



Osceola County School District Making Progress, But Not Yet Eligible for the State's Seal of Best Financial Management

at a glance

On December 17, 2002, the Osceola County School Board voted to implement the action plans in the Best Financial Management Practices Review (OPPAGA Report No. 02-45) published in August 2002. OPPAGA developed these action plans to help the Osceola County School District implement the best practices within two years, which would make the district eligible to receive the Seal of Best Financial Management from the State Board of Education.

Since August 2002, the district has made progress on implementing all 64 action plans contained in the original OPPAGA report. The district has fully implemented 42 (66%) of the 64 action plans and partially implemented 22 (34%) remaining action plans. Thus, while the district has made progress on all action plans, it currently is not eligible for a Seal of Best Financial Management.

By implementing the remaining action plans, the Osceola County School District will be able to further improve and streamline its management, increase its efficiency and effectiveness, and reduce its costs.

Scope

This report provides the Florida Legislature with information on the status of the Osceola County School District's implementation of action plans included in the Best Financial Management Practices Review published in August 2002.¹ On December 17, 2002, the Osceola County School Board voted to implement the action plans and pursue the Seal of Best Financial Management.

Florida law provides that district school boards that agree by a majority plus one vote to institute the action plans must submit an annual report to a number of entities, including the Legislature, the Governor, OPPAGA, the Auditor General, and the Commissioner of Education, on progress made towards implementing the plans. They also must report any changes in other areas of operation that would affect the district's use of the best practices. The law requires that OPPAGA annually review a district's practices to determine whether it has started using the Best Financial Management Practices in the areas covered by the action plans.

¹ Best Financial Management Practice Review of the Osceola County School District, [Report No. 02-45](#), August 2002.

Background

The 1997 Florida Legislature created the Best Financial Management Practices Reviews to increase public confidence and support for school districts that demonstrate good stewardship of public resources, to encourage cost savings, and to improve district management and use of funds.² The best practices, adopted by the Commissioner of Education, are designed to encourage districts to

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

Section 230.23025, *Florida Statutes*, directed OPPAGA to conduct a Best Financial Management Practices Review of the Osceola County School District in Fiscal Year 2001-02. Based on review fieldwork, we concluded that the Osceola County School District was using 79% (169 of 214) of the best practices adopted by the Commissioner and was not eligible for a Seal of Best Financial Management at that time. (See Exhibit 1.)

For those areas in which the district was not using best practices, the final report contained specific action plans that provided detailed steps the district should take in order to implement best practice principles within two years. By implementing the action plans and other report recommendations, we determined that the Osceola County School District could improve district operations, save money, and demonstrate good stewardship of public resources. The report included recommendations that if implemented

would have had an estimated positive fiscal impact of \$5.6 million over a five-year period.

Exhibit 1

In August 2002, the District Was Using 79% of the Best Practices

| Best Practice Area (Total Practices) | Is the District Using Individual Best Practices? | |
|---|--|---------------------|
| | Yes | No |
| Management Structures (12) | 8 | 4 |
| Performance Accountability System (5) | 0 | 5 |
| Educational Service Delivery (16) | 13 | 3 |
| Administrative and Instructional Technology (20) | 16 | 4 |
| Personnel Systems and Benefits (15) | 13 | 2 |
| Use of Lottery Proceeds (5) | 5 | 0 |
| Use of State and District Construction Funds (4) | 3 | 1 |
| Facilities Construction (32) | 25 | 7 |
| Facilities Maintenance (26) | 21 | 5 |
| Student Transportation (20) | 16 | 4 |
| Food Service Operations (17) | 9 | 8 |
| Cost Control Systems (31) | 29 | 2 |
| Community Involvement (11) | 11 | 0 |
| All Areas (214) | 169 (79%) | 45 (21%) |

Source: OPPAGA.

This report contains our assessment of the district's implementation of the 64 action plans in our original report.³ We based our conclusions in this report on a desktop review of the district's annual self-report, discussions with district staff, an inspection of available documentation provided by the district, and an in-depth site visit, during which we made such tests and observations as necessary to verify the extent of the district's implementation of the action plans.⁴

³ This is the second of two annual progress reports required under Florida law. In August 2004, OPPAGA issued its first progress report, in which we found that the district had implemented 25% (16 of 64) of the action plans in our original report. For more information, refer to [Report No. 04-45: Osceola County School District Making Progress, But Not Yet Eligible for the State's Seal of Best Financial Management](#).

⁴ We conducted our site visit in May 2005 and supplemented it with follow-up information provided by the district through June 2005.

² The 2001 Legislature passed the Sharpening the Pencil Act, which made several substantive changes to the Best Financial Management Practices Review process.

Overall Conclusions ———

Since August 2002, the district has fully implemented 42 (66%) and partially implemented 22 (34%) of the 64 action plans contained in OPPAGA's original report.⁵ Thus, while the district has made some progress on all of the action plans, it currently is not eligible for a Seal of Best Financial Management. For the implementation status of action plans by best practice area, see Exhibit 2. For a more detailed presentation, refer to the section entitled "Implementation Status by Best Practice Area".

Exhibit 2

The District Has Fully Implemented 66% (42 of 64) of Report Action Plans¹

| Best Practice Area | Total Action Plans | Fully Implemented | Implementation Underway |
|--|--------------------|-------------------|-------------------------|
| Management Structures | 4 | 2 | 2 |
| Performance Accountability System | 5 | 0 | 5 |
| Educational Service Delivery | 7 | 7 | 0 |
| Administrative and Instructional Technology | 7 | 7 | 0 |
| Personnel Systems and Benefits | 1 | 1 | 0 |
| Use of Lottery Proceeds | 0 | 0 | 0 |
| Use of State and District Construction Funds | 1 | 0 | 1 |
| Facilities Construction | 10 | 3 | 7 |
| Facilities Maintenance | 6 | 3 | 3 |
| Student Transportation | 6 | 2 | 4 |
| Food Service Operations | 15 | 15 | 0 |
| Cost Control Systems | 2 | 2 | 0 |
| Community Involvement | 0 | 0 | 0 |
| All Areas | 64 (100%) | 42 (66%) | 22 (34%) |

¹ The original review found that the district was using all best practices relating to the use of lottery proceeds and community involvement; thus, our original report contained no action plans in these areas.

Implementation Status by Best Practice Area ———

Management Structures

In our original report, the Osceola County School District was using 8 of 12 best practices established for management structures. Our final report contained four action plans designed to assist the district in meeting best practice standards by improving its procedures, enrollment projections, and legal costs, and better linking its budgets to its strategic plan.

Since August 2002, the district has fully implemented two of the four action plans in this area. For instance, the district modified its enrollment projection methodology, resulting in more accurate enrollments projections for each of the past two years. In addition, the district revised its contract for legal services, increased its monitoring of legal costs, and pursued other options for minimizing legal costs.

The district has partially implemented the two remaining action plans. The first action plan pertains to updating board policies and administrative procedures. The district contracted with an outside entity to update its school board policies and have made them available on the district's website. The district is now in the process of developing a district-level procedures manual which will cover districtwide issues such as procedures relating to employee travel, cell phone usage, code of conduct, and pupil progression. According to staff, currently each program/department is going through its own procedures to identify processes with districtwide implications. The procedures committee will reconvene in the near future to discuss how to proceed and to set a date for development of the draft procedures manual and to discuss its layout and look.

The second action plan pertains to creating a stronger linkage between the board's priorities and strategic goals, and district budgeting decisions. According to district staff, linking all budget items to the strategic plan may not be practical. However, the district could meet the intent of this action plan by considering

⁵ This includes district actions that varied slightly from the recommended action, but generally addressed the intent of the action plan included in the report.

alternatives to strengthen the relationship between its administrative budgets and the school board's strategic plan and priorities. For example, the district could link major objectives/strategies contained in its revised strategic plan to department budgets or link major budget items to components in its strategic plan. The district's strategic plan traditionally has not identified (nor does the current draft plan include) the resources needed to achieve major objectives/strategies. Thus, there still is a disconnect between the board's goals/priorities and administrative budgets.

