

October 24, 2011

To the Members of Board of Selectmen, Finance Committee and School Committee:

Enclosed are the insights of the Operations Review Committee (“ORC”) on The Abrahams Group Report Part 2. One again, the intent of this document is to provide the aforementioned committees with the ORC’s views and inputs on the Abrahams Group’s recommendations. This report needs to be reviewed in connection with Part 2 of the Abrahams Group report as it is not intended to stand alone. These views are based on discussions with the members of the Abrahams Group as well as the respective process owners of the Town and the Schools. They reflect the collective thoughts of the ORC based on these discussions and where appropriate, we have noted specific comments by one of the constituents that we spoke to. Of importance to note, Part 2 of the Abrahams Group’s Report discusses areas of cost savings and areas of additional expenditures. In making its recommendations, the ORC did not validate the detailed savings and/or the suggested expenditures. Our recommendations were made based on the quality of the recommendation independent of the savings. We recommend that as each respective committee validates the recommendation, they perform additional diligence around the suggested cost savings or related expenditures.

We look forward to sharing this with you and responding to any of your questions or concerns.

Regards,

The Operational Review Committee  
John Bladon  
Rebecca Chasen (Chair)  
Barbara Fletcher  
Paul Grasso (Co-Chair)  
Shawn Kinney

## **II BUSINESS AND ADMINISTRATIVE FUNCTIONS**

### **IIB – WORK PROCESSES AND SYSTEMS**

#### **Finding 1: Requisitions and Purchases**

The ORC agrees with the recommendation to decentralize MUNIS to the school sites/responsibility areas and utilize the automated requisition and purchase order modules of MUNIS to make the process more efficient.

Per discussion with Geoff MacDonald, this decentralization is already in process.

Within one year, the entire process will be complete and the schools and central office will be online. However, there will be a need for additional training and education which may occur subsequent to that one year time frame.

#### **Finding 2: Staff Time and Attendance**

While the ORC agrees with the suggested benefits of decentralization, the ORC does not agree that the Schools should decentralize time and attendance due to the fact that the ORC believes that the schools would lose oversight. Additionally, the Schools currently do not have the staffing in place to effectively monitor and administer the decentralization of this process.

Currently the schools are looking into inputting all information into MUNIS rather than in excel and Istaff.

#### **Finding 3 Budget Administration and Monitoring:**

The ORC agrees with the recommendation to decentralize MUNIS to the sites/responsibility centers so that they have direct online access to MUNIS. The Business Administrator is currently working towards this with slow implementation of modules. It is anticipated that this should be completed within 1 year.

#### **Finding 4 Budget Development:**

The ORC agrees with the recommendation to develop the budget within MUNIS. The Business Administrator has begun this process already. For FY 12 all non-personnel budget amounts were input by the respective sites into MUNIS. Personnel costs for FY 12 were input into MUNIS by the Business Administration Department. It is the intention of the Business Administrator to decentralize this process for FY 13 after the work is completed for Article 8 as approved in the 2011 Annual Town Meeting to validate the numbers as well as restate into an improved reporting format.

#### **Finding 5 Accounts Payable and Invoices:**

The ORC agrees with the recommendation to delegate data entry to administrative positions in order to ease the burden on the School Business Administration Office and to allow more people to perform data entry. This process is currently in process for the requisition module as it is being implemented at the school/department module. The Accounts payable module will be implemented once the requisition module is completed and the process is running smoothly. They are also working towards a segregation of duties so that the person entering the transaction is not the person authorizing the transaction.

#### **Finding 6 Transfer from IStaff as the Employee system of record to MUNIS-Human Resources for Integration with Payroll and Budget Modules of MUNIS**

The ORC agrees with the recommendation to utilize the Human Resources module as its key employee database. However the ORC believes that the Schools need to evaluate all of the systems and their respective SIF certification before IStaff is eliminated.

#### **Finding 7 School Budget Development- Personal Services Budget**

The ORC agrees with the recommendation to utilize the MUNIS Human Resource Module as the key employee database. We noted that the work needed to do this is underway as a significant amount of the work is being done under Article 8. The only additional recommendation by the ORC is not to implement position control in the Module due to the current constraints in the system.

