



FLORIDA

DEPARTMENT OF EDUCATION

Transparency Florida:

School District Working Group Report

*Recommendations to Develop a Framework for Providing
School-level Financial Data*

Submitted by:
Dr. Eric J. Smith
Commissioner of Education
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Transparency Florida Act and 2010-11 General Appropriations Act

The Transparency Florida Act (the Act) was created by Chapter 2009-74, Laws of Florida (L.O.F.), to provide the public unprecedented access to the State of Florida's operating budget and disbursement data, as well as budget and expenditure information from local governments, including school districts. The Act directed the Joint Legislative Auditing Committee (JLAC) to recommend a format for collecting and displaying information from state universities, public schools, community colleges, local governmental units, and other governmental entities receiving state appropriations. To implement the Act, the Transparency Florida website was created and contains state agency budget data and selected school district reports. Upon full implementation, the website will contain financial data from all governmental entities. The Transparency Florida website may be accessed at <http://www.transparencyflorida.gov/>.

The JLAC produced a report in February 2010, outlining recommendations for the implementation of Transparency Florida (please see <http://www.leg.state.fl.us/data/committees/joint/jcla/final-report.pdf>). The report outlines three phases of implementation. Phases one and two provide easier access to existing information, while phase three provides information such as budget amendments, monthly financial statements, and expenditure data not currently available to the public. During phase three, budget amendments and monthly financial statements are to be provided to the public. Expenditure data are to be transmitted to the state and accessed via the Transparency Florida website. The JLAC recommends that the Office of Legislative Information Technology Services (OLITS) be responsible for designing, building, and hosting a database system for procuring such services. The database would serve all state agencies and local governments, as well as state universities, public schools, community colleges, local governmental units, and other governmental entities receiving state appropriations. Staff from OLITS provided a cost estimate to the JLAC of approximately \$9 million for a database system designed to capture expenditure information from Florida's 67 school districts, and an additional \$15.6 million to capture expenditure information from Florida's charter schools.

The 2010 General Appropriations Act (GAA), Chapter 2010-152, L.O.F., directed the Department of Education to link reports relating to school district finances that are currently available on an existing department website to the Transparency Florida website. The 2008-09 District Annual Financial Reports, 2009-10 District Summary Budgets, and 2008-09 financial and full-time equivalent (FTE) student audits were available by August 1, 2010. By December 31, 2010, school-level program cost report data will be available. The GAA also required the establishment of a working group to develop a framework to provide school-level data in greater detail and frequency. This report comprises the working group's recommendations. The working group included Department of Education finance staff, school district finance officers, and other school district staff.

Database/Website

The working group has reviewed several websites that present governmental expenditure information down to the vendor and, in some instances, sub-category level. Louisville, Kentucky, has created an excellent and user-friendly website called *Louisville Checkbook* at <http://services.louisvilleky.gov/LouisvilleCheckbook/>. Palm Bay, Florida, has also created a user-friendly website at <http://open.palmbayflorida.org/>. Florida CFO, Alex Sink, has a similar disbursement-based website presenting state agency information at <http://www.myfloridacfo.com/transparency/>.

Of the three websites, the *Louisville Checkbook* website is the simplest and most straightforward to use. It would be an ideal starting point for designing an expenditure-based website for the non-financial user. This website won a “Best of the Web” award in each year from 2006 through 2009. “Best of the Web” is an annual contest held for the past 15 years that recognizes outstanding government portals and websites based on their innovation, functionality, and efficiency. The Center for Digital Government, which administers the award, is a national research and advisory institute on information technology policies and best practices in state and local government.

The working group recommends a website capable of displaying subfunction and subobject expenditures in a statewide summary, a district summary, and a school summary, as well as individual payment amounts along with the payment date, vendor, and identifying number. The website should also be capable of performing searches by vendor name. It must be noted that vendor data is not available for P-Card transactions due to the current structure of the P-Card operating system. In many cases, a P-Card payment will be displayed in the transaction detail as a payment to the P-Card administrator rather than a payment to a vendor such as Office Depot. An analysis will need to be done during the system design stage to determine if this detail could be obtained from the P-Card administrator (commercial bank) in order for this information to be linked to the main system.

It is anticipated that information on current construction contracts may be of interest to the general public. The *Louisville Checkbook* has included a tab with links to a portable document file (PDF) of each construction contract, along with contract beginning and ending dates as well as total contract amounts. This would require a scan and upload of each contract and most likely a manual entry of key contract information. However, since most districts will not have a great number of contracts at any given time, this is not anticipated to be a significant staff time commitment.

Website security is not expected to be an issue, since data would likely be in read-only format and other system-level firewalls would be in place.

Level of Financial Reporting Detail

Currently, the lowest common level of financial reporting detail capable of being produced consistently across all school districts is that of the subfunction and subobject level described in the *Financial and Program Cost Accounting and Reporting for Florida*

Schools (Red Book). This level of detail provides information about the category of expenditure, but does not provide descriptions of the specific item purchased. For example, brake pads purchased for a school bus can only be classified to the function and subobject level: Function 7800, Transportation; and Subobject 550, Repair Parts. Any level of detail beyond this will not be consistent across all school districts. To describe specific purchases, a lower level of uniform codes would need to be established to identify each item that may be classified within a particular subobject code. For example, Subobject 550, Repair Parts, would need a sub-subobject code specifically assigned to brake pads. The establishment of account codes to reflect specific purchases in a uniform manner would require a significant increase in the complexity of the chart of accounts as well as a major commitment of staff time to manage the structure.

