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Sunday, Nov. 2, 1975

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REPORT OF THE SPECIAL AGENT  
APPOINTED BY COMMISSIONER FRED G. BURKE  
TO OVERSEE THE IMPLEMENTATION OF FISCAL REFORMS  
IN THE MANAGEMENT OF THE NEWARK SCHOOL SYSTEM

New Jersey State Library

*For Release:  
Sunday, Nov. 2, 1975*

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October 30, 1975

The Honorable Brendan T. Byrne  
Governor of New Jersey  
State House  
Trenton, New Jersey 08625

Dear Governor Byrne:

Your announcement of February 5, 1975 stated that I would serve as your Special Agent "to oversee the implementation of the fiscal reforms in the management of the Newark school system". Commissioner Burke's Order of February 4 outlined terms of the Order which were to be fulfilled by the Newark school district within six months and required that the Special Agent report with regard to the accomplishment of that assignment. The activities and results thereof are detailed in the enclosed report.

I am pleased to inform you that the mission was accomplished exactly six months from the date of your announcement. It culminated in the enactment of S 3166, an "Act establishing an organizational structure for school districts in certain cities and supplementing Title 18A of the New Jersey Statutes". Senators Dodd, Wiley, McDonough, Lipman, Orechio, Dumont, Martindell and Greenberg sponsored that legislation which I had recommended and which you signed into law on August 4, 1975 and is now known as P.L. 1975, Chapter 169.

In summary, not only was necessary legislation enacted establishing unit control, but the task force which I recruited was successful in implementing new systems, procedures and controls necessary to effectuate adequate fiscal, administrative and operational management within the Newark school district in the areas of Purchasing and Inventory; Personnel Management; Payroll; Data Processing; Repair Maintenance and Custodial Services; Budgeting; and Accounting, all of which were called for in the Commissioner's Order and were adopted by the Newark Board of Education. Of significance is the fact that we have actually implemented new systems, procedures and controls - not merely recommended them for implementation.

All systems are operational - some at a higher degree of efficiency than others but all progressing reasonably considering that most key personnel have only recently been hired. The establishment of the auditor-general prescribed by Chapter 169 should lend stability to these systems; furthermore, he will serve as a reporting mechanism by which the Commissioner of Education and the Newark Board of Education can be properly informed of the school districts operations and activities.

It should be recognized that these developments represent an important step toward the goal of an efficient education for the children of Newark by permitting significant resources to actually reach the schools and children for whom these resources are intended. I am hopeful that the forces which thus have been set in motion, nurtured by effective management of the school district and supported by the concept embodied in Chapter 169 will soon enable the Newark school system to stand as a model for many school districts in New Jersey.

The months of effort in Newark were not without continual opportunities to observe other related issues which go to the heart of meaningful public education in that city. I would be remiss if I did not comment upon them in conjunction with this report:

Efforts of some members of the Board to administer the school system must cease. That is one of the clear purposes of Chapter 169. The Board must return to its proper role of policy-maker and relinquish its operational role. Many problems of the past resulted from Board interference in the administration of the district.

Constant agitation by some members of the Board and the fomenting of restlessness and strife in the school system have created a climate of fear and the loss of public confidence and credibility. This is another reason why the Board must assume its intended legislative and policy-making role.

Chapter 169 establishes an executive superintendent who shall be the chief executive officer and administrator of the district with responsibility and general supervision over the organization and the educational, managerial and fiscal operations of the district including the schools therein. To do this properly, the executive superintendent cannot be dominated by the Newark Board of Education as in the past.

It is most important that the Mayor of the City of Newark continue to exert leadership, perhaps increasingly, when some members of the Newark Board of Education step out of bounds, precipitate crises, or



harrass and obstruct the administration, subtly or overtly. The Mayor should not hesitate to replace Board members who are unco-operative with and in defiance of the spirit of Chapter 169 and of Title 18A as well. If existing statutes do not permit such replacements, then legislation should be enacted to do so under appropriate conditions.

There can be no roon for politics-as-usual. Both the executive superintendent in proposing appointments and the Board of Education in making them must do so free of political interference and wholly on the basis of merit.

Procurement of materials and supplies and the execution of contracts for capital purposes must follow the law, must be free of favoritism and, at all times, must be for essential purposes and must demonstrate the best possible judgment.

Members of the Board of Education and officials of the school district, the State administration and the Legislature should beware of self-styled "public interest groups" with selfish motives who would impose their will on the policy and operations of the district.

City and State funds, Federal funds such as Title I, and other supplementary funds, all of which are appropriated for support of the school district, must be husbanded and expended prudently as though they are the personal property of the executive superintendent and of the members of the Board. For example, the Newark Board should lose no time in adopting mandatory and prudent travel regulations, uniformly

applied regardless of source of funds. Moreover, if Federal law and regulations do not now impose strict controls over how Title I and other Federal funds may be spent, the Congress should review those laws to tighten them up. The loose manner in which they may now be spent is a remnant of the early sixties when throwing money at urban problems was expected to solve them.

There is a need to recognize changing values, provide long range thinking and policy development. These are concepts which must be executed cooperatively by the executive superintendent and the Newark Board of Education. There must be a recognition that many changes for the better result from outside pressures such as those which the State Commissioner of Education and State Board of Education may apply. Too often social institutions do not change by their own steam. One of your highest priorities and that of Commissioner Burke has been to improve the delivery of service to local school districts thereby enabling them to enhance the quality of education. The recent signing of S 1516 (thorough and efficient) into law provides the State Department of Education with a new course of direction to achieve this goal for all the children of New Jersey.

Current expenditures of \$117.2 million for the year ended June 30, 1974 by the Newark school system were about twice the \$60 million which they were only five years before. The Newark Board of Education, the City of Newark, and even the State should assess whether this has had any

effect on the quality of education. Considering the drop in enrollments from 74,718 to 73,896 over that period (they were 72,707 on September 30, 1975), the doubling of dollars should have had a far-reaching effect on quality. If it has not, then a massive effort must be made to translate dollars into educational quality.

A constantly improving quality of education is crucial to the future of Newark. Faced with a continuing decline in population, ratables, industry and commerce, Newark must take every possible step to develop community pride, affordable taxes, interesting community life, reduce its crime rate, and at least arrest its downhill slide. The long range but most important answer to these issues is the development of good schools. Certainly the Commissioner of Education, the State Board and the Graduate School of Education at Rutgers stand ready to assist the Newark school district to this end.

The philosophy of home rule has been a bastion of local concern for decades, particularly in public education. When as indicated in Chapter 169, in the case of Newark, State Aid exceeds 70% of the operating budget, it is the rightful concern of the entire state that these resources be utilized in a manner which reflects the most sophisticated fiscal management and accountability.

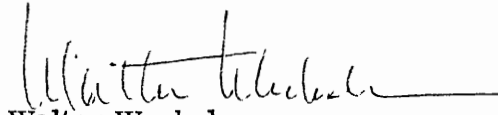
Critical to our mission was the fact that the Star-Ledger, the City's and State's largest newspaper, called repeated attention to a very troubled school system and so effectively editorialized the need for change. I want to personally commend that

paper's capable reporter, Sandra King, for her close coverage of our efforts. I want also to recognize the encouragement and sympathy which other newspapers, the radio and television provided.

The taxpayers of the State have been well served by the fact that you and Commissioner Burke saw the problems of Newark and initiated the reforms which have been made.

And most importantly, let me thank the public-spirited and highly qualified staff and consultants whose work assured the accomplishment of our mission.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Walter Wechsler", with a long horizontal flourish extending to the right.

Walter Wechsler  
Special Agent

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CHAPTER 1

OVERVIEW: BACKGROUND AND APPROACH

OVERVIEW: BACKGROUND AND APPROACH

BACKGROUND:

For reasons set forth by Commissioner of Education, Dr. Fred G. Burke, in his Order dated February 4, 1975, to the City of Newark School District, and in response to a request for assistance from the President of the Board of Education of the Newark School District, the District was ordered to adopt and implement a unit control organization and adopt and implement remedial measures to correct deficiencies in seven key areas of the District's operations, including Purchasing and Inventory, Personnel Management, Payroll, Data Processing, Repair and Maintenance, Budgeting and Accounting. The Order further provided that an amount up to \$250,000.00 shall be withheld from the State Aid allocation made to the Newark School District for the 1974-75 school year in order to provide for the activities and measures to be undertaken. The Order also provided that a Special Agent be appointed to oversee the implementation of the Order and coordinate and monitor the activities of the school district, to insure that the terms of the Order are fulfilled and to staff the effort with appropriate personnel, all of whom would provide technical assistance.

Pursuant thereto, Commissioner Burke appointed Mr. Walter Wechsler, former Director of the Division of Budget and Accounting for the State of New Jersey, to serve as his Special Agent. Assigned to assist Mr. Wechsler in carrying out the Order were Mr. Bernard Steinfeldt, Special Assistant to Commissioner Burke, and Mr. Thomas Marshello, Supervising Auditor of the State Treasury Department. The management consulting firm of Touche Ross & Co., was retained to provide guidance and the skills necessary to aid in the development of the necessary solutions to the deficiencies.



In addition, the Special Agent recruited approximately fifty<sup>1</sup> highly skilled employees of the various departments of the New Jersey State Government, from various member firms of the Greater Newark Chamber of Commerce, from the City of Newark and from the Newark Board of Education. These personnel were assigned, along with members of the staff of Touche Ross & Co., to various key areas of the Board's operations, as aforesaid.

The conditions which led to the Order of the Commissioner existed over a very long period. An early forerunner of that Order was a report, in 1942, by Columbia University, which called for a number of reforms but which unfortunately seemed to have been largely ignored. Subsequently the so-called "Lilley Commission" in 1968 recommended similar and additional reforms, few of which seem to have been adopted. Then, in 1971, the Greater Newark Chamber of Commerce prepared a voluminous report and recommendations, with similar results. So it appears that for a long period of years, probably predating 1942, the fiscal, administrative management and operations of the Newark School System continued its trend of deterioration.

One prominent recommendation in each of the reports and studies over the years was the need to establish a unit control organization (sometimes referred to as unified control or executive control), pointing out that the very nature of the State Statutes provided for a tri-partite or troika management team, reporting directly to a nine-member Board of Education appointed by the Mayor of the City of Newark. The three components of the

<sup>1</sup> A detailed listing of the personnel who served as members of the Task Force, the source of these personnel, the task area assignments of each, and an overall Task Force Organization Chart are contained within Appendix 2 of this report.

management team consisted of the Superintendent of Schools, who is responsible for educational matters, the Secretary of the Board, who is responsible for fiscal matters, and the Business Manager, who is responsible for non-fiscal matters. This structure served to confuse and disable the effectiveness of the Newark Board's management. Overlapping and contradictory authority accentuated the difficulties. The essential problem was that the Newark School System had grown to such a size and complexity that a management structure designed for smaller and less complex districts proved inadequate. The Newark School System consists of about one hundred schools, educates about 75,000 children, has a staff of about 8,000 and an expense budget in excess of \$120 million. No other school system within the State of New Jersey is this large. Within the context of these statistics the rate of growth was also considerable, as the cost of operating Newark's school system doubled in the six year period ended June 30, 1974.

Within the framework described, the operations and requirements of Newark's school system also increased. New techniques such as computerization began to be employed, creating a demand for ever greater sophistication. At the same time, external pressure upon the school system grew as public demands for more and better services increased. The result was a school district upon which the demands for greater effectiveness and sophistication placed a burden which existing management methodology and structure under Statute 18A could not accomodate. This resulted in a major breakdown in Newark's operations, with a lack of accountability by management as each member of the troika found himself reliant upon the other, with no one member able to provide a clear-cut direction on authority. Major tasks remained incomplete as each assumed that the responsibility belonged elsewhere. The Board members, unable to pinpoint responsibility and unable to

gain a clear insight into the chaotic mechanism, became embroiled in daily Board operations. The Board assumed responsibility for "crisis" management in which they were faced with one crisis after another, by which they sought to unravel the tangled responsibilities by ordering specific solutions and courses of action. This in turn led to the district's management abstaining from their roles as leaders and advisers to the Board, as they acted only upon direction from the Board itself. This in turn led to a high degree of frustration on the part of the Board members, as they tried to assume management responsibilities without either sufficient background in management or the detailed knowledge required for effective management, which is gained only through full time participation in the school system's operations.<sup>2</sup>

The result of the foregoing was that the Newark Board of Education somehow managed to "limp" along for several years, facing crisis after crisis. Finally, in late 1974 and 1975, the Newark Star Ledger began to publish reports indicating major breakdowns in fiscal and administrative operations. Deficient conditions which had accumulated over many years suddenly became the focus of public scrutiny: vendors unpaid for many months, fraud in the Payroll Department, school supplies not reaching the school children, needed school repairs undone, accounting records out-of-date, the Board unable to determine their current financial condition, health and pension benefits hopelessly fouled up and Board personnel suspended from participation in these benefit programs.

In response to the situation as described in the press, the Commissioner of Education convened an emergency forty-man task group of State personnel

<sup>2</sup> Board membership is an unpaid, part-time position, with most members employed on a full-time basis elsewhere.

to spend several days investigating the situation and to perform a general fact-finding mission. The report issued by that group subsequently became the basis of the Commissioner's Order of February 4, 1975. The findings of this group served as the basis for the designation of the seven areas of concern encompassed by the Order.

APPROACH:

In the most simplistic sense, our approach to the seven task areas consisted of three basic elements:

1. Determine the workings of the current operation and identify the problems.
2. Develop workable solutions to the problems.
3. Develop and implement the systems, procedures, controls, and forms to effect sound operations.

The initial major issue to resolve was to organize the work plan. It was the judgment of the Special Agent to engage Touche Ross & Co., the auditors of the Newark Board of Education, who were not only already intimately familiar with the operations and problems of the Newark Board of Education, but possessed the highest skills, expertise and professionalism to be found anywhere in the fields of management science and accounting. They provided the technical expertise and on-the-job direction necessary to fully utilize the talents of the other Task Force members. We drew upon a variety of technical disciplines from the various sources indicated hereinbefore, allocating each individual's experience and expertise to each project as necessary. For example, each project group utilized a person experienced in the personnel field to evaluate job functions and performance and to

analyze wages and salaries as well as to assist the reorganization.

The second major element of the Task Force's approach was to devise workable solutions which recognized the constraints of the environment and the capability of the personnel to adopt to the new systems and procedures. As a result, the solutions developed are achievable and do not require a degree of sophistication which either does not exist or is not likely to occur in the near future. Wherever possible, the plan was to utilize and build upon existing skill levels and to devise new procedures which were an extension of current practices, rather than try to implement radical changes which would be difficult to absorb.

The third element of the Task Force's approach, particularly in regard to organization and personnel changes, was to adapt the new procedures, flows, systems and assigned responsibilities to the existing personnel and their individual skills as much as possible. Rather than devise theoretical solutions which ignore the capabilities of the existing personnel, the Task Force adapted the solutions to fit the personnel. For example, a number of situations were observed in which an individual was assigned a set of functions, some of which he or she performed very well and others for which he or she was not properly qualified. In such instances, job functions were reallocated so that each individual was responsible for the functions which he or she performs the best.

The fourth element of our approach was to draw upon the knowledge and experience of the Board's personnel in defining problems, developing solutions and identifying key needs which had to be met. It was recognized from the onset of the project that regardless of the degree of analysis and evaluation from outside the Board, considerable insight and understanding

would be available only to persons who were part of ongoing operations over a period of time. As a result, the Task Force sought and obtained from numerous employees of the Board extensive participation in the performance of the project's objectives. It is nearly impossible to catalog accurately who and to what extent each individual participated, but it is recognized that somewhere in the order of one hundred persons were so involved, representing a considerable man-time effort. The end result is that the solutions reflect in considerable part the insights of these persons who have long-term familiarity with the Board's operations. In a very real sense, the solutions developed to the problems are a marriage between the insight gained from the experience of Board personnel and the analytical analysis performed by the Task Force members.

The fifth element of the Task Force's approach, and one of its major accomplishments, was not only to develop recommendations and a large amount of written reports, but to actually implement and install the solutions as part of the Task Force's activities. It was recognized that many previous reports had been issued defining the problems and recommending solutions, with little or no change occurring. The Task Force, in order to ensure the success of its efforts, became heavily involved in daily operations and management to ensure that the required changes took place. For example, Task Force members took on responsibility for supervising the physical filing of personnel records and reviewed all purchase orders for equipment as well as weekly activity plans for members of the Data Processing unit to ensure their consistency with Task Force objectives. The result was that a great many changes in processing methods took place on an ongoing basis and written

manuals of operation and procedures to a major extent reflected changes already implemented. The key to the project's success lay to a large extent with this philosophy of direct implementation rather than to merely recommend changes and rely on Board personnel to carry them out.

CHAPTER 2

SUMMARY OF PROBLEMS AND SOLUTIONS



## SUMMARY OF PROBLEMS AND SOLUTIONS

The single overriding achievement of the State Task Force was to provide a framework for the Newark Board of Education's fiscal, administrative and operations management within which it could succeed in delivering quality education in an efficient and cost-effective manner. The means by which this was accomplished consists of three major parts:

1. Reallocation of the Board's resources (both personnel and equipment) to achieve greater efficiency, smoother operation, and to align the proper resources with the Board's requirements and needs.
2. Development of new systems, procedures, controls and work flows to control and more effectively achieve the Board's objectives.
3. Reorganization of the major operating units as well as the top management structure to provide clearly defined areas of responsibility, improve communication, and to ensure that qualified, competent persons are assigned to the key positions.

This chapter shall address the accomplishments in the first two areas, while Chapter 3 shall address organizational implications.

### REALLOCATION OF RESOURCES:

The fiscal condition of the Newark Board of Education became clouded shortly after the Task Force was convened when the City of Newark's Board of Estimate reduced the school system budget for the fiscal year 1975-76

by \$14 million, forcing the Newark Board of Education to curtail expenses within a \$115 million budget, rather than the originally proposed budget of \$129 million, which equalled the budget for fiscal 1974-75. This event served to demonstrate the failings of the existing operations because the areas of budgeting, accounting, data processing and personnel were unable to adequately respond to the cut-back with decisive action or needed information. A second aspect of the cut-back was to render difficult the Task Force's ability to compare prior year budget levels (as a result of Task Force recommendations) while service levels were being cut. The judgment of the Newark Board of Estimate to reduce the school district's budget from \$129 million to \$115 million precluded additional cuts which the Task Force may have recommended.

It was obvious that the Board's need to cut service levels in order to conform to the \$115 million budget was frequently contrary to the thrust of the Task Force's efforts to upgrade and improve operations. Within this context, the achievement of a \$265,000. reduction in Board-wide expenses against the crisis level \$115 million budget while significantly upgrading salaries, enlarging some units, and adding several management positions must be regarded as both a significant and unexpected achievement. For it was never the expectation of the Task Force to achieve cost reductions, the sole mandate of Commissioner Burke's Order having been to upgrade and improve fiscal administrative management and operations. The annual savings of \$265,000., can be seen to more than offset the withheld State Aid of \$250,000. used to fund the Task Force, so that the Newark Board has achieved at no cost:

- . A significant increase in salaries of key positions adequate to attract and retain qualified competent personnel.

- . Substantial upgrading of skill levels and management capability.
- . An increased and strengthened management group to direct the Board's activities.
- . New systems, procedures and controls to insure sound fiscal and management operations.
- . The purchase or lease of a new inventory control system, a new computer job accounting system, and a new financial and educational processing and information system.

Also of note in regard to cost reduction is that the Newark Board had reserved \$600,000 in the 1975-76 budget of \$115 million for implementation of the Task Force's recommendations in anticipation of expenses greater than the \$115 million "crisis" budget level. Because this \$600,000 was not required, and together with the \$265,000 expense reduction shown above, the immediate financial impact of the Task Force was to create an unallocated annualized "surplus" or "savings" of \$865,000. which the Board could re-allocate to pressing priority needs. A summary of the cost savings achieved within each of the seven task areas and in total is contained in Exhibit 1.

In considering the reallocation of resources achieved by the State Task Force, the major component with which it dealt was the Board's personnel, which represents approximately seventy-five per cent of the annual expense budget. Evaluation of personnel and their performances were major components of our efforts in each of the seven task areas. However, we encountered several major problems in performing this task. An individual whose performance was judged as substandard had to be evaluated with consideration of the constraints that impaired his or her performance.

Frequently the procedures and processes he or she was required to perform were so inadequate that good performance was not possible. In other instances, an employee was subjected to mismanagement or even no management from his superiors, so that the inadequate performance had to be attributed to lack of management rather than the employee's lack of capability and motivation.

These factors frequently created the need to evaluate an employee based on our assessment of his or her potential, rather than performance, a procedure which is obviously, subjective and subject to error. In most instances, where a combination of poor performance and poor management and direction were encountered, the benefit of doubt was given the employee with the assumption that with proper direction, performance would improve. Because of this factor, the Task Force's personnel recommendations should be recognized within context, and continued performance evaluation is clearly required by the Newark Board.

It should be emphasized here that the policy established at the outset by the Special Agent was that dismissal of employees for lack of performance was to be avoided wherever possible, preferring to reassign such employees to other duties if such duties were necessary to be performed.

As a result of the foregoing, the reallocation of personnel falls into several categories:

- Changes were made primarily in management level personnel.
- At lower levels within the organization, changes were made either to reduce overall staffing levels, if they were excessive, or based solely on the lack of pre-requisite experience or skills for the position held, and not based on performance.

- With the exception of changes in staffing level or the lack of required experience and skills, no non-management personnel were reallocated, as their performance was attributed to be directly related to the caliber of the management they received.

The process as described above served to highlight and emphasize one of the key areas in achieving a turnaround for the Newark Board of Education - the need for qualified and competent management level personnel. It was rapidly discerned that there was nearly a complete lack of management talent employed by the Board. Purchasing, Accounts Payable, Budget and Payroll all lacked permanent supervisors. In other areas, unit heads lacked the experience or training to perform their assigned functions. There was no full time head of Accounting. The Board Secretary and Assistant Secretary were faced with trying to assume overall operational responsibilities, solving problems, and also trying to serve the Board, while at the same time being in charge of Accounting.

As a result, several new positions were created and due to reassignment of existing employees, a number of key positions were identified which had to be filled. The Task Force undertook the recruiting, screening and recommendations for these positions which include:

- Assistant Executive Superintendent for Financial Affairs
- Comptroller
- Director of Personnel
- Director of Purchasing
- Director of Repair and Maintenance
- Director of Data Processing
- Director of the Budget
- Supervisor of Accounting

-Supervisor of Accounts Payable

-Manager of Business (EDP) Systems

In addition to these, a number of lower level positions within Budget, Data Processing, Personnel and other areas also had to be filled.

In the area of non-personnel expenditures, reallocation primarily relates to data processing equipment and program or software application packages. Within the Data Processing Division, it was revealed that the Board was operating three separate computers - an IBM System 370/135, an IBM 360/40, and an IBM System/3, as well as paying rental fees on associated peripheral equipment and software. After performing an analysis of the current and foreseeable future workload, it was concluded that the Board's requirements could be met by the 360/40, and the other two computers are being returned to the manufacturer.

While returning the equipment described above, significant improvements were anticipated in warehousing through other automation. After analysis of the various alternatives, a service firm was selected to provide automated control over warehouse activities, which will provide better physical control, faster response, greater information and permit a reduction in staff of five stock handlers due to increased efficiency.

The last area of non-personnel expense savings concerns all aspects of the Board's operations. In assessing the condition of the existing automated systems (literally all of which needed complete replacement), as well as the need for new automated systems, it was recognized that it would take the Board many millions of dollars as well as nearly ten years to develop from scratch completely new computer systems custom designed to the Board's requirements. In order to reduce the time and expense needed to achieve the degree of computerization desired, with all its inherent advantages in control, respon-

siveness, and greater information, a data processing package was identified whose cost has been included in the Data Processing Divisions' 1975-76 budget and thereby factored into the Task Force's total financial impact, which not only provides for a full array of financial systems but also provides for a number of educationally oriented systems. When fully implemented this system will enable Newark to determine such factors as costs per pupil and the effectiveness (in terms of educational quality) of monetary expenditures. It is anticipated that the ability to provide such data in the future will significantly enhance the Newark Board of Education's posture in obtaining federal funds to support new educational programs. But, as importantly, such improvement will justify to taxpayers of the State of New Jersey the increased infusion of State-wide tax dollars into the Newark School System.

#### DEVELOPMENT OF NEW PROCEDURES:

In addition to the reallocation process, new procedures, controls, systems and work flows were developed and implemented throughout the seven task areas. These were, of course, developed in response to the particular problems defined during the Task Force's analysis of current operations. Ultimately, the need for new processes and procedures is irrevocably tied to the quality of management personnel. It was constantly observed that in the areas where there was effective management and direction, regardless of lack of formal written procedures, the work flows and processes were relatively efficient. Conversely, despite the existence of written procedures, inefficiency was rampant wherever there was a lack of effective management.

The specifics of the problems and the solutions required, varied significantly from area to area. In some areas, such as Budgeting, the

overall function of the unit had to be totally redefined. In this instance, the Budget Department had to be changed from what was basically a clerical number-tabulating function to a budget analysis and control function. In other areas, while written procedures and new systems were developed and implemented, the thrust of the changes were in personnel. In other areas, such as Payroll and Repair and Maintenance, we identified the key problem as a lack of planning and administration, rather than a lack of competence in handling regular operational duties.

This in turn highlights an area of key concern in the Board's development of employees. We frequently observed employees who had progressed over a period of years to a position of significant responsibility. As their careers advanced, they were required to perform tasks that were basically technical within their areas. However, upon assuming the top position within their unit, they were faced with responsibilities outside the scope of their technical experience and skill and for which they possessed no prior experience or skills - Management - which requires planning and administrative abilities. In effect, the top position within each unit requires skills and abilities unique to that position and required by no other position within the unit. These skills cannot be acquired naturally through the accumulation of many years of non-managerial experience and must be gained through additional education and training. It was our observation that a number of personnel, including many who were reassigned to other positions, did not lack the innate ability or motivation, merely the needed training and education. It is a clear responsibility of the Board to recognize the inadequacy of normal career growth as preparation for a top management position. The Board must both provide for and encourage their top employees to obtain such training if they would have capable administrators in the future.



## SUMMARY OF ACHIEVEMENTS:

Presented below is a summary of the problems defined and the solutions developed, for each of the task areas:

### ACCOUNTING

#### - KEY PROBLEMS:

- . No full-time supervisor.
- . No General Ledger (double-entry system).
- . Cash Receipts and Cash Disbursement Ledgers were not consistently up-to-date.
- . An excessive number of accounts in the Chart of Accounts, some of which were used solely to meet reporting rather than accounting needs.
- . An excessive number of trustee checking accounts (30) with inadequate control over disbursement of \$40 million annually.
- . State, Federal and internal reporting requirements were not being met.
- . Inadequate control over capital appropriations.
- . Budget control being performed as well as accounting functions.
- . Federal funds were not subject to the same controls and procedures as other funds.

#### - MAJOR SOLUTIONS:

- . All accounting records will be maintained on a uniform basis, including capital and federal funds.
- . A General Ledger system was designed and installed.

- . All trustee checking accounts were closed and consolidated into a single checking account and controlled by a series of account numbers.
- . The Chart of Accounts was streamlined and the number of accounts substantially reduced from 225 to 70.
- . Procedures for meeting all reporting requirements were installed, with the use of a tickler file to insure timely submission.
- . New systems, procedures, and controls were developed and installed to ensure that records are kept on an up-to-date basis with monthly reconciliation to the records of the City of Newark Custodian of School Monies.
- . Budget control functions were transferred to the Budget Division.
- . Three persons were transferred from other units to perform encumbering and check preparation and control functions.
- . A position was established for a Supervisor of Accounting.
- . Reorganization of the Division was based upon functional characteristics.

#### ACCOUNTS PAYABLE

##### - KEY PROBLEMS

- . A lack of effective management and direction by the Acting Supervisor.
- . Fragmentation of responsibility between Accounts Payable and Purchasing for collecting and assembling required payment documentation.

- . Payments from each fund were made only twice monthly with an average of seven to ten days delay in processing.
- . No procedure was established to expedite vendor inquiries with significant time lost in the process.
- . No vendor discounts were taken due to processing delays.
- . No meaningful age analysis of open purchase orders and older purchase orders encumbering funds but not having been issued.
- . A lack of adequate batch and general control capabilities in the system.
- . Lack of understanding and training of the staff on the work flow and processing.

- MAJOR SOLUTIONS:

- . Five persons transferred from Purchasing to perform the expediting function, consolidating control over the assembling of all required documentation within the Accounts Payable Division.
- . Specific procedures for vendor follow-up, vendor inquiry and clearing invalid purchase orders have been developed and implemented.
- . The payment process work flow has been simplified and shortened.
- . Payments will be made weekly for all funds, permitting vendor discounts to be obtained. Specific invoices will be expedited to gain vendor discounts.
- . A new Supervisor of Accounts Payable was recruited.
- . Procedures have been clarified, documented and personnel trained in their use.

- . Computer processing of Accounts Payable checks has been revised to consolidate and simplify processing and to obtain improved control.

- BUDGETING

- KEY PROBLEMS:

- . No one assigned as Budget Director.
- . Budget preparation performed by various central office personnel and fragmented into three separate areas, with little or not coordination.
- . Budgetary control functions were inadequate and were not performed by Budget Division, but fragmented among several other divisions.
- . Budget Division was primarily a small clerical tabulating unit containing too few experienced budget analysts.
- . No coordination between board-funded and federally-funded programs.
- . A lack of specific transfer of appropriation procedures, with all transfers, regardless of how small, requiring Board approval.
- . Insufficient control on expenditures which permit overspending available funds.
- . Budget status reports not available on a sufficiently timely basis to provide adequate control.
- . Organizationally, the Budget Division lacked jurisdiction over educational expenditures and could not enforce procedures.

- . Lack of a centralized direction for the budget preparation process in which the Budget Division played a passive role.

- MAJOR SOLUTIONS:

- . An experienced Budget Director was recruited.
- . Three qualified persons were transferred from other units and three additional positions were created, doubling the size of the Division.
- . Organizationally, the Budget Division is placed as a staff unit directly responsible to the Executive Superintendent, with jurisdiction over all areas under his authority.
- . The Budget Division has been reorganized into four units, three of which are responsible for all schools within a given geographical area and the fourth unit responsible for central office and federally-funded projects.
- . The Budget Division now centrally controls and directs the preparation of the annual budget including capital and federal monies, determines schedules, formats and is responsible for developing assumptions and supporting data.
- . Responsible for all budget control activities.
- . Budget status reports are now generated twice weekly.
- . Computer system modified to prevent either expenditure or encumbrance for which there were insufficient funds.
- . Specific appropriation transfer procedures and levels of approval developed and implemented.
- . Procedures covering budget preparation, budget control and a new Chart of Accounts were developed and implemented.

## PAYROLL

### - KEY PROBLEMS:

- . Unbalanced work load between sections and among supervisory personnel.
- . Unclear division of responsibilities between Payroll, Personnel and Fringe Benefits.
- . Lack of control over adding and deleting persons to and from payroll files.
- . No balancing of inputs to system outputs.
- . Manual check procedure was awkward, without control and placed cash responsibility upon Payroll Department.
- . Payroll both distributed and received the undistributed checks.
- . There is no adequate computer edit of input data as feedback of what data was accepted or rejected or why.
- . Payroll transcribing large amounts of data from one form to another due to poor forms design.
- . Responsible for performing many personnel department functions such as status inquiry, employment verification, etc.
- . Lack of adequate data processing support.
- . Lack of effective coordination between interfacing Divisions: Payroll, Personnel, Fringe Benefits, Data Processing and Accounting.
- . Payroll fraud and other abuses were not preventable.

### - MAJOR SOLUTIONS:

- . Reorganized the Division to balance the workload and strengthen supervision.
- . Developed clearly defined responsibilities for both Payroll

and Personnel and implemented procedures to insure the integrity of control by each unit.

- . Developed control procedures for tying inputs to outputs.
- . Developed new manual check procedure eliminating Payroll's fiduciary role.
- . New procedures instituted concerning check distribution, verification of receipt, and returned check accounting.
- . New procedures and forms implemented to simplify and smooth work flow. Written procedures developed and staff trained in their use.
- . Significant modifications to computerized payroll system instituted, with the development of a completely new system indicated in the near future.
- . Payroll fraud potential eliminated.

#### PERSONNEL

The following actions were taken or accomplished under the Task Force's direction to implement new procedures:

- . The File Integrity System was completed and implemented.
- . The Employee Master File was corrected for fringe benefits and personnel data.
- . The new forms were ordered, printed and placed in use.

- , All employee records were centralized in a single file room and organized into a master employee file in alphabetical order.
- . Fringe Benefits unit was disbanded and its functions absorbed by Personnel.
- . Written procedures were revised, updated and distributed.
- . Employees were trained in the use of the new procedures.
- . Several personnel were transferred to other departments and a new Director of Personnel was recruited.
- . The department was reorganized into four functional units: Non-instructional Personnel; Instructional Personnel; Central Records, Inquiry and Benefit Reconciliation; and Labor Relations, Wage and Salary Administration, Training and Communications.

#### REPAIR AND MAINTENANCE

##### - KEY PROBLEMS:

- . Lack of clear procedures at user level.
- . Lack of understanding of which jobs shall be handled by Repair and Maintenance, Design and Construction and Custodians.
- . Inability of Repair and Maintenance to properly monitor and control its own activities.
- . Lack of planning.
- . Poor logistics.
- . Lack of an effective preventive maintenance program.
- . Lack of communication between users and Repair and Maintenance.
- . Inequities in compensation for administrators.



- MAJOR SOLUTIONS:

- . Transferred personnel who were not skilled tradesmen to Custodial Services to consolidate similar services.
- . Reorganized management structure to emphasize planning and administration with equitable compensation for these skills.
- . Transferred trucks and drivers from Motor Pool to Repair and Maintenance to gain greater control and increase utilization.
- . Established clear procedures defining responsibilities of custodians to perform minor tasks and preventive maintenance.
- . Developed a work order processing system which rapidly screens requests for propriety, ensures availability of materials, and schedules the work in a rapid and effective manner.
- . Developed written procedures for the uses of the system.
- . Developed written procedures for work-order processing, workload planning and the reporting and monitoring of performance.
- . Conducted training sessions for both users and Repair and Maintenance personnel.
- . Established inventory control system over repair materials.
- . Established communication procedures between the users and the Division.

PURCHASING

- KEY PROBLEMS:

- . A low rate of vendor participation was experienced when

soliciting bids.

- . There was a lack of overall control over purchase orders and their processing.
- . There was a lack of product standardization.
- . There was excessive number of different purchase order forms in use.
- . There were a large number of open purchase orders.
- . There was a lack of clear-cut procedures.
- . Buyers were not analyzing bids properly.
- . Management reports were not being used adequately.
- . There was a failure to use term contracts, annual orders and State contracts.
- . There was no permanent Director of Purchasing.
- . Warehousing was handled manually in a not fully controlled manner.

-MAJOR SOLUTIONS:

- . Bid specifications have been revised to encourage greater vendor participation.
- . Purchasing will maintain a centralized file or and control over all purchase orders issued by the Newark Board of Education.
- . A product standardization committee and procedures have been established.
- . A new purchase order form was developed reducing the number of forms in use to three from six.
- . A detailed written procedure manual has been developed and users are receiving training in its use.

- . The expediting function was reorganized and transferred to Accounts Payable.
- . Detailed buying procedures have been developed and buyers trained in their use. The qualifications for buyer were also strengthened, with several persons transferred to other areas.
- . The Purchasing Department has been trained to use the management reports. In addition, a new Director of Purchasing was recruited.
- . The procedures developed enforce greater use of term, annual and State contracts.
- . A computerized perpetual inventory system is being installed to control the warehousing operations, which will permit a reduction in staff of five stock handlers while increasing control, service and efficiency.

#### DATA PROCESSING

##### - KEY PROBLEMS:

- . Staff quality poor, many vacancies, low morale and productivity, sub-standard compensation and ineffective management and organization.
- . A nearly complete lack of overall planning and direction, little or no regard for meeting needs, and no cost justification for activities.
- . A severe overabundance of hardware coupled with a lack of need and of sufficient staff to support such gear.

- . Emphasis was on financial applications at the cost of support of educational activities.
- . A lack of meaningful job accounting to determine true costs of existing applications or developmental efforts.
- . A lack of comprehensive written standards and procedures.
- . Existing applications systems were grossly deficient and unsalvageable.
- . New applications in development or planning which were too costly and failed to meet the Board's needs.
- . A budget which obscures the true costs and severely inflates the Board's needs.

- MAJOR SOLUTIONS:

- . Reorganization of the department with a new position of Director of Data Processing responsible for planning and direction; a Manager for Business Systems and a Manager of Educational Systems; and a pool of Project Leaders, System Analysts, Programmer-Analysts, Programmers and Programmer-Trainees are formed into teams depending upon a specific project's requirements.
- . Upgrading of salary levels to competitive levels and reassignment of personnel based upon their actual qualifications. New personnel recruited for Director, Manager of Business Systems, Project Leader, Systems Analyst (2) and Programmer.
- . The development of a system plan for the next two to three years covering systems, hardware and personnel.

- . The return from lease of an IBM 370/135 and an IBM System 3, at an annual savings of nearly \$600,000.
- . The termination of development efforts on the Time and Attendance System.
- . The development of written standards and procedures and the training of personnel in their use.
- . The purchase of a job accounting package for \$6,000.
- . The purchase of the CEIS System package covering both financial and educational systems and replacement of the current systems at a cost of \$25,000.
- . The establishment of a Data Processing Steering Committee.
- . The development of cost-analysis procedures and controls for all new work.
- . The implementation of strict project management and control criteria and reporting requirements.
- . A budget reduction of \$425,000. to an annual level of \$940,000. reflecting the Board's needs.

SUMMARY OF TASK FORCE ACTIVITIES (\$000)

EXHIBIT I

DEPARTMENT	1974-1975		1975-1976 (\$129)		1975-1976 (\$115)		1975-1976 (FINAL)		NEW HIRES	SAVINGS (INCREASE)	
	POSITIONS	BUDGET	POSITIONS	BUDGET	POSITIONS	BUDGET	POSITIONS	BUDGET		POSITIONS	BUDGET
ACCOUNTING	19	\$ 232	19	\$ 234	9	\$ 126	14	\$ 188	2	(5)	(\$ 62)
ACCOUNTS PAYABLE	19	\$ 155	17	\$ 157	15	\$ 137	19	\$ 172	1	(4)	(\$ 35)
BUDGET	9	\$ 116	10	\$ 115	6	\$ 72	12	\$ 170	4	(6)	(\$ 98)
PAYROLL	20	\$ 185	17	\$ 173	13	\$ 111	11	\$ 100	-	2	\$ 11
PURCHASING	66	\$ 542	69	\$ 566	54	\$ 413	41	\$ 350	1	13	\$ 68
REPAIR & MAINTENANCE	187	\$2,665	168	\$2,488	168*	\$2,488*	167	\$2,482	1	1	\$ 6
DATA PROCESSING	58	\$1,612	53	\$1,612	37	\$1,365**	41	\$ 940	5	(4)	\$425
PERSONNEL	31	\$ 289	39	\$ 371	36	\$ 343	35	\$ 323	1	1	\$ 20
MANAGEMENT	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>2</u>	<u>\$ 65</u>	<u>2</u>	<u>(2)</u>	<u>(\$ 65)</u>
	409	\$5,796	382	\$5,716	338	\$5,055	342	\$4,790	17	(4)	\$265

\* Task Force recommendations  
submitted prior to \$115 budget.

\*\* Budget was actually \$135,000  
greater but has been reduced  
to this figure which reflects  
available funds.

CHAPTER 3

ORGANIZATIONAL IMPACT

The preceeding chapter, which presented a summary of the problems encountered and the solutions developed, presupposes the reorganization of the management structure within the Newark Board of Education. While each of the areas dealt with was reorganized to more effectively utilize personnel to perform their designated functions, the Board's top management was similarly reorganized to ensure that these functions are maintained. The recent State Legislation eliminating tri-partite management permits the Board's management to be structured within the dictates of sound fiscal and operational control. The conception that fiscal and educational management can be held separate and distinct is no longer valid in the modern world. To a major extent, the educational quality of a school system is shaped by budgetary decisions, by the employment of computerized learning aids, and is the result of resource - both people and money - allocations.

With the advent of Chapter 169, Laws of 1975 (S-3166), the introduction of unit control to the Newark Board of Education and the establishment of the Executive Superintendent as the chief executive with responsibility and authority for operation of the entire school system, permitted the reorganization of the Board's management structure to reflect the realignment of responsibilities.

The attached organization chart and the following summary of findings reflect the reorganization of the Board.

#### SUMMARY OF FINDINGS

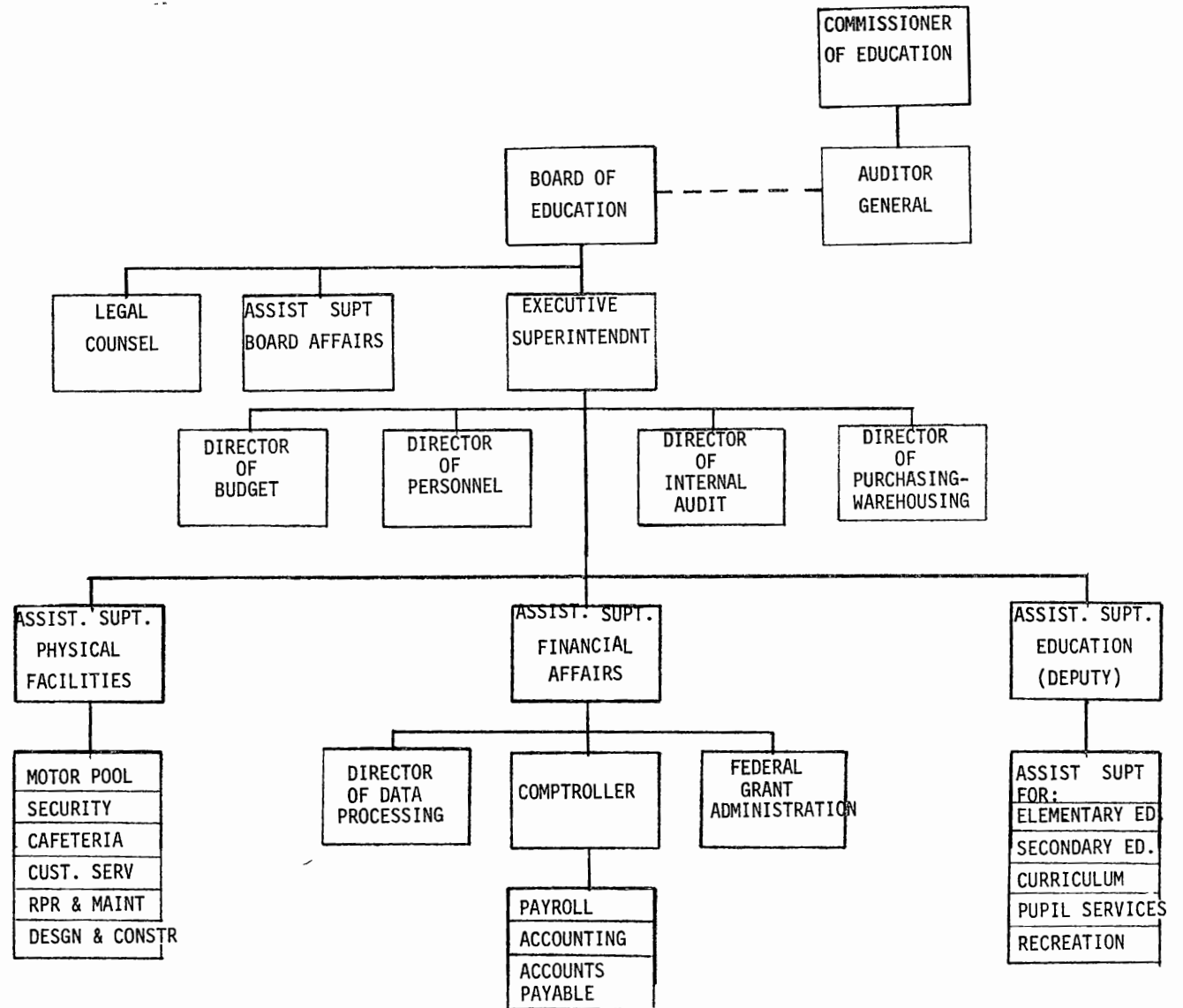
The organization chart reflects three new positions: Assistant Executive Superintendent for Financial Affairs, Comptroller, and the State-mandated Auditor General. The rationale behind the major elements of change is:



- Place all educational activities under a single Assistant Executive Superintendent (Deputy) for Education.
- Maintain the existing organization of the Business Manager under the new title of Assistant Executive Superintendent for Physical Facilities, with the exception of Purchasing and Warehousing, which are established separately.
- Establish staff units reporting directly to the Executive Superintendent, for Personnel, Budget, Purchasing and Internal Audit.
  - . Purchasing is placed under the direct control of the Executive Superintendent as a Staff unit, reflecting the inter-departmental nature of this operation and its Board-wide role and impact upon the educational process.
  - Purchasing is cast as a staff function to the Executive Superintendent because:
    - . It is not educational.
    - . For control purposes, it cannot be under fiscal.
    - .. Functionally, it is not a physical facility.
  - . Personnel is removed from the pedagogical province As a Board-wide function, it now reports directly to the Executive Superintendent to serve his needs for control, support and as an implementor of his and the Board's policies.
  - . Budget requires extensive direct participation from the Executive Superintendent, as it is placed under the Executive Superintendent to reflect its long-standing staff role This is similar to where Budget reports in the City's organization structure.

- The former Secretary of the Board's functions are redefined so as to provide full-time support directly to the Board, similar to the role the City Clerk performs for the City Council. His title is changed to Assistant Executive Superintendent for Board Affairs, to reflect his realignment of duties. In this capacity, his responsibilities and duties will include
  - Preparation of Board Agenda.
  - . General support of Board members and activities.
  - . Monitoring correction of External Audit recommendations.
  - Legislative liaison (Trenton and Washington).
  - Ceremonial (PTA's, public ceremonies, etc.)
  - . Collecting data and answering inquiries as directed by the Board
- The creation of the Comptroller and an Assistant Executive Superintendent for Financial Affairs recognizes that the Board's most severe problems lie in Payroll, Accounting, Accounts Payable and Data Processing. There is a need for a concentration of management attention in these areas.
- The position of Director of Internal Audit, responsible directly to the Executive Superintendent, has been established to be responsible for ongoing audits of financial activities and to act as a trouble-shooter for problems in the fiscal area.
- The Federal Grants unit will serve as a staff support unit under the Executive Assistant Superintendent for Financial Affairs. This unit, which requires no more than three people, will monitor Federal

legislation, ensure that reporting for federal funds meets federal requirements, prepare grant applications and handle A-87 cost reimbursement Federal fund accounting and budgeting will be performed by the regular Accounting and Budget units



CHAPTER 4

ACCOUNTING TASK FORCE

FINAL RECOMMENDATIONS

ACCOUNTING TASK FORCE

JULY 31, 1975

REPORT ON  
RECOMMENDATIONS

## ACCOUNTING DIVISION

### MISSION AND PURPOSE

Provide fiscal and related operational records and information for all interested parties

- School Board
- Administration
- Public
- Auditors
- Local, State, and Federal Authorities
- Employees

Accounting system procedures should be designed to demand accuracy and a reasonable degree of internal control.

Accounting system principles should be consistent with generally accepted governmental accounting principles and consistent from one accounting period to another

There should be flexibility to adapt to the inevitable changes which may be necessary

There should be uniformity in accounting for all monies which are the responsibility of the Board

There should be a balance between making the accounting system as simple as possible and still fulfill the pertinent requirements.

## ACCOUNTING DIVISION DEFICIENCIES

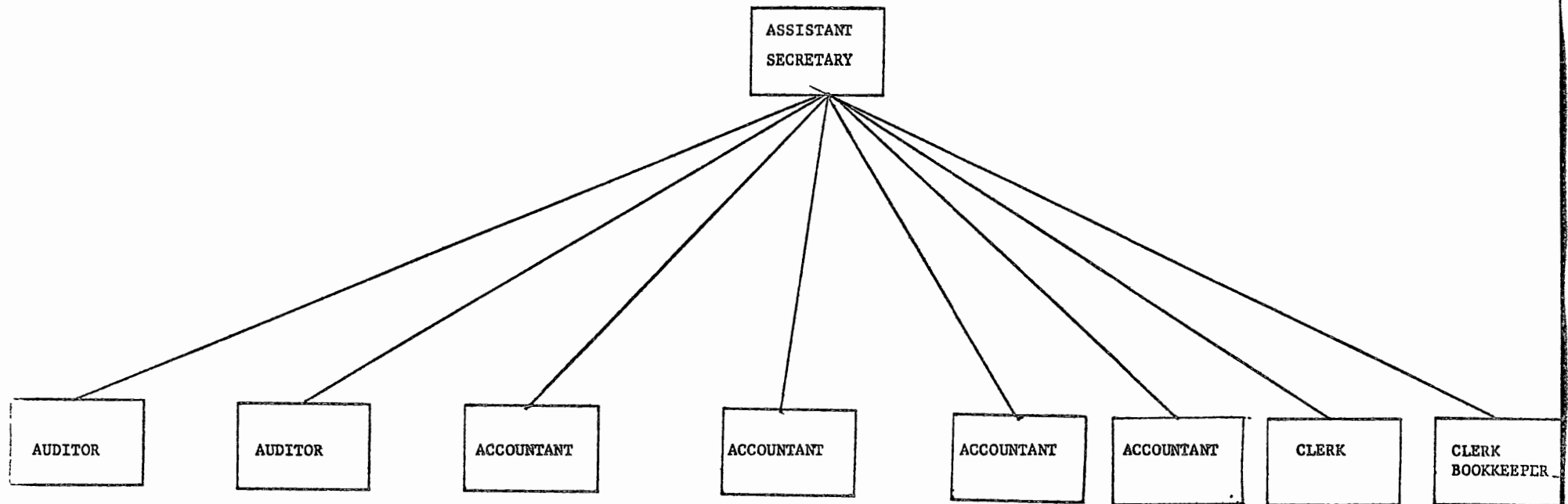
- The financial records are not properly maintained.
  - There is not a General Ledger.
  - The Cash Receipts Journal is not well controlled and does not completely reflect all receipts
  - The Board's records are not reconciled with those of the Custodian of School Monies on a monthly basis, leading to long delays in the audit process.
- There is not adequate control over Capital-Bond Issue monies.
  - There is no budget control over disbursements, leading to possible over-expenditures.
  - The record of expenditures is not current
  - The financial transactions of Capital-Bond monies have not been reported to the Board on a monthly basis This is in violation of State Statute 18A 17-9.
- Over \$40 million is disbursed annually from over thirty trustee checking accounts.
  - Currently, the individuals responsible for these checking accounts record transactions, issue checks, and reconcile the accounts.
  - A majority of these accounts require only one signature.
  - Computer-produced checks are not pre-numbered nor well controlled.
- State, Federal, and Internal Reporting Requirements
  - Statutory Financial Reports to the Board are not being furnished on a timely basis.
  - There are no written procedures or schedules to be followed in the filing of reports with funding agencies.
- The present cash receipts system is not adequate.
  - All receipts are not processed through a single record.
  - There is not a cash receipts journal for Capital-Bond Issue monies.
  - There is no cash receipts journal for Title I and II funds.



- 
- The Assistant Secretary keeps his own record of receipts and revenues on worksheets and uses these in conjunction with supporting documentation to prepare the Monthly Report of Revenues and Receipts

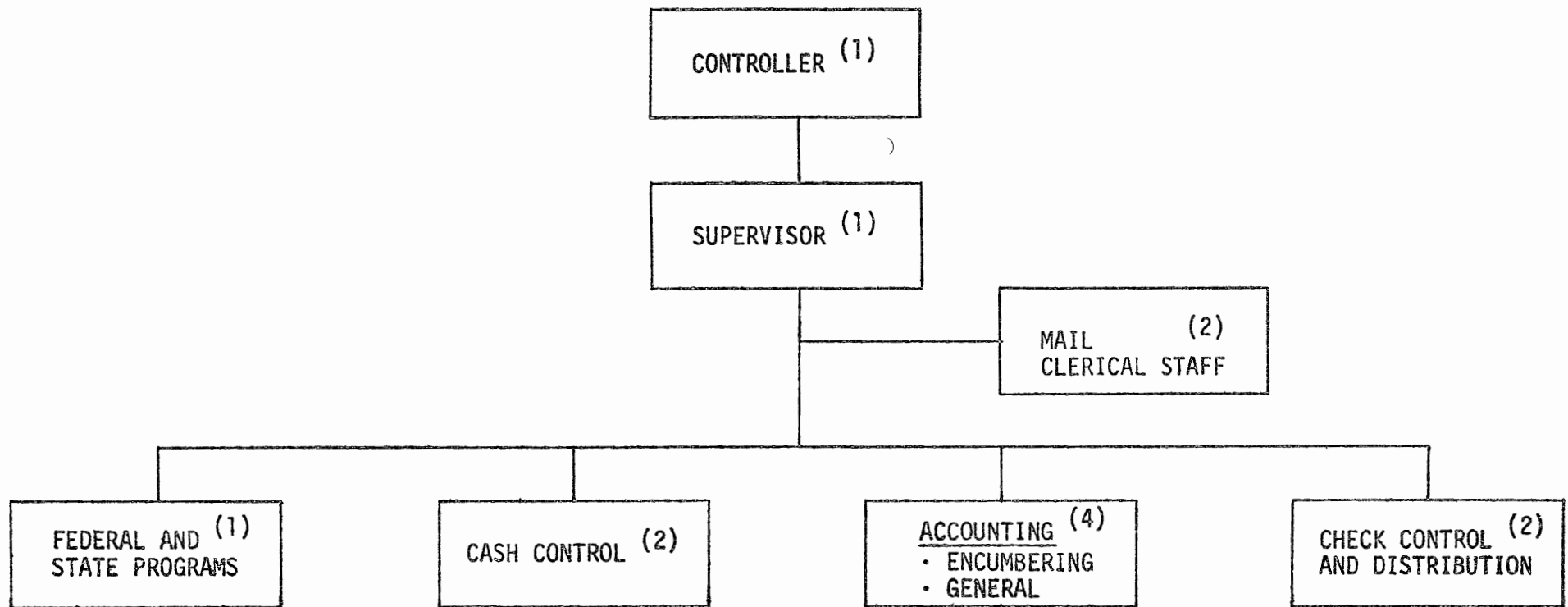
PRESENT ORGANIZATION

ACCOUNTING DIVISION



# ACCOUNTING DIVISION

## PROPOSED ORGANIZATION STRUCTURE



CURRENT STAFF 8

PROPOSED STAFF 14

# ACCOUNTING DIVISION

## PERSONNEL COSTS

<u>TITLE</u>	<u>BUDGETED POSITIONS</u>	<u>BUDGETED EXPENSE</u>	<u>RECOMMENDED POSITIONS</u>	<u>RECOMMENDED BUDGET</u>	<u>RANGE</u>	
					<u>LOW</u>	<u>HIGH</u>
Controller	--	--	1	\$ 25,000	\$25,000	\$30,000
Assistant Secretary	1	\$ 23,368	1	23,368	--	--
Accounting Supervisor	--	--	1	20,000	20,000	25,000
Senior Accountant	--	--	2	33,548	16,000	20,000
Auditor	2	33,548	--	--	--	--
Accountant	4	51,062	3	39,246	12,000	16,000
Accounting Staff (Various Titles)	1	7,706	4	29,832	--	--
Support Staff (Various Titles)	1	10,613	2	16,613	--	--
TOTAL	9	\$126,297	14	\$187,607		

## ACCOUNTING DIVISION

### ORGANIZATIONAL STRUCTURE

- The Accounting Division will be responsible for the following activities:
  - Maintaining overall fiscal control via a General Ledger.
  - Establishing control over all Cash Receipts and Disbursements.
  - Preparing periodic reports for the Board and Funding Agencies.
  - Reconciling Cash Records with records of the Custodian of School Monies.
  - Establishing and enforcing fiscal standards and procedures relating to auditing, accounting, and approval requirements.
- The Accounting Division will consist of the following sections:
  - Cash Control -

This section is responsible for recording and reporting Cash Receipts, Encumbrances, and Cash Disbursements against all budgets.
  - Federal and State Programs -

This section will primarily monitor and determine the status of receipts and expenditures reported to various State and Federal Funding Agencies.
  - General Accounting -

This section is responsible for the processing of encumbrances for all Purchase Orders and for the auditing of non-budgeted Internal School Records.
  - Check Control and Distribution -

This section is responsible for the preparation, control, and distribution of all checks.

