



BRISTOL PUBLIC SCHOOLS

*Committed to Success*

---

# Bristol Public Schools Operational/Controls Assessment Findings and Recommendations

---

Final Report  
December 2017

**Table of Contents**

	Page #
I. Project Overview.....	3-5
II. School District and Project Background Information.....	6-13
III. Findings & Recommendations.....	14-28
IV. Recommendation Priority List.....	29
V. Workflow Analysis.....	30-33
VI. Appendix.....	34-36

### I. Project Overview

#### A. Background

The City of Bristol (hereinafter also referred to as “Bristol”) engaged BlumShapiro Consulting to review and assess the processes and operational practices within the City and Board of Education in regards to budgetary/spending practices. BlumShapiro focused on fiscal years 2015-2016, 2016-2017 as part of this project. Our project approach included the following objectives:

- Perform applicable forensic accounting procedures to identify unusual financial activity relating to Bristol Board of Education financial operations for 2015-2016 and 2016-2017.
- Review the current operational processes, controls and budgetary/spending practices within Bristol’s Board of Education.
- Review and compare 3-5 years of budget to actual line item information in order to look for trends in overages.
- Identify areas of risk of fraud, misconduct, or accounting improprieties.
- Perform a risk assessment of management’s ability to override budgets, spending, and operational controls.
- Review internal control procedures and identify control weaknesses within these areas and develop control improvements.
- Map (at a high-level) the current information and process flows of relevant operational and management systems.
- Provide constructive and practical recommendations for enhancing internal controls and minimizing the risk of fraud.

BlumShapiro interviewed management and personnel from the City of Bristol and Bristol Public Schools including the then Mayor of Bristol and board members from the Bristol Board of Finance and Board of Education. In addition, BlumShapiro interviewed former financial management staff from the City and School District from years 2015 and 2016. In total, BlumShapiro interviewed 30 people from the City and School District operations.

BlumShapiro also obtained and reviewed the following information:

- BOE Meeting Minutes
- BOE Meeting Financial Packets
- Budget Transfer for the past 5 years
- Grant information for the past 5 years
- General fund financial information for the past 5 years
- SPED Budgets for the past two years
- 2017 Fiscal year SPED and transportation purchase orders
- 2015-2016 Budget Information located on Bristol’s internal network (O: drive)
- 2016-2017 Budget Information located on Bristol’s internal network (O: drive)
- Emails from two Business Office Managers

## I. City of Bristol/Bristol Public Schools – Operational/Controls Assessment - Project Overview

---

*Please Note: During BlumShapiro’s assessment and analysis, over 300 hundred electronic files were reviewed. Unfortunately, there was some financial information and documents that conflicted with others. When possible, the project team used the MUNIS financial management system as the primary and most accurate financial information. In performing our analysis, BlumShapiro attempted to identify the creator of various documents and confirm the respective dates. In many instances, the files on the network were created by “TechSup” or “City of Bristol” which clearly does not identify a specific person. As such, it was difficult to identify the actual creator of many of the documents.*

*Another challenge with this project was that initially BlumShapiro was told that emails may have been not saved and/or archived. However, after a discussion with the City’s IT Department, BlumShapiro learned that email accounts were saved for both Business Office Managers that left the BOE. Unfortunately, the City/BOE email system (GroupWise) does not archive emails and there are no archiving technology solutions implemented by the City of Bristol’s IT Department.*

### B. Methodology

The goals of this assessment included the following:

- Review current processes, operations, and controls.
- Confirm current technologies.
- Evaluate core systems and functions.
- Perform an analysis of financial information.
- Assess current accounting procedures and protocols.
- Identify opportunities for improved controls and processes.
- Develop Findings and Recommendations.
- Develop a process and controls implementations plan.
- Management review and approval.

### C. Acknowledgements

BlumShapiro would like to thank the City of Bristol and Bristol Public Schools board members and staff for their participation, support, on-going dialogue, and feedback during this project.

The following individuals were directly involved in providing information for the Operational/Controls assessment. The BlumShapiro Team thanks all who participated for their time, knowledge and efforts. A list of the individuals that participated in this project is provided on the following page:

*City and School District of Bristol Project Interviewees*

<i>Bristol Public Schools</i>	
• Ellen Solek, Former Superintendent of Schools	• Susan Kalt Moreau, Ph. D, Superintendent of Schools
• Dr. Michael Dietter, Director of Special Services	• Jodi Bond, Budget and Accounting Supervisor
• Laurie Christopher, Payroll Supervisor	• Sarah Simpson, Grant Secretary
• Rob Puzio, Technology Operations Manager	• Isabel Brady, Central Registrar (formerly AP)
• Greg Boulanger, Director of Student Transportation, Cafe	• Alicia Riccardi, Grants Coordinator
• Tammy DiPietro, Special Services Administrative Assistant	• Keisha Freckleton, BOE Secretary
• Sam Galloway, Director of Human Resources	• Pete Fusco, Director of Facilities
<i>City of Bristol</i>	
• Diane Waldron, Comptroller	• Robin Manuele, Assistant Comptroller
• Ken Cockayne, Former Mayor	• Skip Gillis, Senior Accountant
• Roger Rousseau, Purchasing Agent	• Doreen Swenton, MIS
• Scott Smith, MIS Manager	
<i>Board Members</i>	
• Cheryl Thibeault, Board of Finance Chair	• Christopher Wilson, Board of Education Chairman
• Karen Vibert, Board of Education Vice Chairman	• Jeff Caggiano, Board of Education
<i>Other Interviewees</i>	
• Andrew Paquette, Interim Business Manager	• Glenn Klocko, Former City Comptroller
• Gary Franzi, Former Business Manager	• Steve Nembirkow, Former Business Manager

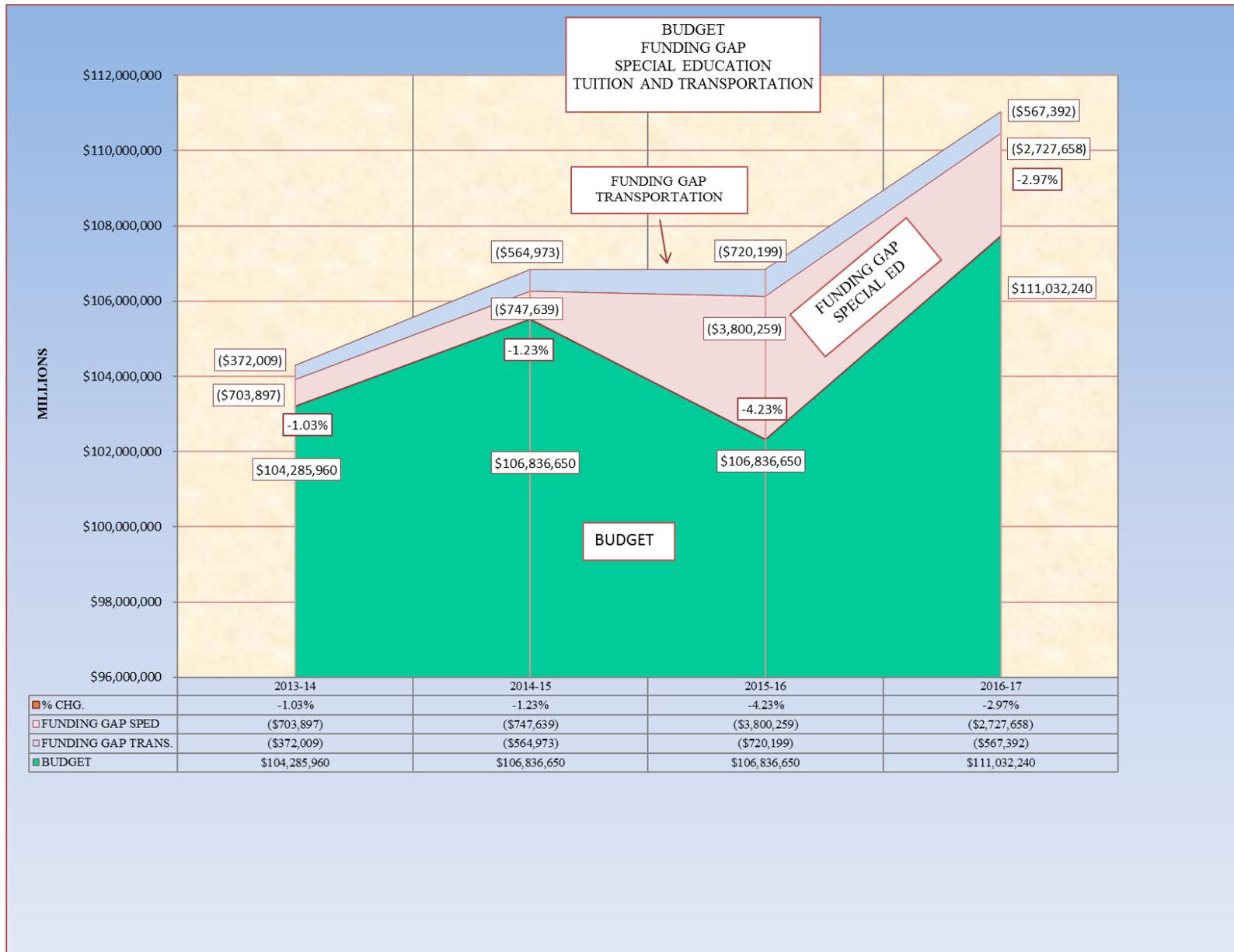
## **II. School District & Project Background Information**

