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May 16, 2025

To: Town of Brookline Audit Committee,
Selectboard,
Town School Partnership Committee,
School Committee,
333 Washington Street
Brookline, MA 02445

Dear Selectboard and Committee members:

CliftonLarsonAllen LLP ("CLA" or "we") was engaged by the Town of Brookline, MA ("you", "your", or "Town") to evaluate the School Department's ("School") fiscal year 2025 cost overruns and fiscal year 2026 projected budget deficit, as well as an evaluation of internal controls, processes and procedures related to School finance.

This report highlights several key observations and recommendations aimed at addressing budget deficits, monitoring and improving internal controls, and observation regarding the overall working environment.

We performed our engagement in accordance with the Statement on Standards for Consulting Services issued by the American Institute of Certified Public Accountants. Any conclusions reached are our professional judgement based on the relevant data obtained in performing the procedures. The consulting procedures under this engagement do not constitute a review or examination under the AICPA's U.S. attestation standards, nor an audit made in accordance with U.S. generally accepted auditing standards, the objective of which would be the expression of an opinion or conclusion on the subject matter in accordance with the criteria. Accordingly, we do not express such an opinion, conclusion, or provide any other form of assurance and we will not otherwise verify or audit any information provided to us. In addition, the engagement was not a forensic engagement performed in accordance with the Statement on Standards for Forensic Services.

The Town and School's management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. You are also responsible for establishing and maintaining internal controls, including monitoring of ongoing activities. The procedures performed by CLA are not a substitution for management's responsibility to maintain a system of controls to mitigate risk.

This report is intended solely for the use of the Town, governance and its management and is not intended to be and should not be used by anyone other than these specified parties. Any unauthorized use of this report is strictly prohibited. CLA assumes no liability for its use by any party not authorized to do so.

Executive Summary

CLA interviewed twelve personnel involved in the day-to-day operations of the Office of Administration and Finance (OAF) and Office of Student Services (OSS), as well as the Superintendent. Our engagement was started prior to the departure of the former Interim Deputy Superintendent for Student Services and included an interview with this now former employee. We evaluated reports and transactions within the financial system, from fiscal year 2020 through March of 2025. We also evaluated supporting documentation for fiscal year 2025 and fiscal year 2026 budget preparation. We also evaluated selected School Committee meeting minutes of the current fiscal year, to the extent they related to the current financial situation.

This report organizes the observations, findings and recommendations into four main categories: budget related, internal controls related, Office of Student Services related, and the overall working environment observed.

Budget related observations and findings:

1. Fiscal year 2025 salary budget deficit
2. Fiscal year 2025 Special Education ("SPED") expenses
3. Fiscal year 2026 budget projected deficit
4. Growth in available revolving fund balances

Internal Controls related observations and findings:

5. Potential violations of established internal controls: Signatures on Contracts
6. Potential violation of established internal controls: CORI Checks and OSS hiring

Office of Student Services related observations and findings:

7. Misunderstanding of certain SPED requirements
8. The handling and reporting of settlements
9. Federal grant management and procurement deficiencies

Working environment related observations and findings:

10. Breakdown in inter- and intra-departmental communication
11. Lack of protection of sensitive information

In Appendix 1 of the report, you will find a crosswalk of the specific questions outlined in the Request for Quote (RFQ) with the related findings as noted below.

Detailed Observation/Findings/Recommendations:

Budget Related:

1. Fiscal year 2025 salary budget deficit:

- a. Observation/Finding: In developing the fiscal year 2025 salary budget, the School used a very detailed Excel workbook that tracked by location and by person the expected payroll costs for the District. Budgeting at this detailed level is recommended, however, we observed in the workbook that there was a formula error that caused the salary budget to be understated by \$1,134,691 within the Central Office location. At the November 14, 2024 School Committee meeting OAF provided a Q1 financial update referencing a comparable deficit in salaries, but conveyed the cause was "Turnover in positions.... and an incomplete understanding of additional compensation during the last budget cycle."