The proposed Accounting Division organization will improve and upgrade the operation of the Accounting Division:

- By providing better internal control over all financial transactions.
- Through the effective monitoring and reporting of various State and Federal programs.
- Through the elimination of the entire Budget Control function, thus freeing the accountants from time-consuming clerical work.
- By establishing specific areas of responsibility.

PROPOSED ACCOUNTING DIVISION

<u>TITLE</u>	<u>NAME</u>	<u>STAFFING SOURCE</u>
Controller	--	New Hire
Assistant Secretary	--	Accounting
Accounting Supervisor	--	New Hire
Unit Supervisors		
Senior Accountant	Susan Chabbra	Accounting
Senior Accountant	Andy Ciriaco	Accounting
Accountant	Howard Johnson	Accounting
Accountant	Damian Okibedi	Accounting
Accounting Staff		
Accountant	Benita Burgess	Accounting
Senior Bookkeeper	Lorette Larkins	Accounting
Senior Account Clerk	Mary Clarke	Accounts Payable
Junior Clerk Bookkeeper	Joan Turman	Accounts Payable
Principal Clerk Bookkeeper	--	Fringe Benefits
Support Staff		
Secretarial Assistant	Isabelle Romano	Accounting
Mail Clerk	--	New Hire

## ACCOUNTING DIVISION

### PROCEDURAL CHANGES

- All accounting records will be maintained on a uniform basis:
  - Board Funds
  - Federal Funds
  - Capital Funds
- A complete General Ledger accounting system has been designed with detailed procedures and training necessary to maintain the system.
  - A General Ledger and Sub-ledgers will be maintained to reflect all financial transactions of the Board on an ongoing basis.
  - Agreement has been obtained with the Custodian of School Monies to insure that City and Board records will be reconcilable on a monthly basis.
- Cash Disbursements will be well controlled.
  - All trustee checking accounts are being closed.
  - A single manual checking account under the control of the Check Control and Distribution Unit will be used for all emergency payments.
  - Pre-numbered checks will be used for all disbursements. These checks will be under the control of the Accounting Division.
  - A Cash Disbursements Journal and supporting sub-ledgers will be maintained by the Accounting Division.
- Cash Receipts will be well controlled.
  - Cash receipts will be posted promptly and uniformly for all Board monies through a single Cash Receipts Journal and Revenue Ledger.
  - The Controller will be responsible for reconciling the Cash Receipts Journal with the Revenue Ledger, Bank Deposits, and the Custodian's records.
- All State, Federal, and internal reporting requirements will be well documented and scheduled.
  - Procedures have been developed and will be maintained for filing reports with Funding Agencies.

- Statutory Financial Reports will be furnished in completed form on schedule.
- A tickler file for all reports has been developed and will be used for control purposes.
- File storage equipment for ledgers, computer reports, and the safekeeping of check stock must be made available to keep all records well organized, secure, and accessible.



## ACCOUNTING DIVISION

### CONVERSION ACTIVITIES

- Training in the new General Ledger System is underway.
- Required Ledgers and Journals are being established.
- One new bank account is being opened to replace over thirty existing trustee checking accounts.
- Two people are being transferred from the Accounts Payable office to perform the encumbering function.
- One person is being transferred from the Fringe Benefits office into the Check Preparation and Control Unit.
- Construction accounts will be placed on the computer system.

## ACCOUNTS PAYABLE DIVISION

### MISSION AND PURPOSE

Make prompt payment for the financial obligations of the Board other than payroll expenses.

Assemble all necessary documents to expedite authorized payments.

Provide the District Comptroller (City of Newark Comptroller) with information and access to records necessary to meet State requirements.

Audit all payments for completeness and propriety.

Monitor and follow-up all open purchase orders.

Provide a liaison for responding to vendor inquiries.

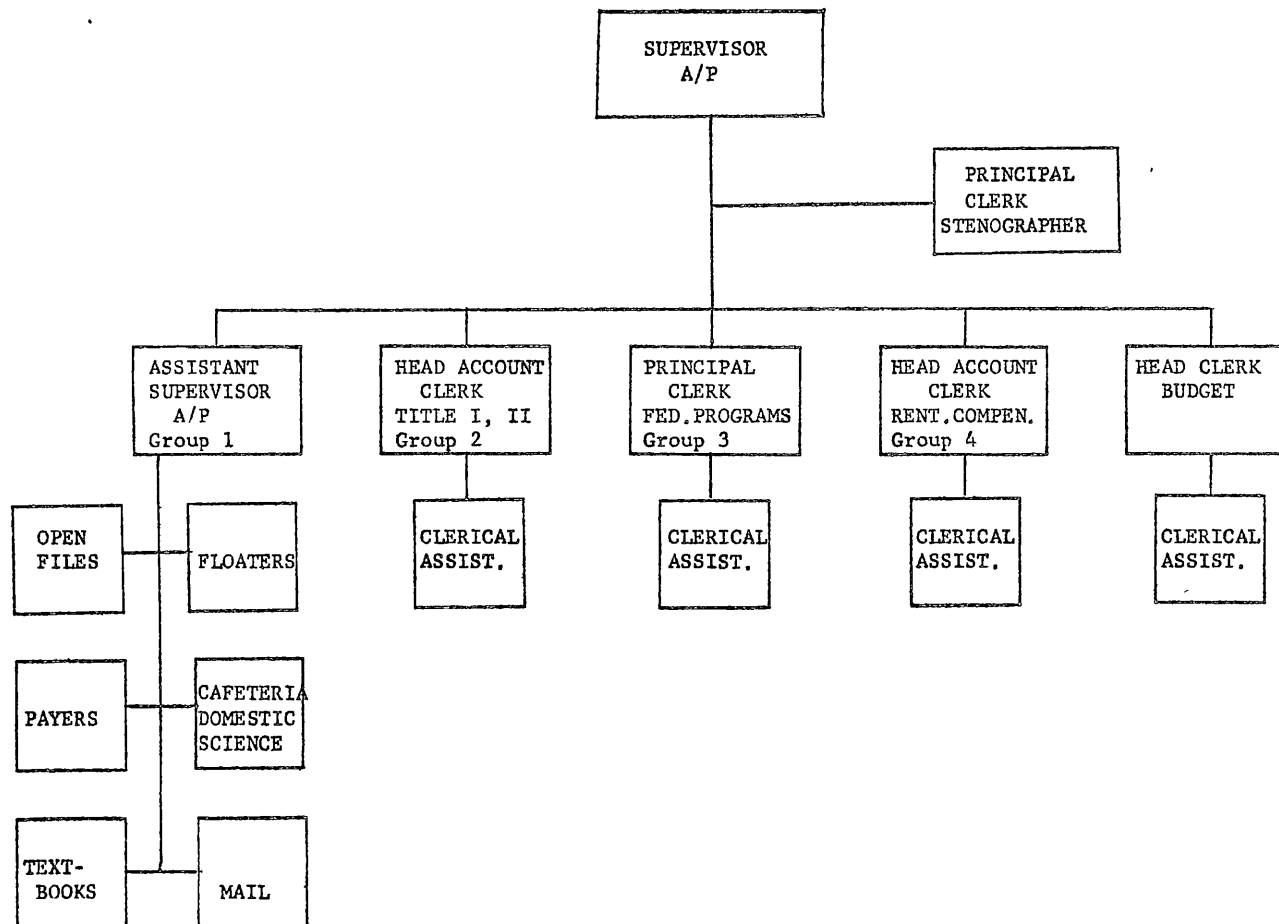
Establish and enforce Accounts Payable standards and procedures.

### ACCOUNTS PAYABLE DIVISION DEFICIENCIES

- The filing and assembly process is slow and lacks order.
- Most payments are made twice a month with a seven-day lag from the time P.O.'s are sent to EDP until the return of checks from EDP. There are approximately 1,000 checks processed in a month and at times only 2-3 checks per day.
- There is no specific procedure followed for handling all vendor inquiries, and at present a significant amount of time is spent by A/P personnel in doing "research" for vendors.
- There is minimal control and follow-up on the backlog of unpaid P.O.'s.
- A/P personnel are not aware of the entire flow of work and lack training.
- The A/P manual is not used by most of the personnel and many are not aware of it.
- No analysis has been performed on the status of open orders prior to 1971 (orders not present on the aging report).
- The Aging Report does not segregate prior years' orders from the current orders.
- The requisitioners are not aware of the importance of sending in the receiving report to Purchasing immediately upon receipt of the goods or services.
- There are no directives sent with the P.O. and the vouchers to the vendor informing him of the necessity of the voucher.
- The Board is not taking advantage of vendor discounts.
- A/P checks are not pre-numbered, nor is there a check stub to indicate which P.O.'s are being paid.
- There is poor control over the custody of the checkstamp. At present, EDP is stamping the checks.
- There is a lack of adequate batch control and general control capabilities in the system.
- At present, the "order of payment" process is used to pay bills on services, compensation, construction, and relocation expenses, and for the transfer of funds between accounts. The process lacks adequate control and support documentation.

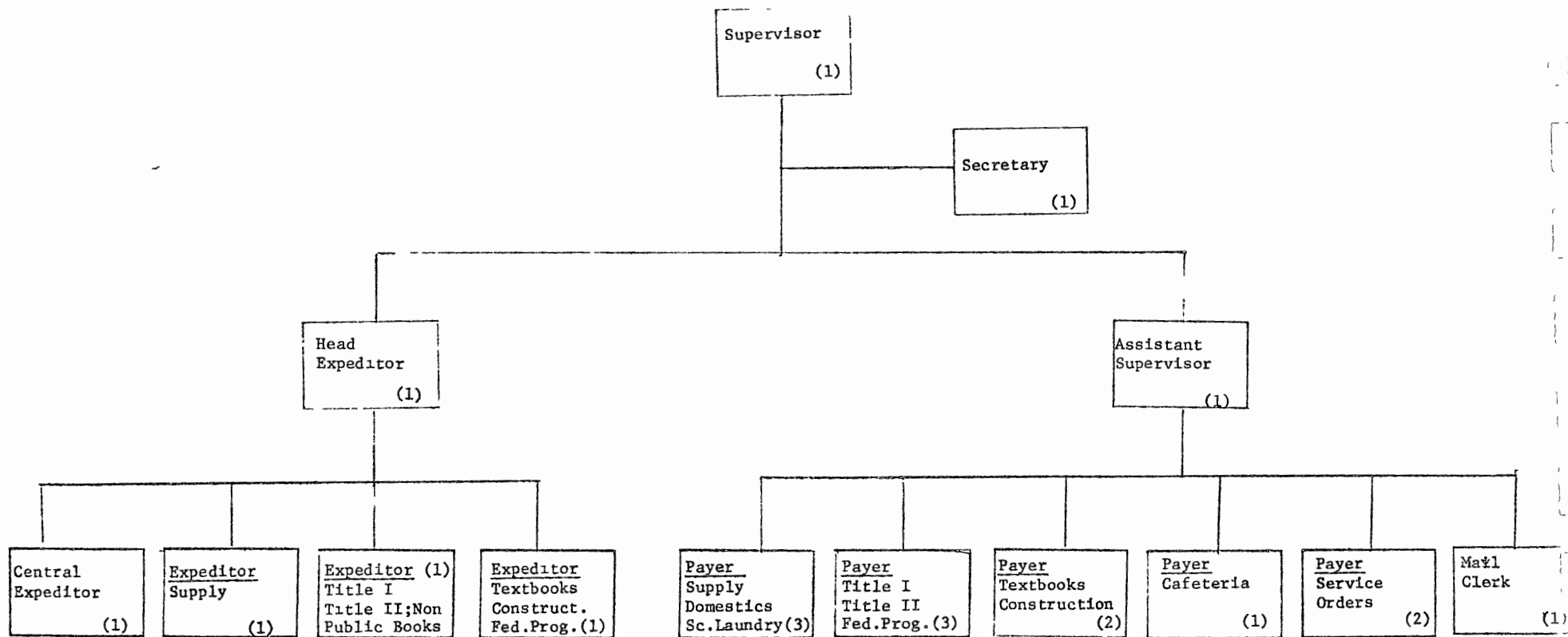
PRESENT TABLE OF ORGANIZATION

ACCOUNTS PAYABLE DIVISION



# ACCOUNTS PAYABLE DIVISION

## PROPOSED ORGANIZATION



Current Staff 15

Proposed Staff 19

# ACCOUNTS PAYABLE DIVISION

## PERSONNEL COSTS

<u>TITLE</u>	<u>BUDGETED POSITIONS</u>	<u>BUDGETED EXPENSE</u>	<u>RECOMMENDED POSITIONS</u>	<u>RECOMMENDED BUDGET</u>
Accounts Payable Supervisor	1	\$ 12,343	1	\$ 18,000
Assistant Supervisor	1	10,972	1	10,972
Principal Clerk Bookkeeper (Head Expeditor)	--	--	1	9,636
Payers (Various Titles)	10	88,862	12	101,847
Budget Control	1	9,573	--	--
Encumberors	2	15,126	--	--
Expeditors (Various Titles)	--	--	4	31,687
TOTALS	15	\$136,876	19	\$172,142

BUDGET INCREASE \$35,266

# PROPOSED ACCOUNTS PAYABLE DIVISION

<u>TITLE</u>	<u>NAME</u>	<u>STAFFING SOURCE</u>
Accounts Payable Supervisor	--	New Hire
Unit Supervisors		
Assistant Supervisor	Esther Williams	Accounts Payable
Principal Clerk Bookkeeper	Dorothy Magwood	Purchasing
Payers		
Head Account Clerk	Barbara Giantamas	Accounts Payable
Head Account Clerk	Carmen Fernicola	Accounts Payable
Principal Account Clerk	Louise Joe	Accounts Payable
Principal Account Clerk	Ruth Santucci	Accounts Payable
Principal Account Clerk	Yvonne Minor	Accounts Payable
Principal Clerk	Raefaela Muscarella	Accounts Payable
Principal Clerk	Jacqueline Reilly	Accounts Payable
Principal Clerk Stenographer	Mary Dunn	Accounts Payable
Senior Clerk	Daisy Jenkins	Accounts Payable
Senior Account Clerk	Elizabeth Howard	Accounts Payable
Account Clerk	Lorraine Martin	Accounts Payable
Account Clerk	Deanna Nickerson	Accounts Payable
Expeditors		
Principal Clerk	Barbara McPherson	Purchasing
Senior Clerk Typist	Susan McGill	Purchasing
Expeditor	Anthony Bovine	Purchasing
Senior Clerk	Connie Lewis	Purchasing

## ACCOUNTS PAYABLE DIVISION

### PROCEDURAL CHANGES

- All open purchase orders will be monitored.
  - Follow-up with vendors and/or Board personnel will be conducted to insure prompt delivery and payment.
  - Specific invoices will be expedited to take advantage of vendor discounts.
- The paying process is being shortened.
  - Receiving copies of purchase orders are being returned directly to the Accounts Payable Office.
  - Payments are being made weekly for all budgets.
  - Specific assignments of personnel are being made for performing the functions of paying, extension and backing, and checklist preparation by vendor.
- Office procedures are being standardized and fully documented.
  - A complete Accounts Payable Procedures Manual has been written.
  - Personnel are being trained in the revised procedures.
  - All expediting has been centralized within Accounts Payable.
  - All paying is under one supervisor.
- The complete function of expediting and paying is the sole responsibility of the Accounts Payable Office.
- The paying process has been simplified with the elimination of the separate voucher form.
- File equipment must be upgraded for the storage of active and closed vendor files in order to keep all records well organized and accessible.



## ACCOUNTS PAYABLE DIVISION

### CONVERSION ACTIVITIES

- Organizational
  - One person is being transferred to the Budget Office for budget control responsibilities.
  - Two people are being transferred to the Accounting Division to perform the encumbering function.
  - Five people are being transferred from Purchasing and will make up the Expediting Unit.
- Training in the new procedures continues.
- Computer System
  - Checks will be written weekly for all funds.
  - All payments by computer have been consolidated to simplify computer and manual processing.
  - A simplified method of recording manual check payments has been introduced.

CHAPTER 5

BUDGETING TASK FORCE

FINAL RECOMMENDATIONS

BUDGET TASK FORCE

JULY 22, 1975

REPORT ON

RECOMMENDATIONS

BUDGET OFFICE  
MISSION AND PURPOSE

Review budget requests presented by principals and management personnel, and present budget recommendations to the school board.

Provide technical assistance for the preparation of all board budgets.

- . General Operating
- . Federal Programs
- . Capital Programs
- . Miscellaneous Grants

Review and approve budgets for all board monies.

Coordinate and control budget preparation for all board monies.

Review all proposed expenditures for supplies, test books, and personnel, to ensure that they are for the reasons specified in the budget and the appropriation, and do not exceed the amounts appropriated.

Review and process budgetary transfers within specified guidelines.

Interpret and implement board budget policy.

Provide a fiscal liason between principals and management personnel, and the central office fiscal offices.

## FUNCTIONAL CHANGES/CURRENT OPERATIONS

### Proposed

Function as the key decision making organization in the development and control of the budget for the Newark Board of Education

Budget requests will be prepared initially by actual users (principals/ through the Budget Office.

Alterations, by Board directive or Board of School estimate, to the budget document could be accomplished in a meaningful and timely fashion based on user priorities by the Budget Office.

Pertinent fiscal information covering all operations of the district and support of the budget document will be kept on file within the Budget Office

The responsibility for the overall coordination of fiscal activities (including Federal and other funded programs) will be located within a single location.

Budget preparation will follow a specific schedule from initiation to completion. This will assure an organized process in the preparation of the budget and a timely dissemination of approved budgets to users.

### Current

The Budget Division now functions in a passive role in the budget preparation process. Budget control is not carried out in the Budget Division.

Users now receive Budget Preparation instructions from various central office personnel and actual budget preparation is fragmented into three separate and distinct areas with little or no coordination.

Alterations, by Board directive or Board of School estimate, to the budget document require extensive and time-consuming revisions directed by various central office personnel with no consideration for user priorities.

Pertinent fiscal and supportive information is now kept on file, if at all, in the three separate and distinct offices of the Board Administration.

Currently there is no overall coordination of Federal assistance programs and board funded programs. These programs are managed as separate entity.

Currently the three separate offices follow their own preparation schedule resulting in different sections of the budget being completed at different times. Approved budgets are not distributed to users until after the fiscal year begins.

## FUNCTIONAL CHANGES/CURRENT OPERATIONS

### Proposed

Specific procedures for the transfer of appropriations by users will be instituted. Depending on amounts, this process will require various levels of approval.

For fiscal control purposes, all requisitions for supplies and personnel will be channeled through the Budget Office, where they will be reviewed for appropriateness and checked for available appropriations before approval and submission to Purchasing.

For fiscal control purposes, all warehouse supply orders will be channeled through the Budget Office, where they would be reviewed for appropriateness and checked for available appropriations before forwarding to warehouse. This procedure will also allow for direct charges to be made against corresponding budget lines for the materials delivered.

The Budget Office will, on a weekly basis, require a report on the assignment of pool and per diem substitutes, resulting in a more cost effective allocation of these personnel resources.

### Current

Currently all transfers of appropriations must have Board approval. There is no specific procedure or form for these transfers. Many users do not know this process is available. The process is cumbersome because Board approval is needed and is very time consuming.

Currently requisitions are approved by Assistant Superintendents and/or Directors and circumvent the Budget Office altogether offering little fiscal control. Available appropriations are checked in accounts payable, accounting, or not at all.

Currently there are two warehouse supply order procedures in use: (1) the WSO is used for emergency purposes only, and (2) the WSO is used periodically to draw down supplies from depository. In both cases, the WSO is only reviewed by Assistant Superintendents and/or Directors.

Pool and per diem substitute usage is controlled at the school level.

## FUNCTIONAL CHANGES/CURRENT OPERATIONS

### Proposed

The Budget Office will control all budgeted positions by unique position numbers. In addition to reviewing and approving requests to staff budgeted positions, no additional positions, beyond those budgeted, will be filled without prior budget office examination. This process will identify for each position the source of funds that will be utilized to pay for these additional positions.

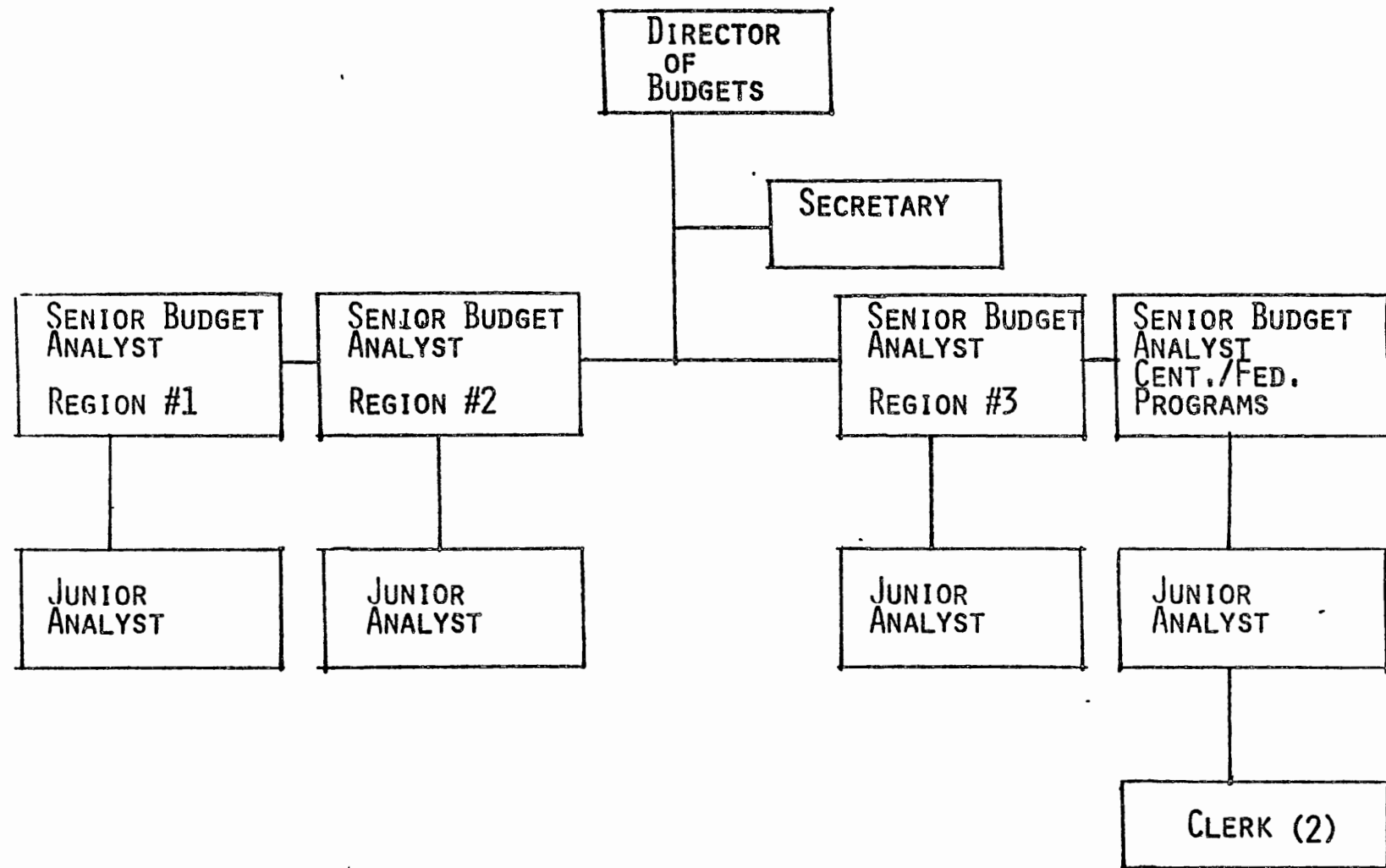
A central budget office will coordinate and review possible budgetary alternatives and, if necessary, see to their implementation. These budget alternatives will encompass both the administrative and education sector of the Board organization.

### Current

Currently, requests for additional positions are initiated on an individual basis in any of the three separate offices. This is done regardless of position lines included within the budget. These requests are submitted to the Board for approval with no indication of their overall effect on the budget.

Currently there are no budgetary alternatives being studied by anyone within the school Board organization.

## RECOMMENDED BUDGET OFFICE ORGANIZATION



Current Staff 6

Proposed Staff 12



## ORGANIZATION STRUCTURE

- The total coordination of school budgets would be assigned to the Budget Office.
- The Budget Office will consist of four sections; each staffed by one senior analyst and one junior analyst.
- Each of the three regional based budget sections will be responsible for all schools in the region (each region corresponds approximately to two of the six political wards of Newark).
- The fourth budget section will be responsible for the central offices, federal and other programs, and capital budgets.
- This organization structure provides several characteristic advantages.
  - . Provides internal flexibility to regionalize the Newark school system, if in the long run regionalization is deemed appropriate.
  - . Provides for a uniform coordination of budgetary assessment over elementary, secondary, and special schools.
  - . Provides greater flexibility in the actual utilization of the tangible assets of the Newark school system.
  - . Will promote coordination of educational activities between the departments of elementary and secondary education.

# BUDGET BUREAU

## SALARY COSTS

(Based on Adopted \$115. Million Budget)

<u>Title</u>	<u>Budgeted Positions</u>	<u>Budgeted Expense Present</u>	<u>Proposed Minimum</u>	<u>Proposed Maximum</u>	<u>Proposed Positions</u>	<u>Projected Budget</u>
Budget Director	New	-	\$25,000	\$30,000	1	\$27,000
Senior Budget Analyst	New	-	16,000	20,000	4	68,000
Junior Budget Analyst	New	-	12,000	16,000	4	50,000
Budget Examiner	2	\$32,072	-	-	-	-
Assistant Budget Examiner	2	23,209	-	-	-	-
Principal Clerk Bookkeeper	2	16,519	-	-	2	16,519
Principal Clerk Stenographer	New	-	-	-	1	8,000
Totals	6	\$71,800			12	\$169,519

Gross Increase In Budget \$97,719

# PROPOSED BUDGET OFFICE STAFFING

<u>Title</u>	<u>Name</u>	<u>Current Assignment</u>
Budget Director	-	New Hire
Senior Budget Analyst		
1	Harry Byrd	Budget Division
2	Sam Uzzolino	Personnel Department
3	-	New Hire
4	-	New Hire
Junior Budget Analyst		
1	Bernard Larkins	Budget Division
2	Barry Jones	Budget Division
3	Richard Lobman	Accounts Payable
4	Ronald Barber	Fringe Benefits
Clerical Support		
1	Maimi Pitts	Budget Division
2	Barbara Mintree	Budget Division
3	-	New Hire

## PROPOSED JOB DESCRIPTIONS

### Budget Director

#### Definition -

- Under supervision of the Administration, has direct responsibility for overseeing the operation of the Budget Division. Has authority to interpret and enforce budgetary policy as enacted by Newark Board of Education and interpreted by the Administration.

#### Duties -

- Confers with and advises the School Board and community of district wide fiscal requirements, procedures, budget policy and budget requests; acts as liaison within the district on fiscal matters.
- Act to interpret in consultation with the Administration and School Board, Budget Policy as approved by the School Board
- Directly responsible for the complete preparation of the Annual Board Budget.
- Conducts budget hearings with the Board of Education.
- Issues all necessary timetables, manuals and forms necessary for budget preparation.
- Maintains required budget controls and detailed records of School district, Federal and other program funds to see that expenditures are appropriate, do not exceed appropriations, and that unit commitments will not result in unanticipated future requirements.
- Serves as approval officer for those transactions that are established by Board Policy.
- Assigns investigation to staff members relating to the fiscal affairs of the district.
- Assigns to staff members research studies into detailed budget matters.
- Organizes, instructs and supervises the work of assigned employees.
- Maintains essential records and files.

## PROPOSED JOB DESCRIPTIONS

### Senior Budget Analyst

#### Definition -

- Under the supervision of the Budget Director, has responsibility for the complex and technical budget analysis and attendant budget work, including the preparation of detailed analyses and reports; does related work as required.

#### Duties -

- Critically reviews budget requests submitted by assigned units and prepares recommendations thereon.
- Confers with and advises the several unit officers (principals and/or directors) concerning their operating requirements, fiscal procedures, and budget requests; act as a liaison between the Budget Director and these units.
- Reviews requests for transfers of funds, requisitions and personal actions, determines the factual bases for such requests, and prepares appropriate recommendations for the use of the Budget Director.
- Attends unit budget hearings and assists in the conduct thereof.
- Makes periodic visitations to assigned units in order to maintain liaison and to acquire familiarity with these units' operations.
- Makes extensive investigations as assigned by Budget Director and prepares detailed recommendations relating to proposed expansion continuation, or elimination of functions, needs, positions, and groups of positions.
- Conducts the required investigations; makes research studies; prepares detailed reports on these and other technical budget matters containing findings, conclusions, and recommendations.
- Organizes, instructs, and supervises the work of assigned employees.
- Maintains the essential records and files.

## PROPOSED JOB DESCRIPTION

### Junior Budget Analyst

#### Definition -

- Under the supervision of a Senior Budget Analyst, assists in the complex and technical budget analysis and attendant budget work, including the preparation of detailed analyses and reports; does related work as required.

#### Duties -

- Assists in the review of budget request submitted by assigned units and in the preparation of recommendations thereon.
- Under supervision, makes periodic visitations to assigned units to become cognizant of operating agencies.
- Assists in the conduct of special studies or assignments and helps in the preparation of reports containing findings, conclusions and recommendations.
- Assists in the review of requests for transfer of funds, requisitions and personnel actions, in the determination of the factual basis for such requests and in the preparation of appropriate recommendations for use by the Budget Director.
- Attends unit budget hearings and assists in the conduct thereof.
- Maintains the essential records and files.

## Procedural Changes

- Establishment of a comprehensive chart of accounts and reference numbers
  - . Based upon state guidelines
  - . Reduced object of expense accounts from 226 to 49
  - . Established coding structure for general ledger and revenue accounts
  - . Consistent classification for all board monies
- Budget Office staff of size, skills, and authority appropriate for an organization with a \$115. million budget
  - . Capable of preparing and enforcing budget preparation and control procedures
  - . Capable of training principals and management personnel
  - . Capable of integrating various grant and capital budgets into the evaluation of the board's total fiscal requirements.
- Budget Office exercises greater control over the expenditure of board monies
  - . Reviews all supplies, textbooks, and personnel requisitions for all budgets
  - . Maintains a budgetary position control file
  - . Acts upon requests for transfer of appropriations
  - . Interprets budget policy for management personnel

## PROCEDURE MANUALS

### - Budget Preparation Manual

- . Budget Guidelines
- . Budget Summary - Schools
- . Budget Summary - Divisions
- . Enrollment Analysis
- . Instructional Staff Analysis
- . Instructional Supply Requirements
- . Support Staff and Supply Analysis
- . Agency Priority Information
- . Justification Statement
- . Salary Projection
- . Object Detail
- . Revenue Statement
- . Special Funds Statement
- . Capital Outlay Statement

### - Budget Office Procedures

- . Transfer of Appropriations
- . Requisitions
- . Personnel Actions
- . Warehouse Supply Orders (DRO's)
- . Pool Substitutes
- . Position Control



## PROCEDURE MANUALS

### - Guide to Reference and Account Numbers

- . Funds (Budgets)
- . Locations
- . Programs
- . Objects
  - .. Expense
  - .. Revenue
  - .. Balance Sheet

## COMPUTER SYSTEM CHANGES

- Budget status reports will be generated twice a week
- No expenditure nor encumbrance will be accepted without sufficient funds to honor the obligation
- Budget transfers will be processed on a timely basis
- Plans exist for the longer term development of:
  - . Computerized Budget Preparation System
  - . Computerized Budget Position Control System
  - . Computerized Budget Analysis Capabilities

## CONVERSION ACTIVITIES

- Budget for the 1975-76 school year is being recast under the new account structure
- Budgets for various grants are being converted to the new account structure
- Payroll computer records are being converted to the new account structure
- Payroll/personnel offices are being notified of the new account structure so that all new employees will be established properly
- Accounting and accounts payable offices are using new account structure to establish and maintain records
- Detailed conversion/implementation plan has been prepared

CHAPTER 6

PAYROLL TASK FORCE

FINAL RECOMMENDATIONS

NEWARK BOARD OF EDUCATION

PAYROLL TASK FORCE

PROJECT STATUS REPORT

May 12, 1975

## CONTENTS

- OUR APPROACH TO PROBLEM
- ORGANIZATION
- CONTROLS
- NEXT STEPS

## OUR APPROACH TO THE PROBLEM

### -GENERAL

- . Interview all personnel in Payroll Department in depth.
- . Use existing computerized payroll system with modifications necessary to improve controls.

### -SPECIFIC AREAS REVIEWED

- . Organization and Staffing.
- . Preparation and submission of Time Reports.
- . Controls over payroll processing.
- . Controls over payroll distribution.
- . Returned check procedures.
- . Requests for immediate compensation.
- . Define short-term computer fixes required to implement controls.

## O R G A N I Z A T I O N

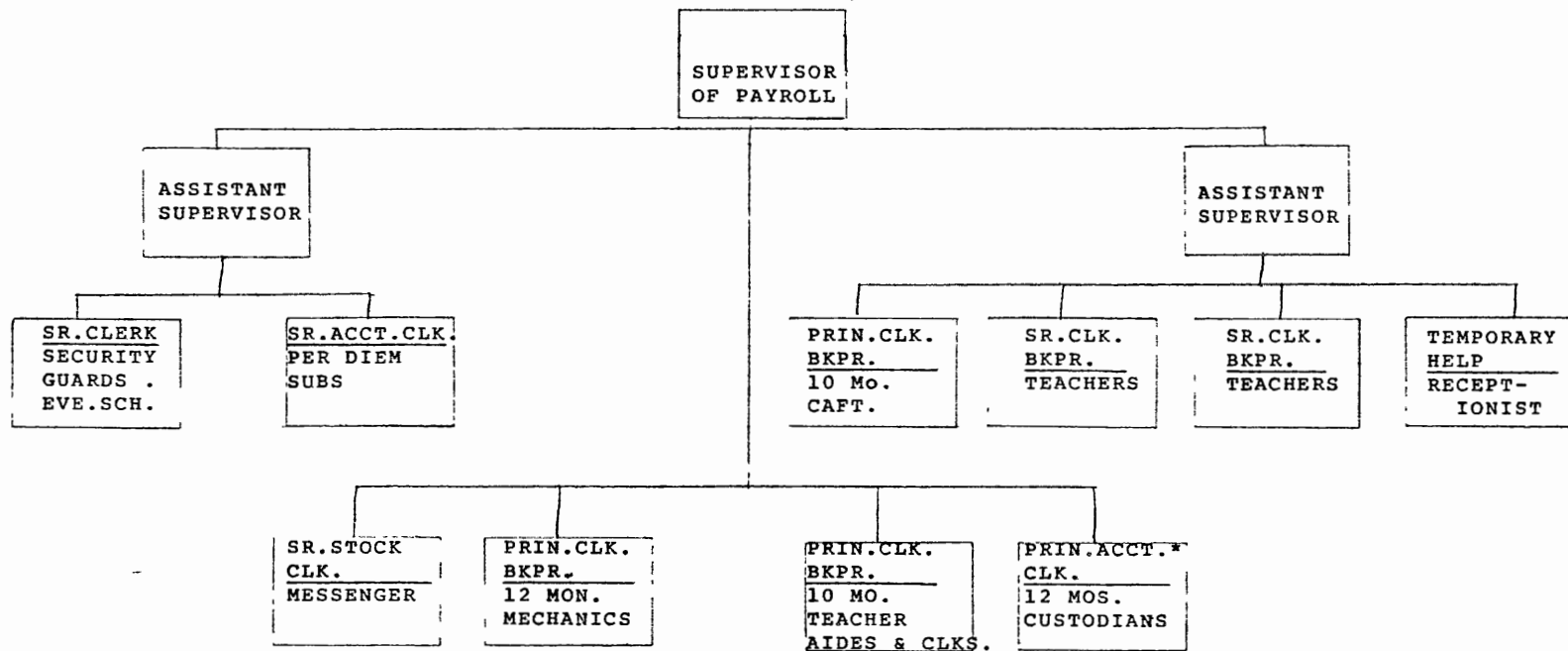
-Existing and proposed Organization Charts follow

- . Existing Organization Chart represents actual informal reporting structure.



CURRENT ORGANIZATION

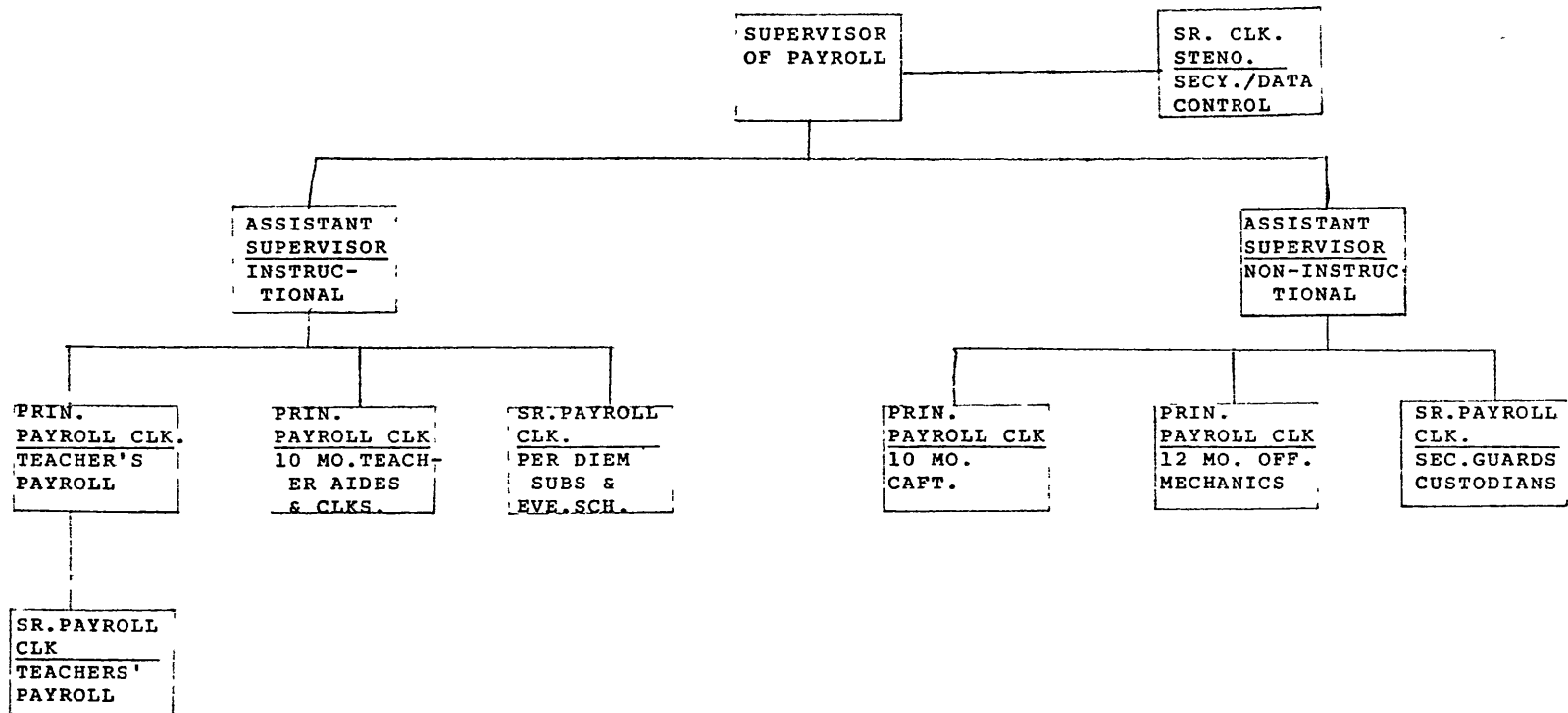
PAYROLL DEPARTMENT



\*Working with  
Sr.Clk. on Sec.  
Guards & Even.Sch.

PROPOSED ORGANIZATION

PAYROLL DEPARTMENT



PAYROLL DEPARTMENT

SALARY COMPARISON

<u>POSITION</u>	<u>CURRENT</u>			<u>PROPOSED</u>		
	<u>STAFF</u>	<u>LOW</u>	<u>HIGH</u>	<u>STAFF</u>	<u>LOW</u>	<u>HIGH</u>
PAYROLL SUPERVISOR	1	11,077	14,242	1	12,000	16,000
ASSISTANT SUPERVISOR	2	8,500	11,605	2	8,500	11,605
PRINCIPAL CLERK BOOKKEEPER	3	7,421	9,636	4	7,421	9,636
PRINCIPAL ACCOUNT CLERK	4	6,967	8,813	-	-	-
SENIOR CLERK	2	5,944	7,790	4	6,967	8,813
TEMPORARY POSITIONS	<u>1</u>	<u>7,300</u>	<u>7,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>13</u>	<u>97,396</u>	<u>124,492</u>	<u>11</u>	<u>86,552</u>	<u>113,006</u>
SAVINGS FROM NEW ORGANIZATION:					<u>10,844</u>	<u>11,486</u>

-OBJECTIVE OF REORGANIZATION - Clearly delineate reporting responsibilities and functions to improve operating efficiency, provide for closer supervision, and provide a simple and systematic method of resolving employee problems.

- . Divide reporting responsibilities into instructional and non-instructional areas, each reporting to an Assistant Supervisor.
  - .. Consistent with personnel organization for better communication between departments.
  - .. Assistant Supervisors have total responsibility for all payrolls in their areas.
  - .. Assistant Supervisors are responsible for handling employee problems.
  - .. Balances work load between Assistant Supervisors.
- . Payroll Supervisor assumes more administrative roll.
  - .. Handles employee problems only if cannot be resolved by Assistant Supervisors.
  - .. Responsible for developing all payroll policies and procedures.
  - .. Responsible for coordinating payroll activities with Personnel, Accounting and other operating departments.
  - .. Readjustment of salary range to be more consistent with level of responsibility.
- . Payroll clerks should periodically be rotated to different payrolls.
  - .. Improved control by changing individuals.

OBJECTIVE OF REORGANIZATION (continued)

.. Provides backup in the event of employee absence.

. Civil Service Input

.. Proposed job title changes are administrative action.

.. New titles more consistent with job functions and  
Civil Service job descriptions.

## C O N T R O L S

- Problems Identified and Recommended Solutions
- Overview of Payroll System
- Controls
- New Forms

## PROBLEMS IDENTIFIED AND RECOMMENDED SOLUTIONS

<u>PROBLEM</u>	<u>SOLUTION</u>
-Reporting responsibilities are unclear or not designed for efficient operation.	-Reorganize department on functional basis.
-Supervisors do not have sufficient experience or adequate training to effectively perform duties.	-Replace personnel where warranted. -Provide adequate training to all personnel.
-Responsibilities for many functions are divided among Payroll personnel and Fringe Benefits.	-Payroll is responsible only for time and attendance functions and accounting controls over payroll. -Personnel assumes all responsibility for maintaining personnel data and employee master file.
-Payroll receives and processes personnel data changes without checking with or notifying personnel.	-Clearly define functional responsibilities between Payroll and Personnel; eliminate Personnel functions from Payroll; use Personnel Advice Form to communicate information.
-Any individual in Payroll, Personnel or Fringe Benefits can add an employee to the master file.	-Limit this function to Personnel only.
-No uniformity or consistency in Payroll inputs submitted from the working locations. <ul style="list-style-type: none"><li>. Standard Reports filled out in different ways.</li><li>. Different forms used for same purpose.</li><li>. Incomplete data submitted to Payroll resulting in additional work in Payroll and Data Processing</li></ul>	-Develop Payroll Procedures Manual for working locations. -Standardize forms. -Train personnel in working locations.
-There is no control that enables the balancing of inputs from working locations to system outputs.	-Because Payroll performs a time and attendance translation to sick leave, no simple control exists; a gross employee count control has been included in system.

## PROBLEMS IDENTIFIED AND RECOMMENDED SOLUTIONS (continued)

<u>PROBLEM</u>	<u>SOLUTION</u>
-Payroll submits numerous processing reruns to Data Processing.	-Establish controls to insure that only complete sets of data are processed. -Install edit program and provide supervision to insure that all edit errors are corrected.
-Payroll preaudit listing is difficult to read and compare to inputs.	-Redesign preaudit report as edit listing with control totals.
-Terminated employees can receive base salary if any payroll exception is input for them.	-Programming modification is being implemented to prevent this situation.
-Paychecks for extraordinary amounts have been printed.	-The Board has instituted a Salary Review Listing that shows the top 10% of the salaries in every payroll.
-Anyone in Payroll or Fringe Benefits can prepare a "one shot deduction" that can pay any employee any amount.	-Only Payroll should submit "one shots" and these forms must be controlled by hash totals and document counts.
-The same clerk that receives the time reports distributes the paychecks.	-The Board now requires that clerk from Accounting supervise the distribution of checks from the Payroll Department.
-Payroll receives undistributed checks from working locations and voids or mails them.	-Since the Payroll fraud occurred in January, the Board has installed a Signature Register to control check distribution. -Undistributed checks should be returned to the Accounting Department for voiding or mailing.
- \$15,000. is outstanding from Payroll Petty Cash Account <ul style="list-style-type: none"><li>. Two manual checks written for each request.</li><li>. Computer check must be caught and held for endorsement.</li></ul>	-Add Petty Cash Advance Deduction to regular Payroll system, eliminating need to hold check for endorsement or issue second petty cash check.



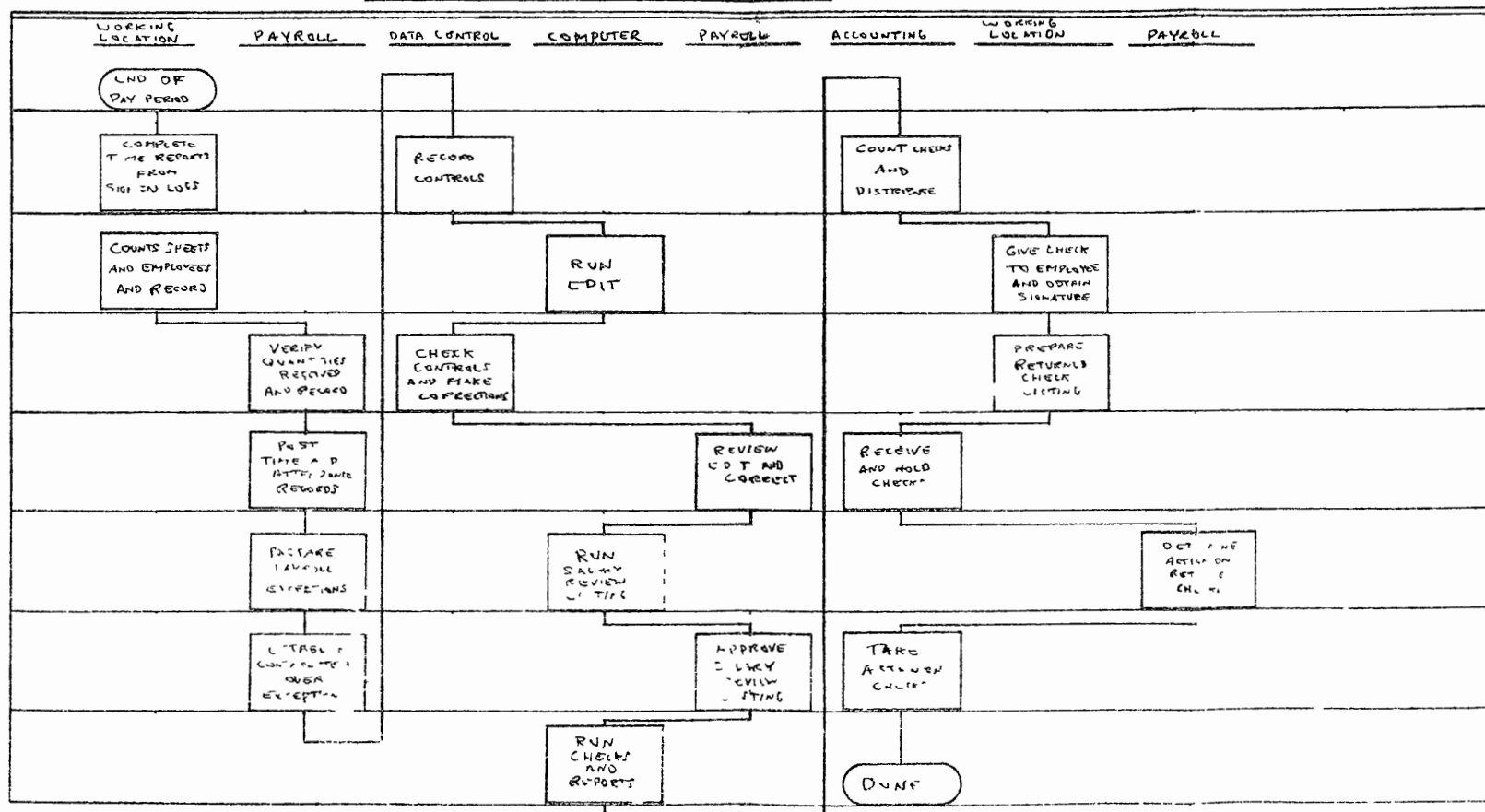
# FLOW CHART OF MANUAL SYSTEM

☐ PRESENT  
☒ NEW

PAGE 1 OF 1  
PROJECT NO. 1

ORGANIZATION OVERVIEW OF PAYROLL SYSTEM  
DEPARTMENT \_\_\_\_\_  
SUPERVISOR \_\_\_\_\_  
SYSTEM \_\_\_\_\_

PREPARED BY AP  
REVIEWED BY \_\_\_\_\_  
DATE \_\_\_\_\_



## -CONTROLS

- .Preparation and submission of Time Reports.
  - ..Standardized procedures and training in completing Time Reports.
  - ..Easier to use, standardized forms.
  - ..Basic control totals established in school.
    - ...Total employees to be paid.
    - ...Total overtime hours submitted.
    - ...Transmittal sheet used to record control totals and send to Payroll.
  - ..Personnel Advice Form to notify personnel of changes.
- .Controls over payroll processing.
  - ..Removal of all personnel functions from Payroll Department.
  - ..Verification of control totals sent from school.
  - ..Verify that Personnel has been notified of any changes with Personnel Advice Form.
  - ..Obtain approval for all overtime.
    - ...Log out number of sheets and send to supervisor with budget responsibility for employees.
    - ...Log in approved overtime sheets for submission in next regular pay.
  - ..Establish control totals over all inputs to Data Processing.
    - ...Separate totals for hours, days and amounts for both additions and deductions to pay.
    - ...Batch System for ease of submission.
    - ...Control totals recorded on Batch Submission Form.
    - ...Batchs recorded in log before sent to Data Processing.

CONTROLS (continued)

- ..Edit listing shows all totals calculated from inputs and compared to control totals on Batch Submittal.
- ..Payroll Department must balance each batch before payroll can be processed.
- ..Payroll Supervisor must approve Salary Review Listing of checks with largest net amounts.<sup>1</sup>
- ..Control Log over prenumbered payroll checks kept in Accounting and verified after each payroll run.
- .Controls over payroll distribution.
  - ..Supervision of check distribution by Accounting.<sup>1</sup>
  - ..Payroll compares check count to number of employees submitted on Transmittal by school.
  - ..Signature Register.
    - ...Signed by employee when check received.
    - ...Other disposition of checks marked by Accounting and initialed.
- .Returned check procedures.
  - ..Returned Check Listing.<sup>1</sup>
  - ..Checks returned to Accounting instead of Payroll.
    - ...Accounting sends Returned Check Listing to Payroll for disposition instructions.
    - ...Accounting mails or voids checks.
  - ..Control totals over voided checks.
    - ...Accounting and Payroll each balance amount of checks voided by computer to totals of checks that were marked to be voided.

CONTROLS (continued)

..Payroll receives Signature Register from Accounting and files with Payroll Documentation.

..Accounting retains Returned Check Listing.

.Requests for immediate compensation.

..Employee must direct his problem to clerk at his location who submits time reports.

..Corrected time reports and checks to be voided sent in by clerk to eliminate need for employee to come to Payroll.

..Petty Cash Advance Form used.

..Petty Cash Advance becomes deduction from net pay on next Paycheck-Payroll Exception Form.

...Eliminates need to have employee endorse corrected paycheck back to Board.

...Eliminates need for additional petty cash check.

..Supervisor must sign Payroll Exception Form.

..Controls established over all amounts submitted to Data Processing.

...Control totals balanced to output from computer edit run.

<sup>1</sup>These controls have been implemented by the Newark Board of Education prior to this Task Force Project.