To fully implement the two remaining action plans in this area, the district should

- complete the development and dissemination of administrative procedures and
- implement strategies to strengthen the relationship between budgeting decisions and the school board's strategic plan and priorities.

Performance Accountability System

In our original report, the Osceola County School District was using none of the five best practices established for performance accountability systems. Our final report contained five action plans to enable the district to meet best practice standards by developing a more effective system for measuring performance and cost-efficiency of its major programs, particularly for those programs relating to the district's operational functions.

Since August 2002, the district has partially implemented all five action plans. For instance, the district has begun to develop goals and objectives for its operational programs. While some program goals and objectives are more refined and outcome-oriented than others, in general, the district should continue its efforts to define performance and cost expectations for each program and hold program managers responsible for meeting these expectations. To fully implement the five action plans in this area, the district should take the actions described below.

- Identify key performance and cost measures for all major programs.

- Review and reach consensus on the measures that will be used to assess the attainment of key superintendent and board priorities as well as the efficiency and effectiveness of major programs.
- Develop written baselines and expectations (also known as targets or benchmarks) for each measure, which will identify each program's objectives. The superintendent and board should reach agreement on how often this information should be provided to the leadership team and school board.
- Place key objectives in the district's strategic plan. The revised strategic plan should be presented to the school board for approval.

Once these steps have been accomplished, if a program's performance or cost is not meeting expectations defined by the measures and benchmarks, program managers should assess why and make changes to address the causes. In some cases, the board or leadership team may direct the program managers to provide additional information, or direct that a formal evaluation be conducted to identify needed changes in district policies or procedures. In addition, the district should develop a schedule for regular program evaluation, which should be adopted by the school board.

Educational Service Delivery

In our original report, the Osceola County School District was using 13 of the 16 educational service delivery best practices. Our final report contained seven action plans designed to assist the district in meeting best practice standards by increasing the efficiency and effectiveness of the district's educational programs.

Since August 2002, the district has fully implemented all seven action plans. For instance, the district has developed a new district strategic plan that emphasizes student academic achievement, and restructured its accountability and planning functions to encourage more effective use of data at all levels of decision making. It also has held multiple community events in an effort to recruit more diverse school advisory council (SAC) members, and it has strengthened the evaluation and accountability

component of school improvement plans by ensuring that each school improvement plan goal is measurable, and that the district's strategic plan includes plans to evaluate the effectiveness of each of the district's major education programs. The district has taken steps to evaluate intervention plans developed for low-performing schools and has a system in place to monitor the performance of these schools and provide assistance when needed.

The district has also increased its efforts to train all SAC members in their roles and responsibilities. The district has developed a tracking system whereby all school improvement plans (SIPs) are in electronic format and are logged in. Further, the district has begun electronically tracking and evaluating the progress each school is making toward their SIP objectives and intervenes when necessary.

Administrative and Instructional Technology

In our original report, the Osceola County School District was using 16 of the 20 administrative and instructional technology best practices. Our final report contained seven action plans designed to assist the district in meeting best practice standards by making improvements in technology planning, purchasing, and support.

Since August 2002, the district has fully implemented all seven action plans in this area, including developing criteria to evaluate software and defining outcome measures for all goals in the district technology plan, applying and evaluating the measures, reporting the results to the appropriate stakeholders, and revising the district's plan as needed. Also, the district has assessed the implementation of its process for evaluating technology initiatives at the school level, revising as necessary to ensure that the district's technology objectives are being met and that standardization policies are followed.

The district is using the results of its research to develop a strategy to better identify underutilized equipment and software so that they can be removed from inventory, thereby reducing storage costs and freeing up facility space. The district also has adopted a computer

replacement policy that will distribute technology resources more equitably across the district, reducing the costs of supporting older and/or out-of-warranty computers, and leveraging the district's purchasing power. In addition, it is expanding its technology plan to include a long-term initiative to upgrade the district's networking software and to monitor, evaluate, and modify the plan as needed. Finally, the district is implementing a system to identify and reduce high-cost locations of recurring technical problems.

