



Bryan Perry
City Auditor

MEMORANDUM

TO: Mayor Samaras
And Members of City Council

FROM: Bryan Perry, City Auditor

DATE: March 8, 2019

RE: Council Motion of 1/15/19 by Mayor Samaras – Request City Auditor provide a written explanation and report for noncompliance issues found during the recent school department audit as pertaining to the City’s rules, regulations, and ordinances.

Last summer, the School Department commissioned a forensic audit to be conducted by CliftonLarsonAllen LLP. Their agreed scope of work was to identify any fraud or noncompliance within the School Department’s financial transactions. Below I’ve outlined the issues from this report that stand out, along with supporting documentation from the Auditing Department.

I. Student Activities

The CLA Audit does briefly touch on issues relating to the various Student Activities Accounts in the care of the School Department. Without getting into the alleged misuse of the Student Activities Fund, there are various control issues that have been raised relating to these accounts.

Taking a step back, Chapter 66 of the Acts of 1996 allows the School Committee to vote to establish “the Student Activities Agency Account for the purpose of conducting student activities.” This also allows the established student activity checking account to be controlled and operated by the school principal. The statute further requires an annual audit of the student activity funds with the recommendation it’s arranged for by the School Business Administrator. The guidelines further state that bank reconciliation must be done at least quarterly, but preferably on a monthly basis. In light of Student Activity Account misuse reported in Boston, the School Committee requested the School Business Administrator have the city’s Student Activity Accounts be audited by an outside audit firm. This was completed by Powers & Sullivan and a copy is attached to this report. Prior to this being completed at the direction of the School Committee, I had made numerous requests to the



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School Business Administrator throughout 2017 that this needs to happen in order to remain in compliance with the state guidelines. No action was taken during that time.

Some comments of note from the Powers & Sullivan report were that Bank Reconciliations were not prepared in the K-8 accounts, statutory audits had not been completed, and various other significant control failures. The DESE guidelines note that “maximum checking account fund levels are established and annually voted on the by the School Committee”. Regarding the bank reconciliations, DESE requires they be provided to the School Committee and City Treasurer. There is no indication either of these have been done. The audit also notes multiple controls that could potentially deter theft and abuse are not documented and that a policy needs to be drafted. Other important findings note the importance of having evidence of approval for disbursement by the principal and the lack of controls in place to ensure these funds are used for the benefit of the students.

This had been presented to the School Committee by the School Business Administrator in a meeting last June and was referred to a Joint Finance and Policy Subcommittee meeting. It does not appear that any further policy has been developed since. It is important that there are strong policies in place to dictate internal controls and regular oversight and reconciliation is critical to ensure these funds are managed in compliance with the prevailing MA state laws.

II. General Fund, Revolving Fund, & Special Revenue Transfers

One of the main comments from the CLA Report was their assertion that “the 2018 LPSD appropriation (was) overspent by approximately \$1.4 million.” They arrived at this conclusion by creating manual adjustments relating to unpaid invoices for goods/services which failed to comply with the city’s purchasing guidelines, expenditures with the school’s Use of School Property revolving account, and the overcharges of indirect costs with the school’s Lunch Fund.

The unpaid invoices from the School Department are certainly an issue. The prior year financial audit cited purchases being made prior to securing a valid Purchase Order from the city. The procurement process allows the city to properly reserve/encumber the funds needed and is a safeguard to ensure departments spend within their given appropriation. Goods and services simply cannot be provided or rendered without a valid Purchase Order in place first. This is already well



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known to all departments. However, reminders were still sent to all departments of this long standing city policy in February of 2018. Without a Purchase Order prior to the receipt of a good or service, the city has no mechanism for payment of these invoices. The Commonwealth of Massachusetts established its own account system known as the Uniform Massachusetts Accounting System, or UMAS for short. UMAS is a modified accrual system which means the accounting is done on a cash basis with certain predefined exceptions where you may legally accrue a pending receipt such as State Aid received within 90 days of fiscal year end. UMAS also has very well defined rules for the accounting treatment for Prior Year Bills that are unpaid and were not encumbered in the prior year. According to MGL c. 44 §64, these bills can be paid following an affirmative two-thirds vote by City Council, and “may only be appropriated for in the new fiscal year and paid from the new fiscal year budget.” In this case, these unpaid bills cannot be charged against any potential surplus from General Fund in FY18. The safeguards in place at this time prevented the unwarranted payment of improperly ordered goods and services. However, this should not occur on the front end. The School Department may need to identify further safeguards to prevent this from occurring in the future. A first step would be to ensure a segregation of duties between those approving purchase orders, ordering goods or services, receiving the ordered materials, and approving the invoices for payment. There needs to be a strict adherence to ensuring that goods and services are procured in compliance with the city’s policies. Given the issues raised from FY18, there will need to be a greater scrutiny to ensure they do not continue.

The issue with the School Department using an indirect rate which was in excess of the allowable rate by DESE has already been widely discussed at the Joint Finance Subcommittee meetings this past fall. Late in FY16, the then School Business Administrator had told my office he was planning on using ~18% for an indirect rate. I then spoke with the city’s outside audit firm along with various members of the MA DOR’s Division of Local Services. I relayed to the School Business Administrator that everyone I mentioned this to balked at the figure, which appeared excessive. The recommendation was that he should reach out to other business managers and provide proper supporting documentation for whatever rate he decides is appropriate. There is no indication he ever reached out to other administrators or DESE. Whatever supports he used to try to justify his rate failed to sway DESE when they ultimately audited that fund. In FY17 and FY18, the transfers had been made in association with the Lunch Fund based on approved figures presented to the School Committee. The funds deemed in excess of the allowed indirect rate will impair the city’s ability to utilize funds in the lunch account going forward. No direct payments are to be issued from the city for this, they are simply limited in their extent they can use funds until the Lunch Account has properly replenished those funds used in excess. The Financial Statements compiled by Powers and



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Sullivan are presented on a Generally Accepted Accounting Principles basis, also known as GAAP. Under GAAP rules, they will need to account for the extent of unpaid bills that had been incurred during FY18 that were not properly procured and satisfied. Also under GAAP rules, the adjustment would need to be reflected for the excess charges on the indirect transfers. Together, these two adjustments will result in a significant deficiency or material weakness on the pending audit of the city's financials. The biggest issue of this is the overcharging of the Lunch Account due to an excessive indirect rate. Additional controls will now need to be instituted simply beyond a reliance of the School Business Administrator to identify an appropriate rate and what was presented to the School Committee during their budget hearing. Going forward, the City Auditor's office should be kept apprised of any updates or changes to the respective indirect rates. Any notice of adjustment should be copied or forwarded to the City Auditor and the most current notice should be provided along with all supporting documentation for any transfer involving the Lunch Account. If any transfer is made in the foreseeable future, it will need to stand up to greater scrutiny. I would expect it to be explicitly approved by the School Committee prior to its request to the City Auditor's office, instead of simply outlined in the approved budget. The request should also have ample documentation outlining the charges incurred, down to the job duty level and time spent, and be able to stand up to any review by DESE. Of course, there must be adequate funding in place to cover the full extent of any transfer requested. All pending and anticipated bills must also be covered by the funding source so we don't run into a situation where bills are held in order to facilitate a transfer.

The other charges CLA took issue with related to the Use of School Property revolving account. This revolving account was accepted for use by the School Committee in 2011. In accordance with MA General Law, the receipts from local user fees to make the school property available for use would go into this revolving fund. Allowable charges for expense would include custodial costs, utilities, ordinary repair & maintenance. Despite this, CLA noted they did not believe the charges incurred related and they deemed them inappropriate. This is not accurate. I reviewed these charges with an Associate Commissioner at DESE. The response from DESE was "that CLA's interpretation of the statute does not conform with our interpretation...in my opinion, these charges are valid." No further adjustments on this will be made on the city's general ledger. In the vote to establish this fund, the School Business Administrator at that time had recommended "regular reports of the fund balance and expenditures be provided to the Finance Subcommittee of the Lowell School Committee." This appears to be a reasonable control to provide visibility to the School Committee of the status within this account, and other School Revolving Accounts going forward. It's unclear how frequently this occurs currently. However, a good practice would be to do so at least quarterly.



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Related to the school's Use of School Property revolving fund, CLA took issue with the usage of \$200k for Pre School Teachers being charged to their Full Day Kindergarten Revolving Fund. This was accepted when the city had been charging for Extended Day Services. These charges went into the revolving fund and could be used for the related staffing costs. At the start of FY18, they had over \$247,000 in this fund. With the passage of the budget it was approved to use \$200k of this to help offset the expenditures on Pre-K teachers. The city now no longer charges for full day services and the associated expenses now fall on the staff as budgeted in the General Fund. I believe this was an appropriate usage of their Revolving Fund.

CLA also notes that the "LPSD revolving funds have been significantly depleted." This is accurate and was likely a strategic decision made by school administrators. This is most evident with the usage of the school's Circuit Breaker account. By law, a municipality is permitted to carry over up to 100% of the funds they receive during that fiscal year. For example, if a city was awarded \$2 million in Circuit Breaker funding during FY19, they may save up to \$2 million in this fund for use by the end of FY20. This is designed to help cities and towns with the growing cost of special education services. In FY17, the city had carried forward a sizable amount of their FY16 award in conjunction with the FY17 award of \$2,269,039. At year end of FY17, the city brought over \$1,999,612 to use in FY18. The School Department had initially approved a total of \$4,691,000 to use of their Circuit Breaker Funds. By June 14, 2018, DESE released their final Circuit Breaker awards for the fiscal year. This resulted in increased funding above DESE's initial projection. In order to utilize the additional funding, a June 20, 2018 memo was drafted by the School Business Administrator to increase their budgeted amount to \$5,272,268. This amount was later revised just prior to the June 25, 2018 School Committee meeting. The revised increase was for \$849,118. This would bring the total amount used to essentially equal the amount of carried forward from the prior year (\$1,999,612) and the full extent of the current year award (\$3,540,506). The final total was \$5,540,118. This was affirmatively voted for in the June 25, 2018 meeting and left a balance of \$0.89 at year end.

The CLA Audit also commented on the late payments of the April, May, and June invoices relating to the Lunch Fund. The April invoice was dated May 7, 2018 for \$376,808.80. May's invoice was dated June 4, 2018 for \$525,692.07. June's invoice was dated July 9, 2018 for 528,706.83. These were ultimately paid on August 24, 2018. CLA states "these invoices weren't initially paid due to



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insufficient funds.” It is not exactly known when these were received by the School Department, but the assumption would be a few days after they were dated. At year end, the Lunch Fund had a cash balance of approx. \$655k. On July 10, 2018, over \$1.8 million was received and deposited. By this time, all three of those invoices should have been signed off by the School Business Administrator and then processed for payment by the City Auditor’s office. However, the School Department was also without a School Business Administrator during the window between the July 10th cash receipt and late August.

III. School Central Office Transfers

An instance of a principal under contract with the city taking a new position was when the School Department hired their new Director of Accountability. This position is an Unaffiliated position that required authority from the School Committee to post. The approved posting had listed “SALARY: as per education level and experience.” When the former principal was offered the position, it was agreed by the administration to use that employee’s existing salary. This is documented in the Change of Assignment sheet signed off by the then Director of Human Resources for the School Department. Once hired in this Unaffiliated position, that employee was then bound under the constraints on the School Committee instead of the prior principal contract. I don’t believe there was an issue based on the approved vote from the school committee to post this position and the administration’s authority to hire for that role.

There had been another instance in which a principal had been transitioned into another position during the term of the contract. In this instance, the position was not an Unaffiliated role in Central Office, but within the LSAA union. The School’s Negotiator/Legal Counsel notified the union of the School Department’s intention for that employee, but would continue to honor the salary and time frame in the previously agreed upon contract. A letter from the Negotiator/Legal Counsel was provided to my office outlining their agreement.

IV. Principal Paid Outside of Contract



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The payment of a \$6,590 stipend to a school principal is also raised in the CLA Report. CLA notes “the principal was verbally promised additional pay outside of his contract for overseeing construction work that was being done during the summer of 2017. However, the employee was not paid and there is no supporting documentation showing this was pre-approved by the School Committee.” When this request was sent to my office for payment, it was returned to schools as it raised a litany of questions. First off, as noted by CLA, there is no documentation supporting this agreement prior to any construction supervisor work actually being done. Other concerns stemmed from this work being done outside the scope of the employment contract with the city, the work potentially conflicting with any agreements between the city and contractor on the supervision of the work being done, whether work done in the role of “construction supervisor” was properly bid and paid accordingly, if the individual is qualified to supervise construction, and any potential violations with MGL c. 268A regarding “Special Municipal Employees.” Ultimately, the stipend was paid following an affirmative 7-0 vote from the School Committee on July 25, 2018.

It should be noted that when this was originally submitted to Auditing, the amount owed was \$6,546.60. However, once it was placed in front of the School Committee for approval, the amount of the agreement was for \$6,590. If this work had been fully vetted prior to occurring and approved by the School Committee, there would not have been any delay in facilitating payment once the work was satisfactorily completed.

V. **Employee Overpayments of Salary & Benefits**

The CLA Report also mentions an instance in which a school department employee was intended to be on “Leave Without Pay,” yet remained on payroll. When a school employee separates from the city, or has a status change such as going on Leave, that notice originates from the School’s HR Department. They should notify the School Department’s Payroll staff of the respective change so they are not included in the payroll to be generated and ultimately processed by the city. Beyond the apparent lack of communication between departments, the internal control in place that ultimately failed in this matter is the lack of attendance taken by the School Administration. Department Heads are required in the city to provide time sheets for each employee every week. This allows the respective department payroll clerk to know they are in turn providing accurate payroll sheets to Auditing so payroll can be run. This also allows the city to keep accurate records on employee’s vacation and sick time. This poses an obvious control risk evidenced by the attached e-mails showing that the School Department was inadvertently paying some employees who did not return back with the city.



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VI. School Department's Legal Counsel

In October of 2017, the School Committee met in executive session to discuss the General Legal Counsel. Following that meeting, a vote was taken on December 6, 2017 to expand the role with the Scope of Services outlined in the CLA audit and attached to this report. Following a 7-0 vote to approve the increased scope and salary, a Change of Assignment Form was provided by the School Department. With the approved minutes from the vote and the change sheet signed off by the School Director of HR and School Business Administrator, this employee's position and salary were updated. The major issue outlined by CLA was not the actions taken to increase this employee's salary, but rather the potential for overlapping duties between the School's Legal Counsel and the City Solicitor's office. It's unclear what steps were taken to vet the expansion of this role as it relates to the potential for shared duties.

VII. Budget Oversight

Lastly, I'd be remiss if I didn't address the communication that goes on between my office and the School Department as it relates to Budget Oversight. There is a great deal of discussion and reminders to ensure that we are both on the same page as we approach year end. There is constant discussion and reviews as there are a great deal of payment obligations that come due in the last couple of weeks in June. It is critical to be on the same page to ensure that all departments abide by their appropriations and do not violate MGL c. 44 §56A. I've attached e-mailed discussions and reminders reiterating this, as well as other correspondence ensuring the School Department would not overspend against their Revolving Funds as well. Going forward, I believe it would be best for a standing monthly meeting with the School Department's Assistant Superintendent of Finance & Operations. This will provide a venue to proactively raise upcoming issues, payment obligations, year-end preparations, and any other high priority items. This will allow us to get into more specific issues than we may in the Monthly Finance Department Meeting. However, this is certainly not intended to replace that, as it allows for a forum where other departments may help on broader issues that may involve Purchasing, MIS, Treasury, or anyone else.

Should you wish to further discuss this report, please do not hesitate to contact me.



Office of the City Auditor
City Hall • 375 Merrimack Street • Lowell, MA 01852
P: 978.674.4080 • F: 978.970.4082
www.LowellMA.gov

Bryan Perry
City Auditor

Thank you,

Bryan Perry, CPA
City Auditor

cc: Eileen M. Donoghue, City Manager
Conor Baldwin, CFO



Bryan Perry
City Auditor

ATTACHMENT I: STUDENT ACTIVITIES

- a. Correspondences to School Business Administrator – S/A Audit Guidelines
- b. Powers & Sullivan Agreed Upon Procedures – Morey School Student Activity Funds
- c. Powers & Sullivan Agreed Upon Procedures – Lowell High School Student Activity Funds

Perry, Bryan

From: Perry, Bryan
Sent: Wednesday, December 06, 2017 10:37 AM
To: Frisch, Gary
Subject: Student Activity Funds
Attachments: AuditGuidelines.docx

Gary,

Please find attached a copy of the Audit Guidelines provided by DESE. The contact noted at the beginning, Jay Sullivan, is a tremendous resource if you haven't been in contact with him before.

Thanks,

Bryan

Bryan Perry | City Auditor

City of Lowell | 375 Merrimack St | Lowell, MA 01852

☎ 978-674-4080 | Fax: 978-970-4082 | [City of Lowell Website](#)

AUDITS

IN ACCORDANCE WITH THE STATUTE

“There shall be an annual audit of the student activity funds which shall be conducted in accordance with procedures as agreed upon between the school committee and the auditor based upon guidelines issued by the department of education.”

MASBO RECOMMENDATIONS

The Superintendent or the School Business Administrator shall arrange the audit, not by the bookkeeper or the principal involved with the account. The audit may be an internal audit done by the school business administrator if so approved by the School Committee. At least one time every three years, however, an independent audit firm should do the audit. The School Committee may elect to have all annual audits done by an independent audit firm.

The cost of the independent audit may be paid by the School Committee from its budget or from the interest earned on the Student Activity Account. The School Committee should specify in its policy how the cost of the audit would be paid.

In addition to the annual audit, there should be on-going internal reviews by the school business administrator or another designee of the Superintendent. These internal reviews should involve reviewing the monthly reports prepared by the individuals having daily oversight of the accounts.

TRAINING SESSIONS

The services and/or guidance of the Superintendent's Office, the School Business Administrator's Office, or the Superintendent's designee should be made available to the Principal's Office to review laws and the essentials of good bookkeeping procedures to ensure accurate and auditable books/accounts.

It is recommended that an annual meeting be conducted for advisors and student officers/treasurers in early September to review these principles of the Student Activity Accounts system. Training should be made available on the necessary procedures, forms, authorizations needed, and the books and records to be kept to accurately systematize an audit trail and prepare the proper reports.

TAX EXEMPT STATUS

All Student Activity Account purchases will be under the tax exempt number of the regional school district treasurer's office, or the city/town tax exempt number through the city/town treasurer's office, in the case of a city/town school department.

Monies not under the control of the school system (ex. PTO, Booster Clubs, staff monies, etc.) are not considered student activity monies and are not eligible to use the tax-exempt number.

Perry, Bryan

From: Perry, Bryan
Sent: Thursday, November 30, 2017 4:03 PM
To: 'Frisch, Gary'
Subject: FW: Student Activities Account
Attachments: AuditGuidelines.docx

Gary,

In light of the issues that the City of Boston has recently had with their student activities account, I just simply wanted to pass this along.

Previously, I had tried following up with Mike to see if there has been any recent audits done of the city's student activity accounts. As a reminder, in accordance with MGL c. 71, § 47, an audit must be done by an outside, independent auditor every 3 years if the balance exceeds \$25,000, and in the 2 intervening years by someone not directly involved with the account.