- b. Effect: Due to this error, the School started the year in a deficit position. Had the formula error been identified sooner, the School Department and Town could have made more immediate adjustments to the budget or spending plan to minimize the impact.
- c. Recommendations: If an Excel document is being used for detailed budgeting/tracking, we recommend additional validation to ensure that formulas are accurate. Had the formula been correct the salary variance would have been minimal. Another option is an integrated budgeting module and position control in the financial system, Enterprise ERP (MUNIS), which has the ability to do detailed salary projections within its budget module. Utilizing the budget module to its full capabilities would lessen the likelihood of formula errors.

2. Fiscal year 2025 Special Education (“SPED”) Expenses

- a. Observation/Finding: Based on our procedures, we were unable to find evidence that OSS provided a detailed analysis of costs and future estimates to the OAF office when developing the fiscal year 2025 SPED budget. It appears that the budget was based on a lump sum estimate by line item and was not in line with fiscal year 2024 expenses. We observed that there were significant overruns in several line items that the School has had to cover by reducing other line-item expense budgets. Below is a chart showing the three main deficit categories with a comparison of fiscal year 2024 costs compared to the fiscal year 2025 original budget.

	FY2024 Actuals/ Encumbrances	FY2025 Budget	FY2025 to FY2024 Variance
Transportation	4,503,396	3,788,865	(714,531)
Settlements	654,863	486,080	(168,783)
Contract Services	781,038	468,607	(312,431)

- b. Effect: Due to the budgets not being based on a detailed analysis as well as being lower than the prior year with no supported reduction in services, these SPED categories are well over budget in fiscal year 2025. See below for status posted in the financial system as of 4-13-25:

	Fiscal Year 2025			
	Orig Budget	Actuals	Encumbrances	Deficit
Transportation	3,788,865	2,590,248	1,397,155	(198,538)
Settlements	486,080	500,731	415,315	(429,966)
Contract Services	468,607	437,071	502,902	(471,366)

The current estimated deficit doesn’t include additional contracts that need to be entered, but there is no identified funding source. OAF and OSS are in the process of identifying this additional cost. Based on our most recent conversation with them. This additional amount is currently being determined by OAF and OSS. Most of these additional costs are related to settlements.

- c. Recommendation: When budgeting expenditures, it is important to look at historical costs in addition to estimating out known detailed expenditures. Major fluctuations should be analyzed further. Based on our interviews, it appears that fiscal year 2026 was developed utilizing this approach and a new process was implemented.

3. Fiscal year 2026 budget projected deficit

- a. Observation/Finding: The School department's budget is growing at a pace that exceeds the increase in year-over-year revenue availability. Below is a summary of revenue and expenditure pressures facing the district for fiscal year 2026:

Revenue components and related growth: (based on the fiscal year 2025 Tax Recap)

- Tax Levy – approximately 85% of the general fund funding source, limited to 2.5% increase plus new growth (excluding amount related to debt exclusion)
- Local Receipts – 9% of the general fund funding source, fluctuates depending on economic outlook.
- State Aid (net of charges) – 4.5% of general fund funding source, fiscal year 2026 estimated increase of 5.9%

Expenditure growth (based on budget presenting \$8m deficit):

- The School department represents approximately 59% of the non-shared budget.
 - 8% salary increase on general fund from fiscal year 2025 budget – including COLA/Steps & Lane Changes
 - For salaries paid from other sources only a 2% increase, so general fund is taking on most of the cost increases
 - \$3.6 million (34%+) increase in SPED expense from fiscal year 25 Budget
 - \$1.3 million in Out of District (OOD) tuition
 - \$340 thousand in Settlements
 - \$840 thousand in Professional Services
 - \$700 thousand in Transportation expenses
 - \$300 thousand in online books/subscriptions
 - \$120 thousand in miscellaneous other increases
 - No material impact of non-SPED expenses
- b. Effect: Without a decrease in the FTE count or lessening the operating fund's burden to pay for the salaries, the salary contract increases and increased SPED costs are not sustainable short-term or long-term, unless additional funding sources are identified.
- c. Recommendations: First, as will be discussed in Observation/Finding #8, the SPED settlements and contract services categories of expenditures need to be closely monitored and evaluated for cost savings measures. The current rate of growth in these areas is not sustainable. Second, we recommend that the School department work with the Town to develop a five-year rolling general fund revenue and expenditure projections. Multiple iterations can be developed based on different assumptions, such as operating override versus no override. A long-term plan should be presented to the boards for adoption.