Personnel Systems and Benefits

In our original report, the Osceola County School District was using 13 of 15 personnel systems and benefits best practices. Our final report contained one personnel action plan designed to assist the district in meeting best practice standards by further automating aspects of its application process and developing a more effective system for measuring performance and cost-efficiency of its human resource function.

Since August 2002, the district has fully implemented this action plan by developing an automated system for receiving, processing, and managing applications submitted by potential new instructional employees. In addition, the district has expanded the system to accept applications for administrative positions and is exploring the possibility of further expanding the system to accept applications for substitute teacher positions.

Use of Lottery Proceeds

In our original report, the Osceola County School District was using all five lottery best practices. Thus, our final report contained no action plans for the district to implement in this area.

Use of State and District Construction Funds

In our original report, the Osceola County School District was using three of the four best practices related to the use of construction funds. Our final report contained one action plan designed to assist the district in meeting best practice standards by expanding life cycle cost analyses of building systems and including them in its prototype design.

Since August 2002, the district has partially implemented this action plan by informally conducting life cycle cost analyses of building systems. The district has formalized the HVAC life cycle costing when making decisions regarding this system. To fully implement this action, the district should incorporate the results of the life cycle cost analyses of other systems—beyond just HVAC systems—in the design, construction, equipment selection, and furnishings into specifications for prototype design operational costs.

Facilities Construction

In our original report, the Osceola County School District was using 25 of the 32 best practices for facilities construction. Our final report contained 10 action plans to assist the district in meeting best practice standards by increasing the efficiency and effectiveness of its construction program.

Since August 2002, the district has fully implemented three action plans in this area, which related to obtaining public input on alternatives to new construction, committing the site selection process to writing, and assigning responsibility for site selection to a site selection committee.

The district is in the process of implementing the seven remaining action plans. For instance, it is holding meetings to develop the curriculum for a maintenance education program for principals, who ultimately are responsible for the condition and appearance of district schools. It is also conducting a study to determine the effect on schools of alternative strategies to new construction such as double sessions and year-round schools. Information from this study will be used by the newly formed Long Range Planning Committee which is responsible for evaluating alternatives to new construction. The committee has not yet been in existence long enough to have had a significant impact or made recommendations on alternatives.

In addition, the district has purchased new software to assist managers in evaluating all major building components and to store “as built” drawings of district facilities and has populated the database. The district is in the

process of formalizing its building orientation program and post-occupancy evaluations to ensure that users know how to use building systems and to continue to improve its future projects.

To fully implement the seven remaining action plans, the district should

- complete and analyze the results of its facilities audit;
- provide a course curriculum for training site-based managers in basic maintenance operations;
- document its growth management plan, which includes an analysis of alternatives to new construction;
- develop formal measures to evaluate the overall performance of the construction program;
- document its training program for building users and the specification document for construction projects; and
- document its post-occupancy building evaluation program.

Facilities Maintenance

In our original report, the Osceola County School District was using 21 of the 26 best practices for facilities maintenance. Our final report contained six action plans to assist the district in meeting best practice standards by developing a maintenance handbook of policies and procedures for employees, developing custodial standards and work performance standards for employees, creating a staffing formula for custodial and maintenance programs, and developing accountability measures to evaluate the overall performance of the maintenance department.

Since August 2002, the district has fully implemented three of the six action plans. For instance, it has revised its maintenance handbook and placed the handbook in a central location accessible to maintenance and site-based staff, as well as the public. The district has made strides in benchmarking maintenance tasks by comparing workers to their peers and

also utilizing national benchmarks for standard tasks.

The district has partially implemented the three remaining action plans. To fully address these action plans, the district should

- implement custodial standards districtwide and use these standards to hold principals accountable for the cleanliness of their schools;
- demonstrate how it uses performance data to hold custodial and maintenance employees accountable for their performance; and
- adopt a standardized custodial and maintenance staffing formula that can be measured against national or regional norms.

