

Fiscal Accountability & Transparency

WCPSS Board of Education Finance Committee Meeting
September 20, 2022

Fiscal Accountability & Transparency

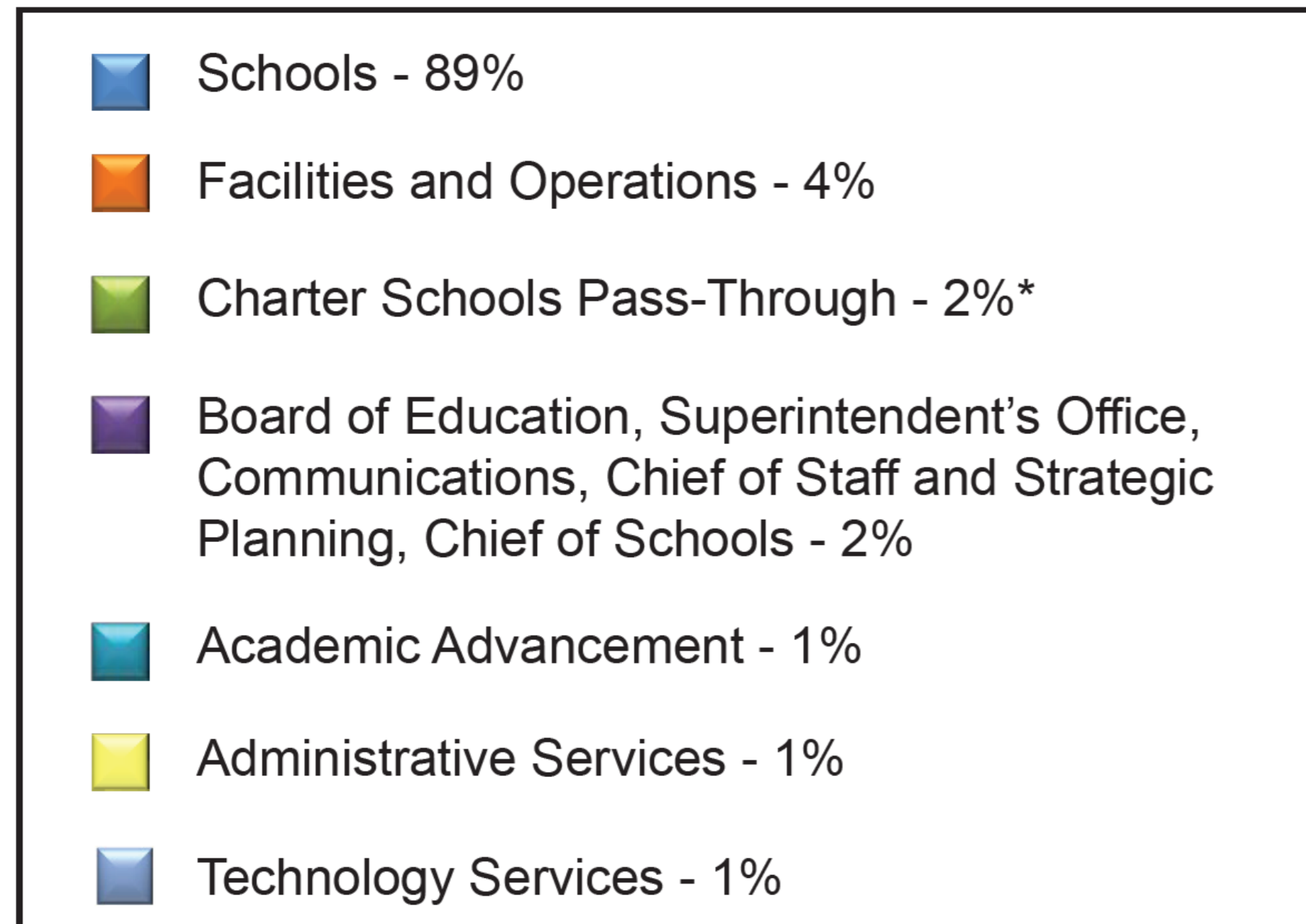
Today

- Review fiscal accountability & transparency standards
- Reporting of financial information
 - State of NC
 - Federal Government
 - WCPSS Board of Education
 - Public (Simbli, WCPSS web site, NC DPI web site)
- Annual independent external financial audit of district financial reporting & controls
- Board of Education's Independent Audit Committee
- Independent Fiscal Administrators

Fiscal Accountability & Transparency

Context

District Operating Budget - \$2.1 billion



*Charter schools receive state funds directly from NCDPI. The local pass through to charter schools represents over 8% of the local funds due to charter schools.