#### **Finding 8 Town Utilization of MUNIS**

While the ORC agrees with the suggested benefits of decentralization, the ORC does not agree that the Town should decentralize time and attendance due to the fact that the ORC believes that the Town would lose oversight.

Additionally, the Director of Finance is in the process of implementing the MUNIS payable module and will encumber anything greater than \$5K. The ORC believes that the Town should consider the use of the position control capability within MUNIS for human resource and personnel management.

#### **Finding 9 School Department Use of eSped**

The ORC noted that eSped is already being used at the high school. Additionally, eSped has recently been implemented at both the elementary and middle schools.

### **IIC. INTERNAL CONTROLS**

#### **Finding 1a Need for Independent Reporting of Departmental Receipts to Town/Finance Accounting**

The ORC agrees with this recommendation and notes that the recommendation has been implemented already. Specifically, segregation of duties has been implemented where in

the past one person would take in the receipts, review the receipts and make the deposit. That is now being done by separate individuals within the Finance function.

**Finding 1b Need for Formal Reporting of Cash Reconciliation to a Third Party Reviewer**

The ORC agrees with the concept of the review of monthly reconciliations as well as documentation of performance of that review. We believe that this review and documentation of the review should occur within the Town. We do not believe it is appropriate for the Finance Committee to be performing this review.

It was also noted that the cash reconciliation is performed on a monthly basis. While it is not reviewed monthly, it is sent to the DOR and audited by the town auditor annually.

**Finding 2 Need Cash Receipts Reporting Guidelines for Departments**

While the ORC understands the concept behind the recommendation for fees to be turned over directly to the Treasurer, the ORC disagrees with the recommendation because it ultimately eliminates the business administrator from the process. Currently the process is inconsistent as to whether money is received by the Business Administrator or sent directly to the treasurer. The ORC believes that the Business Administrator should be copied on all deposits either via the deposits going to the Business Administrator and then going to the Treasurer or with copies made by the Treasurer for all deposits sent directly to the Treasurer. This would achieve the goal of ensuring that everything that should have been deposited was deposited and then reconciled. This would uphold the spirit of the Abrahams Group recommendation. Additionally, the ORC recommends that schools develop guidelines for the frequency of remittance of funds to the Treasurer based on the nature of the collections.

**Finding 3 Inadequate Segregation of Duties**

We agree with the recommendation to segregate duties within the school function in order to help to prevent the misappropriation of assets. However, on the school side, we believe that segregation of duties can be achieved by having the new accountant in the business office be responsible for vendor maintenance. This individual will not have check writing capabilities and therefore segregation of duties can be achieved.

As an additional segregation of duties, vendors are being added by the school business office but review is being performed by the town with verification against W-9. The original intention was to have the town staff add the vendors to the vendor masterfile but there was too high of a volume to have town personnel add in vendors.

A person, separate from the one responsible for setting up vendors, is responsible for authorizing payables. Checks are still being printed by the Accounting office but the Treasurer's office is now responsible for the distribution of the check. Additionally, the Treasurer will reconcile checks to batch total approved.

The ORC discussed the fact that given the lack of controls and segregation of duties until recently, that the School Committee is in a position that they cannot state one way or

another whether the lack of controls contributed to any misappropriation of assets in the past. While we understand that this is a historical issue and the situation is being rectified going forward, we believe that the School Committee should perform some procedures to be able to state to the taxpayers that their money was spent in the manner it was intended. It is the recommendation of the ORC that the School Committee consider hiring an independent third party to perform procedures to gain comfort that no misappropriation occurred. Those procedures could include a sampling of expenditures, data analytics on the vendor masterfile and/or cash disbursement, periodic review, etc.

**Finding 4 School Bank Accounts not under Custody of Treasurer and not recorded on the General Ledger**

This recommendation reflects that these accounts were subsequently closed and put under the control of the treasurer. All records have been transferred to the Business Administrator. The amounts were allocated by the source that could be deciphered from the records. The majority of the money related to student activity accounts so it was returned to that respective account. Gift accounts and lost book accounts were set up as part of this process.

