

**BRISTOL WARREN REGIONAL SCHOOL DISTRICT**

**DEPARTMENTAL HIGH-LEVEL OPERATIONAL REVIEW**

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**MARCH 2021**

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**I. INTRODUCTION:**

In mid-December 2020, the BWRSD legal counsel, Ms. Maryann Carroll, engaged my services as a financial consultant to review the fiscal health and oversight of the District and to provide input regarding the operations of the school department. I am currently the Chief Operating Officer for the North Kingstown School Department and oversee all operations of the \$80M+ District. I have been with the North Kingstown School District for ten years. During this time, among numerous other educational and athletic awards, the District has been the recipient of the ASBO International Meritorious Budget Award since 2016, an award given for excellence in budget presentation and transparency.

In early January 2021, it was determined that the District was in need of an onsite, experienced financial consultant to provide temporary assistance with the day to day operations of the finance department. Mrs. Diane Brennan, retired Director of Finance/School Business Manager for the Town of Glocester, has filled that role and continues to provide daily support in the Bristol Warren Regional School Department (BWRSD) finance department. Mrs. Brennan has provided a wealth of financial and operational expertise to the District. Her role has been invaluable in assisting the District with the FY21 financial review and formulation of the FY22 Preliminary Budget.

The following information is provided based upon information provided by District staff, review of financial and other pertinent data, and review of District data as found on the RI Department of Education website. It should be noted that District staff has been cooperative and professional throughout this engagement. It has been a pleasure working with District staff and members of the BWRSD School Committee.

**II. FINANCE DEPARTMENT:**

**DISTRICT FINANCE DEPARTMENT LACKS SUFFICIENT STAFFING IN TERMS OF NUMBER OF EMPLOYEES AND EXPERIENCE LEVEL OF EMPLOYEES.**

While other operational departments were reviewed, the primary focus of attention was on the District Finance Department. The Finance Department currently consists of the Interim Business Manager and two accounting clerks. For a regional school district with total expenditures of more than \$60M, this is a severely understaffed finance department. The day to day duties and requirements imposed by the RI Department of Education (RIDE) as well as the sheer volume of activity in an organization of this size, including cash management and projections, financial reporting and oversight, procurement oversight and contract administration, debt service management, and general fiscal and audit compliance, cannot be adequately completed by a department with only three employees. The District has suffered for more than a year due to the lack of high level financial oversight and this lack of staffing and oversight has impacted all operational departments.

Further, while the Interim Business Manager is a solid employee who provides an important role in the District, his years of experience are below that needed for the lead financial person. His

experience level is more in line with a senior accountant/entry level accounting manager.

Please note, however, that the Interim Business Manager is an important employee to the District. It has been a pleasure working with him as he has always been helpful, respectful and professional. He is eager to learn and has benefited from Mrs. Brennan's mentoring.

Based on the size of the District and the fiscal requirements, it is imperative that a Chief Financial Officer level employee be hired as soon as possible. The District is moving forward to secure this position.

It is further suggested that a Controller or Assistant Controller level position also be created in addition to the CFO, current Interim Business Manager (employee's title should be changed to senior accountant or accounting manager as noted above) and two accounting clerks. Once a CFO is in place, an analysis of need can be done to determine the experience level of an additional employee needed to ensure a strong fiscal operation.

Also, once a CFO is secured, the payroll function should be moved back to the finance department (see Human Resources information below). The payroll function currently resides within the Human Resources Department.

**OVERSIGHT OF FINANCIAL OPERATIONS NEEDS SIGNIFICANT IMPROVEMENT AND IMPLEMENTATION OF POLICIES AND PROCEDURES FOR ACCURATE REPORTING AND TRACKING.**

While reviewing the FY21 financial statements, it was noted that encumbrances were not accurate and not up to date, other departments did not present financial information in a timely manner or at all and invoices were often late and not accounted for/encumbered in the financials.

