maintenance departments would have twice the number of licensed maintenance workers as is currently employed by the district. Inadequate levels of staffing often result in insufficient preventative maintenance which result in much higher levels of reactive and emergency repair and maintenance expense over the life cycle of each building.

Given the important role that preventative maintenance plays in ensuring a safe and healthy environment conducive to effective teaching and learning, we recommend that the district develop and implement a

robust preventative maintenance program. The development of such a program should start with a comprehensive facility assessment that would assist the district in determining the condition of the major building systems and a schedule for regular preventative maintenance. The district is to be commended for utilizing a work order system and could leverage that same system to ensure that PM work orders were properly scheduled and addressed.

On a similar note, the district reports that there is no Capital Improvement Plan for the district. Best practice recommendations are that there be a comprehensive capital improvement plan for each building that is at least five years in length; some districts utilize a ten-year capital improvement planning cycle. The capital improvement plan would be updated annually and would serve as the basis for the district's annual capital appropriation request. The facility assessment mentioned above would be extremely useful in the development of such a plan. We understand that the city has a Capital Improvement Plan, which includes a number of school district projects. However, best practice at the school district level is the development of a school district capital plan that is submitted to the city. This process is intended to provide for input and dialogue among all stakeholders including parents, school department staff and the municipality.

The district is to be commended for its attention to environmental compliance and energy conservation. The Supervisor of Facilities identified a lack of compliance with the *Asbestos Hazard and Emergency Response Act (AHERA)* and took immediate corrective action. In addition, remediation work has been performed in several buildings. The district recently had an energy audit of all of its buildings and we recommend that the district consider investing in energy conservation measures that would result in operational savings.

One option available to the City and school department for funding such improvements is through energy performance contracting under *MGL Chapter 25A*. This mechanism allows communities to fund energy conservation upgrades through the energy savings achieved through such measures. We also recommend that district maintenance staff be provided with comprehensive training on the recently installed energy management systems since these can be leveraged to achieve significant energy savings. These operational savings could then be used to make necessary investments in teaching and learning and improve student outcomes.

Several of the individuals we interviewed noted that roofing and heating systems seem to be highly problematic for the district as a result of deferred maintenance. We recommend that the district submit statements of interest for the accelerated repair program offered through the Massachusetts School Building Authority. Given previous MSBA funded projects completed for the City, the district may be eligible for up to 75% reimbursement for these projects.

In addition to custodial operations and building maintenance, the facilities department is also tasked with managing the rental of school buildings. We recommend that the facility rental policy be reviewed and that facility rental guidelines be developed pursuant to the policy. We recommend that those guidelines be published on the district's website and that renters be required to acknowledge that they have reviewed and understand the regulations as part of the building rental permit process.

Building rental permits are submitted to the Facilities Department clerk. Presently, a paper form is used although the form is available through the district website. We recommend that the district investigate and perhaps implement an online application process to facilitate the permitting process. Doing so would alleviate some of the burden of data entry from the Facilities clerk. A facility rental schedule has been adopted by the School Committee, however, it is unclear if the fee schedule is reviewed and approved on an annual basis.

We recommend that all tuitions and fees be reviewed and approved by the School Committee as part of the annual budget process. With respect to facility rental fees, it is essential that fees collected at a minimum offset the expenses incurred, most notably custodial detail expenses so that the use of school facilities revolving fund maintains a positive balance. We also recommend that the fee schedule be implemented with consistency as outlined in the facility use regulations.

The facilities department is also responsible for building security and access control. Currently, each school is equipped with entry cameras. Additional cameras are also located throughout the building at the secondary level. Buildings are also equipped with intrusion alarms and there are security guards at all middle schools and at the high school. Facilities is responsible for key management.

We recommend that the district evaluate and possibly implement a key fob or card access system at all buildings. This will limit, considerably, the number of keys that are required to be issued (and potentially lost) and allow for improved control and monitoring of building usage. It will also allow the district to identify building users who might be tripping alarms.

While we were unable to obtain a figure for the school facilities budget, it was reported that funding is not sufficient to maintain the buildings or to provide the necessary level of staffing. We recommend benchmarking the district's operating and maintenance expense against similar districts to determine if the per square foot expenditures are comparable. We observe that the department is tasked with many responsibilities which place considerable demands on the Supervisor. We recommend that the district consider adding a full-time custodial supervisor and a full-time maintenance supervisor to support the department.

### **Food Services Findings & Recommendations**

The School Nutrition Program operates as what is known as a hybrid program whereby it is managed by an outside contractor (Whitson's) but all staff, other than the Director, are employees of the school district whose terms and conditions are collectively bargained between their association and the School Committee. The contract between the Haverhill Public Schools and Whitson's expires as of June 30, 2019, this being the last year of a five-year contract.

The current Director has been in the position for one year. The Director has a district-employed administrative support person who has been employed with the Food Service Department for fifteen years. The Director reports that she has a very strong team comprised of 72 food service employees. The

school nutrition department prepares meals at all but four of the thirteen schools, with those four satellite schools being serviced by the High School staff. The majority of staff (a little over half) work 3.75 hours per day. Staffing consists of head cooks, assistant cooks, and line workers. In addition, there is one storekeeper and two drivers. The district just recently settled a three-year contract for 2017-18, 2018-19, and 2019-20.

The fiscal performance of the school nutrition department is excellent. Currently, there is a positive balance of \$490,000 in the school nutrition revolving fund, enough to handle at least ninety days of expenses in advance of revenues. The department is entirely self-funded with health insurance benefits charged directly to the revolving fund, as well as equipment maintenance.

Participation rates are close to fifty percent for school lunch and approximately twenty five percent for school breakfast. The district is to be commended for its successful efforts to market the school nutrition program and maximize participation in the program. In addition, the district has a strong in-district catering program which generates additional revenue to support the operations of the department.

We recommend that the district continue to aggressively market its school breakfast and lunch program as well as its catering program, perhaps extending catering services to municipal and other local agencies. We also recommend that the district administer regular surveys to students, parents, and staff to obtain feedback on the quality of the food offered as well as service provided. Responses to such surveys can be an important driver of increased participation.

While the percent of free and reduced meal eligible students is 55%, the district is not eligible for Community Eligibility Program participation as their direct certifications would need to be at 40% and they are currently at 38%. We recommend that the district enhance its outreach and application process to ensure that all those eligible can receive free and reduced meals. We also recommend that the district actively pursue CEP participation when and if they become eligible as this would be a significant benefit to the students and families of Haverhill.

It was reported that much of the food service equipment and cafeteria furnishings are outdated. We recommend that the district include food service equipment and cafeteria furniture replacements as part of a comprehensive capital improvement plan, identifying the funding source as either the school nutrition revolving fund, or capital improvement funds allocated to the school department. In addition, we recommend that the department develop and implement a preventative maintenance program for all of its school nutrition equipment.

### **Transportation Findings & Recommendations**

The district's Transportation Department is responsible for oversight and management of all special education transportation, both within and outside of the district. The district maintains fourteen CDL mini buses, 6 CDL full size yellow buses, and 13 7D vehicles. They also rent a few vehicles from North Reading Transportation. Special education drivers are employees of Haverhill Public Schools as are bus monitors and crossing guards. The department is responsible for recruiting, hiring, supervision, and evaluation of all transportation staff. The district reports that there are monitors on every special

education vehicle as of this year and that there are continuously operating cameras on all buses, with both audio and video. The department reports that approximately 1,000 students are transported each day.

While the district reports that they do collaborate with other districts in transporting students to out of district placements, we recommend that the district explore local area collaborative programs to maximize the efficiency of out of district transportation which may result in significant cost savings to the district. It should be noted that there is limited availabilitys of specialized transportation causing a highly competitive atmosphere requiring our transportation department to be proactive in putting routes out to bid. We have had students go without transportation due to slow response of our staff to requests for bids

Maintenance of transportation vehicles is outsourced to a local vendor. We recommend that the district consider engaging in conversations with the Department of Public Works about utilizing their fleet management services to provide vehicle maintenance which may result in significant savings to the district.

While the Transportation Department does not manage or procure the contract for regular day transportation, they are responsible for handling daily parental and other regular day transportation concerns. Regular education transportation is out-sourced to Coppolla Transportation of Haverhill through a contract that appears to be five years in length with the option to renew for two additional three-year terms.

We recommend that the district verify that the necessary votes were taken by City Council to permit the district to enter into a contract of greater than three years as is required under MGL c. 30B.

Coppolla operates 36 yellow school buses running on a three-tier system. We recommend that the district consider using route management software to ensure the most efficient routing of vehicles. Reducing the number of buses required to transport students could result in significant savings to the district.

### **Curriculum and Instructional Support Findings & Recommendations**

The district appears to be inadequately resourced in the areas of curriculum coordination and professional development. The district reports that while they have curricular supervision for science and math, they do not presently have the same for English language arts or English language learners. However, in the FY19 budget a K-12 ELA coordinator position was created, and the district is to be commended for adding this critical support. The district does have literacy and math coaches, but the allocation of these resources does not appear to be based on need; staff report that it is unclear how those resources are allocated. We recommend that the district evaluate, based on student and staff data, where the need for coaching is greatest and deploy those critical assets to the neediest schools and populations. These job descriptions and role expectations need to be reviewed to assure “coaches” are coaching – not teaching and called coaches.

As reported above, the district does not currently have a District Curriculum Accommodation Plan and we recommend that this critical document be developed and distributed as quickly as possible. The district does have curriculum maps and supporting documents but those have not been reviewed recently.

In fact, the district does not have a formal curriculum renewal cycle. We recommend that the district develop such a cycle and that textbooks and curriculum be reviewed on a regular basis to ensure that they are relevant and aligned to current standards.

District staff report that there are textbooks currently being used with a publication date of 1995. The district may want to consider expanding the use of online curriculum which has the advantage of being more frequently updated and more readily available and accessible to support staff and students both within and beyond the classroom.

The district appropriates approximately \$30,000 to \$40,000 per year from the local budget for professional development with an additional \$30,000 coming from other sources, most notably federal and state grants. For a district of Haverhill's size, we would expect to see a budget of closer to \$150,000 for professional development given that the district employs over 1,700 individuals. One critical focus for professional development that was identified was in technology integration.

The district currently has two to three students per device and is seeking to move to a 2:1 or 1:1 model over the next several years. To make the most effective use of those student devices, we recommend that professional development in the area of technology integration be examined as a funding priority for the district.

### **Student Activity Accounting Findings & Recommendations**

The municipal treasurer is responsible for oversight of the Student Activities Agency account on the municipal ledger. Presently, the ledger contains just one account for all buildings, meaning all student activity funds are commingled in one agency account. We recommend that the district determine, perhaps through a comprehensive audit process, the individual school agency account balances and create separate agency accounts for each school. This will allow the district's SAF treasurer, presently the administrative assistant to the Business Manager, to reconcile the individual school control accounts to each school's agency account and to bank statements, a task which is presently not being performed. We recommend that the district take the necessary steps to ensure this monthly reconciliation occurs in accordance with district procedure.

District SAF procedures place the responsibility for reconciling the school's student activity accounting with the monthly checking account statements at the school level. No direction is provided as to how student activity club accounts and control accounts are to be tracked and monitored. At the high school, the secretary uses a Google Sheet with a tab for each activity. However, there does not appear to be any control account within the file for reconciliation purposes. It is unclear what other schools are using to track and monitor SAF accounts. While the district procedure specifies that monthly reconciliations are to be sent to the school business office, it is not clear that this practice is consistently followed.

