

Question	Answer	Recommendations
<p>What are the reason(s) for PSB’s FY2025 cost overruns and projected FY2026 deficit?</p>	<p><u>In FY25:</u></p> <ul style="list-style-type: none"> <li>• A ~\$1.1M understatement of salaries due to a formula error, since corrected.</li> <li>• Special education costs were underbudgeted because not enough information was provided to the finance team. This is in the final stages of being accounted for to close out FY25.</li> </ul> <p><u>In FY26:</u></p> <ul style="list-style-type: none"> <li>• Budget growth that exceeds year-over-year revenue availability. There were: <ul style="list-style-type: none"> <li>○ An 8% increase in general-fund salary costs.</li> <li>○ A 34% increase in special education expenses (in part to account for past underbudgeting).</li> </ul> </li> </ul>	<p>The FY26 budget development process corrected several identified issues with the FY25 budget. However, neither the salary nor special education cost increases are sustainable in the short or long term without additional cuts or other funding being identified. Additional recommendations include:</p> <ul style="list-style-type: none"> <li>• Joint Town/School 5-year revenue and expenditure projections, with long-term plans placed before the Select Board &amp; School Committee for review &amp; approval.</li> <li>• Careful evaluation of special education settlements and contract costs going forward.</li> <li>• Additional formula validations or an integrated budget control module in the finance system.</li> </ul>
<p>Are PSB’s current or projected future deficits attributable in whole or in part to misfeasance, malfeasance, failure to follow established practices, or lack of appropriate controls?</p>	<p>Yes. Per the report, there were:</p> <ul style="list-style-type: none"> <li>• Details unshared from the Office of Student Services that led to inaccurate budgeting, and incomplete information reaching the School Committee, including regarding the number of special education out-of-district settlements.</li> <li>• Inappropriate contracting practices governing the provision of special education services despite controls being implemented to prevent them.</li> <li>• Revolving fund balances left unappropriated in past fiscal years (this has been solved in FY26).</li> <li>• Allegations that special ed. services were given to students beyond what the data or the student’s Individualized Education Program required due to “management or governance” intervention.</li> <li>• Breakdowns in communication and accountability that have led to a mutually reinforcing cycle of departures and frustrations due to lack of stability/institutional knowledge.</li> </ul>	<p>Implement the recommendations contained in this summary and the report.</p>

<p>What caused delays, interruptions, or non-payment of special education services in both FY2024 and FY2025?</p>	<p>Underbudgeting, failure to follow established internal controls/best practices, and a mistaken practice where services were contracted without notice to the finance team and on an unrealistic timeline. These led to issues such as delays in vendor payment because there were no purchase orders to pay them against, or situations where the finance office had no information about contracts they were tasked with reviewing and approving.</p>	<p>Implement the recommendations contained in this summary and the report.</p>
<p>What internal controls, processes, or procedures consistent with the best practices of Massachusetts public school systems could be established or modified to optimize or expedite PSB’s fulfillment of its legal obligations under state and federal law related to students’ rights?</p>	<ul style="list-style-type: none"> <li>• Contract with an outside vendor that provides Independent Educational Evaluations (IEEs) when a disagreement arises on the provision of special educational services.</li> <li>• Continue implementation of strong internal controls on contracted services, make the consequences clear for failing to follow them, and enforce those consequences.</li> <li>• Provide full transparency to the finance team and School Committee on the number and costs of out-of-district placements/settlements, while maintaining student confidentiality.</li> <li>• Adopt and follow federal requirements and best practices when procuring special education services.</li> <li>• Do not provide outside services until vendors are properly evaluated with Criminal Offender Record Information (CORI) checks and satisfy all other federal/internal requirements.</li> <li>• Maintain and review a list of active special education service providers with completed CORIs and use those vendors wherever possible instead of hiring new ones.</li> <li>• Review out-of-district placements yearly.</li> </ul>	<p>Implement the responses to the left.</p>

<p>How do PSB’s financial or management practices compare to best practices for Massachusetts School districts? If PSB’s practices depart from those best practices, what recommendations would you make to correct them?</p>	<p>Answers to this question, and the recommendations for resolving it, are contained in the responses to the other six questions.</p>	
<p>Are there material expenditures that were inappropriately or inaccurately charged to a particular PSB office during FY2024 or FY2025 that should have been charged to a different office or department’s budget? If so, were such charges the result of error, intention, or policies or procedures governing allocation of costs across PSB operational units?</p>	<p>A disagreement on whether certain expenses were eligible for a recurring federal grant resulted in a delay in receiving that grant, and ran the risk of losing it altogether.</p>	<p>The student services and finance teams should work more closely together throughout the year, as it appears they are now, and start the process of identifying uses for recurring grant funding early.</p> <p>Formal procurement processes should be put in place to ensure federally-funded services comply with the requirements of federal procurement law.</p>
<p>What policies or procedures govern communication between the Office of Student Services and the Office of Administration &amp; Finance? What additional policies or procedures, consistent with Massachusetts best practices, could be established to optimize communication between the two offices, and, by extension, OAF and any other PSB operational unit?</p>	<p>To the extent policies exist or have been developed, issues arose with them not being followed. The relationship between the two offices has since improved.</p> <p>Personal conflicts, a lack of institutional knowledge triggered by turnover (and additional turnover in turn triggered by the difficult environment), inappropriate segregation of duties, and the issues described above have led to serious ongoing difficulties in departmental operations.</p>	<p>Conduct a comprehensive Human Resources assessment, covering culture, processes, policies, procedures, and HR systems to evaluate regulatory compliance and controls in place to mitigate inherent risks and improve operations. Typically, this would include a detailed narrative report with findings, recommendations, and a roadmap for remediation.</p> <p>Ensure PSB follows clear policies, with consequences for failing to follow them, and active enforcement, including but not limited to policies for safeguarding confidential information.</p> <p>Implement a “whistleblower hotline.”</p>