

Review of the Business and Finance Department of the Indianapolis Public Schools

By the

Council of the Great City Schools



June 2014

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Review of the Business and Finance Department of the Indianapolis Public Schools

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Introduction

In early 2014, Dr. Lewis Ferebee, Superintendent of the Indianapolis Public Schools (IPS), requested that the Council of the Great City Schools (CGCS) provide a high-level management review of the district's budget and financial operations.¹ Specifically the Council was requested to —

- Substantiate or refute the General Fund budgeted and actual results for 2013 and the conclusions related to the district's budgeting and reporting practices, as reported by the superintendent in his public presentation on March 11, 2014.
- Review and evaluate the leadership, management, organization, and operations of the district's business and finance department.
- Review and comment on the adequacy of the district's financial policies, including its reserving policies.
- Review and appraise the district's financial reporting structure, including its new quarterly financial report.
- Develop recommendations that would help the district's budget and finance functions achieve greater operational efficiency and effectiveness.

In response to this request, the Council assembled a Strategic Support Team (the team) of senior managers with extensive experience in budget and financial operations in other major urban school systems across the country. The team was composed of the following individuals. (Attachment A contains brief biographical sketches of team members.)

Bob Carlson, Project Director
Director, Management Services
Council of the Great City Schools

¹ The Council has conducted about 250 instructional, management, and operational reviews in over 50 big-city school districts over the last 15 years. The reports generated by these reviews are often critical, but they also have been the foundation for improving the operations, organization, instruction, and management of many urban school systems nationally. In other cases, the reports are complimentary and form the basis for identifying "best practices" for other urban school systems to replicate. (Attachment E lists the reviews that the Council has conducted.)

Review of the Business and Finance Department of the Indianapolis Public Schools

David Koch, Principal Investigator
Chief Administrative Officer (Retired)
Los Angeles Unified School District

Chuck Burbridge
Chief Financial Officer
Atlanta Public Schools

Kenneth Gotsch
Assistant Superintendent for Business & Finance
Seattle Public Schools

Judith M. Marte
Deputy Chief Financial Officer
Miami-Dade County Public Schools

José Montes de Oca
Chief Auditor
Miami-Dade County Public Schools

The team conducted its fieldwork for the project during a five-day site visit to Indianapolis between April 28 and May 2, 2014. The general schedule for the site visit is described below. (The Working Agenda for the site visit is shown in Attachment B.)

The team met with the Superintendent on the first day of the site visit to discuss his expectations and objectives for the review and to make last-minute adjustments to the work schedule. The team used the subsequent three full days of the site visit to conduct interviews with staff members and others (a list of individuals interviewed is shown in Attachment C) and to review documents, reports, and data provided by the district (a list of documents reviewed by the team is shown in Attachment D).² The final day of the visit was devoted to synthesizing and refining the team's preliminary findings and recommendations, and to debriefing the Superintendent.

The Council sent a draft of this document to team members for their review to ensure the accuracy of the report and to obtain their concurrence with the final recommendations. This management letter contains the findings and recommendations that were designed by the team to help improve the operational efficiency and effectiveness of the district's budgeting and financial reporting.

Findings and Observations

The findings and observations of the Council's Strategic Support Team are organized around the following areas –

² The Council's peer reviews are based on interviews of staff and others, a review of documents provided by the district, observations of operations, and the team's professional judgment. In conducting the interviews, the teams must rely on the willingness of those interviewed to be factual and forthcoming, but cannot always judge the accuracy of statements made by interviewees.

- A. Validation of Superintendent’s Presentation
- B. Strategic Issues
- C. Audit and Internal Controls
- D. Financial Policies and Practices
- E. Financial Reporting and Communications
- F. Organization and Staffing

These findings and observations are followed by recommendations in each area.

A. Validation of Superintendent’s Presentation

- The team was able to substantiate the General Fund budgeted and actual results for 2013, as reported by the Superintendent in his March 11, 2014 presentation, by comparing those results to the official records and reports provided by the district³ and published reports from the Indiana Department of Education and Indiana State Bureau of Accounts websites. The budgeted and actual results are displayed in Exhibits 1 and 2 below.

Exhibit 1. 2013 Budgeted Deficit
(Superintendent’s Presentation of March 11, 2014)



entry plan	
2013 Projected Budget Deficit (General Fund)	
Projected Revenue 2013	\$244,200,000
Projected Expenses 2013	\$274,400,000
Projected 2013 Deficit	-\$30,200,000

Prepared by IPS

Exhibit 2. 2013 Actual Surplus
(Superintendent’s Presentation of March 11, 2014)



entry plan	
2013 Actual Budgeting (General Fund)	
Actual Revenue 2013	\$246,200,000
Actual Expenses 2013	\$237,800,000
Actual Balance 2013	\$8,400,000

Prepared by IPS

³ These records included the Indiana Department of Education, Office of School Finance, Calendar Financial Report and the Department of Local Government Finance Budget Estimator for Indianapolis Public School Corporation.

- The team confirmed the Superintendent’s conclusion, as stated in his March 11, 2014 presentation, that the “annual operating budgets [were] projected with large deficits between expenses and revenue” (See Exhibit 3 below).

Exhibit 3. Deficit-Based Budgeting Practice
(Superintendent’s Presentation of March 11, 2014)

entry plan

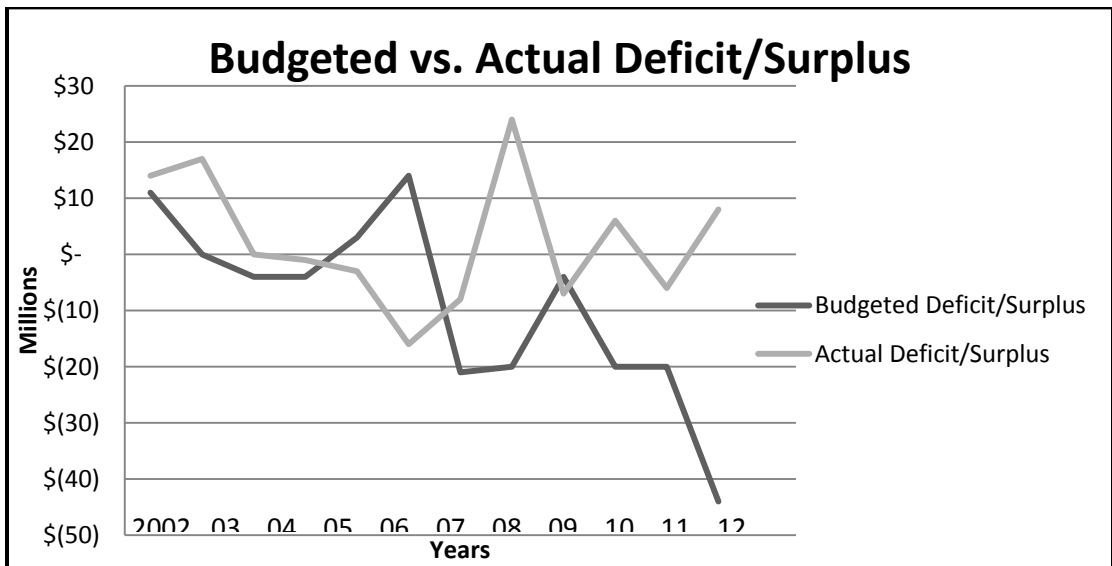
Deficit-Based Budgeting Practice

- Annual operating budgets projected with large deficits between expenses and revenue:
 - Over-project expenditures
 - Reduce expenses
- Indy Chamber Operational Analysis
- Structural vs. projected budget deficit

Prepared by IPS

The team found that variances between budgeted deficits or surpluses and actual results for the General Fund have occurred for a number of years; that these variances became more significant beginning in 2007; and that variances were particularly serious in the past three years. Exhibit 4 below displays a 12-year history of budgeted deficits or surpluses compared with actual results.

