

# **CUYAMA JOINT UNIFIED SCHOOL DISTRICT**

## **SUMMARY**

The 2018-19 Santa Barbara County Grand Jury (Jury) received a request for investigation of the Cuyama Joint Unified School District (District), specifically the District Business Office (DBO) operations. The request alleged that inefficiencies in the office operations had led to the disappearance of District funds, late payment of bills, payroll errors, and failure to produce teacher contracts. Additional concerns were that the DBO employees lacked necessary training and oversight. There is an ongoing investigation relating to the missing funds by the Santa Barbara County Sheriff's Office.

The Jury found that past Boards of Trustees failed to provide proper oversight by not keeping Board policies and job descriptions current. The Jury questioned the frequency of turnover of the Superintendent position.

During the investigation the Jury identified other concerns related to the operation and inefficiencies within the DBO, such as out-of-date job descriptions; disparate and unrelated duties assigned to the Chief Business Officer; payroll errors; and recurring financial audit findings.

## **BACKGROUND**

The 2018-2019 Santa Barbara County Grand Jury (Jury) received a request for investigation of the Cuyama Joint Unified School District (District), specifically its Business Office (DBO) operations. This request was based on alleged irregularities in the operation of the DBO that resulted in the mysterious disappearance or theft of District funds and other financial deficiencies.

The Jury's inquiry began while the Santa Barbara County Sheriff's Office was investigating the possible theft of District funds that had occurred at an unspecified date during the Spring of 2018. At the time of this report, the Sheriff's Office investigation is still ongoing. The Jury, therefore, narrowed its investigation to policy and procedural matters, principally those related to the internal operations within the Business Office.

The community of Cuyama, which includes New Cuyama, is in Supervisorial District 1 between Santa Maria and Bakersfield, each an hour away along Highway 166, and has a population of approximately 650. Agriculture and oil are the primary industries.<sup>1</sup> This remote community has minimal basic services available and requires travel of 31 miles to Taft or farther to Santa Maria or Bakersfield for subsistence shopping, major purchases and other services, such as banking.

The District is a small rural Kindergarten through 12 school system with an average enrollment of 210 students.<sup>2</sup> It has two school sites: Cuyama Elementary/Middle School and Cuyama Valley

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<sup>1</sup> <https://suburbanstats/population.org> Suburban Stats, last visited 05/02/19

<sup>2</sup> <https://www.cuyamaunified.org> CJUSD Website, last visited 05/02/19

High School. The current elementary K-6 student enrollment is 123 and the middle school, grades 7-8, has 30 students. The high school currently serves 48 students in grades 9-12. Sierra Madre Continuation High School, contained on the high school site, has no students currently enrolled. The Superintendent's office is at the high school and the business office is at the elementary/middle school site, approximately five miles apart.

## **METHODOLOGY**

The Jury conducted on-site and telephone interviews with key District officials, other staff members and school board members. The Jury also interviewed a School Business Advisory Services (SBAS) staff member from the Santa Barbara County Education Office (SBCEO). The Jury reviewed annual audit reports for the current and prior three fiscal years, board minutes, job

descriptions, and organizational structure, including individual functions of each member of the business office. All those interviewed, administrators, staff and board members, were cooperative and forthcoming in answering questions and providing requested documentation during the investigative process.

## **OBSERVATIONS**

A major role of the five-member elected Board of Trustees is to make policy. Board members interviewed indicated there was an internal indifference to updating Board Policy and Administrative Regulations (Policies). A district official stated that the Policies are out of date and a plan has been initiated to revise them. Each month the Board now reviews updates presented by the Superintendent, which, when approved, are incorporated into the Policies.

During the staff interviews, the Jury was advised that the District has experienced a high rate of turnover at the Superintendent position. The current Superintendent assumed the position on July 1, 2018. He was preceded by five superintendents since 2006. The last three superintendents, two of whom were part-time, served a total of four years.<sup>3</sup>

The Chief Business Officer (CBO) has served since July 2006. During the interview process with the Business Office staff members, the Jury learned that a calendar of significant events, such as key reports and due dates, does not exist. In one instance, the SBAS administrator reminded the District that a report requesting supplemental funding was due and the District risked not receiving entitled funds.

Staff members in the DBO have requested additional training in the use and application of Escape, the integrated software program used by SBCEO, and in day-to-day duties. A SBAS staff member has been assigned to provide training on the software program.

The Jury was informed that there is no cross-training of DBO employees to perform essential business office functions due to absences of any duration. When the Account Clerk (AC) abruptly

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<sup>3</sup> Cuyama Joint Unified School District Personnel Records

resigned, the CBO assumed responsibility for the payment of invoices. The lack of knowledge in processing invoices resulted in substantial late fees.

Job descriptions provided by the District for the CBO and AC were reviewed. The current CBO job description was adopted in 1993, while the current AC job description was adopted in 1992, and neither has been updated. The District also provided the duties currently performed in each position. The Jury found job descriptions out-of-date. In particular, some current CBO functions are unrelated to fiscal responsibilities.

The Business Office staff members were also asked if annual performance evaluations had been performed and provided to them. Staff members stated they could not recall when their last performance reviews were conducted. A probationary employee in the DBO has not been evaluated since starting in July 2018.

