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Manatee County school district leadership for months, the community quickly focused on the backgrounds of the district's primary leaders.

Jan. 20, 2013

In the wake of the multimillion budget deficit that escaped the attention of Florida's Manatee County school district leadership for months, the community quickly focused on the backgrounds of the district's primary leaders.

How could former Superintendent Tim McGonegal — who resigned after revealing the \$3.4 million deficit in September — and former Assistant Superintendent of Business Services Jim Drake — who retired before it was discovered — allow for such a budget disaster with their extensive financial backgrounds?

Unanswered questions remain a week after auditors revealed the results of a forensic investigation into the deficit Monday. The district has yet to release more than 3,000 additional pages of investigation notes and summaries to the public.

Auditors from the consulting firm Navigant, hired by the school board in October, put blame almost solely on Drake. He was responsible for overseeing the budget, they said. He pulled the computer software that tracked salaries and benefits in the district, and eventually replaced it with a manual method that produced errors that led to this year's deficit.

McGonegal and the school board were not given information that would have helped them identify the problem, auditors said.

Some in the community have expressed incredulousness at a report that blames a budget failure on one person. District records lack evidence that administrators were aware of problems ahead of time.

And some audit presentation facts seem to contradict statements publicly made by

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McGonegal became superintendent in 2009, Drake took over McGonegal's former assistant superintendent position.

Drake started in the district with a salary of \$89,600. By the time he was promoted to assistant superintendent of business services in January 2009, his salary jumped from \$108,608 to \$117,435.

Both Drake and McGonegal had substantial backgrounds in finance. McGonegal became Manatee County's assistant director of finance in 2002, and director in June 2004.

Prior to coming to Manatee County, Drake was the director of finance at Lake County Schools, and was directly responsible for preparing the budget, according to his resume.

Before that, he worked for the auditor general in Orlando for 22 years, supervising multiple audits throughout many counties.

"He did a good job for us; we had no problems when he was here," said former Lake County Assistant Superintendent Jim Polk, who was on the interviewing committee that hired Drake. "We had a good relationship here."

There was no sign of problems with Drake when he abruptly announced a February retirement in January 2012. His email retirement letter to McGonegal was brief, and to the point.

"After working for over 33 years in state and local government I want to step off the treadmill I have been on for so long," Drake wrote.

But forensic auditors said Monday that McGonegal had demanded Drake retire or resign when it became apparent that "too many mistakes had been made." It is not

clear what mistakes the report is referring to, because it also states that McGonegal

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don't show it.

Drake reported directly to McGonegal, who in April 2011 — less than a year before he supposedly requested Drake's resignation — rated Drake "highly effective," in categories such as accountability and assessment, decision-making strategies and work environment. Drake was deemed "exemplary" in technology and ethical leadership.

He earned the exact same marks in these categories in 2010, and in 2009, the year Drake and a committee of administrators decided to pull the position control software that tracked employee salaries and benefits and replace it with a new program that "could not add or subtract, and could not be relied upon for budget preparation."

The failure of this new program reportedly led to the use of a manual process using Excel worksheets, a decision that seems to have been prompted by Drake and the Technology and Information Services Department.

And by 2011-12, only Drake and two staff members were responsible for developing the budget, the audit report states.

Polk balks when he hears that three people were responsible for the budget in Manatee County.

"I don't see how that could fall on one person in the district," Polk said. "It's gotta be everyone involved because it's so complicated. If he was doing it all, that shouldn't happen — that's a system problem."

Polk says Drake didn't control the allocations of positions when he worked in Lake County; Drake was more involved in assigning finances. Position control was the

combined responsibility of Human Resources and the curriculum department, Polk

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District organizational charts do show that Drake took on more responsibilities over the years, as the district experienced cuts or chose not to replace positions. When Drake became assistant superintendent in 2009, he oversaw five departments. In 2011-12, he was responsible for eight.

But the report offers no insight as to why such important tasks were primarily on the backs of three people.

Chief Financial Officer Michael Boyer and Interim Superintendent David Gayler have not specifically cited lack of staff as a significant problem in the budget-creating process. Boyer was hired last May, a few months before administration realized the budget deficit.

But what is clear is that there are no longer three people working on the upcoming school year's budget. For the past six months, 12 people meet every week to plan how to put position control and payroll encumbrances back into the process, Boyer said.

Polk said in his county, every department collaborated on the budget.

"The burden of building the budget wasn't solely on the finance department — it was a group effort," Polk said. "And then we used to send it out to the departments and say 'This is what we got, does this sound reasonable?'"

Drake told auditors that he didn't have time to do checks and balances that might have caught mistakes sooner. The report reveals no oversight process that would have held him to doing that.

Boyer doesn't like the word incompetence to describe the past budget fiasco — almost all the budget issues come down to the decision to remove position control software, he said Wednesday.

“The fundamental problem with the budget is a process problem,” he said. “But the

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The report provides no evidence that this decision was questioned, and does not specifically state that McGonegal or others ever found the methodology potentially problematic when it was enacted.

“Yeah, it can be done,” Polk said. “But not with two or three people.”

Position control software is coming back for the 2013-14 budget, as well as other missing links, such as line-item budgets and payroll encumbrances.

“80 percent of my efforts have been countermeasures to prevent this on a daily basis,” Boyer said Wednesday.

Position control will block the problems with salary calculations from even happening, Boyer said. Officials will not be able to add a position if it goes over budget, and will need 6 different phases of approval to do so.

Unbudgeted items are still at about \$4.5 million, as the district reported in November. Boyer said. That number rises to \$7 million if you count a 1 percent raise promised to teachers. “That’s going to be the last thing that’s going to be covered,” Boyer said.

They’re still looking for extra money. “We’ve had more than 25 departmental meetings,” Boyer said. “We’re going through everybody’s budgets and scrubbing them.”

He stresses that most student programs that were reportedly unbudgeted are funded. “Unbudgeted and unfunded are two different things,” Boyer stresses. For example, he said, the IB programs that were unbudgeted this year are not unfunded — state money supports these programs.

Still, the district is behind because of the crisis. Gayler said earlier this week that budget planning would have already begun in a normal year.

In the meantime, school board members have expressed a desire for a superintendent

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believe clarity will be found in some of the documents not presented yet to the public.

“The community still doesn’t have available the balance of the forensic auditors’ report, which I asked be available seven days prior to their oral summary,” school board member Dave “Watchdog” Miner said on Friday. “I am disappointed because now it appears it’s going to be at least seven days after.”

According to an email from Internal Auditor Ed Daugherty to the district Audit Committee, school attorney John Bowen and Trenam Kemker attorney Charley Harris are still working on how to distribute thousands of documents to the public in a manageable way, particularly electronically. They are also debating who will be the custodian of the records.

“I hope that all these documents that are being paid for by our community will be given more attention so that we don’t have to wait much longer for their release,” Miner said. “The issues prompting this investigation deserve this attention.”

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