4. Growth in available revolving fund balances

- a. Observation/Finding: In addition to general fund appropriations and grants, the School has access to funds held in certain revolving funds, gift funds and Circuit Breaker funds. Revolving funds fall under specific statutes and receive revenues from various sources. The individual statutes identify what revenues are able to be posted to the fund and how the funds may be spent, without appropriation. Some are more restrictive than others. See Appendix 2 for more information related to the Revolving fund statutes.

In reviewing the historical data from fiscal year 2020 through fiscal year 2024, we found

a tremendous growth in the available balance of these additional funding sources as shown in Appendix 3. In fiscal year 2020, the revolving funds we identified finished the year with \$1,276,153 in undesignated fund balance (UFB), and the Circuit Breaker fund finished with \$186,054. By fiscal year 2022, those same balances grew to \$4,748,767 and \$2,508,567, respectively. During those same two years, the Schools requested and received \$2,946,071 in additional funding from special Town meetings, and \$50,000 in reserve fund transfers. Additionally, the School received additional one-time covid relief funds. By the end of fiscal year 2024, the total revolving fund balances remained just under five million, however the mix of the type of funds available changed, to where there was less of the more restricted funds. Circuit Breaker ended fiscal year 2024 with \$2,357,894, however, this balance does not include the final payment of \$911,163 which was received in early July.

- b. Effect: From fiscal year 2020 through fiscal year 2024 the available balances of the Schools revolving funds grew almost 300% and Circuit Breaker grew from under 10% of the current year receipts to 87.5% (statute allows for up to 100% to be carried forward). During this same time period, additional funds were allocated by Town meeting. Had more of the costs been allocated to the revolving funds, the increased cost burden could have been lessened from the general fund.
- c. Recommendation: We recommend that the School Committee develop a policy related to the use of revolving fund balances. This policy should define the statute each fund is related to (see Appendix 2), what types of costs the School intends to utilize the funds for, and target fund balance for each. The School should consider other comparable School districts' best practices for utilizing these funds. An exception to this policy would be the School lunch fund, which has various state and federal restrictions that must be followed. We further recommend that the Town Counsel review the policy to ensure it aligns with Massachusetts General Laws (MGL).

Internal Controls Related

5. Potential violations of established internal controls: Signatures on Contracts

- a. Observation/Finding: We identified several instances where established internal controls related to contracting with vendors for SPED services appear to not have been followed. The Brookline Public Schools policy requires that the Deputy Superintendent of OAF review and sign off on vendor contracts prior to executing them and having work performed. There have been multiple OSS contracts that contained the Deputy Superintendent for Student Services' signature, but we were unable to observe the required Deputy Superintendent of OAF's signature. Additionally, these contracts did not have an approved funding source. In some instances, the vendor started providing services before receiving an executed contract.
- b. Effect: Expenditures were incurred by the School from OSS contracts that were not properly authorized or entered as a purchase order into the financial system resulting in budget deficits, as well as a delay in paying invoices because there was no purchase order to pay them against.
- c. Recommendation: While there are documented internal control policies addressing the above finding, they were not followed by previous employees. Furthermore, we

recommend that the policy emphasizes the requirement of entering properly executed contracts into the financial system immediately. To ensure that key internal controls and procedures are followed, we also recommend that the policy be updated to address the consequences for circumventing the required internal controls. These policy updates should include ramifications for internal controls violations and should be communicated to all employees to make them aware of the potential consequences for choosing not to follow policies and procedures going forward. Furthermore, we recommend that there be a designated senior management level employee responsible for overseeing the enforcement of this policy and taking disciplinary action when necessary.

6. Potential violations of established internal controls: CORI Checks and OSS hiring

- a. Observation/Finding: During our interviews, we were made aware of concerns over the onboarding process followed by OSS for both employees and contracted service providers. The current Interim Deputy Superintendent for Student Services found that there were OSS service providers for which Criminal Offender Record Information (CORI) checks were not performed prior to services being rendered. They also stated that further delays in processing invoices were caused by not receiving a W-9 from the vendor, which is required by Federal statute. CORI checks are required to make sure that the vendors hired to work with Brookline students are safe to be around them and qualified to provide the necessary services.

