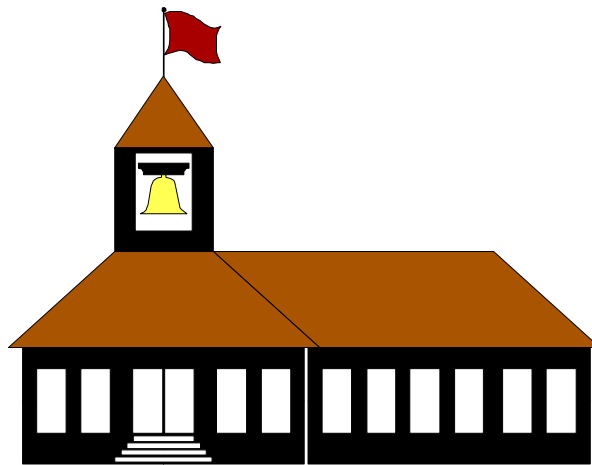


# Indicators for Florida School District Best Financial Management Practices



January 1998

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# Introduction to Indicators for Florida School District Best Financial Management Practices

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## **School Districts Undergoing Review May Increase Public Confidence, Save Money, and Improve Management**

The 1997 Legislature created the Best Financial Management Practices Review to help school districts that are experiencing rapid growth to meet the challenge of educating their students in a cost-efficient manner. School districts undergoing a Best Financial Management Practices Review, as provided in s. 230.23025, F.S., may improve school district management and use of resources, save money, and increase public confidence and support for districts that demonstrate good stewardship of public resources.

OPPAGA Report 97-08, published October 1997, presents the Best Financial Management Practices and describes the review process.

This report presents Indicators for the Best Financial Management Practices that OPPAGA and the Auditor General will use to determine whether school districts are using the best practices. This publication is organized into the following three chapters:

*Chapter 1 - Overview of the Best Financial Management Practices and the Review Process.*

*Chapter 2 - Identification of Indicators for the Best Financial Management Practices.*

*Chapter 3 - Indicators for each Best Financial Management Practice by Area.*

**OPPAGA's Home Page  
Contains More  
Information**



Additional information on the Florida School District Best Financial Management Practices is provided on the OPPAGA web site, "The Florida Monitor," at <http://www.oppaga.state.fl.us/>. This site contains the Best Financial Management Practices adopted by the Commissioner of Education and Indicators developed by OPPAGA and the Auditor General. The site will be updated and expanded to provide more information on the Best Financial Management Practices Reviews, to answer questions, and to help school districts decide whether to undergo review.

# Chapter 1:

# Overview of the Best Financial Management Practices and Review Process

## OPPAGA and the Auditor General Have Developed a Comprehensive System of Best Practices for School Districts



OPPAGA and the Auditor General developed a comprehensive system of Best Financial Management Practices for Florida school districts which the Commissioner of Education adopted on September 4, 1997. These best practices cover efficient use of resources, compliance with generally accepted accounting principles, performance accountability, and cost control for ten specific school district managerial and operational areas. (See Exhibit 1.)

### Exhibit 1

#### Best Financial Management Practices Have Been Developed For Ten Critical Areas of School District Operations

1. Management Structures
2. Performance Accountability System
3. Personnel Systems and Benefits
4. Use of Lottery Proceeds
5. Use of State and District Construction Funds
6. Facilities Construction
7. Facilities Maintenance
8. Student Transportation
9. Food Service Operations
10. Cost Control Areas:
  - *Internal Auditing*
  - *Financial Auditing*
  - *Asset Management*
  - *Risk Management*
  - *Financial Management*
  - *Purchasing*
  - *Information System*

Source: Florida Statutes and the Office of Program Policy Analysis and Government Accountability.

**OPPAGA and the Auditor General Will Conduct Best Financial Management Practice Reviews**

OPPAGA and the Auditor General will jointly conduct Best Financial Management Practice Reviews. A school district with a unanimous vote of its board members may request a review. The district must contribute 50% of the review cost for a complete review, or 75% for a component (partial) review. The estimated maximum cost to a school district for a complete review is based on a district’s student enrollment. OPPAGA will prioritize districts that apply for a review based on growth rate and demonstrated need for review.

**Districts Using Best Practices Will Receive a Seal from the State Board of Education**



OPPAGA will issue a report that indicates whether the district is using best practices and identifies potential cost savings. Districts found using these best practices, in a complete review, will be awarded a “Best Financial Management Practices” seal by the State Board of Education. OPPAGA will develop an action plan for districts found not using these best practices, detailing how the district could meet the best practices within two years. District school boards must vote on whether to institute this action plan. After the district implements the action plan and meets the Best Financial Management Practices, OPPAGA will recommend to the State Board of Education that the district receive a “Seal of Best Financial Management.”

A more detailed description of the review process is presented in OPPAGA report 97-08, published October 1997, and The Best Financial Management Practice Review: Guide for Florida School Districts, published in December 1997.

# Chapter 2: Indicators for the Best Financial Management Practices

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## **In Consultation With Stakeholders OPPAGA and the Auditor General Developed an Extensive Set of Indicators to Assess Whether Districts Are Using Best Practices**



To examine school district operations, OPPAGA and the Auditor General developed indicators for the Best Financial Management Practices. Using these Indicators, OPPAGA and the Auditor General will jointly assess whether school districts are using the Best Financial Management Practices adopted by the Commissioner of Education. School Districts may use the Indicators independently to assess whether they are using the best practices and to improve their own operations.

To develop the Indicators, we reviewed best practices from other states professional literature and consulted with stakeholders such as experts in school financing, school district staff, professional organizations, and staff within the Department of Education. OPPAGA and the Auditor General will continue to develop indicators over time. 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? and
- ? 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 2 presents specific examples of indicators for selected Best Financial Management Practices.

## Exhibit 2

### Examples of Indicators for Selected Best Financial Management Practices

- \$ Best Practice:** The district periodically evaluates the prices it pays for goods and services and, when appropriate, uses state-negotiated contracts, competitive bidding, outsourcing, or other alternatives to reduce costs.
- ✓ **Indicator:** The district can demonstrate that it periodically evaluates the cost efficiency of goods and services to (1) explore the feasibility of using outside contracts or privatization and/or (2) identify effective alternatives.
  - ✓ **Indicator:** The district can demonstrate that it evaluates the contracted and/or privatized services to verify cost effectiveness and cost savings.
  - ✓ **Indicator:** The district can demonstrate that it periodically evaluates the cost savings associated with contracting or joining associations of other government agencies to perform functions of the district.
  - ✓ **Indicator:** The district can demonstrate that the prices it pays for major expenditures are reasonable.
- \$ Best Practice:** The district annually evaluates and reports the extent to which lottery fund expenditures have enhanced student education.
- ✓ **Indicator:** Annually, within 60 days of the end of the fiscal year, the district submits a report to the state Department of Education showing the actual expenditure of all enhancement funds.
  - ✓ **Indicator:** The district has a process to ensure that schools evaluate the specific benefits of projects implemented with lottery funds and the extent to which lottery fund expenditures enhanced student education.
  - ✓ **Indicator:** The district can demonstrate that on a quarterly basis it makes available to the public and distributes, in an easy to understand format, the use of lottery funds allocated to the school district.
- \$ Best Practice:** The district has established cost-comparison benchmarks based on standards from similar districts and other organizations, taking district conditions into consideration.
- ✓ **Indicator:** The district has identified districts that are comparable in terms of the conditions that most affect student transportation costs, such as district size, demographics, and school characteristics.
  - ✓ **Indicator:** The district has developed useful cost-comparison benchmarks based on appropriate standards from similar districts.
  - ✓ **Indicator:** The district has identified exemplary districts, and public and private sector organizations to obtain data for making cost-comparisons, where appropriate.

Source: The Office of Program Policy Analysis and Government Accountability.

# Chapter 3: Indicators by Best Financial Management Practice Area

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This chapter provides a complete listing of the Indicators for each Best Financial Management Practice. Below is a page reference list that categorizes the best practices and indicators into Managerial and Operational and Cost Control areas.

## Managerial and Operational Areas:

A. Management Structures.....	6
B. Performance Accountability System.....	9
C. Personnel Systems and Benefits.....	11
D. Use of Lottery Proceeds.....	13
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## Cost Control Systems:

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# Best Financial Management Practices

## MANAGEMENT STRUCTURES

### A. The district's organizational structure and staffing levels ensure that programs operate efficiently and effectively.

#### 1. The district's organizational structure has clearly defined units and lines of authority. These are reflected in the district's organizational charts and job descriptions which are reviewed periodically and updated as necessary.

- a. Central administrator positions are reflected in the district's organization chart and have clearly described written job descriptions that are reviewed and updated as necessary.
- b. The district's organizational structure is clearly depicted in its organizational chart with clearly defined units and lines of authority.
- c. Each district procedures manual is up-to-date, in writing, and circulated throughout the district to appropriate staff.

#### 2. The district periodically reviews its organizational structure and staffing levels to minimize administrative layers and processes.

- a. The district can demonstrate that it periodically reviews its organizational structure and staffing levels to minimize administrative layers and processes.
- b. In conducting this review, the district uses staff feedback.
- c. The review includes a comparison of the district and/or school's staffing levels to comparable districts using appropriate measures that may include classroom teachers per administrator, instructional personnel per administrator, total staff per administrator, total administrators per 1,000 students, and district-level administrators per 1,000 students.
- d. The district can demonstrate that it has appropriate structure and staffing based on applicable benchmarks.
- e. The district reports its organizational structure and administrative staffing review findings in writing and distributes these findings to School Board members.
- f. The district implements changes to its organizational structure and staffing levels and processes when necessary.

#### 3. The Board members exercise appropriate oversight of the district's financial resources.

- a. The School Board has established a procedure to identify items with significant financial considerations that should be reviewed by the Board.
- b. School Board members have directed staff regarding the information and materials they need to understand and consider issues with significant financial implications. This may include relevant background materials, trends, and performance measures.
- c. The School Board has established a procedure to review significant financial resource issues identified in internal audits, external audits, management evaluations, and performance reviews.
- d. School Board members receive training that includes oversight of district financial resources.
- e. In considering issues with significant financial implications and proposed budgets, the School Board solicits feedback from the public, district and school administrators, and teachers.
- f. The district can demonstrate that it has delineated the responsibilities of the School Board and superintendent in writing.

#### 4. The district has clearly assigned authority to school administrators for the effective and efficient supervision of instruction, instructional support, and other assigned responsibilities, including consideration of site-based decision-making and other organizational alternatives.

- a. The district can demonstrate that it has clearly communicated, in writing, assigned authority to school administrators.
- b. The district can demonstrate, at a minimum, the authority administrators have for supervision of instruction, instructional support, and site-based decision-making is clearly defined.
- c. The district can demonstrate that it assesses the authority assigned to school administrators, including consideration of organizational alternatives, to ascertain whether these administrators have the appropriate and necessary authority to achieve the school, district, and state education goals.

## Best Financial Management Practices

### **MANAGEMENT STRUCTURES (Continued)**

#### **B. The district makes decisions and allocates resources in a manner that ensures the quality of education and minimizes administrative and other costs.**

- 1. The district has a multiyear strategic plan with annual goals and measurable objectives based on identified needs, projected enrollment, and revenues.**
  - a. The school district has developed a written multiyear strategic plan (which includes priorities, goals, objectives, and strategies) to provide vision and direction for the district's effort. The plan links state and district education goals, including student performance goals.
  - b. The district has established goals for at least three years into the future with annual measurable objectives.
  - c. The annual goals and measurable objectives are based on identified needs, projected enrollment, and revenues.
  - d. Strategies to achieve established goals and objectives are documented in the planning process.
- 2. The district has a system to accurately project enrollment.**
  - a. The district periodically conducts a districtwide demographic study to identify current and potential future growth in the district.
  - b. The current demographic study was performed within the past five years by district staff or outside professionals.
  - c. The district uses enrollment projections based on student data provided by the Department of Education.
- 3. The district regularly assesses its progress toward its strategic goals and objectives.**
  - a. The district regularly assesses its progress toward its strategic goals and objectives.
  - b. The results of the assessment are provided to district administrators and School Board members and used to revise objectives and strategies as needed to achieve district goals.
- 4. The district has an ongoing system of financial planning and budgeting linked to achievement of district goals and objectives, including student performance.**
  - a. The district can demonstrate that its system of financial planning and budgeting is linked to its goals and objectives, including student performance.
  - b. The district can demonstrate that it assesses performance on meeting its goals and objectives and that adjustments are made to the district's system of financial planning and budgeting when warranted to meet the districts goals.
- 5. The district's management information systems provide data needed by management and instructional personnel in a reliable, timely, and cost-efficient manner.**
  - a. The district's strategic plan reflects its short- and long-term management information system needs.
  - b. The district can demonstrate that it periodically evaluates its use of technology to improve the efficiency of its management information systems.
  - c. The district can demonstrate that its management information system provides data identified and requested by management and instructional personnel in a reliable, timely, and cost-efficient manner.
  - d. The district can demonstrate that its management information system contains performance measure data that is routinely collected and is compiled and reported in a way it can be used by district administrators, school administrators and teachers to assess program performance and results.
  - e. The district can demonstrate that district and school administrators and teachers use data produced from its management information system to evaluate and improve program management and results.
  - f. The district can demonstrate that it has internal controls or procedures in place to test the reliability of the data that is collected and that these procedures are used to correct identified data errors or problems.
  - g. The district can demonstrate that the reliability of its data has been verified internally and externally.

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

## Best Financial Management Practices

### **MANAGEMENT STRUCTURES (Continued)**

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

- 6. The district periodically evaluates operations and implements actions to improve the quality of education and reduce administrative and other costs.**
  - a. The district can demonstrate that it periodically evaluates its operation to improve the quality of education and reduce administrative and other costs.
  - b. The district can demonstrate that its evaluation includes a review of the extent and effects of assigning teachers to non-teaching duties.
  - c. The district can demonstrate that it uses multiple sources of data and data generated over time to evaluate its operations.
  - d. The district can demonstrate that it generally uses evaluation results to improve the quality of education and reduce costs, when appropriate.
  - e. The district has implemented a formal procedure to encourage district staff to recommend actions that result in cost savings. The district maintains records of cost saving initiatives implemented as a result of this program and also maintains a record of recommendations not implemented with rationales for the decision.
- 7. The district considers local options to increase revenue.**
  - a. The district has written procedures for obtaining information about new or better funding opportunities from state and federal sources.
  - b. The district can demonstrate the actions it has taken to consider various local options to increase revenues, e.g., half-cent sales tax, bonds underwritten by voted millage – property taxes.
  - c. The district can demonstrate actions it has taken to obtain state and federal grants and other alternative funding.
- 8. The district uses cost-efficient legal services to review policy and reduce the risk of lawsuits.**
  - a. The School Board has an attorney (either in-house or on retainer through contract) with the primary responsibility of advising the School Board, reviewing policy, and reducing the risk of lawsuits.
  - b. If the district has in-house counsel, it uses an organized evaluation process to determine under what circumstances outside counsel should be used and this process includes consideration of cost-effectiveness.
  - c. The district can demonstrate that it has established a system to review legal costs to determine whether it is more cost-efficient and practical to have a staff attorney or to contract out for legal services on an as-needed basis.
  - d. The district can demonstrate that the School Board’s agenda and meeting materials are provided to its legal counsel in a timely manner.
- 9. The district periodically evaluates the prices it pays for goods and services and, when appropriate, uses state-negotiated contracts, competitive bidding, outsourcing, or other alternatives to reduce costs.**
  - a. The district can demonstrate that it periodically evaluates the cost-efficiency of goods and services to (1) explore the feasibility of using outside contracts or privatization and/or (2) identify effective alternatives.
  - b. The district can demonstrate that it evaluates the contracted and/or privatized services to verify effectiveness and cost savings.
  - c. The district can demonstrate that it periodically evaluates the cost savings associated with contracting with or joining associations of other government agencies to perform functions of the district.
  - d. The district can demonstrate that the prices it pays for major expenditures are reasonable.

# Best Financial Management Practices

## PERFORMANCE ACCOUNTABILITY SYSTEM

### A. The district is accountable to parents and other taxpayers for its performance and efficiency and effectiveness in providing services.

#### 1. The district has clearly stated goals and measurable objectives for its major educational and operational programs. These major programs are:

- Operational:** Facilities Construction, Facilities Maintenance, Personnel, Asset and Risk Management, Financial Management, Purchasing, Transportation, Food Services, and Safety and Security.
  - Educational Programs:** Basic Education (K-3, 4-8, 9-12), Exceptional Student Education (Support Levels 1-5), Vocational, At-Risk (Dropout Prevention, Educational Alternatives, English for Speakers of Other Languages).
- a. The district can demonstrate that it has clearly stated goals and measurable objectives for these programs.
  - b. Program goals reflect the intent (purpose) of the program.
  - c. Program objectives are consistent with the program's goals.
  - d. Program objectives address the major aspects of the program's purpose and expenditures.
  - e. The district can demonstrate that it measures progress toward meeting these program goals and objectives.

#### 2. The district uses appropriate performance and cost-efficiency measures to evaluate its major educational and operational programs and uses these in management decision-making.

- a. The district has established appropriate performance and cost-efficiency measures that are not cumbersome to use, expensive to implement, or difficult for the public to understand but are related to the activities of the program.
- b. The performance measures for each program include linked input, output, and outcome measures.
- c. Measures link program performance to program costs.
- d. The district uses these measures to evaluate its major programs.
- e. The district tracks performance measures to determine when program activities should be reviewed to reduce costs.
- f. District management can demonstrate that it uses these performance and cost-efficiency measures as a part of its decision-making process.

#### 3. The district has set performance and cost-efficiency benchmarks for its major educational and operational programs that may include appropriate standards from comparable school districts, government agencies, and private industry.