The role of an efficient finance department in any organization is the documentation and control of incoming and outgoing cash flows and the actual handling of those cash flows, but in this case, not the formulation of that data for each department. The Finance Department cannot be expected to know the fiscal operations of other Departments such as Special Education, Facilities, Athletics and Information Technology, etc. It is the responsibility of District Department Heads and Principals to provide consistent data to the Finance Department to ensure accurate and timely reporting of financial information. A process for ensuring current information is received from other departments (and schools) should be put into place immediately.

Cash projections are also not conducted and excess cash is not transferred to the investment account (in order to earn interest income). This is due to the lack of experience in this area of the Interim Business Manager. The District earns interest income on the investment account used to house excess cash from reserves. It is important that a process be put into place for projecting cash flow needs and the transfer to and from the investment account to earn some interest. In the absence of a CFO, the Superintendent should approve transfers to and from the investment account and ensure timely reconciliation of all cash accounts to ensure a separation

of duties and high level approval/oversight.

The District is in need of proper approval for all expenditures including appropriate procurement and bidding where applicable (see procurement and contract administration below).

Department heads need to be held accountable for spending and to understand that all purchases should be thoroughly reviewed and approved prior to commitment.

It was also noted that grant funds (see Grant Administration below) are not properly encumbered and enterprise funds lack oversight or are in a deficit situation (see COZ and Food Service below).

This lack of timely, consistent and accurate financial reporting presented a better financial position for FY21 than what was ultimately flushed out. The extensive work conducted on the FY21 financial statements was required in order to formulate as accurate a financial position for FY22 as possible.

The links below to the RI Department of Education website are provided for further information regarding historical District data, uniform chart of accounts requirements and other sources of funding and information for State of RI public schools.

<https://www.ride.ri.gov/FundingFinance/SchoolDistrictFinancialData/UniformChartofAccounts.aspx>

<https://www.ride.ri.gov/FundingFinance/FundingSources.aspx>

**III. PROCUREMENT AND CONTRACT ADMINISTRATION:**

**THE DISTRICT LACKS A FORMAL PROCESS FOR PROCUREMENT OF GOODS AND SERVICES AND ON-GOING CONTRACT ADMINISTRATION.**

The Finance Department should be responsible for the administration of all purchases, bids and contracts to ensure compliance with District purchasing rules and regulations. The District has used the State of RI MPA for purchases which can be utilized as a short term or emergency purchase solution but not as a long term purchasing strategy. A process for the consistent bidding of goods and services over \$5K should be formulated. Requests for proposals should be formulated by the Department Head needing the goods or services, reviewed by the Finance Department, and bid, accepted, opened and reviewed when received by the Finance Department. The Finance Department should then track expiration dates of contracts and re-bid as necessary in a timely manner. Results of these RFPs should be shown on the District website and as part of the record of approval, if required, by the BWRSD School Committee.

**IV. GRANT ADMINISTRATION:**

**GRANT FUNDING IS NOT RECORDED IN A TIMELY, ACCURATE MANNER IN TERMS OF ENCUMBRANCES AND MONITORING OF BALANCES.**

It was noted that grants received by the District are not appropriately administered. For

example, encumbrances for spending are lacking and many grant accounts were shown with small balances or deficit balances. Grant funds should be administered and overseen in a manner similar to the general fund with accurate and timely reporting of current and future expenditures. Grant spending should not be in a deficit position but those that currently reflect a deficit should be adjusted through the general fund and closed out. Grants with small balances should also be reviewed for spending and closed out in accordance with the terms of the grant.

