

TATUM INDEPENDENT SCHOOL DISTRICT MANAGEMENT AND PERFORMANCE REVIEW

The Tatum Independent School District (TISD) passed a unanimous motion to request a management and performance review of the district. The following is an Executive Summary of the significant findings and concerns that resulted from the review. This summary identifies major concerns and recommendations and provides excerpts from the full report that support those recommendations. A copy of the full report can be found at <http://www.lbb.state.tx.us>.

GENERAL INFORMATION ABOUT TISD

- TISD is located near Longview in Rusk County, 135 miles east of Dallas and 60 miles southwest of Shreveport, Louisiana.
- TISD is rated *Recognized* by the Texas Education Agency (TEA).
- Using TEA's passing criteria on the Texas Assessment of Knowledge and Skills (TAKS) for 2002–03, TISD scored 68.5 percent compared to the state average of 67.4 percent.
- Texas Utilities has a plant in the district that provides approximately 69 percent of the tax base and makes TISD a property wealthy Chapter 41 district with a property value per student in excess of \$951,000.
- The certified preliminary tax value for TISD in 2004-05 exceeds \$1.15 billion, with a projected wealth per Weighted Average Daily Attendance (WADA) value of more than \$755,000.
- The district's enrollment remains steady due to restricted residential development since Texas Utilities owns a majority of available land or has leased mineral rights on land through 2030.
- To reach the exact enrollment projections identified in their long-range strategic plan, the district accepts up to 150 transfer students from other districts each year.
- Senator Kevin Eltife and Representative Chuck Hopson represent constituents in TISD's geographic area.

SCHOOLS

- Tatum Primary School
- Tatum Elementary School
- Tatum Middle School
- Tatum High School

2002–03 STUDENT DATA

- 1,186 students
- 56.0 percent Anglo
- 21.6 percent Hispanic
- 22.3 percent African American
- 0.2 percent Other
- 53.9 percent economically disadvantaged

2002–03 FINANCIAL DATA

- Operating budget of nearly \$9.6 million
- Fund balance of \$3.6 million or 19.3 percent of total expenditures
- 171 full-time equivalents on the staff, 85 of which are teachers
- 2002 Tax Rate: \$1.47 Maintenance & Operations, TISD has no Debt Service

2002–03 PERCENT SPENT ON INSTRUCTION

- Out of total expenditures of nearly \$9.6 million, TISD spent \$4.8 million, or 50.5 percent, on instruction, which is comparable to the state average of 51 percent. Looking at operating expenditures only, excluding debt service and bond repayment, TISD spent 50.8 percent on instruction, which is below the state average of 57 percent.

SIGNIFICANT FINDINGS

- TISD maximizes bond revenues through quick repayment of debt and investment of bond funds in higher return accounts. TISD is unique in that it earns revenues by investing bond money in taxable interest-bearing accounts.
- The district prioritizes administrative accountability through five scheduled performance evaluations with the superintendent each year. At each meeting, administrators are expected to have met or exceeded performance goals and professional goals, including a review of management theory literature.

SIGNIFICANT CONCERNS

- Although it has been focusing on moving its accountability rating from *Recognized* to *Exemplary*, TISD has not met its goal of an *Exemplary* rating, as established in the District and Campus Improvement Plans, and the district spends less on instruction than the state average in terms of total operating expenditures.
- Contracting tax collection services through the Rusk County Tax Assessor/Collector would cost less than TISD's present method of collecting taxes through its own district tax office.
- The district does not aggressively pursue all available federal and private industry grant funding.
- TISD lacks a comprehensive disaster recovery plan to ensure its Information Technology systems will function fully in the event of a catastrophe.
- TISD lacks documented procedures districtwide and is at risk of losing valuable institutional knowledge when staff members leave.

SIGNIFICANT RECOMMENDATIONS

Recommendation: Designate a highly qualified teacher as a districtwide academic achievement coordinator.

While the district has prioritized moving to *Exemplary* and requested innovative strategies of the review team to assist in this pursuit when it originally requested the review, it falls short of the goals it has set in the District and Campus Improvement Plans. Designating a master teacher as an academic achievement coordinator could help the district coordinate research, curriculum, and program efforts to enable the district to achieve *Exemplary* status. TISD currently spends 50.8 percent of its total annual operating expenditures on instruction compared to the state average of 57 percent, and the district could add the academic achievement coordinator at a cost of approximately \$47,500 each year.