Thanks,

Bryan

From: Perry, Bryan
Sent: Wednesday, February 01, 2017 8:02 AM
To: 'Cassidy, Michael'
Subject: RE: Student Activities Account

I'm not sure who Brian is over there. I would probably start with Craig Peacock, he is the lead over at Powers & Sullivan for us. Their phone number is 781-914-1700.

From: Cassidy, Michael [<mailto:MCassidy@lowell.k12.ma.us>]
Sent: Wednesday, February 01, 2017 7:58 AM
To: Perry, Bryan
Subject: FW: Student Activities Account

I wanted to talk to you the other day about this, do you have a contact person I can call?

Michael Cassidy, Assistant Business Manager
Lowell Public Schools
Henry J. Mroz Central Administration Offices
155 Merrimack Street, 4th Floor, Lowell, MA 01852
978 674 2018, fax 978 937 7620

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From: Cassidy, Michael
Sent: Saturday, January 28, 2017 7:25 AM

To: 'Perry, Bryan'

Subject: RE: Student Activities Account

I did not hear from the employee who was involved with the audit last time.
But, I was told "Brian" at Powers and Sullivan was involved last time.
Do you know who that is and do you have his contact info?

Michael Cassidy, Assistant Business Manager

Lowell Public Schools

Henry J. Mroz Central Administration Offices
155 Merrimack Street, 4th Floor, Lowell, MA 01852
978 674 2018, fax 978 937 7620

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From: Perry, Bryan [<mailto:BPerry@lowellma.gov>]

Sent: Thursday, January 26, 2017 9:54 AM

To: Cassidy, Michael

Subject: RE: Student Activities Account

Thanks, Mike

From: Cassidy, Michael [<mailto:MCassidy@lowell.k12.ma.us>]

Sent: Thursday, January 26, 2017 9:52 AM

To: Perry, Bryan

Subject: RE: Student Activities Account

Bryan,

I spoke with Johanna Johnson-Collins about the last audit.

We are trying to pinpoint the last date it was completed.

That being said, it is probably time for audit. As soon as I get a specific date, I'll give you a call.

Michael Cassidy, Assistant Business Manager

Lowell Public Schools

Henry J. Mroz Central Administration Offices
155 Merrimack Street, 4th Floor, Lowell, MA 01852
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From: Perry, Bryan [<mailto:BPerry@lowellma.gov>]

Sent: Wednesday, January 25, 2017 1:44 PM

To: Cassidy, Michael

Subject: RE: Student Activities Account

Thanks, Mike

From: Cassidy, Michael [mailto:MCassidy@lowell.k12.ma.us]
Sent: Wednesday, January 25, 2017 1:42 PM
To: Perry, Bryan
Subject: RE: Student Activities Account

I brought to Gary's attention, I will follow up with him tomorrow at weekly meeting.

Michael Cassidy, Assistant Business Manager
Lowell Public Schools
Henry J. Mroz Central Administration Offices
155 Merrimack Street, 4th Floor, Lowell, MA 01852
978 674 2018, fax 978 937 7620

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From: Perry, Bryan [mailto:BPerry@lowellma.gov]
Sent: Wednesday, January 25, 2017 9:15 AM
To: Cassidy, Michael
Subject: RE: Student Activities Account

Hi Mike,

I know we had talked about this briefly a few weeks ago. Do you know who does the audits on this each year?

Thanks again,

Bryan

From: Perry, Bryan
Sent: Wednesday, January 04, 2017 12:17 PM
To: 'Cassidy, Michael'
Subject: Student Activities Account

Hi Mike,

Below I've added the link for what I had been referencing with the Student Activities Funds. I know it's pretty lengthy, but they do have a Frequently Asked Questions section, and on Page 29, Q5 is specifically relating to the audit.

<http://www.doe.mass.edu/finance/accounting/AuditGuidelines.pdf>

I hope this helps.

Thanks,

Bryan

Perry, Bryan

From: Perry, Bryan
Sent: Wednesday, November 28, 2018 3:42 PM
To: 'bjturner@lowell.k12.ma.us'
Subject: Student Activities
Attachments: Cover Letter.pdf; Student_Activit_ Account_Manual.doc

Hi Billie Jo,

Based on everything allegedly going on, I just wanted to pass this along. The full details of the audits are in the SC Meeting Agenda from 6/20/18, but I have attached the cover letter from your predecessor along with DESE's Guidelines. I had asked previous, multiple times, for the audit(s) which apparently had not been done. This was done following the issues the City of Boston had with their Student Activities account last year. I believe that many communities were then forced into getting complete audits.

I'm not sure if this ever went to the SC Finance Sub Committee for further review, but I'm sure it will be a topic of discussion going forward.

Thanks,

Bryan

Bryan Perry | City Auditor

City of Lowell | 375 Merrimack St | Lowell, MA 01852

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Powers & Sullivan, LLC

Certified Public Accountants



LOWELL PUBLIC SCHOOL DISTRICT

**REPORT ON APPLYING AGREED-UPON PROCEDURES
IN RELATION TO THE LOWELL HIGH SCHOOL STUDENT
ACTIVITY FUNDS**

YEAR ENDED JUNE 30, 2017

LOWELL PUBLIC SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
IN RELATION TO THE LOWELL HIGH SCHOOL
STUDENT ACTIVITY FUNDS

JUNE 30, 2017

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES IN RELATION TO THE LOWELL HIGH SCHOOL STUDENT ACTIVITY FUNDS

To the Honorable School Committee and
Management of the Lowell Public School District
Lowell, Massachusetts

We have performed the procedures enumerated in the Massachusetts Department of Elementary and Secondary Education's (DESE) "Agreed-Upon Procedures and Audit Guidelines: Student Activity Funds", which were agreed to by the Lowell Public School District (the District), solely to assist the District with an evaluation of the systems of internal controls and compliance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47) as related to the Lowell High School student activity funds for the period July 1, 2016 through June 30, 2017. The District is responsible for the administration and system of internal controls surrounding the student activity funds. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the Massachusetts Department of Elementary and Secondary Education's "Agreed-Upon Procedures and Audit Guidelines: Student Activity Funds" either for the purpose for which this report has been requested or for any other purpose.

We have listed our comments and the corresponding agreed-upon procedures in the accompanying Schedule of Comments.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on cash and student activity balances. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Lowell Public School District and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Powers & Sullivan, LLC

May 29, 2018



Student Activity Schedules

SCHEDULE OF STUDENT ACTIVITY BALANCES - CASH BASIS

JUNE 30, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents..... \$ 373,796

LIABILITIES

Locker Deposits..... \$ 32,474

STUDENT ACTIVITY BALANCES

3M Grant - Robotics.....	1,154
3M Grant.....	1,282
Academic Decathalon-Davinci.....	10
Administrators Sunshine Fund.....	195
AFCEA Grant.....	1
Amber Zapatka Scholarship.....	2,636
Anime Club.....	657
AP Exams.....	21,098
Athletics.....	2,058
Band.....	4,219
Band Trip April.....	3,571
Baseball Clinic.....	5
Behrakis Fine Arts Grant.....	399
Black Unity Club.....	38
Book Club-Student.....	143
BPA.....	(25)
Brian Martin Scholarship.....	1,870
Brain McDonough Scholarship.....	1,525
Brick Memorial.....	3,747
ROTC Cadet Fundraising.....	11,152
Cambodian Art Course.....	135
Cape Verde.....	25
Chess Club.....	500
Choral Arts.....	6,435
Class Dues.....	18,220
Class Reunion 1989.....	950
Clock Raffle.....	292
Coleen Creegan Revere Bowl.....	5,741
Commonwealth Corp. Grant.....	5,640
Crew.....	(176)
Dance Ensemble.....	12,874
DECA Coke.....	12,839
DECA Fund Raisers.....	541

(Continued)

SCHEDULE OF STUDENT ACTIVITY BALANCES - CASH BASIS

JUNE 30, 2017

Defining Diversity.....	\$ (509)
Drug Awareness Program.....	402
Engineering Club.....	1,226
Entry Fees.....	350
Environmental Club.....	107
EPFM.....	982
Exchange Account.....	343
Fine Arts Musical.....	11,578
Fine Arts Collage.....	440
Fine Arts Sr. Banquet.....	7,003
Flagpole.....	27
FOLHS Grant.....	38
Foreign Language.....	55
Freshman Academy.....	286
Frosh Student Holiday Fund.....	10
Fuel up to Play 60 Grant.....	1,374
General Fund Deposit.....	19,885
GLCF Golf Tourney.....	29,293
GSA-Rainbow Connection.....	726
Guidance College Fair.....	6,579
Hazel Roper Scholarship.....	73
Hispanic Club.....	1
HOSA.....	69
Hospitality Academy.....	6,720
ID Badge.....	4,170
International Language Club.....	602
Laptops.....	4,598
LHS Idol.....	2,471
LHS Student Theatre.....	274
LHS Visual Arts Scholarship.....	21
Library Copier.....	4,696
Lifeskills.....	2,210
Lost Books.....	20,518
Lowell Cultural Council.....	311
Math Club.....	768
Michael J. Donaghue.....	3,900
Model UN Club.....	(2)
Molloy School.....	453
Music Honor Society.....	2,276
MVFF.....	1,283
National Honor Society.....	495
Newspaper Club.....	300

(Continued)

SCHEDULE OF STUDENT ACTIVITY BALANCES - CASH BASIS

JUNE 30, 2017

NFTE.....	\$	887
Outdoor Club.....		(158)
PALS Grant.....		1,211
Pass Through Scholarships.....		(500)
Patricia McCarty Scholarship.....		2,440
Phil Maia CC & Track Scholar.....		5,350
Principal's Account.....		29
PSAT.....		2,066
Rodger Martin Scholarship.....		100
ROTC Rosebud.....		323
Saab Grant.....		(244)
Sandbox Grant.....		377
School Store.....		50,286
Science Club.....		284
Semi Dances.....		10,500
Smaller Learning Community.....		235
Social Workers.....		548
Softball Clinic.....		775
Southeast Asian.....		49
Special Olympics.....		503
Staff Holiday Luncheon.....		1,299
Student Activities.....		1,830
Student Council.....		1,432
Student Fund.....		1,474
Student Holiday Fund.....		624
Sun Santa.....		77
Technical Club.....		244
Transcripts.....		213
TV Studio.....		323
Visual Arts.....		595
Visual Voices.....		17
Warm Wishes.....		692
Yearbook.....		2,681
Youth Venture Seed Grant.....		1,547
Zarkin.....		(2,933)
TOTAL STUDENT ACTIVITY BALANCE.....		<u>341,329</u>
TOTAL LIABILITIES AND STUDENT ACTIVITY BALANCE...	\$	<u>373,803</u>

(Concluded)



SCHEDULE OF ACTIVITIES - CASH BASIS

YEAR ENDED JUNE 30, 2017

Receipts:		
Student activities.....	\$	<u>610,487</u>
Disbursements:		
Student activities.....		<u>658,816</u>
Increase (decrease) in student activity balances.....		(48,329)
STUDENT ACTIVITY BALANCES AT BEGINNING OF YEAR.....		<u>389,658</u>
STUDENT ACTIVITY BALANCES AT END OF YEAR.....	\$	<u><u>341,329</u></u>

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - CASH BASIS

YEAR ENDED JUNE 30, 2017

	Beginning Balances	Receipts	Disbursements	Receipts Over (Under) Disbursements	Ending Balances
3M Grant - Robotics.....	\$ 1,154	\$ -	\$ -	\$ -	\$ 1,154
3M Grant.....	1,282	-	-	-	1,282
Academic Decathalon-Davinci.....	10	-	-	-	10
Administrators Sunshine Fund.....	135	315	255	60	195
AFCEA Grant.....	1	-	-	-	1
Amber Zapatka Scholarship.....	2,836	50	250	(200)	2,836
Anime Club.....	837	883	1,063	(180)	657
AP Exams.....	27,192	28,856	34,950	(6,094)	21,098
Athletics.....	5,574	17,966	21,482	(3,516)	2,058
Band.....	10,006	5,599	11,386	(5,787)	4,219
Band Trip April.....	207	8,009	4,645	3,364	3,571
Baseball Clinic.....	-	9,480	9,475	5	5
Behrakis Fine Arts Grant.....	2,152	52	1,805	(1,753)	399
Black Unity Club.....	38	849	849	-	38
Book Club-Student.....	143	-	-	-	143
BPA.....	(260)	19,908	19,673	235	(25)
Brian Martin Scholarship.....	-	1,870	-	1,870	1,870
Brain McDonough Scholarship.....	-	1,525	-	1,525	1,525
Brick Memorial.....	3,747	-	-	-	3,747
ROTC Cadet Fundraising.....	11,642	52,065	52,555	(490)	11,152
Cambodian Art Course.....	135	-	-	-	135
Cape Verde.....	25	-	-	-	25
Chess Club.....	500	-	-	-	500
Choral Arts.....	15,519	42,807	51,891	(9,084)	6,435
Class Dues.....	23,965	65,545	71,290	(5,745)	18,220
Class Reunion 1989.....	950	-	-	-	950
Clock Raffle.....	292	-	-	-	292
Coleen Creegan Revere Bowl.....	5,741	-	-	-	5,741
Commonwealth Corp. Grant.....	8,313	-	2,673	(2,673)	5,640
Crew.....	9,711	7,500	17,387	(9,887)	(176)
Dance Ensemble.....	14,661	8,791	10,578	(1,787)	12,874
DECA Coke.....	14,011	4,923	6,095	(1,172)	12,839
DECA Fund Raisers.....	541	-	-	-	541
Defining Diversity.....	-	1,344	1,853	(509)	(509)
Drug Awareness Program.....	402	-	-	-	402
Engineering Club.....	1,226	-	-	-	1,226
Entry Fees.....	(2,199)	11,810	9,261	2,549	350
Environmental Club.....	7	100	-	100	107

(Continued)

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - CASH BASIS

YEAR ENDED JUNE 30, 2017

	Beginning Balances	Receipts	Disbursements	Receipts Over (Under) Disbursements	Ending Balances
EPFM.....	1,361	1,318	1,697	(379)	982
Exchange Account.....	(895)	27,178	25,940	1,238	343
Fine Arts Musical.....	15,269	20,612	24,303	(3,691)	11,578
Fine Arts Collage.....	440	-	-	-	440
Fine Arts Sr. Banquet.....	9,415	800	3,212	(2,412)	7,003
Flagpole.....	27	-	-	-	27
FOLHS Grant.....	38	-	-	-	38
Foreign Language.....	55	-	-	-	55
Freshman Academy.....	(266)	1,347	795	552	286
Frosh Student Holiday Fund.....	10	-	-	-	10
Fuel up to Play 60 Grant.....	1,374	-	-	-	1,374
General Fund Deposit.....	27,997	2,680	10,792	(8,112)	19,885
GLCF Golf Tourney.....	35,618	-	6,325	(6,325)	29,293
GSA-Rainbow Connection.....	671	75	20	55	726
Guidance College Fair	5,614	9,365	8,400	965	6,579
Hazel Roper Scholarship.....	-	323	250	73	73
Hispanic Club.....	(2)	36	33	3	1
HOSA.....	69	-	-	-	69
Hospitality Academy.....	7,716	56,628	57,624	(996)	6,720
ID Badge.....	2,927	2,143	900	1,243	4,170
International Language Club.....	886	9,331	9,615	(284)	602
Laptops.....	4,598	-	-	-	4,598
LHS Idol.....	3,670	-	1,199	(1,199)	2,471
LHS Student Theatre.....	1,158	666	1,550	(884)	274
LHS Visual Arts Scholarship.....	21	-	-	-	21
Library Copier.....	4,473	890	667	223	4,696
Lifeskills.....	2,063	2,969	2,822	147	2,210
Lost Books.....	23,956	586	4,024	(3,438)	20,518
Lowell Cultural Council.....	(539)	2,347	1,497	850	311
Math Club.....	673	95	-	95	768
Michael J. Donaghue.....	3,445	1,955	1,500	455	3,900
Model UN Club.....	(50)	347	299	48	(2)
Molloy School.....	453	-	-	-	453
Music Honor Society.....	2,276	-	-	-	2,276
MVFF.....	899	544	160	384	1,283
National Honor Society.....	1,132	7,996	8,633	(637)	495

(Continued)

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - CASH BASIS

YEAR ENDED JUNE 30, 2017

	Beginning Balances	Receipts	Disbursements	Receipts Over (Under) Disbursements	Ending Balances
Newspaper Club.....	-	300	-	300	300
NFTE.....	26	13,731	12,870	861	887
Outdoor Club.....	(535)	1,975	1,598	377	(158)
PALS Grant.....	-	4,000	2,789	1,211	1,211
Pass Through Scholarships.....	-	13,000	13,500	(500)	(500)
Patricia McCarty Scholarship.....	2,790	-	350	(350)	2,440
Phil Maia CC & Track Scholar.....	-	5,350	-	5,350	5,350
Principal's Account.....	9,173	8,000	17,144	(9,144)	29
PSAT.....	2,066	-	-	-	2,066
Rodger Martin Scholarship.....	100	-	-	-	100
ROTC Rosebud.....	323	-	-	-	323
Saab Grant.....	211	1,967	2,422	(455)	(244)
Sandbox Grant.....	377	-	-	-	377
School Store.....	40,390	48,872	38,976	9,896	50,286
Science Club.....	615	296	627	(331)	284
Semi Dances.....	3,794	55,635	48,929	6,706	10,500
Smaller Learning Community.....	235	-	-	-	235
Social Workers.....	548	-	-	-	548
Softball Clinic.....	103	1,576	904	672	775
Southeast Asian.....	647	566	1,164	(598)	49
Special Olympics.....	-	1,188	685	503	503
Staff Holiday Luncheon.....	1,227	1,406	1,334	72	1,299
Student Activities.....	1,114	3,775	3,059	716	1,830
Student Council.....	1,232	2,263	2,063	200	1,432
Student Fund.....	1,798	-	324	(324)	1,474
Student Holiday Fund.....	1,038	2,106	2,520	(414)	624
Sun Santa.....	(379)	1,644	1,188	456	77
Technical Club.....	244	-	-	-	244
Transcripts.....	222	84	93	(9)	213
TV Studio.....	123	200	-	200	323
Visual Arts.....	736	259	400	(141)	595
Visual Voices.....	17	-	-	-	17
Warm Wishes.....	517	175	-	175	692
Yearbook.....	2,311	370	-	370	2,681
Youth Venture Seed Grant.....	1,642	-	95	(95)	1,547
Zarkin.....	(95)	1,271	4,109	(2,838)	(2,933)
Totals.....	\$ 389,658	\$ 610,487	\$ 658,816	\$ (48,329)	\$ 341,329

(Concluded)

SECTION I - ADMINISTRATION**Review School Committee Policies and Procedures****DESE Guideline**

The School Committee should adopt policies and procedures for the creation, operation, control and public reporting of student activity accounts. These policies should be reviewed periodically and amended when necessary. The accounts by statute are the responsibility of the school principal and thus it is the direct responsibility of the principal to ensure that the statute, School Committee policies, and administrative procedures are fully adhered to in all aspects of operating student activity accounts.