Because of the autonomy of each school district, the functionality of accounting software varies widely. Many accounting software packages used by school districts currently do not have the capability of managing the complex account structure described above. In some districts, this information is maintained in unique accounting modules and may be difficult to extract efficiently. In some cases, a description of goods or services is not recorded anywhere in the accounting system. Each district's accounting system would need to be replaced with a uniform statewide system or redesigned. Some accounting software packages that are currently available on the market contain commodity code structures that can accommodate detailed transactional reporting. However, the cost and logistics involved with converting the financial accounting systems of 67 school districts to one state-selected accounting package would be significant and would likely take many years to implement. Additionally, due to the needs of larger districts, the selected package would be more expensive and include many features that would not be used by smaller districts, resulting in an inequitable financial burden on smaller districts.

File Format

A standard flat file format including all pertinent information seems appropriate. One possible flat file format may include district number, district name, school number, school name, transaction date, transaction amount, vendor name, fund, subfunction, subobject, cost center, project, program, and transaction ID number.

A unique statewide transaction identification number for all school payments could be created by placing the district number and school number first, and then assigning unique transaction numbers for each school. For example, a transaction in the Leon County Public School District (37) for Leon High School (0021) may be numbered 37-0021-0001 and a transaction in the Escambia County Public School District (17) for the Escambia High School (0281) may be numbered 17-0281-0001. Each of these transactions is identified as 0001, but the preceding district and school number prevent any transaction numbers from being duplicated.

District Responsibilities

Because of differences in the functionality of accounting software packages, not every district is currently capable of producing a prescribed data output format. Therefore, software must be programmed to convert school district output data into a flat file that could be imported into the Transparency Florida's website database. Additionally, the conversion software must have the ability to edit the file for validation errors. District-level data validations would ensure the upload was complete and contained no missing fields or other similar errors. It is estimated that the cost of this type of software would likely be minimal, as it will perform a few basic functions such as converting data, validating data, and assigning unique transaction numbers. One district representative provided an estimate of \$1,500 for internally developing a conversion program, calculated at \$37.50 an hour for 40 hours of development and testing. Additionally, the district representative estimated another 20 hours or \$750 to internally develop and test a process to automatically upload the data to the state website. The cost of the software would be incurred by each district. For members of consortia, the software costs would be allocated to the member districts. There are two educational consortia that serve 24 member school districts in financial and information technology (IT) matters. These two consortia would be able to use the same conversion software for each member school district. Because not all districts have IT staff capable of developing this software internally, the JLAC report estimates that software consulting and development costs incurred by districts would range from approximately \$1,000 to \$25,000 per district.

The recommended file upload method would result in a flat file via file transfer protocol. It is recommended that data be maintained on a year-to-date basis. A year-to-date basis would ensure that each file would overwrite the prior file so that data revised between file uploads would be reflected in the most recent upload. The extent of staff costs would be directly related to the frequency of the upload. For example, if monthly uploads are required, then staff time would be needed monthly to verify the accuracy of the file. The JLAC report noted that confidential information will need to be redacted prior to upload. Additional staff time may be required to redact confidential information if software used to produce the flat file is unable to automate the process.

Another concern is the inability to edit data for accounting errors in a timely manner. A disclaimer indicating that the data is for information purposes only and is unaudited would be required. The JLAC recommends the following language:

“This information is intended for informational purposes only. While every effort is made to maintain accurate information, the data are unaudited. A user of the information on this website relies upon such data at his or her own risk. Neither the state, any state agency, nor the district school board warrants the accuracy of any data contained herein and cannot be held liable for any actions taken based on the information contained on this website. For audited figures, please contact the appropriate school district representative.”

Summary Recommendations

The school district working group finds that, due to the variety of different accounting packages across school districts, the most cost-effective method to provide greater school-level financial detail at this time is to provide subfunction and subobject level detail as required in the Red Book. Many exceptional expenditure-based websites have already been created that could be used as models in the development of the Transparency Florida website for school districts. Additionally, the Center for Digital Government would be an excellent resource during the development process as it has documented best practices related to government web portals.

The data would be uploaded to the Transparency Florida website via file transfer protocol on a monthly basis. Software would need to be developed by each school district to convert data to a predetermined flat file format. The file format would include, at a minimum, the district number, school number, vendor, date of the expenditure, subfunction, subobject, expenditure amount, and a transaction ID number. Estimated design costs at the state level are approximately \$9 million for the 67 school districts and an additional \$15.6 million for charter schools. School districts would incur costs associated with developing conversion software and an upload process, which are estimated at \$1,000 to \$25,000 per district, in addition to the labor cost involved to process the information at regular intervals. Website security is not expected to be an issue, since data would likely be in read-only format and other system-level firewalls would be in place.

This report provides information about the framework and estimated costs associated with implementation of Transparency Florida for public school districts. The Department of Education supports increased access to school district financial information and looks forward to the further development of the Transparency Florida website.