**V. COZ (CHILD OPPORTUNITY ZONE) ENTERPRISE FUND:**

**THE COZ FUND IS IN A LARGE DEFICIT SITUATION FOR FY21 AND IS NOT RECEIVING FISCAL OR OPERATIONAL OVERSIGHT.**

The COZ Enterprise Fund is in immediate need of a full operational review. In FY19 there was a large surplus of approximately \$800K that was approved by the District Budget Subcommittee and School Committee to be allocated to behavioral support services at two District schools and for transition of out of district special education students back into the district. At the May 28, 2019, meeting of the BWRSD School Committee, a vote was taken to transfer \$684K of this surplus to the general fund to be “earmarked for social and emotional supports.” While it is clear from the FY19 audit that these funds did fall to surplus in fund balance, the funds have not been earmarked for this purpose and no transfer back to the general fund for expenses related to this SEL program is found in FY20 or FY21.

However, before these funds are used for this SEL program in the future, it is recommended that the decision of the School Committee, as supported by the Budget Subcommittee, regarding the use of these funds be reviewed by legal counsel to determine feasibility of moving forward for use of these funds. By definition of an enterprise fund, once a surplus is certified as available (in this case fund balance) the funds must be used to fund operating, capital or debt service costs associated with that enterprise fund. A legal opinion should be sought to determine if excess funds in the COZ fund balance can be used for anything other than COZ programming.

Further, the COZ deficit for FY21 should be taken into account as well as any future projected deficits in this fund if the operation is not put back into at least breakeven status. An enterprise fund, by definition, must be a self-sustaining operation and should not consistently run a deficit. A full review of the operations of this part of the organization should be done immediately to ensure that services are afforded to District students and families to carry out the mission of these school linked services.

Should it be determined that this \$684K cannot be used for programming other than that administered by COZ, a prior period adjustment for FY19 will need to be completed by the auditors at the time of the FY21 audit. This will reduce available fund balance.

## VI. FOOD SERVICE:

### **THE CONTRACTED SERVICES FOR THE DISTRICT FOOD SERVICE PROGRAM IS IN A LARGE DEFICIT SITUATION FOR FY21 AND IS NOT RECEIVING FISCAL OR OPERATIONAL OVERSIGHT.**

The District outsources the food service program to Chartwells and is part of a contract with other East Bay Districts thru the East Bay Collaborative. Other Districts participating in the Collaborative contract are Tiverton, Little Compton, Middletown, Portsmouth, and Barrington.

As of March 2021, Chartwells is projecting a \$78K deficit in the Bristol Warren food service program for the FY21 school year. Sales are down by more than 68% from the FY20 level. Expenses have also been adjusted and are down approximately 52% from FY20 levels, resulting in a significant projected deficit to the program. While the Food Service Enterprise fund has an approximate \$671K accumulated fund balance to cover this large loss, this anticipated FY21 deficit represents a large swing as the District enjoyed a \$44K surplus in FY20.

A meeting was held with Chartwells personnel, attended by Diane Brennan and BWRSD personnel, to review this information. On a go forward basis, it is recommended that this program be fully reviewed with Chartwells before the start of the 21/22 school year to determine pricing, menu offerings and staffing levels in order to get back on track for a small surplus or at least a break even bottom line. Overview meetings should be conducted on at least a quarterly basis to understand the direction and financial status of the program. It is further recommended, if possible, that a bottom line minimum surplus be discussed at the next contract renewal.

It is important that the net cash resources form required by RIDE be reviewed on at least an annual basis and submitted timely. At the time of this report, the District projected average monthly expenses in the food service program of approximately \$103,600. The projected net fund balance (after FY21 deficit is absorbed) is approximately \$555K. Based on RIDE regulations, a District may only accumulate 3 months' average monthly expenses, in this case an estimated \$311K. Should the fund balance exceed this amount, the District must take immediate action to either reduce student prices, improve food quality or take some other action aimed at improving the food service operation.

At this time the District is out of compliance with this RIDE requirement. The District needs to take action immediately to rectify this non-compliance. It is also recommended that a capital investment plan be formulated to ensure that the surplus balance in this fund is properly spent in the years to come. The District should work with the current food service provider, Chartwells, to formulate a plan for equipment replacement, program quality improvements and/or pricing adjustments to help the District maintain a strong food service program.

