



## **Texas Association of School Business Officials Award of Excellence in Financial Management**

### **Application Guidelines**

#### **PURPOSE**

The Award of Excellence in Financial Management (AOE) recognizes Texas school districts, open- enrollment charter schools, and education service centers that have implemented professional standards, best practice procedures and innovations in financial reporting.

The development of the AOE's criteria was based on financial accounting and reporting guidelines as identified by the Texas Education Agency (TEA) Financial Accountability System Resource Guide (FASRG). Additional resources incorporated included best practices in financial reporting as identified by the Texas Comptroller of Public Accounts; Association of School Business Officials International; Government Finance Officers Association (GFOA); Council of the Great City Schools; and the Legislative Budget Board (LBB).

The Award of Excellence in Financial Management will be presented at the TASBO Annual Conference each year. The first awards were distributed at the 2021 Annual Conference. District officials who receive the award should plan to attend the conference to be recognized. AOE award plaques are distributed at an Award of Excellence in Financial Management event hosted during the Annual Conference.

#### **ELIGIBILITY FOR CERTIFICATION**

The TASBO Award of Excellence in Financial Management is open to all Texas school districts, open-enrollment charter schools, and education service centers regardless of their size and will be presented annually.

## GUIDELINES FOR APPLICATION

When preparing their application, please incorporate documents and processes utilized in the adoption of the budget for the current fiscal year (i.e., submit evidence for the budget developed for fiscal year 2023-24 for the award to be distributed at the 2024 TASBO annual conference).

Applicants should submit the annual audit for the most recent fiscal year as part of the application. If it is unavailable, applicants should send the report as soon as it is available to complete the application. Additionally, evidence and narratives provided for categories 1-11 apply to the most recent fiscal year end (i.e., submit evidence from fiscal year 2023 for the award to be distributed at the 2024 TASBO annual conference), except for the criteria specifically related to the adoption of the budget for the current fiscal year.

Upon receipt of the application, TASBO will create a Basecamp account for the district to upload documents for review by the review committee. **To the greatest extent possible, all documents should be submitted in PDF format.** TASBO staff does not monitor the completeness of a submission. Please ensure that you review the application thoroughly and upload the required documents to Basecamp by the due date of the application.

An applicant may receive the AOE by attaining a minimum point total of 150 out of the possible 200 total points (bonus points are extra and count towards the 150 minimum). Smaller-enrollment school districts with less than 5,000 students will be required to attain a minimum of 120 points. If the district's application omits the requested documentation for one or more of the mandatory criteria, then the district will have forfeited its opportunity to be awarded the AOE. Applicants are challenged to continue to seek additional points in subsequent years to achieve the highest possible score.

### POINT STRUCTURE

	Points
Required Criteria	Pass/Fail
Financial/Business Department	29
Financial/Business Department Staffing	18
Staffing Controls	14
Budget Management	24
Financial Management Process	28
Cash Management	19
Communications	9
Financial Reports	10

Financial Analyses and Projections	34
Innovation Bonus Points	15

## SUBMISSION COMPONENTS

### FORMAT

Please provide complete information for the following elements:

#### 1) REQUIRED CRITERIA

- a) Organizational Chart - Provide a copy of the most recent organizational chart showing where the finance/business function is assigned in the organization hierarchy. In larger districts, a second chart showing the organization of the finance/business department is required which reflects all departments under the supervision of the Business Manager/CFO.
- b) Job Descriptions — Provide a copy of job descriptions for all staff members assigned to the finance/business function showing job title, to whom the position reports, wage/hour status, date last updated, primary job duties, secondary job duties (if any), qualifications, education/certification, special knowledge or skills, and prior experience. The job descriptions should correspond to the positions illustrated on the organization chart.
- c) Transparency Page - Provide a link to the district's financial transparency page along with a count of number of clicks from the district's home page.
- d) Budgets (5-Years) - Provide copies of legally adopted budgets for the current and previous four fiscal years for General Fund; Food Service Fund; and Debt Service Fund (as applicable).
- e) Budget and Tax Rate Hearing - Provide evidence of budget and tax rate hearing(s) for the current fiscal year. Include copies of the notice for the hearing, meeting agenda and minutes, proposed budget, and tax rate documentation, including a copy of the appraisal roll. If the budget was adopted prior to the adoption of the tax rate, please provide documentation for both board actions.
- f) FIRST Ratings – Provide evidence of a passing score on School's FIRST for the most recent School's FIRST rating.
- g) Unmodified Audit Opinion – Provide evidence that the district received an unqualified Audit Opinion for the most recent fiscal year and the prior fiscal year.
- h) Debt Transparency Report - Provide a copy of HB1378 Debt Transparency Report (if applicable).
- i) Bank Reconciliations - Provide evidence that bank reconciliations for the district's operational accounts are completed timely and that the district can demonstrate processes to ensure the completion of bank reconciliations.