### NEXT STEPS

- . Preliminary Approvals
- . Train Payroll Personnel
- . Implement Manual Procedures
- . Monitor Manual Procedures
- . Complete and Distribute Procedures Manual.
- . Complete Modifications to Payroll Computer System.
- . Train all Personnel in Use of Computer Controls.
- . Implement Computer Controls.
- . Monitor

CHAPTER 7

PERSONNEL TASK FORCE

FINAL RECOMMENDATIONS

NEWARK BOARD OF EDUCATION

PERSONNEL TASK FORCE

PROJECT REPORT

JUNE 24, 1975



## C O N T E N T S

- SUMMARY OF SITUATION
- ACCOMPLISHMENTS TO DATE
- ORGANIZATION
- FILE INTEGRITY SYSTEM
- IMPLEMENTATION PLAN
- NEXT STEPS
- APPENDIX
  - FINALIZED FORMS
  - DETAILED WORK PLAN

### SUMMARY OF SITUATION

- Touche Ross & Co., completed study of Personnel Department in September, 1974.
- The Board approved the study on November 26, 1974, and directed that the consolidation of records and functions be done.
- Payroll/Personnel Procedures Manual provided January, 1975.
- New Directors' positions in Personnel Department were filled in January, 1975.
- Touche Ross & Co., conducted training sessions in January, 1975.
- As of March, 1975, the new procedures had not been implemented.
- A Supervisor of Employee Records has not been assigned.
- As of March, 1975, most personnel records had been sent to Central Records Room, however, files had not been consolidated or checked.
- The implementation date of the File Integrity System has been continually postponed and as of May, 1975, the System was still not operational.

### ACCOMPLISHMENTS TO DATE

Since the State Task Force began work in February, 1975, a number of tasks have been accomplished through the joint efforts of the Task Force and the Board:

- Implementation of the File Integrity System to parallel testing phase.
- Finalization of Position Control Table which is key file in the File Integrity System.
- Correction of Fringe Benefits and Personnel Information on Employee Master File.
- Finalization and reproduction of Employee Status Form, Fringe Benefits Form and Position Request Form. (Appendix I)
- Centralization of all Board Personnel Folders in Employee Records Room.
- Transfer of Fringe Benefits Files to Employee Records Room.
- Rearrangement of Employee Records Room for more efficient operation.
- Consolidation of all active Personnel and Fringe Benefits Files into a single alphabetical file for more efficient access.
- Transfer of all Personnel Input Forms from Payroll to Personnel Department.
- Training conducted for clerks and supervisors in the Personnel Department.
- Presentation of new Personnel Procedures to Principals and Department Heads.
- Revision of Procedures Manual.
- Implementation of new forms, procedures and controls for Employee Status changes and New Hire Procedures. (Currently in process)
- Design, reproduction and distribution of logs, batch transmittals and other internal forms.
- Physical security provided for Employee Records Room.

## ORGANIZATION

-Current Functional Organization Chart, shown in Exhibit I

- . With exception of new Directors being appointed, functional reporting remains unchanged.

-Proposed Organization Chart is shown in Exhibit II

- . Minor changes from Organization proposed September 14, 1974, Touche Ross & Co. study
  - .. Entire Fringe Benefit Department consolidated into Personnel Department, including reconciliation function.
  - .. Reorganization of Labor Relations and Wage and Salary Administration functions.

-New Organization Chart shows net reduction of one person.

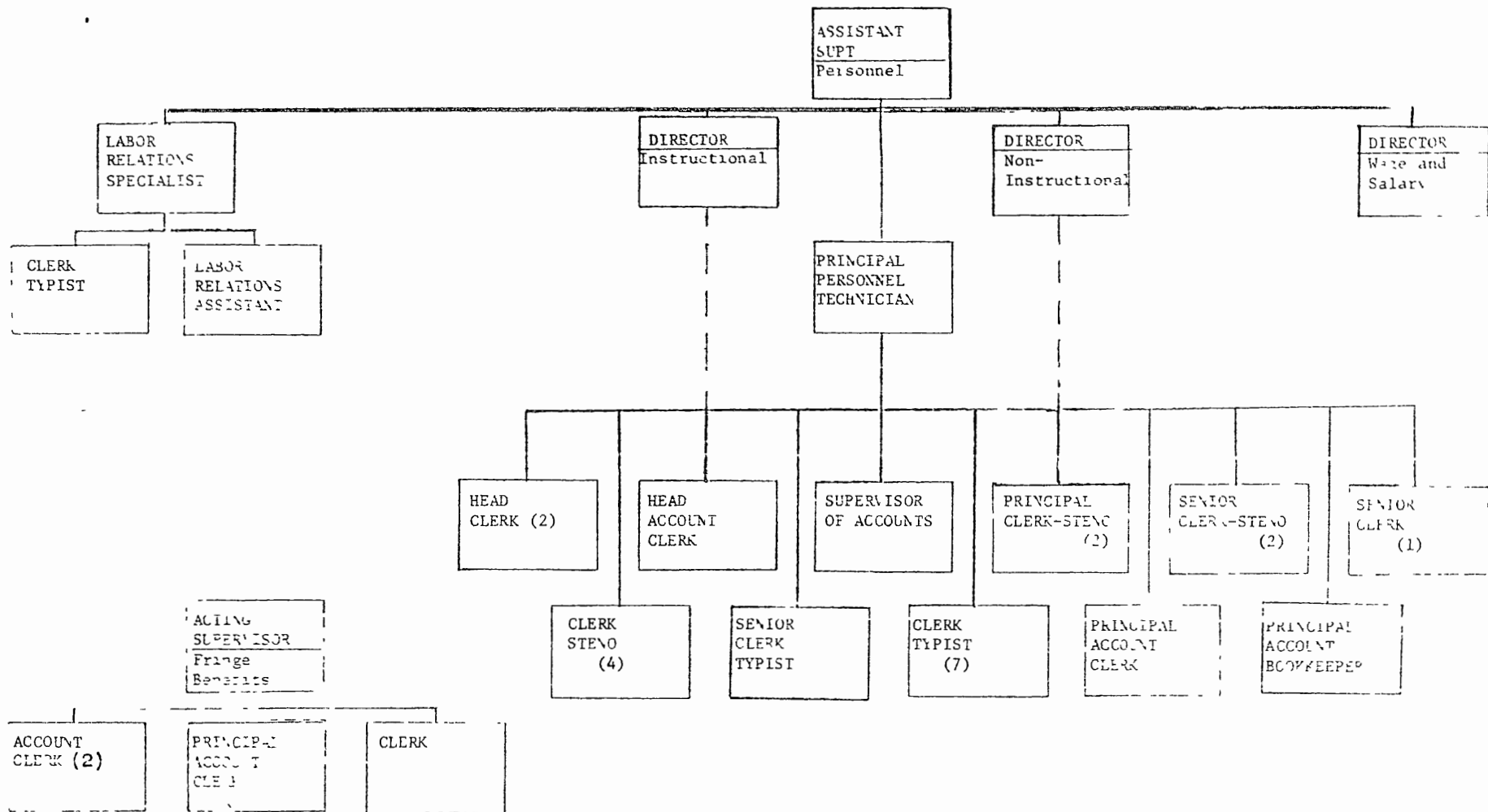
- . Consolidation of Fringe Benefits eliminates some duplicate functions
- . New procedures are more efficient
- . More efficient reporting structure.

-Employees who have been laid off effective June 30, 1975, have not been included in current or proposed organization.

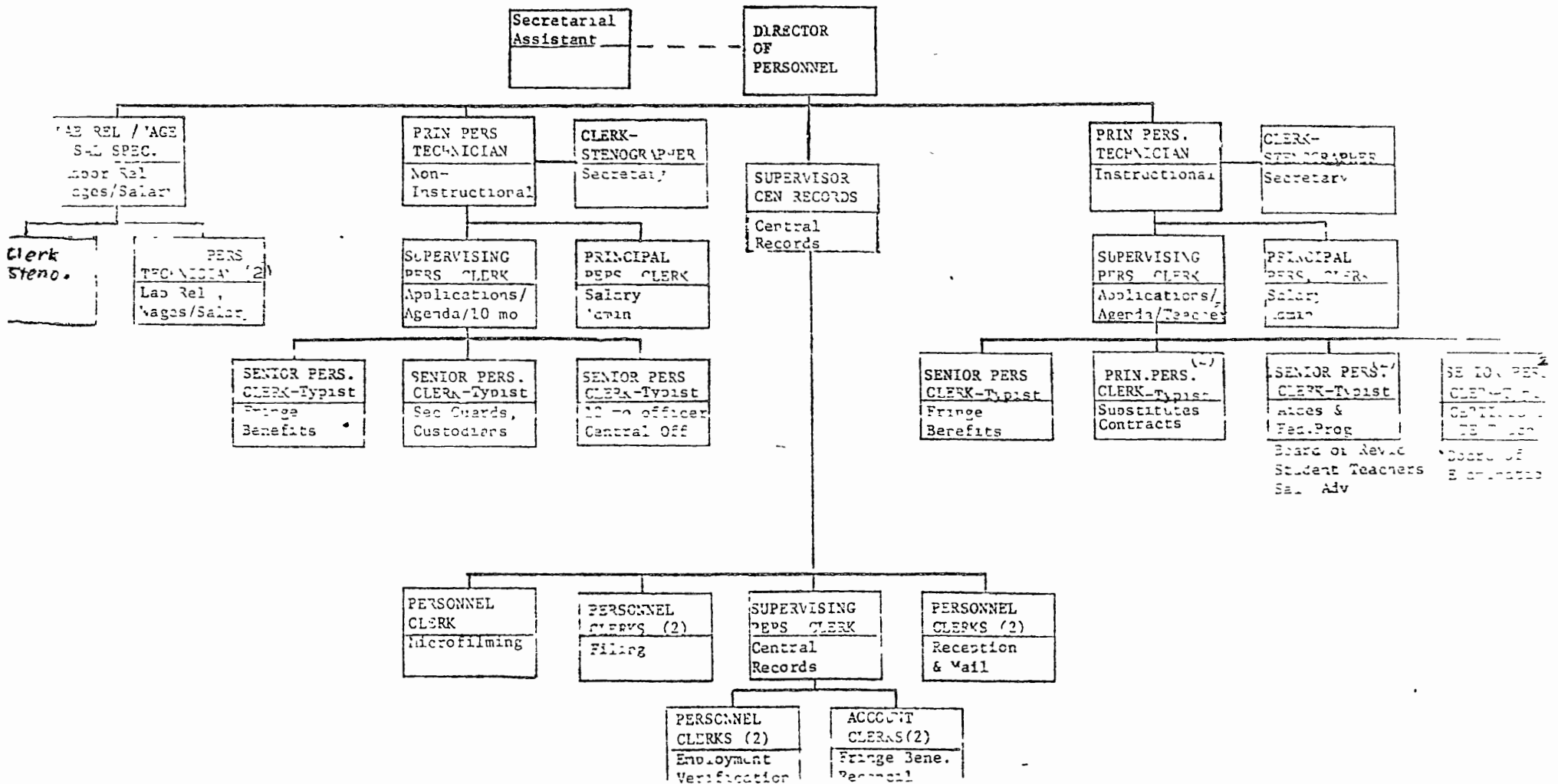
-At such time as the current Assistant Superintendent, Personnel, leaves that position, the position should become the Civil Service position, "Personnel Director".

-Further reduction in staffing level may be possible after the period of transition to the new system. Staffing levels should be reviewed in six to eight months.

PERSONNEL DEPARTMENT  
CURRENT ORGANIZATION CHART  
EXHIBIT I



NEWARK BOARD OF EDUCATION  
PROPOSED ORGANIZATION CHART  
PERSONNEL DEPARTMENT



SALARY ANALYSIS

CURRENT

<u>POSITION</u>	<u>NO. OF PEOPLE</u>	<u>TOTAL SALARIES</u>
Assistant Superintendent	1	\$ 32,500.
Director of Personnel	3	52,572.
Labor Relations Specialist	1	25,000.
Labor Relations Assistant	1	9,706.
Principal Personnel Technician	1	17,270.
Head Accounts Clerk	1	9,742.
Supervisor of Accounts	1	10,128.
Principal Clerk Bookkeeper	1	9,636.
Principal Accounts Clerk	2	16,150.
Account Clerk	2	12,985.
Principal Clerk Stenographer	2	15,042.
Senior Clerk Stenographer	2	14,842.
Clerk Stenographer	4	24,261.
Head Clerk	2	18,007
Senior Clerk	1	7,052.
Clerk	1	5,770.
Senior Clerk Typist	1	7,442.
Clerk Typist	8	43,796.
Acting Supervisor of Fringe Benefits	<u>1</u>	<u>11,605.</u>
TOTAL	36	\$343,506.

SALARY ANALYSIS

PROPOSED

<u>POSITION</u>	<u>NO. OF PEOPLE</u>	<u>TOTAL SALARIES</u>
Assistant Superintendent	1	\$ 32,500.
Principal Personnel Technicians	2	34,600.
Labor Relations/Wage & Salary Specialist	1	25,000.
Personnel Technician	2	18,076.
Secretarial Assistant	1	9,706.
Supervisor of Employee Records	1	11,710.
Clerk Stenographer	3	17,014.
Supervising Personnel Clerk	3	29,153.
Principal Personnel Clerk	2	17,943.
Principal Personnel Clerk-Typist	2	15,285.
Senior Personnel Clerk-Typist	8	53,874.
Personnel Clerk	7	39,798.
Account Clerk	<u>2</u>	<u>12,985.</u>
TOTALS	35	\$317,644.



COST COMPARISON: CURRENT VS. PROPOSED

	<u>NO. OF PEOPLE</u>	<u>TOTAL SALARY</u>
CURRENT	36	\$343,506.
PROPOSED	<u>35</u>	<u>317,644.</u>
SAVING:		\$ 25,862.

PERSONNEL DEPARTMENT

POSITION CHANGES

CURRENT			PROPOSED*		
POSITION	LOW SALARY	HIGH SALARY	POSITION	LOW SALARY	HIGH SALARY
Assistant Superintendent	-	32,500.	Assistant Superintendent	25,000.	32,500.
Labor Relations Specialist	-	25,000.	Labor Relations/Wage & Salary Specialist	20,000.	25,000.
Labor Relations Assistant	8,370.	10,613.	Personnel Technician	8,370.	10,613.
Director of Personnel	-	-	Principal Personnel Technician	16,800.	23,000.
Head Accounts Clerk	8,370.	10,560.)	Supervising Personnel Clerk	8,370.	10,613.
Supervisor of Accounts	9,257.	11,394.)			
Principal Clerk Bookkeeper	7,421.	9,636.)	Principal Personnel Clerk-Typist	7,421.	9,636.
Principal Accounts Clerk	6,967.	8,813.)			
Principal Clerk Stenographer	6,967.	8,813.)	Senior Personnel Clerk-Typist	5,944.	7,790.
Senior Clerk Stenographer	5,944.	7,790.)			
Senior Clerk-Typist	5,596.	7,442.)			
Senior Clerk	5,944.	7,790.)			
Clerk Stenographer	5,474.	6,952.)	Personnel Clerk	5,179.	6,656.
Clerk Typist	5,179.	6,656.)			
Clerk	5,179.	6,656.)			

\*Proposed title changes apply to permanent Civil Service Employees only. Provisional employees will be recommended for title changes on an individual basis.

FILE INTEGRITY SYSTEM

"EDIT"

- All programs tested and system is undergoing parallel testing.
- Employee Status Forms now in use.
- Training was held during first two weeks in July, 1975.
- Cleanup of Employee Master File scheduled for completion July 11, 1975.
- File Integrity System Implementation begun July 28, 1975.

### IMPLEMENTATION PLAN

- All Personnel functions have been removed from Payroll Department.
- Procedures have been updated to reflect consolidation of Fringe Benefits and new Payroll controls.
- Physical layout of Personnel office should be changed to provide for smoother work flow
  - . New floor plan has been provided.
  - . Partitions should be moved
  - . Electrical outlets and telephones changed
- Detailed Implementation Plan has been developed (see Appendix II). Major activities shown in Table I

TABLE I

PERSONNEL IMPLEMENTATION WORK PLAN  
(SUMMARY)

	<u>RESPONSIBILITY</u>	<u>PERSON/ DAYS</u>	<u>COMPLETION DATE</u>
1. Integration of active personnel files	E. Gallimore	10 x 10	7/25
2. Preparation of training materials for new procedures	A. Rimmer (D.P.)	2 x 5	7/2
3. Design new floor plan for Personnel Department	R.Brown/R.Mills	2 x 1	7/24
4. Determine procedures for completion of new forms	A. Rimmer (D.P.)	2 x 2	6/26
5. Complete design of logs and batch transmittal forms	R.Brown/R.Mills	2 x 1	7/23
6. Reproduce forms: Payroll Notification, Personnel Advice, Logs, Batch Transmittal	R. Brown	1 x 2	7/25
7. Identify manual procedures associated with computer file integrity	S. Uzzolino	1 x 3	7/28
8. Review overall design of the system with supervisory personnel in the department	R.Brown/R.Mills	6 x ½	7/15
9. Identify source of and method to validate each entry on Fringe Benefit, Employee Status and Position Control Forms; write procedures	E. Gallimore	1 x 5	7/24
10. Identify procedures for termination of employee; determine need for additional controls or written procedures	R.Brown/R.Mills	2 x 2	7/28

PERSONNEL IMPLEMENTATION WORK PLAN  
(SUMMARY) (continued)

	RESPONSIBILITY	PERSON/ DAYS	COMPLETION DATE
11. Bring in people from Fringe Benefits	R. Brown	3 x 1	8/1
12. Evaluate Fringe Benefits reconciliation procedures and write additional procedures where needed	R. Brown/R. Barber	2 x 5	8/1
13. Centralize In Process files	S. Uzzolino/J. Morano	2 x 1	7/28
14. Conduct training in overall design and purpose of the new system	R. Brown	30 x 1/2	7/9
15. Conduct training in Agenda preparation procedure	S. Uzzolino/J. Morano R. Mills	30 x 1/2	8/1
16. Implement Agenda preparation procedures	R. Brown	(Included in #14)	8/1
17. Identify missing or incomplete Personnel/ Fringe Benefits file folders	E. Gallimore	3 x 15	8/1
18. Audit date of hire, date of appointment, pay status and hire status	E. Gallimore	3 x 15	8/1
19. Rearrange department according to new floor plan	R. Brown	6 x 1	8/8
20. Conduct training in file room procedures	E. Gallimore	4 x 1/2	8/6
21. Implement file room procedures	E. Gallimore	4 x 1/2	8/6
22. Prepare and distribute to department heads, a guidebook to new Personnel procedures	R. Brown	2 x 3	7/21
23. Conduct training of supervisory personnel in completion of keypunch briefs for new hire, status change, edit error correction and new position code procedures	D.P./R. Mills	6 x 1/2	7/14

**PERSONNEL IMPLEMENTATION WORK PLAN  
(SUMMARY) (continued)**

	RESPONSIBILITY	PERSON/ DAYS	COMPLETION DATE
24. Conduct training of all other personnel in same procedures (See #21)	R. Brown	31 x 1	7/31
25. Implement the Payroll Notification Form and procedure for making retro-active pay adjustments	S.Uzzolino/J.Morano	4 x ½	8/4
26. Implement procedures for new hire, status change, position code creation and edit error correction	R. Brown	31 x 1	7/22
BEGIN USE OF FILE INTEGRITY SYSTEM	R. Long	-	7/21
27. Conduct training for Employee Inquiry Procedure	E. Gallimore	4 x ½	7/29
28. Implement Employee Inquiry Procedure	R. Brown	(Included in #25)	7/29
29. Determine procedure to gather Personnel and Fringe Benefits forms that are missing from Personnel folders	R.Brown/R.Mills	3 x 1	8/7
30. Reproduce and distribute updated copies of user manual	R. Brown	1 x 3	7/26
31. Collect all Personnel Policy Statements; write and review Personnel Policy Manual	R. Brown	2 x 4	8/12
32. Collect missing Personnel and Fringe Benefits Forms from employees	R. Brown	4 x 20	10/3

APPENDIX I

NEW FORMS

- . POSITION REQUEST FORM
- . EMPLOYEE STATUS FORM
- . FRINGE BENEFITS FORM



# NEWARK BOARD OF EDUCATION

## POSITION REQUEST FORM

POSITION CODE

1	2	3
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ACTION CODE

- ☐ 1- ADDITION  
☐ 2- DELETION  
☐ 3- CHANGE

14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
POSITION DESCRIPTION														SALARY														SCHEDULE														STEPS														41										
DEGREE CODE														SALARY														SCHEDULE														STEPS														45										
DEGREE CODE														SALARY														SCHEDULE														STEPS														45										
DEGREE CODE														SALARY														SCHEDULE														STEPS														45										
DEGREE CODE														SALARY														SCHEDULE														STEPS														46										

### SALARY DISTRIBUTION

- ☐ 4-Annually  
☐ D-Daily  
☐ H-Hourly  
☐ S-Session

### NUMBER OF PAYS

- ☐ 10 Pays  
☐ 12 Pays  
☐ 26 Pays  
☐ 00

### CONTROL GROUP

### UNION CODE

### CONT CODE

### POSITION TYPE

- ☐ A-Administrative  
☐ N-Non-Administrative

### TITLE CATEGORY

- ☐ I-Instructional  
☐ N-Non-Instructional

### SOCIAL SECURITY

- ☐ Non-FICA  
☐ FICA 001  
☐ FICA 002

### PENSION TYPE

- ☐ T-Teacher's Pension & Annuity  
☐ E-Essex County Pension Fund  
☐ Non-Pension

### DENTAL COVERAGE

- ☐ 1-N J Dental  
☐ 2-Prudential  
☐ 0-Ineligible

### HEALTH COVERAGE

- ☐ 1-N J Health  
☐ 2-Blue Cross Blue Shield  
☐ 0-Ineligible

### A S C CODE

- ☐ M-Monthly  
☐ A-Annually  
☐ 0-Optional

### DEGREE CODE

- ☐ 01-B, A or B S Level  
☐ 02-M, A or Equiv.  
☐ 03-Doc, or Equiv.  
☐ 00-No Degree

### SHIFT SCHEDULE CODE

### OVERTIME CODE

- ☐ 1-Overtime  
☐ 2-Compensatory Time  
☐ 0-Not applicable

\*Check Position Request Form procedures for codes.

\*\*If non-degreed position, do not code degreed salary schedule.

Use step number 1, in the proposed salary schedule, for hourly or daily pay rate.

DATE APPROVED

Signature  
BOARD APPROVED

Date  
Date

# EMPLOYEE STATUS FORM

EMPLOYEE NAME										DATE OF BIRTH									
SOCIAL SECURITY NUMBER										DATE OF HIRE									
EMPLOYEE NAME										DATE APPOINTED									
STREET ADDRESS																			
CITY & STATE																			
Zip Code										ACTION CODE									

DO NOT WRITE BELOW THIS LINE - FOR OFFICE USE ONLY

This is to inform you of the indicated administrative action, approved by the Superintendent of Schools, and subject to final approval and confirmation by the Board of Education at its regular meeting.

<b>EFFECTIVE DATE</b> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div> <div style="display: flex; justify-content: space-between; width: 100px;"> <span>34</span> <span>39</span> </div>	<b>EXPIRATION DATE</b> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div> <div style="display: flex; justify-content: space-between; width: 100px;"> <span>40</span> <span>45</span> </div>	<div style="display: flex; justify-content: space-between;"> <div> <b>DATE OF AGENDA</b>  <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div> </div> <div> <b>DATE OF APPROVAL</b>  <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div> </div> </div>
<b>HIRE STATUS</b> P - Permanent V - Provisional T - Temporary M - Promotional S - Sub Per Diem S - Sub Assigned R - Regular	<b>PAY STATUS</b> A - Active T - Termination R - Retirement G - Resignation D - Death	<div style="display: flex; justify-content: space-between;"> <div> <b>SABBATICAL TYPES</b>  O - Study &amp; Observation  N - Terminal  E - Rest &amp; Recreation  L - Rel. of Forfit. (Less Sub's Pay)  P - Rel. of Forfit. (Full Salary) </div> <div> <b>FURLOUGH TYPES</b>  I - Illness  K - Care of Child  S - Special  M - Maternity </div> </div>
<b>DEGREE</b> 1 - BA-BS 2 - MA or Equiv 3 - Ph.D or Equiv. Ø - Non	<b>TRANSPORTATION</b> Tax Ø - Cancel T - New York P - Pennsylvania	<b>TRANSFER</b> From _____ Regular To _____ Substitute

NOTE: For transfer, budget information must be changed.

TYPE		SPECIAL		LOCATION		POSITION		SALARY		BASE SALARY			
CODE		PROGRAM		CODE		CODE		STEP					
50	51	52	53	54	55	56	57	58	59	60	61	62	63
PRIMARY BUDGET													
TYPE		PROGRAM		LOCATION		PERCENTAGE		ACTION CODE					
CODE		CODE		CODE		CODE							
66	67	68	69	70	71	72	73	74	75	76	77	78	79
SECONDARY BUDGET													
TYPE		PROGRAM		LOCATION		PERCENTAGE		ACTION CODE					
CODE		CODE		CODE		CODE							
80	81	82	83	84	85	86	87	88	89	90	91	92	93

Position Description\_\_\_\_\_ Location\_\_\_\_\_

Comments \_\_\_\_\_

**EXTRA COMPENSATION POSITION CODE**

1	2
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**EXTRA COMPENSATION AMOUNT**

13					15
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**LONGEVITY PAYMENT**

**20th YEAR**

69				/2
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**25th YEAR**

73					76
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**PRIOR SERVICE**

77	
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**ACTION CODE**

1	2	3
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**ADD DEL CHG**

FORM NO. A-05ESF

# NEWARK BOARD OF EDUCATION FRINGE BENEFITS FORM

Date \_\_\_\_\_

SOCIAL SECURITY NUMBER									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Name \_\_\_\_\_

FUND'D GROUP	DENTAL PLAN/COV	HEALTH PLAN/COV	A/T MONTH
<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>

ACTION CODE

**FUND'D GROUP**

- 3 = Board of Education
- 4 = Title I
- 5 = Model Cities
- 6 = All Others

**N J HEALTH PLAN**

- 10 = Employee only under 65
- 11 = Employee only over 65
- 40 = Employee and spouse under 65
- 41 = Employee and spouse employee over 65
- 42 = Employee and spouse both over 65
- 43 = Employee and spouse spouse over 65

- 50 = Family under 65
- 51 = Family employee over 65
- 52 = Family employee and spouse over 65
- 53 = Family spouse over 65
- 80 = Employee and children under 65
- 81 = Employee and children employee over 65
- 90 = No coverage

**DENTAL CODES**

- 11 = N.J. Dental Plan Single Coverage
- 15 = N.J. Dental Plan Family Coverage
- 21 = Prudential Dental Plan Single Coverage
- 25 = Prudential Dental Plan Family Coverage
- 90 = No Coverage

**BI U I CROSS BLUE SHIELD  
HEALTH PLAN**

For 3 Hr Aides Only

- 30 = Employees only under 65
- 31 = Employees only over 65
- 90 = No coverage

**INSTRUCTIONS**

- 1 Above codes are to be used as they apply
- 2 A/T month activates or terminates an employee from dental or health coverage  
To compute the activation or termination date, take the current month + 2 = A/T month  
If current month = 11 or 12, then A/T month = month + 2 12  
(Example: John Doe employed 11/8, A/T month is 01)

<b>P E N S I O N</b>	<b>CONTRIBUTORY</b>	<b>PENSION ARREARS</b>																
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ACTION CODE

<b>UNITED APPEALS</b>	<b>ADDITIONAL</b>	<b>MISC. #2</b>	<b>CHILD SUPPORT</b>														
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### NEXT STEPS

- Implement organization changes and procedures as scheduled on the Work Plan.
- Monitor operation of the new system.
- Distribute stocks of Personnel Advice Forms and Request for Personnel Action Forms to principals and department supervisors.
- Distribute revised copies of procedures guide to principals and department supervisors.

APPENDIX II

PERSONNEL IMPLEMENTATION WORK PLAN

	<u>RESPONSIBILITY</u>	<u>PERSON/ DAYS</u>	<u>COMPLETION DATE</u>
1.0 Integration of Active Personnel file	E. Gallimore	10 x 10	7/29
1.1 Alphabetize active files	"		
1.2 Print alphabetic list of all active employees	(D.P.)		
1.3 Compare active Personnel files with alphabetic list to identify missing or inactive files	E. Gallimore		
1.4 Affix gummed labels to all active files	"		
1.5 Remove inactive files to inactive file set	"		
2.0 Prepare training materials for new procedures	A. Rimmer (D.P.)	2 x 5	7/2
2.1 Identify training requirements for new procedures	"		
2.2 Identify people to receive training in each procedure	"		
2.3 Prepare training schedule	"		
2.4 Prepare training outlines, copies of procedures, visual aids, and examples of forms	"		

PERSONNEL IMPLEMENTATION  
WORK PLAN (continued)

	RESPONSIBILITY	PERSON/ DAYS	COMPLETION DATE
3.0 Design new floor plan for Personnel Department	R.Brown/R.Mills	2 x 1	7/24
3.1 Determine position in floor plan for fringe benefit desks, storage of forms, file cabinets for miscellaneous files and two In Process file cabinets	"		
3.2 Draw new floor plan	"		
3.3. Review new floor plan	"		
3.4 Contact custodial services to fix two dates:			
-Date to implement new floor plan			
-Date to move in fringe benefits			
4.0 Determine procedure for completion of new forms	A. Rimmer (D.P.)	2 x 2	6/26
4.1 Review material to identify need for revision	"		
4.2 Write any new procedures that are required	"		
5.0 Complete design of logs and batch transmittal forms	R.Brown/R.Mills	2 x 1	7/23

PERSONNEL IMPLEMENTATION  
WORK PLAN (continued)

	RESPONSIBILITY	PERSON/ DAYS	START DATE	COMPLETION DATE
6.0 Reproduce forms: Payroll Notifi- cation, Personnel Advice, Logs, Batch Transmittal	R. Brown	1 x 2		7/29
7.0 Identify manual procedures associated with computer file integrity	S. Uzzolino	1 x 3		7/28
7.1 Write new procedures	"			
8.0 Review overall design of the system with supervisory personnel	R.Brown/R.Mills	6 x 1/2		7/15
9.0 Identify source of and method to validate each entry on the fringe benefit, employee status and position control forms	E. Gallimore	1 x 5		7/24
9.1 Write procedures	"			
10.0 Identify procedures for termination of employees	R.Brown/R.Mills	2 x 2		7/28
10.1 Gather information on forms, proced- ures now in use	"			
10.2 Identify need for additional con- trols and written procedures	"			
10.3 Write up new procedures	"			

PERSONNEL IMPLEMENTATION  
WORK PLAN (continued)

	RESPONSIBILITY	PERSON/ DAYS	COMPLETION DATE
10.4 Review new procedures	"		
10.5 Prepare notification for department supervisors	"		
11.0 Bring in Fringe Benefit people	R. Brown	3 x 1	8/1
11.1 Rewrite job descriptions	"		
11.2 Identify chain of command	"		
12.0 Evaluate Fringe Benefits Reconciliation procedures	R. Brown/R.Barber	2 x 5	8/1
12.1 Identify schedule and place in users manual	"		
12.2 Identify need for new procedures	"		
12.3 Write new procedures	"		
12.4 Collect instruction manuals for completion of all external benefits forms	"		
13.0 Centralize In Process files	S.Uzzolino/J.Morano	2 x 1	7/28
13.1 Move in two file cabinets for In Process files	"		
13.2 Remove all In Process files from clerks' desks and place in the designated file cabinets	"		



PERSONNEL IMPLEMENTATION  
WORK PLAN (continued)

	RESPONSIBILITY	PERSON/ DAYS	START DATE	COMPLETION DATE
14.0	Conduct training in overall design and purpose of the new system	R. Brown	30 x ¼	7/9
15.0	Conduct training on Agenda preparation procedure	S.Uzzolino/J.Morano/ R. Mills	30 x ¼	8/1
15.1	Distribute and explain procedures	"		
15.2	Reassign Agenda preparation to two clerks - relieve all others of this clerical task	"		
15.3	Halt preparation of Agenda from In Process files	"		
15.4	Determine content and format of Agenda	W.Parker/R.Brown	2 x ½	7/9
16.0	Implement Agenda preparation procedure	R.Brown	(Included in #14)	8/1
16.1	Directors begin to maintain lists of Agenda items according to procedure	"		
16.2	Direct that all new hire and status change forms be completed prior to Agenda preparation	"		

PERSONNEL IMPLEMENTATION  
WORK PLAN (continued)

	RESPONSIBILITY	PERSON/ DAYS	COMPLETION DATE
17.0 Identify missing or incomplete Personnel/Fringe Benefit file folders	E. Gallimore	3 x 15	8/1
17.1 Compile list of missing Personnel file folders using alphabetic listing	"		
17.2 Prepare check lists of file folder contents	"		
17.3 Examine contents of each active file to determine completeness	"		
17.4 Compile list of incomplete file folders	"		
17.5 Sort list of incomplete files by location of employee; show Personnel and/or Fringe Benefit forms that are missing	"		
18.0 Audit date of hire, date of appointment, pay status and hire status	E. Gallimore	3 x 15	8/1
18.1 Compare all active Personnel folders with computer list	"		
18.2 Post dates and pay/hire status to computer list when this information does not appear on the list as it does in the folder	"		
19.0 Rearrange department according to new floor plan	R. Brown	6 x 1	8/8

PERSONNEL IMPLEMENTATION  
WORK PLAN (continued)

		RESPONSIBILITY	PERSON/ DAYS	COMPLETION DATE
20.0	Conduct training on file room procedures	E. Gallimore	4 x ½	8/6
20.1	Distribute and explain new procedures	"		
20.2	Distribute logs and file request forms	"		
21.0	Implement new file room check-out procedures	E. Gallimore	4 x 1	8/6
21.1	Prepare and distribute notification of new procedures	"		
21.2	Begin sign-out procedures in file room - no exceptions	"		
21.3	Install physical barrier to block access to records room	Repair & Maintenance		?
22.0	Prepare and distribute to department heads a guidebook to new Personnel procedures	R. Brown	2 x 3	7/21
23.0	Conduct training of supervisory personnel in completion of keypunch briefs for new hire, status change, edit error correction, and new position code procedures	D.P./ R.Mills	6 x ½	7/14
23.1	Discuss training outlines	"		

**PERSONNEL IMPLEMENTATION  
WORK PLAN (continued)**

	<u>RESPONSIBILITY</u>	<u>PERSON/ DAYS</u>	<u>COMPLETION DATE</u>
23.2 Explain completion of forms	"		
24.0 Conduct training of all other personnel in same procedures (See task #21.0)	R. Brown	30 x 1	7/31
25.0 Implement Payroll Notification Form	S.Uzzolino/J.Morano	4 x ½	8/4
25.1 Review procedures for completion of forms	"		
25.2 Remove stocks of forms from Personnel department	"		
26.0 Implement procedures for new hire, status change, position code creation and edit error correction	R. Brown	30 x 1	7/22
26.1 Distribute supplies of all forms to appropriate clerks	"		
26.2 Remove blank stocks of obsolete forms	"		
26.3 Begin use of File Integrity System	R. Long	-	7/28
27.0 Conduct training in employee inquiry procedure	E. Gallimore	4 x ½	7/29
27.1 Identify clerks responsible for employee inquiry procedure	"		

PERSONNEL IMPLEMENTATION  
WORK PLAN (continued)

	RESPONSIBILITY	PERSON/ DAYS	COMPLETION DATE
27.2	Identify resources needed to respond to inquiries (listings, files)	E. Gallimore	
27.3	Provide above resources to clerks who are responsible for inquiry procedures	"	
27.4	Distribute and explain procedures	"	
28.0	Implement employee inquiry procedure	R. Brown (Included in #25)	7/29
29.0	Determine procedure to gather Personnel and Fringe Benefit forms that are missing from Personnel folders	R. Brown/R. Mills E. Gallimore 3 x 1	8/7
29.1	Review listings of missing forms	"	
29.2	Determine a schedule of location visits to complete missing forms	"	
30.0	Reproduce and distribute updated copies of users manual	R. Brown 1 x 3	7/26
31.0	Establish file of all policy statements, contracts and laws regarding Personnel	R. Brown 2 x 4	8/12

PERSONNEL IMPLEMENTATION  
WORK PLAN (continued)

	RESPONSIBILITY	PERSON/ DAYS	START DATE	COMPLETION DATE
31.1	Draft policy manual	R. Brown		
31.2	Review policy manual	Bd.of Education		
31.3	Print and distribute	R. Brown		
32.0	Collect missing Personnel and Fringe Benefit forms from employees	R. Brown	4 x 20	10/3

CHAPTER 8

REPAIR AND MAINTENANCE TASK FORCE

FINAL RECOMMENDATIONS

NEWARK BOARD OF EDUCATION  
REPAIR AND MAINTENANCE DIVISION  
PROJECT SUMMARY REPORT

APRIL 24, 1975



## CONTENTS

- Our Approach to the Problem
  - General Approach
  - Specific Areas Reviewed
- Problems Identified
- Comparative Problem Matrix as Test of Thoroughness
- Recommendations Based on Identified Problems
  - Top Organization Changes
  - Organization and Administration
    - .. Existing
    - .. Proposed Changes
    - .. Major Changes and Benefits in New Organization
  - New Work Request System and Procedures
    - .. General
    - .. Flow Diagram of Work Request System
    - .. Highlights
      - ... Controls
      - ... Expediting
      - ... Communication
      - ... Preventive Maintenance
      - ... Logistics
- Management Reporting
  - Components
  - Mechanics of System
- Next Steps

## OUR APPROACH TO THE PROBLEM

### - General

- . Worked closely with all departments and all levels in each department.
- . Want to thank Mr. McAlindin, Mr. Braxton and Miss Dalton for their cooperation.
- . The changes that appear here have been agreed to by these gentlemen.

### - Specific Areas Reviewed

- . Organization
- . Administration
- . Work Order Systems and Procedures
- . Logistics
- . Management Reports
- . Scheduling
- . Preventive Maintenance

### PROBLEMS IDENTIFIED

- Lack of clear procedures at school level for reporting need for services from Repair and Maintenance.
- Lack of understanding by school principals and custodians as to which jobs.
  - . Go to Repair and Maintenance
  - . Go to Design and Construction
  - . Should be handled by Custodians
- Lack of communication between Repair and Maintenance and schools.
- Inability of Repair and Maintenance to properly monitor and control its own activities.
- Immeasurable delays in responding to requests for service.
- Inability to utilize local vendors to obtain supplies.
- Outside contractors refuse to do business with Board because of failure to pay contractors in timely manner (this identified as Purchasing/Accounts Payable problem).
- Lack of planning daily schedules.
- Need to respond to large numbers of emergency requests.
- Need to respond to large numbers of vandalism caused work orders.
- Divert staff from routine repair work to major capital projects.
- Poor logistics in procurement of supplies and delivery to work site (no control over trucks and drivers).
- No effective preventive maintenance program.
- Inequities in financial compensation of administrators.

COMPARATIVE PROBLEM MATRIX AS TEST OF THOROUGHNESS

	<u>Chamber of Commerce</u>	<u>State Report</u>	<u>Task Force Findings</u>
1. Lack of clear procedures at the school level to report a need for service.	X	X	X
2. Lack of understanding by school principal and custodian as to what requests for service should go to Repair and Maintenance and which should go to Design and Construction.	Did Not Identify	Did Not Identify	X
3. Lack of communication between principals and Repair and Maintenance Department.	Did Not Identify	Did Not Identify	X
4. Inability of Repair and Maintenance to properly monitor its own activities.	Did Not Identify	Did Not Identify	X
5. Repair and Maintenance delays in responding to requests.	X	X	X
6. Inability of Repair and Maintenance to utilize local vendors to obtain small quantities of supplies.	Did Not Identify	Did Not Identify	X
7. Some outside contractors refuse to supply service to the Board because of non-payment.	X	X	X
8. Lack of planning daily schedules.	Did Not Identify	X	X <sup>1</sup>
9. Repair and Maintenance must respond to a large number of emergency type situations.	Did Not Identify	Did Not Identify	X
10. Repair and Maintenance must respond to a large number of requests that result from vandalism.	Did Not Identify	Did Not Identify	X
11. Repair and Maintenance must divert staff from normal repair work to major alternation or capital type projects for which there are no budgeted funds.	Did Not Identify	Did Not Identify	X
12. Lack of truck availability as required.	X	Did Not Identify	X

	<u>Chamber of Commerce</u>	<u>State Report</u>	<u>Task Force Findings</u>
13. No preventive maintenance program.	X	X	X <sup>2</sup>
14. Inequities in financial compensation for Supervisors, Deputy Director, and Director of Repair and Maintenance.	Did Not Identify	Did Not Identify	X
15. Storage warehouses too scattered.	X	Did Not Identify	Warehouses already consolidat

Note:

1. Planning is being done but it is not effective.
2. There is a preventive maintenance program for boilers. More detailed schedule of routine maintenance is being prepared.

## RECOMMENDATIONS

### - Top Organization Changes

- Need for Changing Top Management

The specific problems are due to a large degree to lack of planning and effective administration by the top management of Repair and Maintenance.

- .. Little control of records

- ... Backlog overstated
    - ... Aged backlog not tracked
    - ... Filing is four months behind

- .. Little control of procedures occurring in the Repair and Maintenance Department

- ... Lack of planning daily schedules
    - ... Poor logistics in procurement of supplies and delivery to work site

- .. Non-functioning supervisors

- ... Responsibilities picked up by Director
    - ... Result is Director functions as Line Manager and not as an Administrator

- .. Inappropriate salary levels above foreman

- Organizational Recommendations

- .. Major changes and benefits in new organization

Objective of Reorganization - reducing confusion by consolidating similar functions. Establish minor repair and adjustment functions at school level.

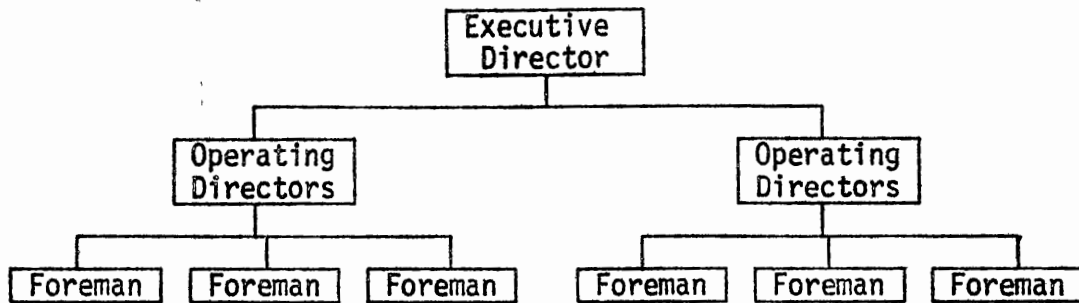
- ... Eliminate one level of supervisor and rewrite job description of Director

- .... Places direct operating control above foreman
      - .... Improves communication and control
      - .... Establishes administrative position with explicit charge to monitor department performance and react to systems problems

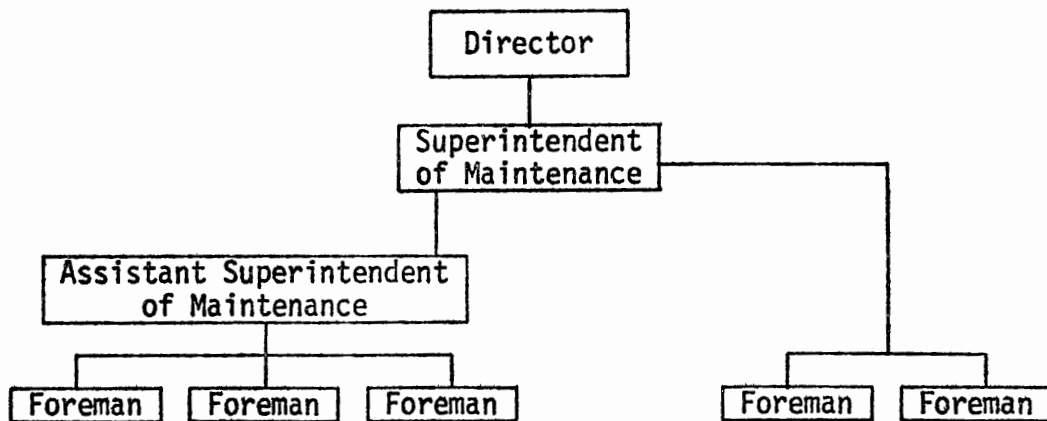
.. Civil Service input

In order to facilitate smooth achievement of the proposed system, the following has been adopted in conjunction with Civil Service:

Organization



Actual



• Salary Scales

CURRENT ORGANIZATION				PROPOSED ORGANIZATION			
Carpentry Foreman \$19,530 Electrical Foreman 20,600 Glazing Foreman 18,200				No Change No Change No Change			
CURRENT ORGANIZATION				PROPOSED ORGANIZATION			
	Low	Mid	High		Low	Mid	High
Director	14,875	17,645	20,414	Director	21,000	24,000	27,000
Deputy Director	18,462	20,841	23,220	Maintenance			
Supervisor 1	14,770	16,880	18,990	Superintendent	19,000	21,750	24,500
Supervisor 2	14,770	16,880	18,990	Assistant Super. of Maintenance	18,000	20,500	23,000
Total	62,877	72,246	81,614	Total	58,000	66,250	74,500

PROPOSED ORGANIZATION SAVINGS

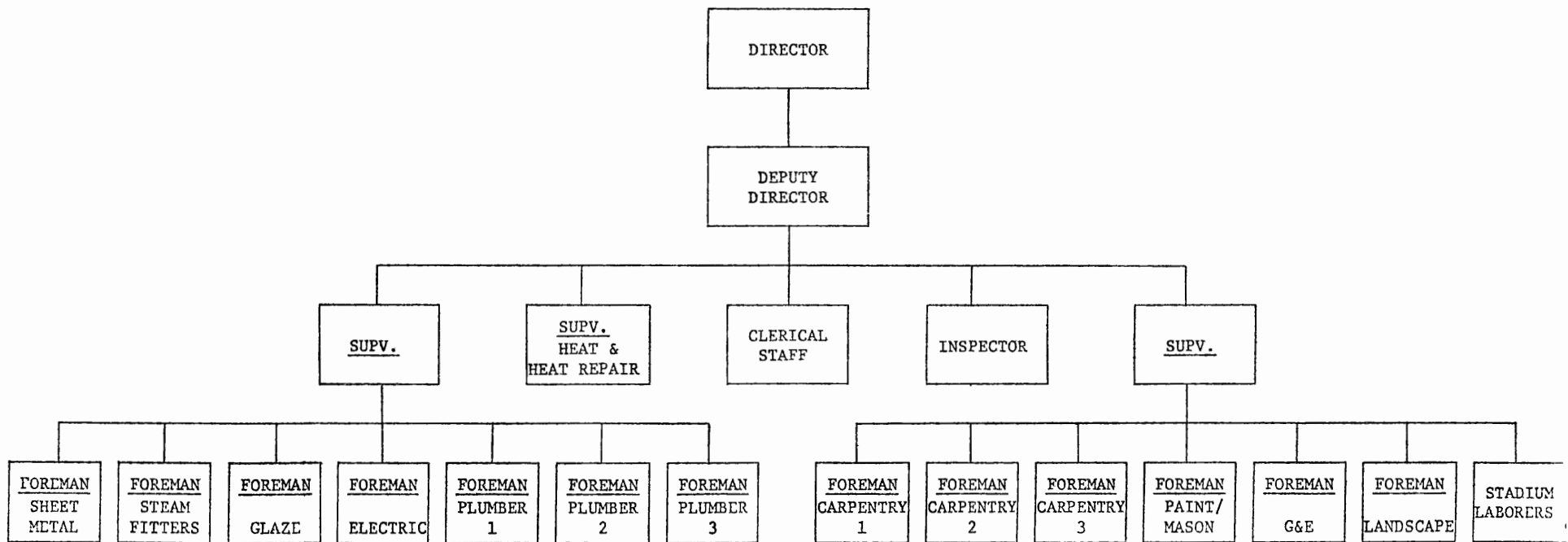
	Low	Mid	High
\$ Savings	\$4,877	\$5,996	\$7,114

- Organization and Administration

- Old and new organization charts on the two following pages

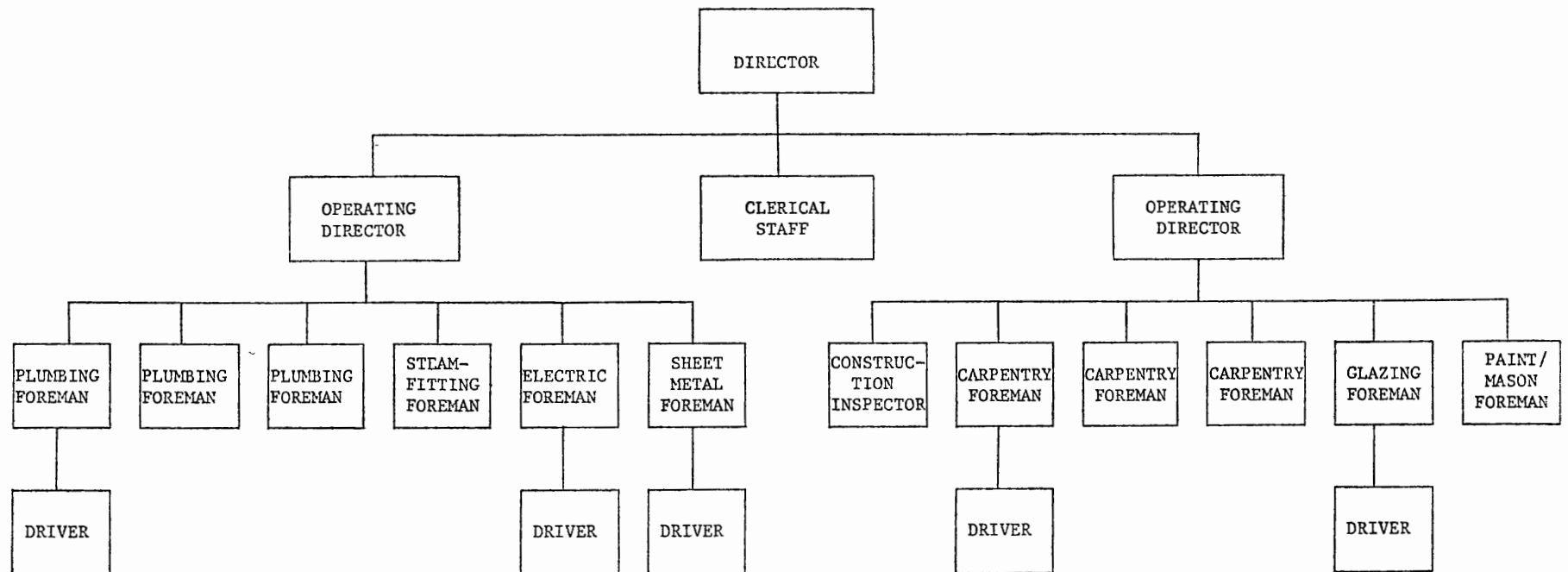


CURRENT ORGANIZATION  
REPAIR & MAINTENANCE



ALTERNATIVE ORGANIZATION

REPAIR & MAINTENANCE



- . Major changes and benefits in new organization.

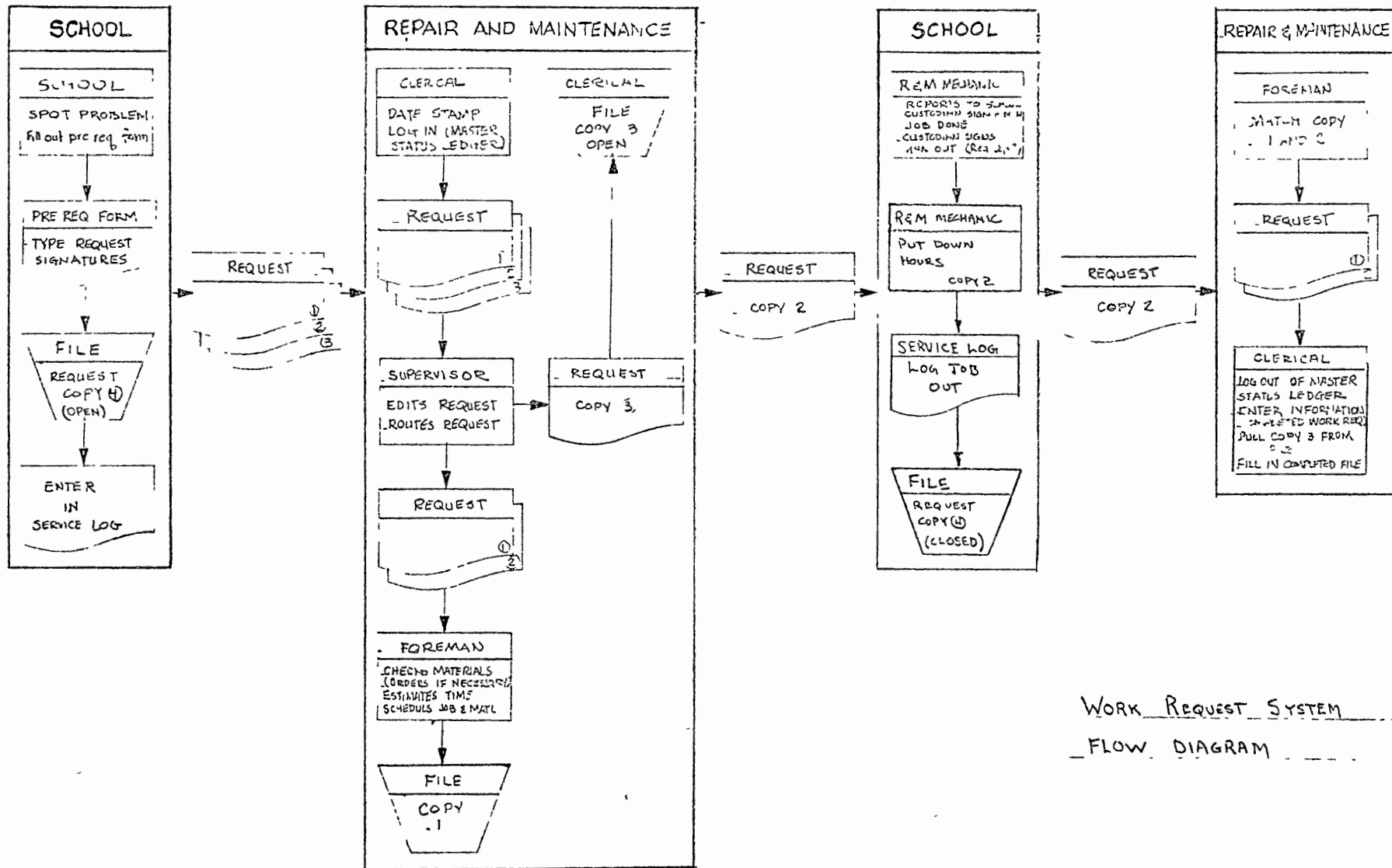
Objective of Reorganization - reducing confusion by consolidating similar functions. Establish minor repair and adjustment functions at school level.