The links below to the RI Department of Education website are provided for further information regarding the requirements and historical information for State of RI public school food service programs.

<https://www.ride.ri.gov/FundingFinance/NutritionPrograms.aspx>

**VII. TRANSPORTATION:**

**THE CONTRACTED TRANSPORTATION SERVICES OF THE DISTRICT ARE NOT RECEIVING FISCAL OR OPERATIONAL OVERSIGHT.**

The District outsources the transportation function to First Student for regular education routes, late bus routes, Pre-K and Kindergarten routes, in-district special education, athletics and summer programming. This contract is also in collaboration with the East Bay Districts noted above.

It is not apparent if any in-district personnel are responsible for fiscal and operational oversight of this contract in terms of reviewing routes, financial oversight, contract review, etc. It is also not known the extent of the review of district transportation needs that may or may not have been conducted at the time of the contract negotiation in 2020. If a full review of routes and efficiencies was not undertaken at that time, it is recommended that the District consider the services of a transportation consultant to ensure that the transportation system is efficient and cost effective. The organization that negotiated the contract for the East Bay communities, Futures Education, is a highly recommended organization for this review. However, if the District chooses to bid these services, I would be happy to share the RFP recently used in North Kingstown for this initiative.

The District utilizes the Statewide busing system for out of district special education, collaboratives and private busing routes. It is strongly recommended that the District conduct a review of the utilization of these services as well by a transportation consultant to ensure efficiency and cost effectiveness. With large increases in costs in Statewide busing services, efficiencies and close attention to routing should be handled internally once a full review has been completed.

**VIII. FACILITIES:**

**THE DISTRICT FACILITIES FUNCTION LACKS A STRATEGIC PLAN FOR ROUTINE ON-GOING MAINTENANCE AND CAPITAL PROJECTS.**

The Director of Facilities in the District is a new employee (employed approximately 3 months at the time of this report) and is working to familiarize himself with the District. This position is key, especially for a District the size of the BWRSD.

The Facilities function appears to be missing a solid preventative maintenance program and is lacking a process for bidding of routine contracts. I have provided some sample RFP templates that the District can consider using for these routine vendors to help the Director as he becomes more familiar with operations.

The Facilities Department is also lacking clerical support. Although a formal recommendation has not been made about Central Office clerical staffing, a review of duties of all of these positions should be undertaken to ensure that responsibilities reside within the correct functional area and that these positions are fully engaged.



The District has not engaged its Building Committee in some time and the members of the Committee must be reviewed based on RIDE requirements. RIDE regulations require certain members of the District and community be engaged as part of the School Department Building Committee. It is important that this Committee meet as soon as possible to determine the direction forward in conjunction with recommendations and information from District staff.

The District is currently at a crossroads in terms of capital investment and planning. The District's current RIDE required 5-year asset plan, called the Necessity of Construction Plan (NOC), will expire as of June 30, 2022. While some projects under this RIDE approved plan have been completed, the District is in need of architectural and engineering services (due to unforeseen circumstances), commissioning agent services and Owner's Project Management services, and as of June 2018, all NOC plans must be accompanied by an educational facility master plan. The District currently has funding from RIDE, expiring December 31, 2021, in order to complete this educational facility master plan.

As defined by RIDE, "an educational facility master plan [FMP] should provide a comprehensive review, assessment and intended improvements of all facilities in the District. Components of the FMP shall be coordinated with the requirements of the Necessity of School Construction application..." The goal of an FMP is to provide guidance and planning for a District to match the educational vision and define the facility needs in order to achieve that vision.

Page 18 of the document found at this link describes the requirements of a District FMP.

