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# Jefferson County Public Schools

External Assessment of Fiscal Administration and Budget Shortfall

March 10, 2026



# Agenda

1. Summary of results
2. Scope, objectives, & methodology
3. Themes
4. Description of high-priority findings
5. Q & A



# Summary of assessment results

<b>Purpose</b>	<ol style="list-style-type: none"><li>1. Assess the systemic and situational factors contributing to JCPS's budget shortfall.</li><li>2. Recommend steps for strengthening financial management, transparency, governance, and sustainability.</li></ol>
<b>Areas of Focus</b>	<ol style="list-style-type: none"><li>1. Budget development, forecasting, and monitoring.</li><li>2. Expenditure commitments.</li><li>3. Use of contingency and fund balance.</li><li>4. Budget changes, including amendments and new allocations.</li><li>5. Procurement practices supporting competitive pricing/sound purchasing.</li><li>6. Governance and oversight mechanisms related to financial decision-making.</li></ol>
<b>Findings</b>	Eight high priority findings Five moderate priority findings
<b>Opportunities</b>	Two opportunities for improvement
<b>Takeaway</b>	By strengthening budgeting, purchasing, and reporting practices and reinforcing them with clear documentation and governance, the District will be better positioned to manage financial risk going forward.



# Scope & objectives

Our assessment reviewed the District's overall fiscal administration and governance activities during fiscal years 2022-2025.

The assessment objectives include:

1. Identify systemic and situational factors contributing to the District's budget shortfall.
2. Assess the effectiveness of fiscal administration practices.
3. Analyze roles, responsibilities, and oversight exercised by District leadership and the Board in financial governance.
4. Benchmark JCPS's practices against comparable peers.
5. Develop actionable recommendations to strengthen financial management and sustainability.
6. Assess long-term solvency risks and mitigation strategies.



# Methodology

1. Reviewed Board policies, standard operating procedures, and internal guidelines.
2. Conducted multi-year financial and trend analyses on staffing, salary, and program expenditures.
3. Interviewed 46 stakeholders across budgeting, purchasing, leadership, the Board, and ARMAC.
4. Assessed the roles and responsibilities of key personnel.
5. Examined documentation related to budgeting practices.
6. Documented internal controls in place and identified gaps.
7. Benchmarked practices against peer districts and identified key performance indicators for monitoring.



# Summary of assessment themes

Area	Description
Assigned monitoring and oