

Fairfax County School Board
Operational Expectations Monitoring Report
A = acceptable condition U = unacceptable condition

BUDGET AND FINANCIAL MANAGEMENT

Period covered: 2006

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

1. A budget that reflects a multi-year perspective, analyzes the current financial condition of FCPS, and presents to the Board long-range financial needs and proposals to address advancement of Board priorities and annual goals.

Superintendent:	A	<input type="checkbox"/>	U	<input type="checkbox"/>
School Board:	A	<input type="checkbox"/>	U	<input type="checkbox"/>

Reasonable Interpretation:

A clearly presented needs-based balanced budget is critical to maintaining FCPS as a world-class school system. A budget based on current fiscal realities as well as reflects a multi-year perspective lends FCPS greater credibility and ensures fiscal integrity. To support effective decision-making and accountability, budget documents will: (1) provide information regarding FCPS' current and projected financial condition; (2) provide summary analysis of trends, issues, and initiatives with significant short- and long-term fiscal impact; (3) explain funding formulas and other methodologies used to allocate resources; and (4) describe how resources are allocated to support the School Board's strategic governance initiative, priorities, and annual goals.

Indicators:

- Report the five-year fiscal forecast in the approved budget document.
- Report the most recent quarterly data concerning FCPS' financial condition in the proposed and approved budget documents.
- Describe how resources are allocated in support of the School Board's strategic governance initiative, priorities, and annual goals in budget documents.

Superintendent State of Condition:

Board Comments:

2. A plan based on an analysis of each budget category in a five-year spread:

- The amount received and spent during the previous three years.
- The amount budgeted currently.
- The amount budgeted for the next fiscal year.

Superintendent: A U
School Board: A U

Reasonable Interpretation:

The budget will be based upon a comprehensive analysis of available county and state funding, historical expenditures, requirements related to federal and state mandates, School Board priorities, and community expectations. Budget documents will provide a summary analysis of factors with significant fiscal impact as well as provide summary and detailed revenue and expenditure data by budget category over a five-year period. This data will enable readers to determine variances in revenues and expenditures by budget category over time.

Indicators:

- Provide five years of financial and position information by budget category in budget documents, including actual revenues and expenditures for three prior fiscal years, midyear or third quarter estimated revenues and expenditures for the current fiscal year, and budgeted revenues and expenditures for the upcoming fiscal year.
- Report the net cost to the School Operating Fund, by program, in the current fiscal year as compared to the previous fiscal year in the program budget.

Superintendent State of Condition:

Board Comments:

3. Presentation of budget and reporting documents that identify significant trends and changes in a consistent, understandable format for Board and public understanding.

Superintendent: A U
School Board: A U

Reasonable Interpretation:

The Association of School Business Officials International (ASBO) and the Government Finance Officers Association (GFOA) establish rigorous standards of excellence related to the budget as a policy document, financial plan, operations guide, and communication tool. Adherence to these standards ensures that budgetary and financial information is presented in a consistent, understandable format with sufficient explanation of significant trends, changes, and issues. FCPS will meet or exceed these national standards of excellence and solicit input from stakeholders so that budget and reporting documents serve as valuable decision-making and communication tools for the School Board and the community.

Indicators:

- Receive the ASBO Meritorious Budget Award and the GFOA Distinguished Budget Presentation award for the approved budget.
- Conduct customer satisfaction survey annually to determine how well budget and reporting documents serve as decision-making and communication tools.

Superintendent State of Condition:

Board Comments:

4. Knowledge of assumptions upon which the budget is based.

Superintendent:	A	<input type="checkbox"/>	U	<input type="checkbox"/>
School Board:	A	<input type="checkbox"/>	U	<input type="checkbox"/>

Reasonable Interpretation:

As outlined in the policies and practices section of the approved budget document, the budget and fiscal forecast are based on School Board policies and practices regarding reserves, compensation, and positions. In addition, the budget and fiscal forecast are based on a variety of assumptions, including but not limited to, enrollment projections, federal and state requirements, and the local and state economy. By adhering to ASBO and GFOA standards of excellence in budgetary and financial reporting, budget documents and the fiscal forecast will clearly describe FCPS' policies, practices, and other assumptions with significant fiscal impact.