Fiscal Accountability & Transparency

Context

- Pre-K - 12 & Early College is human resource intensive
- Over 80% of Operating Budget for Salaries & Benefits
- To add 1 teaching position at each of our schools → \$14.6 million

Fiscal Accountability & Transparency

Who decides how we can invest our funding?

- Federal law & related agencies
- State Legislature & related law
- State Board of Education
- Other governing bodies

Fiscal Accountability & Transparency

Who decides how we account for our finances?

- Effectively same agencies as prior slide
- Guided by State of NC Chart of Accounts

The accounts of the board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

The state defines the first four segments of our account code structure - fund, purpose, program, and object. This allows for uniform accounting for all school districts, information gathering, consistency across districts, comparability between years, and a decision-making tool.

Fund codes identify an independent fiscal accounting entity. It allows us to separate State Public School Fund, Local Current Expense Fund, Federal Grant Fund, Capital Outlay Fund, Multiple Enterprise Fund, Trust and Agency Funds, Direct Grant Fund, and Other Specific Revenue Fund.

Purpose codes identify activities that are performed to accomplish the objectives of a school district. The broad categories include Instructional Services, System-Wide Support Services, Ancillary Services, Non-Programmed Charges, and Capital Outlay.

Program codes define the funding bucket the dollars come to the school system in within each funding source. Some examples would be Classroom Teachers, Driver Training, and Title I.

Object codes define the type of expenditure. The categories are Salaries, Employer Provided Benefits, Purchased Services, Supplies and Materials, Capital Outlay, and Transfers.

The Wake County Public School System has adopted a budget-coding scheme, which incorporates the uniform chart of accounts from the State Board of Education with three additional dimensions. These dimensions are level, cost center, and future use.

The purpose of such detail is to enable management at the school and system levels to make informed decisions regarding the utilization of limited resources to provide the most effective educational programs for students and to do so as efficiently as possible.

There are seven dimensions in the 23-digit coding scheme used in the budget: fund, purpose, program, object, level, cost center, and future use. The seven dimensions occur in a fixed sequence, as indicated in the chart below. The seven dimensions classify expenditures and revenues into groups so that meaningful analyses can be made. No single dimension used alone would provide enough information for accountability and responsible management. By relating a specific expenditure to all dimensions, complete accountability is realized and more information is available to management.

Fund	Purpose	Program	Object	Level	Cost Center	Future Use
2 digits	4 digits	3 digits	3 digits	4 digits	4 digits	3 digits
North Carolina Department of Public Instruction				Budget Managers	NCDPI	Code Expansion
What is the source of the money?	What is the type of activity /action?	What is the category of funding?	What is the service or commodity obtained?	This is a field for the budget manager to use. Typically this will identify the grade level, subject area, or department.	What is the school or division?	Future Use Field

Tone at the Top

MEMORANDUM

TO: All Wake County Public School System Employees
FROM: Catty Q. Moore *COM*
DATE: September 15, 2022
RE: Preventing Fraud and Theft

As the Superintendent of the Wake County Public School System, I am proud of our work as a district as we strive to meet the needs of all students. It is through the hard work of teachers and those of us who support their efforts that learning and teaching occur every day resulting in high levels of student achievement. I wish to take this opportunity to thank you for your contribution to the education of over 160,000 students enrolled in our schools. The concerted efforts of the Wake County Public School System family truly impact the future of our community.

As employees of the Wake County Public School System, we hold positions of public trust and are responsible for maintaining the highest standards of honesty, integrity, and fairness when engaging in any activity concerning the school system. All employees are responsible, either directly or indirectly, for the proper expenditure of public funds. An unwavering commitment to honorable behavior by each and every employee is expected. Additional information on the code of ethics and standards of conduct are contained in Board Policy 2305, 3005, and 4005; all employees are expected to follow these policies and procedures.

All employees of our school system need to be good stewards of the taxpayers' money that is entrusted to our school system for the education of students. Should you become aware of an instance that represents fraud, theft, or abuse of taxpayer funds, it is your responsibility to report the instance to the appropriate individual. These instances can be reported to the Finance Officer, Internal Auditor, or called in to the anonymous fraud hotline that is maintained by an independent third party for this purpose at 866-674-4872. You can report anonymously online at wcpss.ethicspoint.com. There will be no reprisals or other adverse actions taken as the result of reporting a situation of fraud, theft, or abuse. While I believe such incidents are indeed the exception, it is important that we remain vigilant and report any questionable activity. The Wake County Public School System has a very good reputation that we all wish to support and maintain.