We recommend that the district specify a standards application for tracking student activity funds at the building level, for example Quickbooks, or perhaps Budget Sense has a module available for this. The district's SAF treasurer is responsible for processing replenishment requests. Principals submit a SAA Transfer of Funds Request Form with the documentation of expenditures attached. The request is

reviewed and approved by the Director of Finance and Operations before being included in the warrant for payment.

The last audit of the Student Activity Accounts was performed in 2015. We recommend that the district engage an outside auditing firm to complete a comprehensive audit of the SAF for Fiscal Year 2018. We also recommend that the district adhere to the statutory requirement of performing annual audits. Every three years, the audit should be conducted by an independent auditing firm. In the intervening years, those reviews can be performed internally by municipal or district staff or by third party reviewers.

We recommend that the School Committee adopt a policy on how to deal with inactive or closed accounts, as well as deficit accounts, should that situation arise. The policy should also stipulate how interest earnings can be used. We also recommend that the district develop and distribute a written procedures manual for managing Student Activity Accounts and that annual training be provided to all those responsible for managing student activities.

### **Information Management Systems and Reporting Findings & Recommendations**

The district is currently using Budget Sense as its financial accounting and payroll system and School Brains as a student information management and human resources information management system. In addition, the Special Education department is using a School Brains product as its information management system. Several school and district administrators report that the functionality of School Brains is not adequate for the needs of the district. Staff report that Budget Sense can provide them with good functionality and that they believe there are features of Budget Sense that are not presently being utilized but could be used to enhance efficiency and effectiveness of operations. Staff also report that, because of the multiple systems being used, there is unnecessary duplicate data entry being performed.

We recommend that the district undertake an evaluation of its data systems with an eye toward streamlining and integrating systems where possible. Specifically, we recommend that the district specify a single source for each data component and utilize file transfer protocols to upload data to other systems that might be necessary for end-users to access that data. This should help to eliminate redundant data entry and minimize the opportunities for data entry error and inconsistencies across data systems. It will also enhance the efficiency of information technology operations.

School department officials also noted a lack of confidence in data that is being reported. We recommend that the individual responsible for SIMS, SCS, SDR, and EPIMS reporting receive training to enhance his understanding of the data definitions and how state reporting impacts other key areas, most notably, calculation of the state's foundation budget and federal Title I allocations. We also recommend that all state reports be reviewed by school and district administrators prior to submission as this will greatly enhance the accuracy of reporting.

Finally, staff report that there is a need to improve the efficiency of gathering, processing, and evaluating assessment data, particularly state and local assessment data, so that the data can be used to identify struggling learners and interventions that might be necessary to support those students more quickly and easily. To that end, we recommend that the district evaluate other student information management

systems that might provide better functionality for the district, including the ability to track and monitor assessment data more quickly and easily. In addition, the district might consider establishing data coach positions at each building which could be accomplished through a stipendiary role assumed by individuals with a strong understanding of how to track, monitor, and use student data to improve instruction at the building level.

### **Municipal and School District Relations Findings & Recommendations**

Municipal and school officials report that there is an excellent working relationship between city and school employees. Staff report that having the school administration offices in City Hall helps to promote collaboration and communication; as a result, no regular meetings between school and municipal finance staff are scheduled. Despite the proximity, we recommend that a regular monthly meeting between the Business Manager and the City Auditor and Treasurer be considered. A standing list of agenda items could be reviewed and discussed at that time, most notably, the status of the fiscal year budget.

City departments and the school department both utilize Budget Sense as their shared financial accounting system; however, the city utilizes Harpers for payroll while the school department utilizes Budget Sense. The school department handles all aspects of payroll administration for school department employees including time and attendance entry, payroll processing, printing and distribution of payroll checks, distribution of deductions, and processing and distribution of W-2's. The City auditor is responsible for reconciling bank accounts.

The City employs a part time purchasing director who reports to the Mayor. This individual is responsible for approving all requisitions for both municipal and school departments and for converting requisitions to purchase orders. School and municipal staff report that the purchasing agent is responsible for ensuring compliance with state procurement regulations, including Chapter 30B. The city purchasing department is responsible for all municipal and school competitive bidding. Given the part time nature of the purchasing agent's position, we recommend that the City consider establishing a threshold below which the school department can be the final approver of requisitions and convert requisitions to purchase orders. Those thresholds would be consistent with Chapter 30B and any municipal policies or ordinances.

In addition, we recommended that the school department be responsible for development of specifications for purchasing goods and services on behalf of the schools. The purchasing department could still be responsible for advertising and solicitation of bids or proposals. The purchasing department and the school department would then collaboratively review and evaluate submissions and jointly make decisions as to award of contracts.

### **Municipal Agreement Findings & Recommendations**

Each year, school districts are required to file an End of Year Pupil and Financial Report with the Massachusetts Department of Elementary and Secondary Education (DESE). The primary purpose of this report is to confirm that school districts have met their Net School Spending obligations as required by Massachusetts school finance regulations. Those regulations allow districts to include expenditures made by the municipality on behalf of the school district and are commonly referred to as indirect charges. Massachusetts school finance regulations require that, "*A written contract or agreement, signed by the*

*parties, or comparable documentation shall be executed and retained to support all non-salary personnel expenditures and all service fees and charges reported by a school district or municipality.” [603 CMR 10.05(7)]* District and municipal officials report that such an agreement does not presently exist between the municipality and the school district.

It is recommended that the district work with municipal officials to draft and execute such an agreement. It is our understanding that this has been a finding on prior year End of Year Report audits. The district might consider contacting comparable districts and obtaining suitable samples to use in drafting its own agreement.

### **Additional Observations and Recommendations**

- We recommend that the district engage the City in a conversation about funding available to support school district technology and information management through the cable franchise agreement.
- We recommend that the district engage the City in a conversation about earmarking Medicaid funding for the benefit of schools
- Consider engaging a consultant to perform a comprehensive school facilities master plan that would include an evaluation of facility conditions, an analysis of enrollment projections and school assignment areas, and provide recommendations as to where and how best to invest future capital dollars to best meet the needs of Haverhill Public Schools, including possible school consolidation to improve the efficiency of operations and best meet the needs of the Haverhill student population.
- We recommend that the district develop a long-term technology plan that articulates the needs and objectives of the district with respect to both instructional and administrative technology.
- We recommend that the district engage in a comprehensive evaluation of the equity of spending and investment across schools; this can be done using Schedule 1 and Schedule 3 of the annual End of Year Pupil and Financial Report
- We recommend that the district evaluate enrollment and class size each year and make adjustments to staffing levels, reassigning staffing as needed to ensure an equitable distribution of resources across the district and to reallocate funding for positions that may no longer be necessary due to enrollment shifts
- We recommend that the district collect and analyze data on those students who are electing to attend other school districts under the school choice program. The district is experiencing a net loss of over \$900,000 in revenue each year. Surveying families of students who have chosen to attend schools in other district might produce insights that could inform programmatic decisions in the future that could result in fewer students leaving the district.
- The district has been focused on building a strong technology infrastructure. The "I School" model allows for easy access to technical assistance and professional development.
- The HR department is small but effective, efficient and welcoming.
- Staff are invested in student learning and in considering ways in which the school district can improve.

- Leadership, staff, community and elected officials are highly invested in school improvement have been supportive of the MASBO review and of improving both the educational and organizational functions of the school.

### **Zero Tolerance & Separation of Duties Advisory**

Please understand that the following advisory is presented herein, not because it reflects conditions in the Haverhill public schools. However, we feel that, because of the seriousness of this issue, all school districts can certainly benefit from some commentary regarding this matter.

Since the inception of MASBO’s Financial Operations Review program approximately nine years ago, the MASBO team has been continually reminded of the importance of establishing a clear and distinct separation of duties among staff who have been assigned responsibilities associated with the management of school district revenues. We have repeatedly observed either weak or non-existent separations in the duties of staff who handle cash and/or revenue management areas in many of the reviews that have been conducted over this nine-year period. Recently we observed first-hand the impact that the failure to maintain a well-defined separation of duties among staff can have, when we conducted a review in a school district that had experienced the perpetration of a rather large fraud.

It is important to note that the establishment of separate and distinct financial responsibilities among staff members can be highly effective fraud prevention measure, if it is reinforced with a “zero tolerance policy” that addresses the strict adherence to established written operational procedures. In fact, experience has demonstrated that the implementation of these aforementioned measures will not only serve as a safeguard against the perpetration of fraud but will also mitigate against the loss of revenue that occurs through the proliferation of waste and abuse issues.

Waste is easily recognizable, and often prevalent, in such operational processes as payroll, accounts payable and procurement that it actually becomes the accepted modus operandi. It is usually perpetuated by the failure of management to assure that operational processes and technology are up-to-date so that effective oversight controls can be executed. A common example of waste includes the implementation of paper intensive and/or duplicative operational processes. The cost impact is usually found in the loss of productivity and can be quite expensive. More specifically, the prevalence of this kind of waste often necessitates hiring additional staff to accomplish tasks that can be completed in less time and with fewer people.

Abuse issues are a bit more serious and often even more costly. Such issues are often also caused by permissive and weak management—in other words, the absence of a “zero tolerance policy” regarding the implementation of proper operational procedures. Some examples that we have found in other districts include using the district’s postage meter to accommodate one’s personal postage needs; taking extra break time on a regular basis; habitually arriving late or leaving work early; wrongfully using sick time; using district laptops for non-work related purposes (i.e. shopping on the internet) during work hours.

The only difference between abuse and fraud is that fraud requires the use of “lying” to cover up the offense, and the number one cause of fraud is the lack of the separation of duties. This is closely followed by weak implementation of management controls and oversight, in other words, the absence of a zero-tolerance policy.

It is generally believed that no defense is impregnable regarding protecting against these issues, but effective defense measures such as those described above, will certainly represent a deterrent. A number of recommendations in this report have focused on assuring that there exists a strong network of checks and balances, which is accomplished only through establishing the previously mentioned separation of duties. In other words, duties that relate to the same transaction should be performed by different individuals. For example, the person who balances the checkbook (i.e. Student Activity Accounts) or does the bank deposits should not be responsible for signing the checks.

It is important that the relationship between the Business Manager and the Business Office staff be established in a manner that not only reflects a zero tolerance of waste and abuse, but also reflects consistency in the application of a separation of duties with regard to all situations where money is being handled.

***SECTION 3:***  
***Technology & Information Systems***

### **General Approach**

This section of the MASBO financial review concentrates on the intersection of financial operations and processes with I.T. systems for Haverhill Public Schools. The technology review considers some or all the following areas depending on the interview process:

Automation and process related to:

- Payroll
- Human Resources
- Substitute Management
- Time and attendance/accruals
- Leave tracking
- Position Control
- Technology support
- Staff productivity/efficiency
- State Reporting

The areas are reviewed to assess the following:

- I.T. capacity, infrastructure, and organization
- Data systems utilization
- Recommendations are made regarding opportunities for improved efficiencies that were revealed during the interview process.

### **Human Resources**

Observation/Finding	Recommendation
Benefits are well managed.	Investigate additional opportunities related to full integration with Budget Sense.
Lack of utilization of automated workflows and back up designees inhibit the timely onboarding of new hires and effect the adherence to established procedures	HR should employ the use of workflows wherever available; secondary or back up approvers should be identified to prevent delays in workflow progression.
Data is maintained in the wrong system (ex. HR system of record is School Brains which is the student database where Certification, longevity, Professional Teacher Status are maintained; staff time and attendance are also maintained in School Brains).	HR requires a proper system to maintain all facets of Human Capital management which is fully integrated with payroll, benefit and financial systems of record. This system should be set up to maximize operational efficiency independent of state reporting focus. However, the system should be able to feed all necessary data as required by state reporting.