Agreed Upon Procedures

1. Inquire and obtain evidence suggesting that policies have been adopted by the School Committee.
2. Review formal policies and procedures and determine if they are effective; consider the following:
 - a. Policies must require adequate internal control to ensure protection of student monies.
 - b. Policies must be complete and satisfy MGL.
 - c. Policies must only govern student activity money and not money that is governed under other MGL.
 - d. Procedures should be developed that support policy and provide for segregation of duties.
 - e. Policies and procedures must be updated when applicable.

Comments

While Lowell High School uses the student activity account guidelines for Massachusetts School Districts put together by Massachusetts Association of School Business Officials drafted in 1997, they have not updated these policies to coincide with the District's procedures surrounding student activity accounts. We recommend that the District adopt their own student activity policies and procedures and expand them to address the following topics:

- The policy does not address a process for establishing and approving new activities or if existing activities should be annually approved by the School Committee. A process for formally accepting new student activities and for periodically reviewing and approving existing activities would help to prevent the establishment of ineligible student activities.
- The policy does not address remedial action whenever a deficit not the result of timing exists. Individual activity accounts should not be permitted to be in a deficit position because such a position becomes a liability to other individual activities or possibly a future class.
- The policy does not address how student travel related to student activities should be authorized and accounted for. The DESE Guidelines recommend policies specifically related to student travel to ensure that the student activity funds are properly expended and accounted for.
- The policy does not address how funds for class grades that have graduated will be disposed of upon a class' graduation. The DESE states that because graduates are no longer students, monies for student class grades that have graduated cannot be legally maintained in student activity accounts.

Appropriateness of Student Activity AccountsDESE Guideline

A student activity account may be used for funds raised by student organizations which will be expended by those students for their benefit. Funds raised or donated that are governed by laws other than the student activity laws cannot be deposited to a student activity account. In addition, funds belonging to staff through sunshine funds or vending machines or other activities not related to the students may not be deposited in the student activity account.

Agreed Upon Procedures

Obtain a listing of each active student activity. From this list, determine source of funding and objective of each student activity. Evaluate if funds have been properly deposited into the student activity account or if funds are more appropriately classified as revolving, gift, grant or other type of fund.

Comments

There were many student activity accounts with year end balances that were determined not to be appropriate student activity accounts including grants, sunshine funds, vending machine operations, staff lunch fund, office supplies, lost books and equipment and scholarships.

We recommend that the High School review these accounts to determine their function and if they benefit students. The School should properly reclassify of these accounts, if they are not appropriate student activity accounts.

Training for Student ActivitiesDESE Guideline

The qualifications of the individuals involved with processing, recording and reporting student activity account transactions is adequate, and an ongoing process of training is in place to ensure that these individuals maintain the required level of skills to possess such duties.

Agreed Upon Procedures

Through inquiry, determine if there is an ongoing process of training in place.

Comments

The School does not have an ongoing process of training in place to ensure that all individuals maintain the necessary skills to perform their duties in an adequate manner.

We recommend that student activity training be provided to all individuals involved with student activity funds on an annual basis at a minimum.

SECTION II - STEWARDSHIP AND CUSTODIAL RESPONSIBILITY

Checking Account Fund Levels

DESE Guideline

Maximum checking account fund levels are established and annually voted on by the School Committee.

Agreed Upon Procedures

Determine if the School Committee has accepted the provisions of Section 47 of Chapter 71 of MGL; evidence should be included in the School Committee minutes through a School Committee vote or obtain certification of vote.

Comments

The District has not voted to establish maximum checking account balance levels.

We recommend that the District establish a maximum checking account fund level and have the School Committee vote and adopt the policy.

Student Activity Deposits

DESE Guideline

All deposits for fund raising and other student activities must be deposited in the agency account with the City Treasurer. Disbursements may be made from either account.

Agreed Upon Procedures

Determine if all student activity deposits are made to an agency account maintained by the City Treasurer.

Comments

Through review of the detail of transactions related to the student activity accounts, we noted multiple deposits that go directly into the checking account.

We recommend that the District address this issue while developing their internal control policies and procedures and stop the process of depositing directly to the checking account.

Student Activity Annual Audits

DESE Guideline

There shall be an annual audit of the student activity funds which shall be conducted in accordance with procedures as agreed upon between the School Committee and the auditor based upon guidelines issued by ESE. In addition, ESE recommends the audit be performed by an outside independent audit firm once every three years for those with activities greater than \$25,000. In the intervening years, the audit may be conducted by a responsible individual independent of the student activities, with the approval of the School Committee. Such an individual could be the City Auditor, who already has audit powers under MGL Chapter 41, the Treasurer, or the

School Business Manager if the School Business Manager is not involved in the administration or transactional processing of the student activities.

Agreed Upon Procedures

Determine if annual audits have been performed, either by an outside independent audit firm or as is permissible, internally. Evidence of this may be obtained from reports developed as a result of the process.

Comments

The Student Activity Accounts have not conducted annual audits either internally or with an independent audit firm.

SECTION III. – GENERAL OPERATING PROCEDURES

Bank Reconciliations

DESE Guideline

Bank reconciliations must be done at least quarterly (preferably monthly). A copy of the bank reconciliation should be sent to the School Business Administrator, School Committee, student officers, and City Treasurer. Sign-offs must be performed by preparers and reviewers.

Agreed Upon Procedures

Through inquiry, observations, and review of sample bank reconciliations, determine if bank reconciliations are prepared at least quarterly and sent to the appropriate parties for review; and that signoffs by both preparer and reviewer and included in the process.

Comments

Bank reconciliations are properly prepared and reviewed on a monthly basis; however, they are not signed off on by the preparer or reviewer as to their completeness. Also, in reviewing the reconciliations it was noted that there are approximately \$7,000 of old outstanding checks are over a year old and some dated as far back as December, 2010.

We recommend that bank reconciliations are signed off on by both the preparer and reviewer. We further recommend that management establish procedures to ensure that uncashed checks are investigated and resolved on a timely basis. Checks that have been uncashed for more than six months should be transferred into the City's tailings account and should be resolved in accordance with the Massachusetts Abandoned Property Laws.

Maintain Individual Subsidiary AccountsDESE Guideline

The School Principal shall maintain individual subsidiary accounts by program within the student activity control account. This will allow proper matching of program expenditures against revenues that are collected for that purpose as well as allow for the efficient determination of program balance.

Aggregate subsidiary account balances should be reconciled no less than quarterly to the total control account.

Total control account balances should be reconciled no less than quarterly to the aggregate total of the School Principal's reconciled checking account and the agency account maintained by the Treasurer.

Agreed Upon Procedures

Through inquiry and analysis, determine if subsidiary student activity account detail is maintained and if the aggregate of the subsidiary accounts are reconciled to the control account on a monthly basis.

Comments

The School maintains a spreadsheet which details the individual student activity subsidiary accounts; however the individual subsidiary accounts are not reconciled with the student activity control account maintained by the City Treasurer.

We also recommend that the School reconcile the detailed subsidiary activity with the general ledger control account on a monthly basis.

SECTION IV. – REVENUE, RECEIPTS AND DEPOSITS**Develop Revenue, Receipts and Deposit Policies and Procedures**DESE Guideline

The receipts process is most susceptible to theft and abuse since cash collections for student activities are normally decentralized, and individuals collecting cash are often young students inexperienced with cash handling.

ESE recommends strict procedures for control of all receipts and should include at a minimum, the following controls:

- An ongoing philosophy of the importance of handling money with care, honestly, and accuracy should be conveyed to the students, advisors and teachers through roundtable meetings and educational trainings.
- A policy must be adopted by the School Committee that specifies how any other undesignated receipts will be distributed and such receipts must be deposited into the student activity agency account. No student activity revenues will be deposited into the School Principal's checking account.

Agreed Upon Procedures

Through inquiry of the School Principal or their designee, document the process by which receipts are administered in order to gain an understanding of the internal control process in place. In addition, while

conducting the inquiry, determine if the following have been addressed or developed:

1. Determine if a policy for commission or revenue sharing, and undesignated earnings exists and is documented.
2. Determine if a philosophy exists through ongoing training that monies are to be handled with care, in an accurate manner.

Comments

- The District does not have a policy that discusses revenue sharing commissions, and undesignated earnings. We recommend the School Committee develop a policy related to commissions, revenue sharing, as well as, undesignated receipts.
- No formal training is given to students or staff members on the handlings of monies. Training in this area is essential to ensure that all individuals maintain the necessary skills to perform these duties in an adequate manner. We recommend that student activity training be held on an annual basis.

School Deposit Slips

DESE Guideline

The receipts process is most susceptible to theft and abuse since cash collections for student activities are normally decentralized, and individuals collecting cash are often young students inexperienced with cash handling.

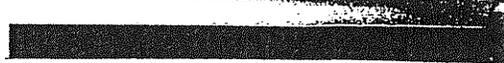
Agreed Upon Procedures

Make a sample selection of receipts to test. This sample population should be a representative sample of receipts that are made from the school deposit slips. Upon determination of the samples to be tested, perform the following procedures on each sample:

1. Is the receipt for a proper student activity account?
2. Were the funds remitted within twenty-four hours or within the next business day (if a weekend day) to the principal's office?
3. Is a duplicate of the school deposit slip maintained by the advisor and signed by the advisor?

Comments

- We tested 25 transactions and noted 11 receipts were not student activity related. These receipts include grant funds, scholarships, staff lunches, library copier money and sunshine funds. We recommend that management review all accounts being accounted for as a student activity account and work with the City Auditor's Office to determine where the funds that are deemed to be not student activity related should be reclassified to.
- Due to the lack of documentation, we were unable to determine if money collected for student activities was being turned over to the Principal's Office within twenty-four hours. We recommend that a policy be adopted and implemented to require documentation of when receipts have been collected and turned over to the Principal's Office.
- Duplicate slips are maintained at the School however they are not signed by either the advisor or the Principal. We recommend that duplicate slips be signed.



SECTION V. – PURCHASING AND DISBURSEMENTS

School Disbursement Policy

DESE Guideline

MGL 71, Section 47 gives the responsibility for the establishment of student activity accounts to the School Committee and the enforcement of School Committee policies to the School Principals; such is the case with purchasing and disbursements. It is important that disbursement policies are sound, controlled, and designed to benefit only the students.

Agreed Upon Procedures

Through inquiry of the School Principal or their designee, document the process by which disbursements are administered in order to gain an understanding of the internal control process in place. In addition, while conducting the inquiry, determine if the following have been addressed or developed.

1. Determine if disbursement policies are established by the School Committee.
2. Determine if student activity funds are used on student activities.

Comments

The District has been following MASBO suggested procedures put out in 1997. The School Committee has not adopted their own policies regarding the student activity accounts or updated the MASBO policies to address all areas of student activity accounting.

We recommend that the School Committee develop and establish student activity policies for the District to follow regarding student activity accounting.

School Disbursements

DESE Guideline

MGL 71, Section 47 gives the responsibility for the establishment of student activity accounts to the School Committee and the enforcement of School Committee policies to the School Principals; such is the case with purchasing and disbursements. It is important that disbursement policies are sound, controlled, and designed to benefit only the students.

Agreed Upon Procedures

Make a sample selection of disbursements to test. This sample population should be a representative sample of disbursements selected from the school check register. Upon determination of the samples to be tested, perform the following procedures on each sample:

1. Is the disbursement accompanied by a standard request form for the disbursement signed by the advisor or student treasurer?
2. Was the disbursement approved by the Principal? How was the Principal's approval evidenced?
3. Is the disbursement an appropriate use of student activities monies?
4. Is the disbursement charged against the proper student activity account?
5. Has anyone other than the students benefited from the disbursement?

Comments

We selected 23 disbursements to test and noted the following:

- 1 disbursement was not supported by the standardized form.
- All disbursements selected for testing did not have evidence of approval by the Principal of the District withdrawal form. We recommend that all withdrawal forms are signed off as approved by the Principal.
- There was 1 transaction where the disbursement was not charged against the proper student activity account. The transaction was related to the baseball team; however, this disbursement was paid out of the Gold Tournament account.
- We noted that 8 of the funds selected for testing were not an appropriate use of student activities. These funds included sunshine funds, staff lunch funds, scholarship funds, grant funds and lost book funds. We also noted 4 transactions in which we determined the disbursement benefitted others besides students.

SECTION VI. – CLASS, INACTIVE ACCOUNTS AND DEFICITS**Class Accounts**DESE Guideline

It is ESE's opinion that, because graduates are no longer students, monies for student class grades that have graduated cannot be legally maintained in student activity accounts. ESE recommends that the School Committee approve a policy that specifies how these funds shall be disposed of upon a class' graduation. Notification of the manner of disposition should be given to the class officers and all students who contribute to the class accounts. Such policy should specify how long the class account should remain active after graduation (i.e. 90 to 180 days after graduation to permit the school to pay all class obligations). After the waiting period, the policy should specify if and how the remaining funds will be transferred to the graduates, if the funds will revert to other student activity groups (such as the incoming senior class), or other specific disposition instructions.

Agreed Upon Procedures

Through review of the School Committee policies, determine the policy for disposition of class accounts.

Comments

The District has not established policies and procedures regarding the disposition of class-accounts.

We recommend that the School Committee develop and establish student activity policies for the District to follow regarding student activity accounting.

Inactive AccountsDESE Guideline

Any student activity inactive for a period of three (3) years or more, and for which there has been no receipts or disbursements recorded on their behalf, shall require the following actions in order to be closed:

- Written notification by the advisor or student officer to the School Principal or other authorized administrator that the activity will cease to be a viable account. If an advisor or student officer is not available, such discontinuance shall be by vote of the School Committee.
- All assets of the recognized student activity shall be identified and stated in writing
- Any disposition of assets of an inactive recognized student activity shall be determined by the School Committee, but in no case shall the disposition benefit specific individuals.
- Such policy will be communicated to the students who contribute to the account, when possible.

Agreed Upon Procedures

Through review of the School Committee policies, determine the policy for disposition of inactive accounts and its reasonableness.

Comments

The District has not established policies and procedures regarding inactive accounts. We recommend that the School Committee develop and establish student activity policies for the District to follow regarding student activity accounting.

At year end there were numerous inactive accounts that had balances. Through inquiry it was noted that there has been some accounts that have been inactive for over 15 years. We recommend that the District dispose of all inactive accounts in accordance with approved School Committee policy.

Deficit Accounts

DESE Guideline

Individual activity accounts should not be permitted to be in a deficit position because such a position becomes a liability to other individual activities or possibly to future classes. ESE recommends that the School Committee develop a policy for remedial action whenever a deficit not resulting from timing exists.

Agreed Upon Procedures

Through review of School Committee policies, determine the policy for the remediation of individual student activity deficit balances and its reasonableness.

Comments

The District has not established policies and procedures regarding deficit balances.

We recommend that the School Committee develop and establish student activity policies for the District to follow regarding student activity accounting.

SECTION VII. – STUDENT TRAVEL**Establish Student Travel Policy**DESE Guideline

The School Committee should adopt policies and procedures for student travel related to student activities. The policy should address how travel is to be authorized, the method or methods of paying travel expenditures, and final accountability for all travel costs associated with a trip. The following should be included in the travel policy:

- A request for travel authorization and funding must be prepared well in advance of the time the funds are needed.
- The request should be submitted by the advisor or other person responsible for the activity trip; furthermore, the request should be approved by the School Principal in accordance with policy established by the School Committee.
- Travel Authorization Forms should contain at least the following: date of request, date funds needed, destination and purpose of trip, estimated departure and return times, number of persons traveling, estimate of cash required for tips and other various sundry items, estimate of expenses, signature of person requesting authorization, signature of person authorizing the request, check number and date of payment, and signature of the School Principal.
- The approved travel authorizations are to be submitted to the School Principal or their designee to ascertain the sufficient funds are available.
- Approved Travel Authorization Forms should remain in a pending file until final accountability for the trip has been completed.
- The policy adopted by the School Committee should specify the method or methods to be used to pay travel expenses, including how to handle the reimbursement of funds when personal credit cards are used.
- A statement of final accountability must be submitted by the authorized trip sponsor promptly after the completion of the trip. Final accountability statements should include at least the following: date; notation of advance funds received; complete listing of itemized expenditures paid - together with documentary evidence of payment; totals of cash or checks expended; notation and totals of credit card or open account expenses (if applicable); the amount returned to the student activities if advances received exceed documented expenditures; the amount of additional reimbursement requested if travel expenses incurred exceed travel advances received; signature of person completing final accountability statement and signature of School Principal or their designee to indicate that there has been an acceptable final accountability.

Agreed Upon Procedures

Through review of School Committee policies, determine if the policy for student travel is adequate.

Comments

The District has not established policies and procedures regarding student travel.

We recommend that the School Committee develop and establish student activity policies for the District to follow regarding student activity accounting.

Powers & Sullivan, LLC

Certified Public Accountants



LOWELL PUBLIC SCHOOL DISTRICT

*REPORT ON APPLYING AGREED-UPON PROCEDURES
IN RELATION TO THE MOREY ELEMENTARY SCHOOL
STUDENT ACTIVITY FUNDS*

YEAR ENDED JUNE 30, 2017

LOWELL PUBLIC SCHOOL DISTRICT

REPORT ON APPLYING AGREED-UPON PROCEDURES
IN RELATION TO THE MOREY ELEMENTARY SCHOOL
STUDENT ACTIVITY FUNDS

JUNE 30, 2017

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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES IN RELATION TO THE
MOREY ELEMENTARY SCHOOL STUDENT ACTIVITY FUNDS**

To the Honorable School Committee and
Management of the Lowell Public School District
Lowell, Massachusetts

We have performed the procedures enumerated in the Massachusetts Department of Elementary and Secondary Education's (DESE) "Agreed-Upon Procedures and Audit Guidelines: Student Activity Funds", which were agreed to by the Lowell Public School District (the District), solely to assist the District with an evaluation of the systems of internal controls and compliance with the Massachusetts Student Activity Law (Massachusetts General Law [MGL] Chapter 71, Section 47) as related to the Morey Elementary School student activity funds for the period July 1, 2016 through June 30, 2017. The District is responsible for the administration and system of internal controls surrounding the student activity funds. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the Massachusetts Department of Elementary and Secondary Education's "Agreed-Upon Procedures and Audit Guidelines: Student Activity Funds" either for the purpose for which this report has been requested or for any other purpose.

We have listed our comments and the corresponding agreed-upon procedures in the accompanying Schedule of Comments.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on cash and student activity balances. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Lowell Public School District and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Powers & Sullivan, LLC

May 29, 2018



Student Activity Schedules

SCHEDULE OF STUDENT ACTIVITY BALANCES - CASH BASIS

June 30, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents..... \$ 18,381

STUDENT ACTIVITY BALANCES

Morey - General..... \$ 16,528

Morey - Other..... 1,853

TOTAL STUDENT ACTIVITY BALANCES..... \$ 18,381

SCHEDULE OF ACTIVITIES - CASH BASIS

Year Ended June 30, 2017

Receipts:	
Student activities.....	\$ 40,816
Disbursements:	
Student activities.....	37,285
Increase (decrease) in student activity balances.....	3,531
STUDENT ACTIVITY BALANCES AT BEGINNING OF YEAR.....	<u>14,850</u>
STUDENT ACTIVITY BALANCES AT END OF YEAR.....	<u>\$ 18,381</u>

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - CASH BASIS

Year Ended June 30, 2017

	Beginning Balances	Receipts	Disbursements	Receipts Over (Under) Disbursements	Ending Balances
Morey - General.... \$	13,119	\$ 40,694	\$ 37,285	\$ 3,409	\$ 16,528
Morey - Other.....	1,731	122	-	122	1,853
Totals..... \$	<u>14,850</u>	<u>\$ 40,816</u>	<u>\$ 37,285</u>	<u>\$ 3,531</u>	<u>\$ 18,381</u>

SECTION I - ADMINISTRATION**Review School Committee Policies and Procedures**DESE Guideline

The School Committee should adopt policies and procedures for the creation, operation, control and public reporting of student activity accounts. These policies should be reviewed periodically and amended when necessary. The accounts by statute are the responsibility of the school principal and thus it is the direct responsibility of the principal to ensure that the statute, School Committee policies, and administrative procedures are fully adhered to in all aspects of operating student activity accounts.