- a. The district has established performance and cost-efficiency benchmarks for its major programs.
- b. Benchmarks are based on each program's performance and cost-efficiency measures.
- c. When appropriate, the district can demonstrate that it uses comparable school districts, government agencies and private industry to develop performance and cost-efficiency benchmarks.

#### 4. The district regularly evaluates the performance and cost of its major educational and operational programs and analyzes potential cost savings of alternatives, such as outside contracting and privatization.

- a. The district can demonstrate that it evaluates the performance of its major educational and operational programs based on appropriate measures and benchmarks.
- b. The district can demonstrate that it conducts a cost benefit analysis of its major educational and operational programs.
- c. The district can demonstrate that it evaluates the potential of alternative service delivery methods to save costs. The alternative service delivery method may include contracting out specific tasks or privatizing entire service delivery areas.

Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)

## Best Financial Management Practices

### ***PERFORMANCE ACCOUNTABILITY SYSTEM (Continued)***

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

- 5. District management regularly reviews and uses evaluation results to improve the performance and cost efficiency of its major educational and operational programs.**
  - a. The district can demonstrate that a process is in place to provide School Board members and administrators with information on the performance of its major educational and operational programs.
  - b. The district can demonstrate specifically how it uses evaluation results to improve program performance and cost-efficiency.
- 6. The district reports on the performance and cost efficiency of its major educational and operational programs to ensure accountability to parents and other taxpayers.**
  - a. The district can demonstrate that it publicly reports on the performance and cost-efficiency of its major educational and operational programs.
  - b. The district can demonstrate that it reports this information to school advisory councils, parents, and other taxpayers.
  - c. The district has established a mechanism to receive feedback from parents and other taxpayers as an avenue of accountability.
- 7. The district ensures that school improvement plans effectively translate identified needs into activities with measurable objectives.**
  - a. The district has a process in place to ensure that school improvement plans are based on school needs and contain measurable objectives and implementation strategies.
  - b. District schools have developed school improvement plans based on their identified needs.
  - c. District school improvement plans generally contain measurable objectives.
  - d. District school improvement plans contain clear implementation strategies.
- 8. The district has established and implemented strategies to continually assess the reliability of its data.**
  - a. The district identifies and corrects data errors or problems using internal controls and procedures to test the reliability of the data that is collected, including:
    - 1) Edit checks to determine if the data entered matches the accepted or expected values of the data element;
    - 2) Edit checks to determine if an inappropriate relationship exists between data elements;
    - 3) Edit checks to identify data that may or may not be inaccurate but need further checking; and
    - 4) Verification procedures that compare original information to that entered into the system (data accuracy).
  - b. The district has implemented recommendations made by the Auditor General in regard to data accuracy and reporting.
  - c. The district can demonstrate that the data it submits to the Department of Education is generally accurate.
  - d. The district can demonstrate that it uses appropriate reports to verify its data.
  - e. The district can demonstrate that it uses computer software that checks the appropriateness of the data entered.
  - f. The district uses a data verification process that includes school staff reviewing data before it is submitted to the Department of Education.
  - g. The district can demonstrate that it uses the data submitted to the Department to manage its educational and operational programs.

# Best Financial Management Practices

## ***PERSONNEL SYSTEMS AND BENEFITS***

### **A. The district recruits, hires, trains, and retains qualified staff to maximize productivity and minimize personnel costs.**

#### **1. The district recruits and hires qualified personnel.**

- a. The district has procedures in place to ensure that it recruits and hires qualified personnel.
- b. The district can demonstrate that position descriptions are up-to-date and accurately identify the knowledge, skills, and competency levels required for each position.
- c. The district can demonstrate that it uses an employment application that provides detailed information (e.g. position to be filled, qualifications, and compensation) and meets legal requirements.
- d. The district can demonstrate that employment procedures are conducted in a manner that assures equal opportunities regardless of age, race, color, religion, sex, and national origin.
- e. The district can demonstrate that it hires fully qualified staff.
- f. The district can demonstrate that it conducts background checks of personnel, as appropriate, to ensure the safety of students.

#### **2. The district bases employee compensation on the market value of services provided.**

- a. The district can demonstrate that it documents in writing employee wages, salaries, and fringe benefits based on job descriptions.
- b. The district can demonstrate that it bases compensation on the market value of similar positions in comparable school districts and, where appropriate, to the private sector. Compensation takes into consideration criteria such as position, years of experience, education level, district cost of living, skills and knowledge, authority, etc.
- c. Adjustments to salary schedules and overall annual salary budgets are determined by district cost of living indices, the relationship of actual versus market averages, and available funding.

#### **3. The district uses a comprehensive staff development program to increase productivity.**

- a. Orientation programs for new employees include information on applicable procedures, physical facilities, performance expectations, training and career opportunities, and federal and state program requirements.
- b. The district can demonstrate that it plans training programs based on needs identified through personnel evaluations and input from employees and their supervisors.
- c. The district can demonstrate that it uses a comprehensive staff development program to train its district employees and that it maintains in-service records each staff member.
- d. The district can demonstrate that it has established clear objectives for district-provided training programs and these objectives relate to improved productivity.
- e. The district can demonstrate that it provides opportunities for employees to attend professional workshops and training activities. The district can demonstrate that related expenditures are justified in writing to demonstrate benefits to the district and relatedness to improving student learning.
- f. The district has procedures to evaluate in-service activities and these include whether long-term training objectives are met.

#### **4. The district communicates personnel expectations to each employee and elicits feedback for improvement.**

- a. The district can demonstrate that it provides written personnel expectations to all staff.
- b. The district can demonstrate that it provides personnel an employee handbook which includes employee rights and responsibilities, fringe benefits, general working requirements (work days, leave requirements, holidays, etc.), personnel evaluations, grievance procedures, and compensation policies.

#### **5. The district formally evaluates employees to improve performance and productivity.**

- a. The district has established written procedures for evaluating the performance of staff.
- b. The district can demonstrate that it provides training to persons conducting personnel evaluations to ensure they evaluate personnel properly.

## Best Financial Management Practices

### ***PERSONNEL SYSTEMS AND BENEFITS (Continued)***

- c. The district can demonstrate that performance evaluations relate to the responsibilities identified in job descriptions, and use a standard set of performance measures and standards that relate to the position. For instructional personnel and school administrators, performance measures and standards relate to student outcomes.
- d. The district can demonstrate that immediate supervisors complete performance evaluations at least once a year.
- e. The district can demonstrate that suggestions for improvement are provided in writing to employees as part of the evaluation process.
- f. An employee disciplinary procedure is defined in writing, and provides for due process. Disciplinary actions are documented.
- g. The district can demonstrate that it terminates poorly performing teachers and school administrators.

#### **6. The district periodically evaluates its personnel practices and adjusts these practices as needed.**

- a. The district can demonstrate that it evaluates the efficiency and effectiveness of its personnel practices.
- b. The district can demonstrate that it makes improvements as a result of this evaluation, as needed.
- c. The district can demonstrate that the ethnicity of its staff compares to that of students and the community.
- d. The district can demonstrate that each member of the instructional staff is properly certified or licensed and school administrators have met appropriate requirements.
- e. The district can demonstrate that it is similar to comparable school districts and, when appropriate, other government agencies and private industry in terms of absenteeism and turnover rates.

#### **7. The district properly and efficiently maintains personnel records.**

- a. The district can demonstrate that it maintains personnel records in accordance with statutes and regulations.
- b. The district has an automated record-keeping system and microfilms and archives records to ensure efficient use of space and staff time.
- c. The district can demonstrate that it updates personnel records in a timely manner.

#### **8. The district uses cost-containment practices for its Worker Compensation Program.**

- a. The district can demonstrate that it reviews its Worker's Compensation Program to evaluate worker's compensation claims and expenses.
- b. The district can demonstrate that it uses the results of these evaluations to reduce worker's compensation claims and expenses, as practical.
- c. The district can demonstrate that it is similar to comparable school districts and, when appropriate, applicable government and private industry standards in terms of worker's compensation expenses.

#### **9. The district regularly evaluates employee salaries and benefits, using appropriate benchmarks that include standards derived from comparable school districts, government agencies, and private industry.**

- a. The district can demonstrate that it regularly evaluates employee salaries and benefits, using appropriate benchmarks that include standards derived from comparable school districts, government agencies, and private industry.
- b. The district conducts reviews of similar positions for internal equity, when appropriate.
- c. The district can demonstrate that wages are consistent with the market value of similar positions in comparable school districts and, where appropriate, in government agencies and private industry. These comparisons take into consideration position, years of experience, education level, district cost of living, skills and knowledge, authority, etc.
- d. The district can demonstrate that employee benefits are appropriate and consistent with comparable school districts and, where appropriate, to government agencies and private industry.

# Best Financial Management Practices

## USE OF LOTTERY PROCEEDS

### A. The district uses lottery funds to enhance educational programs.

#### 1. The district has defined “enhancement.”

- a. The district can demonstrate that, prior to expending Educational Enhancement Funds, it has defined “enhancement.”
- b. The district can demonstrate that it obtained input from stakeholders such as school advisory council members, parents, and other district taxpayers, in developing its definition of enhancement.
- c. The district has identified the types of expenditures that meet its definition of enhancement.
- d. The district provides to the Department of Education a copy of all procedures that relate to the use of Educational Enhancement Funds.

#### 2. The district uses lottery money consistent with its definition of enhancement.

- a. The district can demonstrate that its expenditures of lottery funds are consistent with its definition of “enhancement.”
- b. The district can demonstrate that a portion of the lottery funds provided to each school is used for implementing the school's improvement plan.
- c. The district has established procedures to ensure that school board members and appropriate district administrators are aware of how schools use lottery enhancement funds.

#### 3. The district allocates lottery funds to school advisory councils as required by law.

- a. The district can demonstrate that each school in the district has an approved school improvement plan pursuant to s. 230.23(18), F.S.
- b. The district can demonstrate that the school board allocates at least \$10 per unweighted FTE student to be used at the discretion of the school advisory council (or in absence of a SAC, at the discretion of staff and parents at the school).
- c. The district has provided information to SAC members regarding the legal expenditure of lottery funds.

#### 4. The district accounts for the use of lottery money in an acceptable manner.

- a. The school district has a unique funding source code to account for the receipt and expenditure of all Educational Enhancement Funds.
- b. The district can account for the receipt and expenditure of all Educational Enhancement Funds.

#### 5. The district annually evaluates and reports the extent to which lottery fund expenditures have enhanced student education.

- a. Annually, within 60 days of the end of the fiscal year, the district submits a report to the state Department of Education showing the actual expenditure of all enhancement funds.
- b. The district has a process to ensure that schools evaluate the specific benefits of projects implemented with lottery funds and the extent to which lottery fund expenditures enhanced student education.
- c. The district can demonstrate that on a quarterly basis it makes available to the public and distributes, in an easy to understand format, the use of lottery funds allocated to the school district.

## USE OF STATE AND DISTRICT CONSTRUCTION FUNDS

### A. The district uses state and local educational facilities construction funds to meet its construction and renovation priorities in a cost-effective manner.

#### 1. The district approves use of construction funds only after determining that the project(s) are cost efficient (in comparison with other feasible alternatives) and in compliance with the designated purpose of the funds.

- a. Prior to considering the use of construction funds, the district routinely prepares an analysis of alternatives, including estimates of cost and other appropriate considerations. This analysis is considered during Board deliberations and is available to the public along with relevant supporting material. Among the alternatives considered are the following:



## Best Financial Management Practices

### ***USE OF STATE AND DISTRICT CONSTRUCTION FUNDS (Continued)***

- 1) Revising the timing of the school day and school year to include extended-day schedules and year-round schools.
  - 2) Changes in how existing facilities could be used more efficiently to include revising grade-level configuration and making changes in attendance boundaries.
  - 3) Using relocateable facilities (portable classrooms) to help smooth out the impact of peaks and valleys in projected future student enrollment.
- b. Approved uses of construction funds have been determined by the district's finance director to be in compliance with the designated purpose of the funds.

**2. The district uses capital outlay funds for facilities construction projects and uses operational funds for facilities maintenance and operations. If the district does not implement this practice, it demonstrates that there are no unmet facilities needs.**

- a. District procedures require that educational facilities construction funds be used only for new construction or for renovation, remodeling, or upgrading existing facilities whenever the district has unmet facilities needs.
- b. The district does not use capital outlay funds for operational purposes (i.e., not used for maintenance or operations) unless it can demonstrate that the district has no unmet facilities needs unless the use of such funds for operations has been approved by the Legislature.
- c. The district's educational facilities construction funds are expended only for capital outlay projects that have been approved by the district School Board.
- d. The district uses the DOE growth projections, the survey process, the Florida Inventory of School Houses (FISH), and any formula developed by the Legislature based on recommendations of the Governor's Commission on Education, to determine whether facilities needs are met.

**3. When designing and constructing new educational facilities, the district incorporates factors to minimize the maintenance and operations requirements of the new facility.**

- a. The district has identified factors based on acceptable industry standards, the district's established maintenance standards, and the district's analysis of maintenance and operations costs that are reasonably related to the maintenance and operations costs of new facilities.
- b. These factors are used when designing and constructing new facilities to minimize maintenance and operations costs.
- c. These factors are used in selecting equipment and furnishings for new facilities to minimize maintenance and operations costs.
- d. The district regularly assesses and revises those factors to ensure it minimizes maintenance and operations costs based on appropriate standards from comparable school districts, government agencies, and private industry.

**4. The district uses, accounts for, and reports the use of educational facilities construction funds in a proper manner.**

- a. Prior to expending educational facilities construction funds, the district establish policies and procedures that define "educational facilities construction" and identify the types of expenditures that are consistent with that definition, and consistent with law and rule.
- b. District expenditures of educational facilities construction funds are consistent with the district's established policies and procedures that define "educational facilities construction funds."
- c. The school district has a unique funding source code to account for receipt and expenditure of all educational facilities construction funds.
- d. The district has adopted policies and procedures that relate to the use of educational facilities construction funds.
- e. The district submits an annual report to the Department of Education showing expenditures of all educational facilities construction funds.

# Best Financial Management Practices

## ***FACILITIES CONSTRUCTION***

### **A. The district has a framework for long-range facilities planning to meet the needs of the district in a cost-efficient manner.**

#### **1. The district has established authority and assigned responsibilities for educational facilities planning.**

- a. Written procedures exist establishing authority and responsibilities for facilities planning. These guidelines include responsibilities of the Board as well as district staff.
- b. The district periodically reviews those procedures to ensure that non-essential procedures are removed; that the guidelines provide for delegation of decision-making authority; and that the guidelines are current with federal law, state statutes, and rules of the State Board of Education.

#### **2. The district has allocated adequate resources to develop and implement a realistic long-range master plan for educational facilities.**

- a. The district has used staff time and fiscal resources to develop a long-range master plan that is accurate with regard to the requirements of Florida law for educational facilities. For example:
  - 1) The district's data in the FISH are accurate and up-to-date.
  - 2) The district is using all available building capacity to the fullest extent.
  - 3) Attendance boundaries have been changed to achieve full utilization of existing school plant capacity.
  - 4) The long-range plan addresses projected "peaks" and "valleys" in school enrollment.
  - 5) The facilities lists use square footage allocations identified in the "State Requirement of Educational Facilities" where required by the Legislature.
  - 6) Projects that include student instructional capacity are given higher priorities than administrative or support projects.
  - 7) All projects are given estimated budgets and the items within each program's budget are prioritized in the event that the estimated budget will not be adequate for the stated program.
  - 8) The plan has been reviewed with local government relevant to proposed new sites, new schools, projected growth, land use, projected infrastructure requirements, etc.
  - 9) The renovation and repair needs of aging facilities have been identified in the plan.
  - 10) The district can demonstrate that new school campuses and proposed sites have been planned by an architect and the district's facilities planner to accommodate siting of portables or expansion of permanent facilities.
- b. The plan is accurate and addresses the requirements of Florida law for the use of construction funds.
  - 1) Proposed funds are assigned to projects as allowed by law and rule.
  - 2) Estimates of available funding are based on state averages with inflation factors.
- c. All available capital sources are being applied towards achievement of the long-range plan, and limited use capital funds are not being diverted to other lesser priority allowable uses.
  - 1) The district facilities director provides the Board and the public a full, detailed accounting of the use of all capital funds each year (contracted services, day labor, purchase orders, others).
  - 2) The board has deleted items from the list of previous-year expenditures that do not relate to facilities improvements.
- d. The long-range plan has realistic time frames for implementation.
  - 1) The tasks for achievement of all phases of each project have been incorporated including site purchases, board actions, interface with local and state entities, contingencies for weather delays, etc.

# Best Financial Management Practices

## ***FACILITIES CONSTRUCTION (Continued)***

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

- 2) The plan “times” the projects to available construction market capacities and maximizes potential best bid (pricing) opportunities.
- 3) The district has met its planned time frames. When time frames were not met the district revised its time frames accordingly and identified why the time frames were not met, with updates provided to the Board and public.
- e. The plan contains an accountability component that provides assurance to the board and to the public that the projects addressed in the plan will be implemented at the proposed budget levels within the time frame outlined.
  - 1) There are quarterly reporting systems required that contain status, schedule, task/time assessments, budget update, program update, potential problems, and critical issues.
  - 2) The board has delegated adequate decision-making authority and holds the long-range plan manager accountable to resolve issues in a timely manner and keep the master plan on time and within budget.

### **3. The District has established a standing committee that includes a broad base of school district and community stakeholders.**

- a. There is a facilities planning committee that is broadly representative of the community, and members are free from conflict of interest.
- b. The committee’s role has been established in writing. District goals, procedures, and processes, as well as project responsibilities, have been explained to the committee, and members understand their role in the process.
- c. The Board has established the committee’s goal and interim reporting targets.
- d. There is a mechanism for documenting decisions of the committee and for submitting recommendations to the School Board.
- e. The committee addresses future business needs and the resulting future educational program needs.
- f. The committee addresses alternative program solutions and the feasibility of each.
- g. There is a mechanism by which the planning committee is reconvened periodically to review the status of work on the long-range plan for the previous year, to consider any changing parameters, and to make recommendations to the School Board for adjustments to the long-range plan.