Recommendation: Contract with the Rusk County Tax Assessor/Collector, and close the Tax Office.

TISD spends a greater amount of money by operating its own tax office than if it contracted with Rusk County. The district has previously evaluated closing the district tax office, but elected to keep it open due to concerns that constituents like to walk into the school district office to pay their school taxes. By contracting with Rusk County and closing the tax office, the district could save approximately \$28,800 annually.

Recommendation: Include grant research in the Education Foundation charter and contract for grant writer services.

TISD staff and members of the Education Foundation do not actively seek grant funding. All school districts, including other Chapter 41 school districts similar to TISD, are eligible to apply for private and federal grant funding through the use of grant writer services. For an annual recurring cost of \$25,000, it is projected that TISD could obtain \$100,000 in general grant funding a net annual impact of \$75,000.

Recommendation: Develop a comprehensive disaster recovery plan and test it according to a regular schedule.

While having an informal process in place, TISD does not have a comprehensive written disaster recovery plan. Developing a comprehensive disaster recovery plan, including documented steps for individual responsibilities, data recovery, and data back-up would help the district maintain its data and bring Information Technology functions back online as quickly as possible in the event of a catastrophe or natural disaster. The plan should include a component to allow for reciprocal sharing of equipment between TISD and a neighboring district until TISD can make the necessary repairs to its own system.

Recommendation: Create comprehensive written operational procedures.

The district does not have comprehensive detailed documented business, operational, administrative, and departmental procedures. TISD should document all departmental procedures in detail to protect itself from losing institutional knowledge when an employee leaves. For example, with the 2001 retirement of the district’s business manager, the lack of detailed procedures hampered the ability of the current business manager to assume business functions quickly. Documented procedures ensure district functions continue with little interruption in the event of employee turnover.

FISCAL IMPLICATIONS

The table below summarizes the fiscal implications of all 34 recommendations contained in the report.

	2004-05	2005-06	2006-07	2007-08	2008-09	Five-Year (Costs) or Savings	One Time (Costs) or Savings
Gross Savings	\$3,877	\$111,557	\$115,434	\$119,311	\$123,189	\$473,368	\$0
Gross Costs	(\$55,631)	(\$57,539)	(\$57,539)	(\$57,596)	(\$57,596)	(\$285,901)	(\$39,530)
Total	(\$51,754)	\$54,018	\$57,895	\$61,715	\$65,593	\$187,467	(\$39,530)

INCREASING INSTRUCTIONAL RESOURCES

When making its formal request for the review, TISD noted its major goal is to move from *Recognized* to *Exemplary* status. The district also highlights this goal as a component in its existing strategic plan. TISD has a healthy amount of financial resources at its disposal but spends less of those resources, as a percentage, on instructional expenditures than the state average. Recommendations show that the district can directly increase resources allocated to student instruction, cut costs where savings can be returned to the classroom, and obtain federal and private sector funding to increase education resources.

Designate a Districtwide Academic Achievement Coordinator

While the district has prioritized moving to an *Exemplary* rating status in its long-range strategic plan, its District Improvement Plan, and Campus Improvement Plans, it has not yet achieved this goal. In addition, the district requested that the school review team suggest strategies to assist in this pursuit. The district is also spending a smaller percent on instruction than its peers, Region 7, and the state. In 2002–03, the district spent 50.5 percent of its total expenditures on instruction compared to a state average of 51 percent. When subtracting debt service or bond repayment, the district spent 50.8 percent of its expenditures on instruction compared to the state average of 57 percent. In both instances, the district spent less than state averages. In 2001–02, a bond repayment year, the district spent 48.7 percent of its total budgeted expenditures on instruction as compared to 57.2 percent for the state. The district's percent of total budgeted expenditures on instruction in 2001–02 were also less than all the peer districts and Region 7 expenditures as well.

Exhibit 1–25 details TISD, peer, Region 7, and state budgeted instructional expenditures for 2001–02 and 2002–03.