The school system is committed to the appropriate expenditure of public funds; and as such, has zero tolerance for fraud, theft, and abuse of taxpayer funds. All instances of fraud, theft, and abuse of taxpayer funds will be vigorously pursued and prosecuted where appropriate. The responsible individual(s) will be held accountable for their actions regarding the expenditure of taxpayer funds.

Again, on behalf of the students in our school system, thank you for your efforts every day.

Financial Reporting - Net Savings Identified in the Local Budget

Budgeting is a flexible dynamic process. The operating budget is not fixed at the beginning of the fiscal year. It changes daily based on the spending plans for each school, program and department.

There can be significant differences when:

- Legislated salary and benefit adjustments differ than those estimated for the budget
- Student membership as of day 20 is different than the projection (for both WCPSS and charter schools)
- Utility costs fluctuate due to rate adjustments or weather patterns
- Transportation fuel & repair costs, services for special needs & McKinney Vento students can vary
- One-time or recurring savings in operational costs within departments
- Alignment of staff across funding sources based on experience levels
- Salary and benefit adjustments due to changes in vacancy rates

Financial Reporting - Net Savings Identified in the Local Budget

When staff identify significant savings in an area, the budget manager will transfer those funds into a separate account code specifically for “net savings identified in the local budget – or over/under”. There is no budget manager authority to “spend” from the account. Funds can only be transferred “into” the account, or “out of” the account if there are funds available changes in costs that may occur.

The Budget Department prepares a summary each quarter specifying why funds have transferred into or out of the account. *This provides transparency to everyone in the school system, as well as to the board of education and county commissioners.*

This process is not required by law. It is a way to clearly communicate significant changes in expenditures occurring during the fiscal year.

April 19, 2022 BOE Meeting [Net Savings Identified in the Local Budget 2021-22](#)

Financial Reporting - Budget Transfers and Amendments

General Statute 115C-422 [Amendments to the budget resolution; budget transfers](#)

In accordance with state law, changes to the budget are reported to the board of education each month.

The budget is a flexible, dynamic process. Each month there are amendments to the budget for:

- state allotment revisions from NC Department of Public Instruction
- grant awards or revisions
- changes in fee driven programs
- changes in revenue collections compared to budget

August 16, 2022 BOE Meeting [Budget Amendments and Transfers 2022-23](#)

Financial Reporting - Quarterly Budget Status Report

- Provide on a quarterly basis with an exception at the end of the year
- Information on budget, expenditures and remaining balances for all funding sources
- This report provides an up-to-date status the annual budget and expenditures
- April 19, 2022 BOE Meeting [Quarterly Budget Status Report](#)

Financial Reporting - Finance Website on Internet

- Annual budget document – includes Q and A during work sessions
- Annual Comprehensive Financial Report (ACFR)
- Summary of Pandemic Relief Funds and ESSER expenditures
- State required expenditure and transfer reporting
- Salary schedules
- WCPSS Internet [Our Finances About Us](#)

Financial Reporting - Finance Website on Internet



Finances

Adopted Budgets

- 2021-22 Adopted Budget →
- 2020-21 Adopted Budget →
- 2019-20 Adopted Budget →
- 2018-19 Adopted Budget →
- 2017-18 Adopted Budget →
- 2016-17 Adopted Budget →
- 2015-16 Adopted Budget →
- 2014-15 Adopted Budget →
- 2013-14 Adopted Budget (PDF) →
- 2012-13 Adopted Budget (PDF) →
- 2011-12 Adopted Budget (PDF) →
- 2010-11 Adopted Budget (PDF) →
- 2009-10 Adopted Budget (PDF) →
- 2008-09 Adopted Plan (PDF) →
- 2007-08 Adopted Plan (PDF) →

Annual Comprehensive Financial Report

- FY 2021 (PDF) →
- FY 2020 (PDF) →
- FY 2019 (PDF) →
- FY 2018 (PDF) →
- FY 2017 (PDF) →
- FY 2016 (PDF) →
- FY 2015 (PDF) →
- FY 2014 (PDF) →
- FY 2013 (PDF) →
- FY 2012 (PDF) →
- FY 2011 (PDF) →
- FY 2010 (PDF) →
- FY 2009 (PDF) →
- FY 2008 (PDF) →
- FY 2007 (PDF) →



2022-23 Board of Education's Proposed Budget



Summary of Pandemic Relief Funds



Federal ESSER Grants for COVID-19

More →

If you need access to materials in this archive and are unable to use them in our current format, please contact (919)-694-0543.