- .. School Construction Inspector reports to Operating Director instead of Division Director.
  - ... Removes day-to-day operating responsibilities from top administrative position.
- .. Transfer supervisor of Heating and Heating Repairs to custodial services over fireman.
  - ... Eliminate position of Boiler Inspector - presently unfilled.
  - ... Consolidate HVAC responsibilities under custodial services which include Preventive Maintenance by Custodial Firemen.
- .. Transfer grounds and equipment, senior maintenance repairmen, labors, upholsters, audio repairmen to custodial services.
  - ... Consolidate trade functions in Repair and Maintenance and non-trade (handymen) functions to Custodial Services.
- .. Transfer trucks and chauffers from motor pool to Repair and Maintenance.
  - ... Establish direct control and authority over delivery of materials to job site.
  - ... Increase utilization of trucks by eliminating chauffers reporting to motor pool every morning.
  - ... Permits preloading of trucks at end of shift for next day delivery.
- .. Transfer three stadium labors to Custodial Services.
  - ... Places labors under direct authority and control of those presently supervising their day-to-day activities.
- .. Move landscaping group to Custodial Services.
  - ... Consolidates responsibilities for grounds upkeep in Custodial Services.

- New Work Request System and Procedures

. General

- .. A controllable system which will result in more responsive service.
- .. Flow diagram of work request system (See attached chart)



WORK REQUEST SYSTEM  
FLOW DIAGRAM

. Specific Highlights

.. Controls

1. Establishment of clear control procedures at the school level so that simple repairs will be made by school custodians and firemen, and more complex jobs will be routed to the correct service division.
  - . Principal must sign all requests leaving the building and verify that the appropriate service division is designated.
  - . The custodian is responsible for recording all work that has been requested by the building, and keeping a running account of open request status.
2. Establishment of procedures for rejecting incorrect and/or incomplete work requests received by repair and maintenance.
  - . Repair and maintenance clerical will screen all work requests prior to the supervisory evaluation
3. Establishment of control procedures in the repair and maintenance division so that all requests are organized and follow up on requests is routine.
  - . A series of specific files has been designated to keep control of work from the point it enters the Repair and Maintenance Department.
  - . All extra, unnecessary document copies will be thrown away.

4. Establishment of a system to control inventory so the Repair and Maintenance Department will not run out of stock materials.
  - . Keep lead time supply in a bag or on designated shelves. Reorder when these supplies are starting to be used.
5. Establishment of control procedures for dealing with work requests involving more than one trade. (MULTITRADES).
  - . By sending each trade a dated request of when all trades should be contributing their services, Foremen will have enough time to schedule their piece of the work.
6. Establishment of procedures to control the scheduling of repair and maintenance work.
  - . A system has been developed to have a routine schedule so that all schools receive service on a regular basis.
  - . Each trade will send teams into different regions so men will not have to travel far to get to an emergency.
  - . Policies to minimize travel time between schools have been developed. (i.e. men will only report to a different school at the beginning of a day)

.. Expediting

1. Streamline the daily processing of work requests.
  - . Having work request forms typed at every school rather than having them all typed as they come to repair and maintenance.
2. Streamline the time that it takes for the work request to go from the school to the repair and maintenance division.
  - . The school will send work requests directly to the division providing the service eliminating routing through the Assistant Superintendent.

3. Streamline the purchasing of outside contracting services.

- . Eliminate the purchasing division rubber stamping of these purchase orders.

4. Streamline the handling of emergency equipment repairs (i.e. cafeteria equipment)

- . Having schools contact the purchasing division directly instead of going through the repair and maintenance department.

.. Communication

1. Require communication between the Repair and Maintenance Division and any school if a work request is inappropriate or will be delayed.

- . By having the Principal receive all communication from the Repair and Maintenance Division he will:

- .. Get a better grasp on Repair and Maintenance functions, and

- .. Be kept informed of Repair Request status.

- . By routing the status letter to the Custodian, he may decide to take some interim action.

.. Preventive Maintenance

1. A documented preventive maintenance system for the heating and ventilating system, has been developed, it includes:

- . Responsibilities, time schedules, and reports.

.. Logistics

1. Establishment of procedures for routing materials to the job sites has been developed.

- . Minimize transportation time and cost.

2. Institute new purchasing procedures to acquire materials.

- . State contracts
- . Open contracts
- . Blanket contracts



# MANAGEMENT REPORTING

- Components
  - . Work requisition system
  - . Data collected
    - .. By school
    - .. By repair and maintenance
- Mechanics of system
  - . Information reporting matrix

	RECIPIENT							
	Repair & Maintenance				School Principal	School Custodian	Custodial Dept.	Superintendent
INFORMATION REPORTED	Foreman	Supervisor	Director	Business Man				
Productivity by Trade	X	X	X	X				
Aged Backlog/Trade/School		X						
Backlog in delay or unassigned			X					
Total departmental backlog			X	X				
Divisional productivity			X	X				
School backlog			X	X	X	X	X	
School performance			X	X	X	X	X	
Summary of problem schools								X
Summary of backlog								X

### NEXT STEPS

- . Approval by Board
- . Final editing of manuals and forms and flow diagrams
- . Order forms
- . Prepare training materials
- . Conduct training
- . Implement
- . Monitor

CHAPTER 9

PURCHASING TASK FORCE

FINAL RECOMMENDATIONS

PURCHASING TASK FORCE

JULY 1975

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## INTRODUCTION

### RESPONSIBILITIES OF PURCHASING

- . The Purchasing Division is responsible for buying goods and services for the schools and departments of the Newark Board of Education.
- . The Purchasing Division is responsible for the quality of merchandise bought.
- . The Purchasing Division is responsible for insuring prompt vendor compliance.
- . The Purchasing Division is responsible for making sure the location that has received goods or service acknowledges completion by sending in the appropriate documents.
- . The Purchasing Division is responsible for total interface with all vendors.

### SPECIFIC FUNCTIONS

- . Purchasing will evaluate all requests for products and services and draw up detailed specifications.
- . Purchasing will send these specifications to appropriate suppliers.
- . Purchasing will receive bids from various suppliers and evaluate them.
- . The buyer will recommend the supplier to award the contract.
- . Upon approval (level of approval dependent on dollar amount), the clerical staff will type up a purchase order.
- . Funds will be encumbered by Accounts Payable and the purchase order returned to the Purchasing Division.
- . Purchasing will distribute all copies of the purchase order.
- . Purchasing will monitor delivery and quality of goods or services.

### WORK PROCESSING SYSTEMS

- . There is not one system for processing a purchasing request. There are six independent work flows depending on what is being ordered and what time in the year it is being ordered.

## INTRODUCTION (continued)

- .. Requisitions
- .. Cafeteria
- .. Annual Supply Orders
- .. Confirming Orders (Non-biddable)
- .. Annual Textbook Orders
- .. Confirming orders - (biddable)

## SYSTEMS PRESENTLY UTILIZED

- . All goods and services do not go through the same work flow when being purchased. The method of purchasing depends on two major criteria:
  - .. What is being purchased
  - .. What time in the school year the purchase occurs.
- . There are six independent systems that operate under the purchasing umbrella throughout the course of the year.

SYSTEM DESCRIPTION	\$ OF PURCHASES PER YEAR	%	# OF PURCHASE ORDERS PROCESSED/YEAR	%
1. Requisitions	\$ 6,343,500.	32%	5,600	34%
2. Cafeteria	5,765,500.	29%	2,600	16%
3. Annual Supply Orders	3,350,000.	17%	3,500	21%
4. Confirming Orders (Non-Biddable)	3,150,000.	15%	650	4%
5. Annual Textbook Orders	955,500.	5%	3,700	22%
6. Confirming Orders (Biddable)	425,000.	2%	550	3%
TOTAL	\$19,989,500.	100%	16,600	100%

- .. THE REQUISITION SYSTEM - If a school or department needs particular goods or services at any time throughout the year and there are funds available in their budget, they issue a requisition to Purchasing for procurement.
- .. THE CAFETERIA SYSTEM - Depending on the type of goods (i.e., meat, perishable, non-perishable), the Purchasing Division will go out

## INTRODUCTION (continued)

for competitive bids on a weekly, biweekly, monthly, semi-annual, or annual basis. A purchase order will be made up to pay the vendor for each invoice.

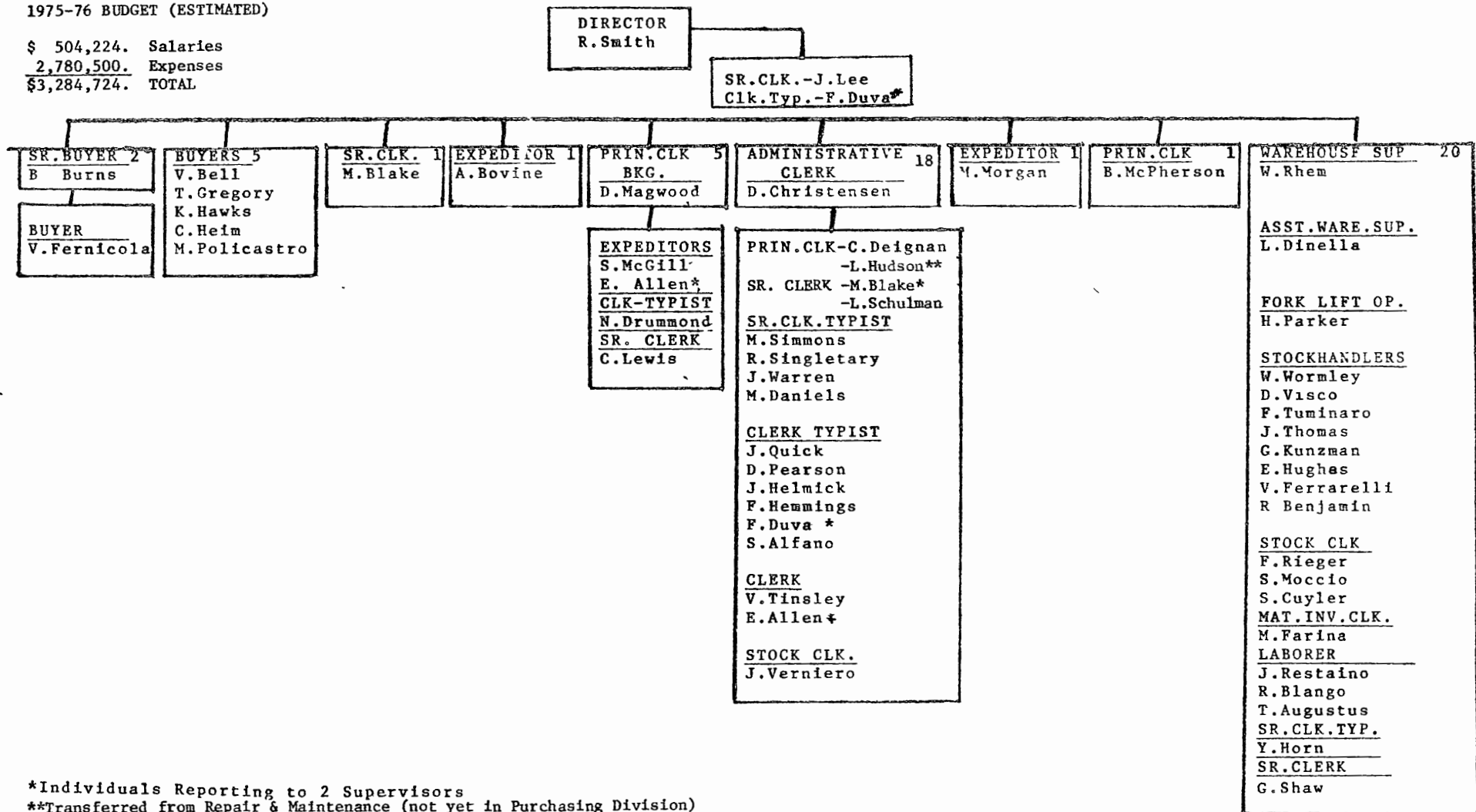
- .. ANNUAL SUPPLY ORDER - Once a year (usually by April), each school will submit a request for next year's supplies (school supplies, janitorial supplies, etc.). The quantities for each item will be compiled by Purchasing and the competitive bidding process will occur. 95% to 98% of the orders are delivered to the depository and from there distributed to each school.
- .. CONFIRMING ORDERS (NON-BIDDABLE) - A confirming order refers to a product that has been bought or a service that has been rendered prior to a purchase order being generated. Non-biddables refer to utility bills, employee reimbursements, and professional fees and services.
- .. ANNUAL TEXTBOOK ORDERS - Once a year, each school will submit its next year's request for textbooks. This is an automated system where purchase orders are generated by the computers in Data Processing.
- .. CONFIRMING ORDERS (BIDDABLE) - These confirming orders refer to those goods bought or services rendered prior to a purchase order being generated that would ordinarily have to be bid on. Because of an emergency situation, there was no time to go through the bidding procedures.



PURCHASING DIVISION - CURRENT ORGANIZATIONAL CHART

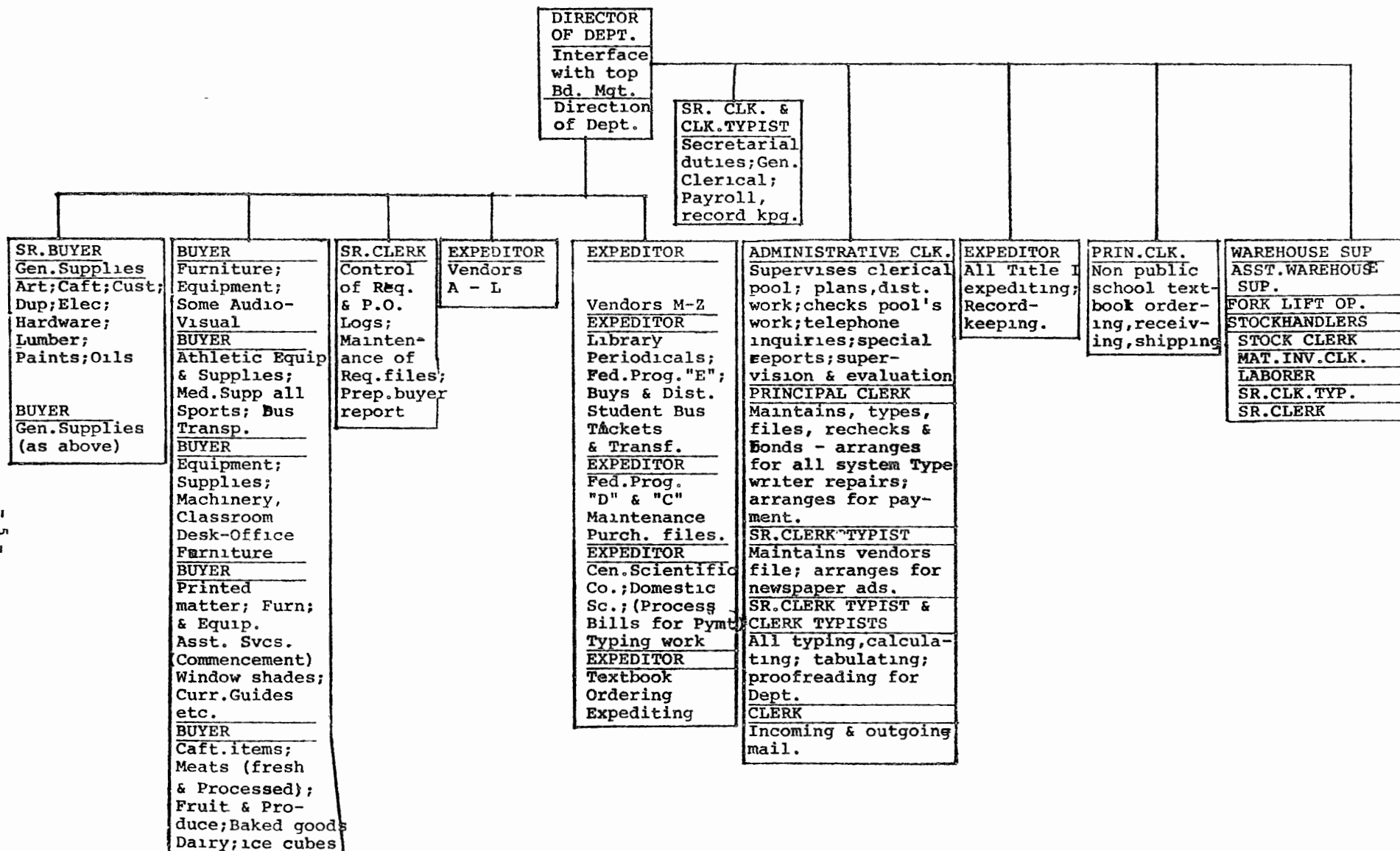
1975-76 BUDGET (ESTIMATED)

\$ 504,224. Salaries  
 2,780,500. Expenses  
\$3,284,724. TOTAL



\*Individuals Reporting to 2 Supervisors  
 \*\*Transferred from Repair & Maintenance (not yet in Purchasing Division)

PURCHASING & SUPPLIES - ACTUAL FUNCTIONAL CHART



#### PROBLEMS WITH THE CURRENT ORGANIZATION

- . The director's span of control is too large. There are currently sixteen people reporting to the director.
  - .. The director must spend her time acting as a supervisor, since she is so close to the day to day operation.
  - .. The director does not act in an administrative capacity, setting policies and reviewing overall divisional performance.
- . There is no logical career path for employees within the Purchasing Division.
  - .. Specifically, there is no organizational level between a clerical position and a buying position. When a member of the clerical staff is promoted to buyer he has no familiarity with the function he is expected to perform.
- . Several buyers are assigned the same commodity categories.
  - .. This practice makes it difficult for a buyer to develop expertise in commodity category.
  - .. Additionally, this practice makes it difficult for buyers to become acquainted with various vendors and develop knowledge of a vendor's previous performance.

TASK FORCE ACCOMPLISHMENTS TO DATE

While the State Task Force was in its analysis phase, several problems were identified which warranted immediate action:

- . The Purchasing Division was uncertain how to purchase supplies for the 1975-76 school year. Although the budget had not been approved, all the annual orders had been received. If bids were not sent to vendors, the arrival of supplies for September school opening would be doubtful.
  - .. At the Task Force's recommendation, Purchasing went out to bid on 50% of the total annual order. This would assure that sufficient quantities of supplies would be in the schools by September without exceeding the final budgetary limits.
- . Very little use was being made of term contracts in the Purchasing Division.
  - .. The State Task Force assembled the Notice of Awards on all State of New Jersey Term Contracts that the Newark Board of Education could use. This enabled Purchasing to bypass the lengthy bidding procedure and place orders directly.
  - .. Additionally, several informal training sessions were held instructing the Purchasing buyers in the use of State Contracts.
  - .. Informal training sessions were also held to instruct Board of Education buyers how to set up their own term contracts.

GENERAL PURCHASING PROBLEMS  
AND SPECIFIC SOLUTIONS

The following section describes the general problems of the Purchasing Division and corrective measures to minimize the effect of those problems. These are problems that are common to all of the six independent purchasing work flows.

PROBLEM 1. Purchasing experiences a low rate of vendor participation when soliciting bids.

- Many bid specification lists are too broad, the commodity categories are not well defined, and vendors are asked to bid on items they do not sell.
- Vendors are reluctant to deal with the Board of Education because of the slow payment rate.
- The Board of Education places many restrictions on vendors submitting bids to Purchasing.

SOLUTION: The Director of Purchasing is assigned the specific responsibility of reviewing all items and making sure they are properly categorized. As a result of this action, vendors will receive item specifications only for products they sell.

SOLUTION: The standard Board of Education boiler plate should be rewritten with the following deletions and modifications:

1. Performance Bonds should only be required on awards in excess of \$2500.00, and should be a uniform 10%. In addition to simplifying procedures, it will lower bid prices, since the fee charged by the surety company for the Bond is usually factored into the bid prices.
2. Current format for compliance with the Affidavit of Bidders requirement is too cumbersome, i.e., requiring witness to affidavit, identifying State, City or County of. Format for this should be simplified, and requirement for witness to the signature be eliminated. Suggested format would be:

SIGNATURE OF BIDDER (Bid must be signed)	TITLE	DATE
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The bidding specification would indicate that the person signing the bid must be authorized to sign bids on behalf of his company. Additionally, protection in this respect is guaranteed by the Bid and Performance Bond requirements.

GENERAL PURCHASING PROBLEMS AND SPECIFIC SOLUTIONS (continued)

3. The non-collusion affidavit should be eliminated since collusion is already illegal. It is very difficult for the Board to enforce compliance.

4. Unincorporated and incorporated bidders' information should be eliminated as a basis for bid disqualification. This information should be asked for however.

5. Name of the Performance Bond Surety Company should be eliminated as a basis of bid disqualification.

PROBLEM 2. There is no overall control of purchase orders by the Board of Education.

SOLUTION: Purchasing will send out ALL purchase orders issued by the Newark Board of Education.

SOLUTION: A master file, kept numerically by purchase order number, will be kept in Purchasing. A copy of all purchase orders issued by the Board will be on file here.

PROBLEM 3. Different purchase order forms exist for budgetary and Federal compliance. Similar information appears on them. (Hard to account for all different types of purchase orders.)

SOLUTION: A new purchase order has been designed to combine all the information of four purchase orders currently in existence. This reduces the total number of purchase orders from six to three.

PROBLEM 4. There is no product standardization used throughout the school system.

SOLUTION: A product standardization committee must be established consisting of:

{ Purchasing Director  
Warehouse Supervisor  
Business Manager  
Deputy Superintendent of Schools.

When particular items are discussed, the appropriate user (director, assistant superintendent or other pertinent party) should be contacted.

PROBLEM 5. There is a lack of communication between the Purchasing Division and the schools and/or departments it services.

SOLUTION: A users manual has been developed to inform the schools (and other departments) how to fill out a requisition. This includes describing the proper amount of detail that is required to carry out the normal purchasing procedures.

GENERAL PURCHASING PROBLEMS AND SPECIFIC SOLUTIONS (continued)

**PROBLEM 5.(Cont)**

SOLUTION: A mechanism for feedback of the quality of goods and services will be provided to the schools. This will take the form of a complaint report.

SOLUTION: The Director of Purchasing should have the ability to interact with the school principals.

**PROBLEM 6.** There is a large number of open purchase orders.

SOLUTION: For purchase orders over a year old, Purchasing will get a list from Accounts Payable of purchase order numbers for which no vendor voucher has been received. Cancellations will be sent out on these orders.

SOLUTION: A reorganization of the expediting function will occur. Expediting of receiving reports when the order invoice arrives will reside in Accounts Payable. Systematic expediting methods will be developed to speed up vendor compliance with delivery terms. This will also cut down the time a purchase order is open.

SOLUTION: The expeditors will also note vendor non-compliance and more performance bonds will be cashed in.

**PROBLEM 7.** Buyers are not properly analyzing bids when determining an award.

SOLUTION: Detailed procedures are being written to instruct buyers how to write up a bid specification.

SOLUTION: Detailed instructions will be written to instruct buyers on how to use open orders and blanket contracts rather than just the fixed order contracts they have been using.

SOLUTION: Extensive information was put together to instruct buyers on how to use the State contracts. This will save the trouble of going out to bid.

**PROBLEM 8.** There is little documentation of procedures and tasks for the Purchasing Division.

SOLUTION: Both a manual for purchasing procedures and for the user are being written.

**PROBLEM 9.** There is no formalized training of personnel at all levels.

SOLUTION: During the implementation phase done by the State Task Force, necessary training will occur. On-going training needs will be documented for the Purchasing Director.

GENERAL PURCHASING PROBLEMS AND SPECIFIC SOLUTIONS (continued)

PROBLEM 10. Management reports are being prepared but are not used in the Division of Purchasing.

SOLUTION: The Purchasing Management Reports are being modified and the Purchasing Manual describes how to use them.



DETAILED CHANGES FOR EACH  
WORK PROCESSING SYSTEM

ANNUAL ORDER SYSTEM

. Description of current system

- .. In November of the school year, each school receives a packet of annual order forms.
- .. The school fills out the quantities of each of close to 4000 items and does a price extension.
- .. These forms are shipped to purchasing where each item from all school locations is summed up (15 clerks - 3 weeks).
- .. The items are purchased, delivered to the warehouse, and distributed to each school.

. Major problems

- .. The warehouse inventory is not taken prior to ordering for the next year.
- .. Schools are not sure if they have received their orders.
- .. Schools are not credited for the items on their order that are never delivered.
- .. Compilation of the annual orders is a massive clerical function.
- .. The warehouse has no up-to-date inventory.
- .. The schools are not sure how to order when they run out of an item.
- .. Schools order supplies on the basis of year old prices.

SOLUTION: All the problems listed above are a result of a cumbersome, uncontrolled system for ordering basic stock supplies. As a result, an entire new system utilizing a distribution center concept has been designed. This system will:

- .. Provide schools with better service
- .. Install control over the Board of Education's supplies' inventory.
- .. Result in a net dollar savings of approximately \$17,000.00.

#### Description of New System:

- .. The new system is not an annual order system but is a perpetual inventory system.
- .. The warehouse will maintain a perpetual inventory of commonly used supplies. Schools will order supplies from the warehouse on an "as needed" basis, and the warehouse will satisfy those needs from its "on hand" inventory.
- .. The warehouse inventory will be maintained at a level sufficient to meet schools' needs, and shall be replenished by the generation of requisitions from the warehouse when in-house stock drops too low.
- .. Up to date, accurate records are required for each of the 4000 stock items in the warehouse. This should be done by a computerized system.
- .. A survey of the market for inventory control packages was made. The system that makes the most sense for the Newark Board of Education is supplied by the Compudile Corporation of Cherry Hill, New Jersey. The system provides:
  - Up to the minute knowledge of quantities of items on hand, quantities on order and quantities to be delivered to the schools.
  - Automatic usage accumulation of every item at every school or other location over the course of a year.
  - Automatic identification of items that must be reordered because of low inventory situation.

#### Benefits of the System:

- .. Schools will have flexibility to order what they need when they need it.
- .. Schools will know what they are receiving.
- .. Schools will have more flexibility in spending their appropriated funds.
- .. Purchasing will no longer be required to perform burdensome clerical tasks.
- .. There will be Direct Control over the warehouse inventory.
- .. The warehouse workload will be smoothed out enabling a reduction in staff.

## Cost Justification.

- .. Utilizing a modified version of the Inventory Control System provided by THE COMPUDIAL CORPORATION, the cost for the system breaks down as follows:

Total Compudial Service	\$950./Mo.	\$11,400./Yr.
Computer Terminal Usage	\$185./Mo.	\$ 2,220./Yr.
Telephone Line Cost (Appx)	\$ 50./Mo.	\$ 600./Yr.
Paper Cost (Appx.)	\$ 40./Mo.	\$ 480./Yr.
TOTAL CHARGE	\$1,225./Mo.	\$14,700./Yr.
One Time Charges		
Conversion of Current System		\$ 2,500.
Terminal Installation		100.
Telephone Installation		100.
TOTAL FIRST YEAR COST		\$17,400.

- .. Because of workload smoothing, the warehouse management and the Task Force has agreed that a reduction of five (5) people in the warehouse staff is realistic.

5 people @ average salary of \$7,000. = \$35,000  
(Benefits have not been included)

Labor Reduction	\$35,000.
1st year cost	<u>17,400.</u>
Net Savings	\$17,600.

- .. There are other far more significant intangible benefits that an automated warehouse system will also provide.

... An automated system will help enable quick cycle payment to realize purchase discounts. This could result in over \$300,000. savings per year for the Board of Education.

... A smoothed work load will also occur in the Purchasing Division because of the elimination of annual order compilation. This will result in more efficient operations, eliminating a backlog of work that builds during annual order time.

... By having accurate inventory records, a close tab can be kept on warehouse losses due to other unusual situations.

## REQUISITION SYSTEM

### . Description of current system

- .. Someone in a school or administrative department fills out a requisition for goods or services.
- .. If the requisition originates in a school it must be sent to the appropriate assistant superintendent. (Divisional directors may authorize requisitions.)
- .. The requisition is routed to Accounts Payable and on the basis of the requisition originators price estimate availability is checked.
- .. The requisition is passed to Purchasing where, depending on the dollar value, the item is bid, a contract is awarded, and a purchase order typed.
- .. When the Board approves, Accounts Payable encumbers funds and the purchase order is released.
- .. When the goods or services are delivered, the receiver sends back a copy of the receiving document and Accounts Payable will pay the bill.

### . Problems of the Current System

- .. Requisition processing gets delayed during approval stage.
- .. No formalized procedures have been established if the purchase order dollar amount is greater than the requisition estimate.
- .. Proof of receipt documentation is delayed at the receiving end.
- .. Specifications are transmitted from the buyer to the clerical staff on a blank piece of paper.

SOLUTION: The basic flow of the current requisition system is being retained. Certain changes should be made however. These changes will add control to the requisitioning system, as well as speed up the actual process.

### . System Changes and Benefits of the Change.

- .. A set of criteria has been established for approving the #447 Requisitions emanating from schools and departments.
  - All requisitions will go from the school or other source to the Budget Office.
  - If the item is specifically identified in the budget, the Budget Analyst will check and approve the requisition. The requisition will be forwarded to the Purchasing Department.

- If the item was not budgeted specifically by the school and
  - .it is less than or equal to \$200., the budget analyst will make the determination as to acceptance or rejection;
  - .it is greater than \$200. and less than \$2500., the assistant superintendent must be contacted and sign off the requisition;
  - .it is greater than \$2500., and less than \$25,000., the deputy superintendent must be contacted for approval;
  - .it is greater than \$25,000., the superintendent must be contacted for approval.

There are two major benefits of this change.

- .. Budget Office will control annual expenditures.
- .. Higher administrators will only be asked to see those more significant dollar requisitions. This should cut down their volume of work and allow them more time for individual requisition evaluation.
  - If the requisition is for off-list textbooks, the Business Office (Purchasing Director or Business Manager) must sign off for approval.
  - The benefit of this change is to assure that off-list textbook purchases are only used to fill in existing sets.

A decision rule has been designed in order to control the differences in the estimated requisition dollar amount and the actual purchase order amount.

- .. RULE: Budget will be contacted if amount on purchase order is 25% or more greater than requisition estimate, up to \$700. Budget will always be contacted when purchase order amount is \$700. or more over requisition estimate.
- .. If the amount is exceeded, Purchasing will call up Budget and wait for a specific go or no-go answer.
  - The benefit of this change is to avoid an account going into the red by checking the actual dollars to be spent before they are spent.

Expeditor functions have been documented. The function will be transferred to Accounts Payable to speed the payment cycle.

A form has been designed to transmit information from buyers to the clerical staff. This will make typing easier because a standard format will be followed.

As a requisition comes into the registrar, it will be logged in a master ledger. This ledger will show all the requisition activity in the Division. The ledger will be updated after each functional section completes work on the requisition.

There are two major benefits of this change.

- .. This ledger will serve as a control for all incoming work to Purchasing and all information will be kept in one place.
- .. The ledger will also indicate when purchase orders are out of the department and where they are at all times.

#### CONFIRMING ORDER SYSTEM (BIDDABLE)

- . Description of the current system - At the present time Purchasing only gets involved in processing a purchase order after the goods or services have been delivered.
- . Problem with current system - Confirming orders are being misused and are not under control.

SOLUTION: A confirming order procedure has been set up to assure that Purchasing is aware of every purchase made or every order placed.

.. Additionally, any member of the Board of Education that issues an order without contacting the Purchasing Division will be held legally responsible for that purchase.

- . The benefit of this change is to control purchase orders being issued by the Newark Board of Education. By the procedural change of submitting a completed requisition after the work has been completed, long delays in payment will be avoided.

#### CONFIRMING ORDERS (NON-BIDDABLE) SYSTEM

- . There is no reason for a purchase order to be issued for payment of a utility bill (including telephone, gas, electric, oil, etc.).
- . Similarly there is no reason for issuing a purchase order to reimburse an employee for personal expenses.
- . In order to speed up the time it takes for such payment, a new document will be created. This will be called a "Payment Voucher" and will never come into contact with the Purchasing Division. These items will be submitted directly to Accounts Payable, after appropriate approvals have been made. (The level of approval depends upon the dollars involved.)

#### TEXTBOOK SYSTEM

- . Current system - the normal work flow for processing textbooks is efficient.
- . Problems of current system - the major problem is that deadlines for generating the approved book list and having the schools submit their orders to Data Processing are not being met.

SOLUTION: A strict timetable must be established and followed by all parties. (A suggested timetable does appear in the Purchasing Manual.

.Other system changes:

- .. An approved list of books should be generated by the Library and Title I. This would enable Data Processing to handle preparation of the purchase orders and Purchasing would not have to type them.
- .. Purchasing will try to establish term contracts with publishers in order to know prices and get better service.

CAFETERIA SYSTEM

- . Current System - the normal work flow for purchasing food is efficient. No major changes are recommended.
- . Purchasing is urged to use as many term contracts as possible.



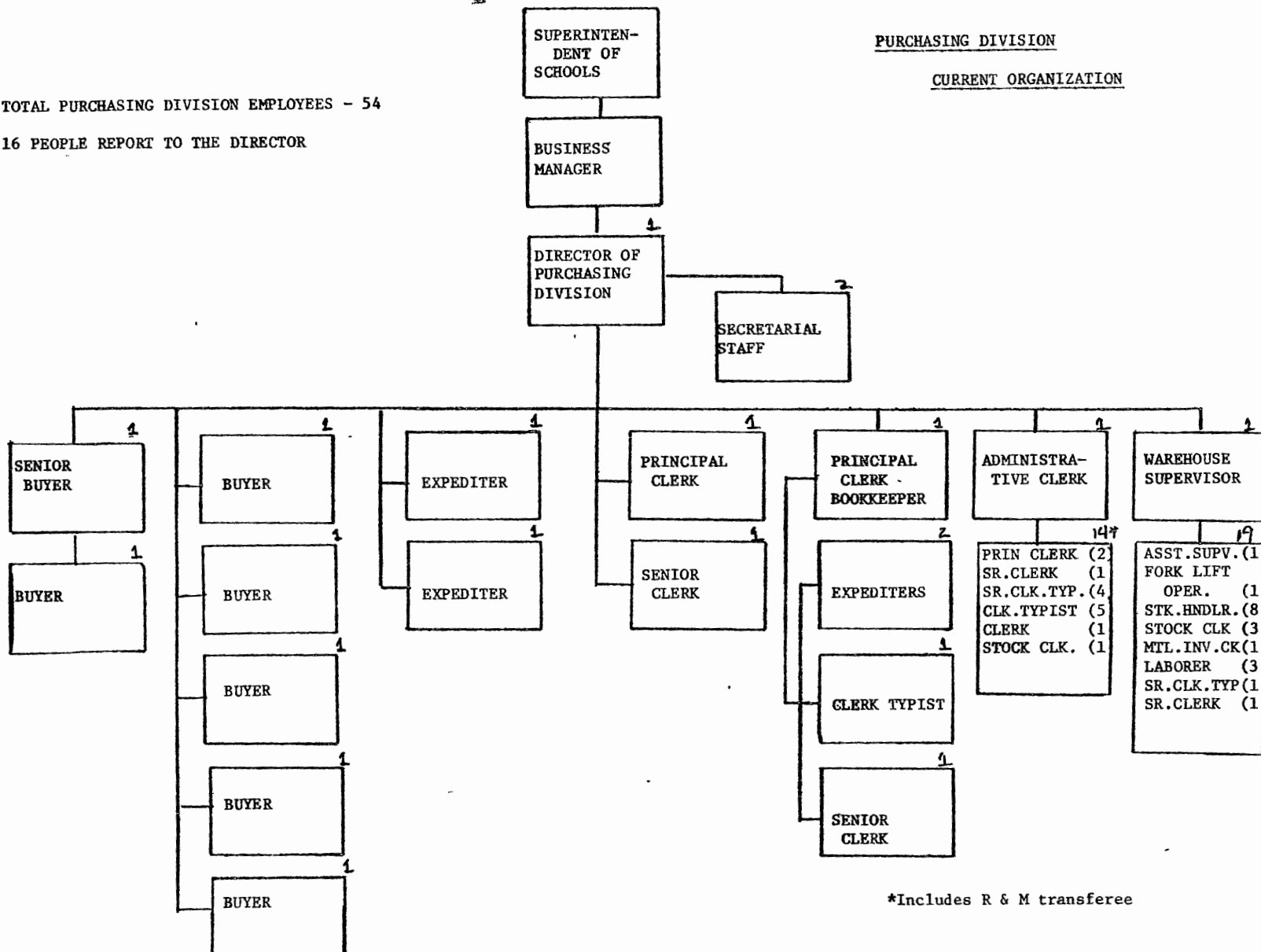
**NEW ORGANIZATION**

TOTAL PURCHASING DIVISION EMPLOYEES - 54

16 PEOPLE REPORT TO THE DIRECTOR

PURCHASING DIVISION

CURRENT ORGANIZATION

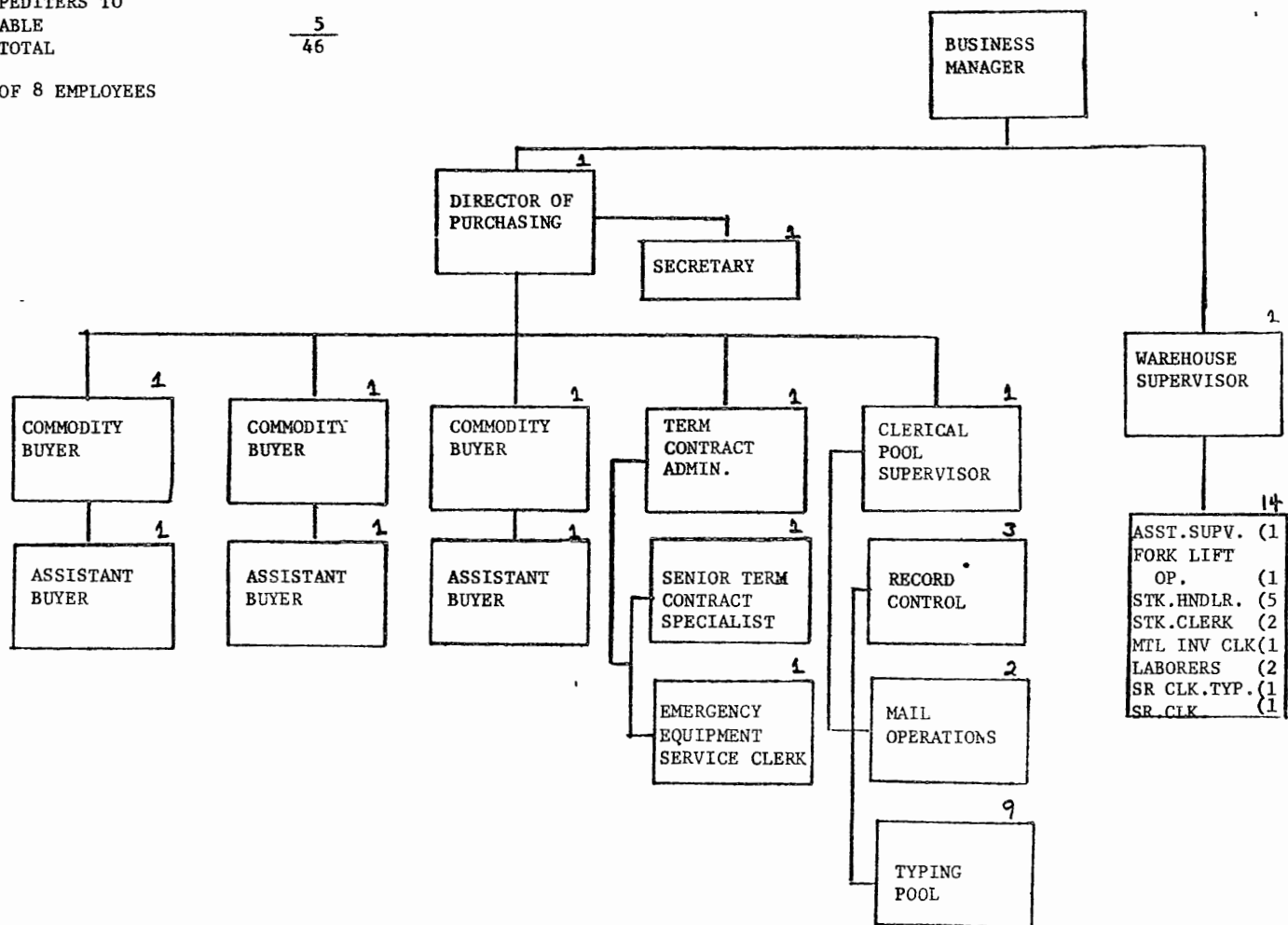


\*Includes R & M transferee

NEW ORGANIZATION - PURCHASING/WAREHOUSING

TOTAL PURCHASING DIVISION EMPLOYEES	26
TOTAL WAREHOUSE EMPLOYEES	<u>15</u>
TOTAL EMPLOYEES	41
TRANSFERRED EXPEDITERS TO ACCOUNTS PAYABLE	<u>5</u>
GRAND TOTAL	46

NET REDUCTION OF 8 EMPLOYEES



BENEFITS OF CHANGES

CHANGE: The Purchasing Division will be divided into two separate entities, Purchasing Services and Warehouse Operations.

BENEFIT: The separation of warehousing and purchasing will establish greater control by separating the ordering of goods from control of the goods themselves.

CHANGE: The function of expediter will move to the Accounts Payable group, along with five expediters that currently reside in Purchasing.

BENEFIT: The major portion of expediting occurs when vouchers are received from vendors, but no receiving report has been sent in by the school. This will be quite apparent when the same clerk is handling both the receiving report and the voucher.

BENEFIT: This change will also save operating time, since the receiving reports will go directly to the expediters in Accounts Payable. They do not have to be held up in Purchasing. This will decrease the time it takes to process a payment.

CHANGE: A new title has been created called "Term Contract Administrator".

BENEFIT: The creation of this position will make someone responsible for creating and maintaining term contracts for commodities and services. This should increase the use of term contracts fourfold and result in more efficient Purchasing operations and cheaper prices for the Newark Board of Education.

CHANGE: Establishment of a clear middle management level in the Purchasing Division.

BENEFIT: Currently 16 people report to the Director. The Director is acting like a supervisor, not an administrator. By bringing in a middle level, the Director will be able to administer the department without the day-to-day operational involvement.

CHANGE: A reduction in manpower of 4 people in the Purchasing Division is recommended.

BENEFIT: The work of the four people in question must always be checked by another member of the staff. Therefore, no real processing skill is being lost.

2 Buyers  
2 Clerks

BENEFITS OF CHANGES (continued)

CHANGE: A reduction of five people in the warehouse staff is recommended.

BENEFIT: Based on 1974-75 average warehouse salaries, a cost savings of approximately \$35,000. will be realized.

BENEFIT: Given the work load smoothing resulting from the new stock supply ordering system, the Task Force, in conjunction with the Supervisor of Warehouse Operations have agreed that a labor reduction of five employees would not cut down the warehouse's level of service.

**RECOMMENDED SALARY LEVELS**

CURRENT POSITION DESCRIPTIONS	LOW POINT	MID POINT	HIGH POINT	PROPOSED POSITION DESCRIPTIONS	LOW POINT	MID POINT	HIGH POINT
Director	14,875	17,249	19,623	Director	18,000	20,500	23,000
Senior Buyer	11,700	12,050	12,400	Term Contract Administrator	14,875	17,249	19,623
Buyer	8,159	9,260	10,360	Sr Term Contract Specialist	12,000	13,000	14,000
Buyer	8,159	9,260	10,360	Commodity Buyer	9,000	10,000	11,000
Buyer	8,159	9,260	10,360	Commodity Buyer	9,000	10,000	11,000
Buyer	8,159	9,260	10,360	Commodity Buyer	9,000	10,000	11,000
Buyer	8,159	9,260	10,360	Assistant Buyer	7,000	8,150	9,300
Buyer	8,159	9,260	10,360				
Principal Clerk	6,967	7,890	8,813	Assistant Buyer	7,000	8,150	9,300
Clerk Typist	5,179	5,918	6,656	Assistant Buyer	7,000	8,150	9,300
Principal Clerk	6,967	7,890	8,813	Emergency Equipment Service Clerk	6,967	7,890	8,813
Senior Clerk	5,944	6,867	7,790				
Stock Clerk	6,181	7,104	8,027				
SUB TOTAL (Staff of 13)	106,767	120,525	134,282	SUB TOTAL (Staff of 10)	99,842	113,089	126,336
Balance of Purchasing Staff (21)	124,104	141,619	159,133	Balance of Purchasing Staff (16)	91,041	104,547	118,052
				5 Expeditors to Accounts Payable	33,063	37,072	41,081
TOTAL (A) (Purchasing)	230,871	262,144	293,415	TOTAL (A)	223,946	254,693	285,469
Stock Handler	6,086	7,009	7,932				
Stock Handler	6,086	7,009	7,932				
Stock Handler	6,086	7,009	7,932				
Laborer	6,350	7,141	7,932				
Stock Clerk	6,181	7,104	8,027				
SUB TOTAL (Staff of 5)	30,789	35,272	39,755				
Balance of Warehouse Staff (15)	100,799	115,858	130,916	Warehouse Staff (15)	100,799	115,858	130,916
TOTAL (B) (Warehouse)	131,588	155,025	170,671	TOTAL (B) (Warehouse)	100,799	115,858	130,916
GRAND TOTAL (A) & (B) Total Personnel-54	362,459	413,274	464,086	GRAND TOTAL (A) & (B) Total Personnel-46	324,745	370,565	416,385
CURRENT ORGANIZATION	362,459	413,273	464,086				
PROPOSED ORGANIZATION	324,745	370,565	416,385				
*NET SALARY REDUCTION	37,714	42,708	47,701				
WAREHOUSE SYSTEM	17,400	17,400	17,400				
NET SAVINGS	20,314	25,308	30,301				

\*Benefits not included

COMPARATIVE PROBLEM MATRIX

A TEST FOR THOROUGHNESS

GENERAL PURCHASING DIVISION PROBLEMS

1. Purchasing experiences a low rate of vendor participation when soliciting bids.

-Many bid specification lists are too broad, the commodity categories are not well defined, and vendors are asked to bid on items they do not sell

-Vendors are reluctant to deal with the Board of Education because of the slow payment rate.

-The Board of Education places many restrictions on vendors submitting bids to Purchasing

2. There is no overall control of purchase orders issued by the Board of Education.

-Purchasing is not the only place that generates a purchase order.

-Both the Purchasing Division and the Office of the Secretary perform actual purchasing functions.

3. Different purchase order forms exist for budgetary and Federal compliance.

-All purchase order forms have a similar format and require similar information.

4. There is no product standardization used throughout the school system, (i.e., from pencils to door knobs).

5. There is a lack of communication between the Purchasing Division and the schools/ departments that it services.

-There is a need for the department requesting purchase of an item to be more specific.

CHAMBER IDENTIFIED	STATE IDENTIFIED	TASK FORCE IDENTIFIED
X	X	X
X	X	X
		X
X		X
X	X	X
X		X
X	X	X
X	X	X

GENERAL PURCHASING DIVISION PROBLEMS  
(continued)

(5.continued)

- There is no mechanism for the receiving locations to report the quality of the merchandise delivered or services rendered at the school.
  - There is no effective procedure for Purchasing to be notified and follow up on damaged goods.
  - On orders where several schools receive deliveries triggered by a single purchase order, each school is not provided with copies of the receiving report. (These are the documents forwarded to Accounts Payable to confirm delivery.)
6. There is a large number of open orders resulting from:
- Failure of Purchasing to maintain an effective expediting function
  - School principals fail to return receiving reports
  - Vendors do not ship on due date and follow up on placed orders
  - Depository clerks fail to return receiving reports
7. Buyers are not properly analyzing bids when determining an award.
- Purchase discounts have never been asked for or considered when analyzing a bid.
  - When buyers solicit bids, they do not always follow up when a response is not received
  - There are no clear cut guidelines for determining bid opening dates on quotation items

CHAMBER IDENTIFIED	STATE IDENTIFIED	TASK FORCE IDENTIFIED
X	X	X
X	X	X
X		X
	X	X
X	X	X
	X	X
	X	X
X	X	X
		X
		X



GENERAL PURCHASING DIVISION PROBLEMS  
(continued)

7. (Continued)

	CHAMBER IDENTIFIED	STATE IDENTIFIED	TASK FORCE IDENTIFIED
-Buyers do not have easy access to historical records of price, quantity, and purchase terms.	X		DNI
-There is no formal procedure for product testing and technical evaluations.		X	X
-Buyers are responsible for too much clerical work.	X		DNI
8. There is little documentation of procedures and tasks for the Purchasing Division.	X	X	X
9. There is no formalized training of personnel at all levels.	X	X	X
10. There is a lack of management reports that track productivity and identify problems.	X		DNI

DNI = Did not Identify

#### DETAILED SYSTEM PROBLEMS - ANNUAL ORDER SYSTEM

1. Annual orders are made up by the school prior to the school knowing its budget allocation.
2. Inventory is not always scheduled and taken prior to formulating needed quantities for the annual orders.
3. Schools report they do not always receive the quantities ordered and do not get credited for unreceived merchandise
4. The schools do not submit a compiled annual order.
5. There is confusion on the procedures to follow for utilizing the Depository Release System.
6. The warehouse operation is in a disorganized state.

-Too small

-Obsolete stock

-Flooding after rain.

-No written procedures and/or instructions

#### REQUISITION AND CONFIRMING ORDER SYSTEMS

1. The paper flow of requisition processing is slow, especially for a confirming order.
2. Confirming orders are uncontrolled and misused.

#### TEXTBOOK SYSTEM

1. The deadlines for submitting annual textbook orders are not adhered to.

-Order forms are distributed in October for return in November. They have not been sent to Data Processing until April.

CHAMBER IDENTIFIED	STATE IDENTIFIED	TASK FORCE IDENTIFIED
		X
		X
		X
		X
		X
X	X	DNI
	X	X
	X	DNI
	X	X
X	X	X
		X
		X

~~DETAILED SYSTEM PROBLEMS~~  
~~TEXTBOOK SYSTEM (continued)~~

- ~~2. Data Processing does not process all the on-list orders, and Purchasing winds up typing purchase orders.~~
- ~~3. The textbook office staff manually generates book lists by subject for the schools from a computer listing by publisher~~
- ~~4. There is poor control over on-list and off-list textbooks~~
- ~~5. The professional library maintains a checking account to facilitate payment to publishers, organizations and societies who furnish pamphlets and books only after payment.~~

CHAMBER IDENTIFIED

STATE IDENTIFIED

TASK FORCE IDENTIFIED

X

X

X

X

CHAPTER 10

DATA PROCESSING TASK FORCE

FINAL RECOMMENDATIONS

NEWARK BOARD OF EDUCATION

DATA PROCESSING TASK FORCE

FINAL REPORT - PART I

JULY 15, 1975

This report is the first of two reports delineating the findings and recommendations of the State Task Force, Data Processing Task Group. Over twelve persons representing in excess of two-man years of effort were involved in the development of this report, excluding participation of Board personnel.

This report encompasses the following topics:

- Overview of Data Processing
- Definition of key problems and insights
- Organization and Staffing
- Evaluation of existing Application Systems
- Evaluation of hardware
- Standards and Procedures
- Accountability for Data Processing costs
- Planning and Management

The second report, to be issued within two weeks, consists of a Systems Plan encompassing the activities of the Data Processing Department over the next three years. Included in the plan are:

- A budget for the next three years
- Short-term fixes to existing systems
- New application development - costs, priorities and schedules
- Schedule defining changes in hardware and personnel needed in the future to meet growth needs.

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## I. GENERAL INTRODUCTION AND PHILOSOPHY

### - What is Data Processing

#### . Computers and associated equipment - Hardware

- .. Disks to store data
- .. Tapes to store data
- .. Card readers for entry of data to the computer
- .. Printers to generate reports
- .. Key punch units to convert human-readable data to machine-readable data

#### . Programs (instructions to the computer) - Software

- .. A set of programs with a singular function is an Application. (For example, the Accounting Application consists of over 20 programs.) Programs developed commercially and for general use are termed Packaged Application or Package. Note that Packages must usually be modified to meet the distinct requirements of the purchaser.
- .. The combination of equipment and grouped programs is referred to as a System.

#### . People

- .. Those dealing with the actual equipment ("running" the computer) are Operators
- .. People who design a system are Systems Analysts
- .. Programmers write the instructions for the computer

### - How is a "System" developed?

- . The most efficient and cost-effective manner of solving the problem must be determined after an initial survey of the situation (or Feasibility Study).
- .. Normally referred to as a Cost/Benefit Analysis
- .. The analysis considers manual tasks, automated tasks, the cost of developing the system (writing the programs, testing, documentation, training), the equipment needed to support the application and the on-going costs of the system after its development.



.. Cost can be broken into two components - development cost and on-going cost.

... Development costs are:

1. Systems analysis to define the requirements of the user.
2. Systems analysis to specify the functions of each program to be written.
3. Programming
4. Testing
5. Documentation
6. Training
7. Computer time to test the application

NOTE: This aspect of costing is often overlooked!

... On-going costs are:

1. Computer time and associated equipment to run the application (including keypunching).
2. Systems analysis and/or programming to modify the application on a continuing basis.
3. Materials and supplies
4. Clerical support (such as a Data Control group to verify integrity of the input data and the output reports).
5. Materials and forms.

.. Benefits generally consist of tangible and intangible components.

... Tangible benefits:

1. Reduction of clerical support in user departments.
2. Elimination or reduction of extra equipment.
3. Time savings which can be directly linked to dollar savings.

... Intangible benefits:

1. Better and more readily available information for use in decision-making.
2. Improved levels of control.
3. Improved levels of service.

Benefits can be visualized as a hierarchy, with cost reduction as the easiest to achieve but lower in value, with control and management improvement as more difficult to achieve, but of greater ultimate benefit.

- . A consensus of the need for computerization and a priority established for its development must be reached by all interested and affected parties

- .. The involved user(s)

- .. Data Processing, which must allocate its resources

- .. Other user groups which may have to delay their plans for new systems

- .. The Board or its designees who have to absorb the cost.

- . If computerization is the answer, as determined by the Feasibility Study, user needs and requirements must be defined - by a Systems Analyst and by the user.

- . The developmental phase consists of:

- .. Specifications for the programs to be written.