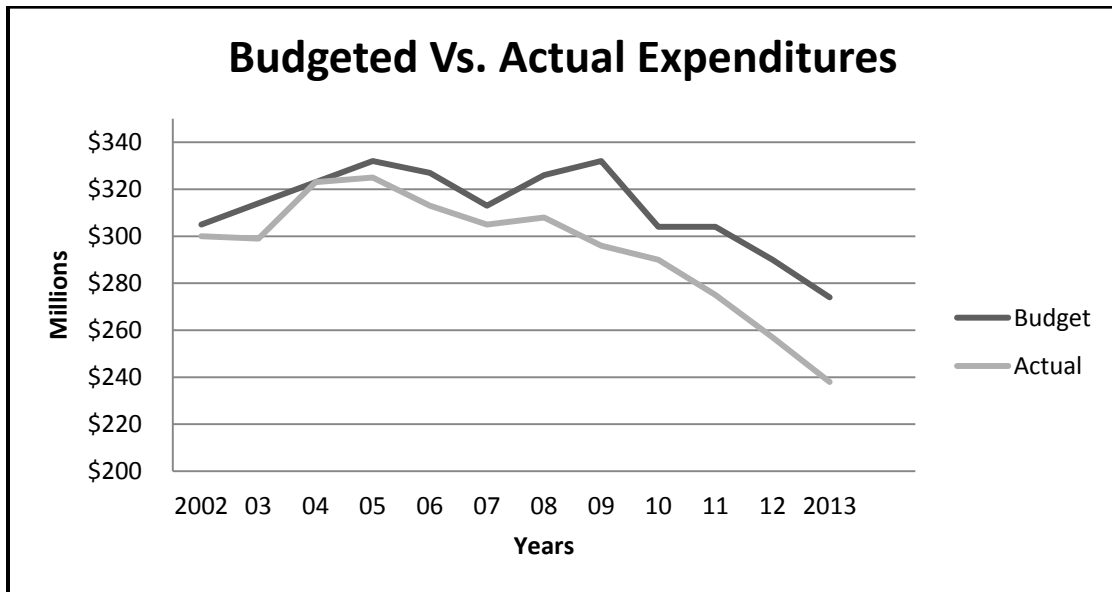
Exhibit 4. 12-Year History of Budgeted vs. Actual Results
(General Fund)



Prepared by CGCS from information provided by IPS

The team was also able to confirm the Superintendent’s conclusion that the district’s General Fund budget over-projected expenditures. The team found that variances between budgeted and actual expenditures in the General Fund have occurred for a number of years; that these variances became more significant beginning with the 2009 budget; and that these spending gaps were particularly large in the past three years. Exhibit 5 below displays the 12-year history of budgeted and actual expenditures in the district’s General Fund.

Exhibit 5. 12-Year History of Budgeted vs. Actual Expenditures (General Fund)



Prepared by CGCS from information provided by IPS

The Superintendent acknowledged the difference between a “structural budget deficit” (traditionally defined as on-going expenditures in excess of on-going revenues, without consideration of any beginning balance) *versus* an “operational deficit” (in which expenditures exceed both revenues and any beginning balance).

B. Strategic Issues

- District financial accounting and reporting is done on a Cash Basis⁴ and does not use Generally Accepted Accounting Principles (GAAP),⁵ which could result in significant unidentified and unreported liabilities. For example –

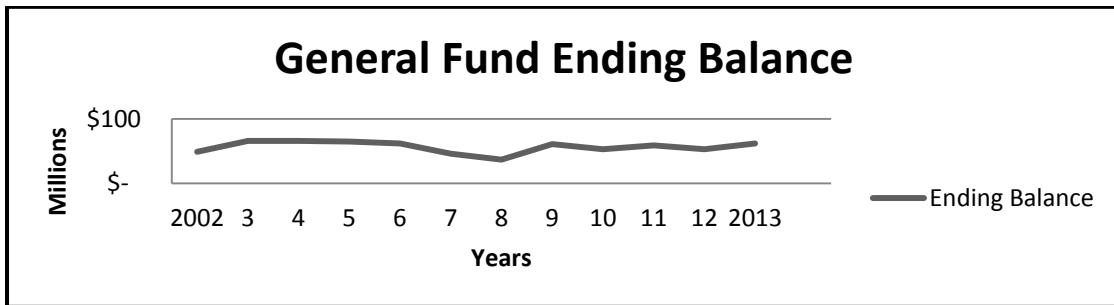
⁴ Under the Cash Basis of accounting, revenue is recorded when cash is received and expenses are recorded when they are paid. In contrast, the Accrual Basis of accounting records income when it is earned and records expenses when they are incurred, regardless of the flow of cash.

⁵ GAAP refers to the standard framework of guidelines for financial accounting and reporting. These include the standards, conventions, and rules that accountants follow in recording and summarizing and in the preparation of financial statements. The Accrual Basis of accounting and reporting is GAAP.

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- The district may be subject to liabilities for the past service costs of retired employees (e.g., retiree pensions and health insurance benefits).
- The district may have unfunded obligations for its workers' compensation program.
- The district has not computed or disclosed the values of accumulated unused employee sick days and vacation balances.
- Not all multi-year contractual obligations are fully encumbered.
- The long-term obligations of the district's Self-Insurance Fund are not accrued or disclosed in any district accounting reports. Further, the team noted a decline in the ending cash balance in this fund (from \$8.4 million in 2008 to \$1.7 million in 2013), which could be indicative of an issue of the viability of the district's Self-Insurance Fund.
- The district prepares its annual budget on a calendar year basis (January 1 to December 31), which does not reflect the business cycle of a school system. Further, the bi-annual audits conducted by the State's Board of Accounts are reported on a fiscal year basis (July 1 to June 30), which makes it challenging to compare the district's annual budget, revenue, and expenditure reports with the State's audit results.
- The district has maintained significant balances in its General Fund over the past 12 years as shown in Exhibit 6 below. The average ending balance during this period was \$57 million, which is approximately 20 percent of average annual expenditures. For 2013, the ending balance in the General Fund was 25 percent of revenues,⁶ more than twice the median of 11 percent among 34 reporting CGCS districts.⁷

Exhibit 6. 12-Year History of the General Fund Ending Balance



Prepared by CGCS from information provided by IPS

⁶ While the district has a substantial cash balance in its General Fund, this balance is non-recurring and should not be used to fund recurring operational expenditures. Also, this balance may be offset by undisclosed and unfunded liabilities since the district does not use GAAP accounting

⁷ *Managing for Results in America's Great City Schools, 2013: A Report Of The Performance Measurement And Benchmarking Project*, Council of the Great City Schools, October 2013

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- The team saw no evidence that the district has conducted and reported a strategic analysis of the financial impact of charter schools on the district.
- The team saw no evidence that the district has conducted and reported a strategic analysis of the financial impact of its substantially underutilized facilities.

