

EXECUTIVE SUMMARY

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EVIDENCE OF COMPLIANCE FCPS OPERATIONAL EXPECTATIONS MONITORING REPORT

Function: Financial Services

A. Budget: The Superintendent will develop a balanced, clearly presented, needs-based budget that optimizes resources and meets the community's expectations and the School Board's goals.

Highlights –Evidence of Compliance:

- ◆ The FY 2008 budget documents detail the current financial condition of FCPS and provide a multi-year perspective by including three prior years of actual data, the current year estimate, and the proposed or approved budget for the upcoming fiscal year. The current year estimate included in the fund statement reflects the most recent quarterly data available.
- ◆ In FY 2008, financial and position resources were allocated to programs according to the School Board's strategic goals, including related measures of achievement, and presented in the budget. FY 2008 proposed and approved budget documents contained the beliefs, vision, and mission statements, and reflected which strategic beliefs each FY 2008 resource initiative supported.
- ◆ The FY 2008 Program Budget presents the total resources allocated to each educational and support program and details expenditures, positions, offsetting revenue, and net cost by program. It also includes a program description, an explanation of cost, program contact, and the specific student achievement goal each program supported.
- ◆ The Office of Budget Services submitted the FY 2008 approved budget documents to the Government Finance Officers Association (GFOA) and the Association of School Business Officials International (ASBO) and has been awarded the Distinguished Budget Presentation and Meritorious Budget Awards, respectively.
- ◆ A survey was implemented for the School Board, Leadership Team, and community to measure the usefulness and clarity of the FY 2008 budget documents. The results prompted changes to subsequent budget documents.
- ◆ To provide fiscal information to the School Board and the community, budget documents, financial reports, answers to budget questions, and other related documents are available on FCPS' public website at www.fcps.edu/fs.

B. Financial Management: The Superintendent will manage financial affairs in a fiscally accountable, transparent manner consistent with School Board budget and goals, maximizing effectiveness and conserving resources.

Highlights –Evidence of Compliance:

- ◆ The annual budget serves as the financial plan for the upcoming fiscal year and reflects a plan of activities for both daily and long-term operations based on the School Board's priorities and community's expectations. Significant variations from the approved financial plan are presented to the School Board for approval during quarterly budget reviews. The FY 2008 year-end financial statements document that expenditures did not exceed appropriations.
- ◆ In FY 2008, all deadlines were met for 26 biweekly and 12 monthly payrolls, including published pay dates, in compliance with federal, state and FCPS regulations. In addition, all valid vendor liabilities were paid.
- ◆ Fairfax County, including FCPS, is required to have an annual audit of their financial statements. The audit is conducted based on auditing standards generally accepted in the United States. Based on the audit, FCPS receives an opinion on their financial statements. A "clean" opinion is an unqualified opinion. FCPS received an unqualified opinion for FY 2008.
- ◆ GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to governmental entities whose Comprehensive Annual Financial Report (CAFR) meets certain requirements, including ease of readability, efficient organization, and satisfaction of both accounting principles generally accepted in the United States and applicable legal requirements. FCPS has received the GFOA award for the previous 14 years and submitted the FY 2008 CAFR to GFOA for consideration.
- ◆ FCPS adheres to the Fairfax County Purchasing Resolution, and in FY 2008 FCPS received no valid protests of contract awards.
- ◆ The Office of Procurement Services (OPS) ensures that it meets schools' and departments' procurement needs through focus groups and meetings with customer representatives. In FY 2008, an interactive survey was distributed to determine the quality and timeliness of the goods and services provided. Survey results indicated that overall OPS customers were satisfied with both the products procured on their behalf and the services provided by OPS.
- ◆ In FY 2008, OPS reissued 4,165 surplus items which were redistributed to 127 locations for a total savings of approximately \$449,695. Obsolete and discarded equipment, such as computers and printers, that cannot be reused by FCPS are sold at public auction. In FY 2008, FCPS recovered \$63,727 from auction.
- ◆ In FY 2008, OPS conducted 72 competitive solicitations resulting in a cumulative savings of \$1,818,327. In FY 2008, FCPS worked with an insurance consultant to ensure FCPS had adequate and reasonable commercial insurance coverage. In addition, FCPS procured commercial fiduciary and crime insurance coverage to further protect the School Boards' interests. It is anticipated that FCPS will undergo the next major review of its insurance program in FY 2012.

C. FOOD AND NUTRITION SERVICES: The Superintendent will operate a self-supporting child nutrition program within Federal guidelines that promotes healthy choices and wellness.

Highlights –Evidence of Compliance:

- ◆ FCPS continues to operate a self-supporting child nutrition program despite rising food, labor and benefits, and replacement equipment costs. To be fully self-supporting, Food and Nutrition Services transfers \$2.6 million to the school operating budget to assist with indirect program costs and pays rent for their administrative facilities.
- ◆ Every five years, the federal government audits FCPS' School Breakfast and National School Lunch programs. While the next federal audit is scheduled for May 2009, the most recent federal audit conducted in May 2004 contained an unqualified opinion. During the years between federal audits, the state performs a needs assessment or audit. In FY 2008, the Virginia Department of Education completed a Needs Assessment at Parklawn Elementary School and recommended no corrective actions.
- ◆ Food and Nutrition Services reaches out to students and parents to promote nutrition, health, and wellness, and address the misconception that school meals contribute to childhood obesity. By sponsoring innovative programs such as “Give Me Five! Colors That Jive!” and “A Great Start to Being Smart” and providing nutrient and ingredient information, sample menus, and nutrition calculators, Food and Nutrition Services helps students and parents make nutritious food choices.

Additional Highlights Not Specific to an Indicator – Evidence of Compliance:

- ◆ In FY 2008 and FY 2009, the Department of Financial Services implemented several business process improvements to increase efficiency, improve customer service, and reduce operational costs. The following three initiatives have been particularly successful:
 - Online Travel – In September 2007, the Department of Financial Services implemented Online Travel, a web-based application for submitting and approving local and nonlocal travel requests electronically. Online Travel significantly streamlined the travel reimbursement process by automating data entry and routing, instituting controls to improve compliance with FCPS policies, expediting payment through direct deposit within five to seven business days after principals/program managers approve requests online, and providing customers self-service options for checking the history and status of travel requests. In FY 2008, over 19,000 travel requests were submitted and processed through Online Travel.
 - Self-Service Address Changes – In July 2008, the Office of Payroll Management (OPM) implemented online self service capability for employees to change their address. This initiative reduced the number of address changes that must be processed by payroll staff by approximately 39 percent. In seven months, 1,937 of 5,030 address changes were processed by employees via online self service.
 - ePay Advices - In November 2008, OPM implemented a program for electronic delivery of pay advices. This cost-saving initiative realized immediate savings in postage fees and paper costs as well as savings in reduced labor costs associated with printing, sorting, managing, and mailing paper pay advices. In

the first four months, 99 percent of monthly pay advices or over 94,000 pay advices, were delivered electronically.

- ◆ In terms of major initiatives, FCPS began working jointly with the County to implement an Enterprise Resource Management System. This multi-year project will improve efficiency and reduce risk by replacing several aging legacy systems, including FAMIS (Finance), CASPS (Procurement), BPREP (Budget), and PRISM and Lawson (Human Resources/Payroll) with one integrated system. A joint project team and steering committee was formed and the County has contracted with the Government Finance Officers Association (GFOA) to assist in planning and implementing the new system.