In addition to the above, the individuals interviewed conveyed that hiring procedures were not always followed. In several instances, they identified that OSS hired paraprofessionals without working with Human Resources (HR) and going through the formal hiring process that is required for all Brookline School employees. In some cases, the employees started working prior to filling out an I-9, W-4, and receiving CORI approval.

- b. Effect: Employees and vendors have been hired without the required CORI verifications. This can create a substantial liability to the School and Town. More importantly, this puts all the students at risk of interacting with individuals who were not adequately vetted, especially the most vulnerable students with special needs. Additionally, the I-9 and W-4 are federal requirements that can carry significant civil and criminal penalties if not received/verified within 3 business days from the start of employment.
- c. Recommendation: We recommend updating onboarding policies for both employees and vendors and communicating these policies to all applicable staff.

For vendors, this should include verifying the following: CORI approval has been received, funding source has been identified (federal grants may have additional requirements), contracts have been signed by all applicable parties and a valid W-9 has been received. In addition, it is also best practice to recheck CORI statuses annually to make sure there have been no incidents since the initial check was done.

For employees, this should include verifying the following: CORI approval has been received, I-9 has been completed and verified with required supporting documentation, W-4 has been received, and any other additional staff requirements that the School department typically follows.

As noted in Observation/Finding #9, due to the importance of following these safety measures and federal requirements, we recommend that there to be ramifications to those who are found to circumvent this policy.

Office of Student Services Related

7. Misunderstanding of certain SPED requirements:

- a. Observation/Finding: When we met with the previous Deputy Superintendent for Student Services, there appeared to be some confusion with respect to certain SPED requirements. There was a belief that all “mandatory” services identified in the approved Individualized Education Plans (IEPs) had to be implemented within two days of the IEP approval and receipt of signatures from parents. However, the federal requirement for IEP services at § 34 CFR 300.342 states that the services need to be implemented *as soon as possible* after the IEP meetings are conducted and parental consent is received. As such, this does not necessarily require a two-day turnaround for implementation. If new staff or services providers must be brought in, it is reasonable to expect that it may take a few weeks, or possibly longer depending on the services, to onboard new staff or service providers.

Another area of confusion related to the sharing of SPED students’ information with OAF. While it is important to protect certain specific information about the students, this was interpreted by OSS to include withholding details of the contract scopes/SOWs from the OAF staff responsible for reviewing and approving the contracts. Furthermore, service providers were not providing support for the services rendered.

- b. Effect: The lack of understanding of the requirements resulted in the execution of contracts and the receipt of services outside of the School’s policies and procedures. The two-day turnaround process that was used by OSS did not allow sufficient time to follow proper internal controls surrounding contract approvals and procurement of services from adequately vetted vendors (see Observation/Finding #6).

The withholding of all relevant information from OAF slowed down and sometimes prevented the required approval of the contracts by OAF, thus leading to work being conducted for unauthorized contracts and by vendors without proper security checks. Additionally, prior to paying invoices, finance was unable to verify that services were rendered and not duplicated. Additionally, they were unable to verify that invoice is in line with contractual requirements.

- c. Recommendation: We recommend that OSS adhere to the federal requirement of implementing services *as soon as possible* after IEP meetings and parental consent, while remaining in compliance with established policies and procedures. A reasonable expected time frame would need to include enough time to properly evaluate new providers and staff, and to receive required documentation. It is important to communicate with parents and service providers the expected timeframe for start of service delivery.

No services should be provided until the vendors are sufficiently evaluated with CORI checks, Federal documentation is received and related contracts are properly executed by all required parties. Furthermore, we recommend that OSS require providers to

provide enough support in their contracts and invoices that will allow OAF to verify receipt of services and that services have not already been paid for. This should be done without jeopardizing the students' rights to privacy. For example, they could use student initials or other unique identifiers that only OSS could link back to the specific students but would provide enough information for OAF to verify that the services rendered were in accordance with the approved contracts.