**Payroll**

Observation/Finding	Recommendation
Inadequate controls over the use of substitutes and their cost and management	Many systems of smaller size employ automated systems. Haverhill should consider doing so as well. Aesop or SmartFind Express can manage teacher and paraprofessional absences and can manage all other absences as well. Aesop also has the capabilities to handle time management including accruals.
There is no clear delineation of responsibility of functions between HR and Payroll	Create documented procedures which clearly identify roles and responsibilities for all functions
Base pay actually paid is not reconciled to the contract	A time and attendance and accrual software is needed to allow auditing of pay against the contract requirements.
Teacher Step increases are applied automatically by the system without validation against contract requirements.	

**Budget/Financials**

Observation/Finding	Recommendation
Resources are not equitably distributed to the schools	A staff allocation process should be considered using a formula based on student counts to insure accurate distribution of resources.
Position control is not being managed properly in Budget Sense. HR struggles to keep track of vacancies and staffing in alignment with the approved budget because position IDs are not utilized correctly when people are hired/moved. It is difficult to track employee position history.	All personnel positions must be defined by a position ID; all vacancies and hiring must reference a budgeted and approved position ID.

**Data Systems**

Observation/Finding	Recommendation
Focus on state reporting for personnel compromises the ability to manage operations through the ERP system.	Assess and correct problems related to organizational management process. Identify the appropriate system of record for each data element to facilitate operational data flow.
Poor integration between business systems results in siloed data, duplication of data entry, and diminished ability to do necessary business reporting.	Develop a system or method for combining data from various sources (such as MS Access, Data Warehouses, or SQL Server Reporting Services) to facilitate accurate operational and state reporting. Develop what can be called a “federated” system where different systems communicate through integration to appear as one holistic entity.

Data integrity is compromised due to the manner of data input (free form data entry results in errors)	Wherever possible drop down list and/or data validation should be used for data input.
School Brains system does not meet the needs of the district for managing student information	Consider replacing this software with a more robust and appropriate system.
Budget Sense is administered by the City and no one in the School department has a full understanding of its capabilities to properly apply it to school department processes	Develop Budget Sense expertise within the school department to take full advantage of its functionality
Poor utilization of automated workflows impedes inter-departmental flow of information, and impacts efficient processes	Investigate and employ workflow approvals within software applications.
The city is not supporting Budget Sense in a manner that is acceptable to the school (need to request updates to software)	Review Budget Sense as a SaaS solution to eliminate dependency on City personnel/consultants to keep the software current and to create an environment where the school district has more control over Budget Sense utilization.

### **Organizational Leadership**

Observation/Finding	Recommendation
Management's lack of understanding of the impact of divergent data systems and poor data quality is impacting state reporting and district metrics	A strong organizational structure with clearly defined roles and responsibilities is needed. A holistic plan for the health of the district must be formulated and implemented.
Processes and procedures are silo-ed within the departments and do not consider or integrate with cross functional needs.	Operational departments must be aligned under a visionary leader to ensure each department is operating properly and in accordance with a common organizational goal. Each department must take ownership of the accuracy of the data elements and systems pertaining to their department responsibilities. With proper system integration most of the data required for state reporting will be available.

### **Closing Comments**

State reporting should never drive the utilization of operational systems. Instead, the systems should, by natural process, contain most of the necessary data. For example, teacher certification should be maintained to assure compliance with the teacher's contract. If that is done, state reporting of those elements will be, by default, accurate.

Identify a high-ranking staff member of the organization to serve in the role of Chief Operations Officer. Organizational and leadership skills are critical at this level. The person would need to take on the responsibility of running all operations as listed in the new organizational chart. It is imperative that they

promote and employ the correct technology to allow them to make informed and accurate business decisions and to assure the quality of data in state reporting.

***SECTION 4:***  
***Budget Management & Document***  
***Analysis***

## **Budget Management**

In developing the following recommendations for this section as well as the other sections concerning budget matters, the team referenced a document entitled “***Promising District Practices Guide,***” which was developed by MASBO for the Department of Elementary and Secondary Education. These practices are a compilation of information obtained from the many financial operations reviews that have been completed over the past ten years that the MASBO Financial Operations Review program has been in operation.

First, the team attempted to determine the extent to which district administrators are able to regularly and accurately track spending and other financial transactions; and whether the district uses forecast mechanisms and control procedures to ensure that spending is within budget limits. The team also determined the extent to which the district has a system in place to ensure that state procurement laws are followed, that staff are qualified to manage their fiscal responsibilities, and that all assets and expenditures are monitored and tracked to attain the most efficient and effective utilization.

Based on the information that was obtained during our interviews and the review of pertinent budget-related documents, we recommend that the following budget management processes be used as guidelines. These guidelines are presented with the understanding that the school district has already made some progress regarding the implementation of a number of them, but that additional work needs to be done in several other areas.

Hopefully, these guidelines will serve as a blueprint to be used by the district as changes are considered to improve the efficiency, accuracy, and effectiveness of budget management processes:

- All cost center managers should be able to regularly and accurately track spending and other financial transactions. This means that every department can access the financial accounting system and can monitor real time expenditures. It also means that all administrators should be trained to access the budget and expenditure data for their school or department. ***It is our understanding from meeting with the principals and with business office staff that this provision, with the exception of the provision of adequate training, is currently operational.***
- It is a priority that all administrators understand line item transfer procedures and how transfers are tracked and reported on financial reports. The recommended transfer procedure is fully explained in an article written by the Massachusetts Association of School Committees (MASC) entitled, “***A Review of the School Committee’s Authority to Make Internal Budget Adjustments***” (which appears in the Addenda section of this report). This transfer procedure is based on the structure upon which the budget document is built and begins with the approval of the budget.
- The budget needs to be structured according to either cost centers or DESE function codes. When the school committee votes their approval, they should understand that they are voting, not only to approve the budget’s “bottom line,” but they are also voting to approve the cost centers or function codes as budgetary line items. This is important because it is the method by which transfers are implemented throughout the fiscal year. Regarding transfers of funds from one cost center to another – or in the case of when function codes are used, from one function code to another – the school committee must formally vote their approval beforehand. ***Some extensive work on the budget document will need to be completed before this guideline can be implemented.***

- The district should use forecasting tools to regularly project expenditures and ensure that spending is within budget limits. More specifically, this process involves projecting remaining salaries and expenditures at least quarterly and comparing totals to budgeted amounts. The School Business Manager should then advise the Superintendent and School Committee when he/she believes expenditures are exceeding appropriations. A procedure should also be in place for department administrators to alert the Superintendent and the School Business Manager of decisions, actions, or conditions that could impact the budget negatively or positively (e.g., unanticipated out-of-district placements, unanticipated building repairs, etc.).
- The district’s purchasing policies and procedures should be designed to ensure cost-effectiveness by making optimal use of national or state contracts and procurements for goods and services as appropriate. It is also important to take advantage of regional purchasing, MASBO’s Regional Roundtables, collaboratives, or similar initiatives whenever appropriate, and to use competitive bidding or similar practices when national, state, or regional opportunities are not cost-effective.
- District staff should be encouraged/incentivized to improve operational efficiency and to minimize wasting of resources wherever possible. Reuse and recycling activities should be encouraged and widely evident within the district.
- The School Business Manager should develop comprehensive, transparent reports on at least a quarterly basis for presentation to the school committee. Copies of reports should be distributed to municipal departments and officials and to the public-at-large. MASBO has a “model” financial report template that can be utilized for this purpose. This template is located on the MASBO website. These reports should include the following:
  - A projection of remaining salaries and expenditures, approved budget and adjusted budget, current (year-to-date) expenditures and encumbrances.
  - A discussion and/or footnotes explaining significant variances.
  - Financial reports should comply with GAAP and GASB (34, 45, 54).
- Statutory/mandatory auditing requirements regarding annual audits should be performed for all federal grants exceeding \$500,000 in compliance with OMB Circular A-133. Annual compliance audits of the End-of-Year report should be conducted as required by DESE. Any EOY audit exceptions should be corrected immediately and resulting amendments to the EOY report filed as required. ***It is our understanding that this measure is currently being implemented, but should be extended to revolving accounts, particularly since many of these accounts receive rather large sums of money.***
- Online vendor purchasing should be utilized whenever possible, and district bid specifications should also be made available online. Vendors should be able to respond to bids online as well. In addition, tools should be in place to allow for online bid tabulations to be made automatically.

The following are recommended procedures for cash management involving gate receipts, user fees, etcetera:

- Accounts receivable policies and procedures should be clearly articulated and documented in a procedures manual.
- Proper segregation of duties must be in place to ensure that the person handling cash and deposits is not the same person who is recording the transactions in the general ledger.
- Receipts are regularly deposited into the proper account using AD 9 & 10 forms.
- The number of days for cash receipts to be deposited should be minimal, preferably within 48 hours of receipt.
- Receipts should be posted monthly and entered individually as much as possible to allow for better tracking.
- Monthly reconciliations should be performed – bank statements to cashbook and cashbook to general ledger.

The following are recommended procedures for payroll operations:

- Payroll policies and procedures should be clearly articulated and documented in a procedures manual. This manual can be combined with accounts payable functions and other business office functions to create a “Business Office Procedure Manual.” See the MASBO website for sample Procedures manuals that can be used as a “template” for this purpose.
- The district should document payroll transactions using appropriate forms (time cards, change in status, new hire, termination, LOA, etc.) to ensure transactions are properly authorized and documented prior to execution.
- A history of all salary schedules should be maintained, preferably electronically.
- A random audit of a sampling of employees should be performed each pay period.
- Weekly coordination with HR on employee changes should occur.
- Payroll changes from period-to-period should be researched and explained, and reconciliation of payroll to salary appropriations should occur regularly.
- 

The following is a procedure for effectively utilizing and monitoring tuition and fee revenue that is received:

- Special revenue and revolving funds should be audited internally on a regular basis throughout the year and at least every three years by an external auditor.
- Financial reports concerning the utilization of special revenue funds and revolving accounts should be submitted to the superintendent, school committee, and municipal departments responsible for oversight of the budget on a quarterly basis.
- The school department should have written procedures in place to ensure that special revenue funds are managed properly.

- The district should have policies and procedures in place to ensure that revenues are utilized for the purposes intended and to advance the district’s mission, vision, and goals.
- The school district’s annual operating budget should contain anticipated revenue and expenditures from all special revenue and revolving accounts.
- All special revenue and revolving funds should be managed in compliance with relevant state statutory requirements.

### **Budget Development**

In addition to many operational issues that were reviewed during the MASBO team’s two-day site visit to the Haverhill School District, a number of interview sessions involved a discussion of the budget development process. These interview discussions were designed to determine if the district engages in the preparation of a participative, well-documented, and transparent budget process that uses student achievement as a factor in the development of the budget document.

The team also explored the extent to which the district’s budget document is clear, comprehensive, complete, current, and understandable. The extent to which the budget provides accurate information on all funding sources, as well as budgetary history and trends was also reviewed.

As mentioned previously, the recommendations for this area are also referenced from the “***Promising District Practices Guide***” and are provided herein because they are considered “best practice” procedures.