### **4. The district has assigned one person with the authority to keep facilities construction projects within budget.**

- a. The district has established the credentials and construction-related experience required for the individual responsible for implementation of the long-range plan.
- b. The district has assigned this authority to an individual on staff who has the required credentials, or has either established a job description for such a person and advertised to fill that position or has advertised for appropriate professional consultations.
- c. This position is held accountable for keeping facilities construction projects within budget.

### **5. The district has assigned budget oversight of each project or group of projects to a single project manager.**

- a. The district has established the credentials and construction-related experience required for the individual responsible for oversight of each project or group of projects.
- b. The district has assigned this responsibility to an individual on staff who meets the criteria and has the required project management experience and has no conflict of interest.
- c. Each project manager reports directly to the individual responsible for implementing the long-range plan.

## Best Financial Management Practices

### ***FACILITIES CONSTRUCTION (Continued)***

#### **B. The district balances facility needs, costs, and financing methods through a capital planning budget.**

##### **1. The district uses a capital planning budget based on comprehensive data collected in early stages of the master plan.**

- a. The district can demonstrate that a capital planning budget was prepared.
- b. The district can demonstrate that preparation of the capital planning budget was based on a critical assessment of demographics and projected enrollment; the adequacy of existing facilities to house students based on current and projected enrollments; alternatives to new construction; educational program requirements; facility needs projected on a yearly basis over the next five years; costs associated with planned improvements and/or alternatives; and sources and availability of state and local income.
- c. The district can demonstrate that, if local bond referendum proceeds were used to finance certain projects, the scopes of these projects were spelled out in the bond resolution and advertisement for the referendum.
- d. The district can demonstrate that, if local sales-surtax revenue was used to finance certain projects, the scopes of these projects were spelled out in the sales-surtax referendum resolution advertisement.

##### **2. In developing the capital planning budget, the district considers innovative methods for funding and financing construction projects.**

- a. The district considers innovative, non-traditional methods for funding and financing construction projects when developing its capital planning budget.
- b. The district has evaluated the financial impact on current and future capital budgets.
- c. The district has assessed each proposed project, eliminated non-essential programs, evaluated the size of spaces, and building proposals for frugal construction.

##### **3. The capital planning budget accurately lists facilities needs, costs, and recommends methods of financing for each year of a five-year period.**

- a. The capital budget lists accurate facility needs such as: site purchase, new construction, remodeling, renovation, site improvement, and deferred maintenance.
- b. The budget itemizes the cost of needed facilities.
- c. The School Board establishes a total “not-to-exceed” project amount, including change orders, for each new project prior to the beginning of the initial planning phase.
- d. The School Board establishes a total “not-to-exceed” cost-per-square-foot contract amount for each new project prior to the beginning of the initial planning phase.
- e. The budget identifies sources of funds to cover listed expenses.
- f. The budget sets priorities and delineates step-by-step implementation procedures for project funding in accordance with the master plan.

#### **C. The district uses a proactive system to select and economically acquire proper school sites in a timely manner.**

##### **1. The district brings school site selection well in advance of expected need with the establishment of a broadly representative site selection committee.**

- a. District procedures require that a site selection committee review potential sites and recommend sites to the Board in priority order.
- b. The district can demonstrate that a site selection committee assisted in site selection.

## Best Financial Management Practices

### ***FACILITIES CONSTRUCTION (Continued)***

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

- c. The district can demonstrate that the committee began its work at least one year before planned site acquisition.
- d. The district can demonstrate that site acquisition was planned to occur prior to the projected need.
- e. The district can demonstrate that site acquisition met the requirements of Sections 235.054, 235.19, and 235.193, Florida Statutes.
- f. The district can demonstrate that site acquisition met the requirements of Section 1.4(2), State Requirements for Educational Facilities.
- g. The district can demonstrate that an architect and a planner from local government were involved in site selection.

**2. The district has developed school site selection criteria to ensure schools are located to serve the proposed attendance area economically, with maximum convenience and safety.**

- a. The district can demonstrate that site selection criteria were established prior to the identification of potential sites and includes future consideration of construction and operational costs.
- b. The district can demonstrate that the site selection criteria included such general categories as safety, location, environment, soil characteristics, topography, size and shape, accessibility, site preparation, public services, utilities, costs, availability, political implications (zoning, environmental impact report requirements, joint use, etc.), transportation of students, and integration.
- c. The district can demonstrate that preliminary reviews and tests (geological, toxic, flood, airport proximity, etc.) were conducted prior to final selection.

**3. The Board considers the most economical and practical locations for current and anticipated needs, including such factors as need to exercise eminent domain, obstacles to development, and consideration of agreements with adjoining counties.**

- a. The district can demonstrate that it properly anticipated and evaluated obstacles to development such as transportation plans, zoning, environmental concerns, and neighborhood concerns for each site considered.
- b. The board determined that it was or was not willing to pursue condemnation to acquire selected sites.
- c. The district can demonstrate that it used its site selection criteria to review and rank several potential sites.
- d. The district can demonstrate that its determination of the most economical and practical locations compares favorably with its established criteria and its ranking of potential sites.
- e. The district can demonstrate that site acquisition met the requirements of Section 1.4(2), State Requirements of Educational Facilities.

**4. The district has a system to assess sites to ensure prices paid reflect fair market value.**

- a. Prices paid for sites reflect fair market value based on independent appraisals were obtained as specified in Section 235.054, Florida Statutes.

**5. For each project or group of projects, the architect and district facilities planner develops a plan to serve as a decision-making tool for future facilities needs.**

- a. A plan showing the existing and proposed layout of buildings and grounds, parking and roads, and playfield areas, as well as future additions and the expansions necessary to accommodate each site's maximum proposed enrollment was prepared by the architect and the district's facilities planner to serve as a decision-making tool in planning future facilities needs and to manage implementation strategies.

# Best Financial Management Practices

## ***FACILITIES CONSTRUCTION (Continued)***

### **D. The district identifies future needs for sites and facilities based on an analysis of valid enrollment projections.**

#### **1. The district can demonstrate that its identified facilities needs are based on thorough demographic study.**

- a. The district periodically conducts a district-wide demographic study.
- b. The current demographic study was performed within the past five years by district staff or outside professionals.
- c. Enrollment projections were based on student data provided by the Florida Department of Education.
- d. Enrollment projections for existing schools are compared to 100% capacity at grade level to determine the utilization rate and identify future facilities needs.
- e. Enrollment projections were based on changes in a school district's boundaries, if applicable.
- f. Enrollment projections were based on city/county comprehensive plans.
- g. Enrollment projections were computed and interpreted based on changes in land use (residential, commercial, industrial, urban renewal, and agricultural), geographical limitations and developable land, local ordinances that regulate the rate of growth of the area, forecasts of economic conditions, reported by the private sector, vocational opportunities in the community, availability of community services, and major highway and street networks and their probable future development.
- h. Individual school enrollment projections are periodically reviewed by the School Board and updated.
- i. The district's budget regularly includes funds to support demographic studies, staff, equipment, and reports.

### **E. The district systematically determines the student capacity and educational adequacy of existing facilities and evaluates alternatives to new construction.**

#### **1. The district uses the official Florida Inventory of School Houses (FISH) inventory to analyze student capacity and classroom utilization.**

- a. The district can demonstrate that it has identified buildings and/or spaces that do not count as "satisfactory area" in the FISH inventory.
- b. The district can demonstrate that it uses the FISH inventory to analyze and identify instructional areas or teaching stations.
- c. The district can demonstrate that criteria used to identify instructional areas or teaching stations agree with the requirements of the current Laws of Florida.
- d. The district can demonstrate that a facility floor plan is being used to assist in identifying teaching stations.
- e. The district can demonstrate that the number of students assigned to each teaching station is in accordance with the requirements of the current Laws of Florida.

#### **2. The facilities planning leader, in cooperation with the instructional leader and the director(s) of maintenance and operations, conducts an evaluation of the physical condition and education adequacy of existing facilities and ensures that school facilities' inventories are up-to-date.**

- a. Evaluations of existing facilities are periodically performed by the facilities planning leader, the instructional leader, the director(s) of maintenance and operations, and the safety officer.
- b. A uniform checklist was used to provide evaluation criteria related to site (size and layout); space (size, number, utility, and flexibility of various areas in the facility and the relationships of these areas to each other); light, heat, and air; sound; aesthetics; equipment; availability of utilities; hazardous materials; maintenance; structural adequacy; future expandability (adaptability to change); fire safety; and/or other health, sanitation, and safety issues..

# Best Financial Management Practices

## ***FACILITIES CONSTRUCTION (Continued)***

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

c. The district maintains a current and up-to-date facilities inventory system.

**3. In determining actual space needs, planners consider alternatives to new construction such as year-round education, extended-day schools, changes in grade-level configuration, changes in attendance boundaries, and use of relocateable facilities (portables) to help smooth out the impact in peaks and valleys in future student enrollment.**

a. The district can demonstrate that alternatives to new construction were evaluated in writing, and advantages and disadvantages of each of the alternatives including long and short term cost implications were considered.

b. The district can demonstrate that alternatives to new construction were used to the extent appropriate.

**F. The district secures appropriate architectural services to assist in facility planning and construction.**

**1. The district uses an architect selection committee to screen applicants and identify and evaluate finalists.**

a. The district appoints a selection committee for each construction project.

b. The district can demonstrate that procedures for selection were in compliance with Section 287.055, Florida Statutes, and that written applications were screened by the committee in order to select an appropriate number of architects to be interviewed.

c. The district can demonstrate that selected candidates were interviewed.

d. The district can demonstrate that interviewers considered experience, adequacy of technical personnel and availability of particular individuals for the project, proximity of the architect's office to the district, thoroughness, creativity within the context of sound construction practices and wise expenditures of public funds, adequacy of supervision, business procedures and record keeping on the job, financial responsibility, suitability of size and type of organization and methods of operation, willingness of the architect to make changes in plans at various points in the process, ability and inclination of the architect to protect the district's interests in his or her dealings with the contractor, and that references were contacted.

e. The district can demonstrate that finalists were evaluated based on personal interviews; visits to examples of their work; interviews with previous clients; examination of typical documents such as plans, specifications, and change orders; and visits to the architects' offices.

f. The district can demonstrate that the contracts with architects include all of the district's requirements, meet the requirements of current law, and clearly state the amounts and methods of compensation, and that compensation does not encourage overbuilt or extravagant project costs.

**2. The district involves architects in all key phases of the planning process.**

a. The district can demonstrate that architects were selected early in the planning process.

b. The district can demonstrate that architects helped define project goals and needs.

c. The district can demonstrate that architects assisted with site selection.

d. The district can demonstrate that architects helped clarify educational specifications.

e. The district can demonstrate that frugal and life cycle cost analyses were applied to a, b, c, and d.

**3. The architect selection committee reviews and evaluates the architects' performance at the completion of projects and refers findings to the board.**

a. Reviews and evaluations of architects' performance are conducted by the committee at the completion of project.

b. The findings of the reviews are referred to the Board and to the architects.

c. This information is used when making future selections of architects.

## Best Financial Management Practices

### ***FACILITIES CONSTRUCTION (Continued)***

#### **G. The district develops educational specifications for each project to meet student education needs.**

**1. The district develops a general project description that includes a brief statement as to why each facility is being built, where it will be located, the population of students it is intended to serve, its estimated cost, the method of financing, the estimated time schedule for planning and construction, and the estimated date of opening.**

- a. For each construction project the district develops a project description that includes the following:
  - 1) A stated rationale for the project;
  - 2) A narrative describing the district in general;
  - 3) A historical description of the growth pattern of the district;
  - 4) A determination of the size of the facility and that it meets the space requirements of current Laws of Florida;
  - 5) A determination of the grade level the facility will serve;
  - 6) A map has been prepared that shows the location of the planned facility within the community and the proposed attendance area of the school;
  - 7) A construction budget that meets the requirements of current Laws of Florida, relative to square foot cost;
  - 8) The source of funding for the project; and
  - 9) A planning and construction time line.
- b. The district has determined whether:
  - 1) The new facility will serve all parts of the district on an open enrollment basis.
  - 2) The new facility will be a “magnet” school or a special school.

**2. Educational planners, instructional staff, and the architect develop a complete set of educational specifications before the architect begins to design a facility.**

- a. The district can demonstrate that preliminary educational specifications were developed, where applicable, prior to actual design implementation.
- b. The district can demonstrate that the architect was involved in developing the educational specifications.
- c. The district can demonstrate that educational specifications were developed with input from instructional staff.

**3. The specifications include an educational program component relating the curriculum, instructional methods, staffing, and support services, and also include a statement of the school’s philosophy and program objectives.**

- a. The school’s administrative leader has been identified.
- b. There is a statement of the goals and educational philosophy for both the district and the specific school being planned.
- c. School-community relationships are addressed, including community expectations and coordination and cooperation with other public agencies.
- d. Staff members have been involved in establishing goals, objectives, and instructional strategies.
- e. Program objectives and activities, and teaching strategies and instructional methods, have been defined.
- f. Specifications address curriculum, staffing, and support services.
- g. The needs and design implications of advanced technology such as computers, integrated networks, and satellite transmissions and reception have been identified.



## Best Financial Management Practices

### ***FACILITIES CONSTRUCTION (Continued)***

- h. Attention has been given to providing flexibility in order to accommodate future teaching methods and future management styles, including variable group size, individualized instruction, team teaching, peer tutoring, cooperative learning, interdisciplinary teaching, use of computers, year-round education, and before- and after-school use.
- i. The architect and project leader maintain educational specifications requirements within budget limitations.

**4. The specifications include a description of activity areas that describe the type, number, size, function, special characteristics, and spatial relationships of instructional areas, administrative areas, and services areas in sufficient detail that the architect will not have to guess at what will occur in each of these areas.**

- a. The number and size of areas required for each purpose has been derived as the result of an analysis of current space requirements, master schedule, planned course offerings, staffing patterns, and planned student groupings.
- b. The number and size of areas required for each purpose has been derived as the result of an analysis of current space requirements, master schedule, planned course offerings, staffing patterns, and planned student groupings.
- c. The number of teachers, paraprofessionals, and administrative and classified personnel using specific areas have been identified.
- d. The spatial relationship of one activity area to another has been described.
- e. There is a description of space relationship requirements for the separation of large-and small-group areas and for convenient student and staff circulation.
- f. Instructional support and co-curricular facilities (i.e., areas for small-and large-group instruction, conferences, media centers, storage, and teacher preparation) have been addressed.
- g. Specific space for instructional support and pupil services programs, general support services, and special programs such as exceptional and vocational education have been identified and meet legal requirements.
- h. Environmental variables such as acoustical needs, visual needs, thermal requirements, and special aesthetic concerns have been identified and described.
- i. All utility needs, including water, sewer, drainage, electrical, gas, compressed air, telephone, fire alarm, conduit cable for advanced technology, and satellite dish, have been identified.
- j. An energy management system has been provided.
- k. Storage requirements for individual activity areas and teaching stations have been identified.
- l. Extra storage space has been considered for year-round educational programs.
- m. Display areas for chalkboards, tackboards, and display cases have been identified.
- n. The number, kind, and size of furniture and equipment items have been identified for each activity area.
- o. Emergency shelter accommodations have been included where required.
- p. Planned expansion (portables) strategy has been included.

**5. The district communicates general building considerations, including features of the facility and the school campus in general, to the architect.**

- a. The district can demonstrate that the architect has drawn a schematic layout of buildings, parking, roads, and physical education playground areas to demonstrate the size of these facilities are adequate to meet all educational and service activity requirements.
- b. The district has compared both the educational costs and the cost of construction, energy conservation life cycle costing, and operation of the various designs that were considered.

## Best Financial Management Practices

### ***FACILITIES CONSTRUCTION (Continued)***

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

- c. The total building area conforms to the state's standards specified in current Laws of Florida.
- d. There is a description of how students, staff, and visitors will arrive at and depart from the school. Parking requirements are defined, and there are provisions for emergency vehicles and service access. There is a provision for access by disabled persons. Bus loading and unloading is separate from other vehicle traffic.
- e. Circulation patterns, both within classrooms and between activity areas, are well planned.
- f. The campus has been planned to accommodate future expansion.
- g. There are descriptions of the public address, closed-circuit television, telephone, computer networking, and security systems.
- h. Safe school design concepts and security considerations are incorporated in the buildings' design and communications systems.
- i. There is a determination of the potential use of the facility by the community, and includes design concepts to accommodate security, energy conservation, and citizen safety.

**6. The district uses the educational specifications as criteria for evaluating the architect's final product.**

- a. The district can demonstrate that there has been ample communication among the planning leader, the users of the facility (teachers, students, parents, site administrators, maintenance, safety, and district administrators) and the architect and engineers in the development of the educational specifications and in the interpretation of these specifications into the design of the facility.
- b. The district can demonstrate that the design solution has been matched against the written specifications to verify that the final plans represent the district's educational program goals.

**7. All School Board-approved program requirements are communicated to the architect before final working drawings are initiated.**

- a. The district can demonstrate that all program requirements were communicated to the architect before the commencement of final drawings.
- b. The district can demonstrate that educational specifications provide the planning team with an opportunity to reassess goals and objectives and to plan further programs and activities.
- c. The district can demonstrate that the planning team has reassessed the educational program and identified future needs that will impact the design of the new facility.
- d. The district can demonstrate that the planning team has evaluated existing facilities in terms of educational adequacy in support of current and planned programs and activities.
- e. The district can demonstrate that the planning team has reported its findings and recommendations to the superintendent and the governing board.