A review of the state-mandated annual financial audits for 2014-2018 revealed that the same negative audit findings recurred from year-to-year because they were not corrected.<sup>4</sup> Examples include lack of proper documentation, not depositing funds on a timely basis, improper coding, inaccurate time cards, non-compliance with state mandates, and failure to provide annual teacher contracts.

The staff stated they use the procedures outlined in the ASB Accounting Manual<sup>5</sup> for the handling of cash from fundraising activities conducted by the Associated Student Body and other school site activities. In order to minimize the risk of future loss of District funds, the Superintendent modified the bank deposit process so that deposits occur more frequently.

## **CONCLUSION**

The frequent turnover at the Superintendent position has negatively impacted critical functions: revisions to Board Policy and Administrative Regulations, job description updates, timely reporting, completion of annual employee evaluations and general oversight.

The community of Cuyama is in a rural and remote area with a small population, resulting in a limited pool of candidates available for open positions.

The lack of comprehensive knowledge of required tasks, of training, and of procedural guides for tasks performed by the business office staff, has led to inefficiencies and errors. Audit reports indicate recurring negative findings based on lack of oversight. They have not been corrected from year to year or on a timely basis immediately following noted discrepancies. Recently, District staff has received training in the handling of cash raised by ASB fundraising activities and demonstrated an understanding of the requirements. However, audits will continue to identify problems if training and oversight are not provided on an ongoing basis.

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<sup>4</sup> Cuyama Joint Unified School District Annual Audit Reports 2014-2018

<sup>5</sup> Fiscal Crisis Management Assistance Team (FCMAT), *2015 ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*

A significant cause of the inefficiencies in the business office is a direct result of duties assigned to the CBO unrelated to fiscal responsibilities.

Past Boards have been remiss in ensuring that Board Policy and Administrative Regulations and job descriptions are kept current.

The Jury commends the newly hired Superintendent for aggressively implementing a revision plan for Board Policy and Administrative Regulations as well as a training program for business office employees.

## **FINDINGS AND RECOMMENDATIONS**

### **Finding 1**

The frequent turnover in the Superintendent position has created inefficiencies.

### **Recommendation 1**

That the Cuyama Joint Unified School District Board of Trustees, within six months, identify the reasons for frequent turnover at the Superintendent position and develop a corrective action plan.

### **Finding 2**

The Board of Trustees has not kept the Board Policies and Administrative Regulations current.

### **Recommendation 2**

That the Board of Trustees, within six months, develop and adopt a plan to annually review and revise Board Policies and Administrative Regulations to ensure they are kept current.

### **Finding 3**

The Business Office staff relies routinely on the County Education Office School Business Advisory Service staff to provide notice of key events and dates.

### **Recommendation 3**

That the Board of Trustees direct the Superintendent to ensure a district calendar, which includes required reports, budget, and payroll deadlines, is developed within 90 days and annually adopted by the Board.

### **Finding 4**

Neither procedural guides nor cross-training for critical tasks exist in the District Business Office, creating disruptions when there are unexpected or extended absences.

### **Recommendation 4**

That the Board of Trustees direct the Superintendent to develop procedural guides and a training program for critical tasks in the District Business Office within 90 days.

**Finding 5**

The District Business Office staff requires ongoing training on the specialized Escape software program and day-to-day duties.

**Recommendation 5**

That the Board of Trustees direct the Superintendent to develop and implement an ongoing training plan for each position within the District Business Office within six months.

**Finding 6**

The appropriate responsibilities of the District Business Office are not accurately reflected in the current job descriptions.

**Recommendation 6**

That the Board of Trustees direct the Superintendent to evaluate the District Business Office positions and develop job descriptions for the staff within 30 days.

**Finding 7**

Due to a lack of oversight and timely correction, multiple negative audit report findings recurred in succeeding years.

**Recommendation 7**

That the Board of Trustees and Superintendent ensure that negative findings identified in the audit report are corrected on a timely basis.

**Finding 8**

The District Business Office staff members have not received annual performance reports.

**Recommendation 8**

That the Board of Trustees and Superintendent ensure the District Business Office staff receives annual performance reports that identify strengths, weaknesses and performance goals.

**REQUEST FOR RESPONSE**

Pursuant to California Penal Code §933 and §933.05, the Grand Jury requests each entity or individual named below to respond to the enumerated Findings and Recommendations within the specified statutory time limit:

**Responses to Findings shall be either:**

- Agree
- Disagree Wholly with an explanation
- Disagree Partially with an explanation

**Responses to Recommendations shall be one of the following:**

- Has been implemented, with a brief summary of the implemented actions
- Will be implemented, with an implementation schedule

- Requires Further Analysis, with an explanation of the scope and parameters of an analysis or study and a completion date of less than 6 months after the issuance of this report
- Will not be implemented because it is not warranted or reasonable, with an explanation

**CUYAMA JOINT UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES - 90 Days**

Findings: 1, 2, 3, 4, 5, 6, 7, 8

Recommendations: 1, 2, 3, 4, 5, 6, 7, 8