**Finding 5 Need Additional Controls for Student Activity Accounts**

The ORC is in agreement with these recommendations for additional controls around the student activity accounts. However, in terms of the large expenditures, the ORC believes this is a matter of preference in terms of pre-approving the expenses versus approving them as part of the replenishment. In either case the proper authorization controls would be implemented. We believe that it is best for the School Committee to make that decision. This decision should be implemented as soon as possible in order to go through the Warrant process as needed.

Additionally, the checking account limits be amended to reflect the respective activity.

**Finding 6 Need Independent Review of School Accounts payable**

We agree with the recommendations put forth regarding an independent review of School accounts payable. The Abrahams Group recommends processing warrants on a weekly basis. We believe that the School Committee and the Business Administrator collectively should determine the most appropriate frequency.

**Finding 7 Need to Implement a Personnel Control/Action Form for School Personnel Actions**

The ORC agrees with this recommendation to implement a Personnel Control/.Action Form for School Personnel Actions. This form would provide the evidence to payroll that it is an authorized position and provide evidence that appropriate officials have authorized the change in hours or the change in grade or step etc. This form would allow for a “checks and balance” on pay related transactions.

**Finding 8 School Payroll, Overtime and Extra Hours**

The ORC agrees with this recommendation that payment of hours worked requires the appropriate approvals. The Business Administrator believes there should be standardization in process so that there is approval and that everything is verified by HR before it is approved. Also there should be a review of the basis for additional payment and verify support is in the employee's personnel file.

## **II.d FINANCIAL/BUDGET POLICY**

### **Finding 1: Capital Project Balances**

The recommendation that capital project balances be closed on a regular basis has been implemented. Currently Capital Project Balances are being reviewed in January and June and closed based on review as appropriate. Based on the nature of capital projects, we believe that this timing is appropriate.

### **Finding 2: Need for financial Reporting of all Town Reserves and Clarification of reserve policies**

The ORC agrees with this recommendation. We note that the Board of Assessors is meeting with the DOR to go through the IGR and develop a policy based on the IGR 11-101 to ensure compliance with all related regulations.

ORC believes that there should be semi annual reporting of reserve balances and activity to the town and residents therein. The Board of Assessors has agreed to this and will work out the content of this reporting as part of their aforementioned revaluation of their policies.

While The Abrahams Group Report specifically discusses the overlay reserve, this should procedure should extend to all significant reserves. The respective committees are already taking this under advisement.

Note that for the November 17 STM, Article 2 has been proposed by Petitioners which would establish a yearly meeting to compare budgeted revenues and reserves as compared to the Tax Recapitulation Sheet which needs to be finalized for the DOR in December of each year.

### **Finding 3: Need Policy and Greater Transparency in Setting of the Annual Tax Rate**

The ORC is in agreement with the recommendation that the Town present a revenue budget each year which provides a reconciliation of activity within the overlay account with the starting point being what was voted on at town meeting and finishing with recap.

We recommend that the Board of Assessors develop a policy around when cash can be moved from the overlay reserve to the overlay surplus which is available to the town to be voted to free cash.

We also recommend that the Board of Assessors understand why the recapitulation sheet was not signed off by the Board of Assessors. This process is currently ongoing.

The Board of Assessors has informed the ORC that all procedural questions on 11-101 will be included on next agenda and will then close out FY 12. Once the FY 12 close out has occurred, it will get to policy changes approximately in January timeframe.

## **II.e STAFFING ANALYSIS AND COMPARATIVE**

The ORC recommends that the School Committee review the commentary on the staffing included within the Abrahams Group Report Part 2 at the individual school level and determine what actions, if any, it deems appropriate.

We recommend that reporting recommendations in Part 1 of The Abrahams Group be implemented and then excess capacity be looked at again to ensure that it still exists.

Per the recommendation, the town is now currently preparing their own financial statements.

We agree with the recommendation that no changes be made to the responsibilities within the benefits department of both the schools and the town.

## **II.f COORDINATION OF EFFORTS**

The ORC agrees with the recommendation to coordinate efforts between the school and the town. We believe that we are evaluating improvement in coordination of efforts through the implementation of recommendations in other parts of the report. See related sections for more details. The ORC is also reluctant to use the hard deadline of 1 year to force consolidation. We believe that as long as forward progress is being made then that is sufficient.