Exhibit 1–25
Budgeted Instructional Expenditures and Percentages Compared to Total Operational Costs
TISD, Peers, Region 7, and the State
2001–02 through 2002–03

Entity	2001–02 Instruction Amounts*	Percent of Total Operating Expenditures	2002–03 Instruction Amounts*	Percent of Total Operating Expenditures
Tatum	\$4,230,298	48.65%	\$4,832,914	50.8%
Carthage	\$11,657,906	57.9%	\$10,829,708	54.5%
Daingerfield– Lone Star	\$6,118,283	55.8%	\$5,623,312	52.9%
Jefferson	\$4,562,573	52.4%	\$4,763,920	53.4%
Linden–Kildare Consolidated	\$4,421,344	63.7%	\$3,867,772	59.0%
Region 7	\$529,667,199	56.8%	\$536,679,988	56.0%
State	\$14,631,385,818	57.2%	\$15,258,107,372	57.0%

Source: Texas Education Agency, AEIS, 2001–02 through 2002–03.

**Note: Includes Instructional expenditures (functions 11 and 95) only.*

The first goal of the district plan states, “Tatum ISD has a community that sets and supports HIGH EDUCATIONAL EXPECTATIONS.” In addition, the first objective for the goal states, “Tatum ISD is an Exemplary district.”

Many districts pursuing increased accountability ratings and seeking to further student academic performance include total instructional expenditures as a percentage of overall budgeted expenditures in districtwide and board budget documents and as a consideration in program and operational expenditures. Many districts further plan to incrementally increase instructional expenditures to meet or exceed identified peers or regional and state averages by identifying additional instructional programs for increased funding.

Galena Park ISD (GPISD), although significantly larger than Tatum ISD, has a high minority and economically disadvantaged student population and moved from an Academically Acceptable status to Exemplary in three years. One of the strategies used by GPISD is employment of campus instructional specialists at the elementary– and middle–school levels. These specialists are master teachers promoted from within the district to work with teachers and students, coordinate benchmark tests, assist with curriculum scope and sequence evaluation and development, and lead small–group instruction. Campus instructional specialists meet monthly with program directors and specialists for each academic area and centrally coordinate a tutoring program staffed by district volunteers. District instructional specialists also perform teacher observations in addition to observations required for annual job evaluations performed by campus administrators. After these observations, the instructional specialists leave detailed written observation forms and provide follow–up demonstration lessons in the classroom if necessary. These campus instructional specialists also relieve counselors and campus administrators from performing statewide and benchmark assessment–related duties.

Recommendation: Designate a highly qualified teacher as a districtwide academic achievement coordinator.

The district should consider elevating a highly qualified or master teacher from within existing teaching resources to fill the coordinator of academic achievement position to help coordinate research, curriculum and program efforts. In addition, the district should consider hiring an experienced replacement teacher so as not to diminish the district’s institutional knowledge in the affected grade and/or subject area. When creating the job description for this position, the district should consult with the director of Curriculum and Instruction to determine if some of the duties from that position should be transferred. Implementing this recommendation should help the district realize an increase in instructional resources available to improve student performance that is necessary to achieve its goal of reaching Exemplary status. It should also effectively raise the district’s percentage of instructional expenditures by providing increased services to all students in additional efforts to reach an Exemplary status.

FISCAL IMPACT

This fiscal impact is conservatively based upon the highest reported average teacher salary in the 2002–03 AEIS data. TISD’s average teacher salary was \$37,682 in 2002–03, while teachers with more than 20 years of experience earned \$44,226 annually. Using this information, the cost of hiring a replacement teacher if the district elevates a master teacher as the academic achievement coordinator is \$44,226 plus \$3,288 in benefits for an annual cost of \$47,514.

Recommendation	2004-05	2005-06	2006-07	2007-08	2008-09
Designate a highly qualified teacher as a districtwide academic achievement coordinator.	(\$47,514)	(\$47,514)	(\$47,514)	(\$47,514)	(\$47,514)

Close the Tax Office

TISD’s present method of assessing and collecting taxes is inefficient when a less-costly alternative exists. TISD assesses and collects its own school taxes.