- .. Actual program development.

- .. Testing.

- .. Documentation.

- . The implementation of a system consists of:

- .. User training.

- .. On-going Monitoring.

- .. Evaluation.

- .. Procedures

- . The post-implementation phase provides necessary feedback of information to users and Data Processing, and should be used:

- .. to validate the implemented system design for continual use, or
  - .. to return the system for further development, or
  - .. to initiate feasibility studies for alternate systems.
- In order for Data Processing to be effective, all components must work together harmoniously
- . Data Processing management must plan the synthesis of people, hardware and software.

This plan is normally referred to as a Systems Plan and it encompasses:

- .. Current applications and the equipment and personnel needed to support them.
- .. Planned future applications
  - ... Priorities for development
  - ... Time-phased implementation plan
  - ... Cost/Benefit analyses
  - ... Equipment additions or deletions based on the implementation of the applications
  - ... Staff levels needed to develop the applications and support them
- .. Costing - current and future

NOTE: The Systems Plan should, at a minimum, address all activities over a meaningful time-frame as established by Board policy (at least two years).

- . Board management must insure that Data Processing is properly addressing the policies, objectives and needs of the Board;
  - .. Approval of the Systems Plan must tie into the budgetary process to insure proper evaluation.

The approved system plan is the yardstick against which the Board evaluates the performance of Data Processing, a process essential for the Board to control this activity.

- .. Monitoring of the Data Processing function during the year must rest with a group designated by the Board who will constantly evaluate that function.

This group is normally known as a Steering Committee. They also serve as a vehicle for users to express the degree of satisfaction with the quality of service provided.

- . Computer systems must be easily maintained or modified
  - .. Systems design and programming standards relate to the format and content of the specifications and programs.
  - .. Specific documentation for each program and system must be maintained.
- . The computer must be properly scheduled
  - .. Each application requires different usage of the computer and its associated peripherals.
  - .. Manual efforts related to "running" the computer can be minimized.
- . As a maintenance device for the Board's accounting records, security and back-up procedures must apply to data files and the computer room.

## II. DATA PROCESSING AT THE BOARD OF EDUCATION

-Data Processing is a supplier of service to various groups within the Board of Education

- . Financial records are maintained

- ..Accounting
  - ..Payroll

- . Data is manipulated to provide certain results

- ..Accounts Payable Checks
  - ..Payroll Checks
  - ..School Schedules
  - ..School Grades
  - ..Textbook Orders

- . The computer is utilized as an instructional tool

- ..Computer-Assisted Instruction

-Traditionally treated as an entity within itself, Data Processing has never been held responsible for the levels of service provided.

- . Cost-effectiveness of each application

- ..Would it be better to perform the function manually, or should it in fact be automated?

- ..On an on-going basis, how much is it costing the Board relative to the level of service provided?

- ..Are development costs consistent with the expected value of the application?

- . Accuracy, adequacy and timeliness of information

- ..Are applications designed to properly provide audit trails?

- ..Can all computerized information be verified as to its integrity?

- ..Are the applications complete in themselves, or do inordinate manual efforts have to be expended to support and supplement the automated functions?

- ..Is the timing of the systematic output so poor that any expected benefits are in fact negated by time delays?

. Scope of services offered

..Are the right functions automated?

..Given limited resources, is the Data Processing organization addressing itself to the areas where maximum benefits can be derived from automation?

-A new approach to controlling Data Processing must be considered and adopted by the Board of Education

. Data Processing must be held accountable for every facet of its operation

..Information related to actual costs of each and every application must be made readily available

..A user and top-level management group must be designated by the Board to:

- (1) Prioritize new development activities
- (2) Monitor those activities, with special regard to implementation due dates and costs
- (3) Evaluate the usefulness of applications and respond to user needs and excessive levels of dissatisfaction
- (4) Insure that adequate planning and appropriate cost/benefit analyses are performed prior to formal recommendations of hardware acquisition, staff growth, or systems development

. A firm foundation for operational efficiency and competence must be built before longer-range needs of the Board can be met

..Development of an organizational structure consistent with that objective and able to respond to the needs of user groups

..No new systems development activities until the applications related to fiscal accountability are vastly improved

..Development of a staff adequately trained in proper standards, policies and procedures.

..An organization and salary structure which will attract top people and serve to develop their capabilities.

- In summary of the problems defined above, several key insights are gained describing many of the problems which the Board has incurred in the past.

- . People problems cannot be solved by technical solutions. A new system will not alleviate poor management, inefficient processes, and poor performance of staff. It can and should, however, enhance good management and efficient processing.
- . The complexity and sophistication of the systems cannot exceed the capability and technical skills of the personnel who maintain and operate the systems. Otherwise, the system will go out of control.

These insights and problems are explored in greater detail in the following sections.

### III. THE ORGANIZATION

#### A. Deficiencies

##### SYMPTOM

-Low morale

-Low productivity

-High user dissatisfaction

-No quality control and grossly inefficient operations

-Managerial vacancy unfilled for nearly one year

##### CAUSE

-Unclear reporting relationships

.More than one "boss"

.No formal project structure

.Interference from sources not within chain of command

.Limited growth potential

-Unclear reporting relationships

-Lack of management depth and talent

.Little supervision

.Low skill levels at responsible titles

.Insufficient number of managers

-Low programmer and analyst skill levels

-No effective systems analysis to define needs and requirements

.Systems analysts do not perform analysis functions

.No user interface mechanism

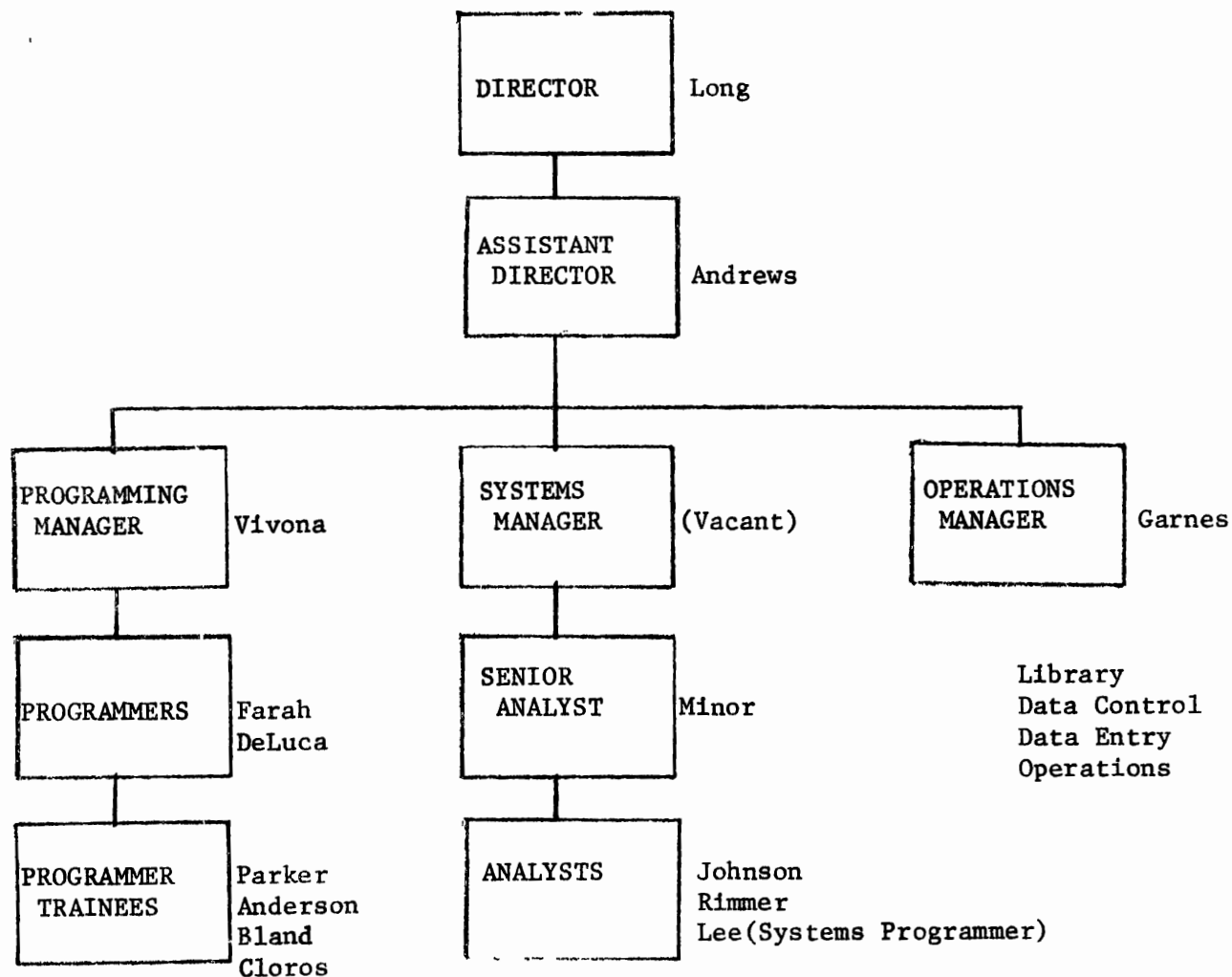
.Disregard for instructional systems in favor of business applications

-No formal position with commensurate responsibility for ensuring adequacy of documentation, standards and procedures

-Salary structure inadequate to attract or retain competent individuals

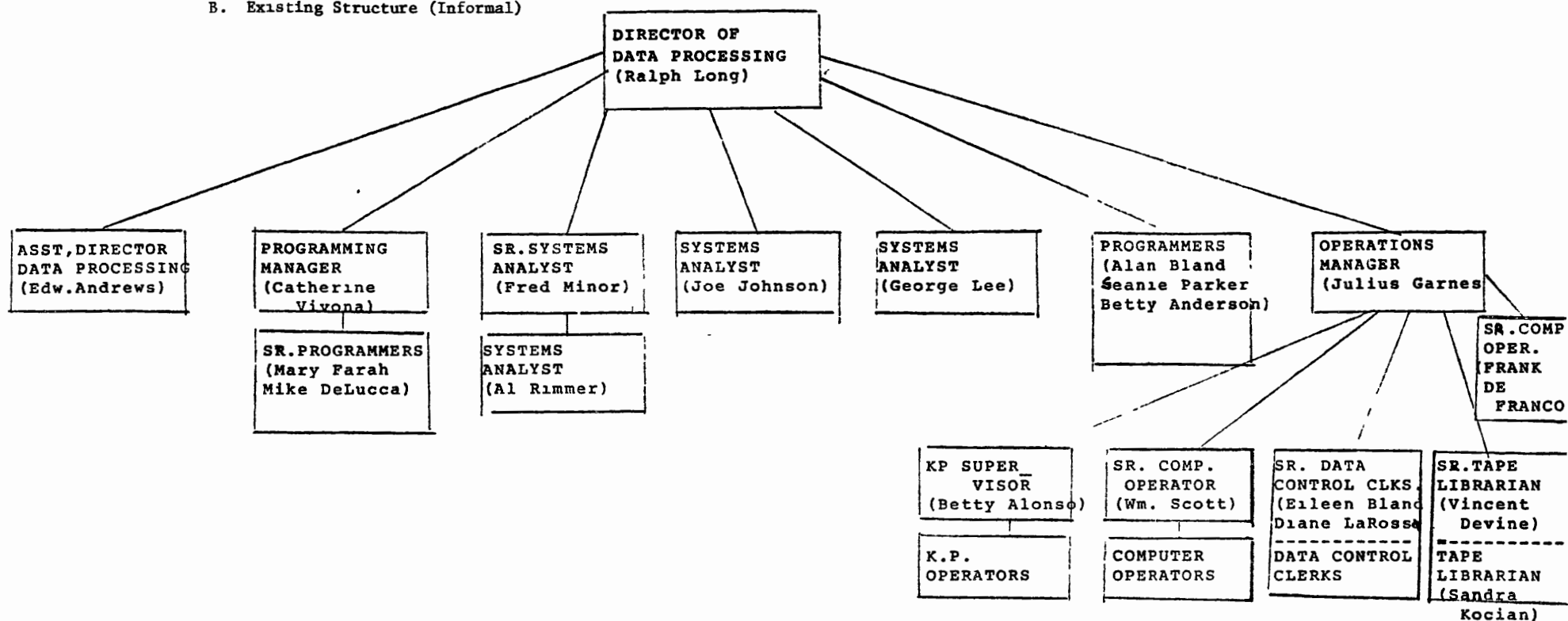


B. Existing Structure (Formal)



TOTAL = 37 PEOPLE

B. Existing Structure (Informal)



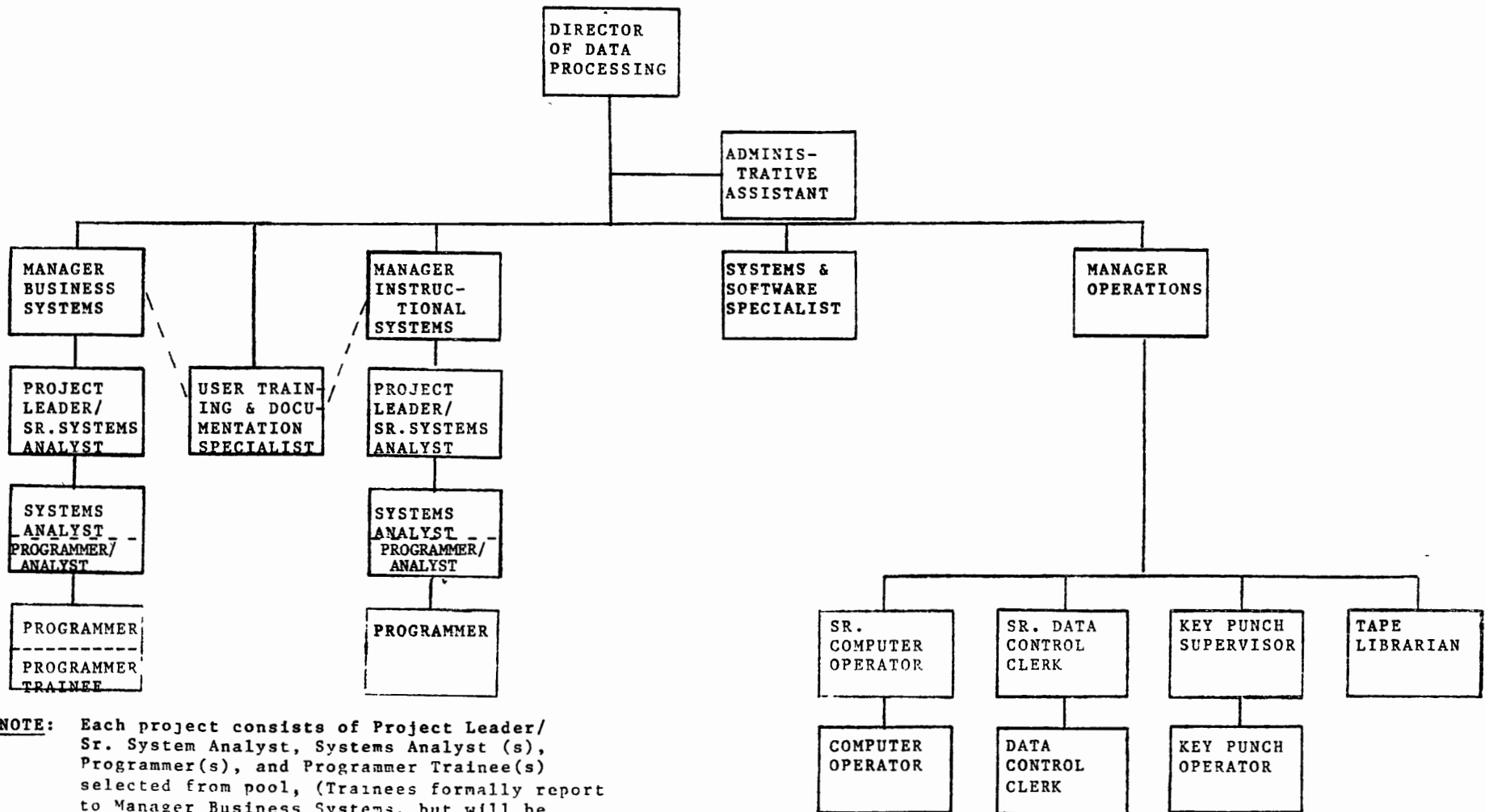
D. Objectives of Reorganization

- Improve service levels to users
- Formalize reporting structure
- Improve communications and morale within  
Data Processing
- Improve operating efficiencies, productivity and skill levels

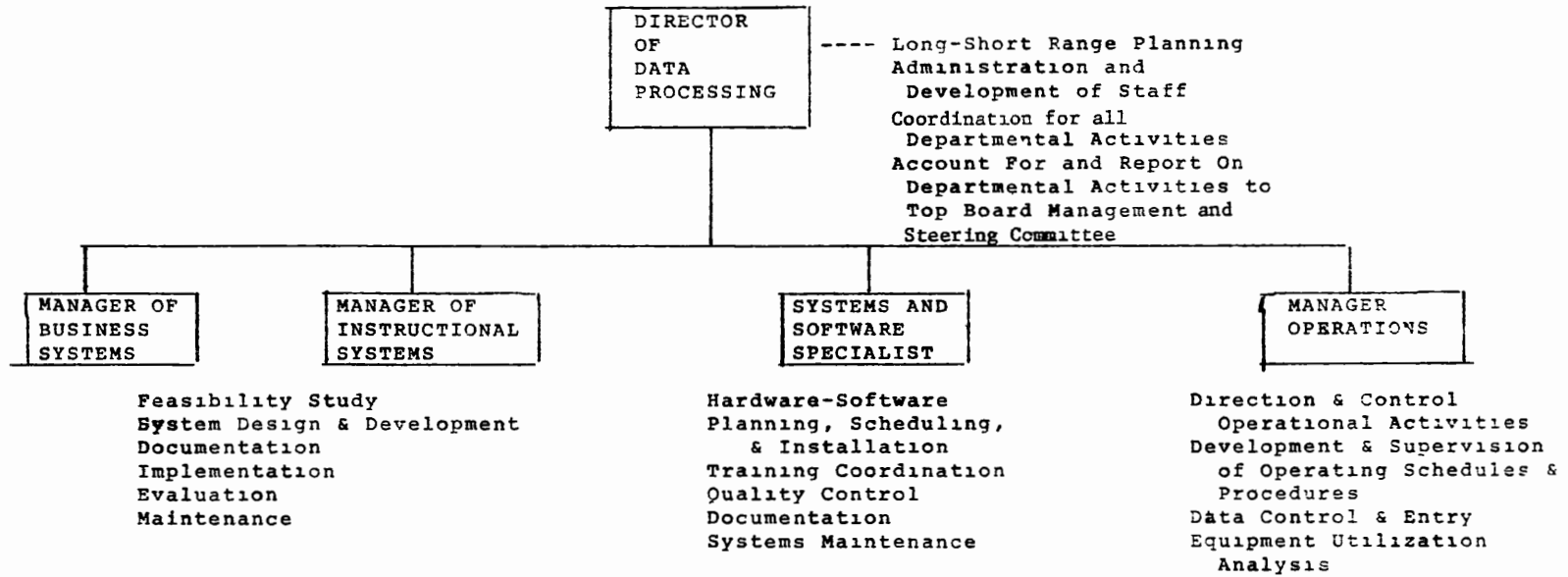
E. Methodology for Accomplishment

- Segregate business and instructional systems developmental activities to provide balanced levels of support to user.
- Institute position responsible for user documentation, training, and liaison activities to effect better responsiveness to user needs.
- Institute position responsible for quality control and adherence to standards and procedures to achieve greater efficiencies of operation.
- Formalize reporting structure for projects to encourage productivity, personal growth and morale.
- Raise the salary and entry skill levels for selected managerial and technical positions in order to attract competent individuals.
- Transfer selected existing managerial and supervisory personnel to positions of less responsibility.
- Hire experienced, capable professionals to carry out objectives.
- Consistent with the Systems Plan (to be presented at a later date), an initial structure encompassing the next two years and a second, longer-range structure addressing a more mature organization, is attached.

PROPOSED DATA PROCESSING ORGANIZATION  
INITIAL STRUCTURE



SUMMARY OF FUNCTIONS



PROPOSED SALARY STRUCTURE  
(Based on Adopted \$115. Million Budget)

TITLE	PRESENT POSITIONS *** 1974-75	BUDGETED POSITIONS 1975-76	PRESENT MINIMUM	PRESENT MAXIMUM	PROPOSED POSITIONS 1975-76	PROPOSED MINIMUM	PROPOSED MAXIMUM
Director of Data Processing	1	1	15,614.	21,152.	1	25,000	29,000.
Administrative Assistant	NEW	-	-	-	1	8,000.	10,000
Manager-Business Systems	NEW	-	-	-	1	21,000.	25,000.
Manager-Instructional Systems	NEW	-	-	-	1	21,000	25,000.
Assistant Director D.P.	1	1	15,719.	19,412.	ELIMINATE	-	-
Project Leader	NEW	-	-	-	3	18,000.	21,000.
Senior Systems Analyst	1	2	11,921	14,875.	ELIMINATE	-	-
Manager - Systems	-	1	12,871	16,563.	ELIMINATE	-	-
Manager - Programming	1	1	12,871	16,563.	ELIMINATE	-	-
Systems Analyst	3	3	9,362.	11,500.	3	15,000.	18,000.
Programmer/Analyst	NEW	-	-	-	3	12,000.	15,000.
Senior Programmer	2	2	11,710.	14,000.	ELIMINATE	-	-
Programmer	4	4	9,362.	11,300.	3	10,000.	13,000.
Programmer Trainee	NEW	-	-	-	3	9,000.	10,000.
Systems Software Specialist	NEW	-	-	-	1	15,000.	18,000.
User Documentation and Training Specialist	NEW	-	-	-	1	15,000.	18,000.
Manager - Operations	1	1	12,343.	16,036.	1	15,000.	19,000.
Senior Computer Operator	NEW	-	-	-	2	12,000.	15,000.
Computer Operator	3	5	8,202.	10,400.	5	7,000.	11,000.
Senior Console Operator	2	2	9,335.	11,400.	ELIMINATE	-	-
Console Operator	4	2	7,463.	9,679.	ELIMINATE	-	-
Senior Data Control Clerk	2	2	8,835.	10,900.	2	9,000.	12,000
Data Control Clerk	1	2	7,252.	9,784.	2	8,000.	10,000.
Keypunch Supervisor	1	1	6,619.	8,729.	1	9,000.	11,000.
Keypunch Operator	5	4	5,564.	7,674.	4	6,000.	8,000.
Senior Tape Librarian	1	1	8,835.	10,900.	2	8,500.	11,000.
Tape Librarian	1	1	8,202.	10,400.	-	6,000.	8,500
Clerk-Stenographer	1	1*	5,474.	6,952.	1	5,474.	6,952.
	35	37			41		

ACTUAL 1974-1975 Salaries      \$366,098.  
BUDGET 1975-1976 Salaries      \$454,254.  
PROPOSED 1975-1976 Salaries    \$496,452.\*\*

NET INCREASE over Budget      \$42,198.

\* - Title changed to Secretarial Assistant

\*\* - Assumes mean step between minimum and maximum for existing titles; entry step for new titles

\*\*\* - 1974-75 budgeted positions. 5g.

SUMMARY OF BUDGETED VS. FILLED POSITIONS

1974-1975

	<u>1974-75 BUDGETED POSITIONS</u>	<u>1974-75 BUDGETED POSITIONS FILLED</u>
Director of Data Processing	1	1
Assistant Director	1	1
Manager, Data Processing, Programming	1	1
Senior Programmer	4	2
Programmer	8	4
Manager, Data Processing Systems	1	-
Senior Systems Analyst	5	1
Systems Analyst	8	3
Manager, Data Processing Operations	1	1
Senior Console Operator	3	2
Senior Data Control Clerk	2	2
Senior Tape Librarian	1	1
Tape Librarian	2	1
Computer Operator	6	3
Console Operator	3	4
Data Control Clerk	3	1
Keypunch Supervisor	1	1
Keypunch Operator	5	5
Principal Clerk Stenographer	1	1
Office Appliance Operator	<u>1</u>	<u>-</u>
TOTAL	58	35

### Initial Structure

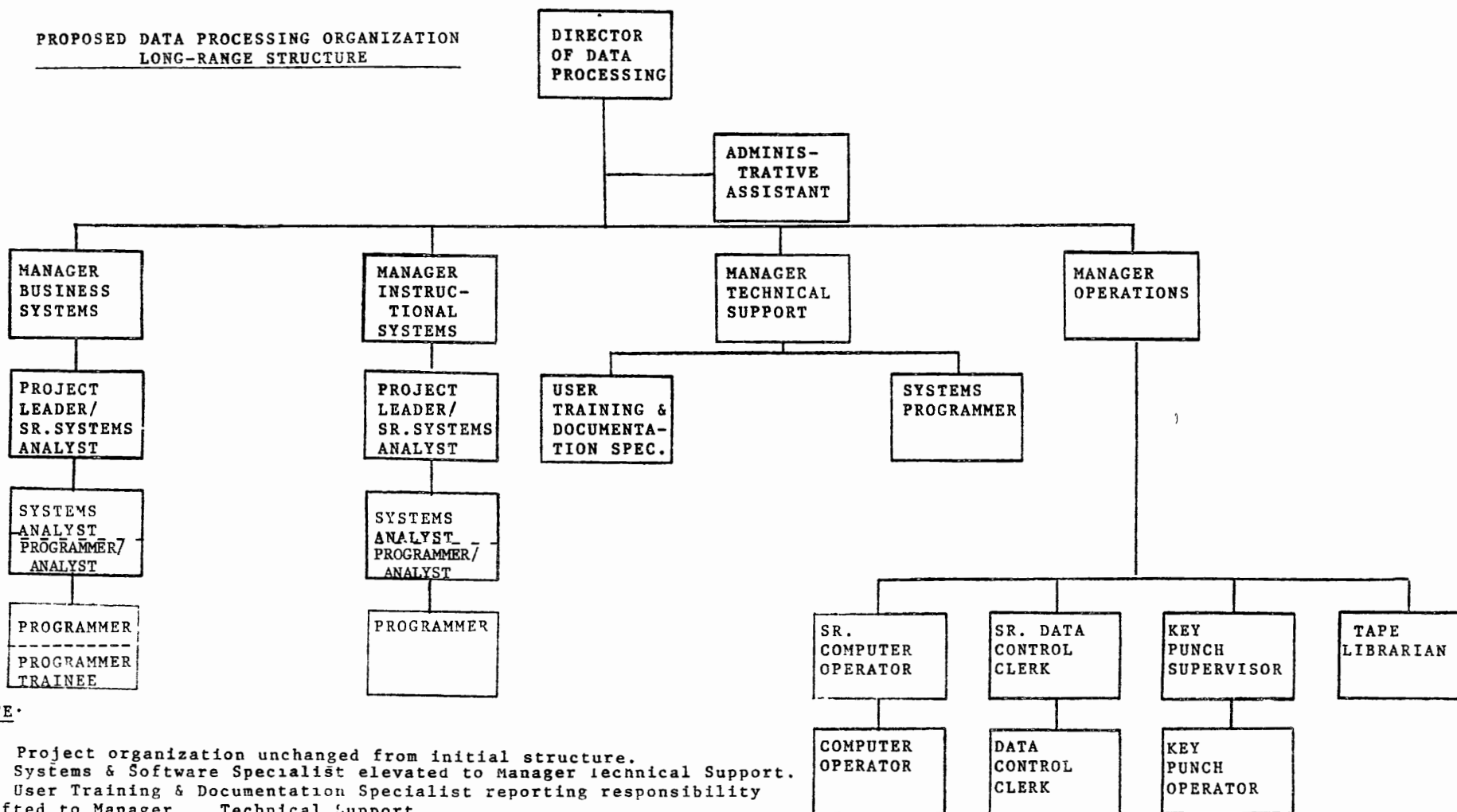
- Assistant Director of Data Processing is deleted from Table of Organization.
- Programming Manager and Systems Manager positions are replaced by combined systems development/programming functions.
  - .Managers of Business and Instructional Systems perform systems analysis and programming activities through each project team.
  - .The project team consists of analysts, programmer/analysts and programmers.
  - .Separate project teams are selected for each unique system.
- User Training and Documentation Specialist reports directly to Director, but is on a level equivalent to Project Leader.
- Systems and Software Specialist reports directly to Director, but is on a level equivalent to Project Leader.
- Selected personnel are shifted to titles commensurate with their skills and abilities.
- Selected titles are recruited from outside the Board.



BENEFITS OF REVISED SALARY STRUCTURE  
AND STAFFING LEVELS

- Salary structure for managerial, supervisory and technical personnel more closely reflects industry averages; Board will be able to attract and retain competent personnel.
- Managerial component expanded from four budgeted positions to six budgeted positions
  - . Allows top management to plan and direct over-all efforts rather than be immersed in day-to-day activities
  - . Sets up a second level of management directly responsible for coordinating and leading systems development projects
  - . Provides for balanced effort between business and instructional needs
  - . Greater attention can be devoted to satisfying user needs as well as generating a higher quality product.
- Systems development staff increased from ten budgeted positions to eleven budgeted positions at significantly higher skill levels
  - . New systems development should proceed more rapidly
  - . Quality of systems will be improved.
- Computer Operations staff reduced from nine positions to six, due to reduction of hardware.

PROPOSED DATA PROCESSING ORGANIZATION  
LONG-RANGE STRUCTURE



NOTE:

1. Project organization unchanged from initial structure.
2. Systems & Software Specialist elevated to Manager Technical Support.
3. User Training & Documentation Specialist reporting responsibility shifted to Manager Technical Support.
4. Systems Programmer added to organization.
5. Additional staff to be hired as determined by Systems Plan

#### IV. THE STEERING COMMITTEE

PURPOSE:

To provide on-going measurement and evaluation of Data Processing to insure that the services offered are consistent with the needs of the Board.

RESPONSIBILITIES:

- A. Evaluation of user requests for new systems of modifications to existing systems.
- B. Monitoring of activities within Data Processing for purposes of verifying expected completion dates and costs.
- C. Setting of priorities for application revisions or development.

MEMBERSHIP:\*

- A. Director of Data Processing
- B. One Board member
- C. Secretary of the Board
- D. Business Manager
- E. Assistant Superintendent in charge of Curriculum
- F. Coordinator of School Computer Services
- G. Director of Budget
- H. Director of Personnel

FREQUENCY:

Monthly or as needed

\*The composition of the Steering Committee may be revised in accordance with any changes to the Board's management structure which may occur in the future.

## V. STANDARDS AND PROCEDURES

### A. Findings:

#### 1. Planning -

- No Systems Plan has ever been developed by the incumbent Director.
- Standards for development of a Systems Plan do not exist.
- Standards for selection of a project do not exist; Feasibility studies and Cost/Benefit Analyses have been performed for only one (1) application (Text Management).

#### 2. Project control -

- Manpower allocations to projects had been instituted; however, little or no monitoring of activities against due dates had occurred until the Task Force requested such information on a weekly basis.
- Slippage has become commonplace with no justification of reasons given.
- No correlation of man-hours or computer time to systems development.
- No estimates of man-hours required to complete a task.

#### 3. Computer Operations -

- No standards for turn-over of a new system to Operations.
- No computer scheduling.
- No procedures for reporting problems.
- No rules for computer room and library housekeeping.
- Inadequate back-up procedures.
- No written procedures for data control.
- Inadequate Data Storage Library environmental controls.

#### 4. Systems and Programming -

- Scant documentation for existing systems.
- Current standards not followed.
- Systems Analysis and Design not addressed in current standards.

B. Action taken:

1. Task Force has written a complete Standards and Procedures Manual encompassing:
  - a. Planning
  - b. Documentation
  - c. Systems and Programming
  - d. Computer Scheduling
  - e. Data Storage Library Procedures
  - f. Operations Standards
  - g. Project Selection
  - h. Project Control
  - i. User Interfaces
2. Task Force will train Data Processing staff.
3. Task Force recommended new environmental controls for Data Storage Library.

## VI. FISCAL ACCOUNTABILITY FOR DATA PROCESSING

### A. Findings:

- Board does not know the relative costs of processing each application.
- Data Processing does not know the relative costs of processing each application.
- New applications development is considered and begun with little regard to benefits, development costs and on-going costs after implementation.
- New equipment is acquired with little regard to current needs or future growth patterns.
- Data Processing implemented an I.B.M.-supplied program to account for computer utilization and application costing; however, that program is grossly deficient in that:
  - . Dollar costs are not assigned to equipment usage
  - . The program does not clearly indicate utilization of the equipment
  - . The program does not measure efficiency of operations
  - . Development costs cannot be recorded
  - . Key punch, materials and supply costs cannot be recorded.

### B. Recommendation:

- The Board should acquire a different commercially available package to replace I.B.M.'s Job Accounting Program.
- Criteria for measurement include:
  - . Effectiveness (level of service rendered)
    - .. Production reruns
    - .. Development testing
    - .. Operating scheduling
      - ... lead time for production reports
      - ... turn around time for inquiry reports
      - ... abnormal terminations

- . Efficiency (level of resource utilization)
    - .. Operator workloads
      - ... Shift scheduling
      - ... Conflicts/idle time
    - .. Run efficiencies
      - ... balance of peripheral usage
      - ... leveling of loading peaks and valleys
      - ... multi-program levels achieved
      - ... degree of I/O contention
  - . Costing (level of accountability)
    - .. by application on continuing basis
    - .. by project in development/maintenance
    - .. by minor application within user group, for information or chargeback of the costs of providing D.P. services of all types
  - . Planning (level of support required)
    - .. computer/personnel resource utilization
      - ... over/under capacity
      - ... effects on utilization and costing of possible reconfigurations
      - ... timing of acquisition
- The State of New Jersey now uses a package offered by Value Computing Inc.
- . Total cost \$6,150.
  - . Specifications for package selection have been developed by the Task Force and should be used for the bidding process.
  - . The Task Force recommends the purchase of Value Computing's package.

## VII     HARDWARE

The Board of Education currently uses three computers: a 360/40, a 370/135 and a System 7 small computer, intended solely for use with the Time and Attendance System. Our analysis indicates that the Time and Attendance System should be dropped, which eliminates the need for the System 7. Beyond that, our analysis indicates that only one computer - either the 360/40 or the 370/135 - is needed to process the existing workload.

Based on the uncertain future course of Computer-assisted Instruction (CAI), which may drastically increase its requirements for computer hardware, we reached two conclusions:

1. All current applications as well as proposed new business-oriented systems can be accommodated by one computer - either the 360/40 or the 370/135.
2. If Computer-assisted Instruction expands as proposed, neither computer is capable of handling the additional workload, signifying that either computer would be an interim solution, requiring replacement during 1976.

Based on these factors we recommend the Board retain the 360/40 and return the 370/135 to I.B.M. The 360/40 is of lower cost to the Board, and is the computer used to run most existing applications. In addition, if a new computer is required in the future due to CAI, the Board will not have to undergo conversion twice - once from the 360/40 to the 370/135, and again from the 370/135 to a new machine - a process which is both costly and time-consuming.

A factor related to the acquisition of new hardware by the Board was also noted during our review. In the past, the Board has acquired new hardware in anticipation of its' use for a new application, long before the application is to be implemented. As a result, the Board has incurred substantial rental costs for equipment which for some time was idle or used to only a limited extent for program testing. This has been true for both the System 7 and the 370/135. In the future, the application should be tested either on existing hardware or time rented from elsewhere for testing, with new equipment being leased only when the application is to be implemented. The practice which has been followed in the past has resulted in the Board's expenditure of approximately \$100,000. needlessly during the past year and one-half.



I.B.M. 360/40 CONFIGURATION

EQUIPMENT	QUANTITY	MONTHLY RENTAL	ANNUAL RENTAL	FISCAL YEAR				
				INSTALLMENT PAYMENT 1975-1976	INSTALLMENT PAYMENT 1976-1977	INSTALLMENT PAYMENT 1977-1978	INSTALLMENT PAYMENT 1978-1979	INSTALLMENT PAYMENT 1979-1980
2040 - 360/40	(1)							
Upgrade G-GF				11,306.49				
" GFO-HOO				18,135.39	17,386.77			
" HOO-RPQ				65,856.06		23,967.42	22,473.49	5,525.00
2740/2741 Terminals	(16)			18,706.13	17,679.31	13,318.66	12,525.21	6,064.24
2741 Terminals	(45)			35,542.25	34,074.93			
2711 Line Adapters &	(2)			21,587.15	10,566.09			
3705 TCU								
3705/2711 Upgrade	(1)			8,600.57		3,125.63	2,929.78	482.86
3420 Tape Drive	(1)			3,036.69	2,911.33			
----- **PURCHASE SUB-TOTAL				182,770.73	82,618.43	40,411.71	37,928.48	12,072.10
029 Card Punch	(1)	113.00	1,356.00					
083 Sorter	(1)	121.00	1,452.00					
129 Data Recorder	(5)	815.00	9,780.00					
1052 Keyboard	(1)	64.00	768.00					
1231 Optical Reader	(1)	499.00	5,988.00					
1403 Printers (1- 600								
1-1100)	(2)	1,656.00	19,872.00					
1416 Print Train	(1)	98.00	1,176.00					
2314 Disk Storage	(1)	1,500.00	18,000.00					
2319 Disk Storage(1-FTP)	(2)	1,859.00	22,308.00					
2540 Card Unit	(2)	1,448.00	17,376.00					
2741 Terminal	(1)	108.50	1,302.00					
2821 Control Unit	(2)	1,976.00	23,712.00					
3420 Tape Drives	(4)	1,560.00	18,720.00					
3420 Tape Drive	(1)	474.00	5,688.00					
3803 Tape Control	(1)	756.00	9,072.00					
-----SUB-TOTAL		13,047.50	156,570.00	156,570.00	156,570.00	156,570.00	156,570.00	156,570.00
PROG. PRODUCTS								
5736-16346 XM6 APL	(1)	280.00	3,360.00					
5736-06056 E11								
(Coursewriter III)	(1)	204.00	2,448.00					
-----SUB-TOTAL		484.00	5,808.00	5,808.00	5,808.00	5,808.00	5,808.00	5,808.00
		<u>13,531.50</u>	<u>162,378.00</u>					
				345,148.73	244,996.43	202,789.71	200,306.48	174,450.10
								1,167,691.45

## VIII APPLICATIONS

### A. Application costing

- As indicated previously, the Board has never been given relative costs for each of the automated systems.
- Although the data necessary to develop these costs has never been properly gathered by Data Processing, the Task Force allocated equipment rental and installment fees, personnel, materials and supplies to each of the systems based on their time and resource requirements during the period 1974-1975.

Attached is a table indicating the annual on-going costs for supporting each major application.

EXISTING EQUIPMENT  
1974/75 FISCAL YEAR  
DATA PROCESSING COSTS BY APPLICATION

	HOURS/ MONTH	PER CENT UTILIZED	EQUIPMENT (INCL. TEST TIME DISTRIBUTION)	PERSONNEL/ MONTH	OTHER M & S	SPECIAL ITEMS	TOTAL/ MONTH	TOTAL/ YEAR
ACCOUNTING	160	21	7,754	6,396	1,925		16,075	192,900
C.I C S ON-LINE INQUIRY	240	49	11,636	9,701	2,920	1,155 (CRT rental)	25,412	304,944
PAYROLL	130		6,296	5,223	1,572		13,091	157,092
SCHOOL SCHEDULING	15	02	727	609	183		1,519	18,228
GRADE REPORTING	40	05	1,939	1,523	458	500 (Scanner)	4,420	53,040
DISTRIBUTION	5	01	243	305	92		640	7,680
COMPUTER ASSISTED INSTRUCTION	160	21	7,754	6,396	1,925	11,882 (Term & Lines)	27,957	335,484
OTHER (INCL. TESTING & MAINTENANCE)	150*							
TIME & ATTENDANCE						7,056	7,056	84,672
	900		36,349	30,153	9,075	20,593	96,171	1,154,052

\*Distributed among all applications on pro-rata basis.

1975/1976 FISCAL YEAR

DATA PROCESSING COSTS BY APPLICATION

	HOURS / MONTH	PER CENT UTILIZED	EQUIPMENT (INCL. TEST TIME DISTRIBUTION)	PERSONNEL/ MONTH	OTHER	SPECIAL ITEMS	TOTAL/ MONTH	TOTAL/ YEAR
ACCOUNTING	160	31	4,092	13,083	1,962		19,137	229,644
PAYROLL	130	26	3,323	10,625	1,594		15,542	186,504
SCHOOL SCHEDULING	15	03	390	1,250	188		1,828	21,936
GRADE REPORTING	40	08	1,017	3,250	488	499 (Scanner)	5,254	63,048
DISTRIBUTION	5	01	117	375	56		548	6,576
COMPUTER ASSISTED INSTRUCTION	160	31	4,092	13,083	1,962	15,250 (Term. & Lines)	34,387	412,644
OTHER (INCL. TEST & MAINTENANCE)	<u>150*</u> 660		<u>13,033</u>	<u>41,666</u>	<u>6,250</u>	<u>15,749</u>	<u>76,696</u>	<u>920,352</u>

\*Distributed among all applications on pro-rata basis

B. Payroll/Personnel

- Objectives of a Payroll/Personnel System

- . Allow for timely and accurate updating of employee status data concerning new hires, terminations, salary changes, transfers, etc.
- . Control the input and output to the system to insure only valid data is processed. This includes editing out invalid data and ensuring that the output of the system conforms to the input.
- . Calculation of pay and deductions.
- . Maintenance of historical information regarding pay and status.
- . Generation of accurate accounting information and an audit trail supporting payroll expenses.
- . Provide timely information regarding both payroll and personnel data in accordance with the specific needs of the Board. This includes such information as seniority by position, civil service and tenure status, etc.

- The existing system does not meet those objectives

- . The combined Payroll, Personnel and Data Processing Task Forces have identified and are implementing modifications to that system in order to meet minimum acceptable levels of control.

- The existing system is much too costly considering the values received

- . The new I.B.M. 370/135 is used solely for Payroll/Personnel processing
- . The on-line inquiry ability (Cathode-Ray Tubes located in Payroll and Personnel) does not provide all significant and required information
  - .. All personnel data is not retrievable
  - .. Period pay data is not available
  - .. Only portions of historical data are maintained

. Total allocated cost for Payroll/Personnel System is \$462,000.

.. On-line inquiry cost is \$305,000.

.. Payroll/Personnel routine processing cost is \$157,000.

- The Board and the Task Force have agreed that the need for a new Payroll/Personnel System exists.

The Systems Plan will address the development of that System.

- Within a shorter time-frame, several changes to the current system can be accomplished to provide improved operating efficiencies at cost savings of at least \$358,000. per year.

. Replace the on-line inquiry system with microfilm output and readers

.. All personnel data related to each employee would be immediately available

.. Period pay information would be included

.. All history pay information (full year-to-date) would also be included

.. Microfilm first year cost: \$13,543. (including purchase of three microfilm readers and all processing)

.. Annual operating cost: \$8,746.

.. This approach provides flexibility for microfilm expansion into other applications

.. Specifications for microfilm selection will be included in the Systems Plan

. Eliminate the Time and Attendance System (savings of at least \$110,000. in 1975-1976)

.. Possible increases in levels of control were addressed by revisions in Payroll procedures and modifications to the current automated system

.. A complete Time and Attendance System would cost at least \$250,000. in the first year of operation (including development cost)

- .. Anticipated clerical reductions (\$193,000. per year) are totally unsupported, since only 25% of school payroll support is dedicated to analysis of time sheets and those efforts would be replaced at least in part by review of automated reports and subsequent exception input to the Payroll System.
- .. Recovery of lost time (fraud) would require identification of at least 4,860 man-days (at an average rate of \$51.00 per work day) for pay-back.

Given that teacher salaries comprise 85% of the salary budget, and that teacher vacancies are readily detectable, we cannot consider the pay-back realistic.

- .. Payroll overtime reduction (stated as \$22,000.) is irrelevant as a result of Task Force activities in that area.
- .. No attention whatsoever has been directed towards:

- (1) Union relations (Board Counsel has indicated that the Teachers' Union will not accept a badge-reader system)
- (2) Systems Conversion (Badge production and maintenance, revised user department procedures, and training has been ignored)
- (3) Systems Design (Separately maintained data files create a problem of integrity of information)

- . The Payroll/Personnel System is the only system resident on the 370/135. Given availability of computer time on the 360/40 and the gross under-utilization of the 370/135, a shift to the 360/40 and elimination of the 370/135 is recommended (allocated cost savings of \$261,000.)

C. Appropriation Accounting

- Objectives of an Appropriation Accounting System

- . Maintain line item budgets detailing the current modified appropriation and staffing levels (for personnel lines).
- . Control the expenditure of funds through the use of an encumbrance and voucher system and rejecting transactions which would result in overexpenditure.
- . Maintain history of expenditures and available funds on a timely basis.
- . Generate checks to vendors on a timely basis for services rendered.
- . Maintain accounts on a double-entry basis in balance at all times.
- . Generate data required to maintain a general ledger.
- . Maintain and track cash and bank account balances.
- . Provide information to effect fiscal control and provide management with the information they require.
- . Track and control exception accounts such as outstanding purchase orders.
- . Maintain vendor information including history of past performance.

- The existing system does not meet those objectives.

- . The combined Accounting, Budgeting and Data Processing Task Forces have identified and are implementing modifications to that system in order to meet acceptable levels of control.
- . The Systems Plan will address replacement of that system.



#### D. Instructional Systems

- Superintendent's Task Force report, scheduled for release in mid-1976, will address Computer-Assisted Instruction
  - . State Task Force is not addressing the content of that application.
- The Board intends to implement A Programming Language (to be used by students wishing to learn higher level math concepts as well as computer programming) as a pilot project, consisting of one terminal in each of four schools.
  - . The 360/40 core capacity was increased in anticipation of APL at a cost of approximately \$130,000.; the increase in capacity has not yet been utilized.
  - . If APL is implemented on the 360/40, the responsiveness of CAI will significantly decline in spite of the additional core capacity. (The decline in CAI's responsiveness was identified to us by the Director of Data Processing and the Systems Analyst assigned to that project.)
- Alternatives available to the Board consist of:
  - . Retain the 370/135 and set up APL on that computer. Note that additional hardware would be necessary.

The incremental cost of this alternative (used to support a total of only four terminals) is at least \$300,000.
  - . Modify the 360/40 computer system to provide better response to CAI users at the expense of APL users. No incremental costs.

Use the outside services of an educational or commercial time-sharing firm specializing in this application.

Incremental cost is \$25,000., for fiscal year 1975-1976.
- The Task Force recommends utilization of an external time-sharing firm for APL
  - . This option shall be considered temporary, since the Superintendent's June, 1976 report will determine the long-term usefulness of the computer as a learning tool.
  - . Contention between APL and CAI on the 360/40 will prevent any other applications from processing during the hours of 8:30 and 3:30
    - .. A third shift would have to be added
    - .. Incremental cost would be at least \$40,000. (additional operators, librarian and equipment overtime charges)

- The Systems Plan will address possible expansion of the total instructional system as of Fiscal Year 1976-1977.

E. Other Systems

- Applications not impacted by personnel and/or hardware revisions (but which will be addressed by the Systems Plan) include:
  - . Grade Reporting
  - . School Scheduling
  - . Text Book Ordering
  - . Statistical Reporting

## IX. 1975-1976 BUDGET

### CURRENTLY APPROVED BUDGET

The budget approved by the Board of Education for Data Processing reveals a confused interweaving of hidden costs, unrevealed future costs, and commitments obligating the Board to certain systems and hardware. We analyzed the development of the budget into its' final form as best as possible, which revealed the following developments:

- The original \$129. million budget proposed equipment expenditures in excess of \$700,000., an increase of \$150,000. over 1974-1975 levels.
- In order to conform to the \$115. million budget, equipment expenditures were reduced to \$200,000., indicating a rental savings of approximately \$350,000., and elimination of payment liabilities of \$180,000.
- The reduction of \$350,000., in rental costs was to be achieved by purchasing at a cost of \$550,000., previously rented equipment including the System 7, the 370/135 peripherals, and pre-paying these expenses from the 1974-1975 budget. Prepayment would also have to include the purchase obligation of \$180,000., for a total prepayment of \$730,000.

A number of conclusions can be derived from the foregoing history:

- The 1975-1976 budget does not include the prepayment of approximately \$730,000. during 1974-75 for services to be received during 1975-76. The proposed 1975-1976 expenditures should therefore include the prepayments, which indicate a true Data Processing budget of \$1.50 million.
- Planned Data Processing expenditures for 1975-1976 reflect an increase in both hardware costs and in overall costs over 1974-75 levels.
- The conversion of equipment from rental to purchase will result in the Board's ownership of the System 7 and the 370/135 peripherals, "locking in" the Board to this equipment and the use of the Time and Attendance System. The Board is paying \$550,000., in purchase costs to avoid a rental cost of \$350,000.
- It is not clear that the Board of Education was presented an accurate portrayal of the expenditures or commitments involved. We seriously question how the Board can provide effective decision-making and policy direction without being made fully aware of the situation. If the Board is to provide effective leadership, the budgeting process should clarify, not confuse, the commitments and expenditures being made.

## RECOMMENDED 1975-1976 BUDGET

Based on the detailed recommendations presented previously, we are recommending eliminating the use of both the System 7 and the 370/135, with the 360/40 providing all the hardware capacity required. The cost required to support this hardware is \$345,149., which includes both rental or lease costs, as well as purchase payments.

The reorganization we have proposed calls for an increase of four budgeted positions from the current \$115 million 1975-76 budget. In addition to the increase in positions, salary structures have been radically revised to be competitive with prevailing salaries. The proposed organization will also result in a far more effective operation with improved performance and service. These recommendations require a budgeted expenditure level of \$496,452., an increase of \$42,198., over current budgeted level.

Other expenditures include insurance, supplies, etc. We have reduced the 1975-76 budget for these items based on historical experience and the reduced amount of hardware.

Presented below is a summary of costs associated with the original \$129. million budget, the adopted \$115. million budget, and the proposed 1975-1976 budget.

### BUDGET COMPARISON (\$000)

	<u>\$129 Million</u>	<u>\$115 Million</u>	<u>Proposed</u>
RENTAL	\$ 539.	\$ 192.	\$ 162.
INSTALLMENT PAYMENT	201.	183.*	183.
NEW PURCHASES	<u>-</u>	<u>552.*</u>	<u>-</u>
TOTAL EQUIPMENT	\$ 740.	\$ 927.	\$ 345.
PERSONNEL	665.	454.	496.
OTHER	<u>206.</u>	<u>127.</u>	<u>75.</u>
TOTAL BUDGET	\$1,610.	\$1,500.	\$ 916.

\*These expenditures are not reflected in the 1975-76 budget. They are prepayments using 1974-1975 funds, but are for services to be received in 1975-1976.

As can be seen from the above, the recommended budget will result in a reduction of costs of approximately \$584,000., from currently budgeted levels. The proposed budget also represents a reduction of over \$250,000., from 1974-1975 expenditures. While the substantial cost savings is of critical importance, particularly at this time, the establishment of a productive and effective Data Processing organization with the resulting improvement this will bring to the control and management of Board activities, is of perhaps even greater value.

NEWARK BOARD OF EDUCATION

DATA PROCESSING TASK FORCE

FINAL REPORT - PART II

JULY 31, 1975

This report is the second of two delineating the findings and recommendations of the State Task Force, Data Processing Task Group.

PART I of the Report dealt with the major need for an effective understanding of Data Processing at the Newark Board of Education, and with the resultant findings in the areas of restructuring the budget, personnel and hardware configurations.

PART II of the Report provides an evaluated set of system plans, with alternatives as appropriate, for both current work (e.g. - hardware reconfiguration, personnel staffing) and longer term work to cover a three-year period (e.g. - the business system, the pupil system). Included in the report are:

- Management summary
- New applications development
- Current reorganization and short-term fixes
- Growth plans for hardware configuration and personnel
- Budget for the next two and one-half years.

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## I. MANAGEMENT SUMMARY

### A. OVERVIEW

It should be noted at the onset that a considerable part of the value of the system plan as presented lies in its orderly approach to defining problem areas with their relation to each other, and in presenting alternative compatible solutions with analysis of costs and benefits for each.

For its value to be realized in the Data Processing activities at the Board of Education, the system plan must be continually re-evaluated and updated as work progresses, in the same formats as presented here.

The major thrust of the overall system plan presented is three-fold:

- restructuring the hardware configuration to a least-cost complement of equipment for current (one-year) needs;
- restructuring the personnel complement for proper planning, control and installation of application systems over a three-year period;
- delineation of system plans for each major application under both business and instructional areas.

Specific features, recommendations and conclusions include:

- Current work (first year)
  - . conversion of the hardware configuration to a single central processor 360/40 system
  - . installation of the Valu-Comp job accounting package for internal D.P. controls and using department information
  - . short-term fixes to existing applications
    - .. payroll/personnel
    - .. accounting
  - . interim installation of outside time-sharing services for
    - .. APL instruction, to assist in the Board's Task Force evaluation
    - .. Stores inventory application



- Three-year plan

- . Applications to be implemented

- .. Development cost

- .. On-going cost

- . Equipment

- . Personnel

- . Budget

B. CONSIDERATIONS IMPACTING THE SYSTEMS PLAN

- Delays in staffing
  - . Project slippage may occur when required personnel are not available.
- Continued low skill levels
  - . All Programmer Trainees, new hires and certain programmer/analysts are to be considered on probationary status for one year
    - .. Lack of productivity should result in their dismissal
    - .. Significant progress by any or all trainees should result in their promotion to programmer
- Lack of direction by Board
  - . The Board must define its policies and objectives in order that efforts by Data Processing result in maximum benefit
  - . The Board must review the Systems Plan annually to insure consistency with its objectives
- Lack of direction and monitoring by Steering Committee
  - . The Steering Committee must evaluate and monitor Data Processing activities; further, it should prevent non-essential requests from impeding the progress of that department
  - . The Steering Committee must approve and prioritize crucial systematic modifications in light of available resources
- New technology and/or changing needs
  - . The Systems Plan must be considered dynamic and reflect a changing environment; a new plan should be generated each year
  - . Applications and/or hardware presented in this plan are based on the most cost-effective alternatives now available and may not reflect capabilities not yet anticipated or available

- Possible City-wide consolidation of data centers
  - . The Task Force completely supports consolidation
  - . Movement toward consolidation will dramatically impact the Systems Plan
    - .. A totally new plan must be developed
    - .. Expected efficiencies and cost savings must be applied to each application
    - .. Re-work of redundant applications must be considered
    - .. Re-prioritization of developmental activities must occur
- Significantly high levels of user support is required for successful installation of data processing systems
  - . Unavailability of that support will result in slippage and/or systems which do not meet the Board's needs
  - . External expertise may be required, although it can never be considered a replacement for user interaction

NOTE: No consideration should be given to either Touche Ross & Co., or any hardware vendor for assistance in implementing any automated system, due to the possibility of pre-formed judgments which may materially affect either party's objectivity.