- As part of its budget development process, the district should implement a review process to determine the cost-effectiveness of its programs, initiatives, and activities. This process should be based, in part, on student performance data and needs. It is important that school principals have the authority and assistance needed to make appropriate decisions about their schools’ expenditures.
- District officials should employ a data driven decision-making model to evaluate the district’s education programs. This involves using MCAS scores and other assessment data to evaluate the district’s educational programs and alignment with the MA curriculum frameworks. It also involves the use of its own trend data to ensure meeting annual performance targets. A third option is to utilize information found in DESE’s DART software for benchmarking purposes. More specifically, this software can be used to provide comparisons with other districts that have a similar makeup to the Haverhill School District. The district and each site/cost center then would conduct an analysis to determine what strategies, programs and activities will best achieve desired results. DESE’s DART lists the following communities as being similar in makeup to Haverhill: Chicopee; Fitchburg; Framingham; Leominster; Pittsfield; Randolph; Salem; Somerville; Taunton; West Springfield.
- The district should also ensure that adequate funding is available to hire and retain appropriately qualified staff. This can be accomplished by comparing its compensation and benefit packages to other districts of comparable size and socio-economic status (see listing above) to ensure that it is competitive. Information pertaining to average teacher salaries as compared to the state’s average is provided in the General Overview section of this report. Other meaningful

comparisons can also be accomplished through the utilization of DART. In this regard, class sizes and student/teacher ratios should also be considered.

- The district should also provide sufficient funding to ensure all staff have access to high-quality professional development, and that all new hires receive adequate induction and mentoring. ***During our interviews, it was reported that only \$30,000 to \$40,000 was available for professional development. It was suggested that three times this estimated amount was needed.***

The following is an example of how a typical budget development process is implemented. It is presented here simply to illustrate an effective process. It is acknowledged that many other alternatives can be utilized depending upon the administrative and staff structure of the district.

- The budget development process typically begins in late September or early October. During this period of time, the district business office sends each cost center a budget preparation package/template to be used in the creation of the cost center's budget.
- Cost center managers (management staff that control the cost center's operations and spending—i.e. principals, supervisors, directors) work with staff to develop a needs-based budget, which is submitted to the business office around the time of the Thanksgiving holiday.
- The school business administrator then assembles all of the cost center submissions into a “draft” preliminary, district-wide budget. This document is then utilized between Thanksgiving and the Christmas holiday by the superintendent and school business administrator to interview cost center managers for the purpose of reviewing their requests (other central office staff may also become involved at this stage in the process depending on the type of cost center being interviewed, i.e. curriculum and instruction director, Human Resource Director, etc.).
- All necessary adjustments to budgetary requests are then made, and by mid-January, a “preliminary” district budget is developed and ready for school committee review.
- From mid-January to mid-March or April, several public meetings are usually scheduled between the school committee and district administration for the purpose of thoroughly reviewing and explaining the entire budget to them.
- A public hearing is then scheduled, and the school committee votes to approve the budget. This is accomplished in consonance with municipal bylaws regarding this matter.
- Finally, the budget document is submitted to the municipality for finance committee review, and ultimately, integration into the municipality's budget.
- Another priority item includes the development of a budget calendar that articulates important events in the development process. In the case of the above example, the bulleted items could be included on this calendar. The calendar also needs to be distributed publicly at the start of the school year to all school and municipal officials and posted on the district website. Additionally, all stakeholders should be involved in the budget development process, including school-site councils, school committee, appropriate municipal officials and school administration staff. ***The district currently has a calendar that could be adjusted and used for this purpose.***

It is also important to ensure that all statutory requirements are met including the following:

- The budget should be both program-based (regular, special education, alternative education, vocational education, operation and maintenance, transportation) and site-based (individual schools and central office).
- A public hearing must be held at least fourteen (14) days prior to the adoption of the budget.
- Budget process must meet the local and state mandatory deadlines.
- The district and community must have appropriate written agreements in place detailing the manner for calculating indirect charges levied on the school district budget. ***Haverhill has not developed a written agreement addressing indirect city charges.*** This document needs to be reviewed annually and updated where necessary.

We further recommend that an evaluation of the district’s effectiveness should be conducted prior to budget development. This evaluation should address how the district has implemented state and federal initiatives and mandates; the district’s long-range or strategic plan and any other special district initiatives; district and school improvement plans; and most importantly, the school committee and administrative programmatic goals and objectives.

We also recommend that goals, objectives, and budget parameters be developed and discussed with district administrators. This procedure begins with the development of a revenue budget based on state Chapter 70, local property tax allocation projections, and special revenue fund balances. Then initial expense projections are made based on cost center budget submissions. The budget parameters are put into place using initial revenue and expense projections. These parameters tie budget requests to the goals and priorities approved by the school committee.

Also, the budget packet that is sent to cost centers should request the following data:

- Enrollment projections
- Class-size projections
- New initiatives and programs
- Performance data / benchmarking
- Programmatic needs
- Facility and capital needs
- Staffing needs

### **Budget Document Review**

This Fiscal 2019 “General Fund” budget document was reviewed from the perspective of the national standards for budget documents that were established approximately fifteen years ago by the Association of School Business Officials (ASBO) International. These national standards represent an extraordinarily difficult achievement for school districts to meet, and consequently, ASBO created a very prestigious award entitled “***The Meritorious Budget Award***” to honor and acknowledge the districts that have met them. Indeed, to date there are less than twenty school districts that have received this award in the

Commonwealth of Massachusetts. This analysis, however, is focused upon the most critical features that, in our opinion, must appear in every school district budget.

One of the district's primary goals should be the development of a budget that can be used by the district and its stakeholders as a financial plan, a policy document, an operations guide and a communication device. Implementation of the following suggestions, in our opinion, would achieve this result.

In this regard, the following is an explanation of the adjustments which should be implemented in order to accommodate the core elements of an effective budget document. Please also refer to Addendum B for more extensive guidelines based on Meritorious Budget Award criteria.

The Fiscal 2019 budget document is essentially a computer-generated printout from the general ledger. It provides line item level information regarding the recently approved budget and the present Fiscal 2018 budget. Budget to budget comparisons are not very useful because they represent *planned* expenditures for two separate years. *Actual* expenditures from three previous years, however have been provided, which constitutes sufficient spending data for the analysis of spending trends. There is also an absence of a column which delineates the percentage increases or decreases for each line item and for the entire budget.

However, as mentioned in the budget development section of this report, the budget document also needs to be clear, comprehensive, complete, and current. Consequently, the following additional comments and suggestions are based on these four perspectives:

- From a clarity perspective, the budget needs a Table of Contents so that each program budget can be easily found.
- From a clarity perspective, the budget does have consistent pagination throughout.
- From a clarity perspective, the budget needs to incorporate the utilization of extensive narrative, graphs, and tables. These devices will significantly increase transparency by clarifying exactly what the budget is attempting to address through the allocation of funds in particular programs, sites, and academic areas. It should also include important background information such as enrollment trends, class sizes, and key indicators of student achievement and growth. The narratives, charts and infographics can be essential in helping readers understand how budget requests connect to district and school improvement goals and how dollars will be used to improve student outcomes. There are excellent resources available on the Massachusetts Department of Elementary and Secondary Education's website and portal, including the school and district directories, and the DART and RADAR tools, that can be used as part of the budget document.
- From a completeness perspective, the capital improvement plan, technology plan, fee schedules, debt service schedules (if applicable) should all be included at least in summary fashion. These document summaries should appear as addenda to the budget.
- From a clarity perspective, an Executive Summary section should be prepared as described below:

*An executive summary that can serve as a "stand alone" overview of the budget document. This document should provide summary (not extensive detail) information, including an overview of significant budgetary issues, trends, and resource choices. This Summary Information should be presented within the budget document either in a separate section (e.g., executive summary) or*

*integrated within the transmittal letter or other overview sections, or as a separate “budget-in-brief.”*

- From a clarity perspective, the budget needs an explanation of the linkage of funding requests to goals and priorities that have been approved by the school committee. These goals, objectives, and/or priorities should also appear in the budget document.
- From a completeness perspective, include all sources and uses of funds in the budget document including state and federal grants and local revolving funds.
- From a comprehensiveness perspective, the district’s strategic plan with clear and measurable goals and objectives should be incorporated into the budget document with ties to specific budget areas. This can be a powerful tool in the development and marketing of a school district budget.
- From a comprehensiveness perspective, the budget should be both site and program based in order to assure accountability at the cost center level. ***Haverhill’s budget does meet this criterion.***
- From a comprehensiveness perspective, present at least three years of actual expenditure history, as well as the current adopted budget and the requested budget.
- From a comprehensiveness perspective, include staffing levels by school and program, both historical and projected. Ideally, full time equivalent staffing levels should be included alongside the compensation account lines to which those staff are allocated.

It is critically important that the district adopt a specific policy for handling how the school committee will approve and monitor the annual budget, particularly with regard to the transfer of funds.

The school administration, building principals and other cost center managers should oversee the individual school budgets following the guidelines established by the School Committee. Spending policies should not be so restrictive as to prohibit an administrator or principal from making a budgetary decision that will positively impact the educational operation to improve student performance within their school program.

The MASBO website contains sample budgets that utilize the concepts articulated in this section of the report. These sample budgets can be downloaded and used as templates. The Springfield Public Schools budget document is recommended for your review. The Masconomet Regional School District’s budget is also available for review.

It is understood that implementing many of the budgetary formats and informational adjustments takes time, especially when a district is somewhat handicapped with limited staff. Consequently, it is certainly acceptable to make these changes gradually over a number of budget cycles.

### **Summary Comments**

It is important to note that the development of a thorough and comprehensive budget document is a time-consuming task and often can take two to three annual budget cycles to achieve the best practice standards for school budgets that have been delineated in this section of the report. That said, the district should consider incorporating as one of its strategic objectives, the development of a highly transparent and participatory budget process and a comprehensive budget document that conforms to state and

national best practice standards. In order this strategic objective, the district should focus its efforts on the five areas listed below:

1. Develop a more comprehensive budget calendar, ideally in September, that is reviewed and adopted by the School Committee each year and includes all steps of the budget process from the setting of budget goals and priorities to approval by the School Committee and adoption by the City Council.
2. Develop and utilize a district strategic plan or improvement plan as the basis for annual budget goals. With a new Superintendent, a transitional improvement plan will likely guide the district until the completion and adoption of a new strategic plan which typically occurs twelve to eighteen months after the start of the new Superintendent's tenure. This will be an important document that will help guide the development of budget goals and priorities for funding in the future.
3. Ensure a highly participatory and transparent budget process that all district and school administrators can meaningfully contribute to the setting of budget goals and priorities. Their goals and priorities should be based on school improvement plans. School principals should also ensure that School Site Councils can provide input on not only the school improvement plan but also the site level budgets as well.
4. All members of the central office leadership team should participate in the budget meetings with individual principals and department heads. This will ensure that district administrators can review and engage in discussions about school level budget requests that pertain to their department (e.g. special education or curriculum and instruction). We also recommend that budget managers be allocated enough time to present and defend their budget requests. It was noted that budget managers are allocated a ten-minute meeting, which seems insufficient. We recommend that these meetings be, at a minimum, thirty to sixty minutes in length.
5. The budget document is, in some respects, one of the most important documents that is published by the district on an annual basis. The budget document should "tell the story" of the district's funding needs and priorities and is the key opportunity to inform constituents as to how those dollars will be used to improve student outcomes. The budget document that was provided to us consisted of fifty-four pages of detailed budget tables showing the budget by cost center and by site. The district should review the ASBO standards for meritorious budgets, which is located in the Addenda section of this report, and consider revising and enhancing the budget document to conform to those standards.