<https://www.ride.ri.gov/Portals/0/Uploads/Documents/Funding-and-Finance-Wise-Investments/SchoolBuildingAuthority/Necessity-Letter-of-Intent-Guidance-FY19-FINAL.pdf>

After a virtual meeting with RIDE on March 8, 2021, with District staff and representatives from the RIDE School Construction department, several recommendations were made:

- Immediately advertise for an Owner's Project Manager (OPM) using the State of RI MPA to engage someone who is familiar with the RIDE construction cycle to provide needed support. The OPM will help the District navigate thru the various requirements that need to be completed in the coming year. Generally, the services of an OPM are required by RIDE for total projects greater than \$1.5M in a construction period. However, an OPM can help fill the gaps in staffing levels and experience to assist with the entire NOC process right through project completion.
- The District currently has \$5M of approved projects on the current NOC that either must be substantially completed by 6/30/22 or housing aid reimbursement could be lost on those projects (a District may not submit previously approved projects again under a new NOC). There is a possibility, however, that RIDE will approve an extension to complete those approved projects but is unlikely to approve an extension for more than a year. However, securing this extension will give the District time to plan and complete the projects that are currently approved under the current NOC and to accumulate the funds needed for these projects. The services of an OPM will help the District through this process.

- The District should then move forward in the summer of 2021 with the two ventilation projects, one at KMS (bid package for rooftop units completed but not finalized) and one at MHHS (rooftop unit replacement needed for one currently not functional). Because the KMS project is already planned and bid documents completed, this should be a quick project to finalize. However, this needs to be done immediately because equipment might have long lead times for delivery depending upon the type of rooftop units needed. Further, the District will need to engage the services of a commissioning agent for these projects outside of the OPM and architectural and engineering services (a commissioning agent can be a sub-contractor as part of OPM services but cannot be part of architectural and engineering services. These consulting services must be separate from architectural and engineering). The goal of a commissioning agent is to ensure the HVAC system is operating the way the project was planned. The agent helps the owner to realize these operating requirements through the building construction, operations and maintenance stage.
- Next, the District should move forward with a bid for the services of an Educational Facility Master Planner to get the District thru the Stage I and II RIDE NOC process. As noted above, the District has been awarded funds from RIDE for the completion of this plan. These funds will expire as of December 31, 2021. This expiration date has already been extended for Districts for these funds and will not be extended again. The completion of this plan will help the District move forward with the next NOC targeted to be approved by the RI Board of Education in May of 2022 so there is no lapse in available housing aid allotment.
- Once this plan is completed, the District can bid and engage the services of an architectural and engineering firm for all of the projects approved in the new NOC or for each set of projects as needed.

The District will need to undertake a cash flow projection analysis for the years under the new NOC so approvals will not exceed anticipated available cash flow.

Further, it is important that the Director of Facilities be thoroughly versed in the RIDE school building regulations and minimum yearly maintenance spending requirements. As you can see above, the process is very involved and there are many requirements for schools in order to maintain housing aid eligibility and there is much work ahead. RIDE School Construction staff are very helpful in assisting Districts with the process. However, the Director must be familiar and up-to-date with these regulations as well to be able to help guide the District through the NOC process. I have provided the Director of Facilities with several RFP templates that will help begin the work on the processes discussed above.

The links below to the RI Department of Education website are provided for further information regarding the requirements of the School Building Authority.

<https://www.ride.ri.gov/FundingFinance/SchoolBuildingAuthority/Statutes,RegulationsandGuidance.aspx#37601415-regulations>

<https://www.ride.ri.gov/FundingFinance/SchoolBuildingAuthority.aspx>

**IX. CAPITAL INVESTMENT PROGRAM:**

**THE DISTRICT LACKS A CONSISTENT, RELIABLE CAPITAL INVESTMENT FUNDING SOURCE OUTSIDE OF HOUSING AID REIMBURSEMENT AND YEARLY SURPLUSES, WHICH ARE UNRELIABLE AND INCONSISTENT.**

Most Districts struggle with a consistent funding source for capital investment. Capital investment, often thought of as upgrades only to school buildings, includes much more. Information technology, furniture and fixtures, large landscaping projects (fields and turf) and other large infrastructure expenditures are all part of capital investment planning.