## C. PHILOSOPHY AND METHODOLOGY

### 1. OBJECTIVES

- Revise and expand automated financial functions to adequately track, monitor and manage the budgetary and disbursement process
- Insure maximum cost-effectiveness
- Provide valid data when necessary
- Correlate instructional activities to financial responsibilities
- Measure instructional achievements against dollars spent
- Reduce routine clerical efforts when they can be performed in a cost-effective manner through automation

### 2. METHODOLOGY

- Implement systems which tie together as an integrated entity
  - . Common master files
  - . Common input data entry points
  - . Modular to the extent that applications can be added to an existing data base
- Where feasible, select and modify predeveloped packages to suit the Board's specific requirements
  - . Less costly
  - . Quicker implementation cycles
  - . Lower skill levels required
- Implement a total financial system which includes:
  - . Payroll/Personnel
  - . Budgetary Accounting
  - . Accounts Payable
  - . Inventory
  - . General Ledger

All applications should routinely interface with each other and should routinely generate appropriate general ledger from a singularly-maintained set of reference, transaction and master files.

- Implement an instructional system which includes

- . Pupil tracking
- . Grade reporting
- . School scheduling
- . Test marking
- . Attendance Accounting

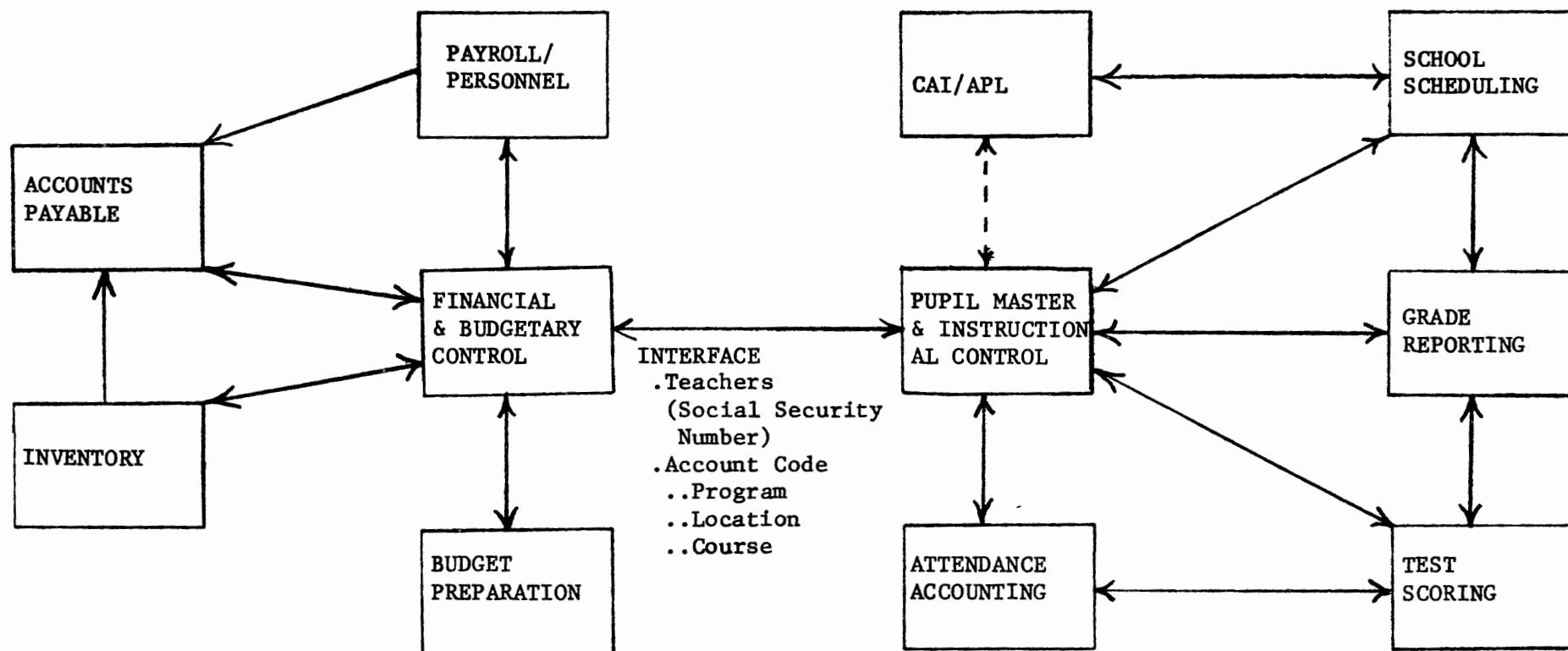
All applications should relate directly to the pupil tracking application; an interface to the financial system must include:

- . Breakdown of the account code structure consistent with the financial system
- . Direct relationship of teachers, courses and expenses
- . Costs by pupil
- . Achievement levels by teacher, course, or other criteria as mandated by the Board

3. PACKAGE SELECTION

- Because of the critical need at the Board of Education to bring both the Business and Instructional Systems up to an effective level of user support in the shortest possible time frame, special attention has been given to seeking out and evaluating existing application packages that will meet the Board's needs without substantial modification.
- The California Education Information System provides the framework for an integrated financial/instructional reporting system
  - . Total package cost \$20,000. as offered by the Hillsboro County School Board, Tampa, Florida.
  - . Generic system was designed in California through public funding; although that system is available, at no charge, many deficiencies exist which have been corrected in Tampa's version.
  - . No other package is available which includes proven financial and instructional capabilities
  - . State of Kentucky has purchased the Tampa version of CEIS; enhancements are available at no extra cost.

D. SYSTEMATIC FLOW



E. SYSTEM PLAN SUMMARY

- Business Applications (an incremental approach blending in-house and purchased applications):

- . California Educational Information System

- ..(first six months) Install CEIS

- ... financial application

- ... Accounts Payable application

- .. (next 18 months) Install Florida and Kentucky enhancements, modified according to the December 1974 IBM requirements study, for

- ... Budget preparation and control

- ... Payroll/Personnel

- .. (last 12 months) install CEIS Stores Inventory Application, to replace the interim time-sharing application.

- . Upgrade the in-house Textbook Ordering Application to specifications delineated by the State Purchasing Task Group.

- Instructional Applications (a systems study approach leading to a complete set of applications specifically designed to tie back to the Business Applications, as well as providing direct support to the schools):

- . California Educational Information System: After a complete requirement study to determine necessary modifications, obtain and install

- .. Pupil Master Application (first 12 months)

- .. Grade and Scheduling (next 12 months)

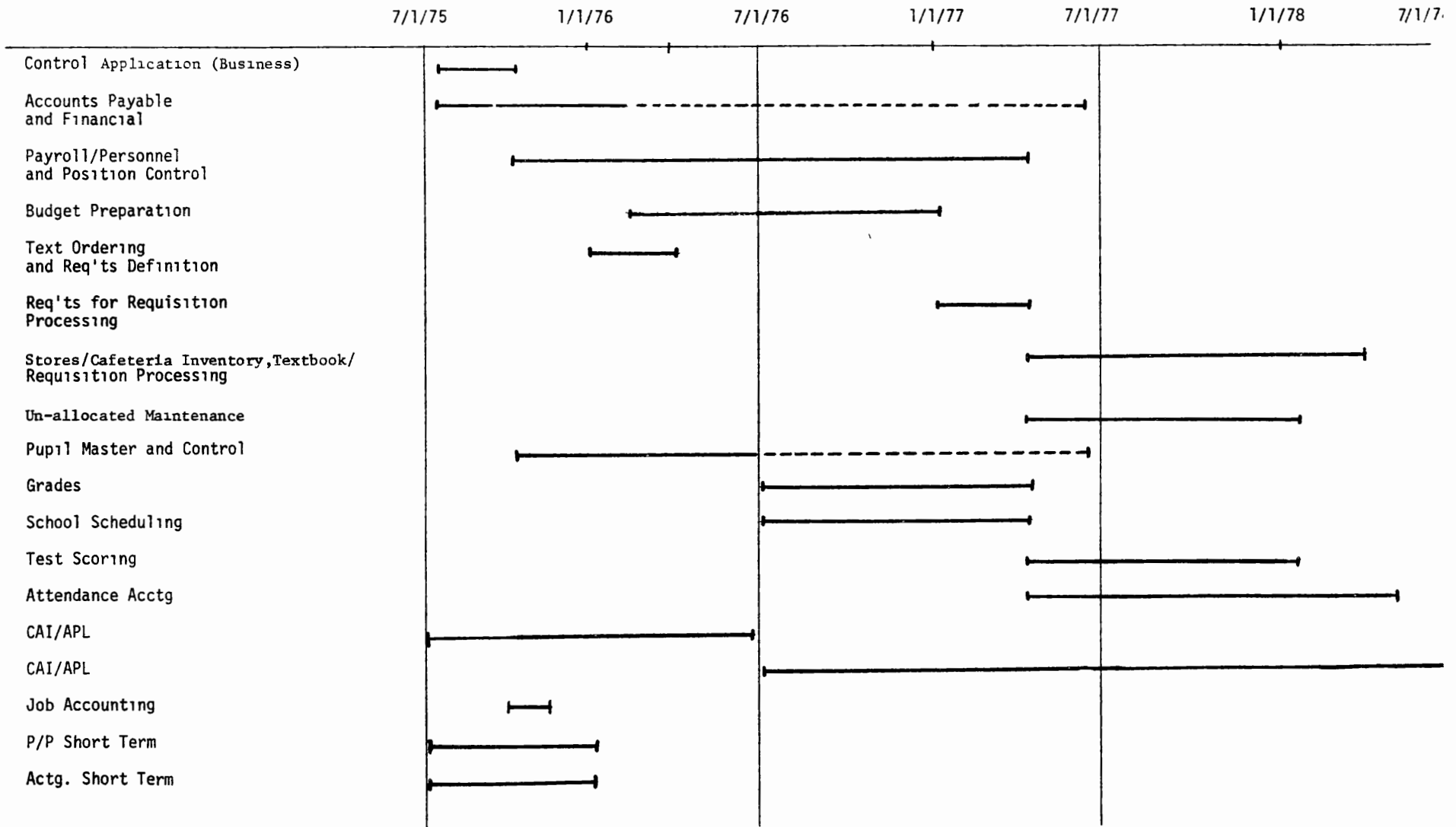
- .. Test Marking (next 12 months)

- .. Pupil Attendance (as possible)

- . Computer Assisted Instruction - pending the results of the Board's Task Force study, alternative outline plans are presented.

- . APL - pending an evaluation of the interim time-sharing application, no firm plans can be made at this time.

# PROJECT LOADING SUMMARY





# APPLICATION COSTING SUMMARY\*

<u>APPLICATION</u>	<u>DEVELOPMENT COST</u>	<u>ON-GOING COST</u>	<u>BEGIN DATE</u>	<u>END DATE</u>
BUSINESS CONTROL	6,500.	7,000.	09/01/75	10/30/75
ACCOUNTS PAYABLE/FINANCIAL	65,800.	110,000.	09/01/75	02/28/76
PAYROLL/PERSONNEL & POSITION CONTROL	352,000.**	95,000.	11/01/75	03/31/77
BUDGET PREPARATION	69,000.	16,000.	03/01/76	12/31/76
TEXT ORDERING & REQUIREMENTS DEF. )			01/01/76	03/31/76
REQUIREMENTS FOR REQUISITION PROCESSING )	128,000.	31,500.	01/01/77	03/31/77
STORES/CAFETERIA INVENTORY/TEXTBOOK )				
REQUISITION )			04/01/77	04/01/78
UNALLOCATED MAINTENANCE		33,000.	04/01/77	12/31/77
PUPIL MASTER & CONTROL	73,500.	33,000.	11/01/75	06/30/76
GRADES	66,000.	33,500.	07/01/76	03/31/77
SCHOOL SCHEDULING	69,250.	21,500.	07/01/76	03/31/77
TEST SCORING	57,000.	18,500.	04/01/77	12/31/77
ATTENDANCE ACCOUNTING	75,000.	19,500.	04/01/77	03/31/78
CAI/APL	-	-	09/01/75	06/30/76
JOB ACCOUNTING	1,000.	1,000.	09/01/75	09/30/75
PAYROLL/PERSONNEL SHORT TERM	17,000.	-	-	10/31/75
ACCOUNTING SHORT TERM	9,500.	-	-	10/31/75
	<u>989,550.</u>	<u>419,500.</u>		

\* Cost figures do not include allocation for overhead or functions not directly attributable to any application.

\*\* Includes IBM Requirements and Design Study \$205,000.

PROJECT MANPOWER LOADING SUMMARY

<u>NAME</u>	<u>RESPONSIBILITY</u>	<u>TEAM</u>	<u>BEGIN</u>	<u>END</u>
Business Control	PL 1, PL 2	-	9/1/75	10/30/75
Accounts Payable/Financial	PL 1	SA 1, PA 3, PA 5, PG 1, PT 4.	9/1/75	2/28/76
Payroll/Personnel & Position Control	PL 2	SA 2, PA 1, PT 1, PT 2.	11/1/75	3/31/77
Budget Preparation	PL 1	SA 1, PA 3, PA 5, PT 4.	3/1/76	12/31/76
Text Ordering & Requirements Def.	PL 1	PA 3.	1/1/76	3/31/76
Requirements for Requisition Processing	PL 1	SA 1.	1/1/77	3/31/77
Stores/Cafeteria & Inventory/ Requisition Processing	PL 1	SA 1, PA 1, PA 5, PT 1, PT 4	4/1/77	4/1/78
Unallocated Maintenance	PL 2	SA 2, PA 3	4/1/77	12/31/77
Pupil Master & Control	PL 3	PA 2, PA 4, PG 1, PT 3	11/1/75	6/30/76
Grades	PL 3	SA 3, PG 1 PT 3.	7/1/76	3/31/77
School Scheduling	PL 4	SA 4, PA 2, PA 4.	7/1/76	3/31/77
Test Scoring	PL 3	SA 4, PA 2 PG 1.	4/1/77	12/31/77
Attendance Accounting	PL 4	SA 3, PA 4 PT 3	4/1/77	3/31/78
CAI/APL	SS	-	9/1/75	6/30/76
CAI/APL	PL 5	SA 5.	7/1/77	-
Job Accounting	SS	-	9/1/75	9/30/75
Payroll/Personnel Short Term	PL 2	PA 1, PT 1, PT 2	-	10/31/75
Accounting Short Term	PL 3	PT 3, PT 4.	-	10/31/75

PROJECT LEADERS:

PL 1	New position
PL 2	Andrews
PL 3	Vivona
PL 4	New position (7-1-76)
PL 5	New position (7-1-77 if CAI expansion)

SYSTEMS ANALYSTS:

SA 1	New position	
SA 2	"	
SA 3	"	(7-1-76)
SA 4	"	(7-1-76)
SA 5	"	(7-1-77 if CAI expansion)

PROGRAMMER/ANALYSTS:

PA 1	Minor
PA 2	Johnson
PA 3	Farah
PA 4	DeLuca
PA 5	Meola

SYSTEMS & SOFTWARE SPECIALIST:

SS	Lee
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PROGRAMMERS:

PG 1	New position
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PROGRAMMER TRAINEE:

PT 1	Andersen
PT 2	Parker
PT 3	Bland
PT 4	Chloros

## II. FINANCIAL APPLICATIONS

### A. CONTROL APPLICATION

1. Present system
  - No comparable system exists
2. Proposed system
  - Provides the controlling parameters for all CEIS financial applications
  - Determines how and when reports are to be generated
3. Priority: Immediate
4. Benefits
  - Linked to benefits of each CEIS financial application
5. Costs
  - Development
    - . Pro-rata portion of total CEIS System: \$ 500.
    - . Personnel to implement: 3,000.
    - . Computer time required: 1,000.
    - . Materials, supplies & other: 2,000.
    - . Total implementation \$6,500.
  - On-going costs (annual)
    - . Personnel \$4,500.
    - . Computer time 1,500.
    - . Materials, supplies & Other 1,000.
    - . Total on-going \$7,000.

6. Considerations for implementation

- Report parameters set up according to Tampa
- User support required to set up report dates
- Modifications to parameters may be made after implementation of Financial Application and Accounts Payable.

7. Gross configuration requirements: Existing 360/40  
90 k partition  
1 2314 dedicated disk  
1 card reader  
1 printer

8. Run-time estimates: 6 hours per month

B. FINANCIAL APPLICATION/GENERAL LEDGER

1. Present system

- No management statistical information
- No automated general ledger
- Restrictive account code structure
- No revenue accounting
- No data processing capability to track number, location and rate of vacancies within the salary accounts
- Inadequate control features
- System is inefficient, undocumented, difficult to modify or expand

2. Proposed System

- Refer to Data Processing Task Force Report, Part I
- Integrated data base to tie Accounts Payable, Inventory Revenue Accounting, Payroll/Personnel and General Ledger together.
- Revenue Accounting maintained
- Trial balances prepared monthly
- Automatic generation of debits and/or credits to general ledger based on Accounts Payable, Revenue, Inventory and Payroll/Personnel input data
- Data to be accumulated by fund
- Ability to interface with an automated budget preparation system
- Generation of managerial information to control budget process

3. Priority: Immediate after Control Application

4. Benefits

- Need for various manual sub-ledgers eliminated
- More timely financial information; statements will be provided for all funds

- Automatic interfaces eliminate the need for multiple entry of data

- . Transcription errors reduced
- . Greater managerial control
- . More timely financial information

- Serves as the basis for all other financial systems and pupil interface

5. Costs

- Development

. Pro-rata portion of total CEIS System:	\$ 3,000.
. Personnel to implement:	21,000.
. Computer time required to implement	4,800.
. Materials, supplies & other	<u>5,000.</u>
. Total implementation ( 6 months)	\$33,800.

- On-going costs (annual)

. Personnel	\$20,000.
. Computer time	30,000.
. Materials, supplies & other	<u>5,000.</u>
. Total on-going	\$55,000.

6. Considerations for implementation:

- Must be implemented before Accounts Payable, Payroll/ Personnel or other financial systems

- User support required to define chart of accounts prior to implementation

- General ledger conversion table must be built by Accounting

. Manual general ledger must be maintained until 6/30/76.

. Parallel effort may commence 1/1/76 through 6/30/76.

- Modifications to output reports may be made after implementation and be based on user requirements.

7. Gross configuration requirements: Existing 360/40  
90 k partition  
1 2314 dedicated disk  
2 available tape drives  
2 available disks  
(work and sort files)  
1 printer  
1 reader
8. Run-time estimates: 3 hours per day  
20 hours end of month



C. ACCOUNTS PAYABLE

1. Present System

- Uncontrolled spending
- No tie-in to General Ledger
- Restrictive capabilities
- Inflexible
- Inefficient
- Inadequate controls on input
- No managerial information
- Inadequate report structure

2. Proposed System

- Refer to Data Processing Task Force Report, Part I
- Comprehensive input verification
- Full and comprehensive transaction set for input
- Automatic interface with financial application and inventory
- Spending controlled against the budget
- Controls generation of checks to vendors
- Creates financial entries to General Ledgers
- Full set of output reports; easily modified for changing requirements
- Includes accounting by budget, vendor or any combination of the account code structure

3. Priority: Equivalent to Financial

4. Benefits:

- Automatic interface with Financial and Inventory Systems, reducing possible errors and clerical efforts
- A 24 to 48 hour turnaround reporting capability, thus increasing the information flow, and ensuring speedier payments
- Improved management reporting

- Improved flexibility for expansion
- Significantly greater levels of control and reduced clerical efforts

5. Costs

- Development

. Pro-rata portion of total CEIS System	\$ 2,000.
. Personnel to implement	20,000.
. Computer time to implement	5,000.
. Materials, Supplies & other	<u>5,000.</u>
. Total implementation:	\$32,000.

- On-going costs (annual)

. Personnel	\$20,000.
. Computer time	25,000.
. Materials, supplies & Other	<u>10,000.</u>
. Total on-going:	\$55,000.

6. Considerations for implementation:

- Forms must be re-designed

- Extensive user training and documentation required

- Specific modifications must be installed before implementing:

- . Tampa version does not generate an activity report after each day's update; rather, an on-line inquiry is utilized for access to the Budget file (FAF)

.. A report must be generated to list each day's activity and resultant affected budget line balances

- . Transaction reports (by budget line) do not indicate all appropriate information for selected transaction types

.. Purchase order transactions do not show vendor number or vendor name

- .. Manual check transactions do not show manual check number or vendor
- .. Payment transactions do not show vendor invoice numbers or other reference fields (as well as vendor information)
- . The transaction file relating to the above-noted report must be modified (in addition to the report) to contain the reference information.
- Further modifications to the system should be defined and implemented after three to six months of user experience.
- 7. Gross configuration requirements: Existing 360/40
  - 90 k partition
  - 1 2314 dedicated disk
  - 2 available spindles (sort and work files)
  - 2 available tape drives
  - 1 reader
  - 1 printer
- 8. Run-time estimates: 3 hours per day  
15 hours end of month
- 9. Modifications to existing system (in progress)
  - Modifications required to establish minimum acceptable levels of control during interim period between current application and new system implementation
    - . Restrict over-spending by budget line
      - .. Reject purchase orders in excess of unencumbered funds (by line)
      - .. Reject requests for payment in excess of unencumbered funds (by line)
    - . Consolidate the 29 separate encumbrance and expenditure files (currently a separate file for each budget)
      - .. Reduce run time to allow more frequent processing
      - .. Check cycle will be four times a month rather than semi-monthly
    - . Expand the Bills and Claims report to show full account number and purchase order reference information
      - .. Allows greater auditability of the disbursement process

- . Allow posting of manually-generated checks to the computer-maintained budget lines
  - .. Provides for more complete control of vendor payments
  - .. Reduces separate checking accounts now active within the Board

D. PAYROLL/PERSONNEL

1. Present System

- Functions as seven unique systems
- Limited flexibility for expansion purposes
  - . Allocation of payroll costs
  - . Expansion of deduction fields
  - . Restrictive account code structure
- High number of proof runs and subsequent re-runs
- Little documentation
- Excessively long run times
- Missing budget encumbrance/cancellation mechanism for personnel/position/salary step changes

2. Proposed System

- Refer to Data Processing Task Force Report, Part I
- Singular payroll
- Multiple deduction fields
  - . Automatic deductions
  - . Automatic prioritization of deductions
- Expanded account code inherent within design
- Normal exception processing (no new input) for standard pay within a period
- Manual input of payroll data for personnel engaged in non-standard or hourly activities.
- Singular data base for payroll and personnel data

3. Priority: Secondary to Financial and Accounts Payable

4. Benefits:

- Ability to accomodate future demands on payroll withholding
- Reduced run-time due to fewer re-runs
- Faster turn-around

- Increased auditability
- Expanded generation of personnel data
- Automatic interface to Pupil Systems and Financial System
- Greater accountability due to more precise allocation of pay data to an expanded account code.
- Improved control and verification of input

#### 5. Costs

##### - Development

. Pro-rata portion of total CEIS System:	\$ 3,000.
. IBM Requirements and Design	205,000.
. Personnel to implement	112,000.
. Computer time required to implement	20,000.
. Materials, supplies & other	<u>12,000.</u>
. Total implementation (18 months):	\$352,000.

##### - On-going

. Personnel	\$ 25,000.
. Computer time	50,000.
. Materials, supplies & other	<u>20,000.</u>
. Total on-going	\$ 95,000.

#### 6. Considerations for implementation

- No complete Payroll/Personnel System exists in "package" form
- CEIS Payroll/Personnel must be modified according to IBM requirements
- Further analysis of requirements relating to position control for vacancies is necessary
- All modifications to CEIS Payroll/Personnel should be performed relative to both Kentucky and Tampa versions

7. Gross configuration requirements: Existing 360/40
  - 90 k partition
  - 1 2314 dedicated disk
  - 3 2314 available disk spindles  
(work and sort files)
  - 2 available tape drives
  - 1 reader
  - 1 printer
8. Run-time estimates: 4 hours per day  
4 hours per pay cycle
9. Modifications to existing system (in progress)
  - Modifications required to establish minimum acceptable levels of control during interim period between current application and new system implementation
    - . Edit Integrity Sub-System
    - . Batch balancing of exception financial input
    - . Generation of selected personnel reports
    - . Accommodation of void check posting
    - . Accommodation of negative balances due to petty cash advances
    - . Generation of negative balance reports
10. Special notes on IBM Design
  - Included in Appendix I is our critique of the IBM Design
  - Generally, the Design meets the needs of the Board; however:
    - . Cost to implement is excessive (over \$800,000. including the front-end study)
      - .. IBM proposed assistance for \$1. million
    - . Skill levels required for implementation exceed the current and planned capabilities of the Data Processing staff.
  - CEIS' Payroll/Personnel Application cannot meet the Board's needs without modification
  - Utilize the IBM Requirements Study to modify the CEIS Design.

E. BUDGET PREPARATION

1. Present System

- No comparable system exists

2. Proposed System

- Utilizing historical (last year) and current revenue, expense and staffing information, preliminary budgets can be prepared
  - . Preliminary budget will be used as a working document by each Division or School to help prepare a final budget (turn-around documents - punch cards - should be utilized)
- Help determine the effect of a proposed dollar or percentage change
  - . Affecting all budget lines
  - . Affecting a particular budgeting unit's lines
  - . Affecting particular positions or a bargaining unit
- Establishes the budget within the Financial Accounting System

3. Priority - Secondary after Payroll/Personnel

4. Benefits:

- Reduction of clerical effort
- Improved decision-making through simulation
- More accurate data-gathering for each budgetary cycle

5. Costs

- Implementation

. Personnel	\$58,000.
. Computer time	7,500.
. Materials, supplies & other	<u>3,500.</u>
. Total implementation	\$69,000.



- On-going costs

. Personnel	\$10,000.
. Computer time	2,000.
. Materials, supplies & other	<u>4,000.</u>
. Total on-going costs	\$16,000.

6. Considerations for implementation

- Definition of requirements must include budgetary control over vacancies
- Systems development cannot occur until Financial, Accounts Payable and Payroll/Personnel Systems are active
- No equivalent CEIS application; must be self-developed

7. Gross configuration requirements: Existing 360/40 .

- 90 k partition
- 1 dedicated 2314 disk
- 2 available disks  
(sort and work files)
- 1 Tape drive
- 1 reader
- 1 punch
- 1 printer

8. Run-time estimates:

- 5 hours per simulation
- 6 simulations per year
- 14 hours for budget establishment
- 3 hours per month

F. STORES INVENTORY (including Requisition Processing, Text Book Order Cafeteria Inventory)

1. Present System

- External vendor for Stores Inventory (refer to Purchasing Task Force Specifications and Recommendations); no cafeteria inventory
- Semi-automated generation of catalog and orders for text books

2. Proposed System

- Functionally consistent with existing system
- Integrated with the Accounts Payable and Financial Accounting System
- Automatic purchase order generation from textbook orders
- Maintenance of inventory for cafeteria

3. Priority: Secondary to Budget Preparation (except modifications to text book ordering - required during next nine months)

4. Benefits:

- Single Purchase Order/Requisition to establish inventory items and record expenses
- Automatic interface with General Ledger, thus reducing manual transcription errors and time required for posting
- More efficient operations since single system accomodates warehouse items, textbook ordering, and requisition process
- Generation of pricing information from requisitions (requests) through common tables, thus ensuring most valid, up-to-date purchasing data
- Significantly greater control over cafeteria
- Reduction of funds tied up in all forms of inventory due to availability of timely data

5. Costs

- Implementation

. Pro-rata portion of total CEIS package: \$1,500.

. Personnel to implement:

.. Phase 1 - modification of Text Book Orders	\$ 8,000.
.. Phase 2 - Definition of Requisition requirements	9,000.
.. Phase 3 - Modification of CEIS stores Inventory (including Text Book Orders and Cafeteria)	68,000.
.. Phase 4 - Development of Requisition module	15,000.

. Computer time required 17,500.

. Materials, supplies & other 10,000.

. Total implementation \$128,000.

- On-going

. Personnel \$ 7,500.

. Computer time 12,000.

. Materials, supplies & other 12,000.

Total on-going \$31,500.

6. Considerations for Implementation

- Text Book Ordering System must be modified to accomodate ordering for all funds and generation of appropriate purchase orders and reports

- . Specifications available from Purchasing Task Force Report

- Definition of requirements for integrated requisition/text book ordering/stores inventory system must be completed before modification to CEIS inventory

- Stores Inventory automation assumes little or no major changes from the services performed by the outside vendor

- . Purchase order/Requisition must be modified

- . Reports may vary

- . Conversion process assumed to be of low difficulty

- Purchase Order and Requisition should be combined

- Two catalogs (warehouse and textbook orders) should be generated and maintained

7. Gross configuration requirements: Existing 360/40  
90 k partition  
1 2314 dedicated disk  
2 2314 available disks  
1 tape drive  
1 card reader  
1 printer
8. Run-time estimates: 2 hours per day  
4 hours each text book processing run

**G .     UNALLOCATED MAINTENANCE**

A Project Leader, Systems Analyst and Programmer/Analyst have been reserved for any activities not covered by the Systems Plan. Re-definition of their roles should be addressed by revisions to the Systems Plan in 1976 and 1977.

If the manpower exceeds the needs of the Division of Data Processing, a reduction in staff levels is assumed.

### III. INSTRUCTIONAL APPLICATIONS

#### A. PUPIL MASTER AND CONTROL APPLICATION

1. Present System
  - No comparable system exists
2. Proposed System
  - Maintains master file of all locations, courses, students and pertinent data related to those categories
  - Sets parameters controlling report generation
  - Used as the mainstay and direct interface for all instructional applications
3. Priority: Immediate
4. Benefits:
  - Benefits directly attributable to each instructional application included in this section
5. Costs
  - Implementation

. Pro-rata portion of total CEIS package:	\$ 3,500.
. Personnel	40,000.
. Computer time	10,000.
. Materials, supplies & other	<u>20,000.</u>
. Total implementation	\$73,500.
  - On-going

. Personnel	\$10,000.
. Computer time	14,000.
. Materials, supplies & other	<u>9,000.</u>
. Total on-going	\$33,000.

6. Considerations for Implementation

- Full requirements study must be performed prior to implementation
- At least six months' experience should be accumulated prior to installation of other applications
- Significantly high keypunching required for conversion of manually-maintained records
- Significantly high maintenance to master records assumed
- Quasi-interface from existing School Scheduling and Grade Reporting Systems must be developed for maintenance of master file.

7. Gross computer configuration: Existing 360-40  
90 k partition  
1 2314 dedicated disk  
1 available 2314 disk  
1 tape drive  
1 reader  
1 printer

8. Run-time estimate: 2½ hours per day.

## B. GRADE REPORTING

### 1. Present System

- Maintains separate course and student master files
- Cannot be modified for particular school needs
- Excessively long processing; tape-oriented
- Provides some functions of pupil attendance (home-room lists, class locations, etc.) but incomplete for true attendance accounting

### 2. Proposed System

- Maintains history by student
- "Comments" may be added to grade reports
- Provides course directory
- High use of turn-around documents and optical scanner
- Interfaces directly with Pupil Master

### 3. Priority: Secondary to Pupil Master

### 4. Benefits:

- Singular data base employed, thus reducing errors
- Faster turn-around due to greater use of optical scanning
- Reduced keypunching due to greater use of optical scanning
- More information readily available, thus providing better evaluation of pupils.

### 5. Costs

#### - Implementation

. IBM 360 Grade Reporting System, Socrates, or equivalent and pro-rata CEIS:	\$ 3,500.
. Personnel	43,000.
. Computer time	7,500.
. Materials, supplies & other	<u>12,000.</u>
. Total implementation	\$66,000.



- On-going

. Package rental	\$ 2,000.
. Personnel	7,500.
. Computer time	12,000.
. Materials, supplies & other	<u>12,000.</u>
. Total on-going	\$33,500.

6. Considerations for Implementation

- Detailed requirements study should indicate worth of retaining existing application (with modifications for interface, optical scanner use and report generation) or replacement (for example, IBM's Socrates)

7. Gross configuration requirements: Existing 360/40

- 90 k partition
- 1 2314 dedicated disk
- 1 available 2314 disk  
(sort and work files)
- 2 tape drives
- 1 optical scanner
- 1 reader
- 1 printer

8. Estimated run time: 60 hours per marking period

## C. SCHOOL SCHEDULING

### 1. Present System

- Maintains separate master schedule file
- Creates and simulates school schedules through multiple runs
- Cannot be modified for a particular school's needs
- Excessively long run times
- Excessive data preparation; each school year requires totally new input

### 2. Proposed System

- Interfaces directly with pupil master
- Prepares student request documents
- Accepts master schedule application
- Generates course assignment directly into pupil master file

### 3. Priority: Identical to Grade Reporting

### 4. Benefits:

- Singular data base employed, thus reducing errors
- Faster turn-around and less keypunching due to greater use of scanner
- More information readily available, thus providing better evaluation of pupil and school needs

### 5. Costs

#### - Implementation

. IBM 360 Scheduler, Socrates or equivalent and pro-rata CEIS:	\$ 3,500.
. Personnel	48,750.
. Computer time	7,000.
. Materials, supplies & other	<u>10,000.</u>
. Total implementation	69,250.

- On-going

. School Scheduler Package	\$ 2,500.
. Personnel	7,500.
. Computer time	4,000.
. Materials, supplies & other	<u>7,500.</u>
. Total on-going	\$21,500.

6. Considerations for Implementation

- Detailed requirements study should indicate worth of retaining existing application (with modifications for interface, optical scanner use and report generation) or replacement (for example, IBM's Socrates)

7. Gross configuration requirements:

- Existing 360/40
- 90 k partition
- 1 2314 dedicated disk
- 2 available 2314 disks (sort and work files)
- 2 tape drives
- 1 optical scanner
- 1 reader
- 1 printer

8. Estimated run times: 20 hours per simulation

D. TEST SCORING

1. Present System

- No comparable system exists

2. Proposed System

- Scores tests
- Converts raw scores into equivalent marks, percentiles or other parameters
- Produces results and distribution reports
- Interfaces with Grade Reporting and Pupil Master Systems

3. Priority: Secondary to Grade Reporting and School Scheduling

4. Benefits:

- Integrated, common data base, thus insuring readily available pupil data at any time
- Reduced teacher/clerical tasks
- Provides significant automated input to Grade Reporting, thus reducing errors

5. Costs

- Implementation

. Pro-rata portion of total CEIS application	\$ 1,500.
. Personnel	46,500.
. Computer time	4,000.
. Materials, supplies & other	<u>5,000.</u>
. Total to implement	\$57,000.

- On-going

. Personnel	\$ 7,500.
. Computer time	6,000.
. Materials, supplies & other	<u>5,000.</u>
. Total on-going	\$18,500.

6. Considerations for Implementation

- Full use of the Test Scoring capability will not be realized immediately; experience will predicate use.

7. Gross configuration requirements: Existing 360/40

- 90 k partition
- 1 2314 dedicated disk
- 1 available 2314 disk
- 1 tape drive
- 1 card reader
- 1 scanner
- 1 printer

8. Estimated run time: 25 hours per month

E. ATTENDANCE ACCOUNTING

1. Present System

- No comparable system exists

2. Proposed System

- Tracks attendance and absence by pupil
- Generates attendance, absence and room load reports
- Interfaces directly with the Pupil Master and Grade Reporting Applications
- Prepares turn-around document for teachers

3. Priority: Secondary to Grade Reporting and School Scheduling

4. Benefits:

- Automated attendance function reduces clerical effort required by teachers
- Singular set of data pertinent to each student and course is maintained, thus ensuring integrity of data and availability of information
- Quicker generation of attendance statistics

5. Costs

- Implementation

. Pro-rata share of total CEIS Application	\$1,500.
. Personnel	60,000.
. Materials, supplies & other	9,000
. Computer time	<u>5,000.</u>
. Total implementation	\$75,000.

- On-going

. Personnel	\$ 7,500.
. Computer time	4,000.
. Materials, supplies & other	<u>8,000.</u>
. Total on-going	\$19,500.

6. Considerations for Implementation

- System should be used at pilot locations prior to widespread distribution.

7. Gross configuration requirements: Existing 360/40  
90 k partition  
1 2314 dedicated disk  
1 available 2314 disk  
1 tape drive  
1 reader  
1 scanner  
1 printer

8. Estimated run time: 1 hour daily (during school year)

F. COMPUTER-ASSISTED INSTRUCTION

Due to the impending release of the Superintendent's Task Force Report (June, 1976), addressing CAI, the State Task Force did not attempt to define any changes.

CAI does, however, tremendously impact the anticipated size of the data processing installation. Identified below are the expected possibilities:

1. Retain CAI as is through 1979.
2. Drop CAI
3. Expand CAI as a remedial tool into all elementary schools

Options 1 and 2 do not impact the existing computer configuration or the Systems Plan. Option 3 will result in possibly dramatic revisions in hardware and scope of the data center. The hardware alternatives are presented in Section V.

Adoption of option 3 will also result in employment of an additional Project Leader and Systems Analyst to control the CAI (and possibly APL) expansion.

For purposes of comparison, it was assumed that expansion of the CAI network would not exceed 76 new terminals per year (average of 4 terminals per location).

1976-1977: Re-allocate 74 terminals to 18 schools

1977-1978: Add 75 additional terminals - total of 37 locations



G. A PROGRAMMING LANGUAGE

Similar to CAI, instructional requirements for APL have not been defined as of yet. As we identified in Part I of our report, the Task Force has recommended utilization of an external vendor to support APL. Consideration of extended availability of APL should be tied directly into the results of the CAI review. Our equipment alternatives and proposed staffing increases assume APL as well as CAI expansion.

#### IV. PERSONNEL

The fiscal year 1975-1976 personnel complement will be consistent with the staffing levels presented in the Data Processing Task Force Report, Part 1.\*

Due to increased testing and systems development activities, the following titles will be supplemented during 1976-1977:\*\*

Project Leader (1) \$18,000.

Systems Analyst (2) \$15,000.

Fiscal year 1977-1978 activities relative to anticipated CAI growth in 1978-1979, may result in the need for a Manager of Technical Support (Data Processing Task Force Report, Part 1, Long-Range Structure).

The existing Systems and Software Specialist may be capable of satisfying the requirements of that position. If the promotion occurs, a Systems Programmer would be required.

Manager, Technical Support (1) \$18,000. - \$21,000.

Systems Programmer (1) \$15,000. - \$18,000.

Systems & Software Specialist  
(eliminate)(15,000. - 18,000.)

Additionally, any significant expansion of CAI/APL would require a new Project Leader and Systems Analyst.

Project Leader (1) \$18,000.

Systems Analyst (1) \$15,000.

\* Note the following staffing revisions:

	<u>BUDGETED</u>	<u>EXPECTED NUMBER OF FILLED POSITIONS</u>
Systems Analyst	3	2
Programmer/Analyst	3	5
Programmer	3	1
Programmer Trainee	3	4
	<u>12</u>	<u>12</u>

Net salary is \$4,500 less than was indicated in Part I.

\*\* Need for a third shift during end of month processing or possible weekend computer use may be defined in 1976. If the need materializes, some additional overtime may be incurred.

## V. HARDWARE

Hardware configuration in 1976-1977 and 1977-1978, will be modified from the 1975-76 configuration as presented in the Data Processing Task Force Report, Part I, based on the results of the Superintendent's Task Force (measuring the effectiveness of Computer-Assisted Instruction).

If CAI remains static (up to 100 terminals) or decreases:

ALTERNATIVE 1: Retain the 360/40

If CAI is to expand beyond 100 terminals in any part of 1977 or 1978, a shift to different equipment is recommended.

ALTERNATIVE 2: Select a mainframe and associated peripherals able to support a fully expanded network as well as the indicated financial and instructional applications.

For purposes of comparison, we have selected an IBM 370/145 as a possible functional unit.

ALTERNATIVE 3: Select the required number of specialized computers able to accomodate (in total) a network of CAI (and/or APL); retain the 360/40 for all other financial and instructional applications.

For purposes of comparison, we have selected Digital PDP-8 computers, each able to accomodate 48 terminals.

ALTERNATIVE 4: Retain the 360/40 for all applications except CAI (and/or APL); contract an external vendor to provide those services.

The following schedules outline the costs of each alternative. Note that a basic assumption underlying the costs presented is that new terminal growth will not exceed 75 terminals per year.

360/40 1977-1978

ALTERNATIVE 1

(Refer to configuration  
indicated in Part 1)

Rental	\$172,000.
Installment Payment	<u>41,000.</u>
TOTAL	\$213,000.

LARGE SCALE EXAMPLE CONFIGURATION 1977-78

(ALTERNATIVE 2)\*

370/145

	QTY	PURCHASE OR RENT	MONTHLY RENTAL	ANNUAL RENTAL	INSTALLMENT PAYMENT	FUTURE OBLIG.
2040 360/40	1	P	-		-	0
Upgrade GFO-HOO		P	-		-	0
HOO-RPQ		P	-		23,967.42	27,998.49
2740/2741 Terminals	16	P	-		13,318.66	18,589.45
2741 Terminals	45	P	-			0
2711 Line Adapters	2	P	-			0
3705/2711 Upgrade	1	P	-		3,125.63	3,412.64
3420 Tape Drives	1	P	-			0
2741 Terminals	75	P	-		300,000.00	0
2711	3	P			2,400.00	0
3705	1	P			79,000.00	0
---- PURCHASE SUB TOTAL					<u>421,811.00</u>	<u>50,000.00</u>
029 Card Punch	1		113	1,356		
083 Sorter	1		121	1,452		
129 Data Recorder	5		815	9,780		
1231 Optical Reader	1		499	5,988		
1403 Printer (1-600 1-1100)	2		1,656	19,872		
1416 Print Train	1		98	1,176		
2821 Control Unit	2		1,976	23,712		
3420 Tape Drives	7		3,318	39,816		
3803 Tape Control	1		800	9,600		
3705 Upgrade	1		1,000	12,000		
2501 Card Reader	1		281	3,372		
3047 Power Unit	1		378	4,536		
3145 Processing Unit	1		20,981	251,772		
3215 Console	1		216	2,592		
3330 Disk Storage	1		1,400	16,800		
3333 Disk Storage	1		1,960	23,520		
3505 Card Reader	1		739	8,868		
3525 Card Punch	1		703	8,436		
----- SUB-TOTAL			<u>37,054</u>	<u>444,648</u>		
PROG. PRODUCTS--						
5736-16246 XN6 APL	1		280	3,360		
5736-0656 Coursewriter	1		204	2,448		
5746 SMI			60	720		
5746 CBI COBOL			125	1,500		
----- SUB-TOTAL			<u>669</u>	<u>8,028</u>		
			37,723	<u>452,676</u>	<u>421,811</u>	
				<u>TOTAL</u>	<u>874,489</u>	

\*Assumes purchase of 75 additional terminals

360/40

SPECIALIZED SMALL COMPUTERS  
1977-1978 FISCAL YEAR  
(ALTERNATIVE 3)

	<u>RENTAL</u>	<u>INSTALLMENT PAYMENTS</u>	<u>PURCHASE</u>
360/40 W/Peripherals	162,378.		
360 Upgrade H00-RPQ		23,967.42	
2740/41 Terminals (16)		13,318.66	
3705/2711 Upgrade		3,125.63	
(2) Mini Computers to Support 75 Terminals (PDP-8 and Software)*			170,000.
2741 Terminals (75)			300,000.
2711 (3)			2,400.
3705 (1)			79,000.
	<u>162,378</u>	<u>40,411.71</u>	<u>551,400.</u>
		<u>TOTAL</u>	<u>754,189.</u>

\* TOTAL TERM. SUPPORTED: 149  
Each computer capable of supporting 48 terminals

360/40  
EXTERNAL CAI/APL SUPPLIER\*\*  
FISCAL YEAR 1977-1978  
(Alternative 4)

<u>Equipment</u>	<u>Annual Rental</u>	<u>Installment Payment</u>	<u>Purchase</u>
360/40	162,378.	-	
360/40 Upgrade HOO-RPQ		23,967.42	
2740/2741 Terminals (16)		13,318.66	
3705/2711 Upgrade		3,125.63	
2741 Terminals (75)			300,000.
2711 (3)			2,400.
3705 (1)			79,000.
ECN Service for 75 Terminal*			707,500.
	<u>162,378.</u>	<u>40,411.71</u>	<u>583,900.</u>
			<u>786,689.71</u>

\* 149 Terminals Supported

\*\* New Jersey Educational Computer Network (ECN)

Time Sharing rates for 75 terminals utilizing computer aided instruction.

These prices are configured based on ECN's standard rate of 3.00/correct hour. An average of 5 hours/day for 180 days per terminal was assumed. An additional \$.02/day per track for storage is also charged. There is no CP usage change.

VI. BUDGET \$(000)

ALTERNATIVE 1 (Refer to Section V)

	<u>1975-1976</u>	<u>1976-1977</u>	<u>1977-1978</u>
Hardware - Rental	166 <sup>1</sup>	172 <sup>2</sup>	172
- Purchase	183	83	41
Personnel	496	541	541
Other	95 <sup>3</sup>	95	95
<u>TOTAL</u>	<u>940</u>	<u>891</u>	<u>849</u>

ALTERNATIVE 2 (Refer to Section V)

	<u>1975-1976</u>	<u>1976-1977</u>	<u>1977-1978</u>
Hardware - Rental	166 <sup>1</sup>	172 <sup>2</sup>	453
- Purchase	183	83	422 <sup>4</sup>
Personnel	496	574	592
Other	95 <sup>3</sup>	95	95
<u>TOTAL</u>	<u>940</u>	<u>924</u>	<u>1,562</u>

ALTERNATIVE 3 (Refer to Section V)

	<u>1975 - 1976</u>	<u>1976-1977</u>	<u>1977-1978</u>
Hardware - Rental	166 <sup>1</sup>	172 <sup>2</sup>	172
- Purchase	183	83	592 <sup>4</sup>
Personnel	496	574	574
Other	95 <sup>3</sup>	95	95
<u>TOTAL</u>	<u>940</u>	<u>924</u>	<u>1,433<sup>5</sup></u>

ALTERNATIVE 4 (Refer to Section V)

	<u>1975-1976</u>	<u>1976-1977</u>	<u>1977-1978</u>
Hardware - Rental	166 <sup>1</sup>	172 <sup>2</sup>	172
- Purchase	183	83	624 <sup>5</sup>
Personnel	496	574	574
Other	95 <sup>3</sup>	95	95
<u>TOTAL</u>	<u>940</u>	<u>924</u>	<u>1,465<sup>5</sup></u>



NOTE 1: Hardware rental modifications (due to final definitions of Systems Plan) to Data Processing Task Force Report, Part I, as follows:

- Program Product	Ans Cobol	)	
- Program Produce	Sort/Merge	)	\$ 1,700.
- (1) 2319 Disk			12,000.
- (1) 2501 Card Reader			2,400.
- (1) 2540 Card Reader eliminated			(6,000.)
- (2) 2821 Controllers lesser features			(2,400.)
- Program Product APL eliminated			<u>(3,360.)</u>
. Total increase:			\$ 4,340.

NOTE 2: Model 1231 Optical Scanner should be replaced by faster, more reliable model, better able to operate off-line. Grade Reporting, School Scheduling, Pupil Master and Attendance Accounting Systems require extensive scanner operation. Estimated increase in annual cost - \$6,000.

NOTE 3: Acquisition of CEIS from Hillsboro County School Board, Tampa, Florida - \$20,000.

NOTE 4: Includes purchase of additional 75 terminals.

NOTE 5: Although this alternative looks less costly than Alternative #2 (large main-frame), succeeding years will show significantly higher costs due to volume sensitivity.

## VII BEYOND THE SYSTEMS PLAN

There are a number of additional applications that the Board may wish to investigate once sufficient staff and expertise has been attained in the Data Processing and User departments:

- . Accounting of Fixed Assets - control of all major items with location assigned, source, value, etc.
- . Pre-registration at schools - to be integrated into pupil assignment applications
- . Pupil Guidance (CEIS) - maintains a Student History file with courses taken, grade averages, health data, awards and activities, etc.
- . Educational Planning (CEIS) - identification and reporting of exceptional pupil performance (high or low) by comparing students' indicated abilities with actual performance.

APPENDICES

TO

DATA PROCESSING TASK FORCE

FINAL REPORT PART II

- I. CRITIQUE OF THE IBM PAYROLL/PERSONNEL DESIGN
- II. SHORT-TERM MODIFICATIONS IN PROGRESS
- III. SUMMARY REPORT OF GENERIC DESIGN FOR PAYROLL/PERSONNEL
- IV. IN-HOUSE IMPLEMENTATIONS OF AN INTEGRATED P/P SYSTEM
- V. EDP STEERING COMMITTEE
- VI. CEIS - PAYROLL/PERSONNEL SUMMARY
- VII. CEIS - PUPIL SUBSYSTEM SUMMARY
- VIII. ACTIVITY LISTS

APPENDIX I

CRITIQUE OF THE IBM  
PAYROLL/PERSONNEL DESIGN

Critique of the IBM  
Payroll/Personnel Design

In December, 1974, the Board received from IBM the final design document of a new Payroll/Personnel system. The Task Force began evaluating the IBM design as one alternative for the Payroll/Personnel application within an overall system plan.

A. IBM Commentary

In April, 1975, a meeting was held with IBM representatives to clarify the assumptions underlying the design, the capabilities provided, and costs and difficulties of implementation.

The principal points made by the IBM representatives were:

- Basis of the Design

IBM stated that representatives of the Board had approached them for a design, and had stipulated

- . a specific design framework with
  - .. on-line inquiry and update for the Payroll, Personnel, and Fringe Benefits departments;
  - .. usage of CICS and DL/I technologies.
  - .. usage of VS operating systems
- . a willingness to adjust positions and salaries in whatever manner necessary to implement the system.

On this basis, IBM did not provide any alternative design considerations, and did not provide analysis of costs/benefits.

- Design Features

IBM stated this design had the following features:

- . it is modular in design and table - driven
- . the on-line portion of the system could not be left out and inserted later without major modifications

neither the Payroll nor the Personnel portions could be implemented alone.

- Implementation Considerations

In review and extension of their written design reports, IBM's representatives stated

- . a need for 11 medium-high skilled DP professionals at an approximate cost of \$250,000 over an 18 month project period:

.. Project Manager	7 - 10 years experience
.. Sr. Systems Analyst	5 - 7 years experience
.. Data Base Administrator	5 - 7 years experience
.. 4 Senior Programmers	3 - 5 years experience
.. 4 Programmers	2 - 3 years experience

- . a general agreement that the Board's DP ability in-house did not exist to implement the proposed system by any planned schedule.
- . a need for education at approximately \$2,000 per employee if IBM were to train existing DP staff to maintain such a system.
- . a need for additional equipment, beyond the 370/135 complement already contracted:
  - .. core expansion from 256K to 327K bytes
  - .. one disk (3330)
  - .. twelve CRT terminals (3277)
  - .. two printers (3284)
- . IBM would not state categorically that the P/P system, running on the 370/135 configured according to their design, would be able to deliver reports to the using departments in time to be effective.

B. Task Force Findings

Based on the written reports and the information obtained during the April meeting, together with our experience with the current DP staff, we conclude:

- The IBM design is thorough and precise in stating the Board's needs, as far as data to be handled and reports to be produced are concerned, but contains features which are expensive and not justified by cost/benefit analyses:
  - . on-line inquiry - the inquiry timeliness required in Payroll/Personnel could easily be met by, e.g., microfilmed master files.

- . on line update - on-line to a pending update file which is then applied to the master file in batch processing; the net effect is only to transfer data preparation functions from DP to the user departments.

See Appendix IV for details of incorporating CICS and DL/I, with projected costs:

- . development cost \$166,324
- . on-going cost, annual \$ 48,276
- The present DP staff is underskilled to implement the design.
  - . present complement is only 9 persons for all applications vs. 11 needed for just this one
  - . only 2 persons have our 5 years experience
  - . 3 persons have less than 2 years experience
  - . none have CICS or DL/I knowledge or experience
- The additional equipment required and not contracted comes to over \$36,000 per year.
- Computer time required for development and systems test was not firm, but was estimated at 2 partition hours/day, and 8 partition hours/day, respectively. No costs were attached to these by IBM.
- No estimates were supplied by IBM of the times or costs to operate the on-line and batch portions of the system when finished.
- The implementation plan for 11 skilled persons is given as 14 elapsed months, or about 15 man-years of work. However, with allowances for vacations, holidays, etc. a real schedule would be 18 calendar months. To assemble the required staff could require four to six months, bringing the feasible installation plan to 24 calendar months or more.
- No provision was made by IBM for co-ordinating system development and equipment acquisition into an overall system plan, with each step clearly dependent on its predecessor and clearly justified as to its cost.

### C. Summary Conclusions

- Skill levels required for Payroll/Personnel development and implementation greatly exceed current or planned capabilities.
- Similarly, staff size required to support this endeavor exceeds reasonable levels, assuming allocations to other critical projects.
- Total cost of development is excessive as compared to the benefits derived (over \$800,000).
- The requirements and design package as presented by IBM could be best utilized to serve as the basis for modifications to a considerably less expensive pre-developed Payroll/Personnel system (CEIS).



## APPENDIX II

### SHORT-TERM MODIFICATIONS IN PROGRESS

.Payroll/Personnel

.Accounting

## SHORT-TERM MODIFICATIONS

### PAYROLL/PERSONNEL

### ACCOUNTING

#### I. OBJECTIVE

To improve fiscal accountability and control over processes and procedures as they pertain to the disbursement of funds.

#### II. METHODOLOGY

- A. Modify existing computer systems to reflect accepted principles of adequate internal control by insuring the integrity of the input data and generating key exception reports.
- B. Institute manual procedures to effectively utilize the newly-generated information and control the disbursement processes.

#### III. MODIFICATIONS

##### - Payroll/Personnel changes

- 1. Allow exception one-time deductions and/or additions to gross pay with proper batch balancing and editing functions to insure integrity and auditability of the data.
- 2. Accomodate the calculation and separate reporting of negative gross and negative net pays due to petty cash advances.
- 3. Batch balance all financial input transactions; accomodate the posting of void check transactions.
- 4. Generate 5 additional spooled reports
  - a. Petty Cash carryover
  - b. Employees with Negative Gross carryover
  - c. Employees with non-zero Negative Gross carryover for this period
  - d. Usage of Negative Gross carryover
  - e. Void checks

5. Modify the Salary Review List to exhibit deviations from base pay in excess of 10% or \$150.00, whichever is lower.
6. Generate a listing of the Employee Master File after each pay cycle.