8. Handling and reporting of settlements:

- a. Observation/Finding: Based on the interviews conducted with current and prior OSS staff, we identified several observations/findings related to the handling and reporting of settlements. The School has a dedicated SPED team in place to develop IEPs and approve services to be provided to the students with special needs. As part of the IEP process, the team identifies which services may be provided by current staff and which ones will require that students go out of district (OOD) to receive services not currently available within the district. Due to the additional costs associated with providing OOD services to students, the IEP team carefully considers all other options available before approving such services. However, parents often do not agree with the determinations of the IEP team and will demand that certain services be provided beyond what is recommended by the IEP team. If the demands are not met, parents in the community have in the past threatened to or have filed lawsuits to receive the desired services. Several interviewed School employees shared that it has become the practice for OSS and their legal counsel to readily agree to settlement demands to avoid lawsuits and negative publicity. Current OSS employees, also conveyed that the previous Deputy Superintendent for Student Services would routinely roll the settlements forward as opposed to reassessing on an annual basis, as is best practice. Current OSS staff were instructed by the previous Deputy Superintendent for Student Services to not include settlement numbers in reports prepared for School Committee regarding OOD placements. For example, the student counts provided to the School Committee for fiscal year 2024 showed only 66 students with OOD placements, but it did not include the additional 20+ settlements at that time.

In our interviews there were employees who expressed concerns that they felt pressured by individuals in management or governance to approve OOD or other SPED services for certain Brookline Schools students that were not necessary or appropriate in their view given the original IEP assessment effectively resulting in a management override of controls.

- b. Effect: The approval of the OOD settlements results in additional costs to the School and Town for services that may not be deemed necessary based on the IEP assessments.

The number of settlements has increased from 8 to 28 over the past ten years (from fiscal year 2015 through fiscal year 2025 numbers). Per the current OAF and OSS estimates, it is anticipated that the fiscal year 2025 settlement costs will total approximately over \$2,000,000, while only \$486,000 was budgeted for the year, leaving a budget deficit of over 75% of the total settlement costs and more than double the prior year's cost of settlements. Since this information regarding settlements was not included in reports being provided to the School Committee, they did not have all the information needed to make the best-informed decisions,

such as how the settlements should be handled and whether different vendors needed to be selected to get better rates.

- c. Recommendation: First, we recommend full transparency with respect to reporting the numbers of OOD students and settlements, as well as the associated costs of each, to the School Committee by OSS. As a best practice, the total amounts should be broken out by category. This will allow the School Committee to make better decisions on behalf of the School. In reviewing the School Committee minutes from March 27, 2025, the OOD and settlement numbers were presented according to this recommendation. Continuing to do so will provide more transparency.

We also recommend that the School Committee direct OSS and OAF to evaluate the process of handling IEP disagreements and settlements that arise and how the School is contracting with vendors to provide services identified in the student IEPs. We recommend that the School contract with a vendor that provides Independent Educational Evaluations (IEEs) to assess cases of disagreement on placements. An independent evaluation can provide a “second opinion” regarding the recommended placement and is conducted by a qualified professional who is not employed by the School district. Review of the available active service providers, who already have CORI’s on file, should be done prior to considering a new vendor. This will help to reduce the time needed to deliver services. If a new service provider is necessary, OSS should communicate to the parent an expected timeframe for getting a contract approved and CORI report (See Observation/Finding #6). Additionally, we recommend that all settlements be reassessed annually, rather than automatically rolling the agreements forward.

9. Federal grant management and procurement deficiencies:

- a. Observations/Findings: Noted in several interviews were concerns regarding the management and budgeting of the grants, particularly the SPED IDEA Grant. For example, the approved budget for the current SPED IDEA Grant was not accurately entered into the MA Department of Elementary and Secondary Education (DESE) GEM\$ grant management system. The previous Deputy Superintendent for Student Services entered different salaries amounts in the grant budget in GEM\$ than what was already agreed upon internally, as she believed that the SPED IDEA level-of-effort requirements prohibited them from paying the same teachers with the current year grant funds that were paid with the prior year grant funds. Therefore, she removed from the grant budget those teachers that OAF had carried forward from the previous year, and she added new employees that were not approved by OAF and the School Committee as part of the salary financing plan. The grant approval process requires that the School Finance Director approve the budgets entered in GEM\$ by the Deputy Superintendent for Student Services to move it to DESE for final approval in the system. Once approved by DESE, the School may begin utilizing the grant funds and request reimbursements. Since the budget entered did not agree with the approved budget and removed almost \$500,000 in net salary costs, the School Finance Director did not approve the budget in GEM\$ until instructed to do so by the Superintendent to avoid losing the grant funding, which resulted in management override of controls.

While SPED contracts are exempt from MGL Chapter 30B State procurement requirements, best business practices should still be maintained for purchasing. There

are no such exemptions in the Federal procurement regulations. When asked if Federal procurement was followed when purchasing goods and services exceeding the simplified acquisition threshold of \$250,000 with the SPED IDEA and other federal grants, School personnel said that they were not. Instead, vendors were selected based on prior history or in some cases parental preferences. We evaluated the detailed general ledger and observed that there were five vendors paid from the fiscal year 2024 SPED IDEA Grant funds, totaling approximately \$516,220, that had no documentation that federal procurement requirements were followed.

- b. Effect: Due to the delay in the Finance Director approving the grant budget in GEM\$ that did not reflect what was originally approved internally, the SPED IDEA grant was not formally approved by DESE until November. This caused the School to use other funding to cover costs incurred at the beginning of the School year and almost caused them to lose the grant award altogether.

Additionally, the SPED contracts executed without adhering to the Federal procurement requirements are subject to noncompliance and audit findings. Audit findings could possibly include questioned costs associated with these contracts and could potentially jeopardize or reduce future grant funding received by the Town and School.

- c. Recommendation: We recommend that procedures be implemented to ensure that only the approved budgets are entered into GEM\$ and that OAF and OSS collaborate early in the process to ensure that there is agreement on the specific budget amounts to minimize any delay in the receipt of the grant funds. Any recommended changes to the approved budgets need to be communicated timely with all impacted parties, including OSS, OAF, and the School Committee, to determine if they are appropriate and to verify that they will not impact the grant or the operating funds. We also recommend that formal federal procurement procedures be adopted and included in the School's procurement policy to ensure that all SPED contracts funded by SPED IDEA and other federal awards comply with the procurement requirements described at § 2 CFR 200.318 through § 2 CFR 200.326 to prevent unallowable costs being charged to the grant and avoid potential audit findings in the future.

Overall Work Environment Related

10. Breakdown in inter- and intra-departmental communication:

- a. Observation/Finding: During our meetings with School personnel, several employees described the working environment as hostile. It was explained to us that they did not feel supported by management or human resource personnel, and in some cases felt targeted for speaking up about concerns they had. Those that did not voice their concerns to management cited a fear of retaliation as the reason for not doing so. Others explained that they did not feel it would change anything, as it did not appear as though any action had been taken for previous complaints about employee behavior or concerns about work not being done properly. Several employees also conveyed that they, at times, felt pressured to complete their job duties in ways that they were not comfortable with. For example, hiring an employee who they did not feel was the best fit.

Additionally, there has been significant turnover in the School central office,

especially within OAF, OSS, and HR. For example, there have been four Deputy Superintendents for Administration and Finance since fiscal year 2021. With each new Deputy Superintendent, there have been different ideas of how things should be done, which may not have always been communicated effectively to the staff. Many other positions within those offices have experienced similar turnover. As such, the employees would do things as they thought they should, as opposed to following current internal policies (see Observations/Findings #5 and #6 for further detail). Furthermore, there has been interpersonal friction over the years that has been amplified to the point that employees were limiting their communication to only the people whom they were most comfortable with, as opposed to the person that holds the responsible position. For example, the Finance Director was not always included in the budget preparation or meetings with the School Committee regarding financial questions, which should fall within that position's job duties.

- b. Effect: While the high turnover has caused some of the communication breakdown within the School, the feeling of hostility within the work environment at the School has also contributed to additional turnover at the School and loss of historical knowledge. Additionally, as identified in several findings above, this environment has allowed management override of controls to exist and not be detected by other controls. Established procedures have not always been followed, leading to less productivity and incomplete/inaccurate work being performed. Furthermore, there was a lack of proper segregation of duties, as work was not always delegated to the most qualified person due to communication breakdowns and personality clashes within and among the different School Offices.
- c. Recommendation: To give the employees a mechanism for voicing their concerns, we recommend implementing a whistleblower hotline. The hotline should give them the option of being anonymous or providing contact information to provide more details, and each message should be tracked in a log to follow up on. It is imperative that the identified issues are investigated and addressed.