Agreed Upon Procedures

1. Inquire and obtain evidence suggesting that policies have been adopted by the School Committee.
2. Review formal policies and procedures and determine if they are effective; consider the following:
 - a. Policies must require adequate internal control to ensure protection of student monies.
 - b. Policies must be complete and satisfy MGL.
 - c. Policies must only govern student activity money and not money that is governed under other MGL.
 - d. Procedures should be developed that support policy and provide for segregation of duties.
 - e. Policies and procedures must be updated when applicable.

Comments

While Morey Elementary School uses the student activity account guidelines for Massachusetts School Districts put together by Massachusetts Association of School Business Officials drafted in 1997, they have not updated these policies to coincide with the District's procedures surrounding student activity accounts. We recommend that the District adopt their own student activity policies and procedures and expand them to address the following topics:

- The policy does not address a process for establishing and approving new activities or if existing activities should be annually approved by the School Committee. A process for formally accepting new student activities and for periodically reviewing and approving existing activities would help to prevent the establishment of ineligible activities.
- The policy does not address remedial action whenever a deficit not the result of timing exists. Individual activity accounts should not be permitted to be in a deficit position because such a position becomes a liability to other individual activities or possibly a future class.
- The policy does not address how student travel related to student activities should be authorized and accounted for. The DESE Guidelines recommend policies specifically related to student travel to ensure that the student activity funds are properly expended and accounted for.

Appropriateness of Student Activity AccountsDESE Guideline

A student activity account may be used for funds raised by student organizations which will be expended by those students for their benefit. Funds raised or donated that are governed by laws other than the student activity laws cannot be deposited to a student activity account. In addition, funds belonging to staff through sunshine funds or vending machines or other activities not related to the students may not be deposited in the student activity account.

Agreed Upon Procedures

Obtain a listing of each active student activity. From this list, determine source of funding and objective of each student activity. Evaluate if funds have been properly deposited into the student activity account or if funds are more appropriately classified as revolving, gift, grant or other type of fund.

Comments

We noted that the Morey School has one general account, and one "other" account. Student activities are not split by activity, but rather all K-8 schools are pooled into one main account. Within the general and "other" account, we noted transactions for grants and lost books, which is not an appropriate use of student activity funds.

We recommend the District establish separate accounts for each student activity, and review these accounts to determine their function, and properly reclassify these accounts, if they are not appropriate student activity accounts.

Training for Student ActivitiesDESE Guideline

The qualifications of the individuals involved with processing, recording and reporting student activity account transactions is adequate, and an ongoing process of training is in place to ensure that these individuals maintain the required level of skills to possess such duties.

Agreed Upon Procedures

Through inquiry, determine if there is an ongoing process of training in place.

Comments

The School does not have an ongoing process of training in place to ensure that all individuals maintain the necessary skills to perform their duties in an adequate manner.

We recommend that student activity training be provided to all individuals involved with student activity funds on an annual basis at a minimum.

SECTION II - STEWARDSHIP AND CUSTODIAL RESPONSIBILITY

Checking Account Fund Levels

DESE Guideline

Maximum checking account fund levels are established and annually voted on by the School Committee.

Agreed Upon Procedures

Determine if the School Committee has accepted the provisions of Section 47 of Chapter 71 of MGL; evidence should be included in the School Committee minutes through a School Committee vote or obtain certification of vote.

Comments

The District has not voted to establish maximum checking account balance levels.

We recommend that the District establish a maximum checking account fund level and have the School Committee vote and adopt the policy.

Student Activity Deposits

DESE Guideline

All deposits for fund raising and other student activities must be deposited in the agency account with the City Treasurer. Disbursements may be made from either account.

Agreed Upon Procedures

Determine if all student activity deposits are made to an agency account maintained by the City Treasurer.

Comments

Through review of the detail of transactions related to the student activity accounts, we noted multiple deposits that go directly into the checking account.

We recommend that the District address this issue while developing their internal control policies and procedures and stop the process of depositing directly to the checking account.

Student Activity Annual Audits

DESE Guideline

There shall be an annual audit of the student activity funds which shall be conducted in accordance with procedures as agreed upon between the School Committee and the auditor based upon guidelines issued by ESE. In addition, ESE recommends the audit be performed by an outside independent audit firm once every three years for those with activities greater than \$25,000. In the intervening years, the audit may be conducted by a responsible individual independent of the student activities, with the approval of the School Committee. Such an individual could be the City Auditor, who already has audit powers under MGL Chapter 41, the Treasurer, or the

School Business Manager if the School Business Manager is not involved in the administration or transactional processing of the student activities.

Agreed Upon Procedures

Determine if annual audits have been performed, either by an outside independent audit firm or as is permissible, internally. Evidence of this may be obtained from reports developed as a result of the process.

Comments

The Student Activity Accounts have not had annual audits either internally or with an independent audit firm every year.

SECTION III. – GENERAL OPERATING PROCEDURES

Bank Reconciliations

DESE Guideline

Bank reconciliations must be done at least quarterly (preferably monthly). A copy of the bank reconciliation should be sent to the School Business Administrator, School Committee, student officers, and City Treasurer. Sign-offs must be performed by preparers and reviewers.

Agreed Upon Procedures

Through inquiry, observations, and review of sample bank reconciliations, determine if bank reconciliations are prepared at least quarterly and sent to the appropriate parties for review; and that signoffs by both preparer and reviewer and included in the process.

Comments

Bank reconciliations are not prepared.

We recommend that bank reconciliations be done at least quarterly, but preferably monthly.

We also recommend that the bank reconciliations are signed off signed off by both the preparer and reviewer.

Maintain Individual Subsidiary Accounts

DESE Guideline

The School Principal shall maintain individual subsidiary accounts by program within the student activity control account. This will allow proper matching of program expenditures against revenues that are collected for that purpose as well as allow for the efficient determination of program balance.

Aggregate subsidiary account balances should be reconciled no less than quarterly to the total control account.

Total control account balances should be reconciled no less than quarterly to the aggregate total of the School Principal's reconciled checking account and the agency account maintained by the Treasurer.

Agreed Upon Procedures

Through inquiry and analysis, determine if subsidiary student activity account detail is maintained and if the aggregate of the subsidiary accounts are reconciled to the control account on a monthly basis.

Comments

We noted that the District pools all K-8 Student Activities into the same checking and savings account, and is not able to run QuickBooks reports that break out the cash amount by school. We were able to trace the activity related to the Morey School by manually picking out transactions from the detail.

We also noted that the District is unable to run QuickBooks reports that break out the cash amount by checking account and custodial account; therefore we were unable to determine the book balance for each individual account. The District does not reconcile their individual subsidiary accounts with the student activity control account maintained by the City Treasurer.

We recommend that the District maintain separate checking accounts for each individual school. We also recommend that the District keep track of the book balance for both their checking and custodial account by student activity account, as well as reconcile the detailed subsidiary activity with the general ledger control account on a monthly basis.

SECTION IV. – REVENUE, RECEIPTS AND DEPOSITS**Develop Revenue, Receipts and Deposit Policies and Procedures**DESE Guideline

The receipts process is most susceptible to theft and abuse since cash collections for student activities are normally decentralized, and individuals collecting cash are often young students inexperienced with cash handling.

ESE recommends strict procedures for control of all receipts and should include at a minimum, the following controls:

- All student organizations receiving monies from any source should turn over such money to the School Principal or Principal's designee within twenty-four hours from receipt of such funds. If received on a weekend, then on the first business day after receipt of the funds.
- An ongoing philosophy of the importance of handling money with care, honesty, and accuracy should be conveyed to the students, advisors and teachers through roundtable meetings and educational trainings.
- A policy must be adopted by the School Committee that specifies how any other undesignated receipts will be distributed and such receipts must be deposited into the student activity agency account. No student activity revenues will be deposited into the School Principal's checking account.

Agreed Upon Procedures

Through inquiry of the School Principal or their designee, document the process by which receipts are administered in order to gain an understanding of the internal control process in place. In addition, while conducting the inquiry, determine if the following have been addressed or developed:

1. Determine if funds collected for student activities are turned over to the School Principal's office within twenty-four hours.
2. Determine if a policy for commission or revenue sharing and for undesignated earnings exists and is documented.
3. Determine if a philosophy exists through ongoing training that monies are to be handled with care, in an accurate manner.

Comments

- Due to the lack of documentation, we were unable to determine if money collected for student activities was being turned over to the Principal's Office within twenty-four hours. We recommend that a policy be adopted and implemented to require documentation of when receipts have been collected and turned over to the Principal's Office.
- The District does not have a policy that discusses revenue sharing commissions, and undesignated earnings. We recommend the School Committee develop a policy related to commissions, revenue sharing, as well as, undesignated receipts.
- No formal training is given to students or staff members on the handlings of monies. Training in this area is essential to ensure that all individuals maintain the necessary skills to perform these duties in an adequate manner. We recommend that student activity training be held on an annual basis.

School Deposit Slips

DESE Guideline

The receipts process is most susceptible to theft and abuse since cash collections for student activities are normally decentralized, and individuals collecting cash are often young students inexperienced with cash handling.

Agreed Upon Procedures

Make a sample selection of receipts to test. This sample population should be a representative sample of receipts that are made from the school deposit slips. Upon determination of the samples to be tested, perform the following procedures on each sample:

1. Is the receipt for a proper student activity account?
2. Is the receipt recorded to the proper subsidiary activity in the student activities' ledger?

Comments

- We were unable to perform steps 1 and 2 above due to the fact that the School does not keep separate accounts for each student activity. We did, however, note that several receipts were not student activity related. These receipts include grant funds and lost book funds.

SECTION V. – PURCHASING AND DISBURSEMENTS

School Disbursement Policy

DESE Guideline

MGL 71, Section 47 gives the responsibility for the establishment of student activity accounts to the School Committee and the enforcement of School Committee policies to the School Principals; such is the case with purchasing and disbursements. It is important that disbursement policies are sound, controlled, and designed to benefit only the students.

Agreed Upon Procedures

Through inquire of the School Principal or their designee, document the process by which disbursements are administered in order to gain an understanding of the internal control process in place. In addition, while conducting the inquiry, determine if the following have been addressed or developed:

1. Determine if disbursement policies are established by the School Committee.

Comment

The District has been following MASBO suggested procedures put out in 1997. The School Committee has not adopted their own policies regarding the student activity accounts or updated the MASBO policies to address all areas of student activity accounting.

We recommend that the School Committee develop and establish student activity policies for the District to follow regarding student activity accounting.

School Disbursements

DESE Guideline

MGL 71, Section 47 gives the responsibility for the establishment of student activity accounts to the School Committee and the enforcement of School Committee policies to the School Principals; such is the case with purchasing and disbursements. It is important that disbursement policies are sound, controlled, and designed to benefit only the students.

Agreed Upon Procedures

Make a sample selection of disbursements to test. This sample population should be a representative sample of disbursements selected from the school check register. Upon determination of the samples to be tested, perform the following procedures on each sample:

1. Is the disbursement an appropriate use of student activities monies?
2. Is the disbursement charged against the proper student activity account?
3. Has anyone other than the students benefited from the disbursement?

Comment

We tested 10 transactions and noted that 2 of the transactions selected for testing were not an appropriate use of student activities. These transactions included checks paid out of lost book funds and grant funds. We also noted 1 transaction in which we determined the disbursement benefitted others besides students.

We were not able to perform step 2 above due to the fact that the School does not keep separate student activity accounts for each activity.

SECTION VI. – CLASS, INACTIVE ACCOUNTS AND DEFICITS**Deficit Balances**DESE Guideline

Individual activity accounts should not be permitted to be in a deficit position because such a position becomes a liability to other individual activities or possibly to future classes. ESE recommends that the School Committee develop a policy for remedial action whenever a deficit not resulting from timing exists.

Agreed Upon Procedures

Through review of School Committee policies, determine the policy for the remediation of individual student activity deficit balances and its reasonableness.

Comment

The District has not established policies and procedures regarding deficit balances.

We recommend that the School Committee develop and establish student activity policies for the District to follow regarding student activity accounting.

SECTION VII. – STUDENT TRAVEL**Establish Student Travel Policy**DESE Guideline

The School Committee should adopt policies and procedures for student travel related to student activities (i.e. field trips, overnight, and abroad). The policy should address how travel is to be authorized, the method or methods of paying travel expenditures, and final accountability for all travel costs associated with a trip. The following should be included in the travel policy:

- A request for travel authorization and funding must be prepared well in advance of the time the funds are needed.
- The request should be submitted by the advisor or other person responsible for the activity trip; furthermore, the request should be approved by the School Principal in accordance with policy established by the School Committee.

- Travel Authorization Forms should contain at least the following: date of request, date funds needed, destination and purpose of trip, estimated departure and return times, number of persons traveling, estimate of cash required for tips and other various sundry items, estimate of expenses, signature of person requesting authorization, signature of person authorizing the request, check number and date of payment, and signature of the School Principal.
- The approved travel authorizations are to be submitted to the School Principal or their designee to ascertain the sufficient funds are available.
- Approved Travel Authorization Forms should remain in a pending file until final accountability for the trip has been completed.
- The policy adopted by the School Committee should specify the method or methods to be used to pay travel expenses, including how to handle the reimbursement of funds when personal credit cards are used.
- A statement of final accountability must be submitted by the authorized trip sponsor promptly after the completion of the trip. Final accountability statements should include at least the following: date; notation of advance funds received (if applicable - amount, date, and check number); complete listing of itemized expenditures paid - together with documentary evidence of payment; totals of cash or checks expended; notation and totals of credit card or open account expenses (if applicable); the amount returned to the student activities if advances received exceed documented expenditures; the amount of additional reimbursement requested if travel expenses incurred exceed travel advances received; signature of person completing final accountability statement and signature of School Principal or their designee to indicate that there has been an acceptable final accountability.

Agreed Upon Procedures

Through review of School Committee policies, determine if the policy for student travel is adequate.

Comment

The District has not established policies and procedures regarding student travel.

We recommend that the School Committee develop and establish student activity policies for the District to follow regarding student activity accounting.



Bryan Perry
City Auditor

ATTACHMENT II: GENERAL FUND, REVOLVING FUND, & SPECIAL REVENUE TRANSFERS

- a. Procurement Finance Regulations Update, February 14, 2018
- b. UMAS Guidelines relating to “Prior Fiscal Year Unpaid Bills (Not Encumbered)”
- c. School Lunch Revolving Account Notice to School Business Administrator, June 2, 2016
- d. Internal Review of Food Service Offsets between Lowell Public Schools and DESE, October 18, 2018
- e. Use of School Property Revolving Fund Memo and Acceptance, October 28, 2011
- f. MA Division of Local Services: Revolving Funds for School Department Programs
- g. 1127 Full Day K Revolving Fund line item in School Department’s approved budget, FY18
- h. 1127 Revolving Fund Transfer request form from School Department
- i. June 20, 2018 Circuit Breaker Transfer Request
- j. June 25, 2018 Revised Circuit Breaker Transfer Request
- k. June 25, 2018 School Committee minutes showing approval on Circuit Breaker request.

Perry, Bryan

From: Perry, Bryan
Sent: Wednesday, February 14, 2018 10:48 AM
To: 'Frisch, Gary'; 'Kelleher-Roy, Jaclyn'
Cc: Bator, Mary; Vaughn, Michael
Subject: FW: Procurement Finance Regulations
Attachments: PurchasingManual 2018.doc

Gary/Jackie,

Could you also please distribute this to anyone in the school department who may have not been on the original distribution list from Purchasing?

Thank you.

Bryan

From: Vaughn, Michael
Sent: Wednesday, February 14, 2018 10:41 AM
To: Broadcast; Department Heads; MUNIS All Users
Subject: Procurement Finance Regulations

The City's recent Audit has discovered that Invoices for payment are being submitted with Purchase Orders created after the date of the invoice.

All Departments must strictly adhere to these policies/laws

Purchasing Orders:

A Purchase Order must be created before a good or service is rendered and/or received.

Any invoice dated before a Purchase Order is created will not be paid and will be returned to the Department.

Contracts:

A contract is valid only for the terms and conditions written in the contract. The Department that initiated contract is responsible to ensure that the contract dollar amount (overspent) and/or duration (lapsed) are still valid.

A contract that has expired (time) or that has been fully spent, must be amended or have a change order issued/executed before the contract end date (expires)

Invoices dated after the contract expired cannot be paid and will be returned to the Department.

There are no exceptions.

Attached is a copy of the City's Purchasing Manual

P. Michael Vaughn | *Chief Procurement Officer*
Purchasing Department
The City of Lowell
City Hall, 375 Merrimack Street, 3rd Floor | Lowell, MA 01852
t: 978.970-4110 | f: 978-970-4114 | www.lowellma.gov

LOWELL *Alive. Unique. Inspiring.*

Prior Fiscal Year Matters

Pay Prior Fiscal Year Warrants Payable

2.) Warrants Payable are paid.

001-2010	Warrants Payable	250,000	
001-1040	Cash - Unrestricted		250,000

To record payment of Warrants Payable

No Subsidiary Ledger Entry

Prior Fiscal Year Unpaid Bills (Not Encumbered)

Prior fiscal year unpaid bills may be appropriated for in the new fiscal year and paid from the new fiscal year's budget in a town at an annual meeting by a four-fifths vote, or at a special meeting by a nine-tenths vote, of the voters present and voting, and in a city which accepts G.L. c. 44, § 64, by a two-thirds vote of the city council.

Prior fiscal year unpaid bills due to any other town or to a district, a city, a county or the commonwealth, or for legally incurred debt and interest the payment of which is provided for by any general or special law require a majority vote of the entity's legislative body.

3.) The entity approves and pays prior fiscal year bills.

001-3930	Expenditures	12,000	
001-1040	Cash – Unrestricted		12,000

To record payment of a prior fiscal year's unpaid bill - warrant # _____

Subsidiary Ledger

001-5210	Energy	12,000	
001-5000	Subsidiary Appropriation Control		12,000

Perry, Bryan

From: Perry, Bryan
Sent: Thursday, June 02, 2016 12:30 PM
To: Frisch, Gary
Cc: Baldwin, Conor; Healy, Robert; Conley, Rodney
Subject: School Lunch Revolving Account

Hi Gary,

I wanted to follow up with you from our meeting last week regarding the School Lunch Revolving account. You had indicated that your intention was to use a portion of that account to cover roughly 18% of the Salaries & Wages for the custodial staff. Yesterday I was at a MA Dept of Revenue event and was able to speak with a couple of their directors about this to try to gage whether the 18% is (a) common and (b) reasonable. The consensus was that this figure, on the surface, is too high and would need documentation to substantiate it. Earlier today, I was also able to speak with the outside auditor from Powers & Sullivan on this issue, and he agreed that it is high and would need documentation to support it, including calculations showing exactly how the % was arrived at. He also recommended reaching out to various business managers in other districts to get a feel for what they use, and how they support their figures.

