

# Overview of Florida's

# Best Financial Management Practices Program for School Districts

April 2001

Report No. 01-23

## at a glance

Faced with the challenge of educating students in a cost-effective manner, public dissatisfaction with the performance of school systems, and taxpayer unwillingness to raise local taxes for education, in 1997 the Florida Legislature directed OPPAGA to develop an assessment system to improve school districts' management and use of resources. What resulted was the nation's first system for assessing school districts based on a comprehensive set of best practices covering a broad range of school district educational and operational programs and services.

Districts that use these best financial management practices could realize significant cost savings by increasing their efficiency and effectiveness. In addition, districts that OPPAGA and the Auditor General determine to be using best financial management practices can receive a seal from the State Board of Education.

## Legislative Intent of Best Practices Reviews

The 1997 Legislature created the Best Financial Management Practices Reviews to help school districts that are experiencing rapid growth to meet the challenge of educating their students

in a cost-efficient manner. Best Financial Management Practices Reviews, as provided in s. 230.23025, *Florida Statutes*, are intended to

- increase public confidence and support for districts that demonstrate good stewardship of public resources;
- encourage cost savings; and
- improve school district management and use of resources.

## Best Financial Management Practices

The Commissioner of Education originally adopted best financial management practices on September 4, 1997. Since that time, the 2000 General Appropriations Act and substantive legislation directed OPPAGA to expand the best practices to cover four new areas: Safety and Security, Community Involvement, Instructional and Administrative Technology, and Educational Service Delivery (which includes Instructional Materials). In addition, in accordance with s. 230.23025, *Florida Statutes*, and based our experience applying the best practices, OPPAGA revised the best practices to make them more comprehensive, easier to interpret and apply, and less duplicative. The Commissioner adopted the current best practices in October 2000.

## Overview

### *The best practices cover a broad range of programs and services*

The current best practices cover efficient use of resources, compliance with generally accepted accounting principles, performance accountability, and cost controls for 14 specific school district managerial and operational areas (see Exhibit 1). Overall, the best practices are designed to encourage districts to

- use performance and cost-efficiency measures to evaluate programs;
- use appropriate benchmarks based on comparable school districts, government agencies, and industry standards to assess their operations and performance;
- identify potential cost savings through privatization and alternative service delivery; and
- link financial planning and budgeting to district priorities, including student performance.

### *Indicators help assess whether a district is using the best practices*

To help assess whether districts are using the best financial management practices, OPPAGA and the Auditor General also developed interpretive indicators for each best practice. The indicators represent the kinds of activities that the district would be expected to be doing if they were using a particular best practice. While the number and type of the indicators varies based on the specific best practice, they focus on areas such as

- Has the district developed appropriate performance and cost-efficiency measures for its programs?
- Can the district demonstrate that major expenditures including school construction costs, are reasonable?
- Has the district analyzed the benefits of outsourcing, contracting, and joining with other school districts to provide services?
- Has the district developed and clearly defined its priorities, goals, objectives, and

strategies and related them to student performance and state goals?

- Can the district demonstrate that it aligns expenditures with district priorities?
- Can the district provide evidence that it adheres to appropriate state and federal requirements?
- Can the district provide evidence that, when considering issues with significant financial implications and proposed budgets, the school board solicits feedback from the public, from district and school administrators, and from teachers?

### Exhibit 1 Specific Areas for Which Best Financial Management Practices Have Been Developed

1. Management Structures
2. Performance Accountability Systems
3. Educational Service Delivery
4. Administrative and Instructional Technology
5. Personnel Systems and Benefits
6. Use of Lottery Proceeds
7. Use of State and District Construction Funds
8. Facilities Construction
9. Facilities Maintenance
10. Student Transportation
11. Food Service Operations
12. Cost Control Systems
13. Safety and Security
14. Community Involvement

A complete list of the best practices and indicators is provided in Appendix A. The best practices and indicators will continue to be revised and updated over time.

## *Collaboration with Stakeholders*

---

To develop the best practices and indicators, OPPAGA conducted an extensive literature review and consulted with a wide variety of educational stakeholders including more than half of Florida's school districts, universities, professional organizations, and the departments of education in Florida and other states. In addition, we consulted with a

broad range of stakeholders in both public and private sector who represent the public's interest in education. The stakeholder groups we collaborated with included

- Florida and United States Department of Education staff;
- school district staff;
- Florida groups representing teachers, parents, school administrators, school boards, and superintendents;
- legislators and legislative staff;
- Governor's Office of Planning and Budgeting staff; and
- private organizations such as the Florida Chamber of Commerce and Florida Tax Watch.