In summary, the MASBO team is impressed with the potential throughout the school district to be able to confront some very serious challenges, such as the lower than state average net school spending level; the annual loss in state Chapter 70 reimbursement due to higher numbers of school choice students leaving the district; average district per pupil costs and teacher salaries that are significantly below the state average; and a very large percentage of high needs and high poverty students. In spite of these rather daunting obstacles to academic performance, the district's Accountability and Assistance Level is 3 on the ESE rating scale.

During our two-day site visit, we met some extremely dedicated staff and administrators as well as school committee and municipal officials that are committed to improving district operations. We feel that this report can serve as a blueprint for the district in meeting the challenge of providing the highest quality educational services to the children of Haverhill in the most cost efficient and effective manner.

The Addenda contained in this report should assist in addressing many of the issues that are noted. Other assistance and information can be obtained by accessing the MASBO Website (sample operations manual, budgets, statutes mentioned above, etc.) or contacting Margaret Driscoll, MASBO Executive Director at 978- 452-7044 or [exec@masbo.org](mailto:exec@masbo.org).

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**SECTION 4:**  
*Addenda*

**ADDENDUM A**

**PAYROLL PROJECTIONS/BEST PRACTICE PROCEDURES**

*The following is a formula that will allow you to accurately project salary accounts, compare budget to actual expenditures and Monitor positions usage (FTE):*

**Total Amount Expended to Date**

**+**

**Total Payroll Amount for your current Payroll**

**+/- *Non-Recurring Charges or Adjustments***

**= Net Payroll for “Run-out”**

**X**

**Number of pays remaining**

**Adjustments that must be factored in so that remaining pays can be estimated accurately:**

**Step / Increments Due**

**Cost of Living Adjustments Due**

**Degree Change Adjustments**

**End of Year Payments (Stipends, Sick Leave Buy Backs, etc.)**

**+/- Adjustments for Vacancies / Leaves / Position Growth**

**- Expected Funding Offsets & Reimbursements**

*The following are recommendations for accurately monitoring payroll on a continual basis:*

- Maintain Salary Book (history of salary agreements).
- Randomly audit a sampling of employee pays each period.
- Explain payroll changes period-to-period.
- Maintain a payroll procedures manual.
- Weekly coordination with HR on employee changes (no-pays, new hires, retirements, etc.).

## ADDENDUM B

### BUDGET DEVELOPMENT GUIDE

#### **The Budget as a Policy Document (PD)**

PD1. **Mandatory:** The document should include a coherent statement of entity-wide long-term financial policies.

PD2. The document should include a coherent statement of entity-wide, non-financial goals and objectives that address long-term concerns and issues.

PD3. **Mandatory:** The document shall include a budget message that articulates priorities and issues for the budget for the new year. The message should describe significant changes in priorities from the current year and explain the factors that led to those changes. The message may take one of several forms (*e.g., transmittal letter, budget summary section*).

PD4. The document should include clearly stated goals and objectives of organizational units (*e.g., departments, divisions, offices or programs*).

#### **The Budget as a Financial Plan (FP)**

FP1. The document should include and describe all funds that are subject to appropriation.

FP2. **Mandatory:** The document shall present a summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization.

FP3. **Mandatory:** The document shall include summaries of revenues and other financing sources, and of expenditures and other financing uses for the prior year actual, the current year budget and/or estimated current year actual, and proposed budget year.

FP4. **Mandatory:** The document shall describe major revenue sources, explain the underlying assumptions for the revenue estimates, and discuss significant revenue trends.

FP5. **Mandatory:** The document shall include projected changes in fund balances, as defined by the entity in the document, for appropriated governmental funds included in the budget presentation (fund equity if no governmental funds are included in the document).

FP6. **Mandatory:** The document should include budgeted capital expenditures, whether authorized in the operating budget or in a separate capital budget.

FP7. The document should describe if and to what extent significant non-routine capital expenditures will affect the entity's current and future operating budget and the services that the entity provides.

FP8. **Mandatory:** The document shall include financial data on current debt obligations, describe the relationship between current debt levels and legal debt limits, and explain the effects of existing debt levels on current and future operations.

FP9. The document shall explain the basis of budgeting for all funds, whether cash, modified accrual, or some other statutory basis.

### **The Budget as an Operations Guide (OG)**

OG1. **Mandatory:** The document shall describe activities, services or functions carried out by organizational units.

OG2. The document should provide objective measures of progress toward accomplishing the government's mission as well as goals and objectives for specific units and programs.

OG3. **Mandatory:** The document shall include an organization chart(s) for the entire organization.

OG4. **Mandatory:** A schedule or summary table of personnel or position counts for prior, current and budgeted years shall be provided.

### **The Budget as a Communications Device (CD)**

CD1. The document should provide summary information, including an overview of significant budgetary issues, trends, and resource choices. Summary information should be presented within the budget document either in a separate section (*e.g., executive summary*) or integrated within the transmittal letter or other overview sections, or as a separate budget-in-brief.

CD2. The document should explain the effect, if any, of other planning processes (*e.g., strategic plans, long-range financial plans, and capital improvement plans*) upon the budget and budget process.

CD3. **Mandatory:** The document shall describe the process for preparing, reviewing and adopting the budget for the coming fiscal year. It also should describe the procedures for amending the budget after adoption.

CD4. **Mandatory:** Charts and graphs should be used, where appropriate, to highlight financial and statistical information. Narrative interpretation should be provided when the messages conveyed by the graphs are not self-evident.

CD5. The document should provide narrative, tables, schedules, or matrices to show the relationship between functional units, major funds, and non-major funds in the aggregate.

CD6. **Mandatory:** The document shall include a table of contents to make it easy to locate information in the document

CD7. A glossary should be included for any terminology (including abbreviations and acronyms) that is not readily understandable to a reasonably informed lay reader.

CD8. The document should include statistical and supplemental data that describe the organization, its community, and population. It should also furnish other pertinent background information related to the services provided.

CD9. The document should be produced and formatted in such a way as to enhance its understanding by the average reader. It should be attractive, consistent, and oriented to the reader's needs.

## ADDENDUM C

### **A Review of the School Committee's Authority to Make Internal Budget Adjustments**

by Glenn S. Koocher, M.P.A. and Stephen J. Finnegan, J.D.

An area of increasing controversy and some contention among municipal officials is the authority of the school committee over the budget for the local or regional school district. Prior to the passage of Proposition 2 1/2, school committees enjoyed fiscal autonomy, whereby the legislative bodies of the cities and towns were required to appropriate the funds requested by the school committee for school purposes. Proposition 2 1/2-repealed school fiscal autonomy and vested bottom line budget approval with the municipal budget authority.

After the passage of Proposition 2 1/2, the Commissioners of Education and Revenue issued a joint memorandum underscoring the line item and authority of school committees based in part on *Leonard v. School Committee of Springfield*, 241 Mass 325 (1922). Subsequently, two laws further reinforced the line item and transfer authority of school committees. (St. 1981, c.471 and 782.)

The Massachusetts Education Reform Act of 1993 (MERA) made some significant changes to the law governing public education. However, setting the district budget and determining district policy remains firmly with the school committee, (M.G.L. Ch. 71, Sections 34 and 37) and the fiscal authority of the board changed little under MERA. Indeed, one of the changes to school budget authority added the minimum required local contributions and net school spending mandates to Chapter 70.

The final promulgated school budget, of course, is subject to the legal requirements of net school spending but is also subject to review by the mayor or city manager and city council in cities, and the review of a town finance committee and decision of the town meeting.

Regional school district budgets must receive the approval of two-thirds of the school committee and two-thirds of the member municipalities pursuant to M.G.L. Ch. 71, Section 16B, but are otherwise subject to "all the powers and duties conferred by law upon school committees." (M.G.L. Ch. 71, Section 16.) These municipal reviews impact only the final school department budget, and "shall not allocate appropriations among accounts or place any restrictions on such appropriations." (M.G.L. Ch. 71, Section 34.)

School committees make dozens of difficult decisions during the budget process that includes at least one mandatory public hearing (M.G.L. Ch.71, Section 38N) but in fact, usually involves more. The board must act, often with passionate special interests seated before them, to vote affirmatively or negatively on individual programs and line items recommended by the superintendent of schools. Someone usually goes home disappointed with virtually every decision.

It is no surprise that when municipal budgets are tight special interests lobby with added vigor for their priorities. It is not unusual for school advocates to take their case to the municipal officials, often hoping to reverse a controversial decision of the school committee. More frequently, town meetings, boards of selectmen, or city councils will promulgate the municipal budget, including the final level of school spending, with a strong recommendation to the school committee.

Although this may sound like a mandate to the average citizen, it is really only a strongly worded recommendation that is not binding. M.G.L. Chapter 71, Section 37 is clear that the school committee shall "... review and approve budgets for public education in the district."

Moreover, Section 34 adds "the vote of the legislative body of a city or town shall establish the total appropriation for support of the public schools, but may not limit the authority of the school committee to determine expenditures within the total appropriation." Furthermore, Section 34 states that "the city or town appropriating body may make nonbinding monetary recommendations to increase or decrease certain line items allocating such appropriations."

For example, if a school committee approves a budget of \$10 million for a district where required net school spending is \$9.75 million, the town meeting or city council may approve the lower figure, but only the school committee is empowered legally to make the subsequent internal budget adjustments to cut the \$250,000 trimmed by the municipal legislative body. Anticipating the potential for a contentious debate and public scrutiny, and in the hope that municipalities will fund at the higher rather than minimally required levels, school districts often present more detailed budget requests with ample documentation and program explanations.

A second major area of budget contention arising since MERA adjusted the dynamics between superintendents and school committees, concerns the authority to transfer among accounts. Various school committees have adopted policies or rules that allow a superintendent to transfer up to a certain amount, usually five thousand dollars, from one line item to another without the approval of the board.

Both Massachusetts Association of School Committees (MASC) counsel and the Department of Revenue, Division of Local Services, have opined that, based upon M.G.L. Ch. 71, Sections 34 and 37, the

authority to transfer among accounts is vested solely in the school committee, and therefore may not be delegated to the superintendent or other officer.

While a school committee may not delegate the statutory authority to transfer among accounts to the superintendent, they may grant authority to transfer within an account by following the guidance offered in 1994 by the Division of Local Services: “The school committee could grant the superintendent more discretion by limiting the number of allocations to fewer, more general categories in its budget vote and by labeling subcategories as information only.

For example, despite education reform, the school committee could budget general teacher salaries as a cost center with information items for each school. The superintendent could then use amounts shown for one school in another school without the necessity of a formal transfer vote. Conversely, the committee could give principals more authority by voting to allocate actual budget items to each school, requiring a formal committee vote to transfer from one school to another.”

School committees that want to scrutinize the annual operating budget more closely might have many “cost centers” identified in their promulgated budget; others that want to allow the superintendent more discretion could have fewer such accounts.

*Editor’s Note: This article represents the opinions and conclusions of the authors and not those of the Department of Revenue.*

*Glenn Koocher, M.P.A., is Executive Director of the Massachusetts Association of School Committees.*

*Stephen J. Finnegan, J.D., is General Counsel to MASC.*

## ADDENDUM D

### 10.04: Financial Accounting and Reporting: Other Municipal Departments

(1) The following expenditures from local revenues by a municipal department other than the school department which result in services to or on behalf of the school district shall be reported to the Department on or before September 30 of each year in accordance with the expenditure categories and cost allocation methods set forth in guidelines published by the Department. The cost of insurance and retirement benefits for non-school district employees shall not be included or reported.

(a) **Administrative Services.** The cost of municipal accounting, auditing, central data processing, central purchasing, employee benefits administration, financial services provided to the school department.