Accounting changes -

1. Consolidate separate encumbrance and expenditure files now maintained separately for each budget; generate sub-totals by budget on every accounting report and grand total.
2. Prohibit all expenditures which would result in negative available balances (by line); generate an exception report for any over-spending (as a result of payroll and manually prepared checks).
3. Accomodate posting of manual check transactions to the appropriate budget line; expand the Bills and Claims report to include:
  - account number of payment request
  - purchase order number and date

APPENDIX III

SUMMARY REPORT OF GENERIC DESIGN  
FOR  
PAYROLL/PERSONNEL DATA PROCESSING

Introduction - This appendix provides a summary overview of data processing functions and characteristics that are inherent in any Payroll/Personnel system adequate to the needs of the Newark Board of Education, and a brief discussion of the benefits to the Board in taking an integrated-system approach to the implementation of such a Payroll/Personnel system.

References - Special consideration was given to previous reports and designs prepared for the Board or other entities:

Newark Chamber of Commerce studies	(1971)
Touche Ross FAS study for City of Newark	(1972)
Touche Ross study for the Board	(1973)
IBM Requirements & Design Reports	(1974)

Assumptions - The integrated-system presented builds on the revised organization, procedures, and DP interfaces as presently being proposed by the Task Force for the Board Payroll and Personnel departments, and to a lesser extent on the corresponding proposals for the Data Processing department.

Functions - The system will perform all of the functions normally associated with Payroll/Personnel:

- Control Functions

- . Transaction batch controls initiated manually by the using departments and checked in Data Control.
- . Data preparation of both control and transaction data for tie-through computer applications to audit output reports.

- Payroll Functions

- . All employees will be paid for a standard number of hours per pay period unless otherwise specified.
- . Authorized pay periods and pay standards will vary with employee position types.
- . Deductions will be automatically calculated as indicated by codes associated with each employee record, and tables referenced thereby.
- . Deductions will be prioritized as to which are taken first, up to limits established per applicable deduction, and an overall limit.
- . Provision will be made for manual control of exceptional deductions.
- . Other features of the system will include:
  - .. The ability to process different types of overtime calculations (e.g., time and one-half, straight rate for x hours, etc.).

- .. Retroactive salary adjustments (on and off payroll).
- .. Recognition of shift differentials
- .. Handling of interdivisional and interdepartmental transfers.
- .. Special assignment pay
- .. Special payments and allotments such as uniforms, workmen's compensation, and other notaxable income.
- .. Processing of fixed or percentage mass raises by bargaining unit and/or job title.
- .. Automatic adjustments to payroll history for all void and expired checks (re deposits).
- .. Recording accruals and usage of:

- ... Vacation time
- ... Sick time
- ... Compensatory time

- .. Ability to handle various fiscal years or contract periods for agency programs.

- Personnel Functions

- . Each employee will be positively identified as belonging to one or more positions, at one or more locations.
- . For each defined position, there will be a unique entry in a Position Control table which will specify payroll type, salary code, special allowances, time allowances (vacation, sick, personal), and benefits entitlement (exclusive of those dependent on longevity or professional qualifications).
- . Each employee will be positively identified as to status (Civil Service/Tenure, active/inactive) and provision will be made for automatically reporting pending personnel status changes as critical dates for processing are approached.
- . Provision will be made for tracking the position history of each employee.
- . Provision will be made for accumulating and reporting.
- .. Time Attendance history
- .. Accrued benefits
- .. Employee credentials vs. position requirements.
- .. Leave schedules

Benefits - The advantages of this system approach to the Board's Payroll/Personnel Data Processing are both general (valid for any application area), and specific to the Board.

. Validations

- .. reduced Data Control time to review input transaction authorization and accuracy.
- .. improved control and edit of inputs

... control by batch totals  
... rejection of transactions inconsistent with  
system defined ranges.

.. detailed audit trails of all file maintenance.  
.. highlighting of exceptional situations and amounts.  
.. accurate monitoring of effect of payroll input on  
gross payroll dollars.

. Processing

.. faster turnaround for file maintenance.  
.. automatic interface to other subsystems (budget,  
accounting) in detail and summary.  
.. reports by schedule, exception, or demand for current  
or specified periods.



Appendix IV

In-House Implementation  
of an  
Integrated Payroll/Personnel System

IN-HOUSE IMPLEMENTATION OF AN  
INTEGRATED PAYROLL/PERSONNEL SYSTEM

Evaluation of the Payroll/Personnel **Generic** System leads to the conclusion that the IBM system design, for the most part, fairly represents the requirements of, and provides the management information needs of the Board of Education with the following implementation exceptions and additions.

- 1) A provision should be included for the recalculation of Gross in the event that a Position Code change is made to an employee after a one-time adjustment to pay was initiated. Also, the effect on Gross control totals must be noted.
- 2) Increased Manual Controls.
  - a) More thorough user documentations & Procedures.
  - b) Skill rotation of personnel in the Payroll & Personnel departments.
  - c) Strict procedures for user change requests.
  - d) Formal User authorization on Data Control input.
  - e) Provide adequate off-site storage of Master & Transaction files.
- 3) Elimination of On-line data gathering, Terminal Inquiry, and DL/1 data base in the functional design. The need for on-line processing was not demonstrated in any of the IBM reports (7/74 to 12/74).

The functions offered through on-line features are

- Personnel:

- a) Pending Action
- b) New Employee Registrations
- c) Modify Non-Sensitive
- d) Modify Sensitive data
- e) Fringe Benefit Deductions

- Payroll:

- a) Correct Social Security Number
- b) Correct Year to Date Totals
- c) Adjust Net
- d) Adjust Employee Salary
- e) Adjust Attendance Fields
- f) Construct Adjustments to produce checks during a correction cycle.
- g) Check Correcting (Void & Re-issue)
- h) Void check only

These functions for the most part are being performed currently without the use of on-line data gathering. The real requirement of more timely and accurate Payroll Personnel data could also be accomplished by use of microfilm records at a much reduced cost.

In summary, the cost (see attachment A) appears to be inordinately high in view of the benefits received.

- 4. More clearly define the interface between Payroll and Budget/accounting.
- 5. Provide the reports (many of which already exist in the IBM design report) as per attachment B.

The manning and cost requirements for the in-house development of this integrated system without DJ/1 or the on-line interface are summarized in attachment C and Chart C.

ATTACHMENT A

Cost of CICS/DL-1 Interface Development

Staff Training

Trained Project Manager, Systems & Programing Personnel 10 @ 1624	16,420.
System Programmer	2,000.
Operators 8 @ 400 =	3,200.
User Terminal Training 10 Person for 2 months	<u>16,000.</u> \$37,620.

Additional Personnel Requirements

Data Base Administrator @ 17,500/yr.	42,000.
System/Programmer Installation Part Time - Total 6 man/month effort	9,000.
Systems Analyst for Course Design User Training 2 month effort	<u>2,500.</u> \$53,500.

Additional Software (30 months)

CICS	@ 385/m	11,550
DL1/DOS/VS	@ 330/m	9,900
CICS/3270 Simulater	@ 81/m x 12	972
CICS/on line test debug	@ 86/m x 12	<u>1,032</u> \$23,454

Additional Hardware Cost

4-3277	@ 127/m	for 30m	15,240
1-3284	@ 150/m	for 30m	4,500
8-3277	@ 127/m	for 15m	15,240
1-3284	@ 150/m	for 30m	2,250
Core Increase to 393 for 30m			<u>14,520</u> \$51,750

Total Cost to Install CICS DL/1	\$166,324.
------------------------------------	------------

ON - COINC COST OF CICS/DL-1 INTERFACE

<u>Personnel</u>	<u>Monthly</u>	<u>Annually</u>
- Date Base Administrator (Part time - $\frac{1}{2}$ time)	700.	
- Systems Programmer (Part time - $\frac{1}{4}$ time)	<u>300.</u> 1,000.	12,000.
 <u>Software</u>		
CICS	385.	
DL1/DOS/VS	<u>330.</u> 715.	8,580.
 <u>Hardware</u>		
12-3277 @ @ 127/m	1,524.	
2-3284 @ 150/m	300.	
Core Increase @ 484/m	<u>484.</u> <u>2,308.</u>	<u>27,696.</u>
	\$4,023.	\$48,276.

ATTACHMENT B

OUTPUT REPORTS

\*Batch Balance Reports

Detail  
Batch Totals  
Cross Totals

\*Control Reports

Audit Control  
Production Control  
Payroll Summary  
Employee Action Audit  
Retroactive Action Audit  
Miscellaneous Transaction Audit

\*Payroll Checks

Checks  
Check Stub

\*Payroll Register

Time Report

\*Check Register

\*Bank Reconciliation

\*Quarterly Earnings Record

Earnings Record  
Earnings Summary

\*Payroll Summary (Deduction List)

\*Bond Deductions (Monthly)

Bond Deductions by employee  
Bond Purchases by Denomination and Employee  
Bond Purchase Summary

\*Quarterly Tax Reports

941 A  
FICA Sequence  
FICA Maintenance  
FICA 2 Report  
OAR - S3A

\*Annual W-2 Forms

\*Pension Reports

TPAF

- Summary Totals
- Member Status
- Shortages
- Fund Report

Essex County

- Summary Totals
- Member Status
- Shortages
- Fund Report

\*Special Payments & Allotments

- Probation/Tax Lien
- Garnishee Constable Report
- Garnishee Summary
- Charity Deductions
- Board Shortage
- Special Garnishments

\*Void/Returned Checks

\*Employee Listings

- Annual Personnel Lists - Instructional
- Annual Personnel Lists - Non-Instructional
- Resignation, Terminations, Retirements, Deaths
- New Hires
- Promotion, Salary Adjustment
- Furloughs, Returns
- Per Diem Substitute List
- Retirement Report
- Retroactive Position Listing
- Probational Status
- Teachers Tenure Progress

\*Salary Administration Reports

\*Secretary's Follow Up Report

\*Attendance Reports

\*Vacation Reports

\*Leave of Absence Reports

\*Extended Loss of Pay

\*Unregistered Benefits Report

\*New Jersey Health Benefit Report

\*New Jersey Health Benefit Summary

\*New Jersey Health Benefit Member Status

\*Blue Cross/Prudential/New Jersey Dental Service Plan

Member Status Change  
Employee List  
Report by Budget Type  
Summary by Budget Type

\*Annuities

Prudential Deductions  
Variable Deductions

\*Life Insurance Cancellations

\*Unions

Master Listing  
Benefits Report  
Benefits Summary



ATTACHMENT C

In - House Cost to Develop    24 Task months over 30 Calendar months

**\*Personnel (Full Time)**

1 - Project Manager	@ 19,500/yr.	48,750
2 - Senior Analysts	@ 16,500/yr.	82,500
5 - Programmer/Analysts	@ 15,000/yr.	187,500
1 - User Training & Documentation Specialist (3/4 Time)	@ 17,500/yr	32,811
		<u>351,561</u>

**User Training & File Preparation**

10 User Personnel	@=10,000/yr.	33,320
For 4 Months		<u>384,881</u>

**Allocation of Operations & Keypunch**

**Personnel Supporting 6 hr/day Computer Time**

@ 5,000/mo.	150,000
	<u>534,881*</u>

**\* Materials & Supplies and Overhead**

@ 1,500/mo.	<u>45,000*</u>
-------------	----------------

**\*Equipment**

Computer	120 hours/month for 20 months	
	@ \$20/hour	<u>48,000*</u>

**\*\*Cost to Develop - -**

\$627,881.

ON GOING COST

MONTHLY

ANNUALLY

Equipment

Estimated 130 hours/month  
@ \$20/hour

2,600

31,200

Allocation of Operations & Keypunch  
Support 6 hours/day Computer Time  
@ \$5,000/month

5,000

60,000

Materials & Supplies and Overhead  
@\$1,500/month

1,500

18,000

1-Programmer/Analyst  
(System Support & Maintenance)  
@ \$15,000/year

1,250

15,000

~~On~~ Going Cost  
Payroll/Personnel

\$10,350.

\$124,200.

PERSONNEL REQUIREMENTS - (IN HOUSE PAYROLL/PERSONNEL)

1) Project Manager -

- . will have explicit responsibility for the administration and technical direction of efforts on this project. Activities include:
  - .. Provide proper communication channels for the interface of the project team members to the Newark Board of Education user and support groups.
  - .. Establish and maintain a formal change control procedure.
  - .. Develop overall project work plans and schedules and a work plan for each individual project member.
  - .. Monitor progress against work plans and schedules. Take corrective action wherever necessary.
  - .. Provide Monthly Status Reports advising Newark Board of Education management of the progress and status of the project.

2) Programmer -

- . aid the Project Manager in the preparation and review of all Systems & Programming documentation for compliance with NBE Standards & Procedures.

3) Senior Systems Analysts -

- . Perform the detailed Systems design (including the new front end but excluding Terminal data gathering and inquiry) and design the System interfaces e.g. - Payroll, Personnel, Accounting. Formulate & conduct user and inter department training as required.

4) Programmer/Analyst -

- . Flow chart/Code/Compile/Test and document System jobs/Programs.

APPENDIX V

EDP STEERING COMMITTEE

### EDP STEERING COMMITTEE

The Steering Committee provides a mechanism for effective working and communication relationships between EDP and its customers. This Committee acts as an arm of the Board of Education in

- . Establishing the size and scope of the EDP function
- . Setting priorities within these bounds
- . Assuring the existence of a communication channel between EDP and its customers
- . Monitoring assigned responsibilities for accomplishment of system project tasks between user and EDP groups
- . Measuring results of EDP projects in terms of return on investment and other management criteria.

The Steering Committee interacts with the systems design and implementation process, within the Board of Education, by reviewing the efforts of Data Processing at clearly defined control points. An excerpt from the Data Processing Standards Manual is attached which defines the relationship between the user, Data Processing and the Steering Committee. At each major control point the Director of Data Processing will rank projects in terms of total benefit, to aid the Committee in setting priorities within the department.

<b>CITY OF NEWARK</b> <b>BOARD OF EDUCATION</b>  <b>OPERATING POLICIES AND PROCEDURES</b>		REVISION DATE / /
		ORIGINAL EFFECTIVE DATE / /
MAJOR CLASSIFICATION NBE DATA PROCESSING STANDARDS MANUAL		PROCEDURE NUMBER _____ CHAP      SEC      PAGE
TITLE GENERAL FLOW AND REVIEW POINTS		

Chart outlines the major steps to be accomplished in a data processing project. Separate steps are shown for data processing, the user, and the steering committee. The documentation philosophy promulgated in the Newark Board of Education data processing standards provides for a tangible product to be produced at each review point. One result of this approach is that management has the flexibility to suspend a project at any review point without adverse effect on the later restart of the project. Another result is that each review point presents a clearer picture of the final system and its resultant costs.

The success of this method depends upon effort and commitment from both the user and data processing.

1. Projects are initiated by creation of a user request. This request may be prepared by the user or by data processing personnel. On complicated requests, data processing may assist the user in preparation of the request.
2. Once a user request is received by data processing, it is logged in and assigned to the appropriate systems manager. An analyst is assigned to conduct an initial investigation into the feasibility of the request. A report is produced recommending the action to be taken. The Director of Data Processing reviews the recommendations and either approves or disapproves the project for submission to the steering committee.
3. User management reviews the recommendations and may agree or disagree with the decision of the Director of Data Processing.
4. User requests and their initial investigation reports reach the steering committee if
  - a. Data Processing and the User agree that implementation is desirable.
  - b. The User wishes to appeal a disapproval by Data Processing.

<p align="center"><b>CITY OF NEWARK</b> <b>BOARD OF EDUCATION</b></p> <p align="center"><b>OPERATING POLICIES AND PROCEDURES</b></p>		<p>REVISION DATE</p> <p align="center">/ /</p>
		<p>ORIGINAL EFFECTIVE DATE</p> <p align="center">/ /</p>
<p>MAJOR CLASSIFICATION</p> <p align="center"><b>NBE DATA PROCESSING STANDARDS MANUAL</b></p>		<p>PROCEDURE NUMBER</p> <p align="center"> </p>
<p>TITLE</p> <p align="center"><b>GENERAL FLOW AND REVIEW POINTS</b></p>		

The steering committee will then decide which projects data processing will undertake based upon costs, savings, and the objectives of the Board of Education.

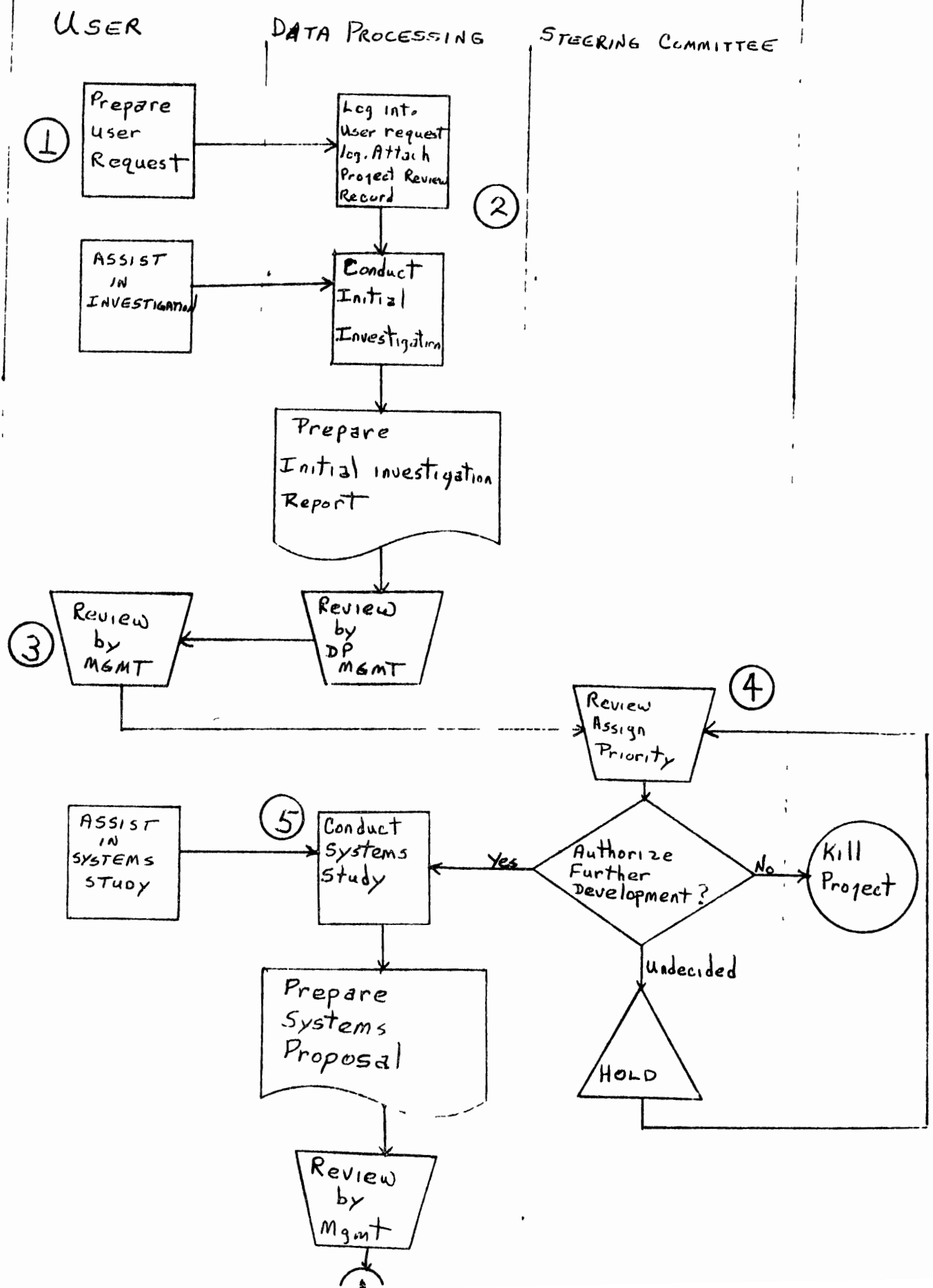
5. If further action is authorized, data processing, with the assistance of the user, will conduct a systems study and prepare a systems proposal which outlines alternatives and recommends solutions to the problem. Management reviews the proposal prior to its submission to the steering committee.
6. The steering committee decides which projects will move on to systems development.
7. If further action is authorized, data processing and the user design the new system and prepare systems specifications. Management reviews the specifications and forwards to the steering committee for action.
8. The steering committee decides which projects will move on to the programming phase.
9. Data processing writes and tests programs while user personnel write manuals to be used by their staff and prepare data to test the capability of the new system.
10. A full scale test of the system is run, results evaluated and data processing and user management satisfied that the system is operating correctly before forwarding to the steering committee.
11. The steering committee reviews test results and determines whether the system should be placed into production.
12. Once a system is in production it is still periodically reviewed to be sure it is meeting the current needs of the user organization. The report is reviewed by management and forwarded to the steering committee ONLY if a change from the status quo is recommended.

<p style="text-align: center;"><b>CITY OF NEWARK</b>  <b>BOARD OF EDUCATION</b></p> <p style="text-align: center;"><b>OPERATING POLICIES AND PROCEDURES</b></p>		<p>REVISION DATE</p> <p style="text-align: center;">/ /</p>
<p>MAJOR CLASSIFICATION</p> <p style="text-align: center;">NBE DATA PROCESSING STANDARDS MANUAL</p>		<p>ORIGINAL EFFECTIVE DATE</p> <p style="text-align: center;">/ /</p>
<p>TITLE</p> <p style="text-align: center;">GENERAL FLOW AND REVIEW POINTS</p>		<p>PROCEDURE NUMBER</p> <p style="text-align: center;"> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <div style="width: 10px; height: 15px; background-color: black; margin: 0 auto;"></div> CHAP </div> <div style="text-align: center;"> <div style="width: 10px; height: 15px; background-color: black; margin: 0 auto;"></div> SEC </div> <div style="text-align: center;"> <div style="width: 10px; height: 15px; background-color: black; margin: 0 auto;"></div> PAGE </div> </div> </p>

13. The steering committee will determine whether further action is necessary. If further action is approved, the recommendations will be considered as constituting a systems investigation report and a systems study will be authorized. From this point forward the project is handled normally.

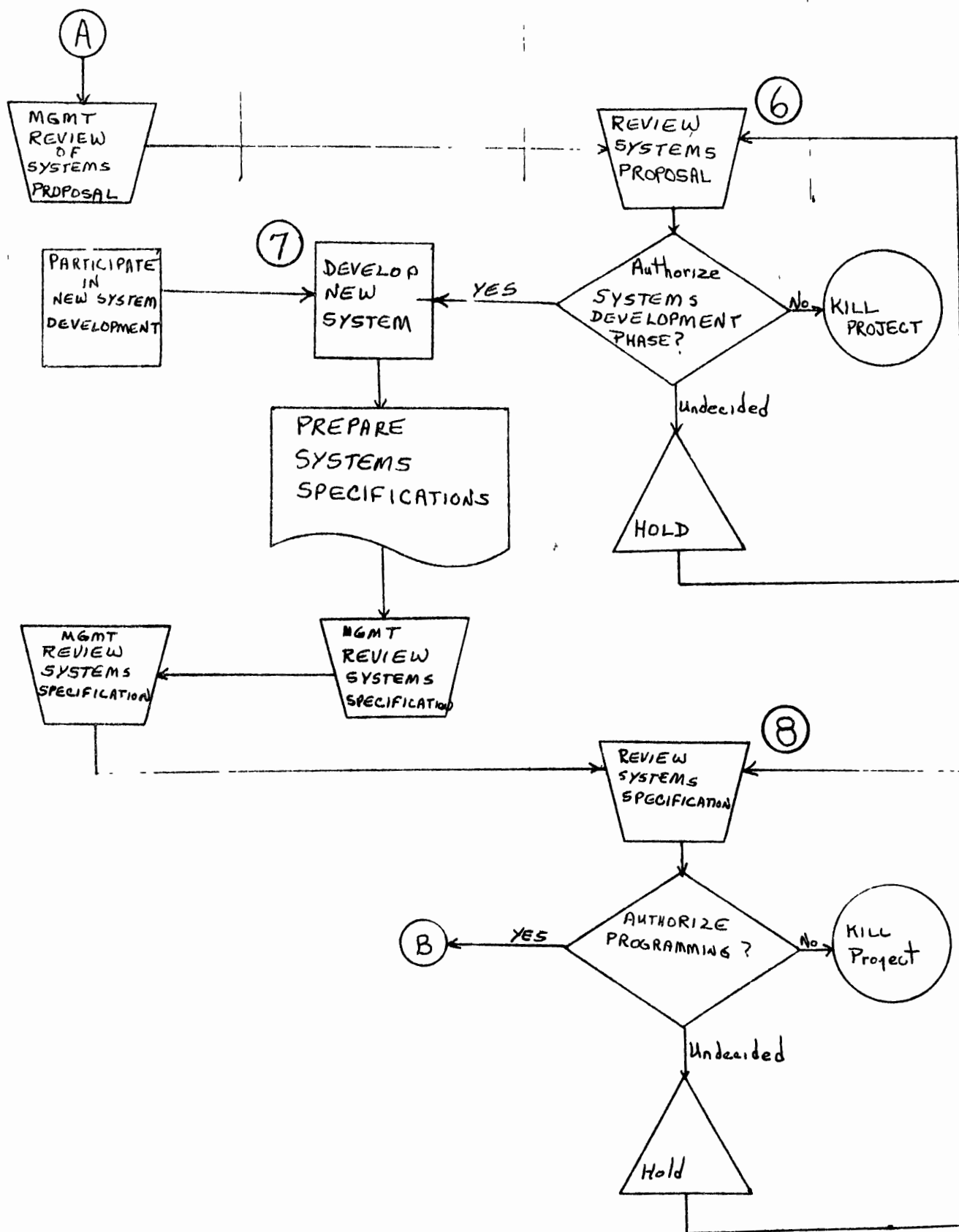


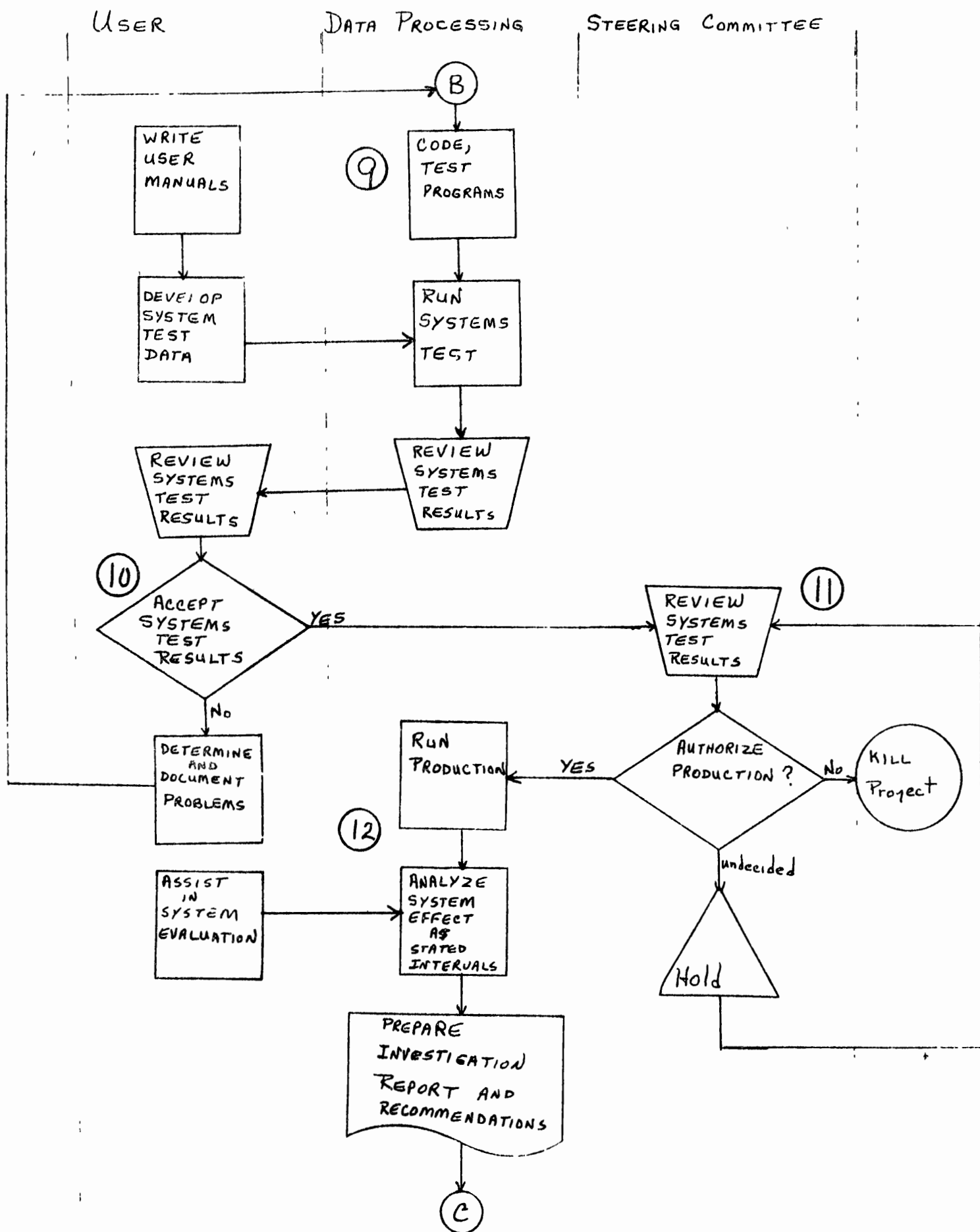
## General Flow and Review Points



USER

DATA PROCESSING STEERING COMMITTEE

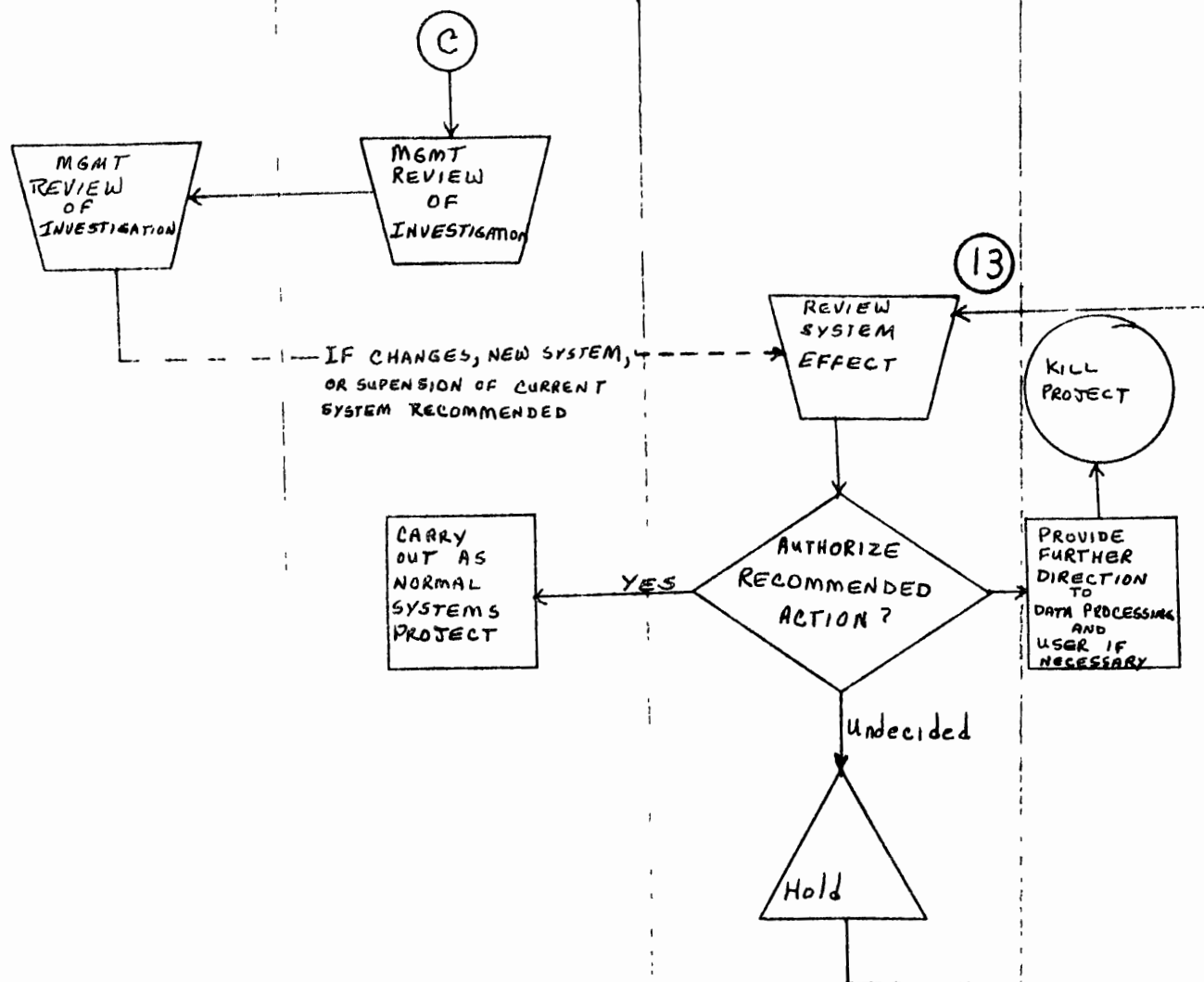




USER

DATA PROCESSING

STEERING COMMITTEE



APPENDIX VI

CEIS PAYROLL/PERSONNEL SUMMARY

Introduction - This appendix covers the significant features of installing the CEIS Payroll/Personnel application as one alternative to solving the current and on-goings needs of the Newark Board of Education.

References -

- . CEIS OVERVIEW brochure, 1972  
Anathon Division, SDL International  
New York, New York

Overview - The Payroll/Personnel application is a subsystem of the CEIS Business package of applications. The entire package (see attached charts) operates under parameterized scheduling and interaction as provided by the Control application, which in turn operates from feature-selection, scheduling, and reporting options selected and supplied by the using departments.

The Payroll/Personnel application is specifically tailored to meet the needs of Boards of Education, which are traditionally somewhat special in the variety of pay types, pay schedules, and deductions that must be handled.

This application specifically provides for:

- maintenance and reporting of all current and historical personnel data;
- labor distribution, accounting, service and legal functions associated with payroll processing;
- logical separation of payroll and personnel functions (reports, scheduling, etc.) operating out of a common data base and with a common interface to other applications.

Data Base

- Business Systems master file
- Calendar (scheduling) master file
- Employee master file
- Financial Activity table (from Financial applic.)
- Vendor master file (from Accts. Payable applic.)

Input Transactions - Primary inputs are by coded forms to be submitted with batch controls and totals for Data Preparation.

- Notice of Employment: printed by DP, amended by Personnel for delete/add/change information, reprinted and returned after file updates.

Provides for

- .ID
  - .. Name
  - .. Address
- . Payroll
  - .. Salary Code
  - .. Earned Salary Advance
  - .. Deduction Codes/Amounts
  - .. Tax Data
  - .. Retirement Data
  - .. Leave Data
- . Credentials
- . Education
- . Assignment
  - .. Accounting Codes
  - .. Program Codes

- Time Sheets: printed by DP for turnaround.

- Adjustments:

- . Earnings/Deductions/Gross Pay
- . Retirement

Functions - The Payroll function handles salaried employees by exception, and hourly employees on reported time. Special deferred payment options are available for 9, 10, and 11 month payroll types. The order of deductions is carefully prioritized according to standard accounting practices (allowing for Statutory and Voluntary deductions), and controlled to prevent negative gross-pay calculations or zero-dollar warrants.

The Personnel function carefully screens input transactions for erroneous or inconsistent changes, and provides management exception reports in all areas of special interest to Boards and Schools.

Reports - There are 11 reports produced automatically at every cycle or demand run of the application, and 33 defined reports that may be user requested (scheduled or demand) through the Control application.

Warrant production is handled under separate controls with audit listings.

- Automatic (every run) 11 reports

1	Batch balance
3	Edit/Update error lists
3	Gross/Net pay computation errors
2	Administrative Exception/Personnel information
1	Cancelled warrants
1	Financial Reference report

- Requested (demand or scheduled) 33 possible

1	Time Sheets
3	Deductions by Vendor and Employee balance
1	Labor distribution
3	Vacation/Sic/Leave balances
3	Special Deductions - Savings Bonds, Credit Union, etc.
6	Qualifications - educational, professional, expired
3	Termination/Hires/Special Status
4	Employee listings (various sequences)
1	Warrants - register
6	Payroll registers, W2, earnings report, PERS, STRS
2	Tax reports



APPENDIX VII

SUMMARY REPORT - PUPIL SUBSYSTEM  
OF THE  
CALIFORNIA EDUCATION INFORMATION SYSTEM

Introduction - This appendix covers the significant features of installing the CEIS Pupil Subsystem applications as one alternative to solving the current and on-going needs of the Newark Board of Education.

References - CEIS Overview brochure, 1972, Anathon Division, SDL International, New York, N.Y.

Overview - The CEIS Pupil Subsystem package of applications is a complete subsystem of CEIS, complementing the Business Subsystem.

The Pupil Subsystem consists of two required applications for overall control:

- Master File Maintenance
  - . establishes and updates a Student file
  - . prints master lists for
    - .. class schedules
    - .. health programs
    - .. guidance programs
- Process Control
  - . establishes and updates Schools file
    - .. identification of schools, districts, counties
    - .. report option selections by school

and six optional applications which may be independently scheduled and controlled through the Process Control application:

- Student Scheduling
  - . updates Student file with individual course schedules
  - . prints on schedule or demand
    - .. turn around master course schedule form
    - .. turn around student course request form
    - .. student/course conflict reports
    - .. room/teacher loading reports
    - .. student locator cards
  - . provides master course schedule for Mark Reporting
- Attendance
  - . updates Student file with attendance data
  - . prints on schedule or demand
    - .. regular/exception attendance reports
    - .. room loading reports
    - .. enrollments/drops by school/class

-Test Reporting

- . updates Student file with percentile scores
- . prints on schedule
  - .. test answer mark-sense forms
  - .. test result roster
  - .. statistical analyses/student profiles
- . interfaces to Guidance application
- . interfaces to State of N.J. reporting requirements.

-Mark Reporting

- . updates Student file with mark data
- . prints on schedule
  - .. turn around mark-sense grade report forms
  - .. report cards
  - .. exception/failing students
  - .. statistical analyses
- . interfaces to Guidance application

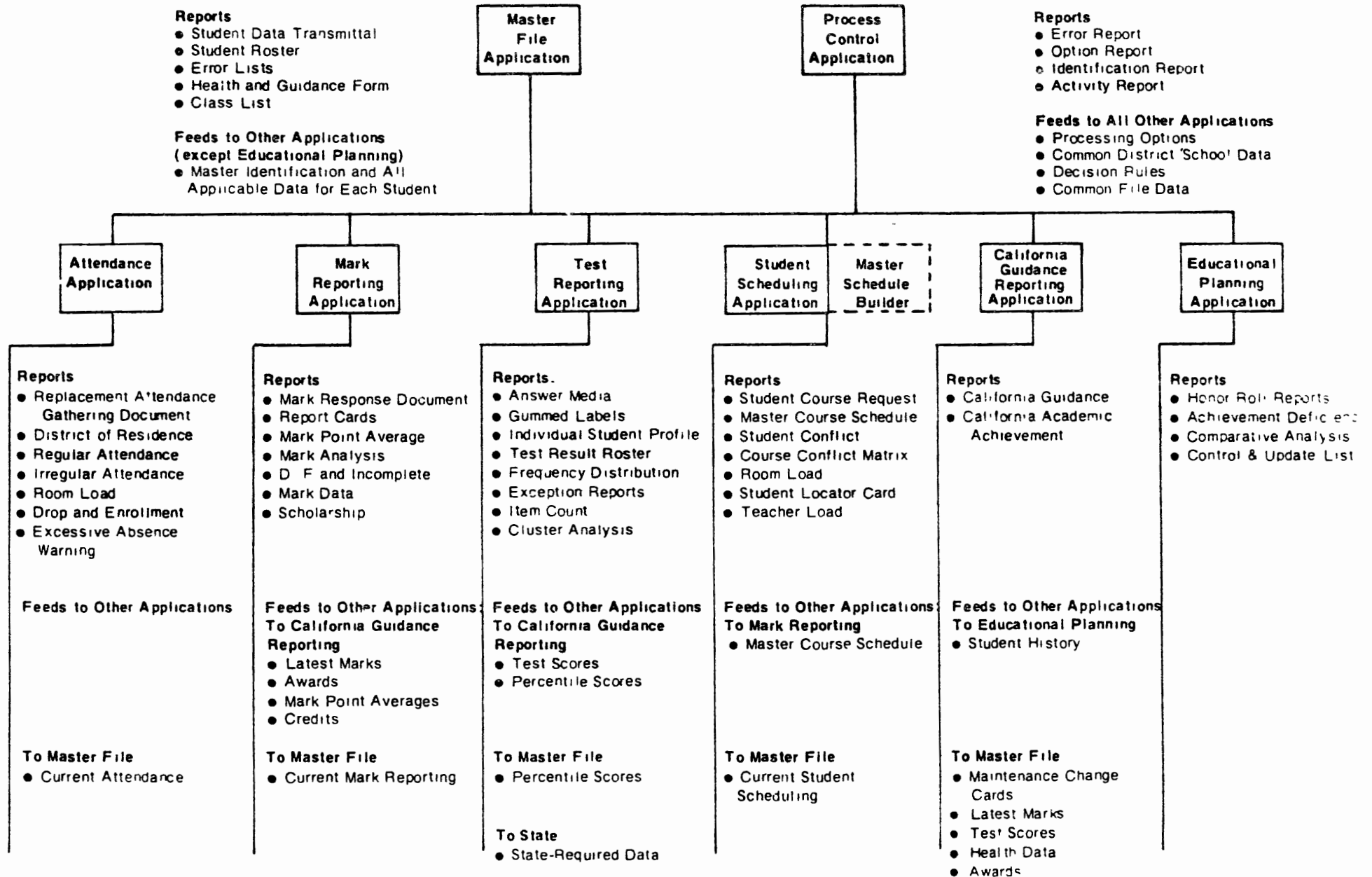
-Guidance Reporting

- . prints on schedule or demand
  - .. school guidance lists and criteria
  - .. academic achievement lists
- . interfaces student histories to Educational Planning

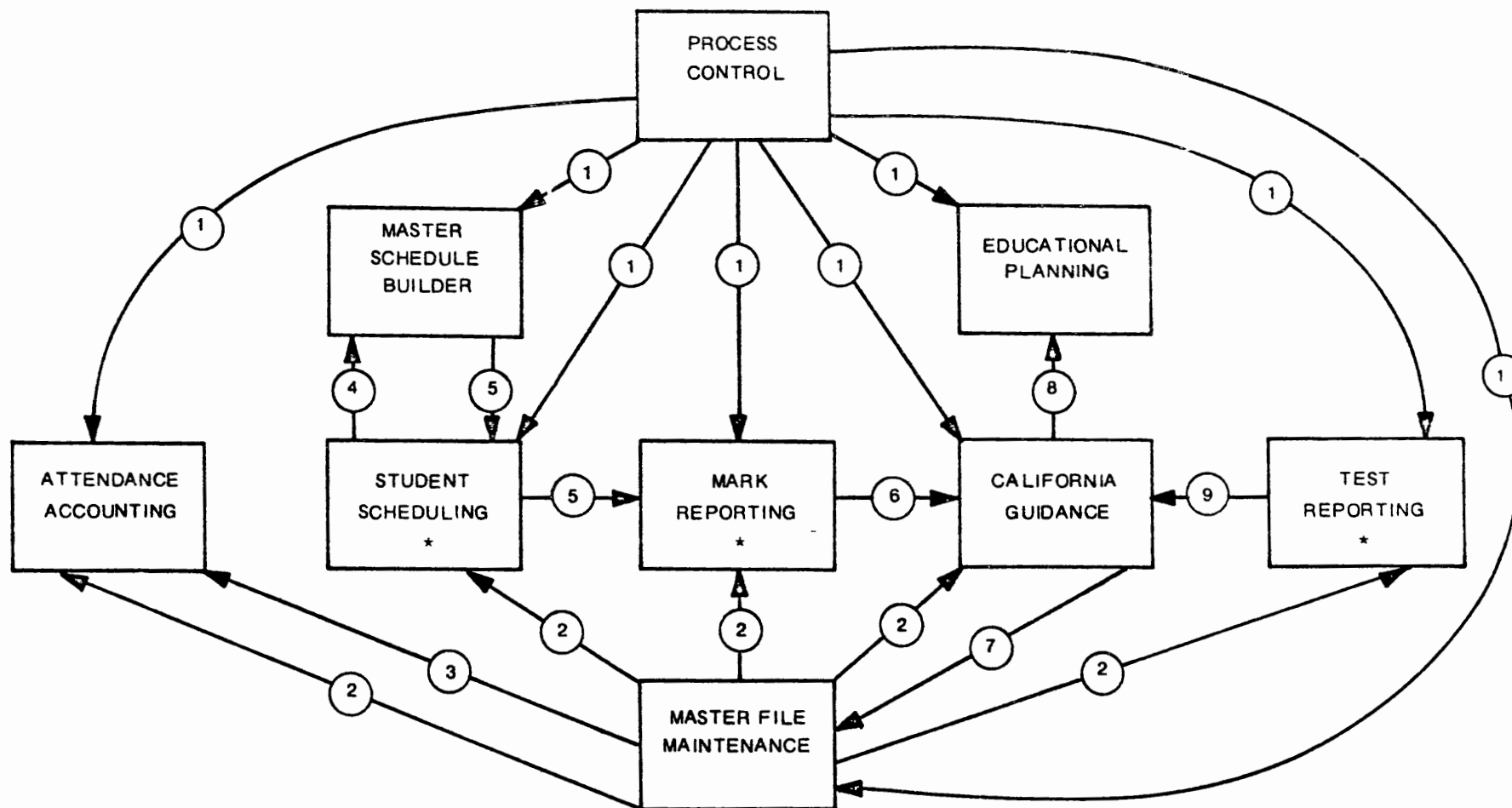
-Educational Planning

- . prints on request or demand
  - .. honor rolls
  - .. achievement deficiencies
  - .. statistical analyses

# CEIS PUPIL APPLICATION TABLE



## THE RELATIONSHIP OF OTHER PUPIL APPLICATIONS TO CONTROL



### INFORMATION TYPES:

- |                              |                                  |
|------------------------------|----------------------------------|
| ① Control Data               | ⑥ Semester Marks                 |
| ② Student Master File        | ⑦ MPA File                       |
| ③ Forms For Late Enrollments | ⑧ Test Results and MPA           |
| ④ Course Request Data        | ⑨ Test Results and Test ID Table |
| ⑤ Master Course Schedule     |                                  |

\* All add their own data directly into the Student Master File

## APPENDIX VIII

### ACTIVITY LISTS FOR

- . Systems & Procedures Manual
- . APL Installation
- . School Scheduling Package
- . Valu - Comp Job Accounting
- . Payroll/Personnel Microfilm Reports

# WORK OUTLINE FORM

DATE \_\_\_\_\_

PAGE \_\_\_\_\_ OF \_\_\_\_\_

**JOB CODE** \_\_\_\_\_

PROJECT LIST ☐**ACTIVITY LIST** ☐

**TASK LIST** ☐

ORGANIZATION SYSTEMS & PROCEDURES CLEAN-UP &

PUBLISHING

[illegible]

PREPARED BY \_\_\_\_\_

APPROVED 3,

**TASK LEVEL ONLY**

COPYRIGHT 1967

70-1039

# WORK OUTLINE FORM

DATE \_\_\_\_\_  
 PAGE \_\_\_\_\_ OF \_\_\_\_\_  
 JOB CODE \_\_\_\_\_

PROJECT LIST ☐  
 ACTIVITY LIST ☐  
 TASK LIST ☐

ORGANIZATION APL INSTALLATION

NO.	WORK DEFINITION	RESPONSIBILITY		MAN DAYS REQUIRED	BUDGET	START DATE	TARGET DATE
1	Negotiate contract with Educational Computer Network (ECN)	V. Thomas		5		8/4	8/8
2	Obtain telephone lines	V. Thomas		2		8/11	8/15
	Obtain Modems	V. Thomas		2		8/11	8/15
	Obtain Terminals	V. Thomas		2		8/15	8/19
3	Set up teacher training	V. Thomas		1		8/4	8/20
	Prepare operating procedures	V. Thomas		6		8/21	8/29
4	Test Terminals	V. Thomas		2		9/2	9/3

PREPARED BY \_\_\_\_\_

APPROVED BY \_\_\_\_\_

TASK LEVEL ONLY



DATE \_\_\_\_\_

PAGE \_\_\_\_\_ OF \_\_\_\_\_

JOB CODE

PROJECT LIST ☐

ACTIVITY LIST ☐

**TASK LIST** ☐

ORGANIZATION School Scheduling Package

[illegible]

PREPARED BY

APPROVED BY \_\_\_\_\_

**TASK LEVEL ONLY**

# WORK OUTLINE FORM.

DATE \_\_\_\_\_

PAGE OF

**JOB CODE** .

PROJECT LIST ☐

ACTIVITY LIST ☐

**TASK LIST** ☐

ORGANIZATION Value Com. Job Accounting

[illegible]

PREPARED BY \_\_\_\_\_

APPROVED BY \_\_\_\_\_

**TASK LEVEL ONLY**

COPYRIGHT 1967 102-028  
TOUCHE ROSS & CO.

# WORK OUTLINE FORM

DATE \_\_\_\_\_

PAGE \_\_\_\_\_ OF \_\_\_\_\_

JOB CODE \_\_\_\_\_

PROJECT LIST ☐

ACTIVITY LIST ☐

TASK LIST ☐

ORGANIZATION P/P Microfilm Equipment

No.	WORK DEFINITION	RESPONSIBILITY		MAN DAYS REQUIRED	BUDGET	START DATE	TARGET DATE
1	Contact vendor for specs.	Planament		1		8-1	
2	Contact Personnel for space	"		1		3-4	
3	Prepare Purchase Order for Bid	Purchas.		1		8-18	
4	Prepare initial master files	Planament		1		8-18	
5	Submit for micro filming	"		1		8-19	
6	Test microfilm on existing equip	"		1		8-20	
7	Train Payroll/Personnel Clerks	P/P		1		3-21	
8	Board approve purchase order	Board		1		8-26	
9	Receives/install new equipment	P/p		2		8-23	8-29
10	Institute weekly micro film proce.	Planament		-		9-1	-

PREPARED BY S.O. Chagnon

APPROVED BY \_\_\_\_\_

TASK LEVEL ONLY

APPENDIX 1

COMMISSIONER BURKE'S ORDER  
OF FEBRUARY 4, 1975

(FACSIMILE)

IN THE MATTER OF THE AUDIT OF :  
THE CITY OF NEWARK SCHOOL DISTRICT :  
COMMISSIONER OF EDUCATION  
ORDER

---

WHEREAS the annual audit required to be filed with the Commissioner of Education by each school district pursuant to N.J.S.A. 18A:23-3 has not been filed in a timely fashion by the Newark School District for the last three school years because of the chaotic and confused state of the District's business and financial records;

WHEREAS when the annual audits for the last three school years were filed by the City of Newark School District they disclosed serious deficiencies in the managerial, business and personnel procedures and contained recommendations by the professional auditing firm for implementation of numerous and serious remedial measures by the District;

WHEREAS the annual audit report pursuant to N.J.S.A. 18A:23-3, due September 30, 1974, has not yet been filed by the City of Newark School District because the professional auditing firm has stated that the District's records are incapable of being audited;

WHEREAS the remedial recommendations of the professional auditing firm contained in prior annual audits have not been implemented by the City of Newark School District;

WHEREAS the City of Newark School District has failed to comply with statutory and regulatory requirements of the State Health Benefits Program and as a result its participation in this program will be terminated as of June 30, 1975;

WHEREAS the City of Newark School District has consistently failed to comply with the requirements of the Social Security Program and the Teacher's Pension Annuity Fund Program thereby causing difficulty and hardship to members of these programs and personnel in the school system;

WHEREAS, the President of the Board of Education of the City of Newark School District has requested assistance from the Commissioner in bringing order to the confused fiscal situation in the Newark School System;

WHEREAS in response to the above described circumstances and pursuant to his general powers to assure the provision of a thorough and efficient education as mandated by Article VIII, Section 4, paragraph 1 of the New Jersey Constitution and in accordance with the specific statutory powers as contained in Title 18A, the Commissioner did organize a Task Force of persons from the Department of Education and the Department of Treasury to conduct an on-site review of the business operations of the City of Newark School District and said study was conducted on January 27, 28 and 29, 1975;

WHEREAS the Commissioner has reviewed the findings of the Department of Education/Department of Treasury Task Force, a copy of which is attached hereto, and finds that:

1. The business practices of the City of Newark School District are in such poor condition as to impair the operation of the educational program in said district;
2. While adequate funds are being budgeted for instructional resources in the City of Newark School District, poor business practices are preventing significant resources from actually reaching the school and children for whom these resources are intended.

IT IS HEREBY ORDERED on this 4th day of February, 1975 that:

1. The City of Newark School District adopt and implement a unit control organization as described in the report of the Newark Chamber of Commerce, June, 1971.
2. The City of Newark School District adopt and implement the following remedial measures within the specified time:
  - a. To cure the deficiencies in the purchasing and inventory systems noted in the Task Force Report, within 6 months develop a new purchasing system which will utilize sound purchasing and management principles and qualified staff;
  - b. To cure the deficiencies in the personnel management and activities noted in the Task Force Report, within 6 months restructure the personnel office and recruit individuals with personnel training and background to staff the department;
  - c. To cure the deficiencies in the payroll system noted in the Task Force Report, within 3 months develop a system of internal control in the payroll system;
  - d. To cure the deficiencies in the data processing system noted in the Task Force Report, within 6 months develop a new data processing system;
  - e. To cure the deficiencies in the repair, maintenance and custodial services noted in the Task Force Report, within 3 months conduct a study to determine staff requirements and daily work schedules for repair, maintenance, and custodial services;

- f. To cure the deficiencies in the budget system noted in the Task Force Report, for the preparation of the 1975-76 school year budget restructure the budgeting system to implement unit control of budget preparation;
  - g. To cure the deficiencies in the accounting system noted in the Task Force Report, bring the District's financial records to current status and design and implement a fiscal and operational system and procedures necessary to enable the District to discharge its responsibilities.
- 3. To provide for the activities and measures to be undertaken by the City of Newark School District pursuant to this Order, an amount up to \$250,000 shall be withheld from the State aid calculated for said District for the 1974-75 school year. The Commissioner shall appropriate said money whenever he shall deem it necessary in furtherance of this Order.
- 4. A member of the State Department of Education shall be appointed as the special representative of the Commissioner to oversee the implementation of this Order. He shall coordinate and monitor the activity of the City of Newark School District to insure that the terms of this Order are fulfilled and he shall report to the Commissioner and State Treasurer with respect to same. This representative shall be provided an office within the Newark Board of Education to be staffed with appropriate personnel who from



time to time will be required to evaluate the situation and provide technical assistance. All records kept by the City of Newark School District shall be made available to this representative upon request and all personnel employed by the City of Newark School District shall provide assistance as requested.

