SSAISD BOARD AGENDA - ITEM SUMMARY

MEETING DATE:	December 18,2013
MEETING TYPE:	[X]REGULAR [ ]SPECIAL
ITEM TITLE:	Presentation by Administration regarding Corrective Action Plan pertaining to Texas Association of School Business Officials (TASBO) Management Review
PURPOSE:	[ ]RECOGNITION [X]REPORT ONLY [X] DISCUSSION [ ]ACTION
PRESENTER(S):	David M. Landeros and Patrick Skees
REQUESTED BY:	David M. Landeros

I. DESCRIPTION OF ITEM TO INCLUDE YOUR SPECIFIC REQUEST:

Presentation by Administration regarding Corrective Action Plan pertaining to Texas Association of School Business Officials (TASBO) Management Review.

II. BACKGROUND INFORMATION (DOCUMENTATION):

On November 20, 2013, Texas Association of School Business Officials (TASBO) representative of Ms. Rebecca Estrada made a presentation to the School Board on the TASBO Management Review report.

III. ALTERNATIVES CONSIDERED (IF APPLICABLE):

N/A

IV. RECOMMENDATION AND IMPACT:

N/A

V. DISTRICT GOAL AND CORRESPONDING DEPARTMENTAL INITIATIVE:

N/A

VI. FUNDING SOURCE-PROGRAM AND/OR BUDGET CODE:

N/A

MEMORANDUM

To: Ms. Mourette Hodge, Interim Superintendent of Schools and the Board of Trustees

From: David M. Landeros, Executive Director for Business Services

Date: December 18, 2013

Re: Corrective Action Plan to TASBO Management Review

The South San Antonio Independent School District Business Office's administrative staff has prepared a Corrective Action Plan with timelines to address the Texas Association of School Business Officials (TASBO) Management Review Report. The TASBO Management Review focused on the following items:

- Strengths and weaknesses of the Business and Finance Department, including staffing levels, accounting, accounts payable, payroll, financial management, processes and procedures, purchasing, and budgeting.
- Recommendations for improvement in current practices, financial roles and responsibilities, work flow processing and internal controls, if needed.
- Recommendations to improve the efficiency and effectiveness of the operations that support the education mission of the district.

The Business Office's administrative staff believes that this management report and its recommendations should be used as a tool to improve the Business and Finance department's processes and procedures and to improve departmental economies and efficiencies.

The Business Office has already implemented some of the recommendations. But there are several TASBO recommendations which will require a cross departmental corrective plan of action in order to implement the suggested recommendations. The departments affected by some of the recommendations are (1) Technology, (2) Human Resources, (3) PEIMS, and (4) Program Directors. The Business Office does not direct and have sole responsibility for some of the cross department job functions and therefore will need to collaborate with these departments to implement the suggested recommendations.

SOUTH SAN ANTONIO ISD

BUSINESS OFFICE DEPARTMENT

TASBO MANAGEMENT REVIEW

CORRECTIVE ACTION PLAN

DECEMBER 18, 2013

Corrective action plan to address the Texas Association of School Business Officials (TASBO) Management Review:

1. **Staffing Levels**

   Recommendations:

   (1) The District should evaluate the job descriptions of all exempt and non-exempt staff to redefine the areas of responsibility. Implementation of some recommendations contained in this report related to automation of processes may assist the District to determine the appropriate staffing levels and position titles.

   Action Plan:

   The Business Office will meet with the Director of Human Resources to begin the collaborative process of reviewing and updating the job descriptions of the exempt and non-exempt position staff. The Business Office will incorporate the conversion of manual processes into automated processes while reviewing job descriptions.

   Target Completion Date: Summer 2014

   (2) The administration and the Board of Trustees should work together to fill the vacant positions in the Business and Finance Department. Time should be set aside for adequate training of both current and new staff in the applications of the District's business operations.

   Action Plan:

The Business Office has currently filled the vacant professional positions of Director of Budget, Accountant for Special Programs & Head Start, and the vacant auxiliary positions of Bookkeeper, Payroll and Accounts Payable. The Business Office has provided training for its paraprofessionals in the last quarter 2013, and will look to providing additional training to current and new staff within the department.

Target Completion Date: Fall 2013

(3) Process Improvements should be implemented, to the greatest extent practical, prior to an assessment of current staffing levels. Prior to filling certain vacant positions, supplemental staff resources may be contracted for on a project basis to provide coverage for essential functions in the Business and Finance Department, in addition to advising the District on opportunities for process improvement and staffing needs.

Action Plan:

The Business Office will identify and evaluate certain processes which are considered manual processes and look to streamline the processes and reduce the time on task.

Target Completion Date: Summer 2014

(4) The administration and Board of Trustees should work cooperatively together to fill the vacant positions in the Business and Finance department so staff can shift their mode of operating from being reactionary to that of planning and implementation.

Action Plan:

Based on the current level of Business and Finance Department staffing, the department will review that all substantial roles and responsibilities are assigned to appropriate staff and that there is adequate time available for proactive planning. All vacant positions have been filled.

Target Completion Date: Fall 2013

2. **Organizational Structure**

Recommendations:

(5) The administration should consider the use of a stakeholder committee to garner input and buy-in from staff directly affected by any changes in the accounting method and implement any changes after careful consideration of all implications. During the time the District

2

continues with a decentralized system for campus/student activity funds, the District should move forward with implementation and training for the student activity software package already acquired by the District. If a centralized system is subsequently used, them the District's current finance software (iTTCS) should be considered for use to manage and account for the student activity funds.