C. Audit and Internal Controls

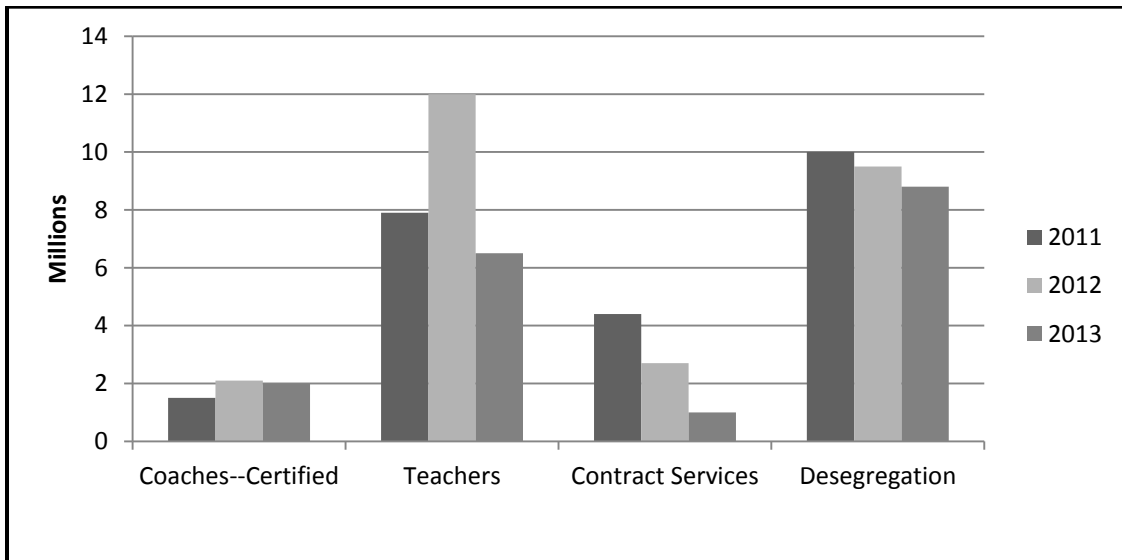
- IPS does not have an effective internal audit function. For example –
 - The School Board does not have an Audit Committee.
 - There is no annual Audit Plan or risk assessment.
 - The person carrying the title of Internal Auditor reports to the Chief of Financial & Business rather than to a School Board-level audit committee.
 - The actual duties, responsibilities, and activities of the Internal Auditor are very limited in scope and typically do not entail auditing.
- The team noted a number of significant weaknesses in the district's internal controls. For example -
 - The Position Control system is managed by the Human Resources department, rather than by the Budget department (which means positions could be added that are not funded in the budget).
 - While school staffing formulas exist, the team was told that they are not adhered to in many situations.
 - The district's automated time and attendance system has not been implemented, resulting in an error-prone manual-input payroll-process (resulting in routine off-cycle payroll runs).
 - The district payroll system allows the over-expenditure of salary appropriations.
 - There are apparently few controls over adjustments to non-salary budget allocations.
 - Accounts Receivable staff members do both the billing of receivables and the collection of cash receipts, thus violating the principle of separation of incompatible duties.
 - The Internal Auditor does the district's bank reconciliations, rather than the accounting department.

- The Accounts Receivable staff is performing the treasury function of directing cash investments.

D. Financial Policies and Practices

- The district has minimal financial policies. For example –
 - Fiscal policies are inadequate and they do not cover key elements such as Reserves, the Rainy Day Fund, or the district’s capital program.
 - The budget policy reviewed by the team was very limited and it appeared that staff was not following it.
 - The investment policy lacks provisions for an investment committee or an investment advisor.
 - There are no debt policies.
- The Budget office does not do projections to validate the budgeted revenues and expenditures and the adopted budget is not adjusted for significant changes in revenue or appropriations.
- The district has an established pattern in recent years of significantly over-projected expenditures (as displayed in Exhibit 5 above: 12-History of Budgeted vs. Actual Expenditures). For example, Exhibit 7 below shows four major areas where budgets exceeded expenditures during the past three years. The chart shows the amount by which the budget exceeded the actual expenditures in each of the categories over each of the past three years.

Exhibit 7. Major Areas Where Budgets Exceeded Actual Expenditures (2011 to 2013, General Fund)



Prepared by CGCS from information provided by IPS

Review of the Business and Finance Department of the Indianapolis Public Schools

- The General Fund budget for expenditures is not aligned to anticipated State revenues.
- The district has allowed encroachment on the General Fund by other funds. For example –
 - The Food Service Fund does not fully pay its own utilities, custodial, supervisory personnel, equipment, or trash removal costs.
 - Warehouse costs are not fully recovered through a service charge to users on goods received, for storage and delivery.
- The Finance office invests millions of idle funds in short-term instruments and does not take advantage of its opportunities to make longer-term investments, which would likely generate greater yields.

E. Financial Reporting and Communications

- The district’s financial reporting lacks transparency at virtually every level.
- The district has not produced an annual Budget Book for the School Board and public since 2010.
- The district’s budget staff does not prepare annual budgets, School Board approval documents, or State reports for every major fund. To illustrate, Exhibit 8 below shows the funds for which budgets are reported and approved by the School Board and the State and those for which no budget forms are filed (except as may be related to specific grant approvals). It is estimated that the activity in these unreported funds amounts to \$126 million per year, which comprises over 20 percent of the district annual expenditures.

Exhibit 8. Funds For Which Budgets Are Approved By The School Board And Filed With The State And Those For Which No Budget Forms Are Filed.

Budget Filed With State		Budget Not Filed With State	
FUNDS	2014 Budget Amounts	FUNDS	Estimated Activity
Rainy Day	\$14.8	School Lunch (Est.)	\$17.5
General	263.7	School Technology	??
Debt Service	39.9	Self Insurance	??
Pension Debt	2.9	Student Activity	??
Referendum Debt	17.7	Retirement/Severance	??
Capital Projects	46.1	Alternative Education	??
Transportation	36.2	Special Purpose Funds	??
Bus Replacement	12.9		
TOTAL 2014 Budgets	\$434.1	Estimated	\$126.0