**8. The Board minimizes changes to facilities plans after final working drawings are initiated in order to minimize project costs.**

- a. Changes to facilities plans after final working drawings are initiated require Board approval.
- b. Change orders implemented do not result in the project exceeding budget, do not compromise educational specifications, and do not extend the completion date beyond the date projected, unless unforeseen circumstances occur.

**H. The district uses generally accepted architectural planning and financial management practices to complete projects on time and within budget.**

**1. The Board determines whether each new facility will be constructed using the traditional system of public works or by using some innovative system such as design/build or a construction manager.**

- a. For each new facility built in the past three years, the Board formally selected the type of construction system to use.

## Best Financial Management Practices

### ***FACILITIES CONSTRUCTION (Continued)***

- b. The district can document that it considered the advantages and disadvantages including cost and management implications of using an innovative construction system versus the traditional construction system before deciding which system to use.
- c. The district clearly identifies the advantages and disadvantages of the construction options associated with each new facility.

#### **2. The architect prepares the building specification document.**

- a. The district can demonstrate that a contract and general conditions were prepared by the architect in coordination with the district's legal counsel.
- b. The district can demonstrate that the contract and general conditions complied with the requirements of law and rule.
- c. The general conditions specify the details of construction and materials; starting time; number of days allowed for construction; expected completion time; terms of payment bond, bid bond, and performance bond; workers' compensation and terms of liability insurance; prevailing wage to be paid; subcontractors to be used; non-collusion affidavit to be used; provisions to be included in change orders; and whether the district wants to include provisions established for negotiations and/or arbitration.

#### **3. The architect coordinates plans, specifications, and questions concerning the project.**

- a. The district can demonstrate that all plans and specifications were coordinated through the school district's planner and project leader.
- b. The district can demonstrate that all plans and specifications were reviewed by those district personnel involved in earlier phases (instructional, administrative, maintenance, and safety persons).

#### **4. After bids are opened and tabulated, they are submitted to the Board for awarding the contract. Legal counsel makes certain that bid and contract documents are properly prepared and that the award is properly authorized.**

- a. Where bid, the district can demonstrate that bids were opened at the exact time advertised and inspected to confirm that all required documents (signed bid form, with dollar amount; bid bond; designation of sub-contractors; a non-collusion affidavit; and certificates regarding worker's compensation and liability insurance) are in order.
- b. Where contract was negotiated, the district can demonstrate that all provisions of law were met.
- c. The district can demonstrate that after bids are opened, they are submitted to the Board for awarding of the contract.
- d. The district can demonstrate that contract documents were reviewed by legal counsel.
- e. The district can demonstrate that the contract was awarded to the lowest responsible bidder whose bid met the specifications or to the construction manager or design build contractor selected pursuant to Section 287.055, Florida Statutes.

#### **5. The district requires the contractor to submit a signed owner-contractor agreement, workers' compensation insurance certificates, payment bond, performance bond, and guarantee of completion within the time required.**

- a. The district can demonstrate that each contractor awarded a contract has submitted a signed owner-contractor agreement, a workers' compensation insurance certificate, a payment bond, a performance bond, and a guarantee of completion within the time required.
- b. An agreement was signed by the appropriate district official and the contractor.

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

## Best Financial Management Practices

### ***FACILITIES CONSTRUCTION (Continued)***

- 6. The architect recommends payment based on the percent of work completed. A percentage of the contract is withheld pending completion of the project.**
  - a. The district can demonstrate that payments are made to contractors periodically on the basis of requests for payment reviewed by the architect.
  - b. The district can demonstrate that the architect recommends payment based on the percent of work correctly completed and in conformance with the contract or documents.
  - c. The district can demonstrate that a percentage of the contract is withheld pending final completion of the project to cover non-conforming work which must be corrected prior to occupancy.
  - d. The district has a system of internal controls to ensure that timely payments are made only after the architect's approval of the work completed, and with the concurrence of the district's project manager in charge of the project.
- 7. The district requires continuous inspection of all school construction projects.**
  - a. The district can demonstrate that it provides and requires competent continuous inspection by an inspector who is satisfactory to the architect or engineer in charge.
  - b. The continuous inspection occurs for all new school construction projects and all renovation, remodeling, or alteration projects, for installation of portables, and for day labor projects.
- 8. Buildings are not occupied prior to the notice of completion.**
  - a. The district can demonstrate that the final inspection report and certificate of occupancy were filed before the building was occupied.

#### **I. To maximize use of new facilities, minimize operation costs, and provide feedback for future construction planning, the district trains building users and evaluates building use.**

- 1. The district conducts a comprehensive orientation to the new facility prior to its use so that users better understand the building design and function.**
  - a. The district can demonstrate that an orientation program was implemented for staff, students, parents, and the general public.
  - b. The district can demonstrate that the orientation program included clear and understandable users' manuals for both teachers and maintenance and operations staff.
  - c. The district's new facility orientation program is comprehensive and the district can demonstrate that the users have a better understanding of the building design and function as a result of the orientation meetings.
  - d. The district can demonstrate that the responsibility for the orientation program was shared by the architect, the facilities planner, the contractor, and/or the educational administrator.
- 2. The district conducts comprehensive building evaluations at the end of the first year of operation and periodically during the next three to five years to collect information about building operation and performance.**
  - a. The district can demonstrate that a comprehensive evaluation was performed at the end of the first year of occupancy for each new facility that examined building operation and performance.
  - b. The district can demonstrate that other evaluations were performed at appropriate intervals during the first three to five years of operation.
  - c. The district can demonstrate that the facility planner and/or educational administrator was/were responsible for the post-occupancy evaluation.
  - d. The district can demonstrate that the post occupancy evaluation evaluated the completed facility in terms of its educational adequacy, function, safety, efficiency, and to suggest improvements to future facilities.

## Best Financial Management Practices

### ***FACILITIES CONSTRUCTION (Continued)***

3. **The district analyzes building evaluations to determine whether facilities are fully used, operating costs are minimized, and changes in the district's construction planning process are needed.**
  - a. The district can demonstrate that a formal, structured post-occupancy building evaluation is performed that assesses facility use and operating costs.
  - b. The district can demonstrate that the results of the evaluation were used to compare the product with educational specifications to see whether the district received the product it said it wanted, and whether the district still needs the product it built.
  - c. The district can demonstrate that the results of the evaluation were used to provide the architect with corrective feedback to be used in the next planning cycle.
  - d. The district can demonstrate that an evaluation has been used to make changes, if necessary, to the district's construction planning process for facilities to be built in the future.
4. **The district analyzes maintenance and operations costs to identify improvements to the district's construction planning process.**
  - a. The district has identified and analyzed measures of maintenance and operations costs.
  - b. The district can identify improvements made to its construction planning process based on its analysis of maintenance and operations costs.
  - c. Changes implemented have resulted in cost savings that the district can document.
  - d. These identified cost-saving actions are consistently used on a district-wide basis.

### ***FACILITIES MAINTENANCE***

#### **A. The district uses cost-effective methods of providing maintenance and operations services.**

1. **The district periodically evaluates maintenance and operations activities to determine the most cost-effective means of providing needed services, including consideration of management, outside contracts or privatization, and joining associations of other government agencies.**
  - a. Costs of general support services are clearly related to and consistent with the objectives and responsibilities assigned to central administration by budgeting for each major activity/priority. Cost-effectiveness measures are established for all general support activities.
  - b. The district evaluates contracted and/or privatized services to verify effectiveness and cost savings.
  - c. The district periodically evaluates existing services to explore the feasibility of using outside contracts or privatization and/or identify improvements.
  - d. The district periodically evaluates the feasibility of contracting with or joining associations of other government agencies to perform functions of the district.

#### **B. The district ensures that maintenance and operations functions are performed in accordance with legal responsibilities.**

1. **The Board provides procedural guidance in areas such as replacement and selection of equipment, purchasing of supplies and materials, level of maintenance expectations, and maintenance and operations budget criteria.**
  - a. The Board has approved a maintenance department mission statement that clearly defines the purpose and focus of the department.

## Best Financial Management Practices

### ***FACILITIES MAINTENANCE (Continued)***

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

- 1) The mission statement is in writing and approved by the Board.
- 2) The mission statement identifies the priority customer as the school centers.
- 3) Employee input was used in the development of the mission statement.
- 4) The mission statement is posted and shared with all employees of the department.
- 5) Employees are familiar with the mission statement and understand the purpose of the department.
- b. The district has written procedures that provide for replacement and selection of equipment; purchase of supplies and materials; level of maintenance expectations and maintenance standards; maintenance and operations budget criteria; management of facilities; facilities standards; personnel staffing policies; and use of facilities and equipment.
- c. Maintenance adheres to district procedures in carrying out duties and responsibilities.
- d. Up-to-date maintenance department written operational procedures are available to personnel.
  - 1) Files and records of procedures and practices are maintained.
  - 2) Procedures are readily available for review.
  - 3) Training is provided to employees regarding work procedures, job safety, and quality of work.
  - 4) Procedures are updated on a regular schedule and employees are included in the process.
- e. The maintenance and operations department is administered in accordance with an organizational chart that has been approved by the School Board.

#### **C. The district accomplishes maintenance program goals and objectives through the use of qualified maintenance and operations personnel or contracting for services.**

##### **1. The maintenance and operations departments have adequate staff to meet their program goals and objectives.**

- a. The district has an appropriate staffing formula.
  - 1) Staffing is sufficient to perform preventative maintenance, normal maintenance, and emergency maintenance.
  - 2) Staffing formulas provide for additional staff as new facilities are brought on line and as existing facilities become older and require more maintenance.
- b. Job vacancy notices adequately describe job responsibilities; job qualifications; educational/professional requirements; application and selection criteria; and salary ranges/work days/fringe benefits.
- c. The selection process meets state and federal guidelines related to equal employment opportunities.
- d. Personnel screening procedures contain methods to evaluate qualifications of prospective employees.
- e. Personnel procedures ensure that adequate personal and professional references are obtained. References are contacted.
- f. Procedures are established for attracting qualified applicants based on district size, location, and needs.

##### **2. The maintenance and operations departments have a written job description for each position within the department.**

- a. Job descriptions have been developed that properly reflect the needs of the department.
- b. Job descriptions are reviewed and updated periodically to address changing requirements and actual practices.
- c. Staff participates in the writing and review of job descriptions.
- d. Job descriptions are readily available for staff to review.

## Best Financial Management Practices

### ***FACILITIES MAINTENANCE (Continued)***

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

**3. The district clearly communicates performance standards to maintenance and operations staff.**

- a. Work standards, quality levels, completion schedules, and other standards for job performance are established and based on appropriate industry standards.
- b. Performance standards for commonly repeated tasks have been established by the district on the basis of internal evaluation and benchmarks of industry practice, and are used for assigning work and conducting performance appraisals.
- c. Employees have the opportunity to review their performance appraisals and measurement according to established standards.
- d. The district provides training where required, to assist employees in meeting work standards.

**4. The district provides appropriate supervision of maintenance and operations staff.**

- a. Evaluations are performed in accordance with board procedures.
- b. Supervisor/employee ratios have been established and are based on appropriate industry standards.
- c. Levels of authority and responsibility have been assigned to each position.
- d. A work order tracking system is used to increase management capability.

**5. The district provides a staff development program that includes appropriate training for maintenance and operations staff to enhance worker job satisfaction, efficiency, and safety.**

- a. The district has an active staff development and training program based on district size and capabilities and identified needs. Annual planned training programs are implemented for trades personnel, support and supervisory personnel, and administrators.
- b. Written training goals are established in the areas of safety, trades enhancement, cross trades utilization, interpersonal team skills, district policy awareness, and department procedures.
- c. The maintenance and operations director works closely with the curriculum development department to ensure a planned, sequential program for personnel skills development.
- d. The programs include technical training as well as personnel interaction strategies. Training is individualized when possible to fit skills/trades/group needs.
- e. Instructors used for staff training are from appropriate trade/instructional areas. The district uses outside professional training where possible (manufacturer's training representatives/technical experts).
- f. Training programs provide an opportunity for staff feedback and evaluation.
- g. Where possible, there is a defined apprenticeship program.

**D. The district has an annual budget for facilities maintenance and operations to support annual ongoing maintenance and deferred maintenance requirements to control and track maintenance and operations costs.**

**1. The administration has developed budgetary guidelines to provide for funding in each category of facilities maintenance and operations.**

- a. The annual budget addresses short-term objectives and long-term goals for maintaining and operating district facilities.
- b. Funding is provided in the budget for annual ongoing maintenance programs in order to avoid high repair or replacement costs in future years.
- c. The budget adequately addresses recurring maintenance tasks.
- d. The district funds deferred maintenance projects within the resources available.
- e. The budget for physical plant maintenance by appropriate industry standards such as cost per square foot, percentage of total general fund operating budget, and historical budget expenditures.
- f. The budget process provides for periodic evaluation of actual versus planned expenditures.

## Best Financial Management Practices

### ***FACILITIES MAINTENANCE (Continued)***

**2. The Board has an established provision for a maintenance reserve fund to handle one-time expenditures necessary to support the maintenance and operations.**

- a. The maintenance department has access to special reserve funding to meet unique situations created by new programs mandated by the state or federal government.
- b. The budgetary policy is flexible enough to ensure funding of unforeseen maintenance needs that could adversely affect the district's mission if not funded (e.g., emergency funds).

**E. The district has established maintenance standards to be used in planning and managing the maintenance program and in evaluating whether the department is achieving its program goals and objectives.**

**1. The district has established maintenance standards in its short- and long-term plans for providing adequately maintained facilities.**

- a. The district has established short- and long-term goals and objectives for the maintenance department that are consistent with the mission statement.
- b. The district has established appropriate maintenance standards in its short- and long-term plans. The long-term plans include a written comprehensive projection of the following needs:
  - 1) Manpower;
  - 2) Budget;
  - 3) Equipment;
  - 4) Physical condition and repair/replacement needs of District facilities including, but not limited to, paint, roofs, HVAC equipment (tracking age and repair history), grounds (including paving), electrical service, and plumbing.
- c. Physical condition and repair/replacement needs of District facilities including, but not limited to, paint, roofs, HVAC equipment (tracking age and repair history), grounds (including paving), electrical service and plumbing.
  - 1) Feedback is collected periodically from customers and self analysis is applied to improve the performance and productivity of the maintenance department.
  - 2) Customers are surveyed at least annually using a written instrument to determine strengths and weaknesses of the maintenance department service.
  - 3) Work order completion times are analyzed and adjustments are made for efficiency.
  - 4) The maintenance department analyzes effective work hours, and hours scheduled versus hours worked.
  - 5) Work order reports are produced periodically and analyzed to improve performance.
  - 6) Survey results are shared with customers and staff.

**2. The district uses its maintenance standards to evaluate maintenance needs.**

- a. The district has identified and evaluated maintenance needs based on maintenance standards.
- b. The district solicits input from school and district administrators to determine major maintenance needs.
- c. The district evaluates facilities designs and costs to maintain; it implements labor savings, energy reduction, and reduced long term maintenance strategies.

**3. The district has a system for prioritizing maintenance needs.**

- a. The district has guidelines to determine priorities of maintenance needs.
- b. The district prioritizes maintenance needs based on its guidelines.



## Best Financial Management Practices

### ***FACILITIES MAINTENANCE (Continued)***

- c. District procedure determines when emergency maintenance is necessary and provides for effective emergency repairs.
- d. The maintenance priorities consider the educational program needs of the district, the changing enrollment projections of the district, and long-range facility planning.
- e. The district prioritizes maintenance needs and completes maintenance repairs accordingly.

#### **4. The district accurately projects cost estimates of major maintenance projects.**

- a. Cost estimates are based on the district's experience with prior similar projects, current estimating cost standards, and market conditions.
- b. The cost of inflation for maintenance projects is projected for five years.
- c. The district periodically evaluates projected cost estimates for accuracy and utilizes this information to improve future estimates.

#### **5. The district minimizes equipment costs through purchasing practices and maintenance.**

- a. Inflationary costs for equipment are provided for a five-year period.
- b. Volume purchases are considered.
- c. Bidding procedures are followed.
- d. Preventive maintenance programs for equipment are in place.
- e. Equipment replacement projections have been developed.
- f. Policies and procedures are followed for disposal of surplus (old, outdated, worn out, and/or otherwise unusable) furniture and equipment.
- g. Refurbishing or repair are considered in lieu of new purchases.
- h. The district considers equipment operating and maintenance costs when buying new equipment.
- i. The district periodically conducts cost comparisons to determine whether purchasing practices have minimized costs.

#### **6. The district provides maintenance department staff the tools, training, and instructions required to accomplish their assigned tasks.**

- a. The maintenance department staff are provided with the tools necessary to accomplish assigned duties.
- b. Tools and equipment that are seldom needed are readily available through other sources.
- c. Training, supervision, and instruction given to staff is sufficient for accomplishment of their assigned tasks.
- d. The maintenance department communicates with maintenance personnel and customers in order to efficiently assign, schedule, and complete work.

#### **7. The district has established a computerized control and tracking system to accurately track inventory and parts and materials used, and provide a reordering system.**

- a. The computerized work order system includes control of inventory as well as tracking of parts, materials, and equipment to individual work orders.
- b. The inventory control system includes an inventory of commonly used parts, materials, and equipment, including those carried on maintenance vehicles.
- c. A procedure exists for maintenance staff to acquire parts, materials, and equipment that are not stocked on maintenance vehicles.
- d. The inventory control system includes an automatic re-order procedure.

#### **8. The district ensures that maintenance standards are updated to implement new technology and procedures.**

- a. Participation in state and national organizations is established in order to remain current with maintenance issues, new technology, equipment, materials, and procedures.

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

## Best Financial Management Practices

### ***FACILITIES MAINTENANCE (Continued)***

- b. The maintenance department subscribes to various trade publications and the publications are available to employees.
- c. A method is established to provide new information to workers.
- d. The district updates maintenance standards to implement new technology and procedures, as needed.