Action Plan:

The Business Office for fiscal year 2014-15 is looking at implementing an automated accounting software system from Kev Group to support the current decentralized campus/student activity funds. Training on the new accounting software is scheduled for late summer 2014.

If the district were to consider a change to a centralized accounting method, the Business Office would incorporate the input of the campus principals, the campus secretaries, and any other stakeholders in designing a conversion plan.

Target Completion date: Ongoing progress with completion Fall 2014

(6) Roles and responsibilities in the District's organization related to security access controls in the financial information system iTTCS, including control over assigning access to District staff to view, post or adjust transactions in one or more modules or functional areas, should be collaboratively administered by designated management level staff in the IT and Business and Finance Departments. The review and approval of documentation of security access control design, procedures and administration, in addition to requests for specified modification to the financial information system should be recorded on a log and should show sign-offs by both departments.

Action Plan:

The Business Office had previously initiated discussions on procedural changes to the security access controls in the financial information system iTTCS with the Technology Department. The Business Office will renew discussions with the Technology department on designing security access controls and procedures to address the request for specific modifications to the financial information system. A dual sign-off authorization will be incorporated.

Target Completion date: Summer 2014

(7) It is recommended that a training plan be developed for every Business and Finance Department non-exempt staff member that has been in their position for one year or less. The training plan should include, but not limited to, the following:

    a. Finance system, iTTCS

    b. District policies and procedures, and

  c. External training sources in their respective area

Action Plan:

The Business Office will provide training to the non-exempt staff members within the department who have been in their position for one year or less. The department will cross train employees, assign a mentor position staff member to train on policies and procedures, and provide opportunity for external training relative to job assignment. External training providers available are Education Service Center, Region 20, TASBO, and Alamo Area TASBO.

Target Completion Date: Spring 2014

3. **Economies & Efficiencies**

Recommendations:

(8) The District should reconcile all credit card accounts to verify the amount owed to each merchant, if any. After validating the amounts due with source documents, such as purchase receipts and invoices, the District should make payment for all amounts currently due and/or in arrears. In addition, the District should actively enforce Board Policy CH (Local) which states: "All purchase commitments shall be made by the Superintendent or designee on a properly drawn and issued purchase order, in accordance with administrative procedures." Business practices such as requiring a purchase order and encumbering all purchase orders on the general ledger are useful tools in the overall financial and budgetary management of the District. A proactive approach in managing District credit card accounts should facilitate the reinstatement of the District's credit availability.

Action Plan:

The Purchasing department has already implemented revised procedures which have eliminated the use of confirming purchase orders for some operational departments in order to better manage the processing for timely payment of district purchases. The Purchasing department will re-communicate to all district campuses and departments the requirement that all purchases must be made on a district purchase order and purchases made without a purchase order are in violation of Board Policy CH (Local).

Target Completion Date: December 2013

(9) The administration should explore this is an efficient means of providing important staff training.

Action Plan:

The General Accountant is working on completing the availability of training overviews and video clips accessed through the district's intranet system. These training overviews and video clips will provide training on a variety of areas.

Completion Date: Summer 2014

(10)   District staff, including program directors and other stakeholders with management roles and responsibilities related to budget, accountability, and/or compliance, should be provided comprehensive access to the financial information system, iTTCS, with limited exceptions. Read only access to the modules or functional areas to the financial information system will prevent inadvertent changes by staff that work outside of the Business and Finance Department. Expended access, on an as needed basis, should be provided in limited access, such as staff authorized to approve purchases from the electronic purchase order system.

Action Plan:

During fiscal year 2012-13 the Business Office held monthly State & Federal Program Directors meetings and utilized these meetings to provide line item budget to actual expenditure reports to program directors for their use to monitor and help ensure compliance with policies, law, and rules and regulations. The financial information provided contained payroll and non payroll budget to actual financial transactions. These monthly State & Federal Program Directors meeting have continued during fiscal year 2013-14.

The Business Office has contacted ESC Region 20 about modifying the iTTCS financial software to provide restricted access to financial transaction information based on a director's area of responsibility. The current finance application inquiry screen is an open access system which allows a user to view financial transaction information on all valid account codes including those not in a directors area of responsibility. ESC Region 20 staff has provided the Business Office with a software programming pricing proposal to modify access by "fund code only" or "organization code only". The proposal cost was approximately $10,000. This access modification is not sufficient as the Business Office requested access restriction to include "both the fund code and organization code". Therefore, the Business Office did not move forward with this proposal.

The Business Office has provided restricted access to financial transaction information to Principals and Directors through the Region 20 iTTCS Warehouse & Purchasing system. This system is adaptive to providing access to financial transaction information on a restricted basis.

The system will provide access to payroll and non payroll financial transaction information and help Principals and Directors monitor their account codes on a real time basis.
Completion Date: December 2013

(11)   A staff development plan and a year-round training calendar should be developed to ensure delivery of training on various financial management topics to all appropriate staff, including late hires. The District should supplement face-to-face training with recordings that may be viewed when needed by new and existing staff.

Action Plan:

The Business Office has traditionally provided annual training on Business Office procedures and policies to the campus principals, campus secretaries, department heads, and department secretaries. The Business Office will look to enhancing the training content to both the principals/department heads and the administrative assistants.

The General Accountant is working on completing the availability of training overviews and video clips accessed through the district's intranet system. These training overviews and video clips will provide training on a variety of areas ranging. The development of a year-round training calendar for financial management topics will be worked on.