Prepared by CGCS from information provided by IPS

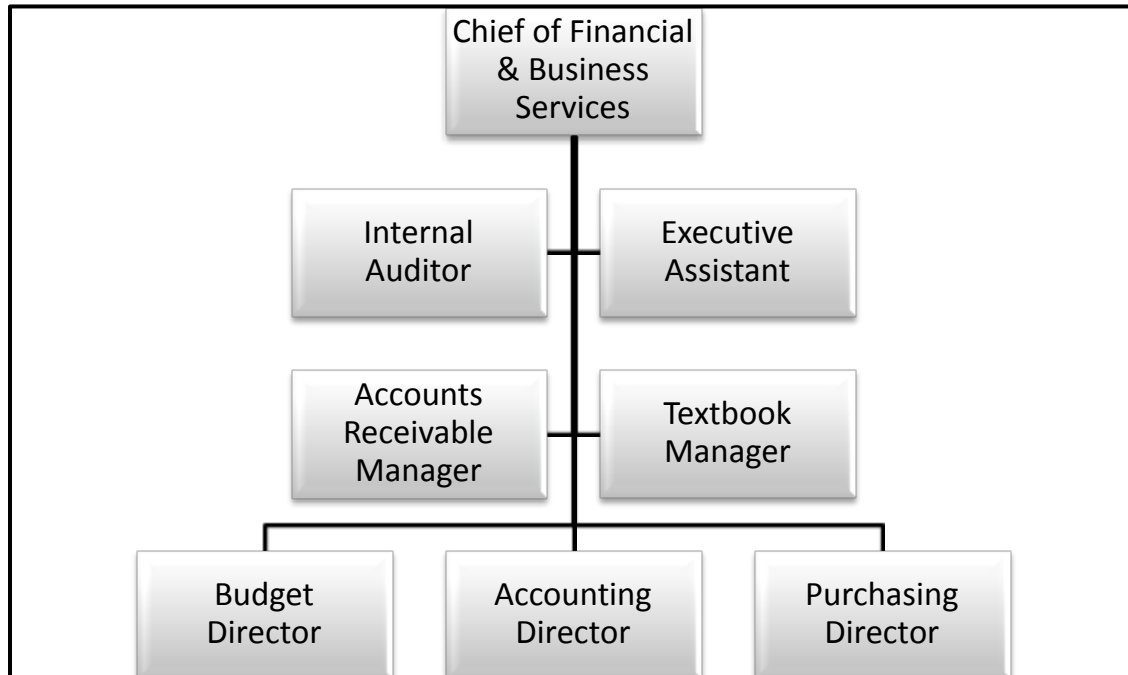
Review of the Business and Finance Department of the Indianapolis Public Schools

- A consolidated all-funds budget is not prepared or presented to the School Board and public. As a result, the activities and resources of some departments (such as the Information Technology department), which are spread through several different funds, are never viewed in their entirety.
- The annual budget information presented to the School Board for approval includes expenditure and revenue projections, but does not display beginning balances or projected ending balances.
- The new quarterly report being presented to the School Board contains no analysis or explanatory narratives nor does it contain projections of expenditure and revenue data through the end of the year, so they can be compared to the annual budgets.
- There are no monthly financial reports that compare budgets to actual outcomes.
- The monthly Treasurer's report contains no explanatory narratives or analysis.
- The district's web site posts little in the way of financial information or reports.

F. Organization and Staffing

- The team noted several areas in the Business and Finance organization that appeared to be understaffed. For example –
 - The internal audit unit is understaffed.
 - The purchasing staff is only able to bid about half of the district's goods and services because of limited staff resources.
 - The resources allotted to the Treasurer's functions are inadequate to maximize returns on investments or produce informative reports for the School Board and public.
- Staff duties, roles, responsibilities, and expectations are not clearly defined or understood.
- The team noted several shortcomings in the current Business and Finance department organization shown in Exhibit 9 below. For example –
 - The Internal Auditor reports to the Chief of Financial & Business Services, rather than to a School Board-level audit committee (as noted earlier in this report).
 - The Accounts Receivable Manager does not report to the Accounting Director.
 - The Textbook Manager does not report to the Purchasing Director.

Exhibit 9. IPS Business and Finance Department



Prepared by CGCS basis on information provided by IPS

Recommendations

1. Implement Generally Accepted Accounting Principles (GAAP), including accrual accounting, and produce a Comprehensive Annual Financial Report (CAFR) that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB).
2. Adopt a fiscal year of July 1 to June 30, as provided for in State law,⁸ to coincide with the school system's business cycle and the fiscal year audits conducted by the State Board of Accounts.
3. Establish an Audit Committee composed of School Board members and community leaders with experience in accounting, finance, or auditing and empower them with the following responsibilities—
 - a. Review and approve the Internal Auditor's annual work plan based on a risk assessment of district operations
 - b. Review and comment on all internal and external audit reports
 - c. Review and comment on all interim and annual financial reports.

⁸ Legislation enacted in 2008 enables Indiana school districts to adopt the fiscal year of July 1 to June 30.

Review of the Business and Finance Department of the Indianapolis Public Schools

4. Establish a direct reporting relationship of the Internal Auditor to the School Board's Audit Committee.
5. Strengthen the district's Internal Audit function by augmenting the office with additional experienced professional personnel.
6. Employ an outside independent firm (or the augmented Internal Audit unit) to conduct a comprehensive review and evaluation of the district's internal controls.
7. Adopt a thorough set of financial policies,⁹ including but not limited to –
 - a. Fiscal policies relating to reserves, ending balances, the capital program, and inter-fund cost allocations.
 - b. Budgeting policies, including calendars, allocation formulae, input processes, and projection methodologies.
 - c. Investment policies, including an investment committee and an investment advisor.
 - d. Debt policies, including the defined purposes for which debt may be issued, limitations on debt, type of approved debt, approval process and reporting.
8. Restructure the financial reporting system to provide greater transparency and better communications. Specifically –
 - a. Prepare and publish a consolidated annual budget, which includes all funds and displays beginning balances, anticipated revenues, appropriated expenditures, and projected ending balances.
 - b. Prepare interim financial reports, on at least a quarterly basis, that compare the budgeted revenues and expenditures with actual year-to-date results, contain projections of revenues and expenditures for the remainder of the year, and display anticipated ending balances.
 - c. Produce a Comprehensive Annual Financial Report (CAFR) (as noted above).
 - d. Provide analyses and narratives in all financial reports to enhance their value as a communication tool and improve transparency.
 - e. Post all regular and special financial reports on the district's web site.
9. Conduct a strategic analysis of the financial impact of charter schools on the district.
10. Conduct a strategic analysis of the financial impact of underutilized facilities.

⁹ A sample of financial policies is contained in the Government Finance Officers Association (GFOA) publication titled "Preparing High Quality Budget Documents for School Districts" by John Fishbein.

Review of the Business and Finance Department of the Indianapolis Public Schools

11. Reorganize the Business and Finance Department on a functional basis to better align budgeting, accounting, and procurement activities.
12. Clearly define duties and responsibilities for the various positions within the Business and Finance Department and augment staffing where needed to meet departmental objectives and responsibilities.

ATTACHMENT A. STRATEGIC SUPPORT TEAM

Robert Carlson

Robert Carlson is Director of Management Services for the Council of the Great City Schools. In that capacity, he provides Strategic Support Teams and manages operational reviews for superintendents and senior managers; convenes annual meetings of Chief Financial Officers, Chief Operating Officers, Human Resources Directors, and Chief Information Officers and Technology Directors; fields hundreds of requests for management information; and has developed and maintains a Web-based management library. Prior to joining the Council, Dr. Carlson was an executive assistant in the Office of the Superintendent of the District of Columbia Public Schools. He holds Ed. D. and M.A. degrees in administration from The Catholic University of America; a B.A. degree in political science from Ohio Wesleyan University; and has done advanced graduate work in political science at Syracuse University and the State Universities of New York.