#### **F. The district operates facilities in a healthy, safe, energy-efficient, and cost-effective manner.**

##### **1. The maintenance and operations departments have adequate staff to meet their program goals and objectives.**

- a. The district has established standards for health and safety.
- b. District procedures address compliance with Environmental Protection Agency guidelines.
- c. Periodic and documented evaluations are made of the condition of buildings and of each school.
- d. There is a manual of operations for custodial services.
- e. Pre-service and in-service training programs are made available to operations personnel.
- f. Custodians accomplish limited maintenance work as part of their normal responsibilities.
- g. The district has a written standard for cleanliness.

##### **2. The district uses external benchmarks to determine a cost-effective manner of meeting its health and safety standards.**

- a. The district uses appropriate external benchmarks to evaluate the cost-effectiveness of its health and safety standards.
- b. The district uses external benchmarks to achieve energy efficiency.

##### **3. The district uses external benchmarks to achieve energy efficiency.**

- a. The district collaborates with its utility providers, the U.S. Environmental Protection Agency, available local industry expertise and/or other organizations to identify energy efficiency benchmarks and implements actions to increase cost efficiency.

##### **4. Hazardous materials management complies with federal and state regulations.**

- a. The district is in compliance with Asbestos Hazard Emergency Response Act rules.
- b. The district is in compliance with the Occupational Safety and Health Administration's Hazardous Communication Standards and Florida's Right-to-Know requirements.
- c. The district has developed a hazardous materials business plan.
- d. Current Materials Safety Data Sheet reports are readily available to staff.

##### **5. The district has a comprehensive and systematic program for dealing with school safety and security.**

- a. The district has a disaster preparedness plan.
- b. The district's safety committee has input in developing the district's comprehensive school safety and security program.
- c. The district has a system for providing for physical plant security.
- d. The budget for dealing with vandalism is separate from the maintenance and operations budget.
- e. Procedures exist for reporting vandalism.
- f. Feedback from safety and security programs is provided to facilities planners and incorporated into future projects.

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

## Best Financial Management Practices

### ***FACILITIES MAINTENANCE (Continued)***

#### **G. The district makes facilities available to the entire community, to allow all taxpayers to benefit from the investment.**

- 1. The district follows established procedures for making school facilities available to the community.**
  - a. The district has developed procedures governing community use of district facilities.
  - b. The district's procedures include priority/eligibility for use, current fee schedules (revised annually), rules and regulations for users, security of property and equipment; and insurance coverage.
- 2. The district meets accessibility requirements for persons with disabilities.**
  - a. Applicable state and federal laws, rules, and regulations are readily available.
  - b. The district complies with accessibility requirements.
  - c. Training is provided.
  - d. Resource materials are used to satisfy requirements.
  - e. The staff knows where resource materials are located.

### ***STUDENT TRANSPORTATION***

#### **A. The district provides appropriate transportation for its students in a cost-efficient manner, without compromising safety.**

- 1. The district has established cost-comparison benchmarks based on standards from similar districts and other organizations, taking district conditions into consideration.**
  - a. The district has identified districts that are comparable in terms of the conditions that most affect student transportation costs, such as district size, demographics, and school characteristics.
  - b. The district has developed useful cost-comparison benchmarks based on appropriate standards from similar districts.
  - c. The district has identified exemplary districts, and public and private sector organizations to obtain data for making cost-comparisons, where appropriate.
- 2. The district uses cost comparisons to increase efficiency by identifying alternative methods of providing transportation and maintenance services, such as privatization and outsourcing.**
  - a. The district compares its student transportation costs with appropriate private sector organizations, where available, to identify aspects of the student transportation program that can be performed at a lower cost through outsourcing.
  - b. The district has identified exemplary districts, and public and private sector organizations to obtain data for making cost-comparisons, where appropriate.
- 3. The transportation program accurately accounts for direct and indirect costs, while excluding costs attributable to other district vehicles or programs.**
  - a. The transportation budget accurately reflects student transportation costs, including employee benefits, insurance, capital outlay, and administrative support costs that are attributable to student transportation.
  - b. The transportation budget excludes costs that are attributable to other district vehicles or programs.
- 4. The district regularly reviews and reports on its student transportation performance in comparison to its established benchmarks and adjusts its operational structure and staffing levels to improve efficiency.**
  - a. The district regularly evaluates the costs and performance of the student transportation program using the benchmarks it has established.

## Best Financial Management Practices

### ***STUDENT TRANSPORTATION(Continued)***

- b. The results of the district's evaluation of the costs and performance of the student transportation program are reported to the district superintendent and other appropriate administrative personnel.
- c. The district uses evaluation results to adjust the student transportation program's operational structure and/or staffing levels, where appropriate, to improve efficiency.

#### **5. Costs are routinely analyzed and controlled based on reliable projections and conditions in the district that influence costs.**

- a. The district analyzes student transportation costs on a routine basis.
- b. The district maintains a management information system that accurately identifies costs and expenditures.
- c. The district's analysis of student transportation costs considers significant factors that influence costs (e.g., changes in enrollment and the closure, opening, and siting of schools).
- d. The district uses reliable projections of identifiable costs and district conditions that affect costs when analyzing student transportation costs.
- e. The district periodically evaluates projected costs for accuracy and utilizes this information to improve future estimates
- f. The district routinely analyzes the costs of the major components of the transportation program, such as salaries, routing, and vehicle maintenance, to identify rising costs and the factors related to rising costs.
- g. The district uses the results of its analysis of student transportation costs to identify and implement ways to control costs.

#### **6. The district continuously improves purchasing practices to decrease costs and increase the efficiency of the procurement of goods and services.**

- a. The district periodically conducts competitive bids for high-usage parts and supplies.
- b. The district regularly reviews and updates specifications to address new technology, changes in market place supply, quality, and other relevant factors.
- c. The district periodically evaluates purchased items for compliance with specifications and vendor performance.
- d. The district uses the state pool purchasing process, where appropriate, to maximize cost-savings and increase procurement efficiency.
- e. The district periodically conducts cost comparisons to determine whether purchasing practices have minimized costs.
- f. The district periodically evaluates student transportation purchasing practices to identify ways to improve efficiency and reduce costs.

### **B. The district maintains an adequate transportation fleet to safely and efficiently meet current and future transportation needs of all students.**

#### **1. The district uses a comprehensive plan for the cost-effective replacement and management of vehicles based on a systematic method to project the number of buses needed to meet transportation needs.**

- a. The district has a written plan for acquiring vehicles that meets replacement needs, anticipates district growth, and specifies performance standards.
- b. The district has determined standards that are used to make decisions on repairing versus replacing vehicles.
- c. The district uses an efficient procedure for purchasing vehicles.

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

## Best Financial Management Practices

### ***STUDENT TRANSPORTATION(Continued)***

- d. A cost analysis for the operation of each bus in service is conducted on a regular basis.
- e. Spare buses are available that can easily be assigned to a route in case of need.

#### **2. The district has implemented inspection and maintenance practices to ensure that all vehicles in service meet or exceed state safety operating requirements.**

- a. The district regularly reviews its bus safety inspection records to determine their completeness and accuracy.
- b. School buses in service are inspected every 20 days in accordance with the Florida School Bus Safety Manual and in compliance with Rule 6A-3.017, F.A.C.
- c. School buses are repaired to meet Rule 6A-3, F.A.C., safety standards before being returned to service to transport students.
- d. The district has implemented procedures for bus drivers to daily inspect all buses in operation and promptly follow-up on identified deficiencies.
- e. The district has implemented an effective vehicle preventive maintenance program for buses and other district-owned vehicles, including tracking scheduled and unscheduled repairs, and servicing vehicle components and systems based on time and/or at mileage intervals recommended by manufacturers and physical inspection.

#### **3. The district has procedures and practices in place to ensure that vehicles are garaged, maintained, and serviced in a safe and economical manner.**

- a. The district maintains records on the performance and maintenance of each vehicle.
- b. The district maintains an efficient ratio of qualified bus technicians to buses and bus miles as indicated by industry standards.
- c. The district has a staff development program for technicians and garage supervisors to keep them apprised of updated safety, technology, and garage management practices.
- d. The district has evaluated outsourcing specific maintenance or repair activities as a cost-savings measure and implemented outsourcing where appropriate.
- e. The district has an adequate number of bus compounds, fueling sites, and garages located or centralized to maximize efficient use of resources.
- f. The district has implemented an inventory system to ensure security and sufficient, but not excessive, stocking levels.
- g. The district has implemented a system for managing tires, fuel, and other parts or supplies that comprise a significant percentage of maintenance expenditures.
- h. The district has implemented an efficient system for tracking maintenance costs, including labor, parts, supplies and fuel (including an automated fueling system.)
- i. The district uses a program for monitoring environmental, health, and safety standards applicable to transportation shop operations.

#### **4. The school district provides transportation to meet the educational needs of special education pupils through individual educational programs (IEPs) as provided in Public Law 94-142.**

- a. The district has implemented policies regarding transportation services for pupils with special educational needs to ensure compliance with Rule 6A-3.0121, F.A.C.
- b. The district annually assesses whether children who ride on special transportation could instead ride on a regular bus.

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

## Best Financial Management Practices

### ***STUDENT TRANSPORTATION (Continued)***

#### **C. The district provides a safe and efficient transportation system that complements the educational needs of the district's students.**

##### **1. The district's transportation routing system is periodically reviewed to provide maximum safety for pupils and staff and efficiently meet the needs of the district.**

- a. The district has adopted guidelines and procedures to provide maximum safety at stops and loading zones, including: drivers systematically identifying route or stop hazards and follow up to correct hazards, re-route buses, change stop locations, or implement other appropriate interventions.
- b. The district has implemented a policy that limits a pupil's riding time on school buses in compliance with Rule 6A-3, F.A.C.
- c. The district has implemented procedures that require prompt reporting of overloaded buses and re-routing, or other interventions, to avoid overloading as required by Chapter 234, F.S.
- d. The district has collected data to determine the optimal expected time for buses to arrive at given points on their route and used this information to assess and improve the transportation system's efficiency.
- e. The size and configuration of the bus assigned to each route is appropriate for the route, the number of pupils transported, and to accommodate students with special needs.
- f. The transportation system achieves an efficient bus utilization rate, given the demographic conditions and school characteristics of the district, appropriate industry standards, and the rates of comparable districts.
- g. The district has adjusted school schedules (e.g., staggered school start times) to enhance efficient bus utilization and routing.
- h. The district has implemented a computerized routing system, if appropriate, given district conditions and resources for the capital investment.
- i. The district has implemented policies to ensure efficiency and compliance with Rule 6A-3, F.A.C., regarding requirements for pupil ridership and deviations from designated stops.
- j. Activity trips are approved and operated in compliance with state regulations and district policy, including adequate notice of activity trip needs for planning and assignment of drivers and equipment.
- k. The district has collected data regarding each student's distance from the assigned school and put policies in place necessary to ensure consistent and equitable decisions on transportation of students who live less than two miles walking distance from school.
- l. The district maintains records for route and non-route trips.

##### **2. Staff, drivers, and pupils are instructed and rehearsed in the procedures to be used in an accident or disaster.**

- a. Emergency bus evacuation drills are conducted by principals or designated school staff with drivers and pupils at least once each semester. (Rule 6A-3, F.A.C.)
- b. Drivers have been instructed in proper procedures in case of accidents.
- c. The district has an accident review policy that meets and exceeds state reporting requirements. (Rule 6A-3, F.A.C.)

##### **3. The district has implemented hiring and training policies to employ and retain an adequate number of appropriately qualified bus drivers.**

- a. The district's driver turnover rate is comparable to similar districts.
- b. District salaries and benefits are in line with similar districts and reasonably competitive with comparable local employers.
- c. The district reviews all drivers' records on a regular basis to determine whether all qualifications are up-to-date.

## Best Financial Management Practices

### ***STUDENT TRANSPORTATION (Continued)***

- d. The district has a system that requires a supervisor to ride with each driver at least annually and assess driving performance and student management techniques.
- e. The district has a staff development program to address drivers' training needs.

**4. The district has a policy on drugs and alcohol for all transportation department employees and enforces that policy.**

- a. The district has adopted and clearly communicated a drug and alcohol policy in compliance with the federal Omnibus Transportation Employees Testing Act of 1991 (OTETA) and implementing regulations.
- b. The district's drug and alcohol policy includes an employee assistance program.
- c. The district can demonstrate that it enforces its drug and alcohol policy.

### ***FOOD SERVICE OPERATIONS***

**A. The district food service program operates efficiently and effectively.**

**1. The Food Services Program has clear direction of and control over resources and services.**

- a. The district can demonstrate that it has a qualified staff member who is responsible for the management of the school nutrition program and has control over resources and services.
- b. The district's current organizational chart identifies the school nutrition program and the relationship of food service positions.
- c. The district has established a written mission statement and strategic plan for the Food Service Program that are communicated with input from school-level food services staff. The strategic plan includes long-range goals, short-term objectives and priorities, and plans of action.
- d. The district has established comprehensive, written procedures for the food service program that are up-to-date and available to food service personnel.

**2. The district identifies barriers to student participation in the school meals program and implements strategies to eliminate the barriers.**

- a. The district can demonstrate that it distributes to students and parents materials that explain and promote the school food service and nutrition program.
- b. The district can demonstrate that it has identified barriers to participation in the school meal program.
- c. The district can demonstrate that it has developed a plan which includes strategies to eliminate these barriers.
- d. The district has established procedures to prohibit or control the quantity of foods and beverages sold a la carte or in vending machines (including during meal times).
- e. The district has and can demonstrate that it follows procedures to minimize competition with reimburseable meals. These procedures include pricing of a la carte foods and vended foods and beverages.
- f. The district can demonstrate that it solicits student input and feedback to plan menus.

**3. The district has established cost-efficiency benchmarks based on comparable private and public sector food service programs and other applicable industry standards.**

- a. The district can demonstrate that it has established benchmarks for meals per labor hour and/or other established indicators of productivity including per meal costs; meals served per labor hour; overall and reduced/free priced meals participation rates for breakfast, lunch, summer, and after school nutrition programs; wage and salary scales; and employee benefits.

### ***FOOD SERVICE OPERATIONS(Continued)***

## Best Financial Management Practices

- b. The district can demonstrate that it bases these benchmarks on appropriate comparisons with exemplary school districts, private/public sector food service programs, and other applicable industry standards.
- c. The district can demonstrate its benchmarks are appropriate, reasonable, well-defined, and based on high standards.
- d. The district can demonstrate that it communicates its food service benchmarks to school nutrition personnel, appropriate school administrators, and other interested stakeholders such as community members.

### **4. The district regularly evaluates the school nutrition program based on established benchmarks and implements improvements to increase revenue and reduce costs.**

- a. The district can demonstrate that it measures productivity monthly using meals per labor hour or other established benchmarks.
- b. The district can demonstrate that it conducts formal evaluations of its food service program at least annually, using its established benchmarks.
- c. The district can demonstrate that it considers student feedback as part of its evaluations.
- d. The district can demonstrate that it uses the results of these evaluations to make changes when applicable.
- e. The district can demonstrate that it evaluates wage and salary scales at least annually.
- f. The district can demonstrate that meals-per-labor hour and/or other established indicators of productivity are in line with its benchmarks.
- g. The district can demonstrate that per-meal costs are consistent with its benchmarks and comparable to available statewide averages, averages of exemplary school districts, and, when appropriate, the private sector.
- h. The district can demonstrate that the number of meals served per labor hour are consistent with its benchmarks and comparable to available statewide averages, averages of exemplary school districts, and, when appropriate, the private sector.
- i. The district can demonstrate that overall and free/reduced priced meals participation rates for breakfast, lunch, summer, and after school nutrition programs, are consistent with its benchmarks and comparable to available statewide averages, averages of exemplary school districts for the level of school.
- j. The district can demonstrate that wage and salary scales are consistent with its benchmarks and comparable to similar positions in similar school districts and, when appropriate, to the private sector. These comparisons take into consideration position, years of experience, district cost of living, etc.
- k. The district can demonstrate that employee benefits are consistent with its benchmarks and appropriate and consistent with comparable school districts and, when appropriate, to the private sector.

### **5. The district regularly assesses the benefits of service delivery alternatives, such as contracting and privatization, and implements changes to improve efficiency and effectiveness.**

- a. The district can demonstrate that at least annually, the district assesses its service delivery compared to the benefits of service delivery alternatives, such as contracting and privatization, and implements changes to improve efficiency and effectiveness.
- b. The district can demonstrate that, as part of its annual assessment, it conducts studies to determine cost-effectiveness, need, and feasibility of providing additional nutrition services such as breakfast programs, summer food programs and after school nutrition programs.
- c. The district can demonstrate that it has implemented service delivery alternatives and additional services to improve efficiency and effectiveness, when warranted and when doing so does not decrease the overall quality of the food service program.



## Best Financial Management Practices

### ***FOOD SERVICE OPERATIONS(Continued)***

#### **B. The district maintains the financial accountability and viability of the school nutrition program.**

##### **1. The program budget is based on departmental goals, revenue, and expenditure projections.**

- a. The district can demonstrate that the budget is based on departmental goals, revenue, and expenditure projections.
- b. The district can demonstrate that it prepares the budget based on current participation rates.
- c. The district keeps a copy of the budget on file.
- d. The district can demonstrate that it evaluates income and expenditure projections monthly, and revises them as appropriate.
- e. The district can demonstrate that it regularly compares actual and budgeted expenses and implements changes to reduce costs when practical.

##### **2. The district's financial control process includes an ongoing review of the program's financial and management practices.**

- a. The district can demonstrate that its financial control process includes an ongoing review of the program's financial and management practices.
- b. The district can demonstrate that it has financial controls in place that include written procedures for collecting, depositing, and disbursing money. The district also has written procedures to account for reimbursable meals and other sales.
- c. The district can demonstrate that it uses automated data processing for financial reporting.
- d. The district can demonstrate that it determines meal prices using cost data.