Completion Date: Summer 2014

(12)   The District needs to resolve the suspension of E-rate funding, as soon as possible. The District should review the outcomes from its current contractor that specializes in the E-rate program and is experienced in resolving issues related to the suspension of E-rate funding to determine whether or not the District is receiving optimal results.

Action Plan:

The District was notified on October 29, 2013 by Kellogg & Sovereign Consulting that the Schools and Libraries Program was reinstating the E-rate program for South San Antonio ISD.

Completion Date: December 2013

(13)   The District should consider adjusting its process to increase monitoring of the disbursement of grant funds during the respective project periods per grant to help ensure maximum state and federal grant funding in support of supplemental programs, services and activities.

Action Plan:

6

The Business Office has traditionally employed an early purchase order cut-off date of April of the respective fiscal year for only the General Fund. The Business Office does not implement an early purchase order cut-off date for federal grant funds. Federal Program Directors are the ones who determine the use of an early purchase cut-off date. The Business Office works with and provides access to those state and local programs which need access to funds beyond the cut-off date.

Completion Date: December 2013

(14)   The District must make all payments to vendors on a timely basis, in accordance with the Government Code Section 2251.021, which states:"A government entity under a contract executed on or after September 1,1987, is overdue on the 31st day after the later of: (1) the date the government entity receives the goods under the contract; (2) the date the performance of the service under the contract is completed; or (3) the date the government entity receives an invoice for the goods or service."

Action Plan:

The Business Office will work closely with campus and department administrators to ensure that all necessary documents will be submitted in order to make payments timely.

In addition, the Business Office will re-communicate to all district campuses and departments the requirement that all purchases must be made on a district purchase order and purchases made without a purchase order are in violation of Board Policy CH (Local).

Completion Date: December 2013

(15)   The District should promote increased use of the financial information system, iTTCS, and other tools organized in central administration that are intended to support multiple departments and offices.

Action Plan:

The Business Office will review the use of supporting accounting spreadsheets which are external to the financial information system and look for potential applicability and/or incorporation to the iTTCS system.

Completion Date: Spring 2014

(16)   The Business and Finance Department should provide monthly reports to the Superintendent and Board of Trustees that reflect the financial position of the district, including updates on the revenues, expenditures, and fund balances of key funds.

Action Plan:

The Business Office will prepare and provide expanded financial reports with sufficient detail to monitor the revenues, expenditures and fund balances of key funds. During the fiscal year of 2012-13, on a monthly basis the Business Office provided a budget to actual expenditure report on a fund source basis to the School Board. Key departments of the district provided monthly department reports to the School Board.

Completion Date: Spring 2014

(17)   The District's employees should be trained on the use of key performance indicators to benefit the efficient and effective use of resources in support of instructional and operational activities. Employees should be provided expanded access to information systems and data elements to support the use of key performance indicators. Also, systems of accountability supported by key indicators should be expanded in the district.

Action Plan:

During fiscal year 2012-13 the Business Office held monthly State & Federal Program Directors meetings and utilized these meetings to provide line item budget to actual expenditure reports to program directors for their use to monitor and help ensure compliance with policies, law, and rules and regulations. The financial information provided contained payroll and non payroll budget to actual financial transactions. These monthly State & Federal Program Directors meeting have continued during fiscal year 2013-14.

The Business Office has provided restricted access to financial transaction information to Principals and Directors through the Region 20 iTTCS Warehouse & Purchasing system. This system is adaptive to providing access to financial transaction information on a restricted basis. The system will provide access to payroll and non payroll financial transaction information and help Principals and Directors monitor their account codes on a real time basis The Warehouse & Purchasing system will provide expanded access to financial information system data. The Business Office will develop training on key indicators for use by campus and operational staff.

Completion Date: December 2013

4. **Procedures & Guidelines**

    Recommendations:

(18)   Development of financial manuals should reflect actual processes used within the District and be developed with input from stakeholders. All aspects of the manuals should be closely reviewed to be certain that the manuals reflect current laws, regulations and District policies. The draft financial management manuals should still be reviewed by all stakeholders to ensure they cover processes, procedures, financial information systems, forms, policies and practices specific to the District. Manuals should be personalized to the District to ensure they are relevant and helpful to the District's employees and other stakeholders.

Action Plan:

At a Principals and Directors staff training meeting held on August 9,2013, Principals and Directors were provided with all the newly written Business Office Procedures Manuals and where asked to review and provide input in order to finalize the Manuals by September 30,2013. This process is still ongoing and is projected to be completed by Spring 2014.

Target Completion Date: Spring 2014

(19)   The responsibility for managing user names and passwords for the District's iTTCS software should be consolidated into the Technology Department. Written procedures, including a request for security access form, should be implemented to ensure that there is collaboration between the user departments and the Technology Department regarding the appropriate roles and access for iTTCS users.

Action Plan:

The Business Office had previously initiated discussions on procedural changes to the security access controls in the financial information system iTTCS with the Technology Department. The Business Office will renew discussions with the Technology department on designing security access controls and procedures to address the request for specific modifications to the financial information system. A dual sign-off authorization will be incorporated.

Target Completion Date: Summer 2014

(20)   The District should take immediate action to file all required current and past due sales tax reports with the Texas Comptroller of Public Accounts. The Business and Finance Department staff should review sales tax requirements and establish written procedures for the filing of sales tax on a monthly basis with the Texas Comptroller of Public Accounts.