There is certainly an argument for charging some of this time to the revolving fund. However, I would recommend providing strong supports/documentation for this figure if you do intent to use it, as I both the MA DOR and the outside Auditors have balked at the 18% without any documentation to justify it.

If you have any questions or concerns regarding this, please do not hesitate to reach out to me.

Thanks again,

Bryan

Bryan Perry | City Auditor

City of Lowell | 375 Merrimack St | Lowell, MA 01852

☎ 978-674-4080 | Fax: 978-970-4082 | [City of Lowell Website](#)



To: Peter McLoughlin
From: Billie Jo Turner, Assistant Superintendent
RE: Summary of Internal Review of Food Service Offsets
Date: October 18, 2018

Per our discussion earlier this morning, I am summarizing our projection of the impact of the food service errors on our fund balance for your review. Please see below:

	Charged	Indirect Allowed	Direct Allowed	Amount Owed Back
FY16/17	\$1,534,271	\$548,384	\$0	\$ 985,886
FY17/18	\$1,730,060	\$607,734	\$0	\$1,122,685
FY18/19	\$1,597,303	\$643,460	\$621,556	\$ 332,287 (revising budget)

Through the FY16/17 Administrative Review, it has already been established that the Indirect Cost Allowed should have only been \$548,384 (based on the approved indirect cost rate of 10.86%) resulting in \$985,886 overcharged and now owed back to the Food Service Revolving Account.

We followed the DESE methodology with our corrections for the FY17/18 and FY18/19 school years. The Direct Cost Base for FY17/18 was \$5,108,278 (after reducing food and equipment). In our corrected calculation, we did not include paraprofessional salaries in the Direct Cost Base since we had not implemented the accountability stipulations yet. We used the Indirect Cost rate of 11.89% to determine the allowed \$607,734 in allowed Indirect Cost charges. Since we actually charged \$1,730,060 against the Food Service account, we owe back \$1,122,685 to the Food Service Revolving Account.

The FY18/19 Approved Budget includes \$1,597,303 in Food Service Offsets. We are revising this budgeted amount due to the findings of the FY16/17 Administrative Review by following the DESE methodology. Since we don't have a final Direct Cost Base for this year yet, we used last year's Direct Cost Base of \$5,108,278 with an addition of \$621,556 since we will now be allowed to charge the paraprofessionals as a direct charge. This increases the Direct Cost Base to \$5,729,834. Applying the approved Indirect Cost Rate of 11.23% to this estimated Direct Cost Base gives us our budgeted Allowed Indirect Cost of \$643,460.

Per your concern that LPS faces the critical risk of not having enough money in our Food Service Revolving account to cover our bills this fiscal year. I am projecting out the historical timing of



To: Peter McLoughlin
From: Billie Jo Turner, Assistant Superintendent
RE: *Summary of Internal Review of Food Service Offsets*
Date: October 18, 2018

Per our discussion earlier this morning, I am summarizing our projection of the impact of the food service errors on our fund balance for your review. Please see below:

	Charged	Indirect Allowed	Direct Allowed	Amount Owed Back
FY16/17	\$1,534,271	\$548,384	\$0	\$ 985,886
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Through the FY16/17 Administrative Review, it has already been established that the Indirect Cost Allowed should have only been \$548,384 (based on the approved indirect cost rate of 10.86%) resulting in \$985,886 overcharged and now owed back to the Food Service Revolving Account.

We followed the DESE methodology with our corrections for the FY17/18 and FY18/19 school years. The Direct Cost Base for FY17/18 was \$5,108,278 (after reducing food and equipment). In our corrected calculation, we did not include paraprofessional salaries in the Direct Cost Base since we had not implemented the accountability stipulations yet. We used the Indirect Cost rate of 11.89% to determine the allowed \$607,734 in allowed Indirect Cost charges. Since we actually charged \$1,730,060 against the Food Service account, we owe back \$1,122,685 to the Food Service Revolving Account.

The FY18/19 Approved Budget includes \$1,597,303 in Food Service Offsets. We are revising this budgeted amount due to the findings of the FY16/17 Administrative Review by following the DESE methodology. Since we don't have a final Direct Cost Base for this year yet, we used last year's Direct Cost Base of \$5,108,278 with an addition of \$621,556 since we will now be allowed to charge the paraprofessionals as a direct charge. This increases the Direct Cost Base to \$5,729,834. Applying the approved Indirect Cost Rate of 11.23% to this estimated Direct Cost Base gives us our budgeted Allowed Indirect Cost of \$643,460.

Per your concern that LPS faces the critical risk of not having enough money in our Food Service Revolving account to cover our bills this fiscal year, I am projecting out the historical timing of

purchases and reimbursements to reduce this risk through scheduling adjustments. In addition, rather than completing direct charges to the Food Service account for the Paraprofessionals and Indirect Costs, we will do a quarterly expenditure transfer. This will allow the costs to hit the General Fund temporarily until the quarterly transfers occur and reduce our risk of not having enough cash to cover our operating bills.

We understand the DESE's concern that taking years to repay the \$2.1 million leaves us in the precarious situation of not having enough funds in our revolving account to cover bills or unanticipated costs. As explained to you earlier today, Lowell Public Schools is facing a \$4.6 million deficit even after using the full direct and indirect cost charge offs to Food Service for FY18-19. This is why we requested to start the repayment plan in FY19/20. Delaying the inevitable repayment is not our intent. The mid-year reduction of \$4.6 million will have a crippling effect already and our request is simply to minimize this damage. If we are allowed to start the repayment in FY19/20, we will still face shortages due to this repayment but will have sufficient time to adequately plan to alleviate the impact to instruction. In summary, we propose a four year repayment plan that will start in FY19/20 and will be paid through the reduction of our Indirect Cost charges to replenish the fund. The amount will be at least one fourth of the total but we will increase the payback amount if budget conditions allow this.

With the estimates above, I project that we will owe the Food Service Revolving Fund back \$2,108,571.

From my understanding, we must do the following:

- Modify our existing budget to reflect the allowed offsets using the correct methodology
- Charge paraprofessionals as a Direct Cost with proper tracking now that we have DESE's approval to do so
- Maintain records tracking paraprofessional timesheets (etc) in our Food Service Reconciliation binder for Administrative Reviews
- Prepare Indirect Transfers using the approved Indirect Cost Rate with back up documentation
- Reduce Transfers per the Approved Pay Back Plan with a Memo outlining such for documentation purposes that will be kept in our Food Service Reconciliation Binder. This memo would document our Direct Cost Base, approved Indirect Cost Rate, Allowed Indirect Costs along with the reduction for repayment. The documentation would clearly show the allowed amount of offsets to the Food Service Revolving Fund less the repayment portion along with the remaining amount owed. Each subsequent year, we would follow the same process to document this repayment plan.

I hope this summarizes the plan discussed. Please let me know if any changes need to be made.

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With the estimates above, I project that we will owe the Food Service Revolving Fund back \$2,108,571.

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I hope this summarizes the plan discussed. Please let me know if any changes need to be made.



LOWELL PUBLIC SCHOOLS
Henry J. Mroz Administration Office
Edith Nourse Rogers School
43 Highland Street
Lowell, Massachusetts 01852

Jay Lang
Deputy Superintendent
of Finance and Operations

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Tel: (978) 674-2019
Fax: (978) 674-2141
E-Mail: jlang@lowell.k12.ma.us

Memorandum

To: Jean M. Franco, Superintendent of Schools
From: Jay Lang, Deputy Superintendent of Finance and Operations
Date: October 28, 2011
Re: Revolving Fund: Use of School Property (M.G.L. Ch. 71, Sec. 71E)

The Massachusetts Department of Revenue establishes requirements for revolving funds that may be established for school department programs. Attached is a copy of the most recent listing of allowable "Revolving Funds for School Department Programs" from the Department of Revenue.

A revolving fund for Use of School Property (M.G.L. CH. 71 § 71E) is allowable, with local acceptance, to which revenue received by the Lowell Public Schools from user fees and charges can be deposited. Funds from this revolving fund would then be used to provide for facility expenses (custodial costs, utilities, ordinary repairs and maintenance) associated with the use of school property. The fund balance would carry forward to the next fiscal year. All interest generated from the Use of School Property Revolving Fund would be credited to the City of Lowell general fund.

We currently deposit fees received from organizations that utilize Lowell Public Schools in accordance with the Regulations Governing the Use of School Facilities in an agency fund held with the City Treasurer. The fund was intended to take in receipts and disperse salary related expenses, not to encumber purchaser orders for services or equipment. A revolving fund will allow for both salary related expenses to be paid and purchase orders to be issued for related school facility expenses.

I am recommending that the Lowell School Committee formally vote to "accept Massachusetts General Laws, Chapter 71, Section 71E and establish a Use of School Property Revolving Fund." Further, if approved and established, I recommend that regular reports of the fund balance and expenditures be provided to the Finance Subcommittee of the Lowell School Committee.



REVOLVING FUNDS FOR SCHOOL DEPARTMENT PROGRAMS

The purpose of this chart is to provide general information about revolving funds allowed by Massachusetts law. It is not designed to address all questions or issues about the listed funds. Nothing contained in the chart changes the laws that authorize and govern these funds.

A revolving fund separately accounts for specific revenues and earmarks them for expenditure by a board or officer without appropriation for particular purposes to support the activity, program or service that generated the revenues. Typically, revolving funds are authorized by state law for programs or services with expenses that (1) fluctuate with demand and (2) can be matched with the fees, charges or other revenues collected during the year.

The board or officer with authority to spend from a revolving fund can only incur liabilities and spend from the available, unspent and unencumbered balance of actual collections.

REVOLVING FUND	LOCAL ACCEPTANCE	TOWN MEETING/ CITY COUNCIL ACTION	DEPARTMENT/ ACTIVITIES	MUNICIPAL SALARIES	CAPITAL ITEMS/ DEBT SERVICE	STATUTORY SPENDING CEILING	REVENUE SOURCE	INTEREST	FUND BALANCE	OTHER ACCOUNTING PROCEDURES	REPORTS	OTHER
ADULT AND CONTINUING EDUCATION G.L. & 71 & 71E	YES IN REGIONAL SCHOOL DISTRICT, BY VOTE OF THE SCHOOL COMMITTEE	NONE	ADULT EDUCATION AND CONTINUING EDUCATION, ADULT PHYSICAL FITNESS, SUMMER SCHOOL, AND ENRICHMENT PROGRAMS	YES	NOT PROHIBITED	NONE	PARTICIPATION FEES AND PROGRAM RECEIPTS	GENERAL FUND	CARRIES FORWARD TO NEXT FY	SEPARATE FUNDS FOR ADULT PROGRAMS AND SUMMER SCHOOL AND ENRICHMENT PROGRAMS		
COMMUNITY SCHOOLS G.L. & 71 & 71C	NO	NONE	MATERIALS AND EQUIPMENT FOR COMMUNITY SCHOOL PROGRAMS	NO	PROGRAM EQUIPMENT	\$10,000	PARTICIPATION FEES AND PROGRAM RECEIPTS	GENERAL FUND	CARRIES FORWARD TO NEXT FY			
CULINARY ARTS G.L. & 71 & 17A	YES IN REGIONAL SCHOOL DISTRICT, BY VOTE OF THE SCHOOL COMMITTEE AND A MAJORITY OF MEMBER CITY OR TOWN SELECTBOARDS OR CITY COUNCILS	NONE	CULINARY ARTS PROGRAMS	NO	PROGRAM EQUIPMENT	\$15,000 TOTAL \$5,000 IN EQUIPMENT PURCHASES	SALE OF CULINARY PROGRAM PRODUCTS	GENERAL FUND	CARRIES FORWARD TO NEXT FY	FY RECEIPTS OVER \$15,000 CREDITED TO GENERAL FUND	ANNUAL AUDIT BY TREASURER TO SCHOOL COMMITTEE, MAYOR OR CITY MANAGER AND CITY COUNCIL, SELECTBOARD OR TOWN MANAGER	COPY TO BOA (SCHEDULE A)



REVOLVING FUND	LOCAL ACCEPTANCE	TOWN MEETING/ CITY COUNCIL ACTION	DEPARTMENT/ ACTIVITIES	MUNICIPAL SALARIES	CAPITAL ITEMS/ DEBT SERVICE	STATUTORY SPENDING CEILING	REVENUE SOURCE	INTEREST	FUND BALANCE	OTHER ACCOUNTING PROCEDURES	REPORTS	OTHER
NON-RESIDENT STUDENT TUITION G.L. c. 71, § 71F & 71G, § 71I, § 160 1/2	YES IN CITY OR TOWN	NONE	EDUCATION EXPENSES OF NON-RESIDENT AND FOSTER CARE CHILDREN ENROLLED IN SCHOOL	YES	INSTRUCTIONAL EQUIPMENT THAT COULD BE FUNDED FROM SCHOOL BUDGET**	NONE	NON-RESIDENT TUITION PAYMENTS AND STATE REIMBURSEMENTS FOR FOSTER CARE CHILDREN	GENERAL FUND	CARRIES FORWARD TO NEXT FY			
SCHOOL BUS ADVERTISING c.18A, § 187 OF THE ACTS OF 2002	NO	NONE	EDUCATION EXPENSES	YES	INSTRUCTIONAL EQUIPMENT THAT COULD BE FUNDED FROM SCHOOL BUDGET**	NONE	SALE OF ADVERTISING SPACE ON SCHOOL BUSES	GENERAL FUND	CARRIES FORWARD TO NEXT FY			SALE OF SPACE MUST BE OVERSEEN BY GOVERNING BOARD APPOINTED BY SCHOOL COMMITTEE AND IS SUBJECT TO STATUTORY STANDARDS
SCHOOL CHOICE TUITION G.L. c. 76, § 12B(1)	NO	NONE	EDUCATION EXPENSES	YES	INSTRUCTIONAL EQUIPMENT THAT COULD BE FUNDED FROM SCHOOL BUDGET**	NONE	SCHOOL CHOICE TUITION PAYMENTS AND FEDERAL, STATE OR OTHER PAYMENTS, GIFTS AND GRANTS	GENERAL FUNDS	CARRIES FORWARD TO NEXT FY			
SCHOOL EXTENDED SERVICES G.L. c. 71, § 26C	NO	NONE	EXTENDED SCHOOL SERVICES FOR CHILDREN	YES	NOT PROHIBITED	NONE	FEDERAL FUNDS, OTHER GRANTS, GIFTS, DONATIONS	GENERAL FUND	CARRIES FORWARD TO NEXT FY			PROGRAMS MUST BE APPROVED BY COMMISSIONER OF ELEMENTARY AND SECONDARY EDUCATION (DESE)
SCHOOL LUNCH c. 54A OF THE ACTS OF 1948 AS AMENDED BY c. 650, § 1989	NO	NONE	OPERATION OF SCHOOL LUNCH PROGRAMS	YES	PROGRAM EQUIPMENT	NONE	FEES FROM SALES OF LUNCH AND OTHER MEALS, SCHOOL LUNCH GRANT FUNDS	REVOLVING FUND	CARRIES FORWARD TO NEXT FY	MUST COMPLY WITH PRESCRIBED FEDERAL AND STATE REPORTING AND AUDITING REQUIREMENTS		

** Refers to equipment used in instruction that school committee may fund within its annual appropriation and generally considered "Instructional Equipment" under DESE end of year financial reporting guidelines



REVOLVING FUND	LOCAL ACCEPTANCE	TOWN MEETING/CITY COUNCIL ACTION	DEPARTMENT/ACTIVITIES	MUNICIPAL SALARIES	CAPITAL ITEMS/DEBT SERVICE	STATUTORY SPENDING CEILING	REVENUE SOURCE	INTEREST	FUND BALANCE	OTHER ACCOUNTING PROCEDURES	REPORTS	OTHER
SCHOOL RENTAL G.L. c. 40, § 3 G.L. c. 71, § 161d	NO, BUT PROVISION OF FUNDS FOR ANY FACILITY AND FUND CARRY OVER APPLIES ONLY IN CITY OR TOWN AND REQUIRES ACCEPTANCE (SEE DEPARTMENT/ACTIVITIES/ FUND BALANCE)	NONE	UPKEEP OF RENTED FACILITY OR SPACE, INCLUDING CUSTODIAL COSTS, UTILITIES, ORDINARY REPAIRS AND MAINTENANCE. MAY BE USED FOR UPKEEP OF ANY SCHOOL FACILITY IF CITY OR TOWN HAS ACCEPTED PROVISION SO PERMITTING	YES	NOT PROHIBITED	NONE	RENTAL PAYMENTS FROM LESSEES OF SCHOOLS OR SURPLUS SPACE IN SCHOOL IN USE	GENERAL FUND	CLOSES TO GENERAL FUND AT END OF FY, UNLESS CITY/TOWN HAS ACCEPTED PROVISION PERMITTING CARRY OVER TO NEXT FY			LEASING OF SURPLUS SPACE IN SCHOOL IN USE MUST BE APPROVED BY DESSE
STUDENT ATHLETICS AND ACTIVITIES G.L. c. 71, § 47	NO	NONE	SCHOOL COMMITTEE SPONSORED ATHLETIC AND EXTRACURRICULAR PROGRAMS, AWARDS, EQUIPMENT AND FACILITIES	YES	PROGRAM EQUIPMENT AND FACILITIES	NONE	PARTICIPATION FEES AND PROGRAM RECEIPTS	GENERAL FUND	CARRIES FORWARD TO NEXT FY	PRINCIPAL AUTHORIZED BY SCHOOL COMMITTEE TO RECEIVE STUDENT AGENCY MONIES MUST TURN OVER TO TREASURER FOR DEPOSIT INTO STUDENT AGENCY CHECKING ACCOUNT	ANNUAL AUDIT BASED ON PROCEDURES AGREED TO BY SCHOOL COMMITTEE AND AUDITOR, AND DESSE GUIDELINES	SCHOOL COMMITTEE MAY AUTHORIZE PRINCIPAL TO SPEND MONIES IN STUDENT ACTIVITY AGENCY CHECKING ACCOUNT FOR STUDENT ACTIVITIES. PRINCIPAL MUST BE BONDED IN AMOUNT FIXED BY TREASURER AND MUST FOLLOW ADMINISTRATIVE PROCEDURES ESTABLISHED BY TREASURER OR ACCOUNTING OFFICER
STUDENT ACTIVITY G.L. c. 71, § 47	NO	NONE	SCHOOL COMMITTEE AUTHORIZED STUDENT ACTIVITIES	NOT APPLICABLE	NOT APPLICABLE	NONE	STUDENT ACTIVITY RECEIPTS	AGENCY ACCOUNT	CARRIES FORWARD TO NEXT FY			

