Loudoun County School Board

Budget Work Session

Business and Financial Services

January 14, 2016
Budget Development Principles

We exhibited a *Success Mentality*
✓ The FY17 Proposed Business and Finance Budget sustains and builds on the excellence of LCPS.

We adopted a *Strategic Approach*
✓ We are proposing investments that will sustain and build on success.

We Emphasized *Transparency*
✓ We will provide detailed information about the budget and justify our request.
Department Focus

Mission

✓ To provide support, leadership and direction on financial matters to schools, central departments, the Superintendent and the School Board.

✓ To assure that financial matters are managed in a fiscally responsible manner consistent with School Board budget and goals.
FY17 Business and Finance Divisions

- Budget Services
- Employee Benefits & Retirement
- Financial Applications Specialists Team (FAST)
- Financial Services
- Payroll Services
- Procurement Services
What Do We Do?

Budget
- Develop projections and provide analysis
- Develop $1 billion budget in electronic format
- Provide quarterly projections
- Respond to surveys & info requests
- Administer position control
- Produce LCPS Annual School Report

Payroll
- Implement ORACLE Phase 2
- Pay over 12,000 full time and part-time employees twice monthly
- Maintain leave/absences records for full time staff
- File quarterly and annual payroll tax returns for IRS and five states

Employee Benefits, Retirement/Disability
- Implement ORACLE Phase 2
- Provide healthcare support to almost 22,000 employees, dependents and retirees
- Administer and counsel employees for FMLA, ADA, VRS, STD, LTD and WC

Procurement
- Purchase goods in compliance with VPPA and LCPS policies
- Conduct procurement procedures in fair and impartial manner
- Contract review services for 1,500 contracts
- Issue formal solicitations
- Provide risk management
- Support Oracle Phase 1 and 3
- Support, train, advise 88 school-based bookkeepers
- Support 45 departmental bookkeepers
- Support and advise 240 account managers

Financial Services
- Provide internal controls
- Support 4 ORACLE Phase 1 modules
- Provide audit of 88 school locations
- Support, train, advise 88 school-based bookkeepers
- Support 45 departmental bookkeepers
- Coordinate two external audits annually
- Produce LCPS CAFR
- Manage receivables
A Piece of the Pie

Business & Financial Services as a Percentage of the Total Budget

- Business and Financial Services 0.9%
- Support Services
- Pupil Services
- Personnel Services
- Non-Departmental Services
- Technology Services
- Central Support
- Charter Schools
- Grants

Instruction

0.9%
A Piece of the Pie

Business & Financial Services as a Percentage of the Total Staff

- Business and Financial Services: 0.7%
- Technology Services
- Support Services
- Pupil Services
- Personnel Services
- Central Support
- Charter Schools
- Grants
- Instruction
Challenges

Department-wide
✓ Triage – evaluation of risk & priorities
✓ Management hours
✓ Federal regulations
✓ ORACLE, ORACLE, ORACLE
✓ Management and communication of program/organizational changes between work groups
✓ Education & communication of changes affecting the employee base

Budget
✓ Analysis of spending patterns
✓ Monthly/quarterly reporting
✓ Timely completion of annual school report (ASR)
✓ WABE guide corrections
✓ Revenue projections and analysis
✓ Financial Forecasting
✓ Timeliness of financial analysis
✓ General support to the organization

Financial Services
✓ ORACLE phase 1, stabilization & reporting
✓ GL posting
✓ Utilization review/claims spike
✓ ORACLE projects and grants module
✓ CAFR reconciliation/delay
✓ Pace of GASB pronouncements
✓ Maintaining compensating processes to ensure adequate internal controls are in force.
✓ Phase 2 delays requiring additional interfaces, reconciliations and ‘work arounds’
✓ Leveraging best practices for SAF banking
✓ Expanding electronic payment options to our customers
Challenges

Benefits, Retirement/Disability
✓ VRS staff counseling sessions
✓ Quarterly billing – goal monthly
✓ Increased response time

Payroll
✓ VRS reconciliations for 3 plans
✓ Increased response time
✓ Overtime
✓ ORACLE phase 2

Procurement
✓ ORACLE Phase 3 to full functionality
✓ System wide full service contract administration
✓ Support new school/renovation projects
✓ Vendor education
✓ Spend analysis
## Business & Finance Requests

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Positions</th>
<th>Salary &amp; Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Budget Analyst</td>
<td>1.0</td>
<td>$94,316</td>
</tr>
<tr>
<td>Internal Auditor</td>
<td>1.0</td>
<td>$94,316</td>
</tr>
<tr>
<td>Oracle Functional Leads</td>
<td>4.0</td>
<td>$358,432</td>
</tr>
<tr>
<td>Report Writer</td>
<td>1.0</td>
<td>$94,316</td>
</tr>
<tr>
<td>Retirement and Disability Specialist III</td>
<td>1.0</td>
<td>$89,608</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>8.0</strong></td>
<td><strong>$730,988</strong></td>
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<table>
<thead>
<tr>
<th>Non-Personnel (O&amp;M &amp; Capital)</th>
<th>Increase</th>
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</thead>
<tbody>
<tr>
<td>Audit/Banking Fees</td>
<td>$100,000</td>
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<tr>
<td>Materials</td>
<td>$55,000</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>$39,000</td>
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<tr>
<td>Computers/Equipment/Space</td>
<td>$27,000</td>
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<tr>
<td>Certifications and Training</td>
<td>$16,000</td>
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<tr>
<td>Reductions</td>
<td>($9,000)</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$228,000</strong></td>
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</tbody>
</table>
Personnel