### **A. The Board of Education (BOE) has experienced year-end deficits for the past three years**

1. 2014-2015 fiscal year
  - a. BOE had a deficit of \$575,539; a carryover surplus of \$110,786 was used to fill the deficit along with \$464,753 in excess cost monies
2. 2015-2016 fiscal year
  - a. BOE had a deficit of \$3,116,767; a carryover surplus of \$916,073 was used to fill the deficit along with a \$963,701 Medicaid reimbursement and \$1,236,993 in excess cost monies
3. 2016-2017 fiscal year
  - a. Two negative budget line items were included in the 2017 budget
    - i. These negative amounts were intended to serve as excess cost placeholders until detail budget adjustments were made
    - ii. -\$940,000 in Teacher Salary-Instruction-Reading
    - iii. -\$2,704,373 in Teacher Salary-Instruction-Physical Education
  - b. The intent of these negative line items was to bring the School District budget to the agreed upon budget amount; the Business Office Manager had planned to re-allocate funds and alter the budget appropriately at a later time but ended up leaving the District before doing so
  - c. As a result, the next Business Office Manager inherited a budget with two negative line items

### **B. Fiscal Year 17 Budget Information - 2016-2017**

1. During our review and analysis of various financial documents on the network, the then Business Office Manager (GF), identified a funding gap within the Special Education tuition and Transportation areas of \$3,295,050
  - i. (Funding Gap Diagram found on following page)
2. The total proposed budgeted amount in this diagram (\$111,032,240) was \$3,885,000 more than what the BOE received in funding from the City (\$107,147,240)



\*\*File located on the O Drive with author GF and last modified date 4/28/2016

C. Business Office Manager’s (SN) February 28, 2017 Memorandum to Board of Education Regarding Financial Deficit Concerns

1. In this memorandum to the Board of Education, the Business Manager identified the following items in regards to the Year to Date (YTD) Fiscal Year (FY) 2017 budget:
  - a. Instructional salary lines indicated a projected year end deficit of approximately \$800,000
  - b. Reading Teacher Salaries, a firm deficit of \$940,000, with an offset appropriation of \$599,000, leaving a deficit of \$341,000
  - c. Physical Education Teacher Salaries was carrying an expanding deficit of \$1,375,777. It was noted that this deficit would continue to grow as payrolls were charged to the line. The Business Manager estimated a final total deficit in this line of \$2,704,313
  - d. Health Insurance lines were budgeted at an 11% above FY 16, with a realized increase of 5.4%, indicated a surplus of approximately \$326,958
    - i. In addition, the Business Manager noted that to date (Feb. 2017), health insurance expenses had not been encumbered or expended, overstating the Year to Date Availability Budget by \$15,438,558
  - e. The Substitute Teachers line seemed to be under-budgeted by \$250,000
  - f. ESL Tutor Salaries was at a deficit of \$5,678 and was expected to grow
  - g. Regular transportation was in line with budgeted amounts and the transportation department was noted as doing a diligent job encumbering current and forecasted costs. However, it was noted that Parochial/Private school Transportation was not budgeted with an expected deficit of \$614,014
  - h. It was also noted that Special Education Transportation (as previously discussed) had a deficit of \$1,057,657  
Deficits in tuition accounts were also mentioned
    - i. When these amounts are totaled, it can be assumed that as of March 2017, the Board of Education was made aware that they would be at a deficit of approximately \$5.4 million dollars
  - i. In addition, the Business Manager recommended encumbering all FY 2018 salaries
    - i. This was not done for FY 2018

D. Additional Fiscal Year 2017 Information

1. BlumShapiro located a spreadsheet on the BOE’s network “O” drive (dated: 8-11-2017, user: techsup) that provides an overview of the BOE’s 2017 Financial situation. Summary comments are provided below:

PER MUNIS	ORIGINAL BUDGET	REVISED BUDGET	YTD EXPENDED	AVAILABLE BUDGET	SHOULD BE	ORIGINAL BUDGET	REVISED BUDGET	YTD EXPENDED	AVAILABLE BUDGET
1 GENERAL CONTROL	2,543,051	2,542,431	2,407,200	135,231	1 GENERAL CONTROL	2,543,051	2,542,431	2,407,200	135,231
2 INSTRUCTION	44,389,513	44,373,664	47,253,278	(2,879,614)	2 INSTRUCTION	48,033,886	48,018,037	47,253,278	764,759
3 TRANSPORTATION	3,578,906	3,578,172	4,053,915	(475,743)	3 TRANSPORTATION	3,578,906	3,578,172	4,053,915	(475,743)
4 OPERATION OF PLANT	6,423,980	6,423,980	6,551,554	(127,574)	4 OPERATION OF PLANT	6,423,980	6,423,980	6,551,554	(127,574)
5 MAINTENANCE OF PLANT	2,335,992	2,335,992	2,052,888	283,104	5 MAINTENANCE OF PLANT	2,335,992	2,335,992	2,052,888	283,104
6 BENEFITS & FIXED	18,955,404	18,995,404	18,593,208	402,196	6 BENEFITS & FIXED	18,955,404	18,995,404	18,593,208	402,196
7 ATHLETICS	2,032,930	2,040,464	1,857,312	183,152	7 ATHLETICS	2,032,930	2,040,464	1,857,312	183,152
8 CAPITAL & TECH	1,895,596	1,905,265	1,859,882	45,383	8 CAPITAL & TECH	1,895,596	1,905,265	1,859,882	45,383
9 SPECIAL ED	24,176,868	24,176,868	24,418,748	(241,880)	9 SPECIAL ED	24,176,868	24,176,868	28,754,159	(4,577,291)
10 TUITION	815,000	815,000	858,514	(43,514)	10 TUITION	815,000	815,000	858,514	(43,514)
50 SALARIES	0	0	2,648	(2,648)	50 SALARIES	0	0	2,648	(2,648)
51 CONTRACTUAL SERVICES	0	0	10,413	(10,413)	51 CONTRACTUAL SERVICES	0	0	10,413	(10,413)
52 BENEFITS & FIXED	0	(15,932,530)	(15,932,530)	0	52 BENEFITS & FIXED	0	(15,932,530)	(15,932,530)	0
58 OTHER/MISC	0	0	8,838	(8,838)	58 OTHER/MISC	0	0	8,838	(8,838)
					GRAND TOTAL	110,791,613	94,899,083	98,331,279	(3,432,196)
					EXCESS COST	(3,644,373)	(3,644,373)	(4,335,411)	691,038
GRAND TOTAL	107,147,240	91,254,710	93,995,868	(2,741,158)	TOTAL	107,147,240	91,254,710	93,995,868	(2,741,158)

2. Special Education was significantly over budget even after factoring in/adding back excess cost
3. Transportation was also significantly over budget

E. Budget Transfer Summary For the Past Five Years

1. Outlined below is a summary of budget transfers (actual number and amount) by year and month for the past 5 years
2. Currently the BOE does not review and/or approval any budget transfers
3. The summary information identifies the following:
  - a. A significant number of transfers are made at year end
  - b. For fiscal year 17, there was \$9,619.003 of budget monies transferred in the last period of the fiscal year

\*Note: The months below represent the fiscal year, where Month 1 = July and Month 12 = June

