



Dee Alarcón, Superintendent of Schools

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July 30, 2008

Ramona Garrett
Presiding Judge of the Superior Court
Solano Superior Court
600 Union Avenue
Fairfield, CA 94533

Re: 2007-2008 Grand Jury Report Entitled:
Dixon Unified School District
Report Date: June 25, 2008

Dear Judge Garrett:

The Solano County Office of Education (SCOE) was named as an affected party in the 2007-2008 Grand Jury Report Entitled: Dixon Unified School District and therefore, required to respond under California Penal Code §933.05. We would like to point out that although SCOE has fiscal oversight of the Dixon Unified School District budget, many of the recommendations cited in this report will need to be put in place by Dixon's Governing Board and superintendent.

Following are our responses to your findings and recommendations contained in the Grand Jury Report dated June 25, 2008:

Finding 1: The Dixon Unified School District has shown a lack of control in oversight of the school budget.

Response to Finding 1: We agree with the finding.

Recommendation 1: The District should continue identifying and implementing strict internal controls to avoid mismanagement of the budget.

Response to Recommendation 1: The response has been partially implemented. Position control procedures have been implemented and staff trained to manage, track and reconcile personnel changes for contracted employees against the district's budget. The district needs to continue to implement additional internal controls to support checks and balances within the financial system and organization. SCOE's Associate Superintendent plans to

work with the new Dixon Unified Superintendent and the new Dixon Unified Chief Business Official to see that internal controls are implemented for the 2008-09 school year.

Finding 2: Members of the Dixon Unified School District Governing Board appear to have an inadequate knowledge and understanding of financial statements pertaining to the budget.

Response to Finding 2: We agree with the finding.

Recommendation 2: The Governing Board members should be trained or re-trained to understand financial statements and budgets. Training should be mandatory for all School Board members.

Response to Recommendation 2: We agree with the recommendation that this would be highly desirable and recommend that the school district implement this, however the cost needs further analysis.

Finding 3: Members of the Dixon Unified School District Governing Board did not exercise sufficient oversight and control of the Superintendent and Chief Business Official in their budget activities.

Response to Finding 3: We do not agree with the finding. The Dixon Unified School District Governing Board exercised as much control as they could, based on the inaccurate information they were given by the former Superintendent and former Chief Business Official.

Recommendation 3: The Governing Board should be more proactive in ensuring that the internal mechanisms within its financial operations are accurate.

Response to Recommendation 3: The recommendation has been implemented. We concur that a more proactive internal mechanism within the financial system would provide accurate information. It is the duty of the Chief Business Official, under the supervision of the Superintendent, to make sure this happens and is reported to the Governing Board.

Finding 4: The Dixon Unified School District Human Resources Director and Facilities Manager appeared to have had separate budgets or spending allowances outside the control of the Superintendent and Chief Business Official.

Response to Finding 4: The duty of the Superintendent and Chief Business Official is to manage and control all resources within the District's budget. The Human Resources Director and Facilities Manager report to and is directly responsible to the Superintendent. The Superintendent is directly responsible for the oversight of these managers and their budgets.

Recommendation 4: The Governing Board should place all budgets and spending under the authority of the Superintendent and Chief Business Official with appropriate oversight to strengthen internal controls.

Response to Recommendation 4: We highly concur with this standard practice.

Finding 5: The Governing Board appears to have approved teacher salary increases beyond budget capabilities and against the advice of the Superintendent and Chief Business Official.

Response to Finding 5: We do not agree with the finding. The former Superintendent and former Chief Business Official both authorized the salary increase by placing their signatures on the public disclosure statement that is submitted to SCOE.

Recommendation 5: Ensure all The Governing Board should follow the advice and recommendations of its Superintendent and Chief Business Official in budgetary matters to avoid future shortfalls.

Response to Recommendation 5: We concur with the recommendation. It is the duty of the Governing Board to question and get reports that validate the recommendation.

Finding 6: The Governing Board's policy for management and other unrepresented employees is to match the salary increase percentages given to bargaining units.

Response to Finding 6: No such policy exists.

Recommendation 6: Management negotiators should not benefit from negotiated salary increases. The Governing Board should change this policy to the extent that it applies to management employees. The salary increases for management employees should be merit and performance based.

Response to Recommendation 6: It is the responsibility of the Superintendent to recommend to the Governing Board what salary increases should be given to management employees.

Sincerely,

Dee Alarcón
County Superintendent of Schools