

FINANCIAL ADDENDUM

**NYSED Response
Rochester Board of Education Action Plan Update**

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- < **Central Control:** The district must institute appropriate financial controls over procurement, payroll and hiring policy as recommended by both NYSED in 2018 and the Office of the State Comptroller (OSC) in its 2017 audit.
- < **Financial Systems:** If the present fiscal management systems are insufficient for this (as the Board noted in the explanation of why payroll could not be made more accurate in response to OSC findings), then the district should investigate the procurement of another system. This should be done through appropriate procurement methods, and with the advice of a professional financial manager with experience in the effective management of the finances of large organizations.
- < **Budget Process:** The district should revise budget procedures to create a rational and effective process for projecting and controlling expenditures, as well as for regular adjustments, managed by the central business office, once actual needs are identified. This should happen before there is a need for drastic reductions in program and staff; good planning and control reduce the necessity of disruptive cuts to student programming.
- < **Chief Financial Officer Role:** The district Chief Financial Officer (CFO) should ensure that the org time and is aligned with central mission. While Department heads and their needs should be included in decision making, allowing

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the necessary new systems, as well as the findings from the audit of the 2018-19 overspending, in future months.

Evidence of ongoing work that was to be completed by September 2019 presented to NYSED by November 2020. By January 15, 2020, the district will present a plan to build systems that manage cash and protect resources. NYSED will monitor progress on that plan prospectively.

Recommendation 8-13: RCSD should proceed as indicated in the Action Plan. Given the issues that arose in 2018-19, it may be advisable for the district to seek assistance in budget development from professionals with large organization financial management experience.

Recommendation 8: The enrollment projection report prepared last year should be submitted to NYSED by November 15, 2020. By January 15, 2020, the plan for attendance based staffing and the Academic Return on Investment Analysis referred to in the August report should be submitted to NYSED.

Recommendation 11: Long term financial plan should be submitted to NYSED by January 15, 2020.

Recommendation 12: Schedule of budget presentations for 2019-20 to be submitted to NYSED by November 15, 2019. Some discussion of how the accuracy of budget statements can be confirmed should also be provided.

Recommendation 13: A working model of the cost estimation tool that was to be developed by September 2019 will be submitted to NYSED by November 15, 2019.