Lowell Public Schools
 Superintendent's Recommended FY2018 Budget
 May 3, 2017

	A	R	S	T	U	W	X
1		2015-16 Actual	2016-17 Expected	FY17 FTE	2017-18 Budget	FY18 FTE	Notes
190	2300: Regular Education Instruction: Classroom						
191	Personnel						
192		See Exhibit I - Line 686					a
193	Pre-K Teachers	\$ 1,493,940	\$ 1,698,438	21	\$ 1,701,507	21	
195	Full Day K Revolving Fund Offset				\$ (200,000)		b
196	Elementary Classroom Teachers	\$ 18,607,412	\$ 19,785,880	267	\$ 19,720,422	265	
197	English Language Learner Teachers	\$ 3,493,330	\$ 4,166,433	60	\$ 4,224,860	58	c
198	Middle School Teachers	\$ 5,670,769	\$ 6,328,671	85	\$ 6,547,872	89	
199	Mathematics Teachers	\$ 6,019,833	\$ 5,893,047	82	\$ 5,898,035	82	
200	Science Teachers	\$ 3,638,645	\$ 3,876,896	51	\$ 3,746,267	50	
201	Social Studies Teachers	\$ 3,168,935	\$ 3,341,855	44	\$ 3,297,742	44	
202	English Teachers	\$ 6,075,239	\$ 6,069,066	83	\$ 6,153,830	83	
203	Foreign Language Teachers	\$ 1,333,264	\$ 1,342,819	17	\$ 1,327,353	17	
204	Business Education Teachers	\$ 290,705	\$ 379,637	5	\$ 387,141	5	
205	In-House Suspension Teachers	\$ 121,656	\$ 129,408	2	\$ 142,358	2	
206	Native Language Support Teachers	\$ 77,319	\$ 80,514	1	\$ 82,419	1	
207	Substitute Teachers - Day-to-Day	\$ 1,176,237	\$ 1,200,000	0	\$ 1,300,000	0	d
208	Substitute Teachers - Long-Term	\$ 793,819	\$ 700,000	0	\$ 700,000	0	
209	Paraprofessionals - Regular Education	\$ 4,117,365	\$ 5,169,397	175	\$ 5,226,634	177	e
210	Food Service Offset		\$ (520,686)		\$ (520,686)		
211							
212	<i>Total Personnel:</i>	\$ 56,078,468	\$ 59,641,375	893	\$ 59,735,755	894	
213	Notes:						
214	a: Exhibit I provides a chart that contains all teachers and reconciles the FY 18 teacher count to FY 17.						
215	In FY 17 a few teachers were classified differently than from FY 18.						
216	b: The <u>Full Day K Revolving fund</u> will be used to offset the cost of employees. The balance in the fund is currently \$247,451.						
217	c: The budget in 2017-18 is more than in 2016-17 even though there are two less teachers listed due to teachers being hired in 2016-17 that were						
218	greater than budgeted.						
219	d: The increase is a result of a School Committee motion to become more competitive.						
220	e: In 2015-16, the Para budget was \$4.6 million, but only \$4.1 million was spent. In 2016-17, seventeen paraprofessionals were						
221	formerly paid by a \$600,000 Kindergarten grant and they are now funded by the local budget.						
222	TOTAL:	\$ 56,078,468	\$ 59,641,375	893	\$ 59,735,755	894	

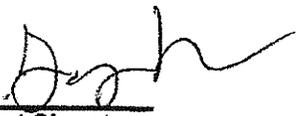
1127
 71
 26C

Approved: _____

Expenditure Transfer Form

Department:		SCHOOLS				
TRANSFER TO:						
Account #					Description	Amount
Org.	Object	Project	DESE Function			
11270010	512141				Instructional/Prof Staff	\$ 200,000.00
					TOTAL	\$ 200,000.00
TRANSFER FROM:						
Account #					Description	Amount
Org.	Object	Project	DESE Function			
98310903	512903				Bartlett Pre-School Teacher	\$ 50,000.00
91510903	512903				Greenhalge Pre-School Teacher	\$ 50,000.00
98010903	512903				Murkland Pre-School Teacher	\$ 50,000.00
97510903	512903				McAuliffe Pre-School Teacher	\$ 50,000.00
					TOTAL	\$ 200,000.00

Reason for Transfer:
 Transfer per approved budget line 195 in the FY18 budget book.



Department Signature
 3/21/2018
Date

Jaclyn Kelleher-Roy
 Prepared by



LOWELL PUBLIC SCHOOLS
Henry J. Mroz Administration Office
155 Merrimack Street
Lowell, Massachusetts 01852

Gary N. Frisch
Assistant Superintendent of
Finance/School Business
Administrator

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Tel: (978) 674-2019
Fax: (978) 937-7620
E-Mail: gfrisch@lowell.k12.ma.us

To: Salah Khelifaoui, Superintendent

From: Gary N. Frisch, Assistant Superintendent for Finance/School Business Administrator

Re: Circuit Breaker Transfer Request:

Date: June 20, 2018

Background:

The 2017-18 budget includes a transfer amount of \$4,691,000 from the Circuit Breaker Fund to the General Fund. There have been additional special education students requiring residential placements and additional special education students placed by DCF in group homes in Lowell. These have impacted the budget and required the need to transfer additional funds to cover Out-of-District Tuition expenses from the Circuit Breaker Fund.

Recommendation:

It is recommended that an additional \$581,268 be transferred from the Circuit Breaker Fund for a new total of \$5,272,268 for the fiscal year 2017-18.



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 Fax: (978) 937-7620
 E-Mail: gfrisch@lowell.k12.ma.us

To: Salah Khelifaoui, Superintendent

From: Gary N. Frisch, Assistant Superintendent for Finance/School Business Administrator

Re: Circuit Breaker Transfer Request: - Revised

Date: June 25, 2018

Background:

The 2017-18 budget includes a transfer amount of \$4,691,000 from the Circuit Breaker Fund to the General Fund. There have been additional special education students requiring residential placements and additional special education students placed by DCF in group homes in Lowell. These have impacted the budget and required the need to transfer additional funds to cover Out-of-District Tuition expenses from the Circuit Breaker Fund.

Recommendation:

It is recommended that an additional \$849,118 be transferred from the Circuit Breaker Fund for a new total of \$5,540,118 for the fiscal year 2017-18.

	ORIG.	4,691,000			
	AMEND.	849,113			
	APPROVED	<u>5,540,113.00</u>			
	TRANS #1	(2,871,545.44)	11/9/13		
	TRANS #2	(1,532,559.00)	4/27/18		
	YTD TRANS OUT	<u>(4,454,104.44)</u>			
	REMAINDER AVAILABLE TO TRANSFER	<u>\$1,086,013.56</u>			
				Q4 ACCRUAL	
					CASH 6/23/13
					6/23 0.45
					<u>6/30 Q4 1,036,014.00</u>
					CASH 1,036,014.45
					<u>6/30/18 TRANS #3 (1,036,013.56)</u>
					<u>4/2 CASH \$0.89</u>



8.I. Circuit Breaker Transfer Request

The 2017-2018 budget includes a transfer amount of \$4,691,000 from the Circuit Breaker Fund to the General Fund. There have been additional special education students requiring residential placements and additional special education students placed by DCF in group homes in Lowell. This has impacted the budget and requires the need to transfer additional funds to cover Out-of-District Tuition expenses from the Circuit Breaker Fund. It was recommended that an additional \$849,118 be transferred from the Circuit Breaker Fund.

Mr. Descoteaux made a motion to approve the transfer from the Circuit Breaker fund in the amount of \$5,540,118; seconded by Mr. Hoey. 7 yeas APPROVED

8.II. Approval Of Final Budget 2017-2018

The final budget for the 2017-2018 school year needs to be approved before the end of the fiscal year. The City appropriated \$162,073,324 for the school department in May of 2017. An additional \$250,000 was provided to the school department based upon the request by the School Committee and Superintendent. The new budget total is \$162,323,324.

Mr. Descoteaux made a motion to approve the 2017-2018 final budget in the amount of \$162,323,324; seconded by Mr. Hoey. 6 yeas, 1 nay APPROVED

8.III. Student Activity Audit Update

Mr. Nutter made a motion to refer the Student Activity Audit Update to a Joint Finance and Policy Subcommittee; seconded by Mr. Descoteaux. 7 yeas APPROVED

8.IV. Budget Transfer Year End

Budget Transfer Form					
Department:		SCHOOLS			
TRANSFER TO:					
Account #		Description			Amount
Org.	Object	Project	DESE Function		
99341203	512205		1200	Asst Supt - Student Suppt Svcs	\$ 2,500.00
99341203	512800		1200	Superintendent of Schools	\$ 919.00
99341230	512902		1400	Clerical Staff - Admin Office	\$ 107,373.00
99041207	512921		1400	LHS Computer Network Manager	\$ 6,538.00
99341215	512965		1400	Substitute Teacher Calling	\$ 2,716.00
99041205	512970		1400	LHS Student Data Analyst	\$ 405.00
99341215	513001		1400	Overtime - Clerical	\$ 2,046.00
92510603	512110		2000	Molloy Coordinator	\$ 10,660.00
99011003	512109		2100	LHS Academic Chair - Fine Arts	\$ 1,144.00

Lowell Public Schools
 Superintendent's Recommended FY2018 Budget
 May 3, 2017

	A	R	S	T	U	W	X
1		2015-16 Actual	2016-17 Expected	FY17 FTE	2017-18 Budget	FY18 FTE	Notes
341	2300: Special Education Instruction						
342	Non-Personnel						
343							
344	Contracted Services - BRIDGE Program	\$ -	\$ -				
345	Contracted Services - UTEC Alt. Diploma	\$ -	\$ -				
346	Contracted Services - General	\$ 2,340	\$ 25,176		\$ 25,000		
347	Parent Education Program	\$ 51,294	\$ 47,000		\$ 47,000		
348	Out-of-District	\$ 7,349,164	\$ 11,533,797		\$ 11,562,431		a
349	Circuit Breaker Reimbursement		\$ (2,303,628)		\$ (4,000,000)		b
350	Circuit Breaker Revolving Account		\$ (1,609,902)		\$ (691,000)		b
351	School Choice Funds		\$ (111,631)		\$ (192,000)		
352	Contracted Services - Hospitalized Children	\$ 55,342	\$ 60,000		\$ 60,000		
354	Supplies	\$ 193,148	\$ 40,000		\$ 40,000		
355	Summer School	\$ 48,007	\$ 50,000		\$ 50,000		
356	Testing	\$ 38,092	\$ 16,000		\$ 16,000		
357							
358	<i>Total Non-Personnel:</i>	\$ 7,737,387	\$ 7,746,912		\$ 6,917,431		
359							
360	TOTAL:	\$ 29,883,045	\$ 31,435,665		\$ 32,724,334	495	
361	Notes:						
362	a: The District is anticipating the return of 19 CSA students and 8 Adjustment Students to offset the 5% increase in tuition rates						
363	and to offset new Out-of-District placements.						
364	b: The District will be using \$4,000,000 out of the FY 2017-18 Circuit Breaker Reimbursements in addition to the balance of \$691,000.						

Approved: _____



Remit to:
 ARAMARK DALLAS LOCKBOX
 PO BOX 978839
 DALLAS TX 75397-8839

Bill To:
 LOWELL PUBLIC SCHOOLS
 HENRY J MROZ ADMINISTRATIVE OFFICE
 EDITH NOURSE ROGERS SCHOOL
 43 HIGHLAND STREET
 LOWELL MA 01852

Invoice	
TERMS: DUE UPON PRESENTATION	
Make Checks payable to "ARAMARK Services, Inc"	
Invoice Number: KC00915849	Date: 07-MAY-18 Page: 1 of 1
Invoice Amount: 376,808.80	Customer Number: 15814
Profit Center: 000005487 Lowell Public	

Line No.	Description	Quantity	Amount
1	COST OF OPERATION	1	430,990.98
2	REBATES	1	(54,142.62)
3	OTHER APPLICABLE CREDITS	1	(39.56)

PLEASE INCLUDE COPY WITH PAYMENT.

Special Instructions	Subtotal	376,808.80
	Delivery	0.00
	Tax	0.00
	Total	376,808.80

Federal Tax Id#:

For office use only:

CHECK NUMBER: _____	CHECK DATE: _____
CHECK AMOUNT: _____	NUMBER OF INVOICES PAID: _____

JmCuster

ORIGINAL



Remit to:
 ARAMARK DALLAS LOCKBOX
 PO BOX 978839
 DALLAS TX 75397-8839

Bill To:
 LOWELL PUBLIC SCHOOLS
 HENRY J MROZ ADMINISTRATIVE OFFICE
 EDITH NOURSE ROGERS SCHOOL
 43 HIGHLAND STREET
 LOWELL MA 01852

Invoice	
TERMS: DUE UPON PRESENTATION	
Make Checks payable to "ARAMARK Services, Inc"	
Invoice Number: KC00917733	Date: 04-JUN-18 Page: 1 of 1
Invoice Amount: 525,692.07	Customer Number: 15814
Profit Center: 000005487 Lowell Public	

Line No.	Description	Quantity	Amount
1	COST OF OPERATION	1	557,366.75
2	REBATES	1	(29,726.92)
3	OTHER APPLICABLE CREDITS	1	(1,947.76)

PLEASE INCLUDE COPY WITH PAYMENT.

Special Instructions	Subtotal	525,692.07
	Delivery	0.00
	Tax	0.00
	Total	525,692.07

Federal Tax Id#:

For office use only:

CHECK NUMBER: _____ CHECK DATE: _____
 CHECK AMOUNT: _____ NUMBER OF INVOICES PAID: _____

Jonathan Ken

ORIGINAL



Remit to:
 ARAMARK DALLAS LOCKBOX
 PO BOX 978839
 DALLAS TX 75397-8839

Bill To:
 LOWELL PUBLIC SCHOOLS
 HENRY J MROZ ADMINISTRATIVE OFFICE
 EDITH NOURSE ROGERS SCHOOL
 43 HIGHLAND STREET
 LOWELL MA 01852

Invoice	
TERMS: DUE UPON PRESENTATION	
Make Checks payable to *ARAMARK Services, Inc	
Invoice Number: KC00919654	Date: 09-JUL-18 Page: 1 of 1
Invoice Amount: 528,706.83	Customer Number: 15814
Profit Center: 000005487 Lowell Public	

	Description		
1	COST OF OPERATION	1	575,462.10
2	REBATES	1	(46,599.57)
3	OTHER APPLICABLE CREDITS	1	(155.70)

PLEASE INCLUDE COPY WITH PAYMENT.

Special Instructions	Subtotal	528,706.83
	Delivery	0.00
	Tax	0.00
	Total	528,706.83

Federal Tax Id#:

For office use only:

DATE	AMOUNT	DATE	AMOUNT

ORIGINAL

	Confirm	Search	Actions	Output	Office
Line	8				
Org	1201	MILK AND LUNCH REVOLVING			
Object	104000	CASH UNRESTRICTED C			
Project					
Account	1201-0-000-000-0000-00-0-00-104000-				
Acct desc	CASH UNRESTRICTED CHECKNG				
Line desc					
Eff date	07/10/2018	Trans type	1	Budget year	2019
Ref1					
Ref2/3/4					
Amount	1,840,315.65			Over budget	N



Bryan Perry
City Auditor

ATTACHMENT III: SCHOOL CENTRAL OFFICE TRANSFERS

- a. Change of Assignment Sheet, Director of Accountability
- b. School Committee vote approving the posting of Director of Accountability
- c. Correspondence from School's Legal Counsel
- d. E-mail questions between Auditor's office and Schools on transfer

2017-2018 School Year

Change of Assignment
Acct #
Salary

0514

NEW EMPLOYEE FORM - CHANGE OF ASSIGNMENT OR STATUS FORM

Today's Date: 8/25/17 Employee # 9761

First Name/MI/Last Name: [REDACTED] Gender: F

Social Security Number: [REDACTED] Date Of Birth: _____

Address: _____

City/State/Zip: _____

Home Phone: _____ Cell Phone: _____

Email: _____

Please check: Not Hispanic or Latino Hispanic or Latino

Ethnicity: White Black or African American Asian Native Hawaiian or Pacific Islander Amer. Indian or Alaska Native

CHECK ONE:
ANNUAL PAY: 52 WEEKS OR 42 WEEKS

CIRCLE: No Degree Bachelor Masters Masters+15 Masters+30 Masters +60 CAGS Doctorate

List Degree(s): _____
Institution: _____
Concentration: _____
Issue Date: _____

***** DO NOT COMPLETE BELOW THIS LINE - FOR OFFICE USE ONLY *****

Title/Assignment/Grade Level: Director of Accountability

School: Central Office (IN FOR _____)

Circle One: Permanent Hire LTS Open LTS Paid part time (____ hours/week)
COA

Seniority Date: _____ Date of New Status: 9/1/17

Salary Step: _____ Per Diem _____ Annual Salary: 122,263

D.O.E. Certification/License Code: (circle) Preliminary Initial Professional

License # _____ Field of Licensure: _____
(Please attach a copy of certificate with this form) Date: _____

MEPID _____ On D.O.E. Waiver: _____

Source Of Funding 16040040.512141.00018 0514

Approved: Annie Sheehy
Annie Sheehy/Director of Human Resources

Cc: Payroll UNION MIS Personnel File



10. II. Budget Discrepancy

Gary Frisch, Assistant Superintendent for Finance informed the Committee that the School Committee had approved a budget for \$162,942,846 on May 17, 2017. The City Council approved a budget for the School Department for \$162,073,324 which is \$869,522 less than what the School Committee has approved. It was recommended that the School Committee make a motion to approve a budget amendment of \$869,522 to increase the appropriation.

Ms. Doherty made a motion to request that the City Council approve a budget amendment of \$869,522 to increase the School Department appropriation to \$162,942,846; seconded by Mr. Hoey. 6 yeas, 1 absent APPROVED

10. III. Vote to Accept Grant Award of 2,500 to IDEA Camp from Kronos Company

Robin Desmond, Interim Assistant Superintendent informed the Committee that Kronos Incorporated committed funds in support of the Lowell Public Schools IDEA Camp to encourage the implementation of workshops and pre-engineering programs offered to middle school students for STEM career paths.

Ms. Doherty made a motion to accept the grant of \$2,500 from Kronos Incorporated to offset IDEA Camp and funds deposited in the IDEA Camp Revolving Fund for payment(s) to be dispersed from the IDEA Camp Revolving account in support of the program; seconded by Mr. Descoteaux. 6 yeas, 1 absent APPROVED

10. IV. Vote to Accept Grant Award to Butler Middle School Athletics Programming

Robin Desmond, Interim Assistant Superintendent informed the Committee that that Justin J. Watt Foundation committed funds in support of the Butler School Intermural Athletics Program.