Since it changed from a Common School District to an Independent School District in 1939, the district has had three tax assessor/collectors; the first served from 1939 to 1970. From 1970 until 1974, the superintendent was given this responsibility. Since 1974, the present tax assessor/collector has held the position. In this capacity, this person is responsible for calculating tax rates and assessing taxes; preparing tax correspondence, forms and reports; receiving, processing and posting all tax revenues; and preparing tax assessor/collector reports. In addition to the work as tax assessor/collector, the incumbent is the switchboard operator, helps with early voting clerks, and assists the Business manager. This person also orders, sells, and distributes football game tickets for TISD. **Exhibit 2-16** presents the number of parcels and tax bills for the tax years 2001 through 2003.

**Exhibit 2-16
Number of Parcels on the Tax Rolls of TISD and
Actual Tax Bills Sent from 2001 through 2003**

Tax Year	Number of Parcels	Number of Tax Bills Sent
2001	31,667	10,618
2002	38,712	10,629
2003	40,377	10,606

Source: TISD, Business manager.

The Business manager estimates that the functions performed by the incumbent tax assessor/collector that are not directly related to what the title implies, could be performed by a clerical staff person with an approximate cost of \$21,000 plus benefits of \$3,288 for a total cost of \$24,288.

In addition to the salary cost of the tax assessor/collector, other significant costs incurred for tax appraisal, assessment, and collection are the cost of the services provided by the Rusk County Appraisal Division and by a vendor that provides consulting and data processing services for creation of the tax roll. The estimated cost per tax bill during 2003-04 is \$38.52. **Exhibit 2-17** shows TISD’s cost of tax appraisal, assessment, collection, and cost per tax bill from 2001-02 through 2003-04.

Exhibit 2–17
TISD’s Cost of Tax Appraisal, Assessment, and Collection

Year	Actual Salaries and Estimated Benefits*	Actual Appraisals Paid to Rusk County Appraisal Division	Actual Data Processing Services Contract	Estimated Mailing Cost	Other Estimated Expenditures	Total	Estimated Cost Per Tax Bill Sent
2001–02	\$41,362	\$315,203	\$25,003	\$3,929	\$4,000	\$389,497	\$36.68
2002–03	\$41,570	\$325,000	\$30,074	\$3,933	\$4,000	\$404,577	\$38.06
2003–04	\$42,735	\$325,500	\$32,431	\$3,924	\$4,000	\$408,590	\$38.52

Source: TISD, Business manager.

** Note: Business manager noted that even though Tax Assessor/Collector’s salary is all coded to the Tax Office in the district’s PEIMS submission, 50 percent of the position includes other functions.*

According to the TISD tax assessor/collector, the district school board considered contracting its tax assessing and collecting activities to the Rusk County (the county) Assessor/Collector about 10 to 15 years ago. TISD’s tax assessor/collector stated that the district’s board rejected the proposal because (1) the district’s collection rate of 98 percent was better than the County’s collection rate of 95 percent; (2) transfer of tax receipts from the county would not be as timely as self–collection, and (3) the county proposed charging more than the district was spending to assess and collect taxes. None of these reasons was documented. The superintendent also noted that when the district had its reduction in force it understood that maintaining the tax office was an increased cost to the district and closing the tax office was considered, but the board decided against it because district constituents like to pay their tax bills onsite in the district.

TISD is located within Rusk and Panola Counties. The Rusk County Tax Assessor/Collector began assessing and/or collecting taxes for school districts with tax year 2003. Previously, a consulting and data processing services vendor, currently under contract with TISD, operated a tax collection office that served many of the school districts and other taxing entities in Rusk County; its collection office was closed with the completion of tax year 2002. The Rusk County Tax Assessor/Collector currently has contracts to perform assessment and collection for two fire districts, three cities, and seven school districts based on a flat fee. The Rusk County Tax Assessor/Collector contracts with the district’s current data processing services vendor for a pc–based tax system.

According to the Rusk County Tax Assessor/Collector, the school districts – Carlisle ISD, Henderson ISD, Laneville ISD, Leverett’s Chapel ISD, Mt. Enterprise ISD, Overton ISD, and West Rusk CCISD—made the decision to contract with the county to conserve limited resources. The Rusk County Tax Assessor/Collector stated that the Henderson ISD was expected to save about 34 percent and the West Rusk CCISD was expected save 40 percent by transferring tax assessment and collection to the county. She further stated that the County could not profit from providing the service.