Many Districts and cities and towns struggle with a consistent funding formula and long-term planning with regard to capital investment. The RI Department of Education requires each District to have an approved Necessity of Construction (NOC) for buildings every 5 years in order to receive housing aid (see Facilities section above). However, many Districts struggle with the backlog of projects from this lack of investment in school housing and the formulation of future projects that will be needed as buildings age. Our school buildings are heavily used and suffer much wear and tear on a daily basis.

The Towns of Bristol and Warren and the BWRSD should be commended for using the RIDE Housing Aid (aid from RIHEBC is used for debt) received on a yearly basis as investment back into the District's schools. Many Districts have not had the foresight to use these funds in this manner and rely too heavily on infrequent bonding vehicles for funding of capital investment.

However, the BWRSD School Committee is encouraged to work with local officials to determine an affordable, consistent source of funding for future years, in addition to housing aid funds, that does not rely solely on capital bonding. As operating budgets become tighter and tighter, the District will have less and less funding for capital investment. And while the District does receive a significant housing aid reimbursement from the State (63%) and these funds are sent directly to the District and used for capital investment, a better capital investment plan is needed for future infrastructure needs which will continue to grow as buildings continue to age. RIDE housing aid is received only on building improvements and not usually on expenditures related to information technology, furniture and fixtures and landscaping. However, it is critical that the District work toward a 5 to 10 year asset plan and secure a consistent, identifiable source of funding for the protection of school buildings. Planning is key.

**X. HUMAN RESOURCES:**

**THE DISTRICT LACKS A HIGH LEVEL HUMAN RESOURCES MANAGER/DIRECTOR.**

The Human Resources oversight position is currently under review. A properly functioning HR

department consists of staff recruitment and retention, employee evaluation and professional development, compensation and benefits administration, health and safety, and employee and labor relations. In a District the size of the BWRSD, a strong HR professional who is versed in these areas is important to the well-being of the District.

Prior to late January 2021, the District employed a Chief Operating Officer who had a human resources background. That position has been vacated. Remaining in the HR department are two clerks – one who is responsible for benefits administration and one who is responsible for payroll. Benefits administration is an area that requires strict compliance to Federal and State laws as well as adherence to requirements of the District’s collective bargaining contracts.

The District should consider moving the payroll function to the Finance Department. While payroll and HR are closely related, the higher level fiscal oversight of the payroll function is better served by being housed in the Finance Department, reporting to the Controller or Assistant Controller, should such a position be created. HR and payroll need to be in close communication with processes in place to ensure proper oversight of employee salary and benefits. However, the actual payroll processing function should be part of the Finance Department. This would also ensure a separation of duties of employee payroll payments and employee benefits administration.

Also, a review of the job description and qualifications of the HR Clerk currently responsible for benefits administration should be completed. This position should be titled as a Benefits Coordinator and should be a non-union position based on the confidential nature of information received and processed about employees benefits and medical status.

**XI. PPS/SPECIAL EDUCATION:**

**THE PPS DEPARTMENT DOES NOT EXERCISE FISCAL OVERSIGHT OF REVENUES AND EXPENDITURES RELATED TO SPECIAL EDUCATION AND OTHER OUT OF DISTRICT COSTS.**

A formal departmental review of PPS/Special Education was not undertaken. However, it was noted that when asked for financial data in terms of out of district placements, Medicaid revenue projections and other financial expenditures relative to the Special Education department, data was not readily available and is not kept in a consistent, updated format.

Expenses related to a School District’s Special Education Department are significant. Out of district placements and other student related special education services can change dramatically throughout the school year. Although a District is often required by law to provide these services, fiscal oversight and tracking is critical. A proper tracking system complete with ensuring that all encumbrances are current on a monthly basis is crucial.