##### **3. The district accounts for and reports meals served, by category.**

- a. The district has a process to account for and reports meals served, by category.
- b. The district can demonstrate that it determines number of meals by category at point of service by approved meal counting procedures.
- c. The district can demonstrate that it ensures or can explain why the number of students claimed for free and reduced price meals on any day is equal to or less than the number of approved applications times attendance factor.
- d. The district can demonstrate that it submits accurate meal counts to the Florida Department of Education.

##### **4. The district regularly evaluates purchasing practices to decrease costs and increase efficiency.**

- a. The district can demonstrate that it regularly evaluates purchasing practices to decrease costs and increase efficiency.
- b. The district can demonstrate that it has developed specifications for purchasing of major items.
- c. The district can demonstrate that it reviews and updates food specifications annually.
- d. The district can demonstrate that it gives vendors equal opportunity to provide service.
- e. The district can demonstrate that the bid analysis process considers specifications, service, and price, and is verified by more than one person.

##### **5. The district has developed an effective inventory control system that is appropriate to the size of the school nutrition program.**

- a. The district has an inventory control system for the school nutrition program.
- b. The district can demonstrate that it maintains a perpetual inventory.
- c. The district can demonstrate that it conducts a physical inventory at least monthly.
- d. The district can demonstrate that it compares perpetual and physical inventories at least monthly.
- e. The district can demonstrate that its inventory control system minimizes energy costs, waste, theft, and storage costs.

## Best Financial Management Practices

### ***FOOD SERVICE OPERATIONS(Continued)***

- f. The district has established written guidelines for inventory control and the efficient receipt and handling of products.

#### **6. The district has a system for receiving and storing food, supplies, and equipment.**

- a. The district has a system for receiving and storing food, supplies, and equipment.
- b. The district can demonstrate that the number of persons authorized to receive purchased items is limited.
- c. The district can demonstrate that incoming purchases are checked for accuracy in amounts, quality and price. Delivery documents are signed and dated by authorized receiver.
- d. The district can demonstrate that it refuses and obtains appropriate credit for unacceptable products.
- e. The district can demonstrate that it limits the issuance of products to authorized personnel.
- f. The district can demonstrate that products issued from a central warehouse require an approved requisition slip.
- g. The district can demonstrate that it instructs personnel on policies and procedures for receiving and storage of purchased items and services.

#### **7. The district has a long-range plan for the replacement of equipment and facilities that includes preventative maintenance practices.**

- d. The district can demonstrate that it has established a long-range plan for facility and equipment maintenance and replacement.
- e. The district can demonstrate that this plan includes a preventative maintenance program for inspection and service of all equipment.

### **C. The district prepares and serves nutritious meals with minimal waste.**

#### **1. The district provides school meals to ensure that the nutritional needs of all students are met.**

- a. The district can demonstrate that school food service staff attend training on appropriate, nationally recognized dietary guidelines.
- b. The district can demonstrate that menus are planned to meet the nutritional needs of students and comply with appropriate, nationally recognized dietary guidelines.
- c. The district can demonstrate that it evaluates convenience and/or pre-packaged foods for cost effectiveness, nutritive value, and student acceptance prior to use.

#### **2. The district's food production and transportation system ensures the service of high quality food with minimal waste.**

- a. The district can demonstrate that it maximizes the use of USDA commodities.
- b. The district can demonstrate that it uses standardized recipes which provide clear directions, a chronological listing of ingredients, cooking procedures, serving containers and utensils, yield and portion size.
- c. The district can demonstrate that it notes serving sizes and portioning utensils on the menu or production records and uses correct portioning utensils.
- d. The district can demonstrate that it trains food service personnel on appropriate portion sizes for all age levels.
- e. The district can demonstrate that food service staff observe returned trays for the amount of waste and these observations are reported to the menu planner.
- f. The district can demonstrate that it minimizes the amount of leftover food by reviewing over-production and under-production of food items and taking corrective actions for future production.
- g. The district can demonstrate that it establishes appropriate per-meal costs for each menu and that the person responsible for menu planning has access to current financial data such as year-to-date per meal cost versus budgeted per meal cost.

## Best Financial Management Practices

### ***FOOD SERVICE OPERATIONS(Continued)***

- h. If the district has several serving sites served by a central kitchen, it can demonstrate that it has a system for transporting and holding meals that ensures quality food and minimal waste.

#### **D. The district provides food services in a safe and sanitary environment.**

##### **1. The district follows safety and environmental health practices and regulations.**

- a. The district can demonstrate that it follows safety and environmental health practices and regulations.
- b. The district can demonstrate that it maintains a copy of the state and local health regulations on file at school sites.
- c. The district can demonstrate that school food service personnel attend training to update knowledge of food safety, sanitation, proper food storage and handling methods, kitchen safety techniques, communication, customer service, and special diets.
- d. The district can demonstrate that it distributes written emergency procedures and plans for reporting, investigating, and correcting the cause of accidents.

### ***COST CONTROL SYSTEMS***

#### **INTERNAL AUDITING The district has an adequate internal auditing function.**

##### **1. The District has established an internal audit function with its primary mission to (1) provide assurance that the internal control processes in the organization are adequately designed and functioning effectively, and (2) where appropriate, offer recommendations and counsel to management that improve their performance. (IIA, GFOA)**

- a. The District has established an internal audit function with its primary mission to (1) provide assurance that the internal control processes in the organization are adequately designed and functioning effectively, and (2) where appropriate, offer recommendations and counsel to management that improve their performance. (IIA, GFOA)
- b. The organizational structure of the District provides that employees performing the internal audit function report directly to the district school board or its designee to ensure broad audit coverage and adequate consideration of, and action on, the findings and recommendations of the internal auditors. (Section 11.45(3)(a)(1), Florida Statutes)
- c. Employees performing the internal audit function have adequate education and technical training necessary to ensure due professional care is exercised in the performance of their audits. (AICPA, GFOA)
- d. Internal auditors are not limited in their access to records or on the scope of their activities. (AICPA)
- e. Long-range audit plans have been developed in consultation with the Board and senior management that are based on a risk assessment of the organization. (AICPA)
- f. Audit programs are used by the internal auditors for each activity reviewed to document the nature, timing, and extent of their audit work. (AICPA)
- g. Internal auditors are functionally independent of the activities they are auditing. (AICPA)
- h. The internal audit function has sufficient resources to provide needed audit coverage on a periodic basis.
- i. Reports are issued by the internal auditors that document the scope of their work, findings, and management's response. (IIA)
- j. The internal audit plan includes monitoring of student FTE counts at the school level.

## Best Financial Management Practices

### ***COST CONTROL SYSTEMS (Continued)***

**FINANCIAL AUDITING** The school district ensures that it receives an annual external audit and uses the audit to improve its operations.

- 1. The district obtains an external audit in accordance with government auditing standards.**
  - a. Audit reports have been filed with appropriate oversight bodies in accordance with applicable state and federal filing requirements.
  - b. Audit reports indicate that the audits were completed in accordance with GOVERNMENT AUDITING STANDARDS.
- 2. The district provides for timely follow-up to findings identified in the external audit.**

**ASSET MANAGEMENT** District management has established controls to provide for effective management of capital assets.

- 1. Segregation of Duties: The District segregates responsibilities for custody of assets from recordkeeping responsibilities for those assets.**
  - a. Responsibilities for initiating, evaluating, and approving capital expenditures, leases, and maintenance or repair projects are segregated from those for project accounting, property records, and general ledger functions. (AICPA)
  - b. Responsibilities for initiating capital asset transactions are segregated from those for final approvals that commit government resources. (AICPA)
  - c. Responsibilities for the project accounting and property records functions are segregated from the general ledger functions. (AICPA)
  - d. Responsibilities for the project accounting and property records functions are segregated from the custodial function. (AICPA)
  - e. Responsibilities for the periodic physical inventories of capital assets are assigned to responsible officials who have no custodial or recordkeeping responsibilities. (AICPA)
- 2. Authorization Controls: The District has established controls that provide for proper authorization of asset acquisitions.**
  - a. Those individuals authorized to initiate capital asset transactions are identified and there is clear definition of the limits of their authority. (AICPA)
  - b. Guidelines are established with respect to key considerations such as prices to be paid, acceptable vendors and terms, asset quality standards, and the provisions of grants or bonds that may finance the expenditures. (AICPA)
  - c. Separate capital projects budgets are prepared. (AICPA, Section 235.18, F.S.)
  - d. Written Board approval is required for all significant capital asset projects or acquisitions. (AICPA)
  - e. Procedures exist for authorizing, approving, and documenting sales or other dispositions of capital assets. (AICPA)
  - f. Procedures exist for approving decisions regarding financing alternatives and accounting principles, practices, and methods. (AICPA)
  - g. Procedures exist providing for obtaining grantor (federal/state) approval, if required, for the use of grant funds for capital asset acquisitions. (AICPA)
  - h. Grant-funded acquisitions are subjected to the same controls as internally funded acquisitions. (AICPA)

Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)

# Best Financial Management Practices

## ***COST CONTROL SYSTEMS (Continued)***

### ***ASSET MANAGEMENT (Continued)***

- 3. Project Accounting: The District has established records that accumulate project costs and other relevant data to facilitate reporting construction and maintenance activities to the board, public, and grantors.**
  - a. A qualified employee or independent firm is engaged to inspect and monitor technically complex projects. (AICPA)
  - b. Project cost records are established and maintained for capital expenditure and repair projects. (AICPA)
  - c. Reporting procedures exist for in-progress and completed projects. (AICPA)
  - d. Procedures exist to identify completed projects so that timely transfers to the appropriate accounts can be made. (AICPA)
  - e. The accounting distribution is reviewed to ensure proper allocation of charges to fixed asset and expenditure projects. (AICPA)
  - f. Where construction work is performed by contractors, procedures exist to provide for and maintain control over construction projects and progress billings. (AICPA)
  - g. Contracts that include cost/plus or similar terms provide that the unit of government has the right to audit contractors' records. (AICPA)
  - h. The right to audit contractor records during project performance is exercised. (AICPA)
  - i. Audits of contractors cover compliance with EEO, Davis Bacon, and other regulations and contract terms, in addition to costs. (AICPA)
- 4. Asset Accountability: The District provides recorded accountability for capitalized assets.**
  - a. Detail property records are maintained for all significant self-constructed, donated, purchased, or leased assets. (AICPA)
  - b. A threshold for capitalization is established and approved by the Board. (Section 274.02, F.S.)
  - c. Accountability for each asset is established. (AICPA)
  - d. Procedures and policies exist to:
    - 1) Distinguish between capital projects' fund expenditures and operating budget expenditures. (AICPA)
    - 2) Identify operating budget expenditures to be capitalized in the fixed asset account group. (AICPA)
    - 3) Distinguish between capital and operating leases. (AICPA)
  - e. Procedures exist for periodic inventory of documents evidencing property rights (for example, deeds, leases and the like). (AICPA)
  - f. Annual inspections are performed of the District's capital facilities in connection with the planning and budgeting for facilities maintenance needs. (Section 235.06, F.S.)
  - g. Physical safeguards over assets exist. (AICPA)
  - h. Procedures exist ensuring that purchased materials and services for capital expenditure and repair projects are subjected to the same levels of controls as exist for all other procurements (i.e., receiving, approval, checking). (AICPA)
  - i. Detailed property records are periodically compared with existing assets. (AICPA)
  - j. Differences between asset records and physical counts are investigated and the records adjusted to reflect shortages. (AICPA)
  - k. Detailed property records are periodically reconciled with the general ledger control accounts. (AICPA)
  - l. Procedures exist ensuring that capital assets are adequately insured. (AICPA)

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

# Best Financial Management Practices

## ***COST CONTROL SYSTEMS (Continued)***

### ***ASSET MANAGEMENT (Continued)***

- m. Lease transactions are subjected to control procedures similar to those required for other capital expenditures. (AICPA)
- n. Equipment is properly identified by metal numbered tags or other means of positive identification. (AICPA)
- o. The District has procedures to identify, collect, and dispose of surplus or obsolete equipment.
- p. Procedures exist for monitoring the appropriate disposition of property acquired with grant funds. (AICPA)
- q. Accounting records are adjusted promptly when items of plant and equipment are retired, sold, or transferred. (AICPA)

### ***RISK MANAGEMENT*** The District has established procedures that identify various risks and provide for a comprehensive approach to reducing the impact of losses.

**1. General: The District has an adequate process to set objectives for risk management activities, identify and evaluate risks, and design a comprehensive program to protect the District at a reasonable cost.**

- a. Procedures are in place to identify the various risks of loss to which the District is exposed.
- b. The District has adopted a risk management policy relative to risk financing and related insurance coverage to provide reasonable coverage for risks of loss.
- c. The District has a comprehensive disaster recovery plan to ensure continued operations.

**2. Commercial Coverage: The District has comprehensive policies and procedures relating to purchasing and reviewing insurance coverage.**

- a. The various group insurance coverages provided for District officers and employees are acquired pursuant to requests for competitive bids or proposals. (Section 112.08(2)(a), F.S.)
- b. Methods for analyzing and acquiring other commercial coverages are documented in the District's records.
- c. Insurance coverages are periodically updated for major asset acquisitions and/or disposals.
- d. Procedures exist to verify that insurance premiums are properly assessed and paid in accordance with bids, contracts, and/or consortium plan requirements.
- e. Procedures exist to ensure that insurance dividends or refunds are received and properly allocated and credited to the original funding sources.
- f. Official bonds were obtained and filed with the Florida Department of State (Section 237.191, F.S.; SBE Rule 6A-1.0692, F.A.C.)
- g. If the District participated in a risk management program that is administered by a trust or other school-related association rather than by another Florida school district, the District obtained a copy of the required audit of the program. (Section 230.23(1)(l), F.S.)

**3. Self-Insurance Programs: The District regularly monitors and evaluates its self-insurance program to ensure the feasibility of its self-insured coverages.**

- a. Procedures exist to periodically analyze the amount of risk retained and extent of reinsurance and/or excess loss coverage.
- b. Amounts actually due from excess coverage are recorded and reported on a current basis.
- c. Claims revolving funds are established in the name of the District. (Section 237.211(6), F.S.)
- d. The liability for unpaid claims and liability for claims adjustment expenses (if applicable) are determined by an external loss reserve specialist/actuary. (GASB 10 as amended by GASB No. 30)

# Best Financial Management Practices

## ***COST CONTROL SYSTEMS (Continued)***

### ***RISK MANAGEMENT (Continued)***

- e. Service agents are bonded in an amount sufficient to protect all money deposited into the claims revolving fund. (*Section 626.895, F.S.*)
- f. The administrator for the self-insured workers' compensation plan is approved by the Department of Labor and Employment Security, Division of Workers' Compensation. (*Sections 237.211(6) and 626.88(1)(m), F.S.*)
- g. The self-insured group health plan has been approved as to actuarial soundness by the Department of Insurance. (*Section 112.08(2), F.S.*)
- h. The self-insured group health plan's administrator or insurance company have been approved by the Department of Insurance. (*Section 112.08(2)(a), F.S.*)
- i. Procedures exist to periodically review the selection and/or performance of the administrator and the reasonableness of the fees paid for administrative services.
- j. District procedures exist for verifying that claims and other expenses paid were appropriate charges to the program.
- k. An external loss reserve specialist/actuary is involved in preparing projections of potential claims payable.
- l. Periodic reports are made to the Board summarizing the funding status of the self-insured plan and the existence of any unusual or large claims including the effects of such claims on the plan.
- m. Procedures exist to properly access and record program premiums in the benefiting funds.

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### ***FINANCIAL MANAGEMENT*** The District has established controls to ensure its financial resources are properly managed.

#### **1. Management Control Methods: District management communicates its commitment and support of strong internal controls.**

- a. Management conducts business on a high ethical plane and has established written employee ethics policies. (*AICPA*)
- b. Management communicates a commitment of strong internal controls to employees. (*AICPA*)
- c. Management periodically reviews the internal controls to ensure that they are being enforced. (*AICPA*)
- d. Established policies and procedures do not allow management's overriding or bypassing established controls. (*AICPA*)
- e. Procedures have been established for people to report suspected improprieties such as: (*AICPA*)
  - 1) Ability to contact someone other than a direct supervisor.
  - 2) Anonymity permitted.
- f. Feedback is provided to people who report suspected improprieties and they have immunity from reprisals. (*AICPA*)

#### **2. Financial Accounting System: The District records and reports financial transactions in accordance with prescribed standards.**

- a. The District has a computerized accounting system that facilitates collecting, processing, maintaining, and reporting data about financial transactions.
- b. The accounting system provides for recording and reporting budgetary data for financial planning and budgeting activities.