The Rusk County Tax Assessor/Collector was unable to provide an exact quote for tax collection services; however, the county estimates TISD would pay \$30,000 to the Rusk County Tax Assessor/Collector. She further stated that arrangements could be made for almost instant transfer of the payment from the district’s single largest taxpayer so that the district would continue to earn interest on the payment and any other benefits the district enjoys. The county tax office routinely transfers current and delinquent tax funds collected on behalf of clients every Tuesday and issues a detailed statement monthly.

Recommendation: Contract with the Rusk County Tax Assessor/Collector, and close the district Tax Office.

The district noted earlier when evaluating whether to maintain the tax office that a substantial number of district constituents like to walk into the district to make their payment. A Business Office staff member could be deputized, at no cost to the district, to receive only school property tax payments from walk-in constituents and deposit the payments.

By contracting with the Rusk County Tax Assessor/Collector one of the three positions reporting to the TISD Business manager would be reclassified to carry out such duties other than tax assessing/collecting performed by the incumbent at a salary reduction of more than \$18,000. In addition, such newly reclassified position could also perform such other activities necessary to meet adequate segregation of duties within the Central Business Office.

FISCAL IMPACT

By contracting with the Rusk County Tax Assessor/Collector the district would achieve a cost savings of approximately \$28,802 annually. Rusk County would charge the district \$4,000 for the assessment/collection of taxes, and \$26,000 as its allocated cost of the vendor’s data processing pc-based system and tax roll preparation. The district would no longer employ a certified tax collector, and would instead hire a person to carry out the other non-tax collection related duties currently being performed by the in-house tax assessor/collector.

Description	Number of Full-Time Employees	Actual District Salaries *	Data Processing Services Contract Related Expenses	Estimated Mailing Costs and Other Expenditures	Total
In-house Tax Assessment/ Collection Operation	1.0	\$39,447	\$32,431	\$7,924	\$79,802
Contract with Rusk County Tax Assessor/Collector	1.0	\$21,000**	\$26,000***	\$4,000***	\$51,000
Annual Savings by Outsourcing tax assessment/ collection function		\$18,447	\$6,431	\$3,924	\$28,802
Percent Difference: Outsource vs. In-house Tax Collection Function		46.8%	19.8%	49.5%	36.1%

Source: TISD, Business manager, Rusk County Tax Assessor/Collector, and Pritchard and Abbott, Inc.

*District benefits are not included because it is a flat rate, the same for both positions.

** Note: TISD Business manager noted that even though Tax Assessor/Collector’s salary is all coded to the Tax Office in the district’s PEIMS submission, 50 percent of the position includes other functions, which could be performed by hiring a full time employee at a salary of \$21,000 annually.

***Note: Totals to \$30,000 cost TISD would pay to Rusk County Tax Assessor/Collector.

An estimated one-time fee of \$5,000 would be charged by the data processing services vendor for transferring the districts tax data to the county's database. The district's contract with the data processing service vendors ends in December 2004. This fiscal impact assumes that the in-house tax assessment/collection function is transferred to the Rusk County Tax Assessor/Collector beginning with tax year 2005, so the district's tax data would be transferred in the spring or summer of 2005 and charged accordingly.

Recommendation	2004-05	2005-06	2006-07	2007-08	2008-09
Contract with the Rusk County Tax Assessor/Collector, and close the Tax Office.	\$0	\$28,802	\$28,802	\$28,802	\$28,802
Transfer tax data to Rusk County	(\$5,000)	\$0	\$0	\$0	\$0
Net (Cost)/Savings	(\$5,000)	\$28,802	\$28,802	\$28,802	\$28,802

Contract for Part-Time Grant Writer Services

TISD staff and members of the Education Foundation do not actively seek grant funding. Although the district received some non-competitive state technology money previously available through the Telecommunications Infrastructure Fund and at one time unsuccessfully hired a grantwriter on a commission basis, the superintendent said the district does not pursue additional grant possibilities. The Education Foundation, begun in Fall 2003, designates awarding student scholarships as the primary purpose in its charter. TISD's administration and board supported this initial focus. All school districts are eligible to apply for many federal and private-sector grant opportunities.