Furthermore, we also recommend that a more detailed HR assessment be undertaken. An HR assessment covers 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.

11. Lack of protection of sensitive information:

- a. Observation/Finding: It was brought to our attention during some of our interviews with the School staff that sensitive employee information was not protected. There were situations described in which employees' personally identifiable information, such as addresses, phone numbers and social security numbers, were left open on computer screens by some of the payroll and HR staff when they walked away from their desks. Based on our interviews, we were informed on one situation where information of a confidential nature was used for non-business purposes, resulting in legal action being taken. It is our understanding that the employee who leaked the personal information is still working for the School department and has suffered no repercussions for this conduct.
- b. Effect: The lack of safeguarding sensitive information potentially puts the staff in

danger, as was demonstrated by the employee who needed to get a restraining order. This also puts the School and Town at risk of liability if such information ends up in the wrong hands and is used to cause harm. Additionally, this behavior without any repercussions creates distrust among employees, adding more tension to an already difficult work environment (see Observation/Finding #10).

- c. Recommendation: We recommend that a formal policy be adopted that includes the requirement to maintain confidentiality and that failure to do so could result in termination. Along with the policy, we recommend mandatory formal cybersecurity training for all employees at least annually, including proof of training as a condition of continued employment.

I would like to thank the School staff for their cooperation during this engagement by providing responses to questions throughout this process and providing us access to requested information. Similar to other communities here in the Commonwealth, the costs to run a Town and School are growing faster than in the past, whereas recurring revenue streams are simply not growing at the same rate. This fiscal environment amplifies the need for improved budgeting techniques and adhere to internal controls policies. If there is any additional guidance or assistance CLA can provide, we are available to discuss.

Sincerely,

CLA

APPENDIX 1

RFQ Question	Related Observations/Findings
What are the reason(s) for PSB's FY2025 cost overruns and projected FY2026 deficit?	#1, #2, & #3
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?	#1, #2, #4, #5, & #8
What caused delays, interruptions, or non-payment of special education services in both FY2024 and FY2025?	#5, #6 & #7
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?	#5, #6, #7, #8, & #9
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?	All
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?	#9
What policies or procedures govern communication between the Office of Student Services ("OSS") and the Office of Administration & Finance ("OAF")? 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?	#5, #6, #10

APPENDIX 2

Common Massachusetts General Law (MGL) School revolving fund statutes

Statute	Description of source of funds	Allowable uses of funds
MGL Chapter 44, Sec 53A	School Gift funds	Educational expenditures
MGL Chapter 71, Sec 71E	Adult and Continuing Ed program fees	Expended by School Committee without further appropriation for the support of such program
MGL Chapter 71, Sec 71C	Community School Program fees	Expended by School Committee without further appropriation for the support of such program
MGL Chapter 44, Sec 53	Lost Books and Supplies fees	Expended by School Committee without further appropriation for the replacement of lost books and supplies
MGL Chapter 71, Sec 47	School Athletics and Other Activity Receipts	Expended by School Committee without further appropriation for the support of the athletics or the activity
MGL Chapter 40, Sec 3	School Building Rentals	Costs related to the maintenance and upkeep of the building, funds revert to general fund unless the Town accepts the provision that the funds may remain and can be used to maintain other buildings under School Committee control
MGL Chapter 71, Sec 71E	Summer School Tuitions	Expended by School Committee without further appropriation for the support of such program
MGL Chapter 71, Sec 26C	Extended School Services (Day Care Receipts)	Expended by School Committee without further appropriation for the support of such program
MGL Chapter 71B, Sec 5A	Circuit Breaker receipts	Must be spent on SPED expenses, fund balance limited to the current year receipts
Chapter 548 of the Acts of 1948, as amended by Chapter 650 Sec 1969	School Lunch	Restricted to federal and state guidelines