David W. Koch, CPA

David Koch is the former Chief Administrative Officer for the Los Angeles Unified School District (LAUSD). The LAUSD is the nation's second largest public school system. Mr. Koch's responsibilities encompassed virtually all non-instructional operations of the district, including finance, facilities, information technology, and all of the business functions (including transportation, food service, risk management, and procurement). Mr. Koch also served the LAUSD as Business Manager, Executive Director of Information Services, and Deputy Controller. Mr. Koch was also Business Manager for the Kansas City, Missouri Public School District and was with Arthur Young and Company prior to entering public service. He is a graduate of the University of Missouri and a Certified Public Accountant in the states of California, Missouri, and Kansas. A resident of Long Beach, California, Mr. Koch provides consulting services to public sector clients and companies doing business with public sector agencies.

Chuck Burbridge

Chuck Burbridge is the Chief Financial Officer of Atlanta Public Schools. Before moving to the Atlanta Public Schools, Mr. Burbridge was the Chief Financial Officer for the Los Angeles Unified School District (LAUSD) starting April 2005 and Deputy Chief Financial Officer beginning in June 2003. He has 25 years of experience in state and local government, providing solutions and leadership in finance and technology. Mr. Burbridge also served nearly three years as the Director of the Public Sector, Management Assurance Services practice of KPMG LLP in the Midwest. In addition, during five years of service as Deputy Chief Fiscal Officer of the Chicago Public Schools, he performed a variety of functions, including Treasurer, Director of Management Information Services, and Director of Internal Audit Services. Mr. Burbridge has also served as Deputy Chief Financial Officer, Budget Director and Revenue Director at Cook County (IL) and as Chief Economist for the Illinois General Assembly. He holds a Masters in Economics from the University of Illinois, Springfield

Kenneth Gotsch

Kenneth Gotsch is the Assistant Superintendent of Business & Finance for the Seattle Public Schools. Mr. Gotsch was formerly the Vice Chancellor of Finance/CFO for the City Colleges of Chicago. Mr. Gotsch was also the Chief Financial Officer of the Los Angeles Unified School District, the nation's second largest school system. In that capacity, he was responsible for administrative oversight of the district's accounting, disbursements, budget services, financial planning, and school fiscal services. Mr. Gotsch was also the Chief Fiscal Officer of the Chicago Public Schools, the nation's third largest school system. Before taking that position in 1995, he served as both the Deputy Director of the Department of Revenue's Tax Administration and the Manager of Information Services for the City of Chicago. Prior to joining city government, he received his Master of Arts degree in Public Finance from the University of Chicago's Irving Harris Graduate School of Public Policy and a Bachelor of Science degree in Business Administration and Finance from Marquette University

Judith M. Marte

Judith M. Marte is the Deputy Chief Financial Officer for the Miami Dade Public Schools, the fourth largest school system in the nation. Prior to relocating with her family to Miami thirteen years ago, Ms. Marte was the Executive Director, Business Services for the Lawrence Public Schools in Massachusetts where she was responsible for all Finance functions, technology, food services, student transportation, custodial services, facilities development and school safety. Ms. Marte began her career at a large CPA firm in Boston where she worked in auditing and consulting services. She received her MBA from University of New Hampshire and her Bachelor of Science in Business Administration (Accounting) from Merrimack College. Ms. Marte completed, with Achievement, the first Council of Great City School Executive Education Program in 2012 and now acts as a mentor to incoming participants.

José F. Montes de Oca, CPA

José F. Montes de Oca is the Chief Auditor of the Office of Management and Compliance Audits of Miami-Dade Public Schools, the nation's fourth largest school system. He holds a Bachelor's degree in accounting from Florida State University and became a Certified Public Accountant in the State of Florida in 1982. Before joining M-DCPS in 1980 Mr. Montes de Oca worked for the State of Florida Auditor General as a field auditor and Florida International University as an internal auditor.

ATTACHMENT B. WORKING AGENDA

**Strategic Support/Technical Assistance Team
Business and Finance
Indianapolis Public Schools
April 28-May 2, 2014**

Paul Carpenter-Wilson
Budget Director
765-336-9460
wilsonp@myips.org

Working Agenda
Subject to Change as Required

Monday, April 28

Team Arrival
Omni Severin Hotel
40 West Jackson Place
Indianapolis, IN 46225
(317) 634-6664

4:30

Team to Meet in Hotel Lobby

TBD

Dinner Meeting
Superintendent Conference
Room

Dr. Lewis Ferebee
Superintendent
Others TBD

Tuesday, April 29

7:00

Breakfast

8:00

Working Session
John Morton-Finney Center
for Educational Services
120 E. Walnut Street
IT Conference Room (Room 406)

Requirements
Internet Connectivity
LCD Projector
Power Strips

12:00 - 1:00 p.m.

Working Luncheon
IT Conference Room

1:00 – 2:00

Team Interview

Paul Carpenter-Wilson
Budget Director

2:15 – 3:15

Team Interview

John Perkins
Accounting Director/Controller

3:30 - 4:30

Team Interview

Linda Orban
Accounts Receivable Manager

4:45

Team Discussion of Work Plan for Balance of Site Visit

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Wednesday, April 30

7:00 - 7:45 a.m. **Continental Breakfast**
IT Conference Room

8:00 - 9:15 a.m. **Working Session**

TBD

Courtney L. Schaafsma
Budget Director
Melissa Ambre
Indiana Department of Local
Government Finance
Micah Vincent

12:00 - 1:00 p.m.	Working Luncheon
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1:00 - 2:15 p.m. **Team Interview** **Sandra Hubbard**
Purchasing Director

2:30 - 3:30 p.m. **Team Interview** **Regina May**
Internal Auditor

3:45 - 5:00 p.m.	Team Discussion of Work Plan for Balance of Site Visit
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Thursday, May 1

7:00 - 7:45 a.m. **Continental Breakfast**

8:00 - 8:45 a.m. **Team Interview** **J. Patrick Niland**
General Accounting Supervisor

9:00 - 9:45 a.m. **Team Interviews** **Ardelia Riley**
Payroll Supervisor
Mindy Davis
Assistant Payroll Supervisor

10:00 - 10:45 a.m. **Team Interviews** **Aaron Groves**
Grants Accounting Supervisor

11:00 - 12:00 a.m. **Team Interview** **Wayne Hawkins (On Leave)**
Interim Chief Technology Officer
Luther Bowens
IT Operations Manager
David Lovell
IT Compliance and Information
Manager
Deborah Abernathy
Manager, Administrative
Systems

12:00 - 1:00 p.m.	Working Luncheon
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Staff should be alerted that they may be requested to meet with the team as needed. The team will make every effort to determine those needed by COB on Monday, April 28

1:00 - 2:15 p.m.	Team Interview	Dr. Edwina Suit
2:30 - 3:15 p.m.	Team Interview	Kim Meyer
3:30 - 4:15 p.m.	Team Interview	As Needed
4:15 p.m.	Team Interview	As Needed