Financial Reporting - State Data Website

[NC School Report Card](#)

[Statistical Profile Online](#)

[Statewide COVID](#)

Competitive Bidding

- Purchasing seeks competition for supplies and most services
- Quote or Bid process
- Below \$2,500 – competition encouraged
- \$2,500 to \$4,999 - three written quotes required
- Above \$5,000 – submit to Purchasing for processing
- Above \$90,000 – formal solicitation by Purchasing

Competitive Bidding

- Ability to use Department of Administration State Contracts
- Ability to use public formally advertised cooperative purchasing contracts
- Solicitations posted on NC Interactive Purchasing System
- Best responsive and responsible bid

Independent Fiscal Administrators

- Finance positions embedded in major departments
- Report directly to Finance Officer
- Monitor financial and budgetary compliance with state & federal standards & laws
- Oversight & review of service & purchase contracts for accuracy and compliance
- Proactive effort to protect school system funding

Contract Routing

- WCPSS requirement that all contracts route through process
- Review by budget manager, fiscal administrator, risk management, SLT member, finance officer and chief officer depending on the dollar amount
- All contracts stored in an online folder
- Provides multiple reviews for compliance and value of service
- Purchase order accompanies the contract as proof of funding

Internal Audit

- Audits schools on a rotating schedule or by request
- Audits departments as part of a risk assessment plan
- Provides school audit to external auditors
- Monitors anonymous Fraud Hotline
- Investigates in collaboration with HR Employee Relations
- Maintains independence by reporting to the Superintendent and Board of Education

Annual External Financial Audit

- **Required by GS 115C-447**
- Release an RFP every three years for audit services
- Review experience and pricing to determine selection
- Present to the Board's Independent Audit Committee and Board of Education
- Rotate audit firms every six years
- Contract is reviewed by North Carolina Local Government Commission

Board's Independent External Audit Committee

- Board Policy 8810
- Members of the committee from the community and not employed by the district
- Committee membership includes CPA's, financial advisors and attorneys
- Only public school system in NC with this type of committee

External Audit Committee

- Provides guidance on auditor selection to the Board
- Reviews ACFR with the external auditors prior to Board presentation
- Present Audit Committee review to the Board
- Reviews audit findings as necessary
- Independent review of the annual financial statements prior to Board presentation

Annual External Financial Audit

- Includes a review of all funding sources, budgets and expenditures
- Report must conform to generally accepted accounting principles (GAAP)
- Ensures compliance with Governmental Accounting Standards Board (GASB)
- Audit must be conducted by a certified public accountant
- Auditor files a report with the LGC, NC State Board of Education, Board of Education & County Commissioners

Other External Audits

- North Carolina Pandemic Recovery Office
- North Carolina Office of State Budget and Management
- NCDPI Monitoring and Compliance Section
- Office of the State Auditor
- Federal Programs

Internal Controls & Separation of Duties

- Budget Department creates positions / position control
- Human Resources posts and hires employee
- Compensation Services pays the employee
- Purchasing orders goods and services
- Accounting pays the invoice once received
- Separate section of Accounting orders funds for payroll and general expenditures

Internal Controls & Separation of Duties

- Budget manager training
- Levels of approval
- Receipt of goods or services signature
- Budget manager approval of expense

Focus on Finance for Staff

- Monthly communication to budget managers
- Reminders pertinent to the coming month
- Reminders of spending deadlines
- Communication of new initiatives
- Training opportunities
- New hires/vacancies available for hire



Restart Schools - Plan Now!

Donna W. Moore, Budget Department

Budget staff are revising budgets at each Restart school following the salary roll that applied the recently approved raises for all staff. Each school's Fund 01, PRC 037 allotment is currently based on the 2021-22 state's per pupil amount (\$5,465.73) multiplied by the student membership planning allotment. When the budget is revised, substitute pay/benefits will be assigned to Fund 02. This change will allow additional time to determine if there will be unused sub pay and if so, there will be a later deadline for using the available budget.