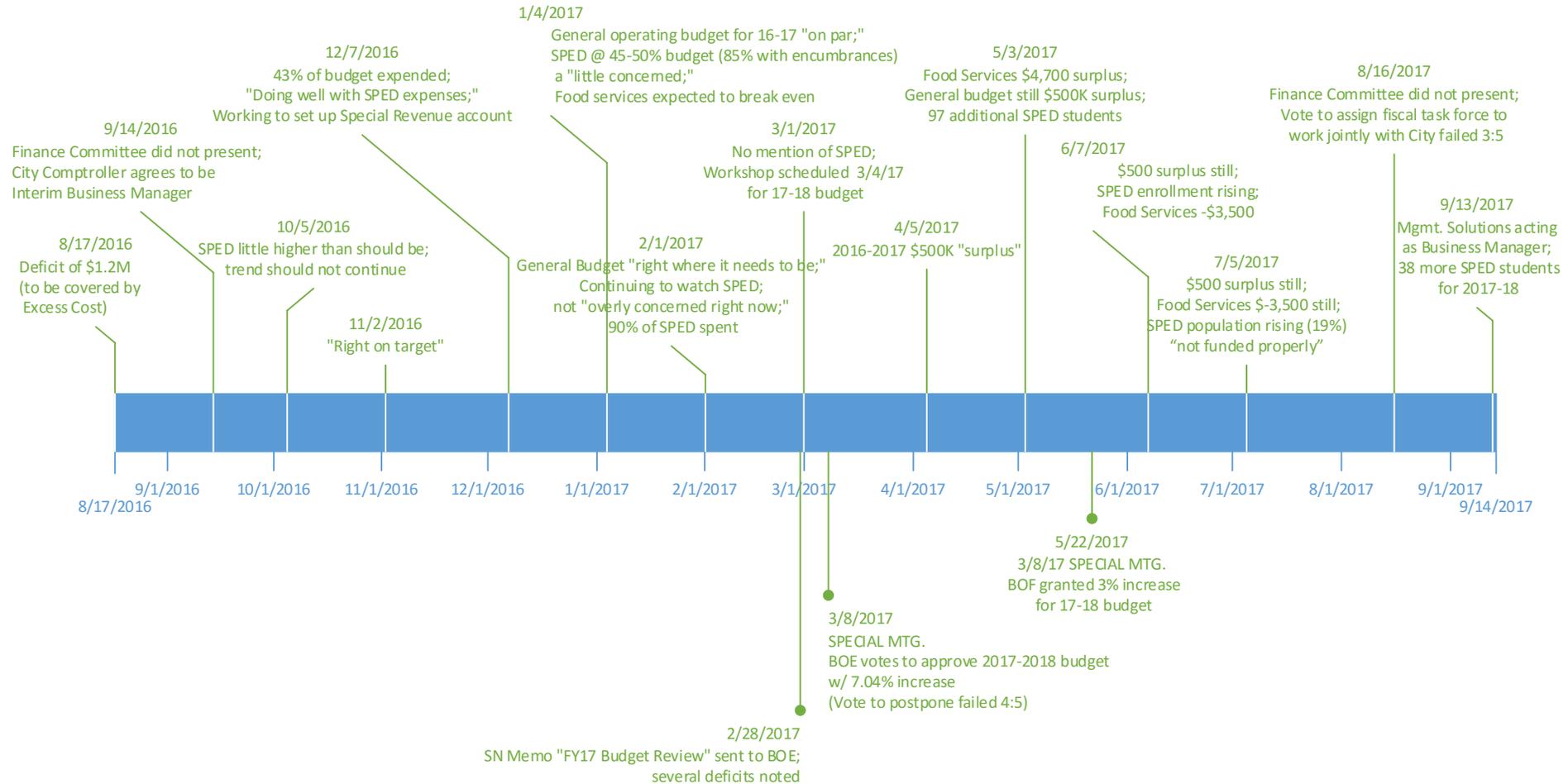
Number of Budget Transfers	Month												Grand Total
	1	2	3	4	5	6	7	8	9	10	11	12	
2013	2	8	16	6	31	4	14	10	9	103	20	84	307
2014	60	70	38	24	46	16	39	28	59	184	49	155	768
2015	43	21	20	15	17	20	44	22	57	165	13	498	935
2016	17	15	37	22	24	19	32	34	98	61	5	823	1,187
2017	21	29	26	38	23	27	39	39	43	34	52	765	1,136

Summary of Budget Transfers	Month												Grand Total
	1	2	3	4	5	6	7	8	9	10	11	12	
2013	\$ 648	\$ 1,793,055	\$ 16,102	\$ 5,176	\$ 267,364	\$ 2,623	\$ 30,432	\$ 273,794	\$ 46,601	\$ 164,724	\$ 604,768	\$ 4,047,338	\$ 7,252,625
2014	\$ 84,580	\$ 703,913	\$ 91,545	\$ 29,229	\$ 342,553	\$ 18,863	\$ 164,971	\$ 150,636	\$ 53,444	\$ 368,041	\$ 50,577	\$ 4,612,253	\$ 6,670,604
2015	\$ 98,711	\$ 20,255	\$ 99,367	\$ 104,631	\$ 52,534	\$ 27,786	\$ 56,092	\$ 16,975	\$ 46,374	\$ 168,164	\$ 4,523	\$ 7,010,038	\$ 7,705,450
2016	\$ 163,669	\$ 20,934	\$ 39,673	\$ 30,013	\$ 125,089	\$ 40,039	\$ 18,226	\$ 47,204	\$ 111,099	\$ 72,519	\$ 19,642	\$ 6,184,037	\$ 6,872,143
2017	\$ 67,841	\$ 65,717	\$ 60,976	\$ 80,637	\$ 163,229	\$ 37,899	\$ 145,583	\$ 140,656	\$ 87,390	\$ 39,028	\$ 336,828	\$ 9,619,003	\$ 10,844,786

F. Board of Education Meeting Minutes Overview (For Fiscal Year 17 - July 2016 to June 2017)

1. BlumShapiro reviewed the BOE meeting minutes and Board financial packages from July 2016 through September 2017
2. The project team summarized the Finance Committee comments to the BOE and specific excerpts are provided below: Appendix A provides a summary of the Finance Committee comments at the BOE Meetings based on their minutes
  - a. August 2016 - Ending 2015-2016 with a \$1,236,993 deficit; a contributor was Special Services
  - b. October 2016 - Special Education department is a little higher than they should be
  - c. January 2017 - Special Education budget is 45-50% used; However, adding encumbrances it is more like 85% used
  - d. February 2017 - Regarding Special Education, continue watching account; 90% has been spent to date
  - e. March 2017 – Business Office Manager provided 2/28/17 memo outlining deficit concerns
  - f. April 2017 - Commissioners received an update on the 2016-2017 budget and the BOE is looking at \$500,000 surplus
  - g. May 2017 – Finance Committee still confirmed a \$500,000 surplus and also identified that for the 2017 fiscal year there were an additional 97 Special Education students “either identified or placed within our district”
3. From April 2017 through July 2017 the BOE Finance Committee identified that there was a \$500,000 surplus
4. Through the September 2017 BOE meeting, there was no discussion (at least in the minutes) of a deficit within the budget
5. A visual timeline is presented on the following page that provides a summation and overview of Finance Committee discussions and other pertinent budget items during Board of Education meetings from August 2017 through September 2017:

## II. City of Bristol/Bristol Public Schools – Operational/Controls Assessment – School District & Project Background Information



G. A Number of Factors Created the BOE Deficit Situation in Fiscal Year 2017

1. After reviewing a number of financial spreadsheets, emails, and other miscellaneous documents, the Project Team identified the following factors that contributed to the BOE deficit:
  - a. One of the goals for the BOE budget was to maintain a similar Maintenance of Effort dollar amount in SPED
    - i. As a result, negative budget figures were applied to the Teacher Salary Instruction lines for Reading and Physical Education (previously mentioned) rather than to the SPED line
    - ii. Limited personnel in the BOE understood the reasoning behind the negative budget amounts
  - b. Another budgetary goal was to maintain the Minimum Budget Requirement (MBR) amount that the City provided to the BOE
    - i. As a result, there was only a small budget increase, with the overall goal to net out the Excess Cost monies within SPED
  - c. Payroll was not encumbered
    - i. Since payroll dollars are a significant cost on a monthly basis, the non-encumbered dollars inflated the true amount of funds available
  - d. Purchase requisitions were not processed in a timely fashion to encumber monies
    - i. Invoices were often received in advance of (or at the time of) the creation of purchase requisitions
    - ii. Again, the non-encumbered dollars inflated the true amount of funds available
  - e. Budget deficit warning signs were not aggressively pursued or evaluated
    - i. The BOE was informed mid-way through the 2017 fiscal year that SPED and the Transportation budget may be running a deficit
    - ii. The then Business Office Manager identified significant issues (in his 2/28/17 memo) that were not acted upon
  - f. Limited ongoing communications existed between the BOE, Superintendent, Business Office Manager and Department Heads/Managers regarding concerns about budget issues