(b) **Educational Media and Library Services, Exclusive of Capital Outlay.** The activities of librarians and catalogers, and the costs associated with cataloguing books, pamphlets, periodicals and other materials for use by school district students where there is an agreement between the school district and the library board for specific services to be provided to students.

(c) **Health Services.** The salaries of health personnel who provide direct services or instruction to public school students or school department employees pursuant to an agreement between the school district and the municipality for the provision of these services and related costs for supplies, materials and other direct expenditures in support of services covered by the agreement; the salaries of public safety officers, on an hourly basis, who provide direct classroom instruction on alcohol and substance abuse and violence prevention to public school students pursuant to an agreement between the school district and the municipality for the provision of these services; the salaries of health personnel who provide direct services which state law requires be provided to non-public students or non-public school employees and who make regularly scheduled visits to non-public schools for this purpose and related costs for supplies, materials and other direct expenditures in support of these and other services provided in accordance with M.G.L. c. 71, § 57.

(d) **School Security Services.** Salaries and other expenses of security staff or school police who are scheduled solely on school grounds where there is an agreement between the school committee and the municipality for specific services to be provided.

(e) **Student Transportation Services.** All costs incurred as a result of programs transporting public school students once daily to and from school, and the costs incurred in transporting non-public school students once daily to and from school to the extent required by M.G.L. c. 76 § 1.

(f) **Operation and Maintenance of School Facilities.** The direct costs of salaries, supplies, materials and contractual expenses for the ordinary and extraordinary maintenance of school buildings, grounds and equipment. School maintenance expenditures shall be reported for services performed within a school building or on school grounds, and shall include other property used by the public schools only where there is an agreement between the municipality and the school district concerning the use and maintenance of that property. Overhead costs for non-school buildings shall not be included or reported.

(g) **Employee Benefits.** The actual costs of pensions paid to school department retirees or the actual costs of assessments paid to state, county or municipal retirement systems on account of school department employees or retirees, including any special assessments for early retirement incentive programs for school department employees; the direct insurance premiums for active and retired school district employees, after deducting all employee contributions; contributions to self-insurance trust funds from the municipality's general fund; and the indirect costs of administering employee benefit programs.

(h) **Non-Employee Insurance.** The direct insurance premiums for school buildings, grounds, equipment and liability coverage, contributions to non-employee self-insurance trust funds from the municipality's general fund, and the indirect costs of administering school facilities and liability insurance programs.

(i) **Rental/Lease of School Buildings and Non-Instructional Equipment.** Expenditures for the lease or rental, at the request of the school district, of buildings and non-instructional equipment for the public schools, not including any capital lease which provides for the municipality's acquisition of the leased building or equipment at the conclusion of the lease term.

(j) **Interest on Borrowing for School District Purposes.** Actual interest paid in borrowing for Revenue Anticipation Notes to support current year school district operations, interest on bonds and loans used to finance the purchase or construction of schools, textbooks, instructional equipment and technology, non-instructional equipment, and school building maintenance.

(k) **Other Recurrent School-Related Expenditures.** Other items of a recurrent nature for school purposes such as the salaries of crossing guards and the costs of public safety inspections.

**(l) Acquisition, Improvement and Replacement of School Sites, Buildings, Equipment and Student Transportation Vehicles.** Such costs shall be limited to funds expended for school capital construction and major reconstruction projects, maintenance projects which exceed the cost limit for extraordinary maintenance, the actual cost of student transportation vehicles, amortized in accordance with guidelines published by the Department, and other specific appropriated items, including school building planning costs and lease/purchases of buildings or non-instructional equipment, that are intended to acquire a new asset for the school district.

**(m) Programs with Other Public and Private Schools and Educational Collaboratives.** The tuition or assessment paid for instructional programs provided by other school districts or private schools to students resident in the municipality who attend those schools by agreement of the district school committee or as a result of placement by a state agency.

(2) Where the Department's guidelines permit districts to select among two or more permissible methods for allocating the municipal expenditures set forth in 603 CMR 10.04 (1) (a) through (m), one method shall be chosen by the school district and used consistently from year to year. The allocation method used to report expenditures by municipal departments other than the school department may be changed only with the approval of the Commissioner.

(3) When school and municipal officials cannot agree on the correct reporting, allocation and documentation of expenditures by municipal agencies for educational purposes, they shall so notify the Department. The Commissioner shall, upon receipt of such notice, appoint a designee to conduct an informal hearing to encourage the parties to reach an agreement and make a final determination on the issues in dispute if no agreement is reached within a reasonable time period. The Commissioner shall consult with and seek assistance from the Commissioner of Revenue or his designee in attempting to resolve such disputes. last updated: July 2, 2013

## **ADDENDUM E**

### **Confidential Employees**

#### **A. Factors**

To be regarded as confidential, an employee must have a continuing and substantial relationship with a managerial employee that creates a legitimate expectation of confidentiality in their routine and recurring dealings. Employees who have significant access or exposure to confidential information concerning labor relations matters, management's position on personnel matters, or advance knowledge of the employer's collective bargaining proposals are excluded as confidential.

#### **B. Examples of Evidence**

The parties should indicate to whom the incumbent in the disputed position reports and to what bargaining unit, if any, the supervisor belongs. If the employee's job duties allegedly involve budgetary, grievance, negotiating, hiring, promotion, and/or disciplinary processes, the parties should specify the employee's role and the type of information or documents that the employee handles or reviews.

#### ***Complementary Content***

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## ADDENDUM F

### Student Activity Guidelines

#### Section 1. Purpose

The following guidelines are promulgated in accordance with M.G.L. c. 71, §47, which establishes the requirement that student activity monies be handled in accordance with good accounting practices. Recognizing that these monies do indeed belong to the students and not to the School District and that there needs to be adequate controls in place to safeguard these monies, sound business guidelines need to be developed to govern these accounts. There is a value to students who perform functions and handle monies belonging to the student groups. The exposure the students receive is a valuable learning experience in control and administration of accounts.

#### Section 2. Student Activity Accounts

1. In accordance with Chapter 66 of the Acts of 1996 the School Committee should authorize the district to establish an “interest bearing bank account, hereinafter referred to as the “Student Activity Agency Account” (hereinafter “Agency Account”) for the purpose of conducting student activities.
2. All monies collected through student activities must be deposited to the Agency Account. The “Student Activity Checking Account” (hereinafter “Checking Account”) shall be controlled and operated by the school principal. Such an account is only for expenditures in accordance with School Committee policy and these guidelines. Each account may have up to two signors, the Principal and his/her designee.
3. The funds to establish such a Checking Account must come from the Agency Account as must all monies to periodically replenish the checking account (after submittal of appropriate documentation) up to the maximum balance. Funds to establish and replenish Checking Accounts must come from the Agency Account. The District Treasurer is responsible for this transfer after the principal initiates the request.
4. The maximum balances for Checking Accounts shall be established by the School Committee.
5. Checking Accounts are to be used for check-writing purposes only. No money may be directly deposited into the checking accounts.

### **Section 3. Organizational Management of Student Activity Accounts**

#### **Bonding**

1. In accordance with M.G.L. c. 71, section 47, the principal designated to operate and control such Agency Account shall give bond to the district in the amount determined by the treasurer to secure the principal's faithful performance of his duties in connection with such an Agency Account. All employees who handle student monies shall be added to the school's general liability insurance policy.

#### **Audits/Annual Reviews**

1. Checking Accounts and Agency Accounts shall be reviewed annually by the Assistant Superintendent at the close of the school year. Each year, an audit of Checking Accounts and Agency Accounts must be completed by an independent audit firm. Fees associated with the audit will be paid for out of the school district operating budget.
2. The Superintendent and his designated staff members shall review monthly reports of all Agency Accounts and Checking Accounts. These monthly reports will be prepared by the individuals having daily oversight of the accounts and will be submitted to the Superintendent's Office on the first business day of each month. The reports shall contain the opening balance of the previous month, copies of any deposit slips representing for deposits made into the Agency Account and receipts for any disbursements from the Agency Account or the Checking Account.

#### **Training**

1. At the beginning of each school year, the Assistant Superintendent or his designee will provide to each school principal a copy of these guidelines. The School principal shall distribute a copy of these guidelines to any individual having daily oversight of the Agency Account or the Checking Account. The Principal or the Assistant Superintendent or his designee shall conduct a training on the procedures, forms, authorizations needed, and the books and records to be kept to accurately systematize an audit trail and prepare the proper reports as required by these guidelines. Attendance at a training session shall be required before any individual can have daily oversight of an Agency Account or Checking Account.

#### **Tax-Exempt Status**

1. All Checking Account purchases will be under the tax exempt number of the school district. Monies not under the control of the school system (ex. PTO, Booster Clubs, staff monies, etc.) are

not considered student activity monies and are not eligible to use the tax-exempt number. Any monies belonging to staff (ex. sunshine funds, staff vending machines) cannot be maintained in such accounts. Should staff wish to maintain such an account(s), they must establish a bank account in their own name, and cannot use the municipal/district tax exempt number for such accounts.

### **Gifts**

1. Gifts to recognize student activities can be deposited into the Agency Account and expended in accordance with district policy.

### **Class Accounts at Graduation**

2. Class accounts may only remain active for 90 days after graduation. Prior to graduation, the principal shall inform the class officers that all remaining funds in the class account must be expended within 90 days after graduation for class related activities/events or the balance in the class account must either be turned over to the incoming senior class or to a 501 (c)(3) charity of the class' choosing.

## **Section 4. Operating Procedures**

### **Record Keeping**

1. Detailed records and back up documentation must be maintained in order to facilitate auditing and the integrity of Agency Accounts and Checking Accounts. The following operating procedures shall be used:
  - Pre-numbered tickets should be used with an inventory system for monitoring the use of such.
  - A standardized financial report promulgated by the school district shall be submitted to the building principal within twenty-four (24) hours of the completion of a fundraiser. The student advisor will be responsible for completing the financial report and submitting it.
  - All disbursements must require a bill or some type of receipt.
  - All deposits must require a school deposit slip stating the source of the monies, total amount being deposited, and signature of the person making the deposit.
  - Bank reconciliations and account reconciliations should be completed at least quarterly by the district. Copies of the account reconciliation shall also be sent to the student officer/treasurer and the faculty advisor of each organization.

- Annual financial reports will be made to the School Committee at the close of the school year. The individual responsible for daily oversight of the student monies shall be responsible for completing the financial reports and submitting them to the school principal who shall transmit the report to the School Committee.

### **Subsidiary Accounts**

1. The principal shall maintain subsidiary accounts within the Agency account, in order to match receipts and expenditures to the appropriate recognized student activity organization. Subsidiary accounts should be balanced each month to the control account.

### **Receipts**

1. Any student organizations receiving monies from any source (fund-raisers, donations, etc.) will turn over such money to the principal or the principal's designee within twenty-four hours for subsequent deposit to the Agency Account.
2. If money is received on a weekend, it shall be turned in on the first business day of the Principal's Office. No student shall take money home at any time; money received over the weekend shall be deposited to a night depository, secured in a locked vault, or safeguarded by other means.
3. The principal or principal's designee will deposit into the agency account all monies received from student activity organizations no later than forty-eight hours of receipt by the Principal's Office.
4. All money turned over to the office by a student organization (student officer/treasurer or advisor) shall be accompanied by a school deposit, and signed by the person turning over the money to the office.
5. All monies turned into the office by students must be co-signed by the advisor or a teacher.
6. The advisor or student officer/treasurer should keep a duplicate of the school deposit slip submitted to the office with the money.