Expenses that will fall outside of budgeted commitments should be reported timely so adjustments can be made in other operational areas to cover expenses that were not anticipated at budget formulation. In contrast, students exiting the District in terms of residency or out of District placements, should also be tracked for a full financial picture relative

to special education costs. The Director should keep a current spreadsheet of student placement, cost for the year for that placement, graduation date, and any other pertinent information regarding the financial outlay by the District. Obviously, this is a confidential document but an important document for good fiscal tracking. This document should be used for budgeting in future years as well. Student names can be redacted.

Medicaid revenues and expenses need further oversight and review with Compuclaim. Revenues have fluctuated from a high of approximately \$550K in FY18 to a projected low of \$320K for FY21. While the pandemic has certainly contributed to these fluctuations, the District must have better processes in place to determine reimbursement criteria, follow up on parent data and required time and effort tracking.

Also, the District employs three individuals who perform services as Resource Intervention Specialists. While the District does not employ an Assistant Director of PPS, the District might consider reviewing these positions, along with the structure within the Special Education Department, to ensure that the department is effective and efficient. Because the intervention specialists have no authority to provide advice to Principals, program oversight in schools may be better served by replacing one or more of these positions with an Assistant Pupil Personnel Director who is versed in special education matters.

The link below to the RI Department of Education website are provided for further information regarding Medicaid in Schools for State of RI public schools.

<https://www.ride.ri.gov/FundingFinance/FundingSources/MedicaidinSchools.aspx#35231294-websites>

## **XII. INFORMATION TECHNOLOGY:**

### **INFORMATION TECHNOLOGY PURCHASES NEED A LONG-TERM CAPITAL FUNDING SOURCE; DATA MANAGER POSITION NEEDS REORGANIZING AND OVERSIGHT.**

A District information technology department is critical in today's ever increasing world of technology. I did not do an in-depth review of the IT department as this should be performed by an IT professional, if necessary, in terms of efficiency, customer service and value added to the District with regard to the educational needs of each school.

The department has a 5-year capital plan, equipment inventory system, a process for chromebook repairs and distribution and manages District operational software. A few additional observations and suggestions from a financial perspective are as follows:

- Technology needs of a District are many and costly. The Director of Technology has a 5-year capital plan that projects a need for more than \$5M over the next 5 years. Some of these costs will need to be part of general fund expenses (chromebook leases and fiber network project). The funding for the rest will need to be planned thru capital funding (see Capital Investment Program section above).

- For the 3<sup>rd</sup> purchase of chromebooks anticipated in FY22, the District should consider if a purchase versus a lease will be more economical in the long run. The purchase of the chromebooks in 2020 and 2021 were done under a lease arrangement. While this type of financing gives the District a consistent, planned expenditure for which to budget, it is unlikely that the chromebooks will be in good working order in 5 years. Should the District still desire a lease situation, a shorter term might be considered.
- An enterprise fund must be maintained for chromebook repairs per RIDE UCOA standards. This fund should be managed to ensure a break even status or small surplus.
- The Data Manager reports to the Director of IT which overlaps with the Assistant Superintendent and in some cases, Superintendent, oversight. The Assistant Superintendent's Secretary currently manages instructional software that should be the responsibility of the Data Manager. In addition to oversight of District educational software and all RIDE reporting requirements, the Data Manager should ensure consistent, uniform enrollment policies and procedures and monitor residency issues. At this time it appears that the Special Education Department is responsible for student enrollment. It does not appear that the District reviews enrollment projections or reviews enrollment data on a consistent basis.
- The department has an open position for a Network Manager that appears to be backfilled by two consultants. This should be reviewed for feasibility to determine if an employee should be hired and the consultants eliminated from the budget or vice versa. Because IT has many high level needs, it is difficult to get one employee who is versed in all facets of technology needs for any organization. Keeping the consultants on board, in place of an employee, may be a more feasible solution to keep costs under control while receiving the services needed by the District.

**XIII. OTHER OPERATIONAL PROCESSES/INFORMATION:**

**a. FINANCIAL AND OPERATIONAL REPORTING TO BWRSD SCHOOL COMMITTEE:**

**THE DISTRICT DOES NOT PROVIDE CONSISTENT, TIMELY FINANCIAL REPORTS TO THE SCHOOL COMMITTEE AND FOR COMMUNITY TRANSPARENCY.**

The BWRSD School Committee should receive consistent, timely reporting from the Finance Department. The School Committee should also have at least yearly presentations regarding Food Service, Information Technology (reporting on 5 year plan), Facilities (reporting on 5 year plan and capital projects) and other District initiatives from an educational perspective. Since the School Committee's charge is oversight of District goals and policies, regular communication and presentations is vital.

A list of suggested financial reports is as follows:

- Monthly Check register.
- Monthly budgeted sources of funds versus YTD and projected receipts.
- Monthly budgeted expenditures versus YTD and projected expenses.
- Monthly bank reconciliations.
- Monthly special revenue fund (grant funding) expenditures versus YTD and projected expenses.
- Monthly enterprise fund reporting – revenue and expenditures.
- Quarterly staffing report showing all personnel actions (SC no longer approves these personnel actions but should have this information on a quarterly basis).
- Quarterly student enrollment reports by school.
- Other reports and presentations as applicable to the BWRSD such as information regarding CTE/Pathways program progress, test scores and data review, high quality curriculum learning standards progress, etc.

In order to provide transparency, the BWRSD SC agendas and minutes should have back-up documentation for all agenda items requiring approval. Source documents, spreadsheets and memos describing the requested approval should always be part of the agenda package and the final minutes of the meeting. This information should be included on the District website. This is a matter of accountability and transparency and good record keeping. Minutes of SC meetings need these source documents to provide a historical record of actions taken by the Committee and the community.

**b. SCHOOL COMMITTEE POLICIES:**

**SCHOOL COMMITTEE POLICIES ARE OUTDATED.**

A review of the BWRSD School Committee policies shows that most policies are outdated and have not been revised in many years. While this can often be a daunting task and maintaining a consistent review cycle is time consuming, the District should consider an in-depth review of current policies to determine which ones should be updated, deleted or added as part of the School Committee's policy oversight responsibilities. Policies from other similar districts can be reviewed for use and adjustment as needed for the BWRSD.

**c. CROSS TRAINING/PROCEDURE MANUALS:**

**KEY DISTRICT PROCESSES LACK CROSS TRAINING AND WRITTEN PROCEDURES FOR CRITICAL RESPONSIBILITIES.**

All departments, especially the Finance Department, should have plans in place for cross training of key functions, complete with procedural manuals with instructions on how key processes are completed and administered.

**d. USE OF FUND BALANCE:**

**FUND BALANCE IS USED FOR GENERAL OPERATING EXPENSES, CREATING A STRUCTURAL DEFICIT.**

One of the major reasons why the District is required to make significant cuts for the FY22 budget is the use of fund balance on recurring operational expenses. In FY21, the District used approximately \$1.2M of fund balance for general operations. This has created a structural deficit for FY22. Fund balance, or accumulated surpluses, if any, from year to year should only be used for one time or long term investment. Unless the District is prepared to make cuts in the following year, fund balance should never be used to fund general operating expenses. The District should be commended, however, for committing surplus to capital investment as was done pre-Covid. Capital investment is an excellent use of surplus funds if an operating surplus can be achieved.

**XIV. SUMMARY:**

In closing, the BWRSD has a significant amount of work ahead to upgrade the operations of the District. The Central Office functions are the spine of the District. Without a healthy spine, the District will not be able to effectively and efficiently support the educational needs of the students of the BWRSD. All Districts have different needs, different populations and different specialties. However, all Districts must have a strong, solid Central Office function to support the educational needs of our children and their families.

Thank you for the opportunity to provide this information to the BWRSD School Committee. I am confident that District Leadership will continue to work hard to improve these operational areas while improving educational opportunities for the students of the Town of Bristol and the Town of Warren.