#### 2) FINANCIAL/BUSINESS DEPARTMENT

- a) Publication of Required Notices - Provide evidence of the district's publication of all required notices in the local newspaper for the most recent reporting period available – i.e., Notice of Budget and Tax Rate Hearing; Notice of FIRST

Hearing; and Publication of Schedule C-2 Statement of Revenues, Expenditures and Change in Fund Balance, Governmental Funds from the Annual Audit Report.

- b) Findings and Questioned Costs - Provide a copy of the district's corrective action plan (if applicable) in connection with the Schedule of Findings and Questioned Costs from the District's previous and most recent annual audit.
- c) Best Practice Metrics - Show documentation of the district's use of best practice metrics obtained from TASBO, TASB, TEA, Council of Great City Schools, Government Finance Officers Association (GFOA), Society for Human Resource Management (SHRM), Leadership in Educational Facilities (APPA), peer districts, or other similar organizations, which were used to evaluate the district's operational performance status, including staffing and budgetary expenditures. The documentation should include copies of benchmark comparisons showing how the district uses peer comparisons with other similar districts. Describe how the components are being utilized including presentation to the Board of Trustees during a budget workshop.
- d) Internal Audit - Provide a copy of an internal control-related risk assessment process which has been completed within the past three years and evidence of action on the plan.
- e) Procedures Documentation - Provide a matrix showing linkages between board policies, and various fiscal procedures, including finance, purchasing, construction and other financial management areas.
- f) Self-Funded Health Insurance - If the District does not offer TRS Active Care insurance, provide evidence of a thorough review of costs on a regular basis and a positive fund balance in the Internal Services fund. If the District participates in TRS Active Care or another fully funded health insurance option, they shall receive full points for this section.
- g) Procurement - Provide a copy of policy and procedures (purchasing manual and other related documents) for the district's procurement processes, including purchases subject to competitive procurement requirements, purchases budgeted, and purchases not budgeted. If the District has also applied for the Purchasing Award of Merit in the current year, this requirement does not apply.

### **3) FINANCIAL/BUSINESS DEPARTMENT STAFFING**

- a) Education Level - Submit documentation of the highest level of education of the Chief Financial Officer/Business Manager.
- b) TASBO Certification - Submit documentation of the level of TASBO certification held by the Chief Financial Officer/Business Manager.
- c) Professional Certification - Submit documentation demonstrating that the Chief Financial Officer/Business Manager is a licensed certified public accountant,

certified internal auditor or has other similarly recognized professional certification (other than TASBO certification).

- d) Staff Training — Provide a record of finance/business staff training given to each staff member in the finance/business office during the most recent fiscal year, including TASBO provided training. The purpose of this indicator is to provide evidence that training programs are available to improve staff member skills such as TASBO certification classes, academies, workshops, webinar and training provided by other recognized entities. Examples of evidence meeting this criterion include but are not limited a) TASBO transcripts; b) certification plan, which details the anticipated time for all exempt staff who are not currently TASBO certified to become certified; c) Training agendas from events not appearing on the TASBO transcript.
- e) Internal Control Training — Provide copy of internal control specific training, including fraud prevention and cyber security training provided to finance/business office staff along with the dates of the training.

#### **4) STAFFING CONTROLS**

- a) Staffing Guidelines - Provide a copy of the campus/auxiliary staffing guidelines which includes an explanation of the process for reviewing and updating the staffing guidelines. The submission should include an explanation as to how a position control system is used in conjunction with staffing guidelines how the district reviews and approves staffing exceptions.
- b) Performance Metrics - Provide documentation of the following:
  - i) How are specific industry/academic performance metrics incorporated into the district's staffing guidelines – i.e., student performance, meals per labor hour, custodial cleaning per square foot, etc. Provide examples of circumstances which would cause the need to adjust the metrics during the budget process.
  - ii) Districts who meet the small schools definition or who have significant distances between campuses should include an explanation of how campus staffing is balanced within the available budgetary resources.
  - iii) Identify how the district's staffing is compared with that of their peers.
- c) Staffing Budget - Provide a copy of the analysis applied to the evaluation of the staffing budget for the previous school year to the actual expenditure for salary and benefits.