## The Review Process

OPPAGA and the Auditor General jointly conduct Best Financial Management Practices Reviews.<sup>1</sup> A school district with a unanimous vote of its board members may request a review. Unless the Florida Legislature otherwise provides funding, the district must contribute 50% of the review cost for a Best Financial Management Practices Review. The estimated maximum cost to a school district for a complete review is based on a district's student enrollment. OPPAGA prioritizes districts that apply for a review based on growth rate and demonstrated need for review.

### The review process starts with a self-assessment

The best practices review process includes two phases, a self-assessment and an external review based on the best practices and indicators. Prior to the on-site review, a school district completes a self-assessment that provides a snapshot of how the district believes it compares to the best practice standards and

<sup>1</sup> As provided by s. 230.23025(2), *F.S.*, the director of OPPAGA may, at his or her discretion, contract with private consultants to perform part or all of the review of any district.

identifies the documentation available to verify the district's practices. Next, evaluators review the district's operations using a variety of methodologies to make an independent determination of whether the district is using each of the best practices. For more information on the methodology used in the reviews see Exhibit 2.

## Exhibit 2 Characteristics of Methodology Used to Review School Districts

---

**Highly participatory**—incorporates widespread stakeholder involvement throughout the design phase, assessment period, and development of action plans.

---

**Scope tailored to district needs**—the Best Practices Review methodology is tailored specifically to the issues, problems, and accomplishments of the school district. In addition to the areas covered by the best practice review, the scope of the review may include other issues at the request of the district.

---

**Qualitative techniques**—includes over hundreds of structured interviews, focus groups, and on-site observations conducted in a rigorous manner. In addition, includes visits to district schools to interview administrators, teachers, and support staff. Reviews and analyzes program and administrative documents such as memos, policies, and procedures, board minutes, strategic plans, evaluation reports, performance reports, and other documents and reports used to manage programs.

---

**Quantitative techniques**—analyzes key information such as district demographic and enrollment data, performance data, and cost data.

---

**Comparative data and industry standards**—compares quantitative information about the school district to peer school districts in Florida and to statewide averages. When applicable compares district performance and staffing to government agency and private industry standards.

---

**Systematic data collection procedures**—uses structured interview plans, focus group protocols, data collection tools, self-assessment instrument.

---

**Rigorous research standards**—builds in procedural safeguards to ensure consistent application and interpretation of the best practice standards and indicators. These safeguards include training district staff on the use of the self-assessment instrument to ensure that they understand and can apply the best practices and indicators and the level of documentation needed for verification, fully training all evaluators on the use of best practices and indicators prior to fieldwork, conducting regular meetings to discuss the sufficiency of information gathered to determine whether the district is using each best practice, and, when applicable, monitoring the work of private consultants that conduct fieldwork to ensure that their work meets research standards

---

Overview

**Districts using best practices receive a seal from the State Board of Education**

The State Board of Education awards a Best Financial Management Practices seal to districts found to be using the best practices. However, if OPPAGA determines that the district is not using one or more best practices it works closely with district staff to develop recommendations and detailed action plans tailored to the district’s needs. The action plans are designed to enable the district to begin using all of the best practices within a two-year time frame. District school boards must vote on whether to institute the action plans. After the district implements the action plans and meets the best financial management practices, OPPAGA recommends to the State Board of Education that the district receive a Seal of Best Financial Management.

