

FCMAT UPDATE
Financial Services
Management
May 11, 2005

Overall Improvement

Review	Score
• Sept 2003	.73
• March 2004	2.0
• Sept 2004	2.83
• Aug 2005 (self rating)	4

Accomplishments

Financial Services

Organizational Structure

- As part of the creation of the new central office, an organizational structure has been designed for implementation in 2005-2006.
- The new organizational structure clearly identifies key areas of authority and responsibility.
- The new organizational structure separates accounting from budgeting and builds in a service oriented environment.
- New job descriptions were developed to clearly identify job duties and experience required to perform those duties.
- The new job descriptions include key performance measures that will be used to determine evaluation criteria.

Budgeting

- The first and second interim reports agree to the IFAS system and project an accurate ending fund balance.
- The District launched results based budgeting (RBB) district-wide.

Accomplishments

Financial Services

Budgeting (Continued)

- RBB allows for principals to manage school budgets and therefore, be more accountable.
- RBB increases level of awareness of the budget process and assists in budget monitoring.
- Budget meetings were held with staff and administrators to begin 2005-2006 budget development.
- Finalized draft Multi-year fiscal recovery plan.

Compliance

- Performed in-depth research of 02-03 audit findings, provided additional documentation to auditors in attempt to resolve audit findings.
- Prepared case to appeal remaining 02-03 findings.
- Worked closely with auditors to ensure all documentation was provided to auditors to prevent fewer repeat findings and additional questioned costs for 03-04 audit.
- Identified material findings, made changes to procedures and developed early checks and balances to prevent repeat findings in 04-05 and future years.
- Began training and developing of fiscal staff on state and federal compliance requirements.
- Began collaborating with other departments including accountability on state and federal compliance requirements.

Accomplishments

Financial Services

Financial reporting

- All fiscal staff will participate year end closing training on May 24, 26 and June 2nd.
- In the process of clearing and reconciling account balances. The goal is to reconcile accounts on a monthly basis.
- Began reviewing accounting process and procedures to determine more effective and efficient systems.

Purchasing and Contracting

- In the process of strengthening internal controls over purchases and contracting. Direct upload of vendor files into IFAS ensures appropriate tracking of expenditures and encumbrances vs. budget.
- eMarketplace vendor partnerships help improve OUSD controls and services (e.g., computers from Dell arriving pre-asset tagged and pre-loaded with OUSD software; purchases from School Specialty are mapped to state curricular standards and legal compliance requirements for categorical funds)

FCMAT Standards Update, January 2005

Standard to be addressed	Jan 2000 Rating	Sept 2003 Rating	March 2004 Rating	Sept 2004 Rating	Aug 2005 Rating
1.4 The organizational structure should clearly identify key areas of authority and responsibility. Reporting lines should be clearly identified and logical within each area. [SAS-55, SAS-78]	4	2	NR	NR	6
1.5 Management should have the ability to evaluate job requirements and match the requirements to the employee's skills. [SAS-55, SAS-78]	2	0	NR	NR	2
1.6 The district should have procedures for recruiting capable financial management and staff, and hiring competent people. [SAS-55, SAS-78]	2	0	3	4	5
1.7 All employees should be evaluated on performance at least annually by a management-level employee knowledgeable about their work product. The evaluation criteria should be clearly communicated and, to the extent possible, measurable. The evaluation should include a follow-up on prior performance issues and establish goals to improve future performance.	3	2	3	3	4

Standard to be addressed

**Jan
2000
Rating** **Sept
2003
Rating** **March
2004
Rating** **Sept
2004
Rating** **Aug
2005
Rating**

- 5.2 The budget development process includes input from staff, administrators, board and community. 8 0 NR NR 4
- 5.3 Policies and regulations exist regarding budget development and monitoring. 6 2 NR NR 5
- 5.4 The district should have a clear process to analyze resources and allocations to ensure that they are aligned with strategic planning objectives and that the budget reflects the priorities of the district. 6 0 NR NR 2
- 5.6 The district must have an ability to accurately reflect their net ending balance throughout the budget monitoring process. The first and second interim reports should provide valid updates of the district’s net ending balance. The district should have tools and processes that ensure that there is an early warning of any discrepancies between the budget projections and actual revenues or expenditures 0 0 2 3 5
- 6.1 The budget office should have a technical process to build the preliminary budget that includes: the forecast of revenues, the verification and projection of expenditures, the identification of known carry over and accruals, and the inclusion expenditure plans. 3 0 2 3 5

Standard to be addressed

**Jan
2000
Rating** **Sept
2003
Rating** **March
2004
Rating** **Sept
2004
Rating** **Aug
2005
Rating**

7.3 The district should have procedures that provide for the development and submission of a district budget and interim reports that adhere to criteria and standards and is approvable by the Alameda County Office of Education (ACOE).

7 0 3 3 5

7.10 The first and second interim reports should show an accurate projection of the ending fund balance. Material differences should be presented to the board of education to the board of education with detailed explanations. *(Added since the 2000 Report)*

New 0 2 3 5

8.2 There should be budget monitoring controls, such as periodic reports, to alert department and site managers of the potential for over expenditure of budgeted amounts. Revenue and expenditures should be forecast and verified monthly.

0 0 2 3 4

8.2 The district should timely and accurately record all information regarding financial activity for all programs (unrestricted and restricted). Generally Accepted Accounting Principles (GAAP) require that in order for financial reporting to serve the needs of the users, it must be reliable and timely. Therefore, the timely and accurate recording of the underlying transactions (revenue and expenditures) is an essential function of the district's financial management.

9 0 2 3 4

Standard to be addressed	Jan 2000 Rating	Sept 2003 Rating	March 2004 Rating	Sept 2004 Rating	Aug 2005 Rating
12.7 Generally accepted accounting practices dictate that, in order to ensure recording of transactions, the district should have standard procedures for closing its books at fiscal year-end. The district's year-end closing procedures should be in compliance with the procedures and requirements established by the Alameda County Office of Education.	2	0	3	3	4
14.2 The district annually provides a multiyear revenue and expenditure projection for all funds of the district. Projected fund balance reserves should be disclosed. [EC 42131] The assumptions for revenues and expenditures should be reasonable and expenditures should be reasonable and supportable.	2	1	3	3	4
22.1 The district should actively take measures to contain the cost of special education services while still providing an appropriate level of quality instructional and pupil services to special education pupils.	0	0	2	3	5