## Best Financial Management Practices

### ***COST CONTROL SYSTEMS (Continued)***

#### **FINANCIAL MANAGEMENT (Continued)**

- c. The accounting system provides for recording and reporting of financial transactions in accordance with the Commissioner's FINANCIAL AND PROGRAM COST ACCOUNTING AND REPORTING FOR FLORIDA SCHOOLS (REDBOOK) and the preparation of financial statements consistent with applicable accounting principles reporting requirements.
- d. Automated and/or manual processes and controls exist to provide for the integration of component systems to the central accounting system to provide for efficient, effective and accurate reporting of agency financial status.
- e. The accounting system facilitates the preparation of interim financial statements (e.g., monthly, for financial management and decision-making purposes).
- f. The accounting system facilitates accountability for restricted sources of funds through grant/project accounting.
- g. Controls are in place to ensure that recorded transactions are supported by hard copy or electronically maintained documentation.
- h. The accounting system and processing instructions are documented, current, readily available, and in sufficient detail to permit a person, knowledgeable of the district's programs and of systems generally, to obtain a comprehensive understanding of the entire operations of each system. (AICPA)
- i. The District has written accounting policies and procedures that include such matters as: (AICPA)
  - 1) Identification and description of the principal accounting records, recurring standard entries, and requirements for supporting documentation. For example, this may include information about the general ledger, source journals, subsidiary ledgers, and detail records for each significant class of transactions.
  - 2) Expression of the assignment of responsibilities and delegation of authority including identification of the individuals or positions that have authority to approve various types of recurring and non-recurring entries.
  - 3) Explanations of documentation and approval requirements for various types of recurring and non-recurring transactions and journal entries. Documentation requirements, for example, would include the basis and supporting computations required for adjustments and write-offs.
  - 4) Instructions for determining an adequate cutoff and closing of accounts for each reporting period.
- j. Manuals are distributed to appropriate personnel. (AICPA)
- k. Access to the accounting system is limited to those authorized persons responsible for inputting, processing, and reporting financial information.
- l. The accounting system supports the legal, regulatory, and other special management requirements (e.g., special millage levies).
- m. Procedures are in place that provide for the on-going maintenance of the accounting system to support the district's changing business practices.
- n. The preparation and approval functions for journal entries is segregated. (AICPA)
- o. Journal entries are reviewed and approved by designated individuals at appropriate levels in the entity. (The levels at which journal entries are reviewed and approved usually will vary depending on whether the entries are recurring, or non-recurring, routine or unusual, accumulations of routine transactions, or adjustments of balances requiring estimates and judgments.)
- p. All journal entries are adequately explained and supported. (Explanation and support for an entry should be sufficient to enable the person responsible for its review and approval to reasonably perform this function.) (AICPA)

Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)



# Best Financial Management Practices

## ***COST CONTROL SYSTEMS (Continued)***

### ***FINANCIAL MANAGEMENT (Continued)***

- q. All journal entries are subject to controls over completeness of processing. (Examples of controls over completeness of processing include pre-numbering of journal vouchers and accounting for all numbers used, accumulation of control totals of dollar amounts debited and credited, and standard identification numbers for recurring entries.) (AICPA)
- r. Procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the entity. (AICPA)
- s. The principal accounting officer of the entity has adequate authority over accounting employees and principal accounting records at all locations. (AICPA)
- t. The responsibilities for maintaining the general ledger are segregated from those for maintaining subsidiary ledgers. (AICPA)
- u. The responsibilities for maintaining the general ledger and custody of assets are segregated. (AICPA)

### **3. Financial Reporting Procedures: The District prepares and distributes its financial reports timely.**

- a. Monthly financial reports are prepared and provided to the Board for fiscal management and decision making.
- b. Periodic financial reports are prepared to meet the reporting requirements of grants/projects funded with restricted sources.
- c. An annual financial report is prepared, approved by the Board, and filed in a timely manner.

### **4. Budget Practices: The District has a financial plan serving as an estimate of and control over operations and expenditures.**

- a. Responsibilities for budget preparation, adoption, execution, and reporting are segregated.
- b. Budgets are prepared by authorized employees in consultation with appropriate managers.
- c. Budgets are formulated and adopted pursuant to the applicable State law and the State Board of Education Rules:
  - 1) Budget hearings are advertised as required to solicit public input and participation.
  - 2) Advertisements include the required notification to the public of proposed capital outlay millage levies.
  - 3) Special millage levies (e.g., capital outlay millage) are supported by detailed budgets identifying the specific intended uses and the estimated needed revenues.
  - 4) A budget calendar is used for the orderly submission and approval of the budget.
  - 5) Budgets are prepared commensurate with functional responsibilities to facilitate effective budget monitoring at the program/activity level.
  - 6) Budgets are prepared in sufficient detail to provide effective monitoring of restricted funds.
  - 7) The budget clearly establishes levels of operational and financial accountability. (AICPA)
- d. Budget data is entered into the accounting system from the approved budget.
- e. Procedures are in place to provide for effective monitoring of the budget to preclude expenditures in excess of available budget and to provide for timely amendments for Board approval.
- f. Budgets and related plans are effectively communicated to appropriate personnel throughout the District.
  - 1) Actual expenditures are compared to budget with reasonable (monthly) frequency and on a timely basis. (AICPA)

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

## Best Financial Management Practices

### ***COST CONTROL SYSTEMS (Continued)***

#### ***FINANCIAL MANAGEMENT (Continued)***

- 2) Budget reports are discussed with departmental personnel and there are explanations for significant variations from budget. *(AICPA)*
- 3) Procedures have been adopted and communicated establishing authority and responsibility for transfers between budget categories. *(AICPA)*
- 4) Requests for supplemental appropriations or budget changes are processed and approved in the same manner as the original budget is processed and approved. *(AICPA)*
- g. The flow of expenditures or commitments are controlled through the use of an encumbrance system. *(AICPA)*
  - 1) The availability of funds is reviewed by appropriate personnel before the issuance of a purchase order or expenditure commitment. *(AICPA)*

#### **5. Cash Management: The District has adequate controls to provide recorded accountability for cash resources.**

- a. Procedures are in place that provide for appropriate checks and balances in the receipting and recording of collections.
  - 1) Responsibilities for collections and deposit preparation functions are segregated from those for recording cash receipts and general ledger entries. *(AICPA)*
  - 2) Responsibilities for cash receipts functions are segregated from those for cash disbursements. *(AICPA)*
  - 3) Receipts are deposited on a timely basis (preferably daily). *(AICPA)*
  - 4) Controls exist over the collection, timely deposit, and recording of collections in the accounting records for each collection location. *(AICPA)*
  - 5) Daily reported receipts are compared on a test basis to bank statements to verify timeliness of deposits. *(AICPA)*
  - 6) A restrictive endorsement is placed on each incoming check upon receipt. *(AICPA)*
  - 7) "Non-sufficient funds" checks are delivered to someone independent of processing and recording of cash receipts. *(AICPA)*
  - 8) Procedures exist for follow-up of "non-sufficient funds" checks. *(AICPA)*
  - 9) Receipts are controlled by cash register, pre-numbered receipts, or other equivalent means if payments are made in person. *(AICPA)*
  - 10) Receipts are accounted for and balanced to collections on a timely basis. *(AICPA)*
  - 11) Facilities exist for protecting undeposited cash receipts. *(AICPA)*
  - 12) The general accounting department is notified of cash receipts from separate collection centers on a timely basis. *(AICPA)*
- b. Bank accounts are established in approved public depositories.
- c. Depositories are periodically reviewed and formally reauthorized. *(AICPA)*
- d. Responsibilities for disbursement preparation and disbursement approval functions are segregated from those for recording or entering cash disbursements information on the general ledger. *(AICPA)*
- e. Controls and physical safeguards exist surrounding working (petty cash) funds. *(AICPA)*
- f. Adequate fidelity insurance is maintained for employees responsible for cash collections. *(AICPA)*
- g. Separate bank accounts are maintained for each fund, or if not, there is adequate fund control over pooled cash. *(AICPA)*

# Best Financial Management Practices

## ***COST CONTROL SYSTEMS (Continued)***

### ***FINANCIAL MANAGEMENT (Continued)***

- h. Procedures exist to ensure that collections and disbursements are recorded accurately and promptly. (AICPA)
- i. Procedures exist for authorizing and recording interbank and interfund transfers and for providing for proper accounting for those transactions. (AICPA)
- j. General ledger control exist over all bank accounts. (AICPA)
- k. Procedures exist for steps essential to an effective bank reconciliation process, particularly: (AICPA)
  - 1) Responsibilities for preparing and approving bank account reconciliations are segregated from those for other cash receipt or disbursement functions. (AICPA)
  - 2) Bank statements and paid warrants or checks delivered in unopened envelopes directly to the employee preparing the reconciliation. (AICPA)
  - 3) Bank statements are reconciled in a timely manner (e.g., within 30 days of statements date).
  - 4) Comparison of warrants or checks in appropriate detail with disbursement records.
  - 5) Examination of signature and endorsements, at least on a test basis.
  - 6) Accounting for numerical sequence of warrants or checks used.
  - 7) Comparison of book balances used in reconciliations with general ledger accounts.
  - 8) Comparison of deposit amounts and dates with cash receipt entries.
  - 9) Unusual reconciling items are reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation. (AICPA)
  - 10) Checks outstanding for a considerable time are periodically reviewed for propriety. (AICPA)
- l. Procedures are in place for estimating cash needs in programs for which cash draws must be requested (e.g., PECO, Federal programs, etc.).
- m. Procedures provide for cash flow analysis to determine the extent of idle funds available for investment.

### **6. Investment Practices: The District has an investment plan that includes investment objectives and performance criteria, and specifies the types of financial products approved for investment.**

- a. Responsibilities for initiating, evaluating, and approving investment transactions are segregated from those for detail accounting, general ledger, and other related functions. (AICPA)
- b. Investment securities purchased by the District are consistent with the Board's investment policies and of a nature and maturity prudent for the investment of local government operating funds and consistent with the estimated cash needs of the District.
- c. Proper collateralization practices are followed to protect the funds invested in repurchase agreements.
- d. Procedures are in place that provide for periodic (e.g., monthly) reporting to the Board on the status of the District's investment program by persons independent of the persons authorized to make investment decisions.
- e. Procedures are in place that provide for written notification of the District's investment policies to the broker/dealers through whom the District purchases investment securities.
- f. Responsibilities for initiating investment transactions are segregated from those for final approvals that commit government resources. (AICPA)
- g. Responsibilities for monitoring investment market values and performance are segregated from those for investment acquisition. (AICPA)
- h. Responsibilities for maintaining detail accounting records are segregated from those for general ledger entries. (AICPA)

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

# Best Financial Management Practices

## ***COST CONTROL SYSTEMS (Continued)***

### ***FINANCIAL MANAGEMENT (Continued)***

- i. Custodial responsibilities for securities or other documents evidencing ownership or other rights are assigned to an official who has no accounting duties. (AICPA)
- j. Investment policy guidelines are formally established and periodically reviewed. (AICPA)
- k. The investment program is integrated with the cash management program and expenditure requirements. (AICPA)
- l. The performance of the investment portfolio is periodically evaluated by persons independent of investment portfolio management activities. (AICPA)
- m. Procedures have been formally established governing the level and nature of approvals required to purchase or sell an investment. (AICPA)
- n. Adequate physical safeguards and custodial procedures exist over:
  - Negotiable and nonnegotiable securities owned.
  - Legal documents or agreements evidencing ownership and other rights.
- o. Dual signatures or authorizations are required to obtain release of securities from safekeeping or to obtain access to the government unit's safe deposit box. (AICPA)
- p. Persons with access to securities are authorized by the legislative body. (AICPA)
- q. All securities are registered in the name of the government unit. (AICPA)
- r. Securities are periodically inspected or confirmed from safekeeping agents. (AICPA)
- s. Individuals with access to securities are bonded. (AICPA)
- t. Detail accounting records are maintained for all investment activities. (AICPA)
- u. Procedures exist to ensure that transactions arising from investments are properly processed, including income, amortization, and market fluctuation entries. (AICPA)
- v. Controls exist to ensure that investment earnings are credited to the fund from which resources were provided for the investment. (AICPA)
- w. Periodic comparisons are made between income received and the amount specified by the terms of the security or publicly available investment information. (AICPA)
- x. Controls exist to ensure that transactions are recorded on a timely basis. (AICPA)
- y. Procedures exist for reconciling the detail accounting records with the general ledger control. (AICPA)
- z. The nature of investments included in general ledger balances are periodically reviewed. (AICPA)

### **7. Receivables: The District has established controls for recording, collecting, adjusting, and reporting receivables.**

- a. The responsibilities for maintaining detail accounts receivable records are segregated from collections and general ledger posting. (AICPA)
- b. Property taxes and fees collected by another unit of government are monitored to assure timely receipt and amounts received are subjected to reviews for reasonableness. (AICPA)
- c. Delinquent accounts are reviewed and considered for charge-off on a timely basis. (AICPA)
- d. Write-offs or other reductions of receivables are formally approved by senior officials not involved in the collection function. (AICPA)
- e. Procedures exist providing for execution of all legal remedies to collect charged-off or uncollectible accounts including reporting to the Board.
- f. Controls in the system exist that provide assurances that individual receivable records are posted only from authorized source documents. (AICPA)

# Best Financial Management Practices

## ***COST CONTROL SYSTEMS (Continued)***

### ***FINANCIAL MANAGEMENT (Continued)***

- g. General ledger account balances are reconciled with subsidiary accounts and reconciling items are investigated by someone other than accounts receivable clerks. (AICPA)
- h. Aged accounts receivable balances are periodically reviewed by supervisory personnel. (AICPA)
- i. Procedures exist for providing for timely and direct notification of the accounting department of billings and collection activities. (AICPA)

#### **8. Salary and Benefits Costs: The District has established controls that provide accountability for employees' compensation and benefits pursuant to an approved compensation plan.**

- a. The District has procedures in place to provide that the compensation of employees is included under an approved salary schedule.
- b. The District ensures schools regularly evaluate, track and monitor individual employee performance.
- c. Procedures are in place to provide for prompt payment of retirement plan contributions.
- d. Early retirement plans are funded on a current basis or through required annual contributions determined by an actuarial valuation performed within the last two years.

#### **9. Debt Financing: The District has procedures for analyzing, evaluating, monitoring, and reporting debt financing alternatives.**

- a. Procedures are in place to evaluate the various alternative financing methods (i.e., general obligation bonds, certificates of participation, revenue bonds, etc.).
- b. Procedures are in place for selecting an independent financial advisor to assist the District in soliciting and evaluating financing proposals.
- c. Procedures are in place for choosing the method of sale (i.e., competitive bid or negotiated sale) to achieve the best results.
- d. Procedures are in place for reviewing and evaluating the costs of issuance of debt including legal fees, printing, travel, credit enhancement, and the underwriter's spread.
- e. Procedures are in place for analyzing debt capacity prior to issuing debt. Note: General obligations debt is connected with a committed source of revenue for repayment whereas other types of debt (e.g., certificates of participation, energy savings contracts, etc.) may require the use of general operating funds.
- f. Procedures are in place for analyzing the cost and benefits of advance refunding transactions and monitoring the purchase of escrow securities.
- g. Procedures are in place to provide for compliance with federal arbitrage rebate and restrictions.
- h. Procedures are in place to provide for monitoring for compliance with bond covenants, such as maintenance of required reserve accounts.

#### **10. Grant and Entitlement Monitoring: The District adequately monitors and reports grants activities.**

- a. Reporting and compliance requirements are defined (e.g., in regulations) and communicated to the District. (AICPA)
- b. Procedures exist to monitor District compliance with grant terms. (AICPA)
- c. Subrecipients are monitored sufficiently and on a timely basis to permit curtailment of any abuse before complete funds are disbursed. (AICPA)
- d. Funds are disbursed to subgrantees only on the basis of approved applications. (AICPA)
- e. Failure by the District to meet financial reporting requirements are investigated on a timely basis. (AICPA)
- f. Responsibility for monitoring grant activities is properly fixed. (AICPA)

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

## Best Financial Management Practices

### ***COST CONTROL SYSTEMS (Continued)***

#### **FINANCIAL MANAGEMENT (Continued)**

- g. Grant activity is monitored from a centralized location. (AICPA)
- h. Procedures exist to monitor compliance with: (AICPA)
  - Financial reporting requirements.
  - Use of funds and other conditions in accordance with grant terms.
  - Timely billing of amounts due under grants.
- i. Grant activity is accounted for so that it can be separated from the accounting for locally funded activities. (AICPA)
- j. There is a system for obtaining grantor approval before incurring expenditures in excess of budgeted amounts or for unbudgeted expenditures. (AICPA)
- k. Grant revenues and disbursements are processed under the same degree of controls applicable to the organization's other transactions (budget, procurement, etc.) (AICPA)
- l. Requirements are included in subgrantee agreements that the subgrantee comply with the primary grant agreement conditions as well as the grantee's standards. (AICPA)
- m. Reasonable procedures and controls exist to provide assurances of compliance with recipient eligibility requirements established by grants. (AICPA)
- n. An indirect cost allocation plan has been established and approved by the grantor agency. (AICPA)
- o. The amounts of entitlement funds received are compared with the amount anticipated by a responsible official and unusual variances investigated. (AICPA)
- p. Procedures exist to ensure that funds received are spent in accordance with legal requirements and spending restrictions. (AICPA)
- q. Statistical or data reports that form the basis for grant revenue distribution are reviewed by a responsible official before allocation. (AICPA)

**PURCHASING: The District has established a defined purchasing function with controls over requisitioning, authorizing, and receiving functions.**

**1. Segregation of Duties: The District segregates purchasing responsibilities from the requisitioning, authorizing, and receiving functions.**

- a. Responsibilities for the requisitioning, purchasing, and receiving functions are segregated from the invoice processing, accounts payable, and general ledger functions. (AICPA)
- b. Responsibilities for the purchasing function are segregated from the requisitioning and receiving functions. (AICPA)
- c. Responsibilities for the invoice processing and accounts payable functions are segregated from the general ledger functions. (AICPA)
- d. Responsibilities for the disbursement preparation and disbursement approval functions are segregated from those for recording cash disbursements and general ledger entries. (AICPA)
- e. Responsibilities for the disbursement approval function are segregated from those for the disbursement preparation function. (AICPA)
- f. Responsibilities for entries in the cash disbursement records are segregated from those for general ledger entries. (AICPA)

# Best Financial Management Practices

## ***COST CONTROL SYSTEMS (Continued)***

### ***PURCHASING (Continued)***

#### **2. Requisitioning: The District has established controls for authorizing purchase requisitions.**

- a. Purchases of goods and services are initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions. *(AICPA)*
- b. Requisitions are pre-numbered and those numbers are controlled. *(AICPA)*
- c. The appropriation to be charged is indicated on the purchase requisition by the person requesting the purchase. *(AICPA)*
- d. Before commitment, unobligated funds remaining under the appropriation are verified by the accounting or budget department as sufficient to meet the proposed expenditure. *(AICPA)*
- e. Requests for special purpose (non-shelf items) materials or personal services are accompanied by technical specifications. *(AICPA)*