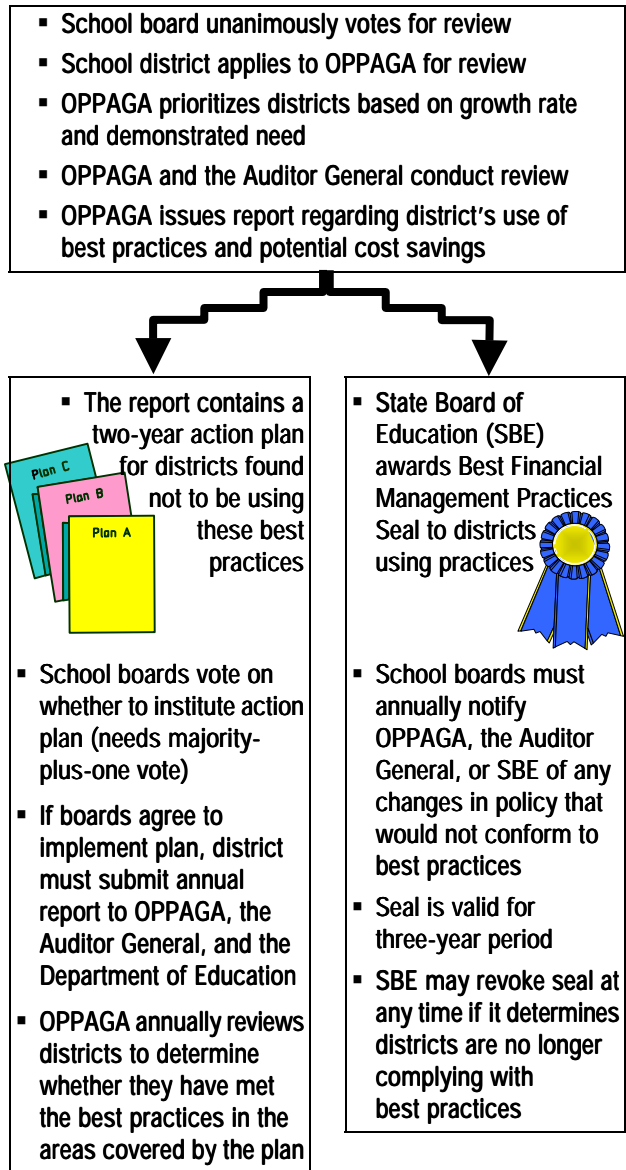
To ensure that evaluation results are communicated in formats that meet the varying needs of different audiences ranging from school district program staff to state decision makers, a range of products are used to clearly report conclusions. These include a detailed report for program staff, a brief digest for legislators and school board members, and formal presentations for the school board, legislative committees, and professional organizations.

The detailed report presents comparisons, describes findings related to the best practices, suggests recommendations, and provides action plans for change. To enable district program staff to address those best practices they are currently not using, the report contains detailed recommendations, which include strategies, step-by-step action plans, and fiscal impact information. OPPAGA develops action plans in conjunction with discussions with school district officials.

In addition to the detailed report, OPPAGA publishes a separate “digest” for legislators and school board members that provides an overview of the district's use of best practices by area, a summary of the recommendations

and their fiscal impacts, and the major conclusions by best practice area. The evaluation team also presents report conclusions and recommendations at a school board meeting as well as to a variety of other education stakeholder groups such as school finance officers and evaluation organizations.

**Exhibit 3  
Significant Stages of a  
Best Financial Management Practice Review**



To further ensure that the district interprets report recommendations and moves towards meeting the best practices, OPPAGA conducts follow-up studies beginning one year after the

initial report is issued. If these follow-up reviews find that the district has implemented the action plans, OPPAGA recommends that the district receive the Seal of Best Financial Management. For more information on the Best Practices Review Process, refer to Exhibit 3.

## *Recent Legislative Interest to Streamline School District Reviews* \_\_\_\_\_

In the years since its inception, there has been legislative interest to streamline and expand the Best Financial Management Practices Review Program. The 2001 Legislature is considering bills that will integrate the Best Financial Management Practices Reviews and the school district performance reviews (refer to s. 11.515, *Florida Statutes*) into a single process and require all school districts to be regularly reviewed on a prescribed yearly cycle.<sup>2</sup> Combining the two programs would eliminate overlap between the two types of reviews, simplify administration, resolve confusion among school districts about the reviews, and enable all school districts to participate.

---

<sup>2</sup> Refer to House Bill 269 and Senate Bill 1780.

## *OPPAGA's Home Page Contains More Information* \_\_\_\_\_

Additional information on the Florida's Best Financial Management Practices Reviews of school districts is provided on the OPPAGA website, the *Florida Monitor*, at <http://www.oppaga.state.fl.us/>. The site provides information on the status of current and future Performance Reviews and Best Financial Management Practices Reviews of school districts.

### *Appendix A: Best Financial Management Practices for Florida School Districts* \_\_\_\_\_

Please see the [best practices and indicators](#) located on OPPAGA's website.

### *Appendix B: Self-Assessment Instrument* \_\_\_\_\_

Please see the [self-assessment instrument](#) located on OPPAGA's website.

OPPAGA provides objective, independent, professional analyses of state policies and services to assist the Florida Legislature in decision making, to ensure government accountability, and to recommend the best use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). **Florida Monitor:** <http://www.oppaga.state.fl.us/>

For more information on Best Financial Management Practices Reviews, contact David Summers (850/487-9257) or Jane Fletcher (850/487-9255)

John W. Turcotte, OPPAGA Director