## **III FOOD SERVICES**

### **Finding 1 Self Sufficiency**

We agree with the recommendation the food services department should disclose the fully loaded costs including benefits to determine if it is self sufficient. It was noted that the Food Services Account broke even in FY11 when full cost was transferred into the account. The balance that has built up is still there.

**Finding 2 Benefit Savings**

The ORC does not believe that the town should reduce individuals' hours in order to save on benefits. We believe that this savings does not contemplate the non financial impact that this would have on the town. We do recommend that the staffing levels be evaluated regularly and changed where appropriate.

**Finding 3 Staffing Levels**

We recommend that the alternatives be evaluated for the middle school staffing levels to include changes in staffing mix, flow of the cafeteria/reconfiguration of cafeteria and back to back lunch service. The school committee could then evaluate options to determine whether there needs to be a change to the current staffing levels.

**Finding 4 Participation Rate**

We believe that it is appropriate to wait for the opening of the new high school and see how those changes affect the participation rate

**Finding 5 Food and Labor Costs, Revenue**

No recommendation was noted in this area.

**Finding 6 Public relations**

We believe that it is appropriate to wait for the opening of the new high school and see how those changes affect the participation rate prior to beginning a new public relations campaign.

**Finding 7 Cash Management**

We recommend that the school evaluate the check imaging and remote deposit alternatives to determine if they are cost effective.

**Finding 8 Lunch Prices**

The finding is that the lunch prices do not have a major impact on Wayland. The ORC also noted that the School's existing practice is to evaluate the prices of other districts when contemplating changes in lunch prices within the Wayland Schools. Therefore, no changes in the process are recommended.

**Finding 9 Loker School**

The recommendation relates to the kindergarten program. Given that last year was the first year of full day kindergarten pilot, we believe it is appropriate to wait and evaluate the program again after the results of second year of full day kindergarten are received.

**Finding 10 Elementary Schools**

We agree that the School Committee should consider upgrades to these facilities in their long-term capital budget.

**Finding 11 Middle School**

We agree that the School Committee should consider upgrades to these facilities in their long-term capital budget.



**Finding 12 High School**

As noted in the recommendation, we believe it is appropriate to wait to see what happens with the new high school's lunch program once the new high school opens.

**Finding 13 Other Issues**

No recommendation noted for this finding.

**Finding 14 Alternative Service Delivery**

No recommendation noted for this finding.

**IV TRANSPORTATION SERVICES****Finding 1 Staff**

While we understand the logic behind the recommendation to identify one person to handle all calls, the ORC does not believe this is appropriate for the schools. Per discussion with the Business Administrator he noted that there does not appear to be much confusion as to who to call when there is an issue. Additionally, the majority of the issues that occur are at the beginning of the school year. After the first month of the school year the level of activity significantly subsides.

The ORC recommends that the schools revisit the communication to parents at the beginning of the year to reinforce important FAQs. We also noted that this information is available on the website.

**Finding 2 Routing Scheduling and Loading**

It was noted that in order to give First Student access to Transfinder they need a license, which involves additional cost. In lieu of this, the Business Administrator reviews the schedule with First Student at the beginning of the year as it can be reviewed with First Student without access to Transfinder. Therefore, we believe that no additional changes need to be made to the scheduling process.

In terms of the three tier bussing system, there are some concerns that this will cause more disruption than savings. Per discussion with the Business Administrator, he believes that the current tiered system should not be changed. Therefore, we recommend that the Schools review the bussing system periodically but do not recommend any change at this point.

**Finding 3 Contractual Concerns**

Since the Abrahams Group Report was issued, the Schools contract went out to bid. As part of the bidding process, the Schools incorporated a number of Abrahams Group suggestions including changing language to 3 year contract, removed confusion about garaging, specified the actual number of busses that were required, and worked with the town to be able to fuel on site to make sure we get a federal tax break which resulted in savings \$100-150K range, primarily in fuel savings.

**Finding 4 Routing Software**

The ORC does not believe that the implementation of this recommendation makes sense. There is a belief that this software will not be used regularly by those outside of the Business Administrators Office and that the expense of the license costs are not warranted.