### **III. Findings and Recommendations**

#### **A. It Appears that the BOE and Finance Committee Leadership Lacked Action on Deficit Warning Signs**

1. Based on the review of BOE meeting minutes and the respective BOE monthly financial packages, it appears that the BOE Finance Committee did not question or aggressively elicit additional information requests from the Business Office to validate the School District’s financial position
  - a. In January and February of 2017, it was identified that Special Education is higher than it should be at that point in time
  - b. In March of 2017, the current Business Office Manager outlined significant deficit concerns with the current BOE budget
  - c. It is unclear how in April 2017 the BOE Finance Committee reported a potential \$500,000 surplus after significant deficits were reported in the previous month by the Business Office Manager
  - d. May 2017’s Finance Committee report outlining an additional 97 Special Education students (identified or placed) for the fiscal year should have caused significant discussion/concerns about the budget
2. The monthly BOE financial package did not typically include the Department Director’s/Manager’s documented overview of their respective financial position and/or current budget status

#### **B. Board of Education Training**

1. It was noted that comprehensive training is limited for members of the Board of Education
2. Valuable training and education for the following areas are in need:
  - a. Budget (Development and Monitoring)
    - i. Explanations of each budget line item and the “roll-up” figures provided
  - b. Salaries and Payroll
    - i. What are the expenditures in these areas?
    - ii. What is the School District spending in personnel?
  - c. Special Education
    - i. What are the associated costs each year?
      - a. What do Special Education transportation and tuition costs entail?

- b. What are the protocols surrounding Special Education transportation?
- i. Excess Cost
  - a. What is it?
  - b. How much can Bristol expect for the current fiscal year?
  - c. What are the protocols for receiving the funds and budgeting (or not) for this?
- i. How many facilities/vendors are being utilized for outplacement of Special Education students?
- ii. What do the budgeted versus actual expenses look like on a monthly basis?
- iii. What is the average cost per student?
  - a. How many current students are there?
  - b. On average, how many new Special Education students are added each month?
- iv. What are some of the historical financial trends for Bristol associated with Special Education enrollment and expenditures?

**Recommendation – Make Training Available to Board of Education Members to Better Understand Financial Reports and Operations**

- A. Bristol is fortunate to have a dedicated, interested, and engaged Board of Education. It is recommended that the Board be provided with some fundamental training on the areas identified in the finding above in order ask more meaningful questions of the District, to better understand the operations and expenses of the School District, and to be able to detect trends/forecast from year to year
- B. A training/workshop should be provided for all current Board Members as well as for any new Board Members elected from year to year
  - 1. Training for new members should include clarity around School District operations, roles/responsibilities for the following parties:
    - a. Board of Education
    - b. Superintendent
    - c. Business Manager
- C. Board Members should be provided with a list of predetermined set of questions that should be asked of the Director of Special Services, Director of Human Resources, Superintendent, and Business Manager regularly

### III. City of Bristol/Bristol Public Schools – Operational/Controls Assessment – Findings & Recommendations

---

1. This will ensure that Board Members are getting relevant, important information consistently and regularly throughout the year
2. This will allow the Board to be well-prepared for meetings as well as allow School District Directors, Business Manager, and the Superintendent to prepare information
3. Predetermined questions/topics will help to maintain meeting efficiency and effectiveness

#### **Recommendation** – Have Department Directors/Managers Provide Formal Memorandums for the Board Packages

- A. Key Department Directors/Managers should formally document and provide the BOE and BOE Finance Committee with a summary of their results on key goals, objectives and most importantly budgets
  1. At a minimum, this should include the Business Office Manager, Director of Special Services and Transportation

#### C. Department Leadership Involvement in Board of Education/Finance Meetings

1. In years past, Bristol Department Directors/Managers have not regularly presented at Board of Education/Board of Finance meetings
2. Information pertaining to significant operational areas such as Special Education, Transportation, and Human Resources/Personnel have generally been presented (at a summary level) by either the School Superintendent, Business Manager, or Assistant Superintendent

#### **Recommendation** – Have Department Directors Present their Operational Areas at Board/Finance Meetings

- A. It is recommended that Bristol School District have financial and operational updates be provided to Board members directly by the Department's Director/Manager
  1. For the utmost transparency, and for the ability to receive and respond to Board Member questions, it is imperative that information is presented directly by the individual(s) with departmental expertise
- B. Operational/financial updates should be provided regularly by leadership in the following areas:
  1. Special Education
  2. Transportation (specifically Special Education Transportation)
  3. Human Resources (where/when necessary)
  4. Building Project Management (where/when necessary)

### III. City of Bristol/Bristol Public Schools – Operational/Controls Assessment – Findings & Recommendations

---

- C. It was noted that leaders in these areas have a thorough knowledge and understanding of their operations and expenses and expressed an interest in the ability to share/present their knowledge and information directly to Board members
  - 1. Since the start of this engagement, the Bristol School District has begun to hold Board Meetings with presentations from the Director of Special Services which have been well received

#### D. School District Budget Transfers

- 1. Currently, the School District is not required to receive Board of Education approval for budgetary line transfers
- 2. As such, transparency is lost as well as clear indications of where line items/Departments may be running a deficit

#### **Recommendation – Require Board of Education Approval for Specific Budget Transfers**

- A. The Board of Education has been considering requiring Board approvals for transfers over particular dollar thresholds; it is recommended that the Board of Education proceed with this approval process formalization
- B. The Board of Education should determine an appropriate dollar threshold (i.e., \$5,000) for which any transfers must go before the Board for approval prior to completion
- C. This will increase transparency between the Business Office and members of the Board of Education. It will also help highlight some line items that may have been initially underfunded or improperly funded as transfers are required throughout the year
  - 1. Since the start of this engagement, the Board of Education has been proactive in discussions around policy change to require Board approval of transfers. The Board of Education is in the process of determining an appropriate dollar threshold for the approval requirement.

#### E. Payroll Encumbrance

- 1. Currently, the School District of Bristol are not encumbering payroll
  - a. As a result, funds are not “set aside” or reserved to cover the full cost of payroll including “summer payroll” for teachers for the entire fiscal year
  - b. Shortfalls or inadequate funds to cover payroll costs can go unnoticed for a majority of the year which has led to funding issues in the past as the year closes

- c. In addition, not encumbering payroll allows for budgetary transfers out of the payroll line items which can result in insufficient payroll funds as the year progresses
2. The School District has expressed interest in encumbering payroll going forward

#### **Recommendation – Encumber School District Payroll**

- A. It is recommended that Bristol School District encumber payroll at the beginning of each fiscal year as part of the budgetary process
- B. The MUNIS budget module can be utilized to achieve the encumbrance, securing all payroll dollars for the year (including the “summer payroll”)
- C. Encumbering the payroll at the beginning of each year will also allow the School District clearer insight throughout the year as to where they are against the budget and eliminate the ability for a “false reading” or the appearance of having more dollars available than in actuality

#### **F. Position Control and Human Resources**

1. The School District is not fully utilizing MUNIS Position Control
  - a. The Payroll Department is using some capabilities (i.e., putting an employee in a position) but not enough to get meaningful data and reports out of the system
  - b. The HR Department is not using position control at all
2. Position Control can assist with the budgeting process and easily identify open positions throughout the school year
3. Without using Position Control, the District cannot easily report on, or answer, “How many vacancies do we currently have?” and/or “How much money are we saving through these vacancies?”