Mayor Kennedy made a motion to accept the grant funded amounts of \$10,590 from the Justin J. Watt Foundation; seconded by Mr. Gignac. 6 yeas, 1 absent APPROVED

10. V. Proposed Position EC Specialist

Ms. Martin made a motion to approve the Early Childhood Specialist posting; seconded by Ms. Doherty. 6 yeas, 1 absent APPROVED

10. VI. Director of Accountability

Mr. Descoteaux made a motion to approve the Director of Accountability posting; seconded by Mr. Hoey. 6 yeas, 1 absent APPROVED



Draft- as of 6/15/2017

LOWELL PUBLIC SCHOOLS
LOWELL, MASSACHUSETTS

Director of Strategic Planning, Accountability, and Leadership Development

REQUIREMENTS:

1. Master's Degree or higher from an accredited college or university.
2. Certification valid for service as a Director in the Commonwealth of Massachusetts.
3. At least five years successful experience in school administration.
4. Practical experience in curriculum planning, instruction and evaluation.
5. Effective interpersonal and leadership skills.
6. Possesses a clear understand of Education Reform Law and its ramifications

REPORTS TO: Assistant Superintend of Curriculum, Instruction and Assessment

EFFECTIVE DATE OF EMPLOYMENT: July 01, 2017

TERMS OF EMPLOYMENT: 205 days

SALARY: as per educational level and experience

Draft- as of 6/15/2017

JOB GOAL

To assist the Assistant Superintendent of Curriculum, Instruction and Assessment substantially and effectively in the task of providing leadership to building based leaders in the developing, achieving and maintaining school, professional practice and student learning goals that align with the District's Strategic Plan.

PERFORMANCE RESPONSIBILITIES:

- The Director will be responsible for working with district and school based leaders to ensure that school and professional practice goals strategically align with district initiatives and priorities.
- The Director, working with District leaders, will design, coordinate, and deliver professional learning opportunities and resources to assist school leaders in reflecting upon and improving practices that support school goals and the District's strategic plan.
- The Director will provide consistent ongoing school site support to administrators and work to build collaborative cultures that fosters growth and excellence.
- The Director will work with the Curriculum Office staff and Principals of underperforming schools to develop and support school improvement plans that are aligned to the District's Strategic Plan
- The Director will coordinate and collaborate with District staff to support and enhance school based coaching model.
- The Director will identify, implement, and assess instructional programs, progress monitoring curriculum and identify instruction materials and staff professional development needs and share with appropriate district leaders.
- The Director will support school leaders to develop and attain meaningful, actionable, and measurable professional practice, student learning and school improvement goals.
- The Director will gather data from multiple sources to determine school leaders' progress towards meeting professional practice, student learning and school improvement goals.
- The Director will provide administrative teams with the resources and support to disaggregate assessment data and assists in the identifying of areas in need of additional support and recommend instructional strategies in collaboration with the Curriculum Coordinators.
- The Director will visit all schools monthly to review leader's' goals, complete walk-throughs, observe practice and provide targeted constructive feedback towards meeting those goals and improving the quality of instruction.
- The Director will engage school leaders and teams in problem solving and identification of response strategies while connecting and engaging District resources that will support, strengthen and accelerate the work of the school and improve outcomes and connections to the District's strategic plan.
- The Director will attend all meetings regarding school improvement and accountability as requested by the Assistant Superintendents and Superintendent.
- The Director, working with the Superintendent, will collect and maintain confidential evaluation information in support of the DESE administrators' evaluation process to support the Superintendent's Principal evaluation process and reporting.

LOWELL PUBLIC SCHOOLS

Curriculum, Instruction & Assessment
155 Merrimack Street
Lowell, Massachusetts 01852

Phone: (978) 674-4323
Fax: (978) 275-6363
E-mail: rdesmond@lowell.k12.ma.us



Posting: Director of Accountability

TO: Dr. Salah E. Khelfaoui, Superintendent

FROM: Robin Desmond, Interim Assistant Superintendent Curriculum, Instruction and Assessment

DATE: June 19, 2017

Attached please find the job description for the position of Director of Accountability. The attached position is needed to assist the Assistant Superintendent of Curriculum, Instruction and Assessment provide leadership to building based leaders in the developing, achieving and maintaining school, professional practice and student learning goals that align with the District's Strategic Plan.

Thank you in advance for your consideration and support of this request.

QUA, HALL, HARVEY & WALSH

ATTORNEYS AT LAW
25 FLETCHER STREET
CHELMSFORD, MASSACHUSETTS 01824

JAMES A. HALL
JAMES P. HALL*
LAURIE A. HOGAN**
RAYMOND T. WEICKER ***

(978) 250-4255
FACSIMILE (978) 244-1452
WWW.QHHW.COM

HOWARD J. HALL (1937-1966)
RICHARD T. HALL (1960-1998)
RICHARD B. WALSH (1953-2005)
EDWARD F. FINNEGAN (1979-2007)

ALSO ADMITTED TO PRACTICE IN
* NEW HAMPSHIRE, MAINE, VERMONT
and WASHINGTON, DC
** NEW HAMPSHIRE
*** NEW HAMPSHIRE, NEW YORK,
and NEW JERSEY

September 11, 2017

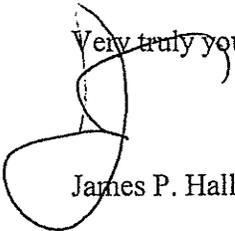
Mr. Bryan Perry
Auditor, City of Lowell
City Hall
Lowell, Massachusetts 01852

Please be advised that I am the Collective Bargaining Counsel of the Lowell School Committee.

The Superintendent has placed [REDACTED] who has two years remaining on a principal contract, as an ETC. The Superintendent, months ago, informed LSAA that he was going to hire her to work as an ETC and continue to pay the principal salary which the District has an obligation to do anyway. Additionally, I notified LSAA Monday afternoon that [REDACTED] would be continued to be paid at her principal level.

Given my recent notification to LSAA and the independent obligation to pay [REDACTED] under her principal contract until June 30, 2019, please process her pay under the amount agreed to in her principal contract.

Very truly yours,


James P. Hall

Perry, Bryan

From: Perry, Bryan
Sent: Tuesday, September 05, 2017 8:42 AM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia; Jarvis, Debra
Subject: [REDACTED]
Attachments: 20170831181257208.pdf

Hi Gary,

We are changing [REDACTED] from Principal to ETC for payroll this week. However, the salary reflected here is not consistent with the salary in the grid. Please advise where on the grid she falls so that we may update this as soon as possible.

Given that this is a Union role, do you have anything from the LSAA affirming that her salary will be outside the current grid? Until we have something from them, we will need to keep her on Union's grid.

Thanks,

Bryan

-----Original Message-----

From: Lamarre, Tricia
Sent: Friday, September 01, 2017 7:40 AM
To: Jarvis, Debra
Cc: Perry, Bryan
Subject: RE: Message from "RNP002673BFDC3A"

Hi Deb
ETC is a LSAA union position I do not see this salary on the appendix A of the contract for a ETC, there may have been an error in the budget book for this salary?
I will need to forward this information to Bryan Perry for his review Thanks

-----Original Message-----

From: Jarvis, Debbie [<mailto:djarvis@lowell.k12.ma.us>]
Sent: Thursday, August 31, 2017 6:16 PM
To: Lamarre, Tricia
Subject: FW: Message from "RNP002673BFDC3A"

Hi Tricia, in the budget that school committee approved here is the page on [REDACTED] salary as an ETC.
Is this sufficient enough to get her account # and salary updated?
thanks
deb

-----Original Message-----

From: ricohscans@lowell.k12.ma.us [<mailto:ricohscans@lowell.k12.ma.us>]
Sent: Thursday, August 31, 2017 6:13 PM
To: Jarvis, Debbie
Subject: Message from "RNP002673BFDC3A"



Bryan Perry
City Auditor

ATTACHMENT IV: PRINCIPAL PAID OUTSIDE HIS CONTRACT

- a. Memo from School Business Administrator dated February 8, 2018
- b. E-mail correspondence between City Auditor's office and School Department, February 14, 2018
- c. Approved minutes documenting affirmative vote on July 25, 2018



LOWELL PUBLIC SCHOOLS
Henry J. Mroz Administration Office
155 Merrimack Street
Lowell, Massachusetts 01852

Gary N. Frisch
Assistant Superintendent of
Finance/School Business
Administrator

Tel: (978) 674-4326
Tel: (978) 674-2019
Fax: (978) 937-7620
E-Mail: gfrisch@lowell.k12.ma.us

To: Bryan Perry
From: Gary N. Frisch, Assistant Superintendent for Finance/School Business Administrator
Re: Authorization for Payment – Stipends
Date: February 8, 2018

Background

1. Working with teachers to review resumes associated with the hiring of the teachers for 2017-18 school year. [redacted] completed interview for the new guidance counselor position. [redacted] was the on-site coordinator for overseeing the summer construction at the STEM Academy.

Authorization of Payment

[redacted]

(10 days)

\$6,546.60

Gary Frisch, Assistant Superintendent of Finance/SBA

Gary N Frisch

Salah Khelfaoui, Superintendent

[Signature]

98741103-512101

Perry, Bryan

From: Perry, Bryan
Sent: Wednesday, February 14, 2018 11:50 AM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: [REDACTED]
Attachments: [REDACTED]

Gary,

Please find attached copies of (a) the Stipend Request submitted on behalf of [REDACTED] with this week's payroll, along with (b) a copy of his current contract from July 1, 2016 through June 30, 2019.

In the attached Stipend Request, it would appear that the first two items listed (review resumes associated with the hiring of teachers & interview for the new guidance counselor position) would fall the DUTIES AND RESPONSIBILITIES outlined in his current contract. If he is to be issued payment for the work he performed outside his current agreement with the city, I would expect there to be an amendment to his contract, citing the payment of \$6,546.60 as a Stipend for his work as an on-site coordinator overseeing the summer construction at the STEM Academy. This is under the assumption that the work noted is beyond the scope of "supervise the operation and management of the school and school property" which already exist in his current contract.

I would also assume that since this is a stipend payment, and not part of his regular salary, the payment would be paid from the STEM – Stipends- Other account (99310305-512963) instead of his regular salary account (98741103-512101) which was written onto the stipend memo.

Thanks,

Bryan

Bryan Perry | City Auditor
City of Lowell | 375 Merrimack St | Lowell, MA 01852
☎ 978-674-4080 | Fax: 978-970-4082 | [City of Lowell Website](#)

Perry, Bryan

From: Perry, Bryan
Sent: Wednesday, February 14, 2018 12:50 PM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: [REDACTED]

Given the fact that he is currently under contract with the city and the work done is while he is under contract, I would expect the contract to be amended to include payments for work outside of his scope of employment, even if it is a one-time only deal.

From: Frisch, Gary [<mailto:gfrisch@lowell.k12.ma.us>]
Sent: Wednesday, February 14, 2018 12:48 PM
To: Perry, Bryan
Cc: Lamarre, Tricia
Subject: RE: [REDACTED]

Hi Bryan,

I will revise the stipend request per your assumptions in regards to the account # and itemize the work that was beyond the scope of his contract. However, this is a one-time payment and therefore should not be an amendment to his contract.

Thanks,

Gary

	Gary N. Frisch
	<i>Assistant Superintendent of Finance/School Business Administrator</i>
	Lowell Public Schools – Business Office
	Henry J. Mroz Administration Building
	Bon Marché Building, 155 Merrimack Street - Lowell, MA 01852
	Phone: 978.674.4325 email: gfrisch@lowell.k12.ma.us

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From: Perry, Bryan [<mailto:BPerry@lowellma.gov>]
Sent: Wednesday, February 14, 2018 11:50 AM
To: Frisch, Gary



6.III. List of Eligible Teachers

The List of Eligible Teachers officially informs the Committee of all eligible teachers by subject and grade.

Mr. Descoteaux made a motion to accept the following Reports of the Superintendent 6.I, through 6.IV as reports of progress; seconded by Mr. Lay. 7 yeas APPROVED

6.IV. Personnel Report

The Personnel Report officially informs the Committee of all retirements, resignations, promotions and new hires.

Mr. Descoteaux made a motion to accept the following Reports of the Superintendent 6.I, through 6.IV as reports of progress; seconded by Mr. Lay. 7 yeas APPROVED

7. NEW BUSINESS

7.I. Election of Acting Secretary

Ms. Martin made a motion to elect Acting Superintendent Jeannine Durkin as Acting Secretary to the School Committee; seconded by Ms. Doherty. 6 yeas, 1 present APPROVED

7.II. Authorize the Mayor on behalf of the School Committee to retain an independent auditor for the purposes of performing an audit of the Lowell Public School Department's finances.

Ms. Martin made a motion to authorize the Mayor on behalf of the School Committee to retain an independent auditor for the purposes of performing an audit of the Lowell Public School Department's finances and to request two (2) additional bids so that the Lowell Public Schools does due diligence, and request that the bids be returned within a week; seconded by Ms. Doherty. 5 yeas, 2 nays APPROVED

7.III. Authorization for Summer Payment – Stipends

Mr. Nutter made a motion to approve; seconded by Mr. Hoey. 7 yeas APPROVED

7.IV. LHS TV Funding for LHS TV Production Studio

Acting Superintendent Durkin informed the Committee that she spoke with City Manager Donoghue and the City Manager stated that she never agreed to pay for these positions out of the Comcast funds. Presently, there is no money in our budget for these positions.

Mr. Nutter made a motion to defer LHS TV Funding for LHS TV Production Studio to the next Lowell School Committee meeting on August 15, 2018; seconded by Ms. Martin. 7 yeas APPROVED

MEMORANDUM OF AGREEMENT
BETWEEN
LOWELL SCHOOL COMMITTEE
&

WHEREAS, [REDACTED] (hereinafter [REDACTED]) worked during the summer of 2017 on diverse days below outside of the work schedule of principals and outside the job description of principals at the request of the Superintendent;

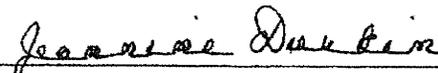
WHEREAS, the Parties agree that [REDACTED] did work outside of his job responsibilities related to receiving, ordering, and reviewing furniture and moving and receiving supplies on diverse dates prior to the school year. The parties agree that this work saved the District monies which would have been spent on hiring contractors, construction supervisors, and/or other independent contractors.

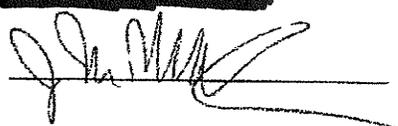
NOW, THEREFORE, the Superintendent and [REDACTED] agree to the following terms and conditions:

1. [REDACTED] shall be paid \$6590.00 for extra work on July 7, 10, 11, 17, 18, 28, and 31 and August 1, 7, and 19 in 2017 for work as an owner's representative during the conversion of space in the Rogers School to usable classroom space.
2. In consideration of the above, [REDACTED] will waive any claim for payment for work on August 26 and August 27 and for any other days not listed above for time outside the principal work year in the summer of 2017.
3. This Agreement constitutes a full and complete resolution of any and all contractual and legal claims in connection with work performed by [REDACTED] in the summer of 2017.

Signed in the City of Lowell on this 26th day of July, 2018.

LOWELL SCHOOL COMMITTEE


by Jeannine Durkin, Acting Superintendent
per 7/25/18 vote of Lowell School Committee

[REDACTED]




Bryan Perry
City Auditor

ATTACHMENT V: EMPLOYEE OVERPAYMENTS OF SALARY & BENEFITS

- a. E-mail correspondence between city and school department, Non Returning Employees from September 26, 2017

- b. E-mail between city and school department, Sick/Vacation time being entered with Payroll, September – November 2017

Perry, Bryan

From: Lamarre, Tricia
Sent: Tuesday, September 26, 2017 10:39 AM
To: 'Sheehy, Anne'; Mcleod, Robert; Frisch, Gary
Cc: Perry, Bryan; Higginns, Cindy; Splaine, Nancy; Smith, Sharon; Jarvis, Debra; Cassidy, JM (Mike Cassidy Schools)
Subject: RE: non returning employees
Attachments: [REDACTED]
[REDACTED]
[REDACTED]

Hi Bob
I like to be sure we are in agreement of employees to date that have been overpaid due to non returning this School year, and School Dept will be notifying individuals of these over payments as you will see some employees have been overpaid 2 or more weeks I have attached a list for your review

[REDACTED] has returned funds/void has been done [REDACTED] has returned funds/void has been done [REDACTED]
[REDACTED] has returned funds/void has been done

Thanks Bob
Tricia,

-----Original Message-----

From: Sheehy, Anne [mailto:ASheehy@lowell.k12.ma.us]
Sent: Tuesday, September 26, 2017 9:45 AM
To: Mcleod, Robert; Frisch, Gary
Cc: Lamarre, Tricia; Perry, Bryan; Higginns, Cindy; Splaine, Nancy; Smith, Sharon; Jarvis, Debra; Cassidy, JM (Mike Cassidy Schools)
Subject: Re: non returning employees

She did not send a letter of resignation to HR. I assumed that this employee was in an account designated for subs, thus, would be inactivated at the end of the school year.

Also, I have sent a resignation/retirement process form to all principals for this reason. See attached.

Anne K. Sheehy

Director
Office of Personnel & Recruitment
Educator Evaluation & Licensure

Lowell Public Schools
155 Merrimack Street

Lowell, MA 01852
978-674-2162

From: McLeod, Robert
Sent: Monday, September 25, 2017 5:44 PM
To: Frisch, Gary
Cc: Lamarre, Tricia; Perry, Bryan; Higgins, Cindy; Splaine, Nancy; Smith, Sharon; Jarvis, Debbie; Sheehy, Anne; Cassidy, Michael
Subject: Re: non returning employees

She was moved to a long term sub/para last year, and moved to the regular payroll process.

I spoke to her earlier today to explain the situation and obtain her email address. Will send her copies of the check stubs and amounts, along with details for repayment.

She said she sent a letter of resignation, she thinks to her Principal, doesn't remember when.

She was Active in Munis and X2 until today; she is listed in the 2018 budget.

She is now Inactive and will not receive any additional checks.

Thanks,
Bob

Sent from my iPhone

On Sep 25, 2017, at 5:12 PM, Frisch, Gary <gfrisch@lowell.k12.ma.us<mailto:gfrisch@lowell.k12.ma.us>> wrote:

Hi Tricia,

We will get to the bottom of this.

Robert,

Can you call [REDACTED] ask her to send a check for the net amount of the paychecks?

Nancy,

Please stop the payroll for [REDACTED]

Mike Cassidy, Robert McLeod, Cindy Higgins, Nancy Splaine, Sharon Smith, Debbie Jarvis and Anne Sheehy,

I want to hold a meeting tomorrow at 2:30 to review these overpayments in my office.

Thank you,

Gary

<image001.png><<http://schools.lowellma.gov/>>

Gary N. Frisch

Assistant Superintendent of Finance/School Business Administrator Lowell Public Schools – Business Office Henry J. Mroz
Administration Building Bon Marché Building, 155 Merrimack Street - Lowell, MA 01852
Phone: 978.674.4325 email: gfrisch@lowell.k12.ma.us<<mailto:gfrisch@lowell.k12.ma.us>>

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From: Lamarre, Tricia [<mailto:TLamarre@lowellma.gov>]
Sent: Monday, September 25, 2017 11:57 AM
To: Frisch, Gary
Cc: McLeod, Robert; Perry, Bryan; Higgins, Cindy; Splaine, Nancy; McLeod, Robert; Smith, Sharon
Subject: RE: non returning employees
Importance: High

Hi Gary

Just received a phone call in regards to [REDACTED] stating she currently lives in [REDACTED] and has not worked for the Lowell School dept as a Para this school year
She has been paid since the 1st day of school this school year 17-18 9-07-17 thru 9-21-17
Please advise
Thanks
Tricia

From: Lamarre, Tricia
Sent: Tuesday, September 19, 2017 1:39 PM
To: gfrisch@lowell.k12.ma.us<<mailto:gfrisch@lowell.k12.ma.us>>
Cc: McLeod, Robert; Perry, Bryan; Cindy (chiggins@lowell.k12.ma.us<<mailto:chiggins@lowell.k12.ma.us>>); Nancy Splaine; Robert; Smith, Sharon (ssmith@lowell.k12.ma.us<<mailto:ssmith@lowell.k12.ma.us>>)
Subject: RE: non returning employees

Hi Gary

Just was notified today another employee has not returned to work [REDACTED] Employee received a check on 9-7-17 and 9-14-17 Are there more to come?
We are now into week 3 of the new school year Please advise

From: McLeod, Robert [<mailto:rmcleod@lowell.k12.ma.us>]
Sent: Thursday, September 14, 2017 3:46 PM

To: Lamarre, Tricia
Cc: Molina, Denisse; Riopelle, Lisa
Subject: non returning employees

Tricia,

We've become aware of several employees who did not return this school year that HR was unaware of.