As Restart principals are making choices about how to best use resources to support student learning, the following considerations may be helpful:

- ☛ Have a plan for excess funding that is generated over the year due to open positions, etc.
- ☛ Early budget analysis will ensure current year students benefit from current year budget.
- ☛ Plan, prepare, and set instructional priorities. How can your budget be used to have the most impact on student outcomes?
- ☛ Focus on current year challenges that align with multi-year strategies.
- ☛ Be proactive to avoid being reactionary. Budget staff can assist with recoding Fund 02 expenditures to Fund 01 when lapsed salary becomes available. This will give principals additional time for placing orders and reduce the risk of unused budget.
- ☛ Ensure sustainability – know why you are doing what you are doing.
- ☛ Finances are important, but helping students learn is central.

Principals should also be mindful that conversions of projected lapsed salary will impact the amount of available (and flexible) budget.

Restart schools are *not* exempt from adhering to WCPSS financial policies and procedures.

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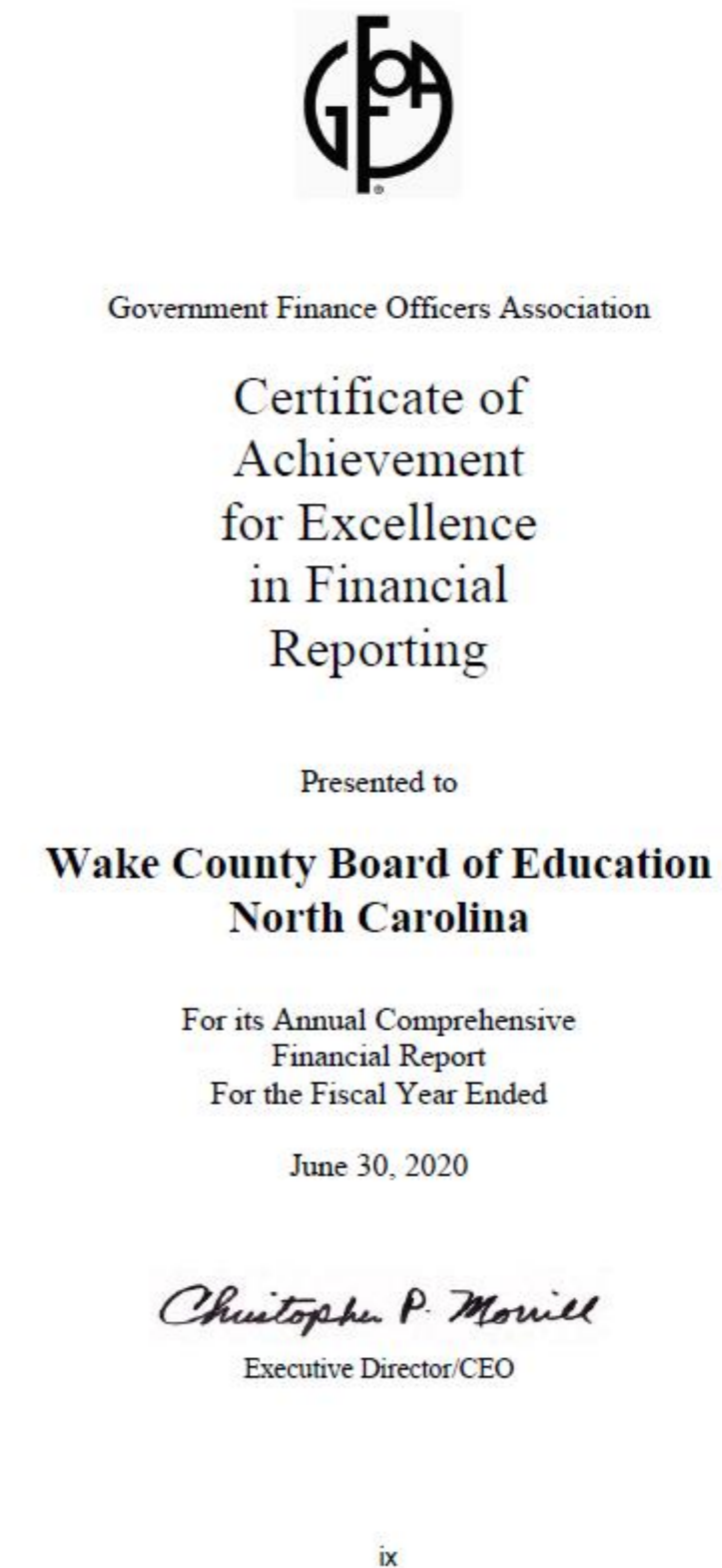
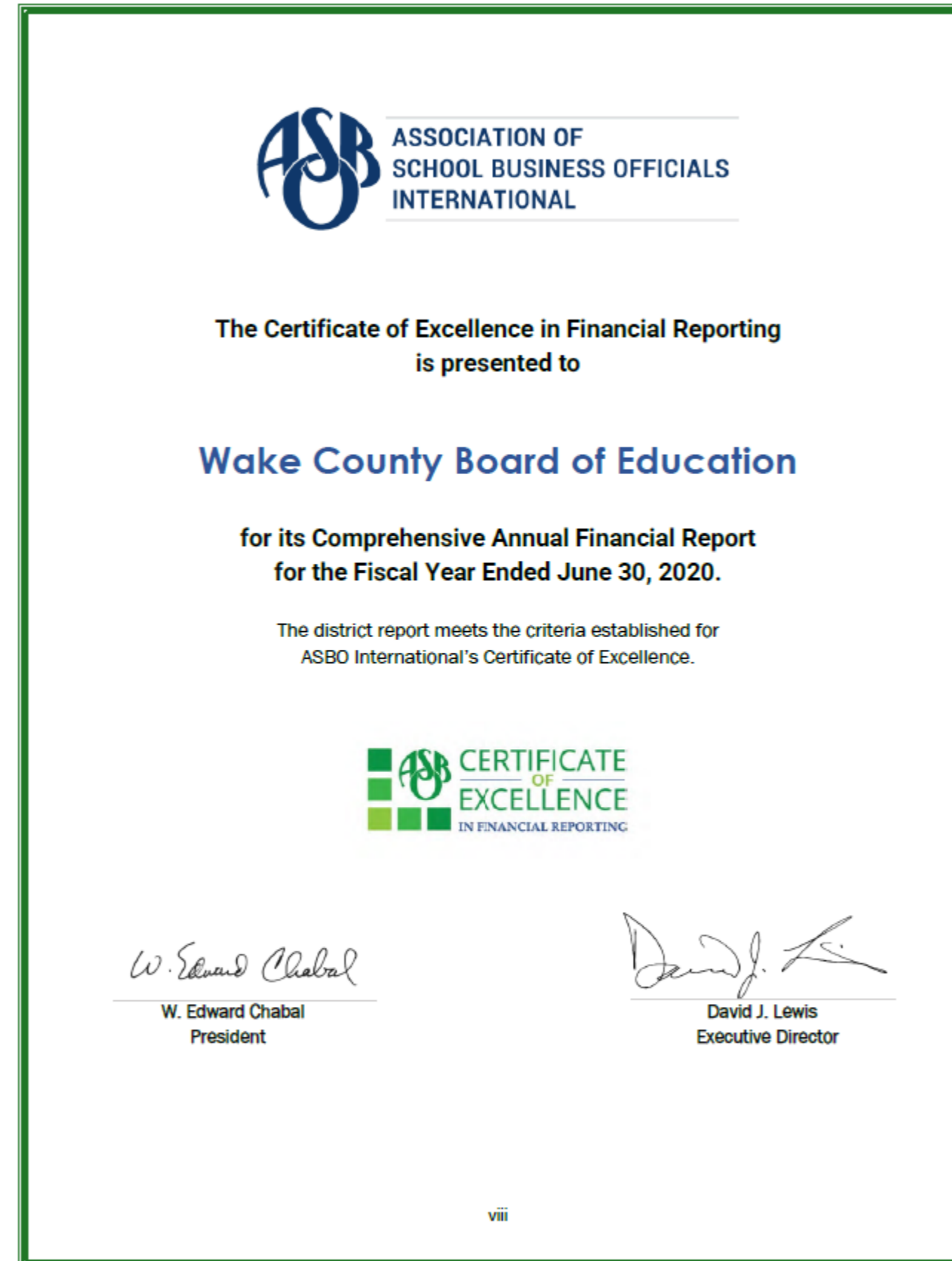
✓ Indicates action required	
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✓ Allotment Reconciliation for Program Managers	2
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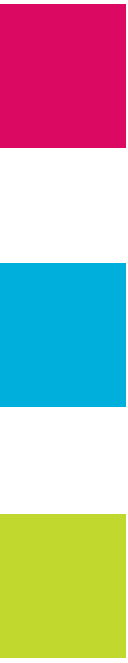
Accolades

- GFOA Award for Excellence in Financial Reporting
- ASBO Award for Excellence in Financial Reporting
- NCDPI Financial Award



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Q&A





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