APPENDIX 3

Town of Brookline

Revolving and Gift Funds as of 4/13/25

Additional Circuit Breaker Analysis

Fund	Fund Description	Source	FY2020	FY2021	FY2022	FY2023	FY2024	Growth % since FY2020
SE20	EARLY CHILDHOOD PROGRAM_REVO	Revolving	0	188,853	1,503,076	2,020,994	2,389,739	1991448892%
SE22	ADULT EDUCATION REVOLVING	Revolving	170,655	29,326	486,253	353,587	122,710	-28%
SE23	USE OF SCHOOL BLDGS. REVO	Revolving	101,316	89,375	199,216	16,114	20,695	-80%
SE24	SCHOOL TRANSPORT. REVOLVI	Revolving	19,164	6,334	109,284	29,143	29,502	54%
SE25	SCHOOL LUN REVOL	Revolving	301,928	136,069	1,091,093	955,564	783,212	159%
SE26	SCHOOL ATHLETICS REVOLVIN	Revolving	57,858	230,304	400,823	233,213	284,572	392%
SE27	SCHOOL RESTAURANT REVOLVI	Revolving	175,247	146,746	119,845	95,709	96,276	-45%
SE28	SUMMER SCHOOL REVOLVING	Revolving	27,841	-	12,000	27,390	34,800	25%
SE29	SCH BOOK REC REV	Revolving	9,632	11,086	11,979	13,559	12,268	27%
SE31	SCHOOL SUPPLIES RECOVERY	Revolving	4,254	4,254	4,204	5,038	6,943	63%
SE46	K-8 ATHLETICS REVOLVING	Revolving	-	-	23,318	28,515	33,354	new since 2020
SE52	SCHOOL TUITION REVOLVING	Revolving	282,177	887,344	613,228	691,158	740,705	162%
SEG9	PERFORMING ARTS REV FUND	Revolving	3,133	3,373	3,859	1,714	1,920	-39%
SEH6	VISUAL ARTS REV	Revolving	5,084	3,037	4,392	8,221	8,862	74%
SEH7	CULINARY ARTS REV	Revolving	3,174	2,260	10,337	5,033	2,734	-14%
SEH9	ELE SUMMER REV	Revolving	1,990	2,090	2,090	2,090	540	-73%
SEI7	ACADEMIC TESTING REVOLVING	Revolving	-	8,730	16,935	18,571	147,163	new since 2020
Subtotal Revolving			1,163,453	1,749,180	4,611,933	4,505,614	4,715,993	305%
SEF2	RIDLEY SCHOOL	Gift	9,998	10,641	10,641	10,671	6,611	-34%
SEF4	HEATH SCHOOL GIFT	Gift	3,160	3,607	4,916	4,751	2,593	-18%
SEF5	LAWRENCE SCH GIFT	Gift	7,018	10,043	10,543	9,248	9,698	38%
SEF7	PIERCE SCH GIFT	Gift	3,663	3,663	4,163	4,163	4,163	14%
SEF9	BHS GIFT	Gift	16,950	22,950	26,111	34,991	32,780	93%
SEG1	BHS ATHLETIC GIFT	Gift	750	750	750	1,904	3,685	391%
SEG2	BEEP GIFT	Gift	38,367	50,117	48,982	51,482	53,982	41%
SEH4	WHIPPLE WRITING FELLOWSHIP GIFT	Gift	30,795	22,945	25,155	50,946	47,149	53%
SEH8	PSB DIST WIDE GIFT ACCT	Gift	2,000	5,575	5,575	4,075	4,575	129%
SEL1	SCH FOOD SVS GIFT	Gift	-	-	-	74,025	16,026	new since 2020
Subtotal Gift			112,700	130,289	136,834	246,255	181,261	61%
Total Revolving/Gift			1,276,153	1,879,470	4,748,767	4,751,870	4,897,253	284%
Excluding School Lunch			974,225	1,743,401	3,657,674	3,796,305	4,114,041	322%

SPEED Specific Other Source

	FY2020	FY2021	FY2022	FY2023	FY2024*	Growth % since FY2020
SEB3 Circuit Breaker (limited CFWD to CY Revenue)	186,054.33	1,091,167.84	2,508,567.29	3,046,078.10	2,357,893.66	1167%
% of CY Revenue	9.6%	47.6%	80.3%	87.6%	87.5%	

*In FY24 Q4 payment was not accrued as revenue, (\$911,163). Corrected for that, fund balance would have been 3,269,056.66, and 89.7% of CY revenue