Student Transportation

In our original report, the Osceola County School District was using 16 of 20 best practices for student transportation. Our final report contained six action plans designed to assist the district in meeting best practice standards by increasing federal revenue to which it is entitled, developing a more effective system for measuring performance and cost-efficiency of its transportation function, and taking additional steps to reduce transportation costs.

Since August 2002, the district has fully implemented two of the six action plans. For instance, the district has begun billing for Medicaid for all qualifying student transportation trips for its exceptional students and, as a result, has collected \$16,718 in additional federal revenue between January 2003 and October 2004. In addition, the district implemented software that incorporates all areas of maintenance, including preventive maintenance, parts/labor, repairs, fuel, employees, tires, and scheduling and notification. This new software will assist the district in automating and better managing key aspects of its student transportation function.

The district has partially implemented the remaining four action plans. To fully address these action plans, the district should

- make improvements to clarify performance and cost expectations for its transportation function;

- develop written policies relating to bus replacement;
- reduce excess spare buses; and
- implement strategies to transport exceptional students more cost-efficiently.

Food Service Operations

In our original report, the Osceola County School District was using 9 of 17 best practices for food service. Our final report contained 15 action plans to assist the district in meeting best practice standards by developing a more effective system for measuring performance and cost-efficiency of its food service function, improving food service employee training, and developing a long-term equipment replacement plan.

Since August 2002, the district has fully implemented all 15 action plans in this area, including identifying program performance and fiscal goals, objectives, benchmarks and performance measures. The district also has developed mandatory introductory safety and sanitation training for food service employees, and it developed a schedule to review employee handbooks and procedures. The district is now regularly assessing services for outsourcing, and it has contracted with a temporary labor agency to eliminate staffing shortages. The district has documented program participation decisions and it has fully implemented the automated management software. The district also is now reviewing meal prices annually, assessing each school for free breakfast participation, paying for maintenance services that are directly attributable to food service work through a direct billing system, and has developed a long-range equipment replacement plan.

While the district has developed food service goals and related measures, both require some refinement to be of maximum use. We recommend that, in order to gather clear performance data for use in program assessment, goals not be combined but stated as individual measures of program performance. For example, one food service program goal is a reduction in program losses for both individual cafeteria sites and the program as a whole. Currently, this goal includes measures such as

meals per labor hour, meal participation levels, and overall fund balance. To clearly define and monitor program performance expectations, meals per labor hour, meal participation levels, and fund balance should each be stated as independent goals with specific target performance levels. Once these performance levels are defined, the food service director will be better able to assess and report on overall program performance. In addition to expanding the food service program goals, we recommend that the district re-examine some of the associated measures to ensure that they target measurable performance and cost outcomes and capture data needed to monitor program performance and cost. Finally, we recommend that the district periodically review food service program goals to ensure that they are linked to and support the achievement of overall district strategic goals.

Cost Control Systems

In our original report, the Osceola County School District was using 29 of 31 best practices for this area. Our final report contained two action plans to meet best practice standards by enhancing the district's operations and accountability for resources.

Since August 2002, the district has fully implemented our action plan dealing with inventory by analyzing the costs and benefits of contracting the storage and distribution of inventory supplies to private companies. The

district also has established procedures to compare district inventory levels with other school districts to minimize inventory levels.

In addition, it has fully implemented our action plan related to developing and implementing a risk assessment process. The district contracted for a risk assessment of operations and the analysis and recommendations were distributed to the appropriate district departments. As a result, the district has established a new position, coordinator of audit services, which will monitor and report on the status of corrective actions taken by district personnel to reduce key risks identified in the assessment, and will perform or direct the performance of future risks assessments.

Community Involvement

Because in our original report the Osceola County School District was using all 11 of the community involvement best practices, the final report contained no action plans for the district to implement in this area.

OPPAGA's Home Page Contains More Information

Additional information on the Best Financial Management Practice Reviews of school districts, is provided on the OPPAGA website, the *Florida Monitor*, at www.oppaga.state.fl.us/.

OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective 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). Cover photo by Mark Foley.

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