#### **Recommendation – Implement Position Control under the Leadership of Human Resources**

- A. Position Control is a component/function of the MUNIS Human Resource Management module
  1. This function provides consistent position control from the time of budget development and projections through the adding of employees to the payroll files
  2. Position Control can be used to project employee salaries and benefits to reflect scheduled step raises (as of a certain date), contract changes, and benefit changes

3. Position Control will also allow the District to better manage vacancies and job openings across all Schools and associated cost savings
- B. It is recommended that the District fully implement Position Control within MUNIS and have the Human Resources Department serve as the “owners” or “super-users” of this function
  1. Position Control should not be driven or managed exclusively by Payroll

#### G. Personnel Action Forms

1. Currently Personnel Action Forms (PAF) are completed on physical paper; the School District is not using this function of MUNIS
2. The manual PAF is completed by the Human Resources Department and then the Payroll Department is notified of a new hire and given the physical PAF in order to set up the new employee in the system
  - a. This could all be automated through the MUNIS system with notifications from HR to Payroll
  - b. This results in entry duplication between HR and Payroll (i.e., basic employee information, demographics)

#### **Recommendation** – Implement the Electronic Personnel Action Forms via MUNIS

- A. The School District should immediately abandon the use of paper PAFs and begin using the MUNIS system to manage hiring
- B. When HR staff input a new hire and complete the electronic PAF, information will auto-populate for the Payroll staff who need to set up the employee for pay rates, deductions, garnishments, etc.
  1. This will eliminate the redundancy of data entry
- C. This will also serve as an electronic repository for centralized personnel management

#### H. Contracts for Special Education Students

1. Currently, the District does not have a formalized contract for every Special Education student and associated services with vendors
2. BlumShapiro performed a test sample of Bristol Special Education students and observed that only half of these Special Education students had contracts in place for the 2017 school year

- a. Many of these contracts were created in December 2016 but not signed until Spring of 2017 by the vendor/facility
- b. In addition, some of the contracts/agreements observed were created by the vendor (CREC) and did not have complete payment terms or invoice/billing agreements
3. Without an agreed upon contract, the School District has no documented terms in regards to invoice regularity (rates/fees) and timing (i.e. must be billed within 30 days of service) and therefore, is subject to the vendor's discretion
4. In addition, without a signed contract by both the District and vendor, the School District cannot easily validate services and costs on each incoming invoice to agreed upon terms, rates, etc.
  - a. This makes it difficult for staff to identify if a rate has increased, if an extra service has been added/charged etc. without having a contract to compare against
  - b. Special Education Supervisors currently have to compare student services against the Individualized Education Program (IEP) to confirm services and rates are accurate

#### **Recommendation – Ensure Contracts for All Special Education Students**

- A. Every Special Education student should have an associated contract(s) for services they are provided
- B. Contracts should be completed as soon as the student is placed (following the intake Planning and Placement Team Meeting (PPT))
  1. Bristol School District currently has two (2) thorough contract templates that can be used going forward
  2. The School District should ensure that payment terms, billing procedures, etc. are included on the contract
    - a. For example, the School District could outline in the contract that they would like one (1) invoice per student, per billing cycle, rather than all students at one (1) facility listed on the same invoice
    - b. In addition, the School District could specify the necessary frequency of invoicing from the vendor (where possible) so that they are consistently billed in a timely manner following the date(s) services were provided
- C. Contracts should be signed and dated by the outplacement facility/vendor and Bristol Director of Special Services
- D. Having a formal contract will be useful for the Special Education Supervisors when invoices come in; they can validate costs, charges, and services on the invoice against agreed upon services/fees as documented in the formal contract (rather than against the students' Individualized Education Program (IEP))

#### I. Evaluation and Analysis of Special Education Invoices

1. Currently, there is no single, dedicated District employee that reviews, in close detail, Special Education invoices
2. At this time, Special Education Supervisors perform a high-level review and sign-off of Special Education invoices
  - a. Invoices are then signed off by a number of District and City employees prior to issuing the check including the Special Education Supervisors, Director of Special Services, Special Education Administrative Assistant, Business Manager (on the AP batch as a whole), City Purchasing Agent, and Comptroller
3. In years past, the District had a designated Accountant who maintained a detailed “Master Special Education Spreadsheet” with each Special Education student and his/her associated costs throughout the year from month to month for each facility
  - a. This spreadsheet is now primarily maintained by the Special Education Secretary; she has assumed this responsibility since the vacancy in the Special Education Accountant position
    - i. The spreadsheet is kept on a shared drive; the Business Office Budget and Accounting Supervisor accesses the spreadsheet to complete SEDAC reporting and for look-up purposes only; the Business Office is not actively overseeing or monitoring the data on a regular basis
    - ii. The spreadsheet is not managed to the same level of detail, monitoring, and analysis as when a single, designated person maintained this as part of their job description/function
4. BlumShapiro performed a sample analysis of Special Education students and those student’s associated invoices for the 2016-2017 year
  - a. A number of discrepancies in purchase orders vs. invoices were found
  - b. Some of the purchase orders lacked the same level of tracking/break out in student services (i.e., physical therapy, occupational therapy) that the invoice stated
  - c. For majority of the invoices and purchase orders tested, the requisition/purchase order was entered into MUNIS after the invoice was received
    - i. This is not a recommended business practice as the funds are not encumbered until the time of purchase order entry
5. Additionally, there is limited scrutiny over Special Education item purchases as this time
  - a. Costly items (i.e. transportation) are always managed via a bid process in which the District awards the purchase to the lowest bidder

- b. For less expensive items, in general, Special Education staff utilize their expertise, institutional knowledge, and vendor familiarity when making purchases for ancillary Special Education items (i.e. sensory items, specialty chairs, etc.)
  - i. The Department does not have the staff/capacity to “shop around,” compare pricing, shipping, etc. and scrutinize every Special Education purchase at this time
  - ii. In the past, the Department had an Amazon account that could be used to make online purchases for Special Education
    - 1. It is possible that the District may find better pricing via Amazon, online, etc. for some specialty items which could result in cost savings for Special Education

#### **Recommendation – Improve the Special Education Purchasing Process**

- A. It is recommended that the Special Education Department perform closer analysis of each incoming invoice for student services and items purchases
- B. The best business practice for managing purchases is as follows:
  - 1. Once a student has been placed at a facility, the Special Education Department should enter a purchase requisition into MUNIS
    - a. The purchase requisition will pre-encumber the necessary funds to cover the student’s estimated tuition and associated services
    - b. After the requisition goes through the built-in system approval process, the requisition will automatically roll forward into a formal purchase order at which time, the associated dollars will be fully encumbered
  - 2. When an invoice is received it can be matched (along with any packing slips for goods) to the MUNIS purchase order for accuracy using MUNIS’ three-way-match function
    - a. Any discrepancies will be more noticeable and change orders can then be made through the MUNIS system
      - i. Change orders should be made via MUNIS and the City/School District should abandon the paper “PO Increase Request” form that is has recently implemented

- ii. This will expedite the increase process and also provide the City Purchasing Agent (and any additional approvers) with a clear history of the purchase order activity as well as the ability to read associated notes/reasons for increase requests
- 3. A workflow diagram illustrating the recommended Special Education purchasing process for student costs can be found in the Workflow Analysis section of this report
- 4. The same process should be utilized for ancillary Special Education items purchasing including the same order of electronic purchase requisition, purchase order, invoice through the MUNIS system
- C. This new purchasing process should be documented and incorporated as part of the Special Education Department's procedures to ensure uniformity and congruity going forward

#### **Recommendation – Hire an Accountant to handle Special Education purchases, invoices and contracts**

- A. Given the current staff size of the Special Education Department and the immense volume of Special Education students, it is recommended that the District hire a Special Education Accountant in order to take on this workload
  - 1. It is recommended that the Special Education Accountant also take over the management of the Special Education master spreadsheet and be the sole, responsible party for detailed monthly analysis and tracking
  - 2. This person should be the manager of all Special Education student contracts and agreed upon costs with vendors/outplacement facilities
  - 3. The Special Education Accountant could also be tasked with the management of Special Education ancillary purchases to better manage the smaller expenditures and vendors
    - a. Closer attention can be paid to shipping costs, potential bulk purchase discounts, product reviews, etc.
  - 4. In summary, the Special Education Accountant will be primarily responsible for:
    - a. All Special Education Student contracts
      - i. Validating terms, ensuring vendor/School District sign off in a timely manner (immediately after student outplacement/intake Planning and Placement Team Meeting (PPT))
    - b. Special Education Student Services
    - c. Ensuring services and costs align with contracts and student enrollment (attendance)
    - d. Special Education costs
      - i. Tuition, transportation, ancillary items/purchases

- e. Facility/Vendor Management
  - i. Maintaining relationships and agreements with outplacement facilities
- f. Overseeing the IDEA grants for Special Education
- B. BlumShapiro agrees with the School District that this position should report to both the Business Office Manager and Director of Special Services
- C. Since the start of this engagement, the School District posted this vacancy and has hired a person. The intended start date for this hire is February 2018