Action Plan:

The General Accountant is currently revising the Campus and Student Activity Account Handbook which includes specific procedures for the proper filing of sales tax reports with the Texas Comptroller of Public Accounts on fundraising activities. The General Accountant will

continue to provide training to help stakeholders determine which fundraising activities are required to comply with the sales tax reporting process.

Target Completion Date: October 2013

5. Automation of Activities

Recommendations:

(21)   The District should redesign and automate the employee leave accounting and reporting process by eliminating the use of leave index cards which appear to be the most labor-intensive part of the process. If the District desires to maintain a manual record of leave in addition to the data entered in the payroll system, the District could continue to enter all leave data in an Excel spreadsheet. The spreadsheet may be used as a transmittal form to facilitate posting to the payroll system. If the District eliminates the use of the Excel spreadsheet, it is important to note that the leave data from the payroll system can be extracted in a report or data file format at any time. The leave form is the primary source document for audit purposes. The District must update the leave form to be compliant with TEC 22.003 (c-1).

Action Plan:

The Payroll department has immediately changed the employee leave accounting and reporting process by discontinuing the use of leave index cards. The Payroll department is recording and maintaining employee leave accounting in the iTTCS Payroll System. The Payroll department will update the leave form to be compliant with TEC 22.003 (c-1).

Target Completion Date: December 2013

(22)   The District should conduct a cost benefit analysis between maintaining the timekeeping records in a paper or electronic format. The District may realize some cost savings by eliminating the cost of printing and storing the paper timekeeping records. If the District elects to implement a fully automated system, all supervisors should receive additional training regarding the electronic approval process and management reports, such as: Missed Punch Detail Report, Overtime Report, and Shortage of Work Hours. The District should also conduct a cost benefit analysis regarding the use of paper supplemental time sheets for professional staff and an automated supplemental timekeeping system using the Kronos system.

Action Plan:

The Business Office will move forward with conducting the cost benefit analysis suggested and look to expand the use of the Kronos system. The Payroll department will evaluate the change

in procedure to a fully automated system and provide required training. The change in process to an automated supplemental timekeeping system will require a monetary investment as the district would need to purchase user licenses for the professional staff.

Target Completion Date: Summer 2014

(23)   The District should streamline the overtime pay approval process by training immediate supervisors to obtain the Superintendent's pre-approval of all overtime hours. The District's Board Policy DEA (Local) states: "A non-exempt employee shall have the approval of his or her supervisor before working overtime. An employee who works overtime without prior approval is subject to discipline but shall be compensated in accordance with the FLSA." A copy of the approval document should be forwarded to the payroll department. In the event that pre-approval of overtime pay is not obtained due to extenuating circumstances, the immediate supervisor should generate and forward an Overtime Hours Report from the Kronos system to the Superintendent for approval of overtime pay.

Action Plan:

The Payroll Department will work towards streamlining the overtime pay approval process and provide re-training to the immediate supervisors on the requirement to obtain the Superintendent's pre-approval of overtime hours. The current overtime process has required the pre-approval by the Superintendent of overtime hours.

Target Completion Date: Summer 2014

(24)   The District should activate and utilize the document attachment feature in the requisition system. Training should be provided to all requisition system users. Technical issues, if any, should be reported to the District's Technology Department for remediation.

Action Plan:

The Purchasing department will work towards ensuring that the document attachment feature in the Purchasing and Warehouse system is functional. The Purchasing department will also provide training to all requisition system users on the proper use of the document attachment feature.

Target Completion Date: Spring 2014

(25)   The Business and Finance Department should consider providing access for campus and department iTTCS users to run detail and summary account balance inquiries and reports through the finance module of ITTCS. New access to iTTCS should eliminate the need for the Business and Finance Department's staff to run and distribute the paper reports.

Action Plan:

The Business Office has provided restricted access to financial transaction information to Principals and Directors through the Region 20 iTTCS Warehouse & Purchasing system. This system is adaptive to providing access to financial transaction information on a restricted basis. The system will provide access to payroll and non payroll financial transaction information and help Principals and Directors monitor their account codes on a real time basis.

Target Completion Date: December 2013

(26)   Staff should be provided mentors. Staff should participate in field visits to other districts, which should be districts that are recognized for following best practices in financial management.

Action Plan:

The Business Office will work towards maximizing the use of automated processes and look to visiting districts recognized for following best practices in financial management.

Target Completion Date: Fall 2014

6. **Roles and Responsibilities**

Recommendations:

(27)   The Human Resources and Business and Finance Departments should work collaboratively to develop written procedures regarding changes in payroll distribution account codes during the school year due to new positions, staff assignment changes, state and federal grant positions, and changes in the campus master schedules. To ensure that budgetary controls are in place, all requests for new positions should be approved by the Business and Finance Department prior to advertising and/or filling the positions.

Action Plan:

The Business and Finance Department will initiate discussions with the Human Resources Department on the collaborative development of written procedures regarding changes in payroll distribution account codes, staff assignment changes, state and federal grant positions, and changes in the campus master schedules.

Target Completion Date: Spring 2014

(28)   Employee health benefits are a benefit provided to employees by the District and is typically coordinated through the Human Resources Department for school districts. Administration should consider moving this responsibility to the Human Resources Department. This provides more time for the General Accountant to focus his time on

closing out the prior year, preparing for the audit, and the opening of the new fiscal year with the timely processing of the corresponding paperwork and training.

Action Plan:

The Business Office is agreeable to the transferring of the employee health benefits function to the Human Resources Department. The Business Office will work collaboratively to transition this function over to the Human Resources Department.