### **Earnings**

#### Interest Earnings

1. Interest earnings may be expended for costs related to the operation of the Agency Account. This includes (but is not limited to) bank charges, audits, specialized bonds for employees handling

student activity monies (if not covered under general liability policies), forms and tickets, and bookkeeping costs.

2. Interest accrued in the Agency Account will be primarily used to pay associated bank fees. Any additional interest will be transferred into the Checking Accounts. The interest will be apportioned to schools based on the size of that school's balance at the end of the fiscal year. [For example, if High School student activity funds account for 50% of the Agency Account balance, then 50% of the accrued interest should be directed towards the High School checking account].

**Commissions:**

1. Any monies paid to the school or to a student activity organization as commissions belong to the students (ex. school pictures, yearbooks, class rings, and candy sales) shall be deposited into the Agency Account. Such monies shall be expended in accordance with policy set by School Committee.
2. Any other undesignated earnings related to student activities shall be deposited into the Agency Account.

**Purchases**

1. No purchases will be made without prior approval of the principal.
2. The up-fronting of personal monies should be avoided whenever possible. If it is anticipated the up-fronting of monies may be necessary, prior approval shall be obtained from the principal.
3. Equipment and supplies purchased with Agency Account monies are the property of the organization, not of any individual student, advisor, or other interested party.
4. Student advisors, or others involved in purchasing through the Agency Account, shall not in any way benefit personally from the purchase.
5. Student activity monies shall not be used for any purpose unrelated to student activities or for the benefit of any staff person.

**Expenditures/Disbursements/Checks**

1. All expenditures/disbursements from the Checking Account shall be made by check.
2. No check shall be made payable to cash.
3. Checks shall be signed only after they are completely prepared with the amount and payee.

4. No check shall be issued unless it is accompanied by a standard check request form. The form shall be accompanied with the invoice/receipt and any other supporting documentation and shall state to whom the check shall be made payable, the reason for the payment, the amount of the check, the account to be charged, and the approval signature of the student officer/treasurer or advisor.
5. Check signature authority shall be in accordance with School Committee policy. Two signatures are required on checks issued over \$5,000.
6. No check will be issued without bills or receipts accompanied by the disbursement form to document the disbursement.
7. A record of all checks issued will be maintained.
8. All checks shall be accounted for, including voided checks.
9. Checkbook reconciliations to bank statements and account reconciliations shall be done quarterly. The principal shall review and approve the reconciliations.

#### **Cash Boxes**

1. A check may be made to open a cash box at the beginning of each fiscal year. This will be done via a voucher "to open cash box for fiscal year XX". This check shall be cashed for change and placed in a locked cash box, which shall be kept in a safe or other secure locked location.
2. A cash box(es) may be needed during the year to make change during fund-raising activities. At no time shall a cash box be used as a petty cash fund.
3. The cash box shall be signed out to student organizations as needed for fund-raising. A log book shall be kept which records which group is using the cash box, the date signed out, the amount in the cash box, and the signatures of both the person signing it out of the safe and the person receiving it. Upon return of the cash box, the log shall also record the date returned, amount returned (which shall be equal to the amount signed out), and signatures of both parties again.
4. The cash box shall be closed out at the end of the fiscal year by depositing the money back to the main account. The amount deposited back must equal the amount originally withdrawn to establish the cash box.

#### **Fund-Raisers**

1. All fund-raising projects will be held in accordance with School Committee policy.
2. Results of fund-raisers shall be reported to the principal within one week of the close of the fund-raising activity on an approved form.
3. All monies received through fund-raiser shall be deposited in accordance with the preceding section on “Receipts”.
4. Expenditures related to fund-raisers must be handled in accordance with the guidelines and policies for all other student activity account expenditures (see “Purchases” and “Expenditures/Disbursements/Checks”)

### **Inactive Accounts**

1. Any student activity organization inactive for a period of three (3) years or more, and for which there has been no receipts or disbursements recorded on their behalf, shall require the following actions to be closed:
  - a. Written notification by the principal to the faculty advisor or student officer/treasurer that the particular activity will cease to be a viable account. The faculty advisor shall notify any students of said student activity organization of the written notification.
  - b. All assets of the recognized student activity organization shall be determined and stated in writing.
  - c. All assets of an inactive recognized student activity organization shall revert to the Agency Account.

### **Forms**

There shall be a uniform set of forms used with regard to the guidelines herein. Said forms are appended to the guidelines. There are some recommendations that have been suggested by people who are involved with the NRSB Student Activity Accounts program. The suggestions include:

- Negative Balances- no more
- Student Travel
  - Formal Request with approval from SC- Detail included (Best Practice)
  - Final report for finances after trip

- Approval Authorization Forms
- All travel needs to be approved by the School Principal with policies established by School Committee
- Large Account Receipts-Pre-numbered receipts for all monies
  - Examples:
    - Year Book
    - Dues
    - School Trips
- Sign off of receipts (turnovers) by two people excluding Treasurer
- Small Accounts need a checklist for receipts
- Turn-over period – date needed for time of payment of fees and submission to Treasurer
- Advisor Accountability
  - Reconciliation of all funds for the programs they are advising
- All checks must be accounted for
  - Voided Checks
- Signor must be confirmed on all checking accounts
- 30B encouraged on all big ticket items
- List of all individuals involved in Student Activities
- Form for Reconciliation- uniform across the district
- Maintain a reconciliation document

**Appendix A**  
**Review Team Qualifications**

**John A. Crafton**

35 Rowley Country Club Road

Rowley, MA 01969

(978) 273 3888

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**PROFILE:** *Master of Business Administration and Education; experience as School Business Administrator with extensive expertise in fiscal, property management, food services and transportation. Knowledge of Communicating Education Reform, The Foundation Formula, How Much to Appropriate, DOE Reporting, UMAS/DOE Linkages, Accounting Alternatives and Net School Spending. Ability to analyze issues and plan appropriate and effective strategies. Well organized; detail oriented. Creative. .self-motivated. . . independent thinker. Computer literate.*

**EDUCATION:**

1981            **BOSTON COLLEGE**, Boston, Massachusetts

**PROGRAM LEADING TO DOE CERTIFICATION AS SCHOOL BUSINESS ADMINISTRATOR**

1979            **SALEM STATE COLLEGE**, Salem, Massachusetts

**MASTER OF EDUCATION with specialization in Psychology**

1969            **WESTFIELD STATE COLLEGE**, Westfield, Massachusetts

**BACHELOR OF SCIENCE-EDUCATION**

**ADDITIONAL TRAINING:**

*Massachusetts Certified Public Purchasing Officer*

*Educator's Certificate: Business Administrator (All),*

*Principles of Supervision – Worcester State College*

*Ongoing education includes numerous workshops and seminars*

*Extensive involvement in the Massachusetts Association of School Business Officials*

*Professional Support Services*

**PROFESSIONAL EXPERIENCE:**

2005-Present      **MASSACHUSETTS ASSOCIATION OF SCHOOL BUSINESS OFFICIALS,**  
Chelmsford, Massachusetts

**EXECUTIVE DIRECTOR**

1993-2005              **METHUEN PUBLIC SCHOOLS,** Methuen, Massachusetts

**ASSISTANT SUPERINTENDENT FOR BUSINESS**

Responsibilities are similar to those cited below.

1969-1993              **DRACUT SCHOOL DEPARTMENT,** Dracut, Massachusetts

**DIRECTOR OF PERSONNEL AND BUSINESS SERVICES**

Supervise the financial affairs of the District, including handling all funds, accounting, reporting procedures and long-range planning. Additional duties include: supervising the transportation services, physical plant services, school lunch program, central office activities; attending school committee and other town meetings; planning, organizing and continuing the data processing activities as related to District's operations, instructional operations and programs, research activities and pupil record keeping; maintaining department records; compiling statistical data for the preparation of budgets; preparing and implementing budget; supervising purchasing as the Chief Procurement Officer for the School District; supervising the preparation of bidding documents; monitoring and signing purchase orders; recruiting, interviewing, and recommending central office clerical employees; administering personnel policies of the

School Committee; assisting in classifying job descriptions; developing and maintaining system for personnel records; preparing and maintaining statistical information on all personnel and submitting necessary report to the State Department of Education and to the School Committee; maintaining open lines of communications with all community organizations and town departments; preparing financial reports; developing capital improvement programs; monitoring and initialing invoices for payment; monitoring requests for personal days, family sick days, bereavement and unpaid leave of absence.

**ACCOMPLISHMENTS:**

- *Initially employed as an elementary teacher in Dracut for four years, and then Guidance Counselor*
- *Received MASBO President's Award 2003*
- *Received ASBO's Eagle and Pinnacle Awards*
- *Received ASBO's Meritorious Budget Award*
- *Received MASBO's Lifetime Achievement Award (which was named after me)*

**Joel H. Lovering**

20 Windsor Road

East Walpole, Massachusetts

02032

(H) 508 668-1445 (C) 508 294-

4509

jlovering@comcast.net

**Summary of Qualifications:**

Superintendent of Schools for a public school District of 6300 pupils. Extensive experience in facilities, fiscal and property management, food service and transportation. President and Finance Chairman of the Southeastern Massachusetts Arts Collaborative (SMARTS), President of the Schools to Career Partnership, Inc. (SCP), Voting Member: Bi County Collaborative (BICO) Board of Directors, Past President of the Massachusetts Association of School Business Officials (MASBO), sitting member of the Association of School Business Officials, International (ASBO) Facilities Professional Sub Committee. Knowledgeable in the areas of Educational Reform, School Finance, bidding procedures, DESE reporting, school construction and curriculum. Certified by the State of Massachusetts Inspector General Office in procurement, building design and construction procedures, supplies and services (MCPPO); Registered School Business Official with the Association of School Business Officials International (RSBA). Retired Lieutenant Colonel USAR Aviation

**Education:****Bridgewater State College**

Bridgewater, Massachusetts

Master of Education in School Administration 1974

**Norwich University**

Northfield, Vermont

BA Education, Minor: Science 1968

**Johnson and Wales College**

Providence, Rhode Island

Associate Degree: Business Administration 1979

Associate Degree: Business Management 1979

Associate Degree: Computer Science 1979

**Licenses:**

Massachusetts Department of Elementary and Secondary Education: Superintendent of Schools, School Business Official, Principal K-12

Rhode Island Department of Elementary and Secondary Education: Superintendent, Principal K-12

**Employment:**

**September 2006 to Present**

Educational Consultant: Massachusetts Association of School Business Officials (School District Financial Review Team)

Program Coordinator: Massachusetts Association of School Business Officials Licensure Program

**July 2009 to October 2009**

Educational Consultant to Pope John Paul II Catholic Academy

Interim Director of Finance and Administration, Pope John Paul II Catholic Academy

**July 2009 to July 2011**

Energy Education Inc.: Marketing Consultant

**July 1, 2007 to June 30, 2009**

Executive Director: Rhode Island Association of School Business Officials

**July 1, 2003 to June 30, 2006**

**Superintendent of Schools, Attleboro, MA**

Responsible for 6300 students, 780 employees, 12 school buildings and a \$50m budget. Chief Executive Officer of the school department, working directly with city and elected officials. Created school District personnel office, and realigned business office for better efficiency. Responsible for making a \$1.1m midyear budget adjustment due to city reducing the school appropriation six months into the fiscal year and ending the fiscal year with a positive balance. Work directly with food service and facilities management companies working within the District. Chief negotiator for all administrative, custodial and maintenance contracts. Chief Procurement Officer for the school District. School District spokesman on school District related affairs. Work directly with the school committee and subcommittees on policy, curriculum, finance and procurement issues. Responsible for cooperative working relations with all school unions and city departments. Responsible for setting educational goals for the school District and ensuring their implementation. Directly involved with curriculum and special education matters in support of all students and student activities.