4:45 p.m.	Team Discussion of Work Plan for Balance of Site Visit
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Friday, May 2

7:00 - 7:30 a.m.	Continental Breakfast	
7:30 - 12:00 Noon.	Team Meeting	Discussion of Findings & Recommendations
12:00 - 1:00 p.m.	Working Luncheon	<u>Dr.Lewis Ferebee</u> Superintendent <u>Others</u> TBD
1:00 p.m.	Adjournment & Departures	

ATTACHMENT C. INDIVIDUALS INTERVIEWED

- Lewis Ferebee, Superintendent
- Paul Carpenter Wilson, Interim Chief Financial Officer
- John Perkins, Accounting Director/Controller
- Maggie Paino, Legal Counsel, Indiana Department of Education (IDOE)
- Melissa Ambre, Director, Office of School Finance, IDOE
- Courtney Schaafsma, Budget Director, Department of Local Government Finance
- Sandra Hubbard, Purchasing Director
- Linda Orban, Accounts Receivable Manager – Asst. to the Deputy Treasurer
- Ardelia Riley, Payroll Supervisor
- Mindy Davis, Assistant Payroll system
- Regina May, Internal Auditor
- John Patrick Niland, Accounting Supervisor
- Aaron Groves, Grants Accounting Supervisor
- Mike Pope, Project Manager, ITD
- David Lovell, Compliance and Information Manager, ITD
- Edwina Suit, Director of Human Resources
- Sandra Bombick, HRIS Manager, Position Control
- Kim Meyer, Transportation Controller
- Jane Cookson, Director of Food Service

ATTACHMENT D. DOCUMENTS REVIEWED

- Superintendent Ferebee's Organization Chart, undated
- Business and Finance Organization Chart, revised April 14, 2014
- Administrative Organization Chart, 1/6/09
- 2012-2013-Fact-Figures-Sheet (www.ips.k12.in.us)
- Indianapolis Public Schools 2010-2015 Strategic Plan
- Indianapolis Public Schools 2013-2015 Technology Plan
- Indiana Code:
 - 2-25-3 Board of School Commissioners
 - 5-11-1 Accounting for Public Funds
- Administrative Guidelines:
 - 6210 Fiscal Planning
 - 6220 Budget Preparation
 - 6231 Financial Reports
 - 6800 System of Accounting
- Bylaws and Policies:
 - 6210 Fiscal Planning
 - 6220 Budget Preparation
 - 6231 Financial Reports
 - 6800 System of Accounting
- IDNY Chamber & IPS 2013 Operational Analysis, undated
- Superintendent's Briefing Objectives 1 and 3, March 11, 2014
- Monthly Media Briefing, April 9, 2014
- 1782 Notice Notes Report 11/19/2013, Pay 2014
- 2011 Year End Report, Expenditures
- 2011 Year End Report, Revenue
- 2012 Budget Board Workshop Packet
- 2012 Budget Order for Marion County, 02/15/2012
- 2012 Proposed Budget Report, July 10, 2012 (*sic*)
- 2012 State Budget Form No. 3
- 2012 Year End Report, Expenditures
- 2012 Year End Report, Revenue
- 2013 Budget Board Workshop Packet
- 2013 Budget Order for Marion County, 03/11/2013
- 2013 Proposed Budget Report, July 26, 2012
- 2013 State Budget Form No. 3
- 2013 State Budget Form No. 4

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- 2013 Year End Report, Expenditures
- 2013 Year End Report, Revenue
- 2013/14 CIDEA Part B611 Award Letter
- 2013/14 CIDEA Part B619 Award Letter
- 2014 Board Approved Budget Document, 4/19/14
- 2014 Budget Board Workshop Packet
- 2014 Budget Order for Marion County, 12/20/2013
- 2014 Club Sponsor Budget (After School Activities)
- 2014 Debt Worksheet
- 2014 Proposed Budget Report
- 2014 Proposed Budget Report (draft), July 15, 2013
- 2014 State Budget Form No. 1 – Budget Estimate, All Funds
- 2014 State Budget Form No. 2 – Estimate of Miscellaneous Revenue, All Funds
- 2014 State Budget Form No. 3
- 2014 State Budget Form No. 4
- 2014 State Budget Form No. 4a, All Funds
- All Funds Cash Balance History, Calendar Years 2008-20013
- Amended Taxable General Obligation Pension Bonds of 2003
- Approval of Advertisement for Bus Replacement Plan for Years 2012-2023, August 2, 2011
- Approval of Advertisement for Bus Replacement Plan for Years 2013-2024, August 9, 2012
- Approval of Advertisement for Bus Replacement Plan for Years 2014-2025, August 6, 2013
- Approval of Advertisement for Establishing a Capital Projects Fund and Plan, August 2, 2011
- Approval of Advertisement for Establishing a Capital Projects Fund and Plan, August 9, 2012
- Approval of Advertisement for Establishing a Capital Projects Fund and Plan, August 6, 2013
- Approval of Advertisement of 2012 Calendar Year Budget, August 2, 2011
- Approval of Advertisement of 2013 Calendar Year Budget, August 9, 2012
- Approval of Advertisement of 2014 Calendar Year Budget, August 6, 2013
- Approval of Calendar Year 2012 Budget, August 25, 2011
- Approval of Calendar Year 2013 Budget, August 30, 2012
- Approval of Calendar Year 2014 Budget, August 29, 2013
- Approval of Establishment of a Bus Replacement Plan for the Years 2012-2023, August 25, 2011

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- Approval of Establishment of a Bus Replacement Plan for the Years 2013-2024, August 30, 2012
- Approval of Establishment of a Bus Replacement Plan for the Years 2014-2025, August 29, 2013
- Approval of Establishment of a Capital Projects Fund and Adoption of a Plan, August 25, 2011
- Approval of Establishment of a Capital Projects Fund and Adoption of a Plan, August 30, 2012
- Approval of Establishment of a Capital Projects Fund and Adoption of a Plan, August 29, 2013
- Approval of Resolution Authorizing the Continued Neutrality Requirement with Respect to the School Corporation's Taxable General Obligation Pension Bonds, August 25, 2011
- Approval of Resolution Authorizing the Continued Neutrality Requirement with Respect to the School Corporation's Taxable General Obligation Pension Bonds, August 30, 2012
- Approval of Resolution Authorizing the Continued Neutrality Requirement with Respect to the School Corporation's Taxable General Obligation Pension Bonds, August 29, 2013
- Authorization to Appeal Incorrect Advertisement of Property Tax Rate or Levy, August 25, 2011
- Authorization to Appeal Incorrect Advertisement of Property Tax Rate or Levy, August 30, 2012
- Authorization to Appeal Incorrect Advertisement of Property Tax Rate or Levy, August 29, 2013
- Becoming Financially Solvent to Better Serve Our Children, June 13, 2013, Presented by Dr. Peggy Hinckley
- Budget Estimate – Financial Statement - Proposed Tax Rate for 2013, All Funds (Budget Form 4-B)
- Budget Estimate – Financial Statement - Proposed Tax Rate for 2014, All Funds (Budget Form 4-B)
- Budget Estimate for 2013, Bus Replacement
- Budget Estimate for 2013, Capital Projects (School), Support Services-Instruction (Instructional Related Technology)
- Budget Estimate for 2013, Debt Service, Interest on Debt
- Budget Estimate for 2013, General, Regular Programs
- Budget Estimate for 2013, Rainy Day
- Budget Estimate for 2013, Referendum Debt Fund-Exempt Capital, Lease Rental
- Budget Estimate for 2013, School Pension Debt, Principal of Debt