Indicator:

- Clearly describe FCPS' policies, practices, and other assumptions with significant fiscal impact in the upcoming fiscal year in budget documents and the fiscal forecast.

Superintendent State of Condition:

Board Comments:

5. Support for board development and governance needs.

Superintendent:	A	<input type="checkbox"/>	U	<input type="checkbox"/>
School Board:	A	<input type="checkbox"/>	U	<input type="checkbox"/>

Reasonable Interpretation:

Within fiscal constraints and based on guidance from the School Board, the annual budget will include funding to support the School Board's strategic governance initiative.

Indicator:

- Include funding in the School Board's budget to support the School Board's strategic governance initiative, as requested by the School Board.

Superintendent State of Condition:

Board Comments:

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.

Superintendent: A U
School Board: A U

Reasonable Interpretation:

Fiscal integrity, sound financial management, and the effective use of limited resources are critical to maintaining FCPS as a world-class school system. To maintain credibility and maximize financial support, FCPS will manage its finances according to the highest standards of accountability and transparency, actively conserve resources, and direct maximum resources to the classroom consistent with the School Board's budget and goals and federal and state standards.

Indicators:

- Receive unqualified audit opinions from external auditors.
- Provide both historical and current budgetary and financial information on the FCPS public website.
- Promote transparency by responding to questions raised by the School Board and community, providing information on the public website, and conducting budget presentations as requested by the School Board and community.
- Provide information on division cost saving initiatives in budget documents.

Superintendent State of Condition:

Board Comments:

1. Allocate resources based on the budget.

Superintendent: A U
School Board: A U

Reasonable Interpretation:

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 expectations. FCPS will ensure that expenditures do not exceed appropriations and, based on guidance from the School Board, allocate resources to departments based on needs and to schools based on School Board approved staffing standards and per-pupil allocations. FCPS will ensure that the budget includes sufficient controls to minimize variation from the approved financial plan. Significant variations from and recommended changes to the approved financial plan will be reported and submitted to the School Board for approval at quarterly budget reviews. Significant variations or changes are those that alter, eliminate, or expand programs or initiatives approved by the School Board or add programs or initiatives other than those approved by the School Board as reflected in the approved budget.

Indicators:

- Actual expenditures will not exceed appropriations.
- Report on significant variations from and submit recommended changes to the approved financial plan to the School Board for approval.

Superintendent State of Condition:

Board Comments:

2. Settle all debts in a timely manner.

Superintendent:	A	<input type="checkbox"/>	U	<input type="checkbox"/>
School Board:	A	<input type="checkbox"/>	U	<input type="checkbox"/>

Reasonable Interpretation:

To protect FCPS' reputation as a world-class employer and business partner, payments to employees and vendors will be timely, accurate, and in compliance with federal, state, and local regulations.

Indicators:

- Meet all payroll deadlines in compliance with federal, state, and FCPS regulations.
- Pay all valid vendor liabilities in accordance with the agreement of purchase and federal, state, and FCPS regulations.

Superintendent State of Condition:

Board Comments:

3. Receive, process, and disburse funds under controls that are consistent with generally accepted accounting procedures.

Superintendent: A U
School Board: A U

Reasonable Interpretation:

To protect resources and preserve financial stability, all funds will be received, processed, and disbursed in accordance with generally accepted accounting procedures, local, state, and federal regulations, and best practices.

Indicator:

- Receive unqualified audit opinions from external auditors.

Superintendent State of Condition:

Board Comments:

4. Maintain complete and accurate financial records.

Superintendent: A U
School Board: A U

Reasonable Interpretation:

Continued community support for school system operations and bond-funded school construction depends upon the highest levels of fiscal stewardship and accountability of public funds. FCPS will meet all statutory, regulatory, and external mandates for timely, comprehensive financial reporting. In addition, ASBO and GFOA establish rigorous standards of excellence for financial reporting. Adherence to these standards ensures that financial information is presented in a consistent, understandable format. FCPS will meet or exceed these national standards of excellence so that reporting documents serve as valuable decision-making and communication tools for the School Board and the community.