**February 1989 to July 1, 2003**

**Assistant Superintendent of Schools for Business, Attleboro, MA**

(Director of Funds and Facilities 1989-1992; Business Administrator 1992-1998: (title changes)

Overall responsibility for all business affairs of the school District. Duties include the development, implementation and oversight of the school District budget; monitoring proper control measures for payroll and business accounts; supervising long range financial planning while introducing creative approaches to saving tax dollars. Ensuring that expenditures are properly charged within the budget and kept within appropriation limits; liaison to city government for financial issues. Work directly with the School Committee Finance subcommittee on budget, procurement and facility matters; responsible for the management of transportation, facility maintenance and food service contracts. Chief negotiator for clerical, custodial, maintenance and bus driver contracts; advisory member of the Municipal Building Commission on school building projects.

**Accomplishments:**

Worked with City Municipal Building Commission and School personnel to plan, construct/renovate and build six school building projects.

Collaboratively worked with seven communities to develop an energy consortium that has saved the Attleboro School District over \$125,000 in utility cost annually.

Worked with City Officials to successfully change school District budget from pencil ledger to computerized budget format.

Co-authored the MASBO Strategic Plan as President of the Massachusetts Association of School Business officials.

Successfully bid and contracted with facilities maintenance, Food Service Company and transportation companies over a period of 18 years.

**Teaching Experience:**

Attleboro Public Schools

Attleboro, Massachusetts

**September, 1972-February 1989**

Brennan Middle School: Grades 6-8

Classroom teacher in the areas of Science, Government, Social Studies and Reading

Achievements: Successful teaching experience; Vice Chairman of Brennan Middle School Improvement Council; Horace Mann Grant recipient; Co-Chairman NELMS Evaluation Committee; Harvard University Educational Technology recipient; New England Secondary Schools and Colleges Science Sub-committee Chairman visiting accreditation team; South Eastern Massachusetts host classroom for Governor Dukakis' Drug Alliance Program.

**September, 1968-June, 1969**

Thatcher Middle School: Grades 5-8

Classroom teacher in the areas of Science and Reading

**Military Experience:**

Lieutenant Colonel USAR (ret)

**United States Army: June, 1968-February 1972**

Armor Officer, Fort Knox, Kentucky; UH-1 Helicopter Pilot, Fort Wolters, Texas; Fort Rucker, Alabama, Company Commander/Aircraft Commander, Republic of Viet Nam 1971-1972

**Massachusetts Army National Guard: March, 1972-December, 1991**

Company Commander, G3 Division Airspace Management Officer, UH-1/OH 6 Helicopter Pilot,  
Division Rear Project Officer

**United States Army Reserve: June, 1991-August 1996**

Instructor: Combined Arms Services Staff School

**Past/Present Professional Memberships and Awards:**

Massachusetts Association of School Superintendents

Association of School Business Officials, International: Member; Management Techniques Committee  
2002-2004, Facilities Management Committee 2004-present

Massachusetts Association of School Business Officials: Board of Directors 1997-2000; Vice President  
2000-2001; President Elect 2001-2002; President 2002-2003; Past President 2003-2004

Recipient: Massachusetts Association of School Business Officials President's Award; May 2006

Rotary Club of Attleboro

American Association of School Administrators

**John A. Manzi**  
**35 Knollwood Drive, Longmeadow, MA 01106**  
**413.537.9886**  
[johnamanzi@gmail.com](mailto:johnamanzi@gmail.com)

36 Knollwood Drive | Longmeadow, MA 01106 | 413-537-9886 | johnamanzi@gmail.com

OBJECTIVE

A Position as a K-12 Chief Operations Officer

SKILLS PROFILE

- Experience with K-12 administrative systems , functional and data systems aspect
- Managed enterprise data systems, integration, and reporting
- Implemented/reconfigured financial, time and attendance, human resource, payroll, substitute management , and payroll systems
- Designed and implemented data and process compliance systems

EMPLOYMENT HISTORY

**Financial Data Administrator, Springfield Public Schools**

3/1/2013 — Present

*Springfield, Massachusetts*

- Reconfigured Kronos Timekeeper system
- Implemented Kronos Leave, Attendance, and Analytics systems
- Integrated multiple administrative systems creating efficiencies and eliminating redundancies
- Schedule and assign work to staff on a regular basis
- Implemented audit and compliance systems
- Designed Cognos data warehouse frameworks and reports
- Managed processing of data for all administrative system including DESE end of year report, school budget, medicaid reimbursements, collective bargaining

**Director of Budgeting, Planning, and Special Projects, Springfield Public Schools**

2008 — 2013

- Implemented \$310 million budget
- Integrated and transitioned accounting systems
- Directed state end of year reporting
- Led major integration efforts of HR and financial systems

- Developed/coordinated all administrative data systems
- Implemented/Integrated MUNIS municipal ERP system

**Chief Administrator of I.T. Research and Innovation, Springfield Public Schools**

1994 — 2007

- Transitioned paper based systems to automated data systems for payroll, human resources, and financial services departments.
- Created the HumRes database and Payroll systems using Microsoft SQL Server back-end database and Microsoft Access as a front-end application – This system was used for over a decade and was the main payroll and HR in-house administrative system
- Administered Microsoft SQL Server user security and privileges
- Provided services in the following areas:

- |   |                                 |
|---|---------------------------------|
| - Financial Systems Support               | - Student Success Plan          |
| - Payroll Systems Support                 | - District Assessment Support   |
| - ADP Implementation/Integration          | - Transportation Restructuring  |
| - Certification Application Support       | - I.T. Infrastructure Migration |
| - Professional Development Support        | - Easy IEP System Integration   |
| - SPED Reporting and Support              | - I.T. Documentation Repository |
| - Helpdesk Systems and Support            | - M-Number System Development   |
| - Central Office Reporting                | - 504 Plan System Development   |
| - School Information Systems Support      | - STAT System Development       |
| - Project Management Office Support (PMO) | - Staff Allocation Support      |

**Bruno's Pizza, Founder/Controller**

1985 — 1994

*Springfield, Massachusetts*

- Managed multiple retail outlets
- Expanded business to over \$1 million in sales per year
- Managed 30 full time employees

**Springfield Housing Authority**

1984 — 1986

*Springfield, Massachusetts*

- Account Manager
- Implemented Reporting systems

**Activities and Credentials**

- Board Member – Massachusetts Association of School Business Officials

- Master of Business Administration – Bay Path College – Longmeadow, MA
- B.S. Business Administration - Old Dominion University - Norfolk, VA
- Massachusetts Certified School Business Official
- Musician
- United States Marine Corps

## MARY C. DELAI

14 Lemon Street ♦ Salem, MA 01970

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### *Academic Background*

Bachelor of Arts Degree in Economics and Sociology  
Saint Michael's College, Winooski, VT, 1987  
Valedictorian; summa cum laude.

Master of Environmental Management in Resource Economics and Policy  
Duke University School of the Environment, Durham, NC, 1992

### *Relevant Professional Experience*

Director of Finance & Operations, Reading Public Schools, Reading MA 2004-Present

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*Chief financial and operations officer for suburban school district with responsibility for \$35 million budget and 560 employees; responsible for budgeting, financial management, accounts payable/receivable, payroll, human resources, facilities, food service, and transportation*

- Led transition of key finance and human resource functions from town administration to school administration and assumed school business management role which had been unoccupied for twelve years
- Served as school department project leader for very successful conversion of financial, payroll, and personnel management systems to MUNIS
- Developed, defended, and managed budgets returning modest surpluses to general fund each of four years
- Drafted district's first written personnel and financial procedures manuals to ensure compliance with federal, state, and local laws, regulations, and ordinances
- Formed and chaired school-town Energy Conservation Committee whose efforts resulted in an 8% reduction in municipal energy consumption in the first and second years following implementation
- Initiated aggressive procurement strategies for transportation, natural gas, equipment leasing, maintenance trades, and school supply contracts resulting in over \$1.2 million in savings over four years
- Awarded the John F. Conway Distinguished Service Award by the Massachusetts Association of School Business Officials
- Well-respected, credible, and frequent presenter to town meeting, and town officials, boards, and committees

Membership Services Coordinator, MMA/ Massachusetts Interlocal Insurance Association 2002-2004

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*Developed and led innovative approaches to educating and assisting municipal officials and managers in risk management and insurance cost containment strategies.*

- Provided guidance to municipal and school officials on insurance products and risk management strategies
- Developed, implemented, and coordinated the *MILA Rewards* program which provided discounts to municipalities for implementing and engaging in risk management strategies
- Devised curriculum, identified trainers, and coordinated workshops and conferences for municipal boards, officials, and staff
- Assisted in marketing insurance programs and products to municipal customers
- Earned reputation as knowledgeable and credible advisor to municipal officials and staff

Program Coordinator, Massachusetts Department of Environmental Protection 2000-2002

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*Assisted with developing, implementing, and managing DEP Recycling, Waste Management, and Waste Reduction Grants Programs*

- Assisted with development and management of Consumer Services Division grants budget and expenditures
- Assisted with development of grant application procedures and award criteria, marketing of grant programs to municipalities, and review of grant applications for award
- Developed specifications and managed procurement of supplies and equipment granted to municipalities through Recycling Grant program
- Participated as DEP representative to the MA Operational Services Division's Environmentally Preferred Products procurement management team to develop specifications and review solicitations for products eligible for EPP designation

Project Manager, Environmental Futures, Inc.

1997-2000

*Under a management services agreement, assisted with daily management of operations for the North East Solid Waste Committee (NESWC), a 23-member municipal consortium bound by an unfavorable contract with the Wheelabrator Waste-to-Energy Facility in North Andover, Massachusetts.*

- Coordinated and facilitated waste reduction and recycling initiatives and public education programs for 23 municipalities including hazardous waste disposal days, mercury recycling, and composting programs
- Participated in negotiations with Wheelabrator executives to restructure municipal waste contracts and alleviate financial burden on municipalities resulting from unfavorable contract terms
- Aggressively pursued state funding and assistance in meeting federal and state air quality and waste management regulations affecting facility and passed through to participating municipalities
- Assisted with research and production of documents in support of lawsuit filed by municipalities against Wheelabrator Technologies, Inc.

Project Manager, CSI Resources, Inc.

1994-1997

*Provided consulting services to municipalities in siting, permitting, design, construction, operating, maintenance, monitoring, and remediation of solid waste management and recycling facilities including waste-to-energy, composting, recycling, hazardous waste, medical waste facilities.*

Financial and Policy Analyst, Energy & Environmental Resources, Inc.

1992-1994

*Provided analytical support to engineering company developing innovative alternative energy combustion and air pollution control technologies.*

Analyst, DRI/McGraw Hill, Energy Services Division

1987-1990

*Developed and maintained econometric models and provided statistical analysis to project energy and electricity prices, supplies, and demands.*

#### Other Experience and Credentials

Licensed School Business Administrator, Massachusetts Department of Elementary & Secondary Education

Board Member, Massachusetts Association of School Business Officials

Massachusetts Certified Public Purchasing Official, MA Inspector General's Office

Certificate of Completion, Uniform Massachusetts Accounting System

Certificate of Completion, Human Resources Professional, Society for Human Resources Management

Certified Peer Coach, Middlesex Community College

Certificate of Completion, Discrimination and Harassment Prevention Trainer, MACD

Certificate of Completion, ISO-100 and ISO-700 Emergency Preparedness Training