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- Budget Estimate for 2013, Transportation
- Budget Report for 2013, All Funds (Budget Form No. 4a)
- Build America Bonds 2009A
- Build America Bonds 2010A
- Calendar for Completion of 2015 Budget
- CGCS Financial Management Practices Survey, Completed 4/29/14
- Common School Loan A1338
- Common School Loan A1392
- Common School Loan A1423
- Common School Loan A1494
- Common School Loan A1661
- Comparison of Revenue 2010 Actual through 2013 Projected, 03/01/2013
- Current Year Financial Worksheet, 2013, All Funds
- Current Year Financial Worksheet, 2014, All Funds
- Debt Worksheet 2013
- Estimate of Miscellaneous Revenues – 2013, Bus Replacement
- Estimate of Miscellaneous Revenues – 2013, Capital Projects (School)
- Estimate of Miscellaneous Revenues – 2013, Debt Service
- Estimate of Miscellaneous Revenues – 2013, General
- Estimate of Miscellaneous Revenues – 2013, Rainy Day
- Estimate of Miscellaneous Revenues – 2013, Referendum Debt Fund-Exempt Capital
- Estimate of Miscellaneous Revenues – 2013, School Pension Debt
- Estimate of Miscellaneous Revenues – 2013, Transportation
- Financial Statement and Federal Single Audit Report of Indianapolis Public Schools, State Board of Accounts, July 1, 2010 to June 30, 2012
- First Mortgage Bond 2006 Refunding
- First Mortgage Bonds 2006
- First Mortgage Bonds 2006B
- First Mortgage Bonds 2007 Refunding
- First Mortgage Bonds 2010B
- Five Year Enrollment Projections, September 2014 to September 2018
- FY 14 State Tuition Support Worksheet
- General Fund Budget, Actual & Balance History, Calendar Years 2002 through 2014
- General Fund Cash Flow, January 1, 2013 to December 31, 2013, 1/14/14
- General Fund, Budget to Actual Comparison, 2009 to 2014, 4/30/14
- Indianapolis Public Schools Capital Projects Fund 2014-2016
- IPS Educational Foundation Form 990 (IRS) for the Tax Year ending 06/30, 2013, dated 12.20.2013

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- Marion County Council Property Tax Budget Review Form, Budget Year 2013
- Notice of Final Budget Recommendations, 02/07/2012
- Notice of Final Budget Recommendations, 03/04/2013
- Notice of Final Budget Recommendations, 12/02/2013
- Qualified School Construction Bonds 2009C
- Qualified School Construction Bonds 2010C
- Qualified Zone Academy Bonds 2010D
- Quarterly General Fund Report, Calendar Year 2014 through March 31, 2014, 4/1/14
- School Corporation Budget Estimate (State Forms) 2012
- Job Description, Staff Auditor, September 7, 2001
- Statement of Cash Flow – General Fund, January 1, 2014 to December 31, 2014, prepared 01/14/14
- Status of Treasury by Fund, for the period 12/01/2012 to 12/31/2012
- Status of Treasury by Fund, for the period 12/01/2013 to 12/31/2013
- Status of Treasury by Fund, For the Period 3/1/2014 to 3/31/2014
- Summary of Rainy Day Fund Activity
- SY 2013-2014 Title I Final Allocation, November 14, 2013
- Total Debt Summary by Year, Indiana Gateway Report (Gateway.ifonline.org)
- Moody's Municipal Bonds Report, May 12, 2010
- Standard & Poor's, Summary: Indianapolis Public Schools Multi-School Building Corp., Indiana Indianapolis Board Of School Commissioners; General Obligation Equivalent Security, Published Sep 24, 2009
- School Fund #43, 4/12/2013
- Francis Scott Key Elementary #103 Schedule of Balances (Form SA5-1), June 18, 2013
- Required Vendor Information (W-9 Procedures), Staff Auditor, effective December 20, 2012
- October Bank Reconciliation, Staff Auditor, 1/30/2014
- ECA Vendor Issues, Staff Auditor, 2/14/2014
- ECA Vendor Issues, Staff Auditor, 3/19/2014
- Audit Program, Schools, undated
- Claim for Payment Test (Form), undated
- IPS Account Control Questionnaire, undated
- Payroll Test (Worksheet), undated
- Receipts Test (Worksheet), undated
- Audit Program (for spot checks), Office of Internal Audit, undated
- Observation of Colonel's Cupboard on February 9, 2012, Staff Auditor, Feb. 16, 2012
- Extracurricular (ECA) Review of John Marshall Community High School, July 13 thru Jan. 14, Staff Auditor, February 13, 2014

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- December Athletic Tournaments, Staff Auditor, January 16, 2014
- Ms Kamona McDowell, ECA Issues @#43, Staff Auditor, 5/16/2013
- Claim for Payment, Form SA-7, Staff Auditor, 4/19/2011
- Review of Adult Evening High School Extracurricular Funds, Staff Auditor, November 13, 2013
- Budget Analysis for Dr. Hinckley, Calendar Years 2009 through 2013, undated

ATTACHMENT E. ABOUT THE COUNCIL

The Council of the Great City Schools is a coalition of 65 of the nation's largest urban public school systems. The organization's Board of Directors is composed of the superintendent, CEO, or chancellor of schools, and one school board member from each member city. An executive committee of 24 individuals, equally divided in number between superintendents and school board members, provides regular oversight of the 501(c)(3) organization. The composition of the organization makes it the only independent national group representing the governing and administrative leadership of urban education and the only association whose sole purpose revolves around urban education.

The mission of the Council is to advocate for urban public education and to assist its members in their improvement and reform. The Council provides services to its members in the areas of legislation, research, communications, curriculum and instruction, and management and operations. The group convenes two major conferences each year; conducts studies of urban school conditions and trends; and operates ongoing networks of senior school district managers with responsibilities for areas such as federal programs, operations, finance, personnel, communications, research, and technology. Finally, the organization informs the nation's policymakers, the media, and the public of the successes and challenges of schools in the nation's Great Cities. Urban school leaders from across the country use the organization as a source of information and an umbrella for their joint activities and concerns.

The Council was founded in 1956 and incorporated in 1961 and has its headquarters in Washington, D.C. Since the organization's founding in 1956, geographic, ethnic, language, and cultural diversity has typified the Council's membership and staff.