We've identified six that were inadvertently paid, and are in the process of recovering funds; two others were identified before checks were issued (attached).

Gary mentioned that you had 'ten' employees that were overpaid – are there others we're not aware of?

Thnaks,
Bob

Perry, Bryan

From: Perry, Bryan
Sent: Tuesday, November 28, 2017 8:12 AM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: Sick/Vacation Time
Attachments: RE: Sick/Vacation Time; RE: Sick/Vacation Time; RE: Sick/Vacation Time; Sick/Vacation Time

Gary,

This is now the 5th e-mail I've now sent about this matter, as the first 4 have not received any response to date. This is incredibly frustrating, and frankly pretty basic.

All Employees (including School Admin) need to have their sick and vacation logged into Munis when submitting their time sheets weekly. This has not been happening in the past, as evidenced by the work needed in order to reconcile Mike Cassidy's time upon his departure. Then following that, timesheets on your behalf were submitted for REG TIME while you were away on vacation. Two things need to happen. The first is that going forward, this NEEDS to be done properly. Secondly, and more involved is that all balances need to match between Munis and what you track in X2.

Either yourself, or someone in your office will need to coordinate with Tricia as soon as possible to ensure this is done accurately.

Thank you,

Bryan

Bryan Perry | City Auditor

City of Lowell | 375 Merrimack St | Lowell, MA 01852

☎ 978-674-4080 | Fax: 978-970-4082 | [City of Lowell Website](#)

Perry, Bryan

From: Perry, Bryan
Sent: Tuesday, November 07, 2017 11:43 AM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: RE: Sick/Vacation Time

Gary,

Any updates on this?

Thanks,

Bryan

From: Perry, Bryan
Sent: Thursday, October 19, 2017 10:29 AM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: RE: Sick/Vacation Time

Gary,

Can you please let me know if this has been resolved? If not, when do you expect it to?

Thanks again,

Bryan

From: Perry, Bryan
Sent: Tuesday, September 26, 2017 2:27 PM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: Sick/Vacation Time

Gary,

As a reminder, all staff must have their sick & vacation time entered on their payroll sheets for Munis, and not solely maintained in X2.

Thanks,

Bryan

Bryan Perry | City Auditor
City of Lowell | 375 Merrimack St | Lowell, MA 01852
☎ 978-674-4080 | Fax: 978-970-4082 | [City of Lowell Website](#)

Perry, Bryan

From: Perry, Bryan
Sent: Thursday, October 26, 2017 9:32 AM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: RE: Sick/Vacation Time

Gary,

Please take the necessary corrective action to resolve this. Also, please advise once this is fixed.

Thanks again,

Bryan

From: Perry, Bryan
Sent: Thursday, October 19, 2017 10:29 AM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: RE: Sick/Vacation Time

Gary,

Can you please let me know if this has been resolved? If not, when do you expect it to?

Thanks again,

Bryan

From: Perry, Bryan
Sent: Tuesday, September 26, 2017 2:27 PM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: Sick/Vacation Time

Gary,

As a reminder, all staff must have their sick & vacation time entered on their payroll sheets for Munis, and not solely maintained in X2.

Thanks,

Bryan

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Perry, Bryan

From: Perry, Bryan
Sent: Thursday, October 19, 2017 10:29 AM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: RE: Sick/Vacation Time

Follow Up Flag: Follow up
Due By: Wednesday, November 22, 2017 3:30 PM
Flag Status: Flagged

Gary,

Can you please let me know if this has been resolved? If not, when do you expect it to?

Thanks again,

Bryan

From: Perry, Bryan
Sent: Tuesday, September 26, 2017 2:27 PM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: Sick/Vacation Time

Gary,

As a reminder, all staff must have their sick & vacation time entered on their payroll sheets for Munis, and not solely maintained in X2.

Thanks,

Bryan

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Perry, Bryan

From: Perry, Bryan
Sent: Tuesday, September 26, 2017 2:27 PM
To: 'Frisch, Gary'
Cc: Lamarre, Tricia
Subject: Sick/Vacation Time

Follow Up Flag: Follow up
Due By: Thursday, November 02, 2017 3:30 PM
Flag Status: Completed

Gary,

As a reminder, all staff must have their sick & vacation time entered on their payroll sheets for Munis, and not solely maintained in X2.

Thanks,

Bryan

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Bryan Perry
City Auditor

ATTACHMENT VI: SCHOOL DEPARTMENT'S LEGAL COUNSEL

- a. Change of Assignment Form, Negotiator/Legal Counsel

- b. Scope of Legal Services

- c. Minutes from School Committee's December 6, 2017 meeting approving Legal Counsel Job Description and Scope of Work.

2018 School Year

NEW EMPLOYEE FORM - CHANGE OF ASSIGNMENT OR STATUS FORM

Today's Date: 1/3/18 Employee # 7338

First Name/MI/Last Name: [REDACTED] Gender M

Social Security Number: _____ Date Of Birth: _____

Address: [REDACTED]

City/State/Zip: [REDACTED]

Home Phone: _____ Cell Phone: _____

EMAIL: _____

Please check : Not Hispanic or Latino Hispanic or Latino

Ethnicity: White Black or African American Asian Native Hawaiian or Pacific Islander Amer. Indian or Alaska Native

CIRCLE: Bachelor Masters Masters+15 Masters+30 Masters +60 CAGS Doctorate

List Degree(s): _____
Institution: _____
Concentration: _____
Issue Date: _____

***** DO NOT COMPLETE BELOW THIS LINE - FOR OFFICE USE ONLY *****

Title/Assignment/Grade Level: Negotiator / Legal Counsel

School: Lowell Public Schools

Date of New Status: 12/11/17

Pay Rate: \$90,000

Source Of Funding 99341215 512919

Approved: [Signature]
Anne Sheehy/Director of Human Resources

Cc: Payroll School Principal MIS Department

[Signature]

SCOPE OF LEGAL SERVICES

Current legal services will be expanded beyond collective bargaining to include legal advice and counsel to the School Committee on a variety of matters pertaining to the administration of schools and litigation services when appropriate.

Services will now include reviewing and drafting contracts for senior administrators and principals, providing counsel to the Superintendent in negotiations with non-union personnel and/or principals or consultants, reviewing contracts for goods and services, attending senior staff meetings when appropriate, and providing counsel on issues related to the employment of unaffiliated personnel.

Counsel will represent the District in grievance procedures for all employees, not just those covered by collective bargaining agreements. Counsel will represent the District in labor arbitrations, unfair labor hearings, and civil service hearings. Counsel will provide interpretation of state and federal statutes and regulation as related to the administration of schools.

Counsel will serve as the School Committee's liaison to the City Solicitor's office for legal matters and process, monitor, and track requests for legal opinions that the Superintendent and/or School Committee asks of the Solicitor's office and/or report on litigation concerning the school district in which the Solicitor's office is the counsel in litigation.

Counsel is authorized to represent the District without further authorization to recover monies owed to the District in matters related to the recoument of overpayments pursuant to contracts or employees.

Counsel drafts contracts and settlement agreements as necessary, and/or reviews contracts and agreements prepared by the school department administration. Counsel approves all contracts and agreements as to form.

Counsel will maintain a log of all cases and make a semi-annual written or oral report to the School Committee regarding significant matters which have been addressed, resolved, or which are ongoing during that year.



8.XIII. Home Education

Superintendent Khelfaoui recommended that the following parents/guardians be allowed to home educate their child:

Phillip & Kate Charron
115 West Meadow Road

Mr. Hoey made a motion to approve; seconded by Ms. Martin. 7 yeas APPROVED

9. NEW BUSINESS

9.I. Lowell High School Participation - Hechinger Report Study

Lowell High School is requesting permission to engage in a study being conducted this year by the Hechinger Report, on online educational platform that can be found at: <http://hechingerreport.org>. The goal is to illustrate what it looks like outside of the world of policy and edu-speak to prepare young people for the workforce and its quickly changing requirements.

Mr. Gignac made a motion to approve the Lowell High School Participation – Hechinger Report Study; seconded by Mr. Hoey. 7 yeas APPROVED

Ms. Martin made a motion to go into Executive Session at the conclusion of the meeting to discuss Item # 9.II. Legal Counsel Job Description and Scope of Work and 9.III. Consideration of UTL Bargaining Proposals a. UTL: Consideration of clarification language on contract language related to stipends in UTL Collective Bargaining Agreement, b. UTL: bargaining and/or consideration of proposal for Advisor compensation for FY2018, c. UTL: consideration and discussion of golf coach MOA for FY18" and to return to open session for discussion; seconded by Mr. Gendron. 7 yeas APPROVED

On a roll call at 9:26 p.m.; all members were present, namely,: Mr. Gignac, Mr. Hoey, Mayor Kennedy, Ms. Martin, Mr. Descoteaux, Ms. Doherty and Mr. Gendron.

9.II. Legal Counsel Job Description and Scope of Work

Mr. Gignac made a motion to approve the Legal Counsel Job Description and Scope of Work; seconded by Mr. Hoey. 7 yeas APPROVED



Bryan Perry
City Auditor

ATTACHMENT VII: BUDGET OVERSIGHT

- a. Miscellaneous correspondence regarding budget oversight

Perry, Bryan

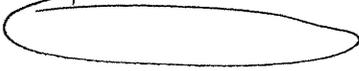
From: Perry, Bryan
Sent: Friday, June 08, 2018 8:57 AM
To: Baldwin, Conor; Frisch, Gary
Subject: Year End

Importance: High

Tracking: Recipient
Baldwin, Conor
Frisch, Gary

Read

Read: 6/8/2018 1:33 PM



Conor & Gary,

I just wanted to pass along this reminder from DOR's Division of Local Services (DLS) regarding Year End. As already know, June 30th falls on a Saturday this year. City Hall is open on Friday June 29th until Noon. July 15th falls on a Sunday. In order to remain in compliance with MGL law, any potential transfers need to be submitted to my attention prior to Noon on Friday July 13th. More importantly, forward thinking and planning is critical if anything needs to be placed in front of City Council and/or the School Committee for voting purposes. I have added the emphasis on "ANY TRANSFER" below as this included both Budgetary and Expenditure Transfers impacting the General Fund to balance your budget.

As you both already know, MA General Law is explicitly clear that cities and towns CANNOT overspend against their annual appropriation. Spending into a deficit will cause a litany of problems and headaches, and simply should not happen. I understand that the budget is tight everywhere, but you both need to be proactive, and monitor your spending levels over the next few weeks very closely. If you have pending POs that won't be fulfilled, it may make sense to close them out prior to year-end.

From DLS:

What is the deadline for completion of the associated work required to close the books for the fiscal year?

The fiscal year ends on June 30. July 15 is the date set by statute for the prior year's books to close. M.G.L. c. 44, §§ 56 and 56A. However, the actual tasks or work associated with closing the books or readying them for your audit may be completed later. July 15 is the date by which any obligations arising through June 30 are determined for purposes of charging or encumbering operating appropriations. It is also the date by which any transfers needed to avoid any year-ending appropriation deficits must be made by (1) the legislative body, (2) the school committee from the line items it established within its annual appropriation

Thanks,

Bryan

Bryan Perry | City Auditor

City of Lowell | 375 Merrimack St | Lowell, MA 01852

☎ 978-674-4080 | Fax: 978-970-4082 | [City of Lowell Website](#)

Perry, Bryan

From: Perry, Bryan
Sent: Friday, May 25, 2018 10:25 AM
To: gfrisch@lowell.k12.ma.us
Subject: FW: new calculation
Attachments: Book2.xlsx

Importance: High

Follow Up Flag: Follow up
Due By: Monday, June 04, 2018 11:00 AM
Flag Status: Completed

Gary,

What do you have for year-end projections going forward? I would be looking for something to cover weekly payroll throughout the rest of FY18, The Summer Pay, Lump Sum, Retiree Sick Leave BB, Health and Dental, and anything else you may have included in your year-end projections?

I've attached a copy of what Mike Cassidy had provided at this time last year.

Thanks,

Bryan

From: Cassidy, Michael [<mailto:MCassidy@lowell.k12.ma.us>]
Sent: Thursday, June 08, 2017 2:49 PM
To: Perry, Bryan
Subject: new calculation

Perry, Bryan

From: Frisch, Gary <gfrisch@lowell.k12.ma.us>
Sent: Tuesday, June 05, 2018 12:31 PM
To: Perry, Bryan
Subject: Re: Year End Estimate - School Department
Attachments: image001.png; image002.png

Will update you.

Sent from my iPhone

On Jun 5, 2018, at 12:28 PM, Perry, Bryan <BPerry@lowellma.gov<mailto:BPerry@lowellma.gov>> wrote:

Hi Gary,

Just as a follow up, what is going on with the March/April invoices you have already received? Who is the vendor? Is already covered under an existing contract & PO, or are they pending?

And on the E-Rate funds at least, I've attached the e-mail from the DLS Rep previously forwarded in that matter. She indicates that those funds are Misc Revenue and go into the General Fund. After year end and the DOR reviews and certifies Free Cash, then those funds could potentially be appropriated by City Council. I don't suspect that an appropriation would be made before year end for those funds, so I'm not sure it would be wise to bank on those prior to year-end.

Lastly, I will likely be booking the Dental charge early next week. If I have figures through the end of May, I will prorate that for one additional month. Otherwise, I will use the April figures, prorated for two additional months which I had forwarded you yesterday.

With an increase in the anticipated Dental, and potentially no funds due from the City, this could very well cause your estimates to go into a deficit. Please continue to monitor them and update as needed. I would be happy to review whatever updates you make, as we cannot legally allow the appropriation to be overspent. Please continue to keep me updated.

Thanks again,

Bryan

From: Perry, Bryan
Sent: Monday, June 04, 2018 10:54 AM
To: 'Frisch, Gary'
Subject: RE: Year End Estimate - School Department

Thanks, Gary,

I just forwarded an e-mail as it related to the Dental charges.

I will keep an eye out for the Food Service and Use of Facilities transfers. Obviously, the sooner those come in, the better off.

Perry, Bryan

From: Perry, Bryan
Sent: Thursday, September 22, 2016 3:28 PM
To: 'Frisch, Gary'
Subject: Fund 1108

Gary,

Just as a follow up to your call earlier today, I don't see how you would be able to make a transfer from Fund 1108 into the Student Activities Fund. As I'm sure you're aware, the 1108 Fund is set up in relation to MGL c. 71, s. 71E, which notes that those funds are received :

"in connection with the conduct of adult education and continuing education programs, including, but not limited to adult physical fitness programs conducted under section seventy-one B, summer school programs and programs designated by prior vote of said committee as community school programs, and in connection with the use of school property under section seventy-one"

MGL c. 71, s. 71E goes on to state that:

"The receipts held in such a separate account may be expended by said school committee without further appropriation for the purposes of the program or programs from which the receipts held in such account were derived or, in the case of the use of school property account, for expenses incurred in making school property available for such use"

I don't see how transferring funds into the Student Activities complies with programs "in connection with the conduct of adult education & continuing education programs" nor making school property available for such use" of those programs.

Further, the specific account you were referencing, 11080010-520507 is Repair & Maint account under this fund. It has a Budgeted Amount of \$80,627.33, with \$73,055.33 remaining after the expenditures and encumbrances made so far this year. This specific account does not even have the \$100,000 you had referenced in hopes of transferring to the Student Activities Account.

If you have any further questions for me on this, or any further details and documentation that might show how the funds you intend to use under the 1108 Fund relate to the specifically noted requirements under MA General Law, please let me know.

Thank you,

Bryan

Bryan Perry | City Auditor

City of Lowell | 375 Merrimack St | Lowell, MA 01852

☎ 978-674-4080 | Fax: 978-970-4082 | [City of Lowell Website](#)

Perry, Bryan

From: Perry, Bryan
Sent: Thursday, June 28, 2018 9:39 AM
To: 'Frisch, Gary'
Subject: 1108 - Use of School Property

Gary,

Currently we have \$14k in cash in this account. You had signed an AP sheet paying ~\$28k against this account. Is there any funds received by the Treasury waiting to post? Enough to cover this? If not, I'll send it back for you to hold until the cash is in.

Please advise.

Thanks,

Bryan

Bryan Perry | City Auditor

City of Lowell | 375 Merrimack St | Lowell, MA 01852

☎ 978-674-4080 | Fax: 978-970-4082 | [City of Lowell Website](#)

Perry, Bryan

From: Perry, Bryan
Sent: Thursday, June 21, 2018 10:29 AM
To: 'Frisch, Gary'
Cc: 'Kelleher-Roy, Jaclyn'; LeBlanc, Diane
Subject: Athletic Revolving Account

Importance: High

Gary,

The Athletic Revolving Fund (1102) currently has a cash balance of \$5,566.02. This week's pending A/P check run received \$8,988.50 to be paid against this account, which by statute cannot be spent into deficit.

Are there any pending cash receipts that your office provided to Treasury that have yet to post? If so, please advise on the amounts and when they were sent to Treasury.

Otherwise, corrective action will be needed, and should be received by 12 noon tomorrow to ensure this account remains in compliance with the local statute.

Thank you.

Bryan

Bryan Perry | City Auditor

City of Lowell | 375 Merrimack St | Lowell, MA 01852

☎ 978-674-4080 | Fax: 978-970-4082 | [City of Lowell Website](#)

Perry, Bryan

From: Perry, Bryan
Sent: Tuesday, May 09, 2017 11:23 AM
To: Frisch, Gary
Subject: School Year End Projections
Attachments: Payroll Schedule (Teachers & Paraprofessionals) year to year.xls

Gary,

I'm just taking a look at the year-end expenditures for Schools. What do you have for projections for upcoming expenditures? I believe there are 7 paychecks left for 42 week employees (counting this weeks), we have the lump sum paycheck dated for 6/29, and then we also would have the 10 summer checks for 52 week employees. I've attached a copy of the Payroll Schedule for Teachers and Paras. Then I would believe that there would be a payroll for employees through Friday June 30th as well. There will also need to be a charge-off for the Delta Dental for the school for FY17.

I'm simply asking because I believe with all of this we will start to get very close to remaining budget for the school for FY17 and it would be wise to consider holding back Purchase Orders soon to ensure all payroll needs are met.

Please let me know what you are have for calculations so far and we can certainly discuss this further.

Thanks,

Bryan

Bryan Perry | City Auditor

City of Lowell | 375 Merrimack St | Lowell, MA 01852

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