The Commissioner shall maintain jurisdiction over this matter and shall issue further orders if appropriate.

/s/ Fred G. Burke

FRED G. BURKE  
COMMISSIONER OF EDUCATION

DEPARTMENT OF EDUCATION  
275 West State Street  
P.O. Box 2010  
Trenton, New Jersey 08625

(FACSIMILE)

February 4, 1975

TO: Fred G. Burke, Commissioner of Education  
Richard C. Leone, State Treasurer

SUBJECT: Newark Visitation

This memo expresses the major findings contained in the report of a joint Department of Education/Department of Treasury committee which reviewed the business operations of the Newark School System. It is based on an intensive on-site analysis conducted by personnel from both departments during January 27, 28, 29, in addition to careful review of the 1972 and 1973 Touche Ross audit reports and the June, 1971 Newark Chamber of Commerce Study.

The major finding of this report is that the business practices of the Newark School system are in such poor condition as to impair the operation of the educational program. While adequate funds may be budgeted for instructional resources, it is evident that these poor business practices are preventing significant resources from actually reaching the schools and children for whom they are intended. Following is a list of major deficiencies and general recommendations in each of the various areas of business and management examined. Documentation is available for your review.

1. PURCHASING AND INVENTORY MANAGEMENT

A. Deficiencies

- (1) The system in its entirety is archaic, inefficient, ineffective and does not apply modern management techniques. Tasks, responsibilities and procedures lack clear definition.
- (2) The paper flow of requisition to vendor payment was found to be excessively slow. There are open orders going back as far as four and a half years, and serious backlogs in both purchasing and accounts payable.
- (3) Over 500 "confirming orders" (a purchase that has been made without going through the purchasing division) were processed for the month of January, 1975.
- (4) Not one purchase discount has been taken in the last four and a half years, on awarded contracts, or on State contracts. Purchase discounts are not considered in the evaluation of a vendor's bid.
- (5) Some staff lack proper training and some are promoted to buying from clerical functions.

- (6) Purchasing is conducted by both the Board secretary and the business manager independently of one another and purchase order authorization is confused.
- (7) Bid solicitations are often sent to vendors who do not sell the merchandise sought.
- (8) There is no formal procedure for technical evaluation or product testing.
- (9) School principals are required to submit annual orders for supplies without knowing the availability of funds for these purchases. This results in over expenditures. In addition, principals are not informed when their supply requests are cut, altered or appropriated.
- (10) There is no mechanism for school principals to report on the quality of merchandise or services rendered.
- (11) The Board generally does not use existing State contracts which would be less costly than competitive bidding.
- (12) The warehouse facility and procedures are woefully inadequate for the following reasons:
  - a. The facility is too small.
  - b. Goods are stored in a disorganized manner, and obsolete materials are retained.
  - c. The facility is subject to flooding in heavy rain.
  - d. There are no written procedures for the warehouse.

B. Recommendation

In order to resolve these problems, an entirely new purchasing system should be developed which would separate the powers and responsibilities of the business manager and board secretary. Sound purchasing and management principles must be implemented and qualified personnel recruited to staff the purchasing activity.

2. PERSONNEL

A. Deficiencies

- (1) There is no structure or organized system for processing the various personnel activities.
- (2) There are no persons trained in personnel management conducting personnel activities.
- (3) Records are incomplete and decentralized.
- (4) There is no system for recruiting or staff development.

- (5) There is no operating labor relations section.
- (6) Payroll increments are not generated or controlled by the personnel department.
- (7) There is no responsibility for administering, controlling or reporting all fringe benefit programs.

B. Recommendation

Implement the Touche Ross survey recommendations to restructure the personnel office. Individuals with personnel training and background should be recruited to staff the personnel department.

3. PAYROLL

A. Deficiencies

- (1) There is no internal control as demonstrated by the lack of separation of duties and rotation of work assignments of pay clerks.
- (2) There is no independent monitoring or verification of payroll registers to ensure that persons on the payroll are legitimate employees.
- (3) The present payroll system fails to terminate employees or to indicate their pay status, fringe benefits or eligibility. Thus, pensions, health benefits and FICA are prepared from inaccurate data.
- (4) There are no uniform overtime policies and procedures. Overtime is paid without proper documentation or authorization.
- (5) Increments originate in the payroll department and are processed manually for 11,000 employees.
- (6) Records are not readily accessible or clearly identifiable.
- (7) Blank checks are unsecured.

B. Recommendation

Immediately implement a system of internal control to segregate duties so that no one employee may have complete control over an entire transaction. This recommendation must be coordinated with the recommendations under Personnel and Data Processing.

#### 4. DATA PROCESSING

##### A. Deficiencies

- (1) There is no clearly defined or properly documented plan for use of existing data processing equipment or implementation of future equipment.
- (2) No detailed cost benefit analysis has been conducted prior to rental or purchase of data processing hardware and no rational projection for future major requirements of such equipment has been conducted.
- (3) Data processing staff have limited experience. Data processing personnel lack formal training or the development program for such training.
- (5) Personnel are not sufficiently trained to program and install a \$204,000 payroll system purchased from IBM. Personnel are also insufficiently trained to implement and coordinate a time and attendance reporting system currently rented from IBM.
- (6) Unauthorized personnel have access to computer areas, including the tape library.

##### B. Recommendation

The Board should maintain closer control over data processing activity. Each new program should receive a detailed cost benefit analysis and existing equipment and programs should be evaluated in light of the Board's needs. The Board should also recruit personnel with sufficient training to implement its data processing activity.

#### 5. REPAIR, MAINTENANCE AND CUSTODIAL SERVICES

##### A. Deficiencies

- (1) There is no preventive maintenance program. Sixty percent of staff time is required for emergencies at the expense of performing routine repairs.
- (2) Many necessary repairs requiring outside contractors are unattended; some contractors refuse to provide service.
- (3) Work requests for repairs are unattended for four months to a year and in some cases, as long as four years.
- (4) There is a lack of planning daily schedules and personnel requirements necessary to perform maintenance.
- (5) Work requirements are prepared by both school principals and head custodians, resulting in confused assignments.

B. Recommendation

Conduct a study to determine staff requirements and daily work schedules using the Gilbert Formula or a similar scientific work planning method.

6. BUDGETING

A. Deficiencies

- (1) There is no centralized system of budget preparation and review; rather, there are three separate and distinct sources for this activity.
- (2) There is no meaningful staff involvement at the school level in budget preparation.
- (3) The cost accounting budget, while ideal in principle, is dysfunctional in practice and does not provide school principals with an effective management tool by which they may relate resources to the educational program.
- (4) There is no one person given the responsibility of directing the entire budget operation.
- (5) There are no criteria for adjusting line items in the budget based on sound fiscal practice. The Board in fact uses the entire budget as a pool of money with various line items inaccurately reflecting budget categories. This results in over-expenditures of line item appropriations and expenditures where there is no appropriation.
- (6) There is no functional summary by major budget category.
- (7) There is no timely dissemination of approved budgets and/or revisions thereto.

B. Recommendation

Restructure the budgeting system to implement unit control of budget preparation and review. Provide for necessary participation by school principals in this process in order to realize a rational budget and meaningful management tool.

7. ACCOUNTING

A. Deficiencies

- (1) Given the lack of a properly planned, prepared and reviewed budget, the Board is not provided with a basis on which to establish necessary fiscal accountability and control.

- (2) The accounting office is understaffed and those personnel available lack the necessary technical training and professional experience to perform tasks assigned.
- (3) There is no internal audit staff required to provide the necessary checks and balances for effective internal control.
- (4) There is no accounting procedures manual.
- (5) The records of the Custodian of School Monies (the municipal official who maintains the cash position of the Board) have yet to be reconciled with the Board Secretary's control records of the year ending June 30, 1974. This has resulted in a violation of Title 18A:17-36 requiring the generation of monthly and annual reports.
- (6) The board does not maintain a general ledger. Without this basic control document, the board has no categorical summary of its accounting activities on a current basis.
- (7) The detailed listing of accounts payable for the fiscal year ended June 30, 1974, did not agree with the board secretary's controlled figures. The detailed listings exceeded the control figures by approximately \$219,000.
- (8) The accounts payable are not aged in a format which yields meaningful current information. The payable records indicate invoices which have been outstanding for as long as four years.
- (9) There are presently approximately 10,000 to 12,000 outstanding invoices awaiting payment.
- (10) There are no inventory records or control of capital equipment maintained.

B. Recommendation

This area requires the extensive services of an outside consultant familiar with the operations of the Board and the required state accountability. The scope of this consultant's services would encompass remedial action necessary to bring the Board's financial records to a current status, as well as the design and implementation of fiscal and operational system and procedures necessary to enable the board to discharge its responsibilities.

8. EFFECT ON THE SCHOOLS

A. Deficiencies

- (1) Lack of supplies in schools visited presents a serious instructional problem. Teachers are unable to plan lessons effectively because they are without standard classroom resources such as pens, paper clips, thumb tacks, oaktag and special paper products.

- (2) Items such as maps, globes and art supplies are generally unavailable.
- (3) The only audio-visual aid equipment available in most elementary schools is that provided by Title I.
- (4) The problem is most critical in the industrial arts area, where wood and metal shop materials are unavailable. Initial wood supplies for the 1974-75 school year have just been delivered. In some cases, metal supplies have not been received for two years.
- (5) The same situation exists for maintenance and repair of instructional equipment and of the building facilities as with school supplies. In shop areas in particular, essential pieces of equipment such as drills, grinders, and sinks are inoperable for an entire school year. Industrial arts equipment such as drills, bandsaws and lathes has been out of repair for two, three and four years. Saw machines and dishwashers have not been replaced during the current year.
- (6) A gym floor in West Side High School, for example, is unsafe and not in use.
- (7) Essential components of audiovisual aid equipment are not available and lack of minor replacement parts such as light bulbs for projectors seriously curtails the use of existing equipment.
- (7) Although the textbook situation is better than that regarding supplies and repairs, substantial numbers of books ordered are either not received or are received late into the school year. Some schools are using textbooks that are out of date in such critical areas as the sciences.
- (8) Custodial services and building maintenance are generally inadequate. Items such as toilet paper, paper towels and garbage bags are in short supply. There is no provision to hire substitutes for sick custodial staff. Broken windows are common and remain unrepaired for years in some cases. Items such as water pumps, lockers, water fountains and air circulation fans have been out of service for several years.
- (9) The most serious problem noted was the effect that this situation has on the morale of the principals and teachers. There is a general expectation of system failure. Lesson planning becomes an empty exercise because teachers and administrators cannot anticipate that the necessary support resources for standard lessons will be available. Many teachers spend their own money to supplement the meager materials provided to them. Principals are hampered by lack of office supplies, and, what is more important, they are required to spend inordinate amounts of their time on memos and phone calls to the Central Office following up on orders and placating teachers. There is no confidence on the part of the instructional staff in the ability of the Central staff to be responsive to their needs.



B. Selected Observations by School Visited

1. Maple Avenue

- . Acetates for workbooks issued not received
- . Furniture unavailable for one class
- . Map heads not delivered
- . Florescent lights, toilet brushes, paper towels, toilet paper and garbage bags not delivered
- . Few art supplies for the current year received.

2. Miller Street

- . Workbooks generally unavailable and, where supplied, not used as workbooks but saved for future use
- . Pencils and pens unavailable
- . Science books out of date (1960); no 7th grade social studies text
- . Art supplies received in November
- . Shades damaged and missing
- . All audio-visual aids are Title I
- . Drill not working in woodshop
- . Grinder and sink in woodshop out of repair for two years
- . Toilet paper and paper towels unavailable
- . Band-aids, referral cards and tissues unavailable in nurse's office

3. Barringer High School

- . Paper towels, light bulbs, drinking fountain replacement, locker repairs, shades, and water pump repairs not received
- . Dishwasher in Home Economics class out of repair
- . 3 of 12 sewing machines not working
- . Wood for woodshop received on January 26, 1975
- . Lathe in metal shop broken for four years
- . Metal shop supplies have not been received for at least two years
- . Woodshop machines received in May, 1974; uninstalled as of this date
- . Internal school communication system not functioning

4. Broadway Elementary Junior High

- . Woodshop supplies have not been received for current year
- . Power tools are out of repair
- . Hand tools inadequate (3 screw drivers for 3 classes)
- . Only one head custodian for both elementary and junior high schools

5. West Side High School

- . Football equipment was not delivered
- . Gym floor replaced twice but poor workmanship; floor still unsafe for use
- . Five out of eight sewing machines out of repair

6. Camden Middle School

- . Supplies are delivered well after school begins
- . Motion picture screen in the auditorium uninstalled after two years
- . Over supply of maps and globes
- . Sewing machines were stolen and have not been replaced

7. Arts High

- . Athletic equipment has not been received as of this date
- . Supplies received only after emergency meeting in November
- . Music manuscript paper has not been received for a two year period
- . Desks are old and too small for use by high school students
- . Locks, doorknobs, windows and desks are either broken or out of repair
- . Carpentry services unavailable

THOMAS MARSHELLO  
Department of Treasury

WILLIAM A. SHINE  
Department of Education

WAS/lg/H1

APPENDIX 2

TASK FORCE  
ORGANIZATION AND STAFFING

During the course of the Task Force's activities, in excess of fifty persons from the State of New Jersey, Greater Newark Chamber of Commerce, and Touche Ross & Co., were involved in the project. The following list presents the names of the individuals involved, the normal affiliation of each individual, and their primary assignment. Following this list, is an organization chart depicting the Task Force's organization.

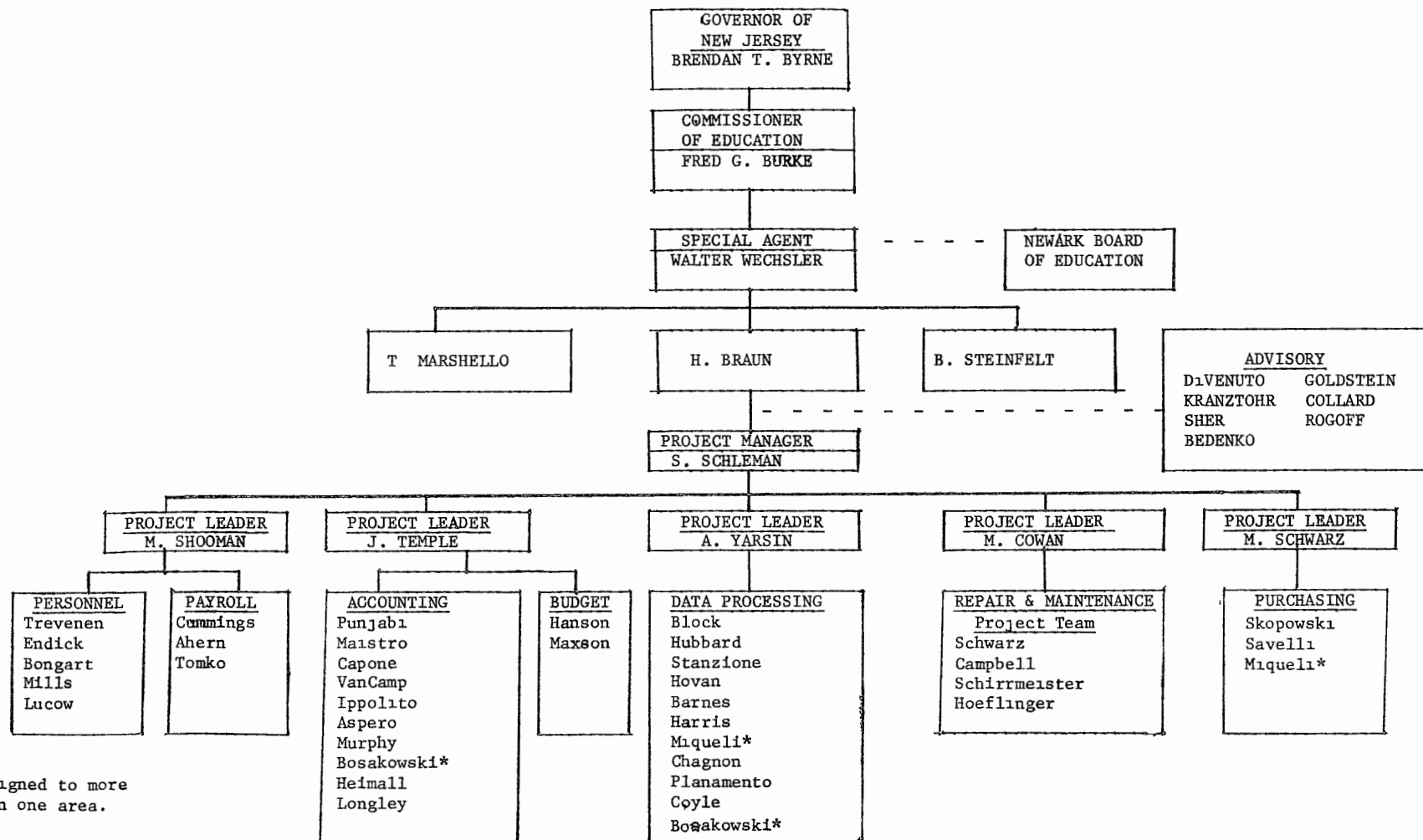
<u>NAME</u>	<u>SOURCE</u>	<u>ASSIGNMENT</u>
T. Ahern	N.J. Dept. of Education	Payroll
S. Aspero	Midlantic Bank	Accounting
M. Barnes	N.J. Dept. of Treasury	Data Processing
F. Bosakowski	N.J. Dept. of Treasury	Accounting/ Data Processing
J. Bedenko	Touche Ross & Co.	Data Processing
G. Block	Prudential	Data Processing
R. Bongart	N.J. Dept. of Education	Personnel
H. Braun	Touche Ross & Co.	Project Management
E. Campbell	Newark Board of Education	Repair & Maintenance
C. Capone	Midlantic Bank	Accounting
S. Chagnon	N.J. Dept. Law & Public Safety	Data Processing
R. Collard	Touche Ross & Co.	Purchasing
M. Cowan	Touche Ross & Co.	Repair & Maintenance
R. Coyle	N.J. Dept. of Treasury	Data Processing
G. Cummings	United Hosp. Plan of N.J.	Payroll
J. DiVenuto	Touche Ross & Co.	Personnel
A. Endick	N.J. Dept. of Civil Service	Personnel

<u>NAME</u>	<u>SOURCE</u>	<u>ASSIGNMENT</u>
M. Goldstein	Touche Ross & Co.	Accounting
R. Hanson	N.J. Dept. Law & Public Safety	Budget
J. Harris	City of Newark	Data Processing
F. Heimall	Fidelity Union Trust Co.	Accounting
R. Hoeflinger	Port Authority	Repair & Maintenance
M. Hovan	N.J. Dept. Law & Public Safety	Data Processing
E. Hubbard	Public Service Elec. & Gas	Data Processing
J. Ippolito	N.J. Dept. of Transportation	Accounting
L. Kranztohr	Touche Ross & Co.	Project Management
J. Longley	Mutual Benefit	Accounting
W. Lucow	N.J. Dept. of Education	Personnel
O. Maistro	N.J. Dept. of Education	Accounting
T. Marshello	N.J. Dept. of Treasury	Project Management
R. Maxson	N.J. Dept. of Treasury	Budget
M. Miqueli	N.J. Bell Telephone Co.	Purchasing/ Data Processing
R. Mills	N.J. Dept. of Education	Personnel
J. Murphy	N.J. Dept. of Civil Service	Accounting
J. Planamento	N.J. Dept. of Education	Data Processing
J. Punjabi	Touche Ross & Co.	Accounting
J. Rogoff	Touche Ross & Co.	Project Management
J. Rosen	Newark Board of Education	Project Secretary
E. Savelli	N.J. Dept. of Treasury	Purchasing
G. Schirrmeister	Port Authority	Repair & Maintenance
S. Schleman	Touche Ross & Co.	Project Management
M. Schwarz	Touche Ross & Co.	Purchasing/ Repair & Maintenance
M. Shooman	Touche Ross & Co.	Personnel/Payroll

<u>NAME</u>	<u>SOURCE</u>	<u>ASSIGNMENT</u>
H. Sher	Touche Ross & Co.	Repair & Maintenance
F. Skopowski	Prudential	Purchasing
F. Stanzione	N.J. Dept. Law & Public Safety	Data Processing
B. Steinfelt	N.J. Dept. of Education	Project Management
J. Temple	Touche Ross & Co.	Budget/Accounting
R. Tomko	N.J. Dept. of Treasury	Payroll
R. Trevenen	First Jersey	Personnel
F. VanCamp	N.J. Dept. of Education	Accounting
W. Wechsler	State of New Jersey	Special Agent to the Commissioner
A. Yarsin	Touche Ross & Co.	Data Processing

It should be noted that in addition to the above, a large number of employees of the Newark Board of Education also participated. Only those who were assigned full-time to the Task Force are identified above.

# TASK FORCE ORGANIZATION



\*Assigned to more than one area.

APPENDIX 3

RESOLUTIONS OF THE  
NEWARK BOARD OF EDUCATION



FACSIMILE

April 29, 1975

RESOLUTION

REORGANIZATION OF REPAIR AND MAINTENANCE DIVISION

Whereas an affirmative plan has been presented to improve the repair and maintenance of the school system; and

Whereas said plan requires implementation of a reorganization plan,

NOW THEREFORE, Be it

R E S O L V E D by THE BOARD OF EDUCATION OF NEWARK IN THE COUNTY OF ESSEX that the Repair and Maintenance Division within the Department of Business Management is hereby reorganized in the following manner:

1. The following areas within the Repair and Maintenance Division are transferred to the Custodial Services Division of the Department of Business Management, together with all personnel therein or thereunder:

- a. Supervisor of Heat and Heating Repair and all subordinates,
- b. Stadium laborers,
- c. Parker Street Warehouse laborers,
- d. Foreman of Grounds & Equipment and all subordinates,
- e. Foreman of Landscape and all subordinates;

2. All remaining supervisors or inspectors serving in a provisional capacity shall be reduced to their permanent title and all permanent supervisors and inspectors shall be, upon 45 days notice, be reduced to the next lowest title within the Division;

3. Stephen Macalindin is designated Superintendent of Maintenance at no change in salary, Joseph Robinson is designated Assistant Superintendent of Maintenance at no change in salary and the position of Director of Repair and Maintenance is hereby created with an annual salary range of \$21,000. to a maximum of \$27,000.00.

4. The Superintendent of Schools is directed to present to the board at its May conference a recommendation for the salary steps for the positions of Director, Superintendent of Maintenance and Assistant Superintendent of Maintenance in the Repair and Maintenance Division.

5. The clerical staff of the Division shall report to the Superintendent of Maintenance until such time as a Director is appointed at which time said staff shall report to the Director, and be it further

R E S O L V E D that this resolution take effect immediately.

June 14, 1975  
AMENDED

Whereas, the Board of Education seeks to improve the operation and function of the payroll department, and

Whereas, a plan has been submitted for achieving this goal,

NOW THEREFORE, Be it

R E S O L V E D by THE BOARD OF EDUCATION OF NEWARK IN THE COUNTY OF ESSEX that it adopts the plan presented by the Payroll Task Force dated May 12, 1975, and be it further

R E S O L V E D that the Superintendent of Schools is directed to cause this plan to be implemented immediately and if there is any delay it should be reported to this Board with a statement of the cause of the delay, and be it further

R E S O L V E D that the following personnel changes be effectuated

EMPLOYEE NAME	CURRENT TITLE	POS	CODE	NEW TITLE
Rose Yampaglia	Principal Clerk			Principal Payroll
	Bookkeeper	059		Clerk
Gloria Hale	Principal Clerk			Principal Payroll
	Bookkeeper	059		Clerk
Deborah Ross	Principal Clerk			Principal Payroll
	Bookkeeper	059		Clerk
Joanne Beckett	Principal Account			Senior Payroll
	Bookkeeper	057		Clerk
Gail Flagg	Senior Clerk			Senior Payroll
	Bookkeeper	104		Clerk
Patricia Pitts	Senior Clerk			Senior Payroll
	Bookkeeper	104		Clerk
Garvia Chase	Senior Account			
	Clerk	105		Payroll Clerk
Shirley Hayman	Senior Clerk	073		Payroll Clerk

and be it further

R E S O L V E D that the salaries of these persons shall remain unchanged by reason of these title changes, and be it further

R E S O L V E D that the Personnel Department working with the Office of the Secretary shall create new position codes for these titles where necessary, and be it further

R E S O L V E D that the position of Senior Clerk Stenographer is added to the table of organization of the Payroll Department and, due to the current needs of that department, this position should be filled as soon as a competent individual is identified, and be it further

R E S O L V E D that the salary guide for the position of Supervisor of Payroll (position code 124) is modified as follows

FROM.					
\$11,077	\$11,710.	\$12,343	\$12,976.	\$13,609.	\$14,242.
TO.					
\$12,343.	\$13,082.	\$13,820.	\$14,559.	\$15,297.	\$16,036 , and

be it further

R E S O L V E D that George Hannah, Auditor (provisional) (pos. code 015), is appointed Supervisor of Payroll (position code 124) at no change in annual salary.

July 28, 1975

RESOLUTION.  
Purchasing Department Reorganization

WHEREAS the BOARD OF EDUCATION OF NEWARK IN THE COUNTY OF ESSEX wishes to provide a more efficient and effective system for the procurement and delivery of supplies to all schools and departments within the board, and

WHEREAS the Commissioner of Education has recognized this need; and

WHEREAS the Purchasing Task Force has made certain recommendation to improve the purchasing function,

NOW THEREFORE, Be it

R E S O L V E D that the Task Force report dated July, 1975 is hereby adopted, together with its revised table of organization, and be it further

R E S O L V E D that the following personnel changes be effectuated as soon as permissible under Civil Service laws and rules and after the conclusion of any required negotiations concerning terms, conditions and wages of employees within any labor unit:

Name	Soc. Sec. No.	Old Position	New Position
Viola Bell	152-12-2794	Buyer	Ret. to Perm. Title
Terry Gregory	148-32-2836	Buyer	Ret. to Perm. Title
Jerry Verniero	153-22-6390	Stock Handler	Ret. to Perm. Title
Dorothy Christensen	143-18-9235	Admin Clerk	Clk Pool Sup.
Macie Morgan	230-12-4148	Expeditor	Asst Buyer
Norma Drummond	143-40-4419	Clerk Typist	Asst Buyer
Marg. Policastro	150-38-1368	Buyer	Asst Buyer
Rossia Smith	155-16-5877	Act. Dir.	Term Con. Admin
Augustus Burns	153-16-4765	Buyer	Sr. Term Con. Spec

and be it further

R E S O L V E D that the following personnel be transferred from the Division of Purchasing to the Division of Accounts Payable with no change in title or salary.

Name	Soc. Sec. No.
Anthony Bovine	145-01-0505
Constance Lewis	151-40-1863
Dorothy Magwood	144-14-9650
Susie McGill	149-14-6218
Barbara McPherson	043-28-9445

and be it further

R E S O L V E D that, where needed, the Office of the Secretary, in cooperation with the Personnel Department, shall create new position codes; and be it further

R E S O L V E D that the Superintendent of Schools shall present to the Board at its August meeting a recommendation for salary guides for the positions indicated in the Task Force report and within the stated limits, subject to any required negotiations with an appropriate labor representative; and be it further

R E S O L V E D that the Superintendent shall immediately commence the implementation of the Task Force report; in the event of delay, it shall be reported to the Board with recom-

Purchasing Department Reorganization

mendations for correcting the delay; and be it further

R E S O L V E D that this resolution take effect immediately except where indicated otherwise within its body.

August 3, 1975

RESOLUTION:

Accounting (and Accounts Payable) Reorganization

WHEREAS the BOARD OF EDUCATION OF NEWARK IN THE COUNTY OF ESSEX wishes to provide a better accounting and accounts payable system in support of its educational functions; and

WHEREAS the Commissioner of Education has recognized the need for alterations in the accounting and accounts payable departments; and

WHEREAS the Accounting Task Force has presented a viable plan for such a reorganization,

NOW THEREFORE, Be it

R E S O L V E D that the Task Force report dated July 31, 1975 is hereby adopted, together with its revised table of organization and movement of staff; and be it further

R E S O L V E D that all changes affecting personnel shall be subject to the laws and regulations of Civil Service and to any necessary negotiations with appropriate labor unions; and be it further

R E S O L V E D that the Superintendent of Schools shall present to the Board at its August meeting a recommendation for salary guides for the positions indicated in the Task Force report and within the stated limits, subject to the above-mentioned requirements; and be it further

R E S O L V E D that, where needed, the Office of the Secretary, in cooperation with the Personnel Department, shall create new position codes; and be it further

R E S O L V E D that the Superintendent of Schools shall report to the Board any delay in the implementation of the Task Force report, together with a statement of the reasons for the delay and a plan for overcoming the delay; and be it further

R E S O L V E D that this resolution shall take effect immediately except where indicated otherwise within its body.

July 28, 1975

RESOLUTION:

Table of Organization

WHEREAS the Commissioner's Task Force has made certain recommendation concerning the reorganization of the Newark Board of Education; and

WHEREAS the Board of Education of Newark in the County of Essex now accepts these recommendations,

NOW THEREFORE, Be it

R E S O L V E D that the position of Controller is hereby created; with appropriate position code as determined by the Office of the Secretary in cooperation with the Department of Personnel and salary guide as to be recommended by the Superintendent of Schools at the August meeting of this Board; and be it further

R E S O L V E D that Leonard Gantt (Soc. Sec. No. 147-46-0373), Supervisor of Accounts Payable (Provisional) is terminated effective immediately.

July 28, 1975

RESOLUTION  
Personnel Reorganization

WHEREAS the BOARD OF EDUCATION OF NEWARK IN THE COUNTY OF ESSEX wishes to provide a better system of personnel management in support of its educational function; and

WHEREAS the Commissioner of Education of New Jersey deems that such reorganization is necessary as indicated by his Order in the Matter of the Newark School Audit; and

WHEREAS the Personnel Task Force has presented a viable plan for such a reorganization,

NOW THEREFORE, Be it

R E S O L V E D that the Task Force report dated June 24, 1975 is hereby adopted, together with its revised table of organization, subject to negotiations with the appropriate labor union regarding any change in terms, wages and conditions of employment; and be it further

R E S O L V E D that the following personnel title changes shall be effectuated, subject to any salary adjustment as hereinafter stated:

Name	Soc. Sec. No.	Old Position	New Position
Joanne Armelino	153-34-6012	Head Clerk	Sec. Assist.
Jane Seiden	145-22-9845	Sup. of Acct.	Sup. Pers. Clk. *
Roslyn Levy	150-22-9131	Princ. Clr Bkkr	Princ. Pers. Clk.*
Paula Montero	108-48-8494	Clk. Typist	Sr. Pers. Clk. Typ*
Terry Queli	140-48-0034	Sr. Clk Steno.	Sr. Pers. Clk. Typ*
Jean Grady	146-34-0543	Sr. Clk Steno.	Sr. Pers. Clk. Typ*
Ronald Barber	150-44-0837	Act. Sup of Fr	Sup of Emp Records
Claude Craig	156-34-9651	Hd Acct. Clk	Sup. Pers. Clk. *
Ydalmy Ortiz	153-50-5023	Clk Typist	Pers. Clerk *
Ella Gibson	158-36-7709	Clk Typist	Pers. Clerk *
Emma Long	138-20-5815	Clerk	Pers. Clerk *
Gloria Amour	137-30-7378	Clk Typist	Pers. Clerk *
Nereida Dobson	074-34-7414	Clk. Steno	Pers. Clerk *
Louise Manzella	153-34-7255	Clk. Steno	Pers. Clerk *
Helen Masullo	143-18-4605	Clk Typist	Pers. Clerk *
Marie Powell	155-46-3373	Acct. Clerk	Acct. Clerk
Annette Robinson	262-38-0242	Acct. Clerk	Acct. Clerk
Anne Ferdinand	155-16-9692	Head Clerk	Sup. Pers. Clerk *
Elizabeth Wood	231-66-2294	Princ. ActClk	Princ. Pers. Clk *
Catherine Malanga	150-22-9913	Prin. ClkSten	Pr. Pers. Clk Typ*
Susan Horton	143-36-2332	Prin. ClkSten	Pr. Pers. Clk Typ*
Mildred Morgan	253-24-7109	Sr. Clerk	Sr. Pers. Clk Typ*
Gloria Gajewski	144-28-3422	Clk. Typist	Sr. Pers. Clk Typ*
Catherine Bianchi	153-44-3796	Clk. Steno	Sr. Pers. Clk Typ*
Irene Roller	145-22-4055	Sr. Clk Typ.	Sr. Pers. Clk Typ*
Vida Hicks	244-96-9306	Clk Typist	Sr. Pers. Clk Typ*
Sandra Myott	156-40-7773	Clk Typist	Clk Steno *
Connie McAdams	139-40-2658	Lab. RelAssist	Personnel Tech.

\*subject to negotiations with the appropriate labor union concerning wages, terms and conditions of employment

Marie Gaines 144-26-6398 Dir. Wage-Sal Educational Staff  
and be it further

R E S O L V E D that the new position of Principal Personnel Technician is created and the position of Director of Instructional Employment is eliminated; and be it further

Personnel Reorganization

R E S O L V E D that the Superintendent of Schools shall present to the Board at its August meeting a recommendation for salary guides for the above positions within the limitations prescribed by the Task Force, subject to negotiations with the appropriate labor union; and be it further

R E S O L V E D that, where needed, the Office of the Secretary, in cooperation with the Personnel Department, shall create new position codes; and be it further

R E S O L V E D all changes in personnel status shall be done in accordance with the laws and regulations of Civil Service; and be it further

R E S O L V E D that the Superintendent of Schools shall immediately advise the Board of any delay in the implementation of the Task Force Report; such statement of delay shall include the reasons for the delay and the means to overcome the obstacles; and be it further

R E S O L V E D that this resolution shall take effect immediately except where indicated otherwise within its body; and be it further

R E S O L V E D that the Board states, as a matter of policy, that all staffing within the Department of Personnel shall be done with Civil Service Employees as soon as practical and that instructional hiring shall be decentralized to the schools as far as feasible.



August 2, 1975

RESOLUTION:  
Data Processing Reorganization

WHEREAS the BOARD OF EDUCATION OF NEWARK IN THE COUNTY OF ESSEX wishes to provide to its students, employees and staff the most efficient and capable data processing system; and

WHEREAS the Commissioner of Education of New Jersey deems that such delivery can be best effectuated through a reorganization of the data processing division; and

WHEREAS the Data Processing Task Force has presented a viable plan for such a reorganization,

NOW THEREFORE, Be it

R E S O L V E D that the Task Force reports dated July 15 and July 31, 1975 are hereby adopted, except as modified herein, together with its revised table of organization and the following features:

1. Creation of a steering committee to consist of:
  - a. Director of Data Processing
  - b. Administrator for Financial Affairs
  - c. Assistant Executive Superintendent for Physical Facilities
  - d. Assistant Executive Superintendent in Charge of Curriculum
  - e. Coordinator of School Computer Services
  - f. Director of Budget
  - g. Director of Personnel
2. Enter into negotiations with International Business Machines for the elimination of the "370/135" and the "System 7" computer systems with allied equipment as expeditiously as possible, obtaining any purchase credits possible,
3. Advertise for a Job Accounting Program, A Programming Language, a microfilming system for data processing records and appropriate readers in accordance with the bidding statutes of the State of New Jersey,
4. Modify the table of organization as follows:

Name	Soc. Sec. No.	Current Position	New Position
Ralph Long	257-68-5774	Director	Mgr., Inst. Sys
Edwin Andrews	119-22-2260	Ass't Dir.	Proj. Leader
Katherine Vivone	144-26-9918	Prog. Mgr.	Proj. Leader
Fred Minor	456-58-8908	Sen. Sys. Ana.	Prog/Ana
Joseph Johnson	195-22-9445	Sys. Ana.	Prog/Ana
Albert Rimmer	119-20-2048	Sys. Ana.	User Train/Doc.Spc
George D. Lee	141-42-9542	Sys. Ana.	Sys. Soft. Spec.
Seanie B. Parker	254-86-9352	Programmer	Prog. Trainee*
Betty J. Johnson	249-90-2667	Programmer	Prog. Trainee*
Jim Chloros	152-42-8892	Programmer	Prog. Trainee*
Allan Bland	152-42-2298	Programmer	Prog. Trainee*
Thomas Meola	148-24-2408	Ld. Prog.	Prog/Ana
Mary Farah	140-36-4568	Sr. Prog.	Prog/Ana
Michael F. DeLuca	155-16-3438	Sr. Prog.	Prog/Ana
Sandy Kocian	156-24-6615	Tape Lib.	Sr. Tape Lib.*
Frank DeFranco	148-09-8716	075	Adm. Ass't
William Scott	138-42-5237	Sr. Cons. Oper.	Sr. Comp. Oper.*
Alex Tobias	205-28-7009	Comp. Oper.	Sr. Comp. Oper.*
Mary Peacock	158-36-5684	Key. Oper.	Data Cont. Clk*
Pearl Jones	151-28-3369	Clk Steno	Sec. Ass't

Data Processing Reorganization

(\*subject to negotiations with the appropriate labor union as to terms, conditions and wages).

5. The proposed range for Administrative Assistant is modified to read from \$8,000 to \$11,700; the maximum for programmer trainee is modified to read \$11,000; the salary range for Programmer analyst is \$12,000 to \$16,000.

6. The following new positions are created:  
Manager, Business Systems                      Programmer Trainee  
Project Leader/Sr. Sys. Ana.                  Administrative Analyst  
Systems Analyst                                  Programmer Analyst

7. The positions of two (2) operators shall be eliminated following the removal of unnecessary hardware,

and be it further

R E S O L V E D that the Superintendent of Schools shall present to the Board at its August meeting a recommendation for salary guides for the above stated positions within the limitations prescribed by the Task Force, subject to negotiations with the appropriate labor union where required; and be it further

R E S O L V E D that, where needed, the Office of the Secretary, in cooperation with the Personnel Department, shall create new position codes; and be it further

R E S O L V E D that all changes in personnel status shall be done in accordance with the laws and regulations of Civil Service; and be it further

R E S O L V E D that a professional services contract be entered into between the board and the Hillsborough County School Board of Tampa, Florida for the California Education Information System, there being sufficient monies in the 1975-1976 budget for these services; and be it further

R E S O L V E D that the President of the board be empowered to execute a contract between the parties and the Secretary attest thereto; and be it further

R E S O L V E D that this segment of the resolution be published at least once within 10 days of its passage in the Newark Star Ledger in accordance with the New Jersey Local Contract Law; and be it further

R E S O L V E D that the Superintendent of Schools shall immediately advise the Board of any delay in the implementation of the Task Force Reports or the directions of the Steering Committee created therein; such statement of delay shall include the reasons for the delay and the means for overcoming the obstacles; and be it further

R E S O L V E D that this resolution shall take effect immediately except where indicated otherwise within its body.

July 28, 1975

RESOLUTION  
Budget Department Reorganization

WHEREAS the BOARD OF EDUCATION OF NEWARK IN THE COUNTY OF ESSEX wishes to provide a better system of budgeting in support of its educational function; and

WHEREAS the Commissioner of Education has recognized the need for a refined budget department; and

WHEREAS the Budget Task Force has presented a viable plan for such a reorganization,

NOW THEREFORE, Be it

R E S O L V E D that the Task Force reports dated June 17 and July 22, 1975 are hereby adopted, together with its revised table of organization, the salient features of which are:

1. Use of a budget department as a planning and control resource rather than a clerical staff,
  2. Specialized budgeting assistance to the different departments and schools in creating and implementing budgets,
  3. Budget reporting to the Board and staff,
  4. Overall coordination of fiscal affairs,
  5. Examination for availability of funds, and
  6. Budget control and planning
- and be it further

R E S O L V E D that the following new positions be created within the department:

Director	Junior Budget Analyst
Senior Budget Analyst	
and be it further	

R E S O L V E D that the following personnel change shall be made:

<u>Name</u>	<u>Soc. Sec. No.</u>	<u>Old Position</u>	<u>New Position</u>
Harry Byrd	223-58-9880	Budget Examiner	Sr. Budget Analyst
and be it further			

R E S O L V E D that the Superintendent of Schools shall present to the Board at its August meeting a recommendation for salary guides for the positions indicated in the Task Force Report and within the stated limits, subject to any required negotiations with an appropriate labor representative; and be it further

R E S O L V E D that, where needed, the Office of the Secretary, in cooperation with the Personnel Department, shall create new position codes; and be it further

R E S O L V E D that all changes in personnel status shall be done in accordance with the laws and rules governing Civil Service; and be it further

R E S O L V E D that the Superintendent shall immediately commence the phased implementation of the Task Force report, in the event of any delay, the same shall be reported to the Board forthwith with recommendations for correcting the same; and be it further

R E S O L V E D that this resolution shall take effect immediately except where indicated otherwise within its body.

July 28, 1975

R E S O L V E D that the following personnel changes shall be made as a segment of the Personnel Reorganization.

<u>Name</u>	<u>Soc. Sec. No.</u>	<u>Old Position</u>	<u>New Position</u>
Samuel Uzzolino	139-20-3788	Dir. Non-Ins.	Sr. Budget Analyst
Joseph Morano	144-26-8056	Dir. Ed. Ins.	Educational Staff

FACSIMILE

August 5, 1975

REORGANIZATION OF THE BOARD OF EDUCATION  
PER STATE'S TASK FORCE RECOMMENDATIONS

WHEREAS the state legislature has passed, and the Governor of New Jersey has signed into law, a bill requiring the reorganization of the administrative staff of this Board of Education; and

WHEREAS the Commissioner's Task Force has presented a proposed table of organization in conformity with this law

NOW THEREFORE Be it

R E S O L V E D that this table of organization is hereby adopted; and be it further

R E S O L V E D that the Acting Executive Superintendent shall present a recommendation for the personnel placement within this table of organization at the regular August meeting of this Board of Education.

FACSIMILE

August 5, 1975

THANKS TO STATE'S TASK FORCE

At a time when the Board of Education found itself in the midst of a serious fiscal and operational crisis, the President found it necessary to seek the assistance of the Commissioner of Education to resolve these problems, and

WHEREAS, the Commissioner felt such difficulties warranted an immediate and severe correctional program, and

WHEREAS, Commissioner Fred G. Burke ordered Walter Wechsler to head a Task Force to implement changes for the educational benefit of the children of Newark, and

WHEREAS, we have now seen the "fruit" of the six months of hard work completed by the Task Force,

Now Therefore, Be It RESOLVED, that the board officially thank Commissioner Fred G. Burke and Mr. Walter Wechsler and the supportive staff for their efforts, assistance, recommendation, training and cost-saving proposal, and be it further

RESOLVED, that this resolution commending the Commissioner's Task Force be certified to the Commissioner and Mr. Wechsler.

APPENDIX 4

SENATE BILL No. 3166

[SECOND OFFICIAL REPRINT]

SENATE, No. 3166

# STATE OF NEW JERSEY

INTRODUCED APRIL 17, 1975

By Senators DODD, WILEY, McDONOUGH, LIPMAN and ORECHIO

Referred to Committee on Education

AN Act establishing an organizational structure for school districts  
in certain cities and supplementing Title 18A of the New Jersey  
Statutes

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey*

1 1 **\*\*[In districts]** *\*\*\*Districts* in cities of the first class with  
2 a population over 325,000 **\*\*[**, subject to the approval of the com-  
3 missioner **]** *\*\*\**, the **\*\*[** *\*\*\*shall have a unit control organizational*  
4 *structure* The *\*\** board of education shall appoint, **\*\*[**for a term  
5 not to exceed 5 years **]** *\*\*\*for a term of not less than 3 but not more*  
6 *than 5 years*, a chancellor **\*\*[** *\*\*\*for a first term not to exceed 3*  
7 *years and for any subsequent term for said person not to exceed*  
8 *5 years, an executive superintendent* *\*\** by the recorded roll call  
9 majority vote of the full membership of the board The **\*\*[**chancel-  
10 lor **]** *\*\*\*executive superintendent\*\** shall receive such salary as  
11 the board shall determine The salary of the **\*\*[**chancellor **]** *\*\*\**  
12 *executive superintendent* *\*\** shall not be reduced during his term  
13 of office Notwithstanding any other provision of the law, no  
14 **\*\*[**chancellor **]** *\*\*\*executive superintendent* *\*\** shall acquire  
15 tenure

1 2 No person shall be appointed, or act as, or perform the duties  
2 of, **\*\*[**chancellor **]** *\*\*\*executive superintendent* *\*\**, unless he holds  
3 an appropriate certificate as prescribed by the State board, **\*\*[**pro-  
4 vided however, that any person serving as superintendent of  
5 schools in any district in a city of the first class with a population  
6 over 325,000 as of the effective date of this act shall be eligible  
7 for appointment to, or act as, or perform the duties of chancel-  
8 lor **]** *\*\*\*provided, however, that in addition to State certification*  
9 *requirements the executive superintendent shall meet additional*  
10 *criteria as shall be determined by the board of education* Such  
11 *additional criteria for the executive superintendent shall be*

EXPLANATION—Matter enclosed in bold faced brackets [thus] in the above bill  
is not enacted and is intended to be omitted in the law



12 *determined and set forth and the public shall be given notice of*  
 13 *such criteria prior to the start of the selection process\*\**

1 3 The **\*\*[chancellor]\*\*** *\*\*executive superintendent\*\** shall be  
 2 the chief executive officer and administrator of the district  
 3 **\*\*[He]\*\*** *\*\*Pursuant to rules and regulations established by the*  
 4 *board of education, the executive superintendent\*\** shall have  
 5 responsibility and general supervision over the organization and  
 6 the educational, managerial, and fiscal operations of the district,  
 7 including the schools therein, under rules and regulations pre-  
 8 scribed by the State board. He shall have supervisory authority  
 9 over all officers and employees\*, professional and nonprofessional,\*  
 10 of the district, all of whom shall report to him, and he shall pre-  
 11 scribe their duties. He shall keep himself informed as to the  
 12 condition and progress of the educational, managerial, and fiscal  
 13 operations of the district and shall report thereon, from time to  
 14 time, to, and as directed by, the board and he shall have such  
 15 other powers and perform such other duties as may be prescribed  
 16 by the board employing him. **\*\*[The chancellor may appoint and**  
 17 **remove, subject to the provisions of law, such officers, employees**  
 18 **and assistants as he shall deem necessary for performance of**  
 19 **the duties and functions of his office and, within the limits of**  
 20 **available funds, fix their compensation]\*\***

21 He shall have a seat on the board of education employing him  
 22 and the right to speak on all educational, managerial, and fiscal  
 23 matters at meetings of the board but shall have no vote

1 4 *\*The positions of \*\*[superintendent]\*\* \*\*superintendents\*\**  
 2 *of schools, assistant \*\*[superintendent]\*\* \*\*superintendents\*\**  
 3 *of schools, school business administrator, school business manager,*  
 4 *secretary to the board of education and assistant secretary to the*  
 5 *board of education in such cities are hereby abolished.\** The  
 6 **\*\*[chancellor]\*\*** *\*\*executive superintendent\*\** shall perform all  
 7 the duties and possess all the powers heretofore and hereafter  
 8 assigned to the superintendent of schools, secretary of the board  
 9 of education, school business administrator, school business man-  
 10 ager, and assistants and clerks thereto, in Title 18A of the New  
 11 Jersey Statutes

1 *\*5 All officers and employees, professional and nonprofessional,*  
 2 *shall be employed, transferred and removed as provided below*

3 a The **\*\*[chancellor]\*\*** *\*\*executive superintendent\*\** may  
 4 appoint, transfer, pursuant to the provisions of Title 11 of the  
 5 Revised Statutes, and, pursuant to Article 1 of chapter 17 of Title  
 6 18A of the New Jersey Statutes, remove clerks in his immediate

7 office but the number and salaries of the clerks shall be determined  
8 by the board

9 b The **\*\*[chancellor]\*\* executive superintendent\*\***, subject  
10 to the approval of the board, shall appoint and fix the compensa-  
11 tion of such assistant **\*\*[chancellors]\*\* executive superin-  
12 tendents\*\*** as he shall deem necessary, provided, however, the  
13 number of assistant **\*\*[chancellors]\*\* executive superin-  
14 tendents\*\*** shall not exceed the number of persons serving **\*\*im-  
15 mediately\*\*** prior to the effective date of this  
16 act in the position of assistant superintendent of schools, school  
17 business administrator, school business manager, secretary to the  
18 board of education and assistant secretary to the board of educa-  
19 tion An assistant **\*\*[chancellor]\*\* executive superintendent\*\***  
20 shall not be appointed for a term exceeding the remainder of the  
21 term of the **\*\*[chancellor]\*\* executive superintendent\*\*** Not-  
22 withstanding any other provision of law, no assistant **\*\*[chancel-  
23 lor]\*\* executive superintendent\*\*** shall acquire tenure

24 c The **\*\*[chancellor]\*\* executive superintendent\*\*** shall  
25 propose to the board of education all other officers and employees,  
26 professional and nonprofessional, for employment, transfer and  
27 removal \*

1 **\*[5]\* \*6\*** The **\*\*[chancellor]\*\* executive superintendent\*\***  
2 may delegate to subordinate officers or employees in the district  
3 such of his powers and duties as he may deem desirable to be  
4 exercised under his supervision and direction

1 **\*7** Except as otherwise provided in this act, the board of educa-  
2 tion in districts in cities of the first class with a population over  
3 325,000 shall retain the power to perform all acts and do all things  
4 consistent with law and State board rules that are necessary for  
5 the proper conduct and maintenance of the public schools in its  
6 district and all other powers and responsibilities vested in it under  
7 Title 18A of the New Jersey Statutes, including but not limited to  
8 appointing, transferring or dismissing employees, fixing the terms  
9 and salaries of employees, adopting or altering a course of study,  
10 and selecting textbooks \*

1 **\*[6]\* \*\*[\*7]\* \*\*[Anv]\*\*** Subject to the provisions of  
2 section 12 of this act, any person serving under tenure as an  
3 assistant superintendent, secretary to the board of education,  
4 assistant secretary to the board of education, school business  
5 administrator, school business manager<sup>[1]</sup>, or as a clerk thereto,<sup>[2]</sup>  
6 in a city of the first class with a population of over 325,000 as of the  
7 effective date of this act shall continue to serve <sup>[3]</sup>in such position

8 but **]** *\*under tenure in the district during good behavior and effi-*  
 9 *ciency and shall not be dismissed or reduced in compensation except*  
 10 *for just cause, provided, however, that they\** shall perform only  
 11 such *\*administrative\** duties as are prescribed or delegated by the  
 12 **\*\*[chancellor]\*\*** *\*\*executive superintendent\*\**

1 **\*[7]\*** **\*\*[8]\*** **\*\*9\*\*** In districts in cities of the first class  
 2 with a population over 325,000 the commissioner shall appoint an  
 3 auditor general, who, subject to the rules and regulations of the  
 3A State board, shall

4 a. Perform post or concurrent audits of such transactions and  
 5 accounts kept by or for the district as he may deem necessary,

6 b Perform management analysis of such transactions and activi-  
 7 ties of the district as he may deem necessary in order to improve  
 8 the efficiency, productivity and performance of the district and to  
 9 disclose and prevent inefficiency in the district,

10 c Conduct financial, operational and compliance reviews to  
 11 improve effective control over income, expenditures, funds, prop-  
 12 erty and other assets,

13 d Determine whether the financial transactions of the district  
 14 have been consummated in accordance with laws, regulations or  
 15 other legal requirements, and whether adequate internal financial  
 16 control over operations is exercised,

17 e Keep and maintain such records as may be necessary to enable  
 18 him to accomplish the duties of the office as in this act provided,

19 f Organize the office as he shall determine appropriate with the  
 20 approval of the commissioner,

21 g Subject to the approval of the commissioner, appoint, employ,  
 22 and with the limits of funds appropriated therefor, fix the com-  
 23 pensation of such assistants and employees as the commissioner  
 24 shall determine to be required to perform the duties and functions  
 25 of the office,

26 h Report at least annually to the commissioner on the operations  
 27 of the office,

28 i Perform such other duties as shall be directed by the com-  
 29 missioner

1 **\*[8]\*** **\*\*[9]\*** **\*\*10\*\*** The auditor general shall report  
 2 directly to the commissioner but he shall keep the board of educa-  
 3 tion *\*and the* **\*\*[chancellor]\*\*** *\*\*executive superintendent\*\** fully  
 4 informed of his activities\*, *findings and recommendations\** **]** **\*\***  
 5 *\*\*A copy of any written report, finding, or recommendation sub-*  
 6 *mitted by the auditor general shall be provided by the auditor*  
 7 *general simultaneously to the board of education and the executive*

8 *superintendent and shall be available for public inspection* \*\*  
 9 He shall have no administrative authority within the district. The  
 10 board of education shall maintain suitable quarters within the  
 11 administrative offices of the district for the auditor general and his  
 12 staff. The costs associated with the operation and maintenance of  
 13 the office of the auditor general, including his salary and those of  
 14 his assistants and employees, shall be determined by the commis-  
 15 sioner and shall be allocated from the district's State aid, provided,  
 16 however, that said costs shall not exceed in any school year 15/100  
 17 of 1% of the district's annual school budget.

1 \*~~9~~\* \*\*~~10~~\* \*\*~~11~~\* The commissioner shall, \*\*~~3~~\*\*  
 2 \*\*2\*\* years after the effective date of this act, make a compre-  
 3 hensive report to the Governor and the Legislature assessing the  
 4 effectiveness of this act.

1 \*~~10~~\* \*\*~~11~~\* \*\*~~12~~\* This act shall take effect immedi-  
 2 ately\*\*, *provided, however, that any person serving under tenure*  
 3 *as an assistant superintendent, secretary to the board of education,*  
 4 *or school business manager shall serve as an assistant executive*  
 5 *superintendent for the school year 1975-76 and perform such admin-*  
 6 *istrative duties as are prescribed or delegated by the executive*  
 7 *superintendent, and provided further, that until such time as an*  
 8 *executive superintendent has been certified, appointed, and quali-*  
 9 *fied, in any case not to exceed 6 months from the effective date of*  
 10 *this act, the person serving as superintendent of schools shall act as*  
 11 *and perform the duties of executive superintendent*\*\*