Due to constraints of being a wealthy district, some Chapter 41 districts assign grant research to established Education Foundations. In 2003-04, Lago Vista Independent School District (LVISD), a Chapter 41 district, assigns a staff member to monitor the execution of any grant-funded programs and assigns the responsibility of grant research and application to its Education Foundation. In addition, the Education Foundation awards individual or program grants to teachers who apply from within the district. For example, the Education Foundation awarded a \$500 grant to a high school social studies teacher who applied to receive funds as initial investment capital for a program study in the free enterprise system. Students in the program invested the money and, at the conclusion of the class, were so successful in their investment strategies that they returned the initial \$500 to the Education Foundation for use in another grant. LVISD previously shared a grant-writer with two other districts. In 2001-02, the district paid a salary of \$10,000 plus additional fees to the part-time grant writer. Using those services, each participating district earned between \$150,000 and \$200,000 in grant funds.

Lasara Independent School District hired a former superintendent to write grants. Galveston Independent School District, while much larger than TISD, independently contracted with a grant writer at an annual cost of \$18,000 in 1999 while receiving \$2.6 million in grant awards for the same year. San Angelo Independent School District contracted with a grantwriter who lived in a different city to obtain grants for the district.

Marble Falls Independent School district, a district that reached Chapter 41 status in 2003-04, hired an experienced grantwriter at a salary of \$39,000 who obtained more than \$2.9 million in grant funds from 2000-01 through 2002-03. The grantwriter works in cooperation with teachers, campus administrators, and central office staff to locate and successfully receive grant awards.

Recommendation: Include grant research in the Education Foundation charter and contract for grant writer services.

The district should explore the feasibility of either cooperating with several neighboring districts to share the expense of grant writer services or the possibility of individually contracting. The district should also contact Region 7 to explore the possibility of coordinating a contract with a grant writer individually or collectively through the service center. Including grant research in the Education Foundation charter should also help the district explore additional grant–funding opportunities.

FISCAL IMPACT

This fiscal impact conservatively presumes the district will budget a \$25,000 annual cost associated with grant–writing services. In addition, savings are conservatively estimated to begin in the second year of implementation, because many grant applications require a six– to 12–month waiting period prior to award funding. This fiscal impact is also based upon \$100,000 in obtained grant funds during each year thereafter. Total annual savings for implementation years two through five are therefore based upon the yearly grant awards less the annual \$25,000 salary amount. The initial implementation year will result in a cost of \$25,000.

Recommendation	2004–05	2005–06	2006–07	2007–08	2008–09
Initial Salary Investment	(\$25,000)	\$0	\$0	\$0	\$0
Include grant research in the Education Foundation charter and contract for grant writer services.	\$0	\$100,000	\$100,000	\$100,000	\$100,000
Net Cost/Savings	(\$25,000)	\$75,000	\$75,000	\$75,000	\$75,000

PRESERVING INSTITUTIONAL AND TECHNOLOGICAL KNOWLEDGE

Many proactive instructional, operational, and governmental practices were noted in the TISD review. However, these practices along with institutional knowledge are at risk of leaving the district upon the exit of existing staff members. Additionally, the district’s Information Technology systems and data are at risk of being destroyed or rendered inoperable without a comprehensive plan in place to map out their recovery.

Develop a Comprehensive Disaster Recovery Program

While having an informal process in place, TISD does not have a comprehensive written disaster recovery plan. The superintendent is aware of the importance of a disaster recovery plan and its strategic importance to the district’s ability to operate in the event of a weather–related catastrophe or man–made disaster, such as fire or malicious attack to the district’s network infrastructure and data.

According to the director of Information Services, the district does not store backup tapes in fireproof storage containers. Likewise, the backup that is performed stays on site in the district. If the computing systems were destroyed in a disaster the backup tapes could be destroyed in the same event. TEA’s 2003–04 Student Attendance Accounting Handbook states that with any record keeping system, security and preservation are key issues when evaluating storage options; both sabotage and disaster must be

prevented. With attendance accounting records, it is the district's ultimate responsibility to secure records for the required length of five years while preventing total loss in the event of a catastrophe.