Indicators:

- Receive unqualified audit opinions from external auditors.
- Receive the GFOA award for the Comprehensive Annual Financial Report (CAFR) and the Popular Annual Financial Report (PAFR).
- Receive the ASBO award for the CAFR.

Superintendent State of Condition:

Board Comments:

5. Base purchases upon prudent judgment and sound financial practice, including comparative pricing as appropriate, while taking into account long-term quality and cost.

Superintendent: A U
School Board: A U

Reasonable Interpretation:

FCPS will employ best practices and implement innovative strategies to secure quality goods and services in a timely manner and at a reasonable cost, while ensuring that all purchasing actions are conducted fairly and in accordance with the Fairfax County Purchasing Resolution and other federal, state, and local regulations. Customer needs for the right goods and services at the right time and at the right price will be met through collaborative requirements definition, redistribution of surplus materials, cooperative purchasing, comparative pricing, and competitive bidding and negotiation.

Indicators:

- All contracts will be awarded in accordance with the Fairfax County Purchasing Resolution.
- Conduct survey annually to measure customer satisfaction with quality and timeliness.
- Report amount and estimated value of surplus material redistributed on an annual basis.
- Report cost savings from cooperative purchasing, comparative pricing, and competitive bidding and negotiation on an annual basis.

Superintendent State of Condition:

Board Comments:

6. Require that an annual audit of all school division funds and accounts by an independent auditing firm be presented to the Board.

Superintendent: A U
School Board: A U

Reasonable Interpretation:

To ensure fiscal integrity and maintain community support for school system operations and bond-funded school construction, independent auditors will audit all funds under control of the School Board as well as all local school activity funds annually. Results will be presented to the School Board.

Indicator:

- Conduct annual independent audits and report results to the School Board.

Superintendent State of Condition:

Board Comments:

7. Maintain reasonable insurance coverage on school division property and against liability losses to Board members, staff members, and the school division itself.

Superintendent:	A	<input type="checkbox"/>	U	<input type="checkbox"/>
School Board:	A	<input type="checkbox"/>	U	<input type="checkbox"/>

Reasonable Interpretation:

To minimize financial risk exposure, FCPS maintains reasonable and necessary insurance coverage through a combination of self-insurance and commercial insurance. To identify and mitigate financial risk, FCPS regularly completes risk assessments of programs, procedures, and activities, seeking independent expert advice when appropriate.

Indicators:

- Consult independent expert to assess reasonableness and adequacy of insurance programs and insurance coverage on a periodic basis.
- Complete an annual report on the types and levels of insurance coverage for the School Board.

Superintendent State of Condition:

Board Comments:

C. Food and Nutrition Services: The Superintendent will operate a child nutrition program within the Federal guidelines that promote healthy choices while remaining self-supporting.

Superintendent:	A	<input type="checkbox"/>	U	<input type="checkbox"/>
School Board:	A	<input type="checkbox"/>	U	<input type="checkbox"/>

Reasonable Interpretation:

FCPS will continue to operate a self-supporting child nutrition program by providing a variety of nutritious food choices to ensure students' readiness to learn, meeting Federal

requirements, and reflecting stakeholders' personal, cultural and therapeutic preferences. In addition, FCPS practices will reflect the Wellness Policy adopted by the School Board.

Indicators:

- Operate a financially self-supporting program.
- Receive unqualified audit opinions from external auditors.
- Report on nutrition and wellness information provided in the classroom, at health fairs, and other venues and on the website.

Superintendent State of Condition:

Board Comments:

Summary Statement of the Superintendent:

Summary Statement of the Board:

Areas for Improvement:

Areas of Commendation:

Goal(s) for Budget and Financial Management for School Year:

Date for Re-Monitoring: