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FINANCIAL AUDIT UPDATE

June 10, 2014

financial audit update

Purpose

- Review General Fund entry plan findings
- Share summary of audit reports
  - State Board of Accounts
  - Council of the Great City Schools (CGCS)
- Discuss next steps

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Entry Plan Findings

entry plan findings

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

entry plan findings

2012 Projected Budget Deficit (General Fund)

Projected Revenue 2012	$250,900,000
Projected Expenses 2012	$290,000,000
Projected 2012 Deficit	**-$39,100,000**

entry plan findings

2013 Projected Budget Deficit (General Fund)

Projected Revenue 2013	$244,200,000
Projected Expenses 2013	$274,400,000
Projected 2013 Deficit	**-$30,200,000**

entry plan findings

2013 Actual Budgeting (General Fund)

Actual Revenue 2013	$246,200,000
Actual Expenses 2013	$237,800,000
Actual Balance 2013	**$8,400,000**

9 General Fund Audit Reports

audit reports

State Board of Accounts Findings

- Confirmed 2013 General Fund was recorded properly
- Validated 2013 receipts & disbursements were accurate
- Confirmed large gap between budgeted and actual amounts ($40 Million)

audit reports

State Board of Accounts Recommendations

- Provide interim budgeted to actual reporting
- Develop policies & procedures for internal controls
- Monitor budget transfers

audit reports

CGCS Findings

- Validated budgeted & actual amounts for 2013
- Confirmed annual operating budgets were projected with large deficits between expenses & revenue
- Substantiated over-budgeted expenditures
- Confirmed budgeted deficits were a longstanding practice

audit reports

CGCS Recommendations

- Adopt financial policies
- Conduct strategic financial analyses
- Restructure the financial reporting system

audit reports

CGCS Recommendations

- Reorganize Business & Finance Department
- Adopt a fiscal year of July 1- June 30
- Establish a audit committee & strengthen internal auditing

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Next Steps

next steps

In Process

- Monthly reconciliation reporting of our projected vs. actual expenditures/revenues
- Quarterly budget update at regularly scheduled briefing sessions
- Budget development committee

next steps

In Development

- Reorganization of Budget & Finance Department
- Establish policy to guide budgeting practices
  - Reporting
  - Reserves
  - Auditing

next steps

Strategic Efforts

- Strategic
- Inclusive
- Collaborative
- Transparent

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Budget Development Committee

budget committee

2014 Meeting Schedule

Date	Time	Location
June 18, 2014	5:30 pm – 6:30 pm	120 East Walnut St. 46204 JMF Ed Center
June 25, 2014	5:30 pm – 6:30 pm	120 East Walnut St. 46204 JMF Ed Center
July 16, 2014	5:30 pm – 6:30 pm	120 East Walnut St. 46204 JMF Ed Center
August 13, 2014	5:30 pm – 6:30 pm	120 East Walnut St. 46204 JMF Ed Center
September 10, 2014	5:30 pm – 6:30 pm	120 East Walnut St. 46204 JMF Ed Center
October 8, 2014	5:30 pm – 6:30 pm	120 East Walnut St. 46204 JMF Ed Center
November 12, 2014	5:30 pm – 6:30 pm	120 East Walnut St. 46204 JMF Ed Center
December 10, 2014	5:30 pm – 6:30 pm	120 East Walnut St. 46204 JMF Ed Center

budget development committee

Name	Title/Organization
Tom Hanley	Executive Director/Nine13sports
Greg Porter	State Representative/Indiana State Government
Dave Mann	VP of Finance/Eli Lilly FCU
Jennifer Niemeyer	Finance Director/Eli Lilly
Hudnall Pfeiffer	Attorney/Faegre Baker & Daniels
Margaret Christensen	Attorney/Bingham Greenebaum Doll LLP
Erika Redmond	IT Regional Director/Rolls Royce North America
Weston Young	CPA/CenterPoint Wealth Management
Benjamin Palicki	Science Teacher/IPS Harshman STEM Magnet
Casey Hawks	Title I Teacher/IPS Riverside School 44
Rhondalyn Cornett	President/Indianapolis Education Association (IEA)
Malcolm Armstrong	Student/IPS Gambold Prep
Yazmine Rodriguez	Student/IPS Crispus Attucks


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