J. Transparency and Communications Between Special Education and the Business Office

- 1. It was noted via the BlumShapiro interviews that increased communication could be beneficial for the Special Education Department and Business Office
- 2. At this time, regular meetings to review and compare Special Education costs and their budget are not occurring
  - a. The Special Education Department generally records and tracks their spending via the Special Education master spreadsheet
    - i. The Business Office has access to this but it is not believed that they fully utilize or maintain this
    - ii. The Business Office generally utilizes MUNIS to review Special Education costs (purchase orders, etc.)
- 3. With high turnover in the Business Office Manager position over the recent years, the relationship and communication between the Special Education Department and Business Office has likely changed repeatedly
  - a. In terms of financial management expectations, it is possible that it was unclear in the past who would be overseeing and monitoring monthly Special Education costs against the budget

**Recommendation – Institute Regular Monthly Meetings between Special Education and the Business Office**

- A. With the recent hiring of a new Business Manager, it is the opportune time to implement operational meetings between the Special Education Department and Business Office to establish a successful business partnership
  - 1. It is recommended that the meetings include the Director of Special Services, Business Office Manager, and Budget and Accounting Supervisor (other staff including Special Services Supervisors and/or secretaries can be included when needed)

- B. Meetings should be held monthly as a means to share expenditures, enrollment changes, and to jointly monitor the budget against MTD/YTD expenditures
  - 1. Therefore, any significant discrepancies or budget shortages can be discussed and addressed as soon as they occur vs. the year-end
  - 2. These meetings will serve as a means to reconcile Special Education’s master spreadsheet against the MUNIS system
- C. In addition, by communicating and “touching-base” regularly, roles/responsibilities in regards to budget status management and monitoring for Special Education can be clarified amongst the District leadership (Business Office, Budget and Accounting Supervisor, Director of Special Services, Special Services Administrative Assistant, etc.) so that assumptions are not made that the management is being handled elsewhere

#### K. MUNIS Capabilities Are Not Being Fully Utilized - Tyler Content Manager

- 1. At this time, the School District is not using Tyler Content Manager (TCM) as part of the MUNIS system
  - a. Purchase orders and invoices are all managed in colored paper copies with duplicates in the Business Office and Special Education Department
    - i. As such, the Departments copy, print, file, and store a tremendous amount of physical paper
      - 1. This is neither cost effective or operationally efficient as the paper management process (copy/print, file, store, search) are time consuming and prone to mistakes (missing files)
      - 2. In addition, managing paper records for Special Education-related services and other confidential matters can also result in privacy risk if files are left out or are physically accessible to unapproved staff (i.e. facilities, cleaning crew, and visitors)
- 2. TCM would allow the Bristol BOE to store all hard copy documents electronically resulting in immediate access to all documents (security permitted)
  - a. Documents would no longer be required to be filed or “lost” on someone’s desk
  - b. Users would have immediate access to these electronic files
- 3. When asked, a Tyler Technologies representative expressed that he believes the School District has purchased Tyler Content Manager but has not yet proceeded with its implementation

#### **Recommendation** – Implement Tyler Content Manager

- A. TCM is a file/content electronic management system used in other municipalities/School Districts to streamline the flow of digital information, decrease the amount of paper, and organize documents electronically for the organization
- B. Some benefits and capabilities of TCM include:
  - 1. Audit and version management
    - a. Allowing staff to monitor who has modified information
  - 2. Flexible document workflow
  - 3. Batch processing
  - 4. Optical Character Recognition (OCR) and advanced search capabilities
  - 5. Report Generator
  - 6. Annotation and Redaction (based on user security privileges)
- C. It is recommended that Bristol (both City and School District) move forward with the implementation of Tyler Content Manager
  - 1. This will greatly decrease the amount of physical paper shared and stored by Departments
  - 2. It was also allow for easier document searching and the electronic matching of scanned invoices to MUNIS purchase orders
    - a. This will likely expedite the purchase order and accounts payable process
  - 3. Each Department will no longer need to maintain a copy of the same file; all users (based on security level and user privilege) can access the files (purchase orders, invoices, checks, etc.) using the MUNIS/TCM system
    - a. Departments will no longer need to request files from other staff as they can look up the necessary record or file within the system (based on security and access permission levels)
- L. MUNIS training for staff
  - 1. It was evident in our interviews that a lack of MUNIS training exists
  - 2. Staff felt a desire to better understand the system and its capabilities specifically including position control, the Human Resource module, report generation, and lookup capabilities
    - a. As a result, many modules and functionalities are underutilized

- b. The District staff are likely maintaining information outside of MUNIS (via spreadsheets)
3. Nearly all interviewees expressed that they would benefit from MUNIS training and/or participation in user conferences
4. When asked, many interviewees were unaware of the Tyler Technologies “Tyler Community” and knowledgebase
  - a. This free, online crowdsourcing/collaboration tool provides quick access to information, product support, experience, and system insights posted by other MUNIS users, Tyler Technologies clients and staff
    - i. The Tyler Community features:
      1. Blogs with industry news, tips and tricks, best practices
      2. Forums for user discussions and threads
      3. Library with user guides, videos, documents etc.
      4. Wiki for searching and posting training resources

#### **Recommendation – Implement MUNIS Refresher Training**

- A. MUNIS should be contacted for onsite user refresh training and the School District should solicit employees for which areas within the system they would benefit from deeper training (i.e. Payroll/Human Resources)
  1. The School District should invite the City employees to partake in training as well
  2. This is a good opportunity for City and School District users to share MUNIS questions, solutions, and tips with each other
- B. The IT Department should notify all MUNIS users of their Tyler Community usernames and logins so that users can solicit their own help vs. opening Tyler support tickets, finding a workaround, etc.
- C. An additional option for the School District is to also implement (and train users on) the Employee Self Service (ESS) module
  1. The City is currently using this but the School District is not
  2. This would allow employees to view and reprint W-2s, run “what if” scenarios regarding their deductions, edit basic demographic information (with Department approval)

#### M. Email Archiving and Electronic Discovery (eDiscovery) Information Compliance Policy has not been documented

1. BlumShapiro reviewed emails created and received by the Business Office Manager(s). Unfortunately, it is unclear if the Business Managers deleted any emails, since the City/BOE do not have an email archiving system
2. The current email retention policy is based on a user making a determination if an email needs to be stored for an extended period of time; no other formal retention rules exist within the City/BOE
3. The electronic discovery standard was introduced in December 2006 by the Federal Courts. Electronic discovery, also called eDiscovery, refers to any process in which electronic data is sought, located, secured, and searched with the intent of using it as evidence in a civil or criminal legal case (currently Federal cases). eDiscovery is incorporated as part of the Federal Rules of Civil Procedure. A formal eDiscovery policy has not been documented at the City of Bristol

#### **Recommendation** – Implement an Email Archiving Solution and Develop/Document an eDiscovery Plan

- A. BlumShapiro recommends that the City/BOE select and implement an email archival solution that will retain email for an approved period of time. This will help ensure that emails are properly stored and available when necessary. It will also help to adopt a more formal email retention policy
- B. BlumShapiro also recommends that the City/BOE develop and document its eDiscovery policy. As a result of this effort, the City should work with legal counsel to confirm the appropriate steps and actions needed to prepare a compliant eDiscovery plan. In particular, e-mail storage, archiving, and retention policies should be more formally documented
  1. Since the start of this engagement, the City/BOE has budgeted for an email archiving solution

**IV. Recommendations Priority List**

We recommend that the School District implement the above recommendations and best practices in the following order. BlumShapiro is aware that the School District has already begun the process of implementing some of these recommendations. They are identified with \*\* below:

**Recommendations:**

1. Have Department Directors/Managers Provide Formal Memorandums For the Board Packages with monthly status of key goals, objectives, and budget
2. Have Department Directors Present their Operational Areas at Board of Education/Finance Meetings\*\*
3. Encumber School District Payroll
4. Require Board of Education Approval for Budget Transfers\*\*
5. Hire an Accountant to handle Special Education purchases, invoices and contracts\*\*
6. Make Training Available to Board of Education Members to Better Understand Financial Reports and Operations
7. Improve the Special Education Purchasing Process
8. Ensure Contracts for All Special Education Students
9. Institute Regular Meetings between Special Education and the Business Office
10. Implement Position Control Under the Leadership of Human Resources
11. Implement Electronic Personal Action Forms (PAF)
12. Implement Tyler Content Manager
13. Implement MUNIS Refresher Training
14. Implement an Email Archiving Solution\*\*
15. Develop and Document an eDiscovery Plan

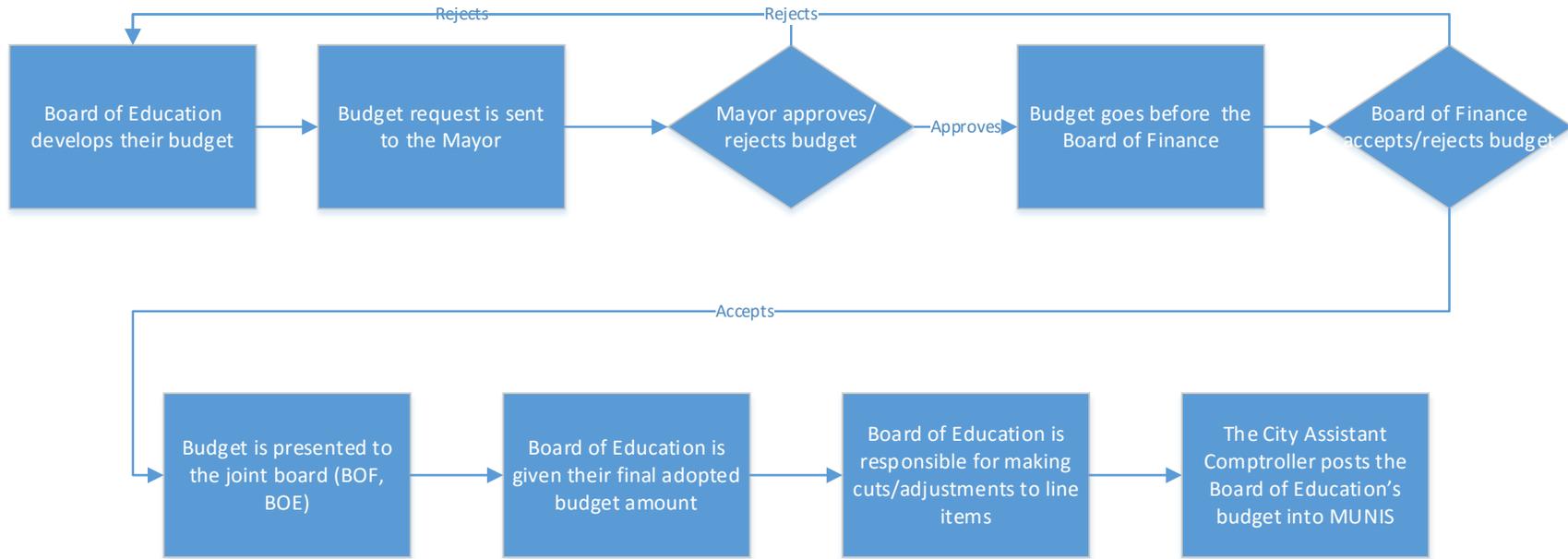
\*\*Recommendations already in progress\*\*

**V. Workflow Analysis**

As part of the operational assessment, BlumShapiro documented high-level process workflows for the various functions of the Board of Education operations. It should be noted that these are intended to be basic diagrams of key steps involved in major processes as observed by our onsite visits and discussions with staff and not every detail/process step will be accounted for. The following processes were observed and documented:

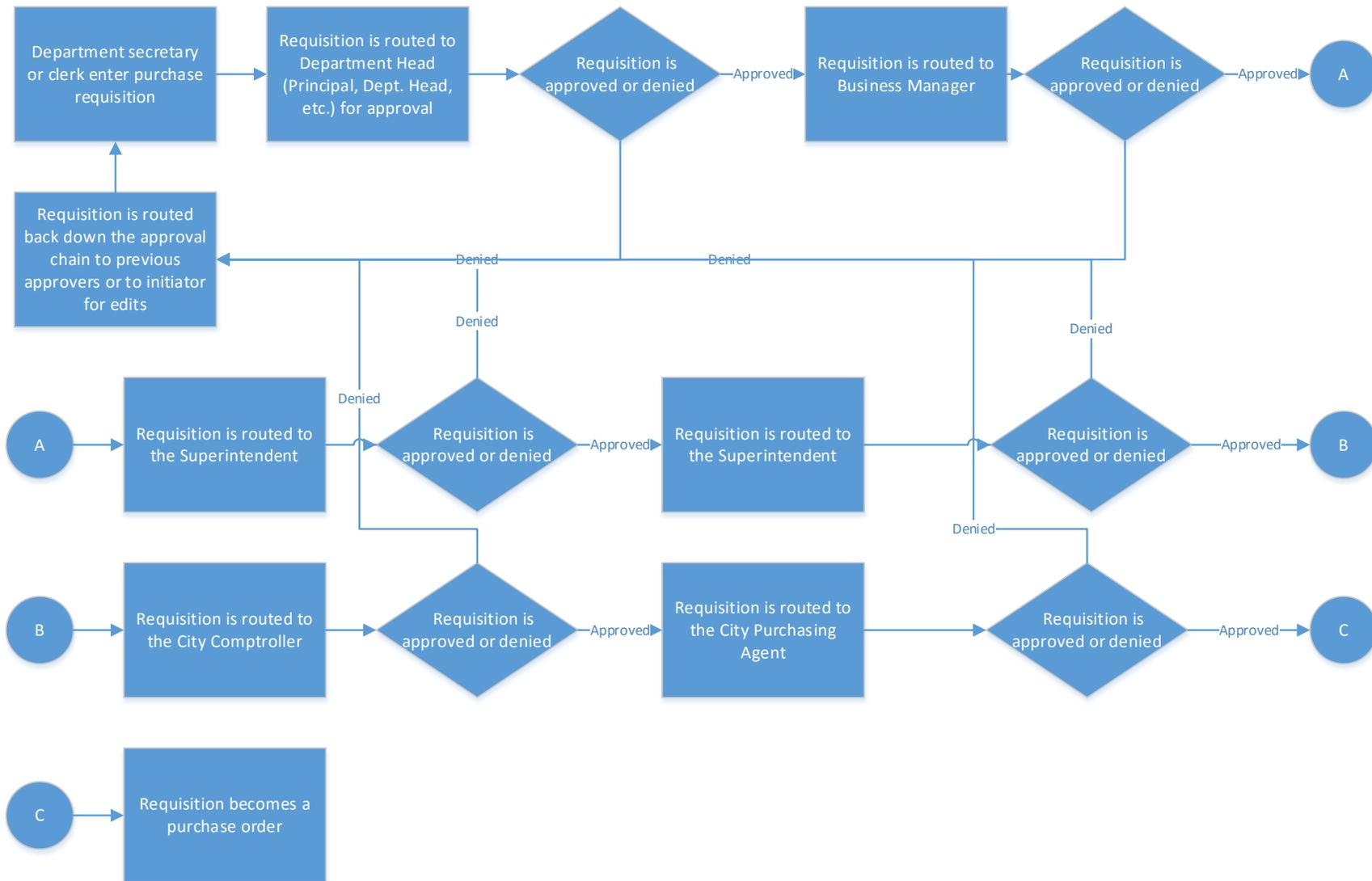
- Board of Education Budget Process
- Board of Education Purchasing Approval Process
- Recommended Requisition/Purchase Order Process