Factors within the control of a school district, such as technological failure, rank highest on the list of a recent survey conducted by the manufacturer of the data backup software that the district uses with the top five most common perceived threats being hardware failure (61 percent), software failure and viruses (59 percent), fire (56 percent), hackers (36 percent), and accidental employee error (31 percent). During interviews, the director said he was unable to receive proper training, and his experience using the software is on-the-job training and reading the manuals.

An effective disaster recovery program has several components. Glen Rose ISD's (GRISD) disaster recovery plan includes emergency contacts for the Technology Department staff, the district staff, and software and hardware vendors. The plan is complete with protocols for both partial and complete recoveries to ensure that the Technology staff is knowledgeable in every aspect of recovery and restoration. The plan outlines designated alternate sites dependent upon the type of problem that occurs. The plan also includes system redundancy and fault protection protocols as well as a tape backup plan.

Many school districts also include in their disaster recovery plan a reciprocal agreement with a neighboring district to share equipment in case of a disaster. If facilities and the district's equipment are not functional, certain functions can be performed using a neighboring district's equipment. This allows certain computerized functions to be continued with minimal delay while the effected district makes necessary repairs and replaces equipment.

Effective use of disaster recovery plans requires school districts to examine, test, and update their disaster recovery plans, ensuring that these plans offer comprehensive coverage of all system resources and can quickly be put into action.

Recommendation: Develop a comprehensive disaster recovery plan and conduct tests according to a regular schedule.

The superintendent, director of Information Services, and the Technology Committee should meet to map out what elements are needed to develop a comprehensive disaster recovery plan. The Technology Committee should research models to serve as a blueprint for building the district's formalized disaster recovery plan. The plan should affix accountability to specific individuals who will be responsible for performing actions and repairing equipment in the event of a disaster. The superintendent should also contact a neighboring district to engage in a reciprocal agreement to share equipment in the event of a disaster. The superintendent, director of Information Services, and the Technology Committee should then develop a schedule to regularly test the disaster recovery plan once it is completed.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Document Departmental Procedures

The district does not have formalized detailed business, administrative, operational, and departmental procedures. The Business Office, Maintenance and Transportation Department, Food Service Department, Information Systems Department, and district administration all lack formalized procedures. The review team noted that some staff members possess handwritten guides that walk them through daily operations, however, these are not formal procedures manuals developed by the department and approved by district

administration. Lack of documented procedures place the district at risk of losing institutional knowledge when staff members leave the district.

A recent example detailing the need for procedures manuals is the 2001 retirement of the district's long serving Business manager. The district hired an interim Business manager, a retired person with the same title from another district, to fill in until a permanent person could take over. The interim Business manager encountered problems but found no detailed procedures that would have told him how the district's central Business Office operated. During this transition, the district's external auditors documented in their report for the year ending August 31, 2002, certain problems encountered by the interim Business manager and by the new, permanent Business manager. These problems reflect the lack of written business procedures. For example, the report cited that the district's bank accounts were not reconciled; inter-fund accounts receivable and payable were not in agreement; budget amendments were recorded in the accounting records without board approval; and, expenditures exceeded appropriations in several functional areas.

The current Business manager was hired in June 2002 and the problems identified by the interim Business manager had not been completely resolved by the time the district's annual audit was finalized and the new Business manager assumed his position. According to the Business manager, the first year would have been much less of a struggle if there had been detailed business process procedures that provided day-to-day guidance.

The Government Finance Officers Association has issued a statement supporting accounting policies and procedures manuals. GFOA states that accounting manuals should include the policies and procedures for accounting and other finance related functions, such as accounts payable, payroll, budgeting, investments, cash receipts, and financial reporting.

Many school districts have policy and procedure manuals. These manuals define the authority and responsibility of all employee operations. They not only use the documentation of procedures to indicate the employee responsible for specific tasks, but also may indicate who can authorize action or give approval. These school districts update their procedures manuals annually and also when a change occurs in the policies or procedures. School districts find procedures manuals to be a valuable resource in training new employees and providing accountability for job-related functions.

Recommendation: Create comprehensive written operational procedures.

Written procedures will facilitate understanding of complex processes required of the district and will provide day-to-day guidance to staff and other district employees. In addition, they will provide for continuity in the event of employee turnover and provide a place to document and preserve lessons learned. These procedures should include all functional and operational areas.

FISCAL IMPACT

This recommendation can be implemented with existing resources.