**Finding 5 Transportation Fees**

The recommendation is that the School Committee make an informed decision each year on what the bus fee should be given the cost of providing the service. This is the process that the School Committee currently employs and therefore no change in process is required.

**Finding 6 Alternative Transportation Options**

The ORC agrees with the recommendation to consider the purchase of one or more replacement busses in the capital budget and believes that this should be included as part of the budget process. We also agree with the recommendation to inquire of Weston whether they would be willing to supply busses potentially at a lower cost for charter and athletic trips. This alternative might provide some cost savings to Wayland.

There is also a recommendation that Wayland investigate in collaborating with other districts. Wayland is currently participating in collaborative studies and would be open to others should the opportunity arise.

**Finding 7 Special Needs Transportation**

The ORC agrees that this recommendation makes sense and that the Schools should explore Accept Collaborative as a way to coordinate special needs transportation as well as potentially others.

**V. BUILDING MAINTENANCE****Finding 1 Current Custodial Operations**

No recommendation noted for this finding.

**Finding 2 Current Maintenance Operations**

The recommendation suggests that there are alternatives to staffing, such as a full time electrician, which should be analyzed from a cost basis. We agree with the recommendation that these alternatives be evaluated on a regular basis, especially in light of the new high school

**Finding 3 Purchasing Supplies**

No additional recommendation noted for this finding.

**Finding 4 Professional Development**

We agree with the recommendation but want to make sure that the training is within the scope of the individual's job description and review. We believe that the majority of this training should go to head custodian or lead person in building.

The ORC also learned that there is Material Safety Data Sheet ("MSDS") training being implemented under the right to know law. This training is being performed by the Wayland fire department so there is no cost being incurred.

There are several recommendations around Schooldude within the report. The ORC noted that Schooldude is still being implemented. This will need to be completed before any training can incur. Additionally, the training becomes a matter of funding. If there is funding the training can be implemented, if not, the recommended time frame will be a challenge.

#### **Finding 5 Rental of Facilities**

The ORC agrees with the recommendation to better utilize the Town's buildings with excess capacity.

#### **Finding 6 Outsourcing Opportunities**

We agree with the recommendation to evaluate the additional alternatives with regards to custodial services. We do note that this should not be a cost decision only. The implications to personnel as well as the schools and related educational environment should also play a role in the decision.

### **VI TECHNOLOGY**

#### **Finding 1 Staffing**

The ORC agrees that the town and the schools should see if there are areas where they can leverage the existing skills to increase efficiency. We noted that some of this has already happened in the network arena. We recommend that the Town and Schools evaluate the structure of other IT areas and consider all available staffing options when evaluating this structure.

#### **Finding 2 Software**

We noted that Ipass is now SIF certified so this recommendation is already completed. We also noted that the report is incorrect and that administrative software applications are supported by the School Department's technology department.

In terms of Open Office, it was noted that the schools at one point did use this application instead of Microsoft Office. These tools were not as user friendly and there was concern that the students were not being adequately prepared for college and other post graduation activities. Therefore, the decision was made to go back to MS Office. This recommendation also pertains to the Town. There is concern about putting the town on a system that does not correspond with most businesses. Therefore, we recommend caution when investigating this alternative.

#### **Finding 3 Network, Email and Internet Connection**

The ORC agrees with this recommendation and noted that the IT departments are in process of evaluating options to consolidate operations. However, the consolidation cannot be reviewed in isolation as disaster recovery is also a consideration when consolidating operations. There are also union contracts that need to be considered.

#### **Finding 4 Professional Development**

The ORC noted that there is training for all IT professionals to help further them in their respective jobs. The training is limited to budgetary constraints. Over the past few years any additional monies have been put into infrastructure. Given the strides made, there is a potential opportunity to put more money to training and professional development.

#### **Finding 5 Facilities**

As noted above, the ORC recommends that the IT departments evaluate available options to consolidate operations from both a staffing and a facility standpoint as they have done in the network arena.

#### **Finding 6 Consolidation**

As noted above, the ORC recommends that the IT departments evaluate available options to consolidate operations from both a staffing and a facility standpoint as they have done in the network arena.