Board of Education Budget Process

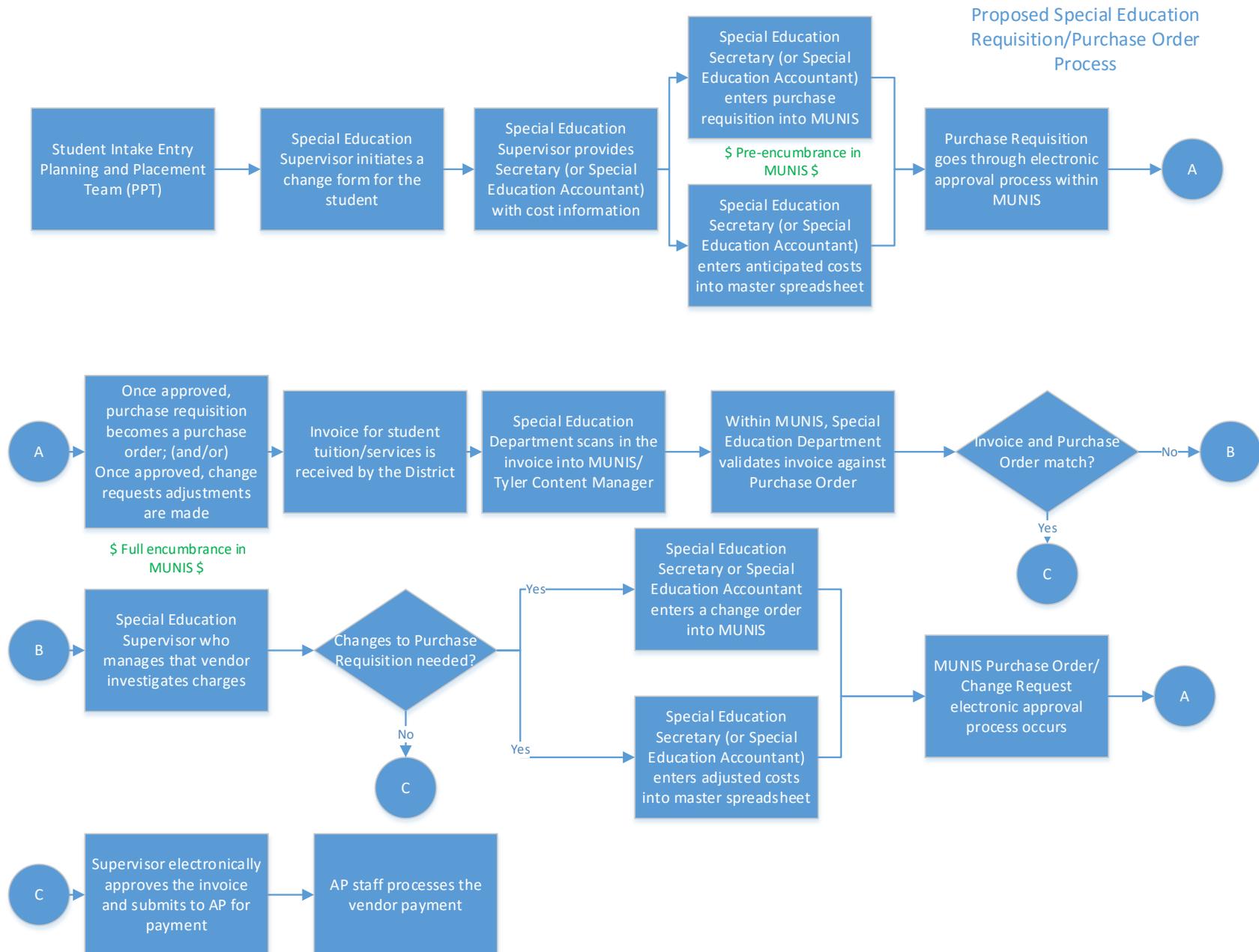


# V. City of Bristol/Bristol Public Schools – Operational/Controls Assessment –Workflow Analysis

## Board of Education Current Purchasing Approval Process



# V. City of Bristol/Bristol Public Schools – Operational/Controls Assessment –Workflow Analysis



**Appendix A – Summary of Finance Committee’s BOE Meeting Minutes**

Outlined below is a summary of the Finance Committee comments based on the BOE meeting minutes from July 2016 through September 2017. The comments column provides some additional information about that particular BOE meeting and/or event.

<u>Month</u>	<u>2016-2017 Year-Summary Comments From BOE Meeting-Finance Committee</u>	<u>Comments</u>
July 2016	<ul style="list-style-type: none"> <li>• Currently a \$226,899 deficit for 2015-2016 budget</li> <li>• The Special Education budget is over by 4.1 million</li> </ul>	
August 2016	<ul style="list-style-type: none"> <li>• Ending 2015-2016 with a \$1,236,993 deficit; a contributor was Special Services</li> <li>• Expect amount covered by excess cost share</li> </ul>	
September 2016	<ul style="list-style-type: none"> <li>• (No Finance Committee Report-)</li> <li>• (City Comptroller agreed to be interim Business Manager)</li> </ul>	Business Office Manager Resigned; City Comptroller assisting BOE
October 2016	<ul style="list-style-type: none"> <li>• Special Education department is a little higher than they should be</li> <li>• After looking at summer special education expenses, trend should not continue</li> </ul>	
November 2016	<ul style="list-style-type: none"> <li>• Still early in fiscal year, but right on target</li> <li>• Finance Committee paying close attention to Special Education budget</li> </ul>	
December 2016	<ul style="list-style-type: none"> <li>• To date, have expended 43% of budget for the year</li> <li>• Special Education expenses doing well</li> </ul>	
January 2017	<ul style="list-style-type: none"> <li>• General operating budget for 2016-2017 is on par, hopefully no surprises</li> <li>• Special Education budget is 45-50% used</li> <li>• However, adding encumbrances it is more like 85% used</li> <li>• Concerned with budget so will be keeping a close eye on it.</li> </ul>	
February 2017	<ul style="list-style-type: none"> <li>• General budget is right where it needs to be; 55% of the budget expended to date; at the 55% mark in the school year</li> <li>• Regarding Special Education, continue watching account; 90% has been spent to date</li> <li>• Encumbrances will come out towards the end of the year</li> </ul>	New Business Office Manager hired

VI. City of Bristol/Bristol Public Schools – Operational/Controls Assessment – Appendix

<u>Month</u>	<u>2016-2017 Year-Summary Comments From BOE Meeting-Finance Committee</u>	<u>Comments</u>
March 2017	<ul style="list-style-type: none"> <li>Alliance grant being cut \$250,000; administration presented ways to fill gap</li> <li>Board holding a budget workshop</li> </ul>	Business Office Manager provided a memo (2/28/2017) outlining concerns about the FY 2017 budget with Board package
March 2017-Spc	<ul style="list-style-type: none"> <li>Motion to increase the 2017-2018 Budget by 7.04%; Motion passed</li> </ul>	No mention of BOE Budget
March 2017-Spc	<ul style="list-style-type: none"> <li>Discussed the substitute line being \$21,000 over budget in current year</li> </ul>	No mention of BOE Budget
April 2017	<ul style="list-style-type: none"> <li>Commissioners received an update on the 2016-2017 budget and the BOE is looking at \$500,000 surplus</li> <li>It is important to note that we are required by state law that we cannot end with a deficit</li> </ul>	Review of Board financial package does not indicate a \$500,000 surplus
May 2017	<ul style="list-style-type: none"> <li>Still believe that at years end we will be under budget by approximately \$500,000</li> <li>Special Education update. Since the beginning of this fiscal year we have had an additional 97 students either identified or placed within our district</li> <li><i>Along with that large number, comes large expenses, due to their placement in specialized programs, in district services, private outplacements where there are tuition and transportation expenses.</i></li> </ul>	
May 2017-Spc	<ul style="list-style-type: none"> <li>The request from the Board of Education was \$114,422,339 which was a 7.04% increase.</li> <li>The Board of Finance proposal was to grant a 3.0% increase which would total \$110,361,665.</li> <li>That number is a reduction of \$4,060,684 from the BOE request.</li> <li>From this number the BOE was able to subtract \$1,412,679 due to Health insurance savings that were identified leaving us with \$2,648,005 in reductions.</li> <li><i>Looks like the BOE will end the 2016-2017 budget year with a \$500,000 surplus and the Finance Board has said that amount can be carried over to next year's expenses.</i></li> </ul>	
May 2017-Spcl	<ul style="list-style-type: none"> <li>(No Finance Committee Report)</li> </ul>	

VI. City of Bristol/Bristol Public Schools – Operational/Controls Assessment – Appendix

<u>Month</u>	<b>2016-2017 Year-Summary Comments From BOE Meeting-Finance Committee</b>	<u>Comments</u>
June 2017	<ul style="list-style-type: none"> <li>• BOE is still looking at a \$500,000 surplus for this year; this is due to the decision to “hold back” on expenses at the beginning of the school year so that we do not go over budget</li> <li>• Special Education enrollment continues to rise we are several percentage points over the state average</li> </ul>	
June 2017-Spcl	<ul style="list-style-type: none"> <li>• (No Finance Committee Report-)</li> </ul>	
July 2017	<ul style="list-style-type: none"> <li>• Currently expecting to have a \$500,000 surplus; we are still waiting on a few items to be added in. We will have a final end of year exact figure at our August meeting.</li> <li>• Special Education population continues to rise; we are now at 19% which is above the state average of 12-14%.</li> <li>• <i>Finance Committee will have a final end of year exact figure at our August meeting</i></li> <li>• As our population rises, so does the cost, and while the services are needed, it just is not funded properly.</li> </ul>	
August 2017	<ul style="list-style-type: none"> <li>• (No Finance Committee Report)</li> </ul>	Business Office Manager resigns
September 2017	<ul style="list-style-type: none"> <li>• Person from Management Solutions company was introduced as the acting Business Manager</li> <li>• We have started this year with 38 more students receiving special services; we will be tracking the Special Education budget and enrollment very closely.</li> </ul>	No mention of 2016-2017 budget status
September 2017-Spcl	<ul style="list-style-type: none"> <li>• (No Finance Committee Report)</li> </ul>	