#### **3. Purchasing: The District has established authorization controls to ensure that goods and services are acquired at prices that are fair, competitive, and reasonably consistent with acceptable quality and performance.**

- a. Purchasing authorizations are structured to give appropriate recognition to the nature and size of purchases and the experience of purchasing personnel. *(AICPA)*
- b. Procedures are in place to coordinate and consolidate planned purchases.
- c. Approval procedures exist for purchase order and contract issuance. *(AICPA)*
- d. Purchase prices are periodically reviewed by a responsible employee independent of the purchasing department. *(AICPA)*
- e. Procedures are in place to consider competitive bids by other agencies (i.e., state contracts, purchasing consortiums, and other districts) in making purchasing decisions.
- f. Procedures are in place to provide for requesting, receiving, and evaluating competitive bids.
- g. When practicable, contract or purchasing officer's areas of responsibility are rotated on a regular basis. *(AICPA)*
- h. Provisions in contracts for materials, services, or facilities acquired on other than a fixed price basis provide for an audit of contractors' costs, with payments subject to audit results. *(AICPA)*
- i. Procedures exist for public advertisement of non-shelf item procurements in accordance with legal requirements. *(AICPA)*
- j. Recurring purchases and documentation of the justification for informal rather than competitive bids are periodically reviewed. *(AICPA)*
- k. Policies regarding conflicts of interest and business practice policies are established, documented, and distributed. *(AICPA)*
- l. Purchase orders and contracts are issued under numerical or some other suitable control. *(AICPA)*
- m. An adequate number of price quotations are obtained before placing orders not subject to competitive bidding. *(AICPA)*
- n. Splitting orders is prohibited to avoid higher levels of approval. *(AICPA)*
- o. Price lists and other appropriate records of price quotations are maintained by the purchasing department. *(AICPA)*
- p. A record of suppliers who have not met quality or other performance standards by the purchasing department is maintained. *(AICPA)*
- q. Procedures are modified when funds disbursed under grant or loan agreements and related regulations impose requirements that differ from the organization's normal policies. *(AICPA)*

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

## Best Financial Management Practices

### ***COST CONTROL SYSTEMS (Continued)***

#### ***PURCHASING (Continued)***

- r. Procedures are instituted to identify, before order entry, costs and expenditures not allowable under grant (federal/state) programs. *(AICPA)*
- s. An adequate record of open purchase orders and agreements is maintained. *(AICPA)*
- t. Purchases made for the accommodation of employees are prohibited or adequately controlled. *(AICPA)*
- u. Predetermining selection criteria exist for awarding personal service or construction contracts and adequate documentation of the award process is required. *(AICPA)*
- v. Changes to contracts or purchase orders are subjected to the same controls and approvals as the original agreement. *(AICPA)*

#### **4. Receiving: The District has established controls to ensure that goods are received and meet quality standards.**

- a. Receiving reports are prepared for all purchased goods. *(AICPA)*
- b. Procedures exist for the filing of claims against carriers or vendors for shortages or damaged materials. *(AICPA)*
- c. Steps are taken to ensure that goods received are accurately counted and examined to see that they meet quality standards. *(AICPA)*
- d. A permanent record of material received by the receiving department is maintained. *(AICPA)*
- e. Receiving reports are numerically accounted for or otherwise controlled to ensure that all receipts are reported to the accounting department. *(AICPA)*
- f. Copies of receiving reports are sent directly to purchasing, accounting, and, if appropriate, inventory recordkeeping. *(AICPA)*
- g. A government technical representative is assigned to monitor and evaluate contractor performance and approve receipt of services with respect to procurements of special purpose materials, services, or facilities. *(AICPA)*
- h. In those instances in which a receiving department is not used, adequate procedures exist to ensure that goods for which payment is made have been received and are verified by someone other than the individual approving payment that goods have been received and meet quality standards. *(AICPA)*

#### **5. Invoice Processing: The District has established controls for processing invoices to ensure that quantities, prices, and terms coincide with purchase orders and receiving reports.**

- a. Invoice processing procedures provide for:
  - Acquisition directly from issuing departments of copies of purchase orders and receiving reports. *(AICPA)*
  - Comparison of invoice quantities, prices, and terms with those indicated on the purchase order. *(AICPA)*
  - Comparison of invoice quantities with those indicated on the receiving report. *(AICPA)*
  - As appropriate, checking accuracy of calculations. *(AICPA)*
- b. All invoices are received from vendors in a central location, such as the accounting department. *(AICPA)*
- c. Procedures exist ensuring that the accounts payable system is properly accounting for unmatched receiving reports and invoices. *(AICPA)*
- d. Requests for progress payments under long-term contracts are related to contractors' efforts and are formally approved. *(AICPA)*



## Best Financial Management Practices

### ***COST CONTROL SYSTEMS (Continued)***

#### ***PURCHASING (Continued)***

- e. Procedures exist for processing invoices not involving materials or supplies (e.g., lease or rental payments, utility bills). *(AICPA)*
- f. Procedures exist ensuring accurate account distribution of all entries resulting from invoice processing. *(AICPA)*
- g. Access to the EDP master vendor file is limited to employees authorized to make changes. *(AICPA)*
- h. The accounting department maintains a current list of those authorized to approve expenditures. *(AICPA)*
- i. Procedures exist for submission and approval of reimbursement to employees for travel and other expenses. *(AICPA)*
- j. Control is established by the accounting department over invoices received before releasing them for departmental approval and other processing. *(AICPA)*
- k. The distribution of charges in the accounting department is reviewed by a person competent to pass on the propriety of the distribution. *(AICPA)*
- l. Invoices (vouchers) are reviewed and approved for completeness of supporting documents and required clerical checking by a senior employee. *(AICPA)*
- m. When an invoice is received from a supplier not previously dealt with, steps are taken to ascertain that the supplier actually exists. *(AICPA)*
- n. Payments are made only on the basis of original invoices. *(AICPA)*
- o. Responsibility is fixed for determining that all cash discounts are taken and, if applicable, that exemptions from sales, federal excise, and other taxes are claimed. *(AICPA)*
- p. Differences in invoice and purchase order price, terms, shipping arrangements, or quantities are referred to purchasing for review and approval. *(AICPA)*
- q. The accounting department records and follows up partial deliveries. *(AICPA)*
- r. The accounting and purchasing departments are promptly notified of returned purchases, and such purchases are correlated with vendor credit advices. *(AICPA)*
- s. The program and expenditure account to be charged is reviewed for propriety and budget conformity. *(AICPA)*
- t. Check signers or other responsible officials determine that restricted revenues are expended only for restricted purposes. *(AICPA)*
- u. Procedures exist to ensure adjustment of the reserve for encumbrances (obligations) when invoices are prepared for payment. *(AICPA)*

#### **6. Disbursements: The District has established controls to ensure disbursements are properly authorized, documented, and recorded.**

- a. Procedures exist for disbursement approval and warrant or check-signing. *(AICPA)*
- b. There is control over warrant or check-signing machines as to signature plates and usage. *(AICPA)*
- c. Procedures exist to notify banks when a new signer is authorized or a previous signer leaves the employ of the government. *(AICPA)*
- d. The signer is furnished with invoices and supporting data and they are reviewed prior to signing the warrant or check. *(AICPA)*
- e. Reasonable limits are set on amounts that can be paid by facsimile signatures. *(AICPA)*
- f. Two signatures are required on all warrants or checks over a stated amount. *(AICPA)*

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

## Best Financial Management Practices

### ***COST CONTROL SYSTEMS (Continued)***

#### ***PURCHASING (Continued)***

- g. Signature plates are maintained in the custody of an authorized person or the person whose facsimile signature is on the plate when not in use. (AICPA)
- h. Plates only under the signer's control are used and that person or an appropriate designee records machine readings to ascertain that all checks or warrants signed are properly accounted for. (AICPA)
- i. Invoices and supporting documents are canceled by or in the presence of the signer at the time of signing. (AICPA)
- j. Signed warrants or checks are delivered directly to the mail room, making them inaccessible to persons who requested, prepared, or recorded them. (AICPA)
- k. Warrants or checks are cross-referenced to vouchers. (AICPA)
- l. Warrants or checks are controlled and accounted for with safeguards over those unused and voided. (AICPA)
- m. The drawing of warrants or checks to cash or bearer is prohibited. (AICPA)
- n. Procedures exist ensuring that warrants or checks that have been signed and issued are recorded promptly. (AICPA)

#### **7. Accounts Payable Encumbrances or Obligations: The District has established controls to ensure payables/encumbrances (obligations) are properly authorized, documented, and recorded.**

- a. Statements from vendors are compared on a regular basis with recorded amounts payable. (AICPA)
- b. If an encumbrance (obligation) system is used, outstanding purchase orders are reconciled to the reserve for encumbrances (obligations) on a monthly basis. (AICPA)
- c. Encumbrance (obligation) entries are recorded only on the basis of approved purchase orders. (AICPA)
- d. Procedures exist ensuring that accounts payable and encumbrances (obligations) are applied against the appropriate account. (AICPA)
- e. Procedures exist ensuring that department heads are notified of payments made against accounts payable and encumbrances (obligations). (AICPA)
- f. Trial balances of reserve for encumbrances (obligations) and accounts payable are prepared on a regular basis. (AICPA)
- g. Trial balance footings are checked and traced to the individual items as well as comparing the total to the general ledger balance by an employee other than the accounts payable clerk. (AICPA)
- h. Transactions between funds in all affected funds are posted in the same accounting period and on a timely basis.

#### ***INFORMATION SYSTEM* The District maintains an information system to provide quality data.**

##### **1. Segregation of Duties: The District segregates duties to prevent unauthorized transactions by appropriately limiting access to data systems processes and functions.**

- a. The EDP department is independent from the accounting and operating departments for which it processes data. (AICPA)
- b. Appropriate segregation of duties exist within the data processing function for (a) systems development (design and programming), (b) technical support (maintenance of systems software), and (c) operations. (AICPA)
- c. In smaller and minicomputer installations with limited opportunities for segregation of duties, procedures exist for user departments to:

# Best Financial Management Practices

## ***COST CONTROL SYSTEMS (Continued)***

### ***INFORMATION SYSTEM (Continued)***

- Utilize batch or other input controls.
  - Control master file changes.
  - Balance master files between processing cycles.
- d. The personnel policies of the EDP function include such procedures as reference checks, security statements, rotation of duties, and terminated employee security measures that enhance segregation of duties and otherwise improve controls. (AICPA)

#### **2. User Controls: The District's user controls ensure authorization prior to processing transactions and ensure all output represents authorized and valid transactions.**

- a. Controls exist over preparation and approval of input transactions outside the EDP department and the department is prohibited from initiating transactions. (AICPA)
- b. The user exercises control procedures over input to ensure that all approved input is processed correctly through the system and only once. (AICPA)
- c. Controls exist over entry of data in on-line systems to restrict access to terminals and data entry to authorized employees. (AICPA)
- d. On-line systems controls exist that prevent documents from being keyed into the system more than once and that permit tracing from computer output data source and vice versa. (AICPA)
- e. Controls exist over changes to master files, such as requiring preparation of specific forms indicating data to be changed, approval by a supervisor in the user department, and verifying against a printout of changes. (AICPA)
- f. Controls exist over rejected transactions through the use of a computerized suspense file of rejected transactions or an auxiliary manual system. (AICPA)
- g. User department management reconcile output totals to input totals for all data submitted, reconcile the overall file balances, and review outputs for reasonableness. (AICPA)

#### **3. Application Controls: The District has established appropriate data controls between the user and the data system department.**

- a. Procedures exist within the data processing control function that provide that data is properly controlled between the user and the EDP department. (AICPA)
- b. Controls exist over data entry, for example, that include adequate supervision, up-to-date instructions, key verification of important fields, and self-checking digits. (AICPA)
- c. Program controls exist over entry of data into on-line systems. (AICPA)
- d. Input data is edited and validated. (AICPA)
- e. Data processing controls exist over rejected transactions. (AICPA)
- f. Controls exist for balancing transactions and master files. (AICPA)
- g. Procedures exist within the data processing control function concerning review and distribution of output. (AICPA)

#### **4. General Controls: The District has established general controls designed to provide physical security over terminals, limit access to data programs and data files, and to control risk in systems development and maintenance.**

- a. The District has an EDP Steering Committee responsible for approving all major data processing projects and establishing data processing priorities.
- b. The District has written short- and long-range EDP plans.
- c. Controls exist over changes to system software. (AICPA)

Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)

## Best Financial Management Practices

### ***COST CONTROL SYSTEMS (Continued)***

#### ***INFORMATION SYSTEM (Continued)***

- d. Controls exist over use and retention of tape and disk files, including provisions for retention of adequate records to provide backup capabilities. (AICPA)
- e. Controls exist that limit access to data processing equipment, tapes, disks, system documentation, and application program documentation to authorized employees. (AICPA)
- f. A job accounting system (or console logs) is used to ensure that scheduled programs are processed and proper procedures followed and that supervisory personnel know that only required programs have been processed. (AICPA)
- g. EDP department employees are supervised for all shifts. (AICPA)
- h. Procedures to be followed by computer operators are documented. (AICPA)
- i. The data processing system is documented such that the organization could continue to operate if important data processing employees leave. (AICPA)
- j. The District has a written policy standards manual that includes documentation standards, personnel policies, systems development and maintenance standards, operations policies and access security policies.
- k. Procedures exist to protect against a loss of important files, programs, or equipment. (AICPA)
- l. The District has a written disaster recovery plan that includes an alternative site with compatible systems for critical applications.
- m. Equipment, programs, and data files are covered by insurance. (AICPA)
- n. There are user-approved written specifications for new systems and modifications to existing application systems. (AICPA)
- o. There are written procedures to test and implement new systems and modifications to existing application systems. (AICPA)
- p. The District has assessed the impact of the year 2000 on its information technology and established a plan for becoming Year 2000 Compliant.

*Goals (A, B, C . . .), Best Practices (1, 2, 3 . . .), and Indicators (a, b, c . . .)*

## Best Financial Management Practices

### ***SELECTED RESOURCES***

OPPAGA and the Auditor General contacted a broad range of stakeholders, professional organizations, and other agencies to obtain input in developing the best practices and indicators including:

**American Education Finance Association**

**American School Food Service Association**

**Association of School Business Officials, International**

**California State Department of Education**

**Council of Chief State School Officers**

**Education Commission of the States**

**Florida Education Association (FEA)/United**

**Florida Association of District School Superintendents**

**Florida Association of School Administrators**

**Florida Chamber of Commerce Foundation**

**Florida Department of Education:**

*Educational Facilities*

*Education Information and Accountability Services*

*Financial Management*

*Food and Nutrition Management*

*Personnel*

*Planning and Budgeting*

*Public Schools*

*School Improvement*

*School Transportation Management*

**Florida Department of Management Services, Division of Personnel**

**Florida Educational Facilities Planners Association**

**Florida Governor's Commission on Education**

**Florida Governor's Office of Planning and Budgeting**

**Florida Legislature (leadership, education, and fiscal committees)**

**Florida Parent Teacher's Association**

**Florida School Boards Association, Inc.**

**Florida School Boards Attorneys Association**

**Florida School Districts:**

*Bradford County School District*

*Broward County School District*

*Clay County School District*

*Collier County School District*

*Dade County School District*

*DeSoto County School District*

*Duval County School District*

*Glades County School District*

## **Best Financial Management Practices**

*Hillsborough County School District*

*Indian River County School District*

*Manatee County School District*

*Marion County School District*

*Martin County School District*

*Nassau County School District*

*Okaloosa County School District*

*Okeechobee County School District*

*Orange County School District*

*Pasco County School District*

*Pinellas County School District*

*Polk County School District*

*Santa Rosa County School District*

*Sarasota County School District*

*St. Lucie County School District*

*Wakulla County School District*

**Florida School Finance Officer's Association**

**Florida School Food Service Association**

**Florida Tax Watch**

**Florida Teaching Profession – National Education Association (FTP-NEA)**

**National Association for Pupil Transportation**

**National Food Service Association**

**National School Boards Association**

**National School Transportation Association**

**North Dakota Department of Public Instruction, Child Nutrition/Food Distribution Programs**

**North Dakota School Food Service Association**

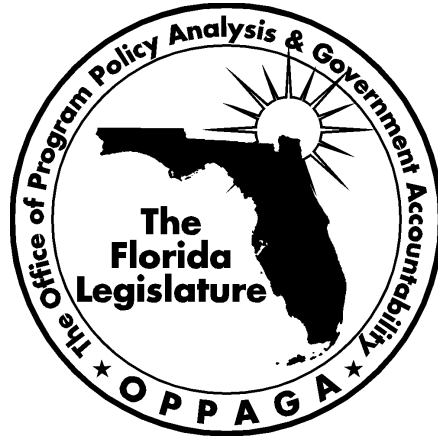
**Texas State Auditor's Office**

**University of Florida**

**United States Department of Agriculture, Food and Consumer Services**

**United States General Accounting Office**

The Florida Legislature  
Office of Program Policy Analysis  
and Government Accountability



ANNOUNCEMENT

The Office of Program Policy Analysis and Government Accountability announces the availability of its newest reporting service. The **Florida Government Accountability Report (FGAR)**, an electronic publication specifically designed for the World Wide Web, is now up and operating for your use.

**FGAR** provides Florida legislators, their staff, and other concerned citizens with approximately 400 reports on all programs provided by the State of Florida. Reports include a description of the program and who is served, funding and personnel authorized for the program, evaluative comments by OPPAGA analysts, and other sources of information about the program.

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