**History of Strategic Support Teams Conducted by the
Council of the Great City Schools**

City	Area	Year
Albuquerque		
	Facilities and Roofing	2003
	Human Resources	2003
	Information Technology	2003
	Special Education	2005
	Legal Services	2005
	Safety and Security	2007
	Research	2013
Anchorage		
	Finance	2004
	Communications	2008
	Math Instruction	2010
	Food Services	2011
	Organizational Structure	2012
Atlanta		
	Facilities	2009
	Transportation	2010
Austin		
	Special Education	2010
Baltimore		
	Information Technology	2011
Birmingham		
	Organizational Structure	2007
	Operations	2008
	Facilities	2010
Boston		
	Special Education	2009
	Food Service	2014
Bridgeport		
	Transportation	2012
Broward County (FL)		
	Information Technology	2000
	Food Services	2009
	Transportation	2009
	Information Technology	2012
Buffalo		
	Superintendent Support	2000
	Organizational Structure	2000
	Curriculum and Instruction	2000
	Personnel	2000
	Facilities and Operations	2000
	Communications	2000
	Finance	2000
	Finance II	2003

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	Bilingual Education	2009
	Special Education	2014
Caddo Parish (LA)		
	Facilities	2004
Charleston		
	Special Education	2005
Charlotte-Mecklenburg		
	Human Resources	2007
	Organizational Structure	2012
	Transportation	2013
Cincinnati		
	Curriculum and Instruction	2004
	Curriculum and Instruction	2009
Chicago		
	Warehouse Operations	2010
	Special Education I	2011
	Special Education II	2012
	Bilingual Education	2014
Christina (DE)		
	Curriculum and Instruction	2007
Cleveland		
	Student Assignments	1999, 2000
	Transportation	2000
	Safety and Security	2000
	Facilities Financing	2000
	Facilities Operations	2000
	Transportation	2004
	Curriculum and Instruction	2005
	Safety and Security	2007
	Safety and Security	2008
	Theme Schools	2009
Columbus		
	Superintendent Support	2001
	Human Resources	2001
	Facilities Financing	2002
	Finance and Treasury	2003
	Budget	2003
	Curriculum and Instruction	2005
	Information Technology	2007
	Food Services	2007
	Transportation	2009
Dallas		
	Procurement	2007
	Staffing Levels	2009
Dayton		
	Superintendent Support	2001
	Curriculum and Instruction	2001
	Finance	2001

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	Communications	2002
	Curriculum and Instruction	2005
	Budget	2005
	Curriculum and Instruction	2008
Denver		
	Superintendent Support	2001
	Personnel	2001
	Curriculum and Instruction	2005
	Bilingual Education	2006
	Curriculum and Instruction	2008
Des Moines		
	Budget and Finance	2003
	Staffing Levels	2012
	Human Resources	2012
Detroit		
	Curriculum and Instruction	2002
	Assessment	2002
	Communications	2002
	Curriculum and Assessment	2003
	Communications	2003
	Textbook Procurement	2004
	Food Services	2007
	Curriculum and Instruction	2008
	Facilities	2008
	Finance and Budget	2008
	Information Technology	2008
	Stimulus planning	2009
	Human Resources	2009
Fresno		
	Curriculum and Instruction	2012
Greensboro		
	Bilingual Education	2002
	Information Technology	2003
	Special Education	2003
	Facilities	2004
	Human Resources	2007
Hillsborough County (FLA)		
	Transportation	2005
	Procurement	2005
	Special Education	2012
Houston		
	Facilities Operations	2010
	Capitol Program	2010
	Information Technology	2011
	Procurement	2011
Indianapolis		
	Transportation	2007

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	Information Technology	2010
Jackson (MS)		
	Bond Referendum	2006
	Communications	2009
Jacksonville		
	Organization and Management	2002
	Operations	2002
	Human Resources	2002
	Finance	2002
	Information Technology	2002
	Finance	2006
Kansas City		
	Human Resources	2005
	Information Technology	2005
	Finance	2005
	Operations	2005
	Purchasing	2006
	Curriculum and Instruction	2006
	Program Implementation	2007
	Stimulus Planning	2009
Little Rock		
	Curriculum and Instruction	2010
Los Angeles		
	Budget and Finance	2002
	Organizational Structure	2005
	Finance	2005
	Information Technology	2005
	Human Resources	2005
	Business Services	2005
Louisville		
	Management Information	2005
	Staffing study	2009
Memphis		
	Information Technology	2007
Miami-Dade County		
	Construction Management	2003
	Food Services	2009
	Transportation	2009
	Maintenance & Operations	2009
	Capital Projects	2009
	Information Technology	2013
Milwaukee		
	Research and Testing	1999
	Safety and Security	2000
	School Board Support	1999
	Curriculum and Instruction	2006
	Alternative Education	2007
	Human Resources	2009

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	Human Resources	2013
	Information Technology	2013
Minneapolis		
	Curriculum and Instruction	2004
	Finance	2004
	Federal Programs	2004
Nashville		
	Food Service	2010
Newark		
	Curriculum and Instruction	2007
	Food Service	2008
New Orleans		
	Personnel	2001
	Transportation	2002
	Information Technology	2003
	Hurricane Damage Assessment	2005
	Curriculum and Instruction	2006
New York City		
	Special Education	2008
Norfolk		
	Testing and Assessment	2003
	Curriculum and Instruction	2012
Orange County		
	Information Technology	2010
Philadelphia		
	Curriculum and Instruction	2003
	Federal Programs	2003
	Food Service	2003
	Facilities	2003
	Transportation	2003
	Human Resources	2004
	Budget	2008
	Human Resource	2009
	Special Education	2009
	Transportation	2014
Pittsburgh		
	Curriculum and Instruction	2005
	Technology	2006
	Finance	2006
	Special Education	2009
Portland		
	Finance and Budget	2010
	Procurement	2010
	Operations	2010
Prince George's County		
	Transportation	2012
Providence		
	Business Operations	2001

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	MIS and Technology	2001
	Personnel	2001
	Human Resources	2007
	Special Education	2011
	Bilingual Education	2011
Reno		
	Facilities Management	2013
	Food Services	2013
	Purchasing	2013
	School Police	2013
	Transportation	2013
	Information Technology	2013
Richmond		
	Transportation	2003
	Curriculum and Instruction	2003
	Federal Programs	2003
	Special Education	2003
Rochester		
	Finance and Technology	2003
	Transportation	2004
	Food Services	2004
	Special Education	2008
San Diego		
	Finance	2006
	Food Service	2006
	Transportation	2007
	Procurement	2007
San Francisco		
	Technology	2001
St. Louis		
	Special Education	2003
	Curriculum and Instruction	2004
	Federal Programs	2004
	Textbook Procurement	2004
	Human Resources	2005
St. Paul		
	Special Education	2011
	Transportation	2011
Seattle		
	Human Resources	2008
	Budget and Finance	2008
	Information Technology	2008
	Bilingual Education	2008
	Transportation	2008
	Capital Projects	2008
	Maintenance and Operations	2008
	Procurement	2008
	Food Services	2008

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	Capital Projects	2013
Toledo		
	Curriculum and Instruction	2005
Washington, D.C.		
	Finance and Procurement	1998
	Personnel	1998
	Communications	1998
	Transportation	1998
	Facilities Management	1998
	Special Education	1998
	Legal and General Counsel	1998
	MIS and Technology	1998
	Curriculum and Instruction	2003
	Budget and Finance	2005
	Transportation	2005
	Curriculum and Instruction	2007
	Common Core Standards	2011
Wichita		
	Transportation	2009