• Increases reflect system-wide increases (Salary, VRS, Health)
• Re-organization to include Financial Applications Specialists Team (FAST) - Move two current FTE’s to FAST Team

Operations & Maintenance

• $6k Overall reduction
Personnel
- Increases reflect system-wide changes (Salary, VRS, Health)
- 1.0 position, Senior Budget Analyst
- Overtime/part-time reduced $13k

Operations & Maintenance
- $1,069 Overall Increase
  - Contractual Services $600
  - Training $700
  - Materials ($231)
Employee Benefits & Retirement (pg. 348)

**Personnel**
- Increases reflect system-wide changes (Salary, VRS, Health)
- 1.0 position, Retirement & Disability Specialist III

**Operations & Maintenance**
- $64K Overall Increase
  - ✓ Contractual Services – EAP, Leave Management, ASL Interpreters $31k
  - ✓ Computers – new employee and refresh $9k
  - ✓ Materials – scanners, postage, supplies $20k
  - ✓ Training and Certifications – FMLA, WC, HIPPA, VRS $4k
<table>
<thead>
<tr>
<th>New Personnel</th>
<th>Positions</th>
<th>Salary &amp; Benefits</th>
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<tbody>
<tr>
<td>Oracle Functional Leads</td>
<td>4.0</td>
<td>$358,433</td>
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<tr>
<td>Report Writer</td>
<td>1.0</td>
<td>$94,317</td>
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<td><strong>Personnel after Reorganization</strong></td>
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<tr>
<td>Supervisor, FAST Team (existing position)</td>
<td>1.0</td>
<td>$155,615</td>
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<td>Coordinator, B&amp;F (existing position)</td>
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<td><strong>Total</strong></td>
<td>7.0</td>
<td><strong>722,400</strong></td>
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<tr>
<td><strong>Non-Personnel (O&amp;M &amp; Capital)</strong></td>
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<tr>
<td>Contractual Services</td>
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<td>$7,000</td>
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<tr>
<td>Computers/Equipment and Space</td>
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<td>$18,000</td>
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<tr>
<td>Materials</td>
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<td>$29,500</td>
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<tr>
<td>Training and Education</td>
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<td><strong>Total</strong></td>
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<td><strong>$61,100</strong></td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>783,500</strong></td>
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Financial Applications Specialists Team (FAST)
Financial Applications Specialists Team (FAST)

**Personnel**
- Oracle Functional Leads
  - Senior Accountants – 2 (payroll, accounting)
  - Senior Benefits Specialist
  - Senior Procurement Specialist

**Operations & Maintenance**
- Reconfigure office space
- Furniture and equipment for new positions
- Computers
- Training and Fees
What will the FAST team do?

• Once Oracle goes live with Human Resources, Payroll and Benefits, all 15,000 full and part time employees will become active users. In general, the FAST Team will provide:
  ✓ a one-stop shop for Oracle customer service;
  ✓ on-going training needs and customer support;
  ✓ continuous configuration and security updates across multiple modules.

• Implementation of Phase 2 will include:
  ✓ All employees will complete Payroll time and attendance electronically.
  ✓ All Employee Benefits enrollment will transition from a manual paper process to electronic entry.

  Note – the degree of the employee tech savviness will result in an increased work load on the support staff to assist the employee base with new and changing technology.

• The FAST Team will:
  ✓ Deliver increased monitoring and follow-up;
  ✓ Monitor routing of purchases, time cards and associated approvals and notifications;
  ✓ Ensure that supervisors and timekeepers take action on their timesheet approvals so that everyone gets paid;
  ✓ Promote faster turnaround time for delivery of software fixes and enhancements by streamlining the coordination and testing of the Oracle modules;
  ✓ Deliver a holistic approach to on-going system testing, training, reporting and problem resolution.
  ✓ Provide an improved response time related to problem research and resolution allowing the benefits, payroll, accounting and procurement groups to concentrate on their primary business functions;
  ✓ Offer a consolidated and integrated reporting function for account managers and central business staff;
  ✓ Support transition from paper document management to electronic.
Personnel
• Increases reflect system-wide changes (Salary, VRS, Health)
• Part-Time reduced $17k
• 1.0 position, Internal Auditor

Operations & Maintenance
• $108k Overall Increase
  ✓ Auditing/Banking Fees $100k
  ✓ Materials $3k
  ✓ Training and Certifications $5k
Payroll Services (pg. 360)

Personnel
• Increases reflect system-wide changes (Salary, VRS, Health)
• Part-Time reduced $30k

Operations & Maintenance
• $3k Overall Reduction
Procurement Services (pg. 364)

Personnel
• Increases reflect system-wide increases (Salary, VRS, Healthcare)
• Increase in Part-Time $3,500

Operations & Maintenance
• $3k overall increase
  ✓ Reconfigure office space
  ✓ Equipment
Conclusion

• Eight new positions....
• Need structured functional support team for all financial applications
• Defining moment by adding the Payroll, Time & Labor, Advanced Benefits and Employee Self-Serve for all LCPS employees (Full Time & Part Time)
• Triage system won’t work anymore with an ERP System, the modules are inter-dependent
• A $1 billion business, massive changes now, massive changes ahead
• Potentially unpopular decisions
• Reductions in expectations
Loudoun County School Board

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