#### **5) BUDGET MANAGEMENT**

- a) Budget Calendar - Provide a copy of the budget development calendar for the current fiscal year which indicates due dates for departmental/campus budgets, business office timelines, and anticipated board meeting dates.

- b) Budget Development Decisions - Provide documentation of budget development decisions utilized in conjunction with the preparation of the current fiscal year's budget. The submission should address the items listed below:
- i. Reports showing increases/decreases to campus/office/department budget request categories in the preparation of the final draft budget forwarded for the Board of Trustees budget hearing.
  - ii. Process to analyze the cost and quality of non-instructional services and efforts to redirect resources to the classroom if warranted.
  - iii. Describe the process to determine what budgetary programs are managed centrally and what is decentralized to the campuses and departments. An example might include the process to identify compensatory program budgets at the campus.
  - iv. Provide examples of the process for community input into the budget, including input to board appointed finance committees, etc.
  - v. Provide a copy of the most recent campus / departmental allocation methodology for non-personnel related expenditures.
  - vi. Provide examples of how the district incorporated comparison of expenditures to its peers. How are budgetary outliers to the district's peer group addressed?
  - vii. Provide examples of how the budget development includes consideration of program evaluations tied to student achievement and academic program outcomes.
  - viii. Describe how the budget development process considers both short-term and long-term (multi-year) changes to curriculum and board goals.
  - ix. Provide documentation of incorporation of mandated state program spending requirements into the budget process.
  - x. Describe the district's process for determining comparability as it relates to ESEA funding. How does this impact the district's budget process?
  - xi. Describe how the budget process incorporates an analysis of replacement cycles for fine arts and athletic uniforms, football helmets, HVAC units, yellow and white vehicles, and technology.
- c) Budget Presentation – Provide examples of budget presentations which were utilized during the development and adoption of the current fiscal year's budget.
- d) Fund Balance - Provide a copy of the district's fund balance plan . Provide a schedule of fund balance by type for the five most recent fiscal years. How does the fund balance plan incorporate the long-term goals of the Board of Trustees?
- e) Debt Service – How does the budget and tax rate process ensure that the district has the resources to make bond service payments due between fiscal year end and January 31st. Is the interest and sinking fund tax rate sufficient to pay for outstanding debt requirements?

- f) Analysis of Appraised Values – How does the district analyze trends in property values? Does the district hold regular meetings with the Chief Appraiser to ensure an understanding of the current trends? How are appeals and lawsuits tracked by the district? Provide evidence of analysis of the change between the preliminary values to final values by type of property.

## 6) FINANCIAL MANAGEMENT PROCESS

- a) Revenue Monitoring - Provide a copy of revenue projections using multiple tools and data sources and a narrative for how revenue projections are monitored. The submission should also include the following -
- i) Explanation of the tools the district utilizes to prepare an estimate of state funding. How did the district prepared estimate of the initial state funding projection for the most recent fiscal year compared to the district's final summary of finance? If the aggregate difference was greater than three percent for the General Fund, what attributed to the variance?
  - ii) Provide documentation of the process for periodically reviewing revenue projections based upon attendance and program participation data during the school year. Attach a worksheet demonstrating that the district utilized attendance data for every six weeks reporting period for the prior fiscal year and the current fiscal year to date.
- b) Financial Accounting Processes - Provide documentation of financial accounting processes which are contained in a financial accounting procedures manual or on the district's intranet website. The submission should include the following:
- i) Checklist of the month-end closing processes which includes an explanation of the time required for month end closing processes – i.e., does month-end closing occur within 15 days?
  - ii) Checklist of the financial closing process for the end of fiscal year.
  - iii) Documentation or checklist of the process used to monitor federal or state grants along with reporting and drawdown schedules.
  - iv) Documentation and examples of the payroll reconciliation process.
  - v) Documentation of the ledger account (i.e., accounts receivable, payroll liabilities, accounts payable, etc.) reconciliation process. Provide a copy of the checklist which is used to ensure reconciliations are completed as part of the month end closing process.
- c) Salary Accrual – Provide documentation and examples of the salary accrual. Is the accrual completed monthly or on an annual basis?
- d) Federal Programs - Provide copy of Federal program financial management manual and related training to district and campus level staff.
- e) Cross Training of Personnel - Provide evidence of cross-training and segregation of duties within the business office function.



- f) Communications with Stakeholder Groups - Provide examples of communications to community stakeholder groups, including bond committees, community oversight committees, planning, super council, and/or other groups.
- g) Facility Use - Provide a copy of the district's facility use policy and describe the process utilized to ensure that it is adhered to.
- h) Procurement Cards - Provide a copy of the procurement card user manual and monitoring of p-card transactions, in addition to activities related to electronic payments, travel cards and rebates. *(Not necessary, if District applied for purchasing award of merit in the same calendar year and this information is included in that application)*

## **7) CASH MANAGEMENT**

- a) Investments- Provide evidence of investment policies and practices of the district. The submission should include the following:
  - i) Copy of the District's approved investment policies.
  - ii) Documentation of the Board's approval of the district's participation in the various pool accounts.
  - iii) Documentation of monthly, quarterly, and annual investment reports presented to the board.
- b) Collateralization – Describe how daily cash balances are tracked to ensure that they are appropriately collateralized.
- c) Cash Flow Analysis – Provide a schedule of the district's most recent cash flow analysis for the operating fund.
- d) Decentralized Campus Activity Funds - Describe the process that the district utilizes to ensure that decentralized campus activity fund bank accounts are reconciled within 15 days of month end. If the district has centralized all campus activity fund accounts, the district shall receive full points for this section.
- e) Collection and Disbursement of Funds - Describe the district's process to ensure appropriate internal controls over the collection and disbursement of funds. The explanation should include the following:
  - i) Explanation of the control over operating funds maintained by the district, including athletic ticket receipts, food service deposits and campus activity funds.
  - ii) Documentation for fraud controls, including positive pay, ACH positive pay, and ACH filters/blocks.
  - iii) Documentation for deposit procedures for all funds, including cafeteria and campus activity fund deposits. How are these deposits examined to ensure that they are both timely and accurate?
  - iv) Documentation of a cash management software solution to manage remote deposits.

- v) Documentation for procedures for after-hours deposits at secondary campuses and athletic events.
- f) Internal Control Training - Provide evidence of campus and departmental training on internal controls and the mitigation of fraud.

## 8) COMMUNICATIONS

- a) Documentation which demonstrates the district's transparency and practices and what type of financial reports are available on the district's website. Note: If the District applied and received the Comptroller's Transparency Stars, this section is not needed. Please submit documentation of the award and full points will apply.
  - i) Website link showing general contact information for district departments.
  - ii) Website link showing contact information for elected officials.
  - iii) Website link for Public Information Request instructions/form. How many clicks from the district's main page does it take to get to the PIR page?
  - iv) Website link to district web page showing external link to Texas Education Agency-related financial management reports for School FIRST. How many clicks from the district's main page does it take? Is this information included on the district's transparency page?
- b) Internet Posting Requirements - Provide a schedule indicating that the district has fully complied with the internet posting requirements which can be found at <https://www.tasbo.org/tools-services/internet-posting-requirements>.
- c) External Staff and Board Member Training – Provide examples of the district's training to campuses, departments, and board members, as applicable, for the following:
  - i) Provide a copy or link to the district's financial accounting manual, including campus activity funds, and copies of related training to district and campus level staff. Include documentation of specific sponsor training.
  - ii) Provide documentation of training provided to department and campus staff on fraud awareness and prevention. Specifically, how does the district ensure that campus and departmental staff recognize fraudulent requests for payment.
  - iii) Provide copies of slide deck(s) and other training materials related to finance training provided for new staff and board members.

## 9) FINANCIAL REPORTS

- a) Annual Financial Reports - Provide website links to the Annual Comprehensive Financial Reports/Annual Financial Reports (ACFRs/AFRs) for previous five fiscal years.
- b) Interim Financial Reports - Provide the most recent board reports for financial reporting. The submission should include:

- i) A copy of the board agenda item or report from Superintendent to the Board if not presented in a public meeting.
- ii) Report demonstrating a comparison of budget to actual by function and object for the current period as compared to the prior year.
- iii) A copy of the most recent state and federal grant status (showing for example: grant awards, expenditures, cash drawdowns, etc.).
- iv) Frequency of board reporting – i.e., monthly, quarterly, annual.

**10) FINANCIAL ANALYSES AND PROJECTIONS – note this section must include projection analysis. Historical data alone is not sufficient for the purposes of this section.**

- a) Enrollment and ADA Trend - Provide documentation of an analysis of projected enrollment and ADA trends – analysis should include a look-back at no less than ten fiscal year's historical data and a projection into the future of no less than five fiscal years.
- b) Property Value Trend - Provide a copy of the district's analysis of property value trends by type – analysis should include a look-back at no less than ten year's historical data and a projection into the future of no less than five fiscal years.
- c) Expenditures per Student - Provide an analysis of expenditures per student for operating and all funds - analysis should include a look-back at no less than five year's historical data and a projection into the future of no less than three fiscal years.
- d) Instructional Staff Per Student - Provide an analysis of instructional staff per student – analysis should include a look-back at no less than five fiscal year's historical data and a projection into the future of no less than three years.
- e) Total Staff Per Student - Provide an analysis of total professional staff per student and nonexempt staff per student – analysis should include a look-back at no less than five fiscal year's historical data and a projection into the future of no less than three years.
- f) Total Operating Revenue Per Student - Provide an analysis of total operating revenue per student by type – analysis should include a look-back at no less than five year's historical data and a projection into the future of no less than three fiscal years.
- g) Fund Balance as a Percentage of Expenditures- Provide an analysis of total fund balance as a percent of operating expenditures – analysis should include a look-back at no less than five fiscal year's historical data and a projection into the future of no less than three fiscal years.
- h) Fund Balance as a Percentage of Operating Expenditures- Provide an analysis of total General Fund, fund balance as a percent of General Fund operating expenditures – analysis should include a look-back at no less than five fiscal

year's historical data and a projection into the future of no less than three fiscal years.

- i) Fiscal Projections - Provide documentation that the district completed a three-year projection of the budget during the budget adoption process.

## **11) INNOVATIONS**

- a) Consulting Review — Provide a copy of a consulting review report that included coverage of the finance/business office for the financial period covered in the financial reporting award. (This is not the MD&A from the district's annual audit report, or an internal review generated by the district. This is a report issued under a third-party consulting engagement.)
- b) Efficiency and Economy - Provide a narrative on implemented innovations related to best practices for efficiency and economy (energy management, p-card, etc.)
- c) Student Achievement - Provide a narrative on processes implemented by the finance department in conjunction with campuses and instructional departments which benefit student achievement.
- d) Communications - Provide a narrative on innovative communications, including use of social media by district, which has helped ensure that the community positively views the district.
- e) Processes - Provide a narrative of changes implemented to processes that are managed by the finance/business office which have resulted in a more efficient and effective use of the district's resources.
- f) Technology - Provide a narrative of how the district leveraged technology to reduce administrative tasks.
- g) Strategic Plan – Demonstrate how the district developed a budget which ties to the objectives outlined in the District's Strategic Plan.

## **PROCESS**

### **AOE Evaluation Process**

The TASBO Award of Excellence in Financial Management has several thresholds that must be met before a district can be considered for this award.

1. Evaluation criteria are developed based on financial accounting and reporting guidelines as identified by the Texas Education Agency (TEA) Financial Accountability System Resource Guide (FASRG) Financial Accounting and Reporting Module. Additional resources are best practices in financial reporting as identified by the Texas Comptroller of Public Accounts; Association of School Business Officials International; Government Finance Officers Association (GFOA); Council of the Great City Schools; and the Legislative Budget Board

(LBB) during the Texas School Performance Review process. Additional resources are various innovative best practices developed by public schools in Texas and other states.

2. The letter of certification signed by the district's superintendent or chief financial officer requires a responsible and truthful submission of documents.
3. Applications must be submitted to TASBO by the announced deadline.
4. The ACFR/AFR for the fiscal year ending 2022-23 must be submitted with the application or as soon thereafter as possible. The ACFR/AFR will be uploaded to a Basecamp account created for the submission of the document.
5. TASBO will provide Applicants a unique link to Basecamp to upload their application documents.
6. The Executive Director will notify the AOE applicants of their receipt of the award and include in the notification sheet the applicant's scoring sheet so that they may continue to make improvements.
7. If the evaluators determine that the Award of Excellence should not be given, the AOE Coordinator will assign a mentor who has successfully completed the application process to help them in improving operations and/or their application for future submissions.
8. If the decision is to not accept an application for AOE, and the applicant believes the decision is in error, the decision may be appealed by the applicant to the TASBO Executive Director, who shall refer the matter to the TASBO Board of Directors if it cannot be resolved.
9. Districts that have a minor deficiency will be notified by TASBO and have fourteen (14) calendar days to correct the deficiency. (A minor deficiency is defined as a technicality involving the application, such as a missing signature, independent of the substantive evidence of merit described in the application.)
10. It is anticipated that all districts approved for the AOE will be announced by January 31<sup>st</sup> of each year.