Target Completion Date: Spring 2014

(29)   After modifications are made to security access controls in the financial information system, employees' job descriptions should be reviewed and updated for expanded roles and responsibilities, including expanded involvement in various aspects of overseeing and managing efficiencies and effectiveness of assigned activities, programs, services and operations.

Action Plan:

The Business Office had previously initiated discussions on procedural changes to the security access controls in the financial information system iTTCS with the Technology Department. The Business Office will renew discussions with the Technology department on designing security access controls and procedures to address the request for specific modifications to the financial information system. A dual sign-off authorization will be incorporated.

The Business Office will work in collaboration with the Human Resources Department on reviewing and updating employee's job descriptions.

Target Completion Date: Summer 2014

(30)   The PEIMS director should have expanded roles and responsibilities related to data quality in the Business and Finance Department.

Action Plan:

The Business Office will work in collaboration with the PEIMS director to expand the position's involvement in data quality activities related to the financial information reported through PEIMS. This affects the budget record type in PEIMS submission 1, and actual financial record type in PEIMS submission 2.

Target Completion Date: December 2013

(31)   The District's staff should have access to a budget that supports participation in training activities outside the district.

Action Plan:

The Business Office will look to provide funds to the PEIMS department for travel and training purposes within the current adopted budget. The Business Office will look to the development of a PEIMS department budget for 2014-15.

Target Completion Date: Summer 2014

7. **Job Descriptions**

   Recommendations:

   (32)   As vacancies are filled and responsibilities for all positions are defined, the Human Resources Department should work with all departments, including the Business and Finance Department, to update job descriptions so the job description will accurately reflect the responsibilities of each position.

   Action Plan:

   The Business Office will work in collaboration with the Human Resources Department to update the Business and Finance department job descriptions to better align them with employee responsibilities.

   Target Completion Date: Fall 2014

   (33)   The Executive Director for Business and Finance should coordinate with his staff to improve work flow and procedures to ensure access to the new year budget as close to September 1 as possible. The work flow and procedures in this area should be documented in relevant manuals and checklists.

   Action Plan:

   The Business Office performed an additional review and determined that the Detail General Ledger with budget detail was set up in the district general ledger maintained by iTTCS on September 4, 2012 as evidenced by a General Journal report-BFN #0135. The Director of Budget & Fiscal Services also held face-to-face meetings with campus Principals and Department Heads to distribute the 2012-13 respective budgets beginning on September 7, 2012. This is documented with a sign-in sheet. Any delays in user budget access possibly could have been attributed to delays in changing of the fiscal year field related to the Purchasing and Warehouse Purchase Order system. There is an annual practice of not allowing users to move funds between account codes on a fund/object basis through the Budget Change Request form until after the PEIMS submission date for the Budget data. This would be the only user restriction to budgeted funds.

   Target Completion Date: Summer 2014

(34)   The District must make all payments to vendors on a timely basis in accordance with the Government Code (2251.021) which states: *A government entity under a contract executed on or after September 1, 1987, is overdue on the 31st day after the later of: 1) the date the government entity receives the goods under the contract; 2) the date the performance of the service under the contract is completed; or 3) the date the government entity receives an invoice for the goods or services.* The District should streamline both the short-pay and confirming purchase order processes. Written procedures for short-pays should be developed and implemented that include some latitude for Accounts Payable Clerks to exceed the purchase order amount up to a specified dollar amount or percentage of the original purchase order. Any amounts that exceed that threshold should be routed to the Director of Budget and Fiscal Services. In the event that adequate funds do not exist in the account code, he/she should contact the respective campus or department to obtain a Budget Transfer form. The approval path of the overpayment (up to the threshold) and/or the Budget Transfer form should include at least one other Business and Finance Department administrator: Executive Director of Finance or General Accountant. The approval by the Purchasing Department is not necessary for the short-pay process since the primary purpose of the Purchasing Department is to process orders for goods and services and not the approval of payments. The District should also develop written procedures for the confirming purchase order process. The most important change in the current process should be setting a maximum spending limit on the confirming purchase order and the encumbrance of the maximum spending limit. This change should reduce the need to delay payments due to insufficient funds when the purchase order is encumbered after-the-fact.

Action Plan:

The Business Office has implemented a change in the short-pays procedure process whereby the specified dollar amount over the original purchase order is now set at $100 with authorization to pay only with the approval signature of two Business Office Administrators. For those instances where the short pay amount exceeds $100 of the original purchase order amount, a new second purchase order will be required to be processed.

The Purchasing department has already implemented revised procedures which have eliminated the use of confirming purchase orders for some operational departments in order to better manage the processing for timely payment of district purchases. The Purchasing department will re-communicate to all district campuses and departments the requirement that all purchases must be made on a district purchase order and purchases made without a purchase order are in violation of Board Policy CH (Local).

Target Completion Date: December 2013

(35)   The District should streamline the travel process by creating a singular form for all travel requests. Written procedures for the travel process should be developed collaboratively between the Business and Finance Department and stakeholders (campus and department staff). The procedures should include, but not be limited to, the travel forms (authorization and settlement), encumbrance of all travel funds, travel supporting documentation (registration form, conference schedule, lodging and meal per diems, mileage mapping system, etc.), and the payment of all travel expenditures. The District should consider maximizing the current use of the Citi-Bank Travel Card program by issuing a travel card to travelers for their lodging and rental car expenditures. The reservations of hotels and rental cars could also be streamlined by assigning a campus and department travel card to the appropriate administrator or secretary. Both of these processes would eliminate the need to fax and/or email Credit Card Authorization forms to hotels. All other authorized travel expenditures such as meals and mileage should be disbursed according to the normal accounts payable process. Encumbering all estimated travel funds should eliminate or reduce the incidents of insufficient travel funds after-the-fact.

Action Plan:

The Purchasing Department will change the current process for hotel reservations and car rentals to require the encumbering of all travel funds prior to making the travel arrangements, thereby ensuring that budgeted funds are available. The General Accountant has revised the travel request and authorization form to better manage the request for travel meals and to move towards a singular form for all travel requests. The General Accountant has revised existing written procedures pertaining to travel forms, encumbrance of all travel funds, travel supporting documentation, and the payment of all travel expenses. The Purchasing Department will look into the feasibility of expanding the use of the District Citi-Bank Travel Card Program.

Target Completion Date: Fall 2013

(36)   The District should design and document work flows and procedures in relevant manuals related to communications concerning the status of POs. The District should implement a consistent feedback loop that provides information on the status of all POs. The District should implement performance goals for the percentage of POs that are processed timely. Documentation of delays should be periodically reviewed for opportunities to improve work flows and procedures. The District should also provide expanded training on the PO system to certain employees, as needed, as various issues are documented. Training should be provided to users and administrators of the purchase order system to familiarize the requestors of purchase orders of the email notification process and to provide authorizing administrators with guidelines and time-frames for review and approval of purchase orders.

Action Plan:

The Purchasing Department will continue to provide training on the PO system to users and administrators of the purchase order system to familiarize the requestors of purchase orders of the email notification process and to provide authorizing administrators with guidelines and time-frames for review and approval of purchase orders.

Target Completion Date: Spring 2014

(37)   The District should revise the Purchasing Flowchart to ensure that all purchase orders are promptly approved to meet the needs of stakeholders (campuses and departments). It is recommended that the need for multiple Business and Finance Department approvals be evaluated for efficiency. The Director of Purchasing should retain final approver rights. The district should also fully utilize the requisition system. It has the capability of notifying a requisition originator of the status of a pending requisition. Training should be provided to all budget managers (principals and administrators) to ensure that they have the authority and access to monitor their respective requisition requests.

Action Plan:

The Purchasing Department will review the purchasing flowchart and focus on ensuring that all purchase orders are promptly approved to meet the needs of stakeholders. The need for multiple Business and Finance Department approvals will be reviewed to maximize efficiency. Training will be targeted to the user originating the purchase order request, as this is the person who will receive any purchase order return notifications generated by the iTTCS system.

Target Completion Date: Spring 2014

(38)   It is recommended that the Director of Budget & Fiscal Services review the budget for CIPs and CICs and that the Payroll Supervisor approve all changes to the payroll master file after approval by the Director of Budget & Fiscal Services and validating that the proposed changes are accurate. Of specific concern is the verification that the payroll distribution account code(s) are budgeted in the finance system. In the event of insufficient funds, the Director of Budget & Fiscal Services should notify the Human Resources to remedy the discrepancy before processing the CIC or CIP forms. This added step in the process should reduce and/or eliminate the possibility of overspending budgeted salary accounts. In addition, only the Payroll Supervisor should have access to making changes to the payroll master record and this position should also have access to the finance inquiry screen in iTTCS.

Action Plan:

The Business Office will collaborate with the Human Resources Department to verify that payroll distribution account codes are budgeted in the finance system. The Director of Budget & Fiscal Services will notify the Human Resources department in the event of insufficient funds and look for corrective action prior to processing of CICs or CIPs.

Target Completion Date: Spring 2014

(39)   The District should ensure that all anticipated expenditures are encumbered in the finance system prior to the approval of the travel forms and confirming purchase orders. A consistent process of encumbering anticipated expenditures should ensure that periodic financial statements are up-to-date and accurate.

Action Plan: The Purchasing Department has changed the current process for hotel reservations and car rentals to require the encumbering of all travel funds prior to making the travel arrangements, thereby ensuring that budgeted funds are available. The General Accountant has revised the travel request and authorization form to better manage the request for travel meals and to move towards a singular form for all travel requests. The General Accountant has revised the existing written procedures pertaining to travel forms, encumbrance of all travel funds, travel supporting documentation, and the payment of all travel expenses.

Target Completion Date: December 2013

(40)   The District should separate the purchasing and accounting functions. It is recommended that the accounting copy of all purchase orders be sent to the accounting department (accounts payable) upon issuance of the purchase order. The Accounts Payable Clerks should conduct the 3-way matching: PO, receiving report and invoice prior to posting the payment to the general ledger.

Action Plan:

The Business office has changed the receiving purchase order process and has the Accounts Payable clerks conduct the 3-way matching steps of PO, receiving report, and invoice prior to posting the payment to the general ledger. This will remove the receiving report from the Purchasing department.

Target Completion Date: Fall 2013

8. **Processes**

Recommendations:

(41)   The District should consider implementing a site-based budget process that places primary responsibility at the campus level for budgeting resources considering that campus staff is primarily responsible for academic outcomes. Campuses, not central

administration, should be setting campus budgets based on the allocations provided. Guidelines should be developed for principals to involve campus team leaders in processes for the development of the budget, and for the campus site-based committee to review and provide feedback on the proposed budget. Department budgets should not be based on the prior year allotment. Rather, department budgets should follow processes for developing a budget based on the resources necessary to support student success.

Action Plan:

The Director of Budget & Fiscal Services will modify the budget process to move towards a site-based budget process. The campus budgets are based on allocations derived from campus refined average daily attendance counts. The Director of Budget & Fiscal Services will work in collaboration with the campus staff on the development of the campus budgets. Campuses will be encouraged to involve their site-based committee's in the preparation and review process. The Director of Budget & Fiscal Services will collaborate with departments on the development of budgets which are based on the resources necessary to support student success.

Target Completion Date: Summer 2014

(42)   The Executive Director for Business and Finance should consider the inclusion of the statement of revenues and expenditures report (a summary budget to actual comparisons) for key funds for the current and prior year that includes the budgeted fund balance. A current balance sheet will enhance the reporting of the financial information. Likewise, easy to read overall schedules that present the current status of each bond program is very important in maintaining transparency with the Board of Trustees and community and possibly plays an important role in the success of future bond elections.

Action Plan:

The Business Office will prepare and provide expanded financial reports with sufficient detail to monitor the revenues, expenditures and fund balances of key funds. During the fiscal year of 2012-13, on a monthly basis the Business Office provided a budget to actual expenditure report on a fund source basis to the School Board. Key departments of the district provided monthly department reports to the School Board. The Business Office will further look to expanding the current bond construction reporting format to provide overall schedules that present the current status of each bond program. This reporting would be supplemental to the Bond Project Manager status reports currently provided for the School Board.

Target Completion Date: Spring thru Summer 2014

(43)   The District should consider revising the accounts payable check processing cycle to ensure that the needs of the campuses and departments are met and that reduces or eliminates the need for in-house, manual checks. If the District implements a centralized Activity Account system in the future, it will be critical to consider the disadvantages that it would place on the campuses especially in light of the fact that they can generate an Activity Account check on any given day at this time.

Action Plan:

The Director of Budget & Fiscal Services has worked at revising and redistributing the current Accounts Payable check run calendar to meet the needs of the campuses and departments. The Director of Budget & Fiscal Services will strive to reduce the need for in-house manual checks. Campus and department input will be solicited to assist with meeting the needs of the stakeholders.

Target Completion Date: Fall 2013

(44)   The District should expand data driven based decision processes. The District's budget process should use the district and campus improvement plans as a guideline for allocating financial resources to fund the programs that have been identified to meet the goals set in the plans. Current budget strategies should be evaluated and adjusted to proactively address the needs identified in the campus and District improvement plans.

Action Plan:

The Director of Budget & Fiscal Services will work in collaboration with the campuses and the Curriculum Department to integrate the campus and District improvement plans in the development of next year's budget. Budget strategies will be evaluated and adjusted to meet the identified needs.

Target Completion Date: Spring to Summer 2014

(45)   Provide business office procedures training for both principals/department heads and administrative assistants.

Action Plan:

The Business Office has traditionally provided annual training on Business Office procedures and policies to the campus principals, campus secretaries, department heads, and department secretaries. The Business Office will look to enhancing the training content to both the principals/department heads and the administrative assistants.

Target Completion Date: Spring 2014

(46)   When a purchase order is not approved, reporting processes should be expanded to provide a reason for the delay immediately to the requestor in an effort to minimize delays in processing the order. Also see recommendations for related findings in this report.

Action Plan:

The Purchasing Department will provide additional training to purchase order users on the ITTCS Purchasing and Warehouse system, specifically on the process utilized by the system for system generated return purchase order notifications to the purchase order originator. Any system approver, as part of his review, will provide a supplemental non-system generated email notification to the purchase order originator that a purchase order has been returned. Any system approver will utilize the system notes section to explain why a purchase order is being returned.

Target Completion Date: Summer 2014

(47)   The Technology Department should have an expanded role in budget planning activities and in most technology-related procurements. The requisition approval process should require designated technology requisitions to be electronically approved by the Technology Department.

Action Plan:

The Technology Department has traditionally been provided with a budget preparation template for the creation of the new budget. This process also occurs for the other district departments. However, if a department chooses to not submit a completed budget preparation template, the Business Office will not know the needs of the department. Requests for special allocations beyond the normal operating budget are to be submitted to the Business Office on the Special Budget Allocation Request Form. This form should be used for additional staffing requests and other operating expenses. The Purchasing Department includes the Director of Technology in all major related technology purchases approved through the online purchase order approval process.

Target Completion Date: Summer 2014

(48)   In addition to the meeting in August, the Business and Finance Department should consider scheduling at least two other meetings during the school year for administrative assistants. These meetings provide learning opportunities and establish a networking opportunity for these important positions.

Action Plan:

The Business Office will work towards providing periodic training events for District Administrative Assistant throughout the school year. The General Accountant is working on

completing supplemental video training sessions and video clips which will be accessed by district staff through the district intranet system.

Target Completion Date: Summer 2014

(49)   The District should adopt legal budgets for the General Fund, Debt Service Fund and Child Nutrition Program Fund, in accordance with the requirements established by the Texas Education Agency, which should show budgeted summarized expenditures for these funds by function code. Also, the adopted budget that is posted on the District's Internet site should agree in format with the proposed legal budget that was presented for adoption by the Board of Trustees.

Action Plan:

During the 2012-13 budget adoption process, the District's Board of Trustees adopted a combined budget for all three funds that combined expenditures for all three funds by function and summarized object codes.

