



## Harwood Unified Union School District

To: The House Education Committee  
From: Michelle Baker, HUUSD Director of Finance & Operations  
Date: March 10, 2021  
RE: Testimony - House Bill 91 - Mar 2021

Thank you for the opportunity to testify on behalf of the Vermont Association of School Business Officials, we appreciate the time this committee is taking on H91. As an eFinance user I'd also like to add personal testimony.

As background, I am a Certified Public Accountant who before becoming a school business manager in 2000, worked in captive insurance, at an accounting firm conducting municipal and school district audits and as CFO of a Community Mental Health Agency.

I've experienced and overseen multiple accounting software implementations over the years, including a 2018 conversion upon consolidation of our individual school districts to Harwood Unified Union, which went smoothly. Our district's conversion to eFinance, with a go live date of July 1, 2020, has been by far the most challenging and frustrating of all.

The eFinance software has major flaws as noted in a recent letter by Ron Smith, principal in the accounting firm RHR Smith who audits many VT school districts. Bill Bates, AOE CFO, has also written to the deficiencies in eFinance. If our district had purchased the software I would be able to hold the vendor accountable to their contract, or pursue other remedies, but it seems districts have little leverage in getting the issues addressed in a timely way when the contract is between the AOE and PowerSchool eFinance.

Accounting software is the backbone of financial operations and reporting for the district. Well designed systems, like the one our district operated on previously, have strong built in internal controls and allow for efficiency with standard federal and state required reports and standard accounting reports being "push button" making the information readily available. Many standard reports and tasks that were automated in our previous system now have to be produced manually in spreadsheets. While our administrators and school board were previously kept regularly informed of our financial position via reports, I am finding, just doing that, more difficult with eFinance and have not yet been able to provide our board with routine reports. This is ironic since informing the public, Legislature and various policy makers was the central reason for moving to a Statewide financial system for school districts. Districts on eFinance are also having difficulties meeting the requirements of reporting for Coronavirus Relief Funds (CRF) and are hoping to work with PowerSchool and the AOE to resolve these issues. The current eFinance system is simply not the best tool for the job. It's like a fine

furniture maker being given a handsaw and hammer, sure you can make furniture but it will take a lot of time and the quality will not be the same. Routine tasks take much more time in eFinance with the loss of efficiency and necessary manual internal control checks and data verification. Overtime is being incurred by our district as a result.

Some quick examples of issues include:

- Payroll takes one and a half times longer to produce bi-weekly than it did in our previous system.
- Even though all payments issued and deposits made are entered into the system daily, there is no way to get a real time cash balance in your operating account. We must keep track of cash manually, in a spreadsheet.
- There are issues with bank reconciliation including the fact that currently payroll checks are not included in the reconciliation and the reconciliation does not include a comparison to the general ledger.
- Standard accounting reports and other reports required for filing with other state agencies, such as teacher retirement, are not currently available.

I am an experienced business manager who has kept our district's financial house in order and I feel since the implementation of eFinance in July 2020 I am driving a \$40M district down the road in a thick fog despite the amount of time me and my staff are spending in training, to find alternatives and workarounds to make the software work to meet the district's needs. At this point accounting staff are demoralized and administrators are somewhat frustrated. I feel I may lose some talented, technologically savvy, fiscal service staff members given the move backwards to this underperforming system. Failure to "pause" or suspend will put more districts in the same situation.

All of this being said I have and continue to participate with the AOE, business officials and PowerSchool to identify issues and evaluate proposed fixes to assist PowerSchool and the AOE with understanding the breadth of our job in the field. There are a number of dedicated business officials spending significant time with the AOE and PowerSchool to identify the issues and propose solutions. I strongly support a "pause" and also ask the legislature to consider making eFinance an opt in option for districts now that there is a requirement for all to use a Uniform Chart of Accounts (UCOA).

Michelle Baker, CPA