

Scope of Work

The proposal shall address three (3) main areas, (I) budget process, (II) travel & event expense, and (III) data driven risk analysis:

I. Budget Process Review

The firm shall review and evaluate the design and execution of the current year's (Fiscal Year 2026) budget process, focusing specifically on the underlying assumptions, forecasting methodologies, monitoring, variance analysis, governance, and communication.

A. Financial Forecasting and Documentation

1. To document the end-to-end operational structure of the last budget cycle, identifying all stakeholder roles, responsibilities, required artifacts (files/documents), and interdepartmental communication channels to establish a current baseline for the process.
2. Review the existing organizational structure, including the clarity of roles, responsibilities, and reporting relationships, to assess their alignment with effective governance and oversight requirements and overall compliance.
3. Determine relevant annual budgeting/forecasting regulations, statutes, policies, processes and procedures, and evaluate key stakeholders' awareness and understanding of requirements.
4. Utilize a waterfall analysis approach to analyze and confirm the \$16 million financial shortfall, providing a clear breakdown of the variance that attributes the total amount of the root revenue and expense components.
5. Evaluate the accuracy and completeness of forecasts, across the various revenue sources.
6. Determine if expenditure projections are consistent with historical patterns, contracts, and commitments.
7. Assess whether new initiatives or one-time items were properly budgeted.
8. Review the adequacy of documentation supporting key assumptions.
9. Examine the process for how forecasts are formally reviewed and approved by senior leaders and key stakeholders.

B. Monitoring and Variance Analysis

1. Evaluate the timeliness and effectiveness of budget-to-actual monitoring by management and the Board.
2. Assess whether variance explanations are supported by appropriate documentation.
3. Confirm whether significant variances are identified early, and corrective actions are discussed/considered/implemented.

4. Assess the adequacy, accuracy, and transparency of internal communication and reporting.
5. Audit the drivers and rationale underlying the dramatic change observed in the balance or use of the Contingency Fund, examining specific transactions and approvals that contributed to the shift.

C. Governance, Oversight, and Compliance

1. Verify that the Board and Superintendent, and senior leadership, provided adequate oversight during the budget development and approval process.
2. Assess whether the Board fulfilled its accountability obligations by actively reviewing, questioning, and approving budget proposals, as well as by monitoring financial performance throughout the year.
3. Review the Board's role and effectiveness in the organizational budgetary process, including the rigor of its review, approval, and ongoing monitoring activities, as well as its impact on financial governance.
4. Confirm compliance with FCPS and state policies and regulations relative to the budget process (e.g., contingency fund, grant restrictions, etc.), and assess whether the process adheres to the requirements and mandates set forth in Kentucky Revised Statutes (KRS), ensuring full governance and compliance.
5. Assess the adequacy and timeliness of budget information provided.
6. Evaluate the impact of external factors (e.g., mid-year funding cuts, enrollment shifts, inflation) and whether management had a process to anticipate and respond to such risks.
7. Review the status of findings from the prior State APA audit, in coordination with Internal Audit.

D. Communication and Transparency

1. Assess whether the district provided clear, timely, and transparent communication to the board, staff, and public about the budget process and shortfall.
2. Evaluate whether remediation strategies and corrective actions were documented and disclosed in a timely manner.
3. Assess the adequacy and timeliness of budget information provided to decision-makers.

II. Travel & Event Expense Review

The firm shall review and evaluate the travel and event expenses of senior leadership over the last three (3) fiscal years to ensure proper controls, compliance, and transparency, and to enable trend analysis.

1. Evaluate compliance with established policies and regulations governing travel, reimbursements, and expense claims.

2. Assess the adequacy of supporting documentation for expenses, including receipts, itineraries, attendee lists, and justifications for business purposes.
3. Determine whether all travel and related expenses were properly authorized in advance, in accordance with district policies and approval hierarchies.
4. Examine the Board's role in approval and oversight.
5. Determine whether instances of inappropriate or excessive travel expenditures occurred and evaluate whether monitoring and reporting processes were sufficient to prevent or detect such issues.
6. Assess transparency and accountability, including whether reporting of leadership travel and expenses to the Board and public is complete, accurate, and timely.
7. Review the status of findings from the prior P-card audits, in coordination with Internal Audit and External Audit.

III. Data-Driven Risk Analysis

The firm will execute a data analysis to inform the need for, and potential direction of, a forensic engagement, including but not necessarily limited to the following:

1. Perform a comprehensive analytical risk assessment across all major budget categories (e.g., personnel, instruction, transportation, facilities, food service, etc.) to identify and prioritize those areas exhibiting the highest financial impact and most significant budget variances.
2. Perform data-driven transaction analysis, utilizing large transaction download files that enable 100% transaction/entry analysis, and applying techniques like Benford's Law (or similar), to effectively identify patterns or anomalies indicating the need for deeper audit pursuit across large data sets.
3. Review and outline the key drivers that have led to the district's current financial condition.
4. Formally evaluate the necessity of deeper forensic procedures based on the patterns, anomalies, or risks identified. This evaluation will determine if a dedicated forensic engagement is warranted to further investigate specific transactions, entities, or control breakdowns.