In order to comply with Texas Education Agency regulation that requires budgets be adopted by the Board of Trustees for the General Fund, Debt Service Fund, and the Child Nutrition Program Fund that specifies expenditure by function code for each fund, the Business Office prepared and submitted the 2012-13 Amended Budget for School Board approval in the Texas Education Agency prescribed format on August 19, 2013. The 2013-14 Official Budget was also prepared and submitted to the School Board for approval in the Texas Education Agency prescribed format on August 19, 2013. The Business Office has currently posted the 2013-2014 Adopted Budget on the District's website and it agrees with the proposed legal budget that was presented for adoption by the Board of Trustees.

Target Completion Date: Fall 2013

(50)   The Business and Finance Department should provide regular financial reports (for staff this can be primarily accomplished with electronic access to reporting tools in the financial information system and other reporting tools) that are modified according to the respective roles of directors, managers, and administrators, in addition to the board of trustees. This is not replaced by other recommendations about providing stakeholders expanded access to the financial information system.

Action Plan:

The Business Office has provided restricted access to financial transaction information to Principals and Directors through the Region 20 iTTCS Warehouse & Purchasing system. This system is adaptive to providing access to financial transaction information on a restricted basis. The system provides access to payroll and non payroll financial transaction information and help Principals and Directors monitor their account codes on a real time basis.

The Business Office will prepare and provide expanded financial reports with sufficient detail to monitor the revenues, expenditures and fund balances of key funds. During the fiscal year of 2012-13, on a monthly basis the Business Office provided a budget to actual expenditure report on a fund source basis to the School Board. Key departments of the district provided monthly department reports to the School Board. The Business Office will provide these expanded reports according to the respective roles of directors, managers, and administrators, in addition to the board of trustees.

Target Completion Date: December 2013

(51)   The Business and Finance Department should improve processes for the preparation of cash flow projections to include updates for actual cash flows for each month of the fiscal year. The cash flow projection schedule should be presented periodically to designated stakeholders, including the board of trustees.

Action Plan:

The Director of Budget & Fiscal Services will work on improving the processes for the preparation of cash flow projections to include updates for actual cash flows for each month of the fiscal year. Reporting to appropriately determined stakeholders will be included. The use of updates for current activity will supplement the historical trend analysis based cash flow projections.

Target Completion Date: January 2014

(52)   A process should be initiated in the HR Department to verify and support that employee compensation is being accurately provided to the Payroll Department. The District should also provide sufficient access to financial information to administrators and managers to support monitoring of appropriate payment of stipends, in accordance with the District's compensation system.

Action Plan:

The Business Office will work in collaboration with Human Resources Department to implement a process whereby the Human Resources Department can verify and support that employee compensation is being accurately provided to the Payroll Department.

During fiscal year 2012-13 the Business Office held monthly State & Federal Program Directors meetings and utilized these meetings to provide line item budget to actual expenditure reports to program directors for their use to monitor and help ensure compliance with policies, law, and rules and regulations. The financial information provided contained payroll and non payroll budget to actual financial transactions. These monthly State & Federal Program Directors meeting have continued during fiscal year 2013-14.

At the monthly State and Directors meeting's held in September 2013 and October 2013, the Business Office provided the program directors with a detailed employee compensation report for their respective grants or programs. The Human Resources Department provided this compensation report which listed all individual employee's compensation charged to the respective grant or fund (this included stipends). The source of the report was the Human Resources Position Management system. Grant and program directors were instructed to review the report for accuracy and report any problems to the Human Resources Department.

The Business Office has provided restricted access to financial transaction information to Principals and Directors through the Region 20 iTTCS Warehouse & Purchasing system. This system is adaptive to providing access to financial transaction information on a restricted basis. The system will provide access to payroll and non payroll financial transaction information and help Principals and Directors monitor their account codes on a real time basis.

Target Completion Date: Spring 2014

(53)   The District should invest in the necessary systems to modernize the IT infrastructure to facilitate the IT Department's ability to follow current state of-the-art processes for administering and managing the IT infrastructure and network-connected computers and other technology devices.

Action Plan:

The District will look towards investing in the necessary systems to modernize the IT infrastructure in the near future based on the Schools and Libraries Program notification that it was reinstating E-rate funding to the district. The District was notified on October 29, 2013 by Kellogg & Sovereign Consulting that the Schools and Libraries Program was reinstating the E-rate program for South San Antonio ISD.

Target Completion Date: Spring 2014

(54)   The District should provide expanded access to financial information to empower administrators and managers to monitor compliance with cash management rules involving the drawdown of grant funds.

Action Plan:

The Director of Budget & Fiscal Services and the Accountant for Special Program/Head Start will work towards increased involvement of the grant program managers in the expenditure reporting and drawdown process. The grant program managers currently receive an email containing detailed expenditure and drawdown summary data.

Target Completion Date: January 2014

24

(55)   The District should implement real-time monitoring and alert systems to ensure timely amendments are requested from grantor agencies. A system should be implemented to at least monitor the more significant rules for requesting amendments. Program directors should be provided expanded access to financial information to monitor this compliance area.

Action Plan:

The Business Office has provided restricted access to financial transaction information to Principals and Directors through the Region 20 iTTCS Warehouse & Purchasing system. This system is adaptive to providing access to financial transaction information on a restricted basis. The system will provide access to payroll and non payroll financial transaction information and help Principals and Directors monitor their account codes on a real time basis.

Rules pertaining to the timely amendment of grant applications are found in the TEA document "When to Amend the Application." Budget amendments to applications for state and federal grants are to be requested for a change exceeding the threshold percentage limits. The Director of Budget & Fiscal Services and the Accountant for Special Program/Head Start will collaborate with and assist the program grant directors with determining the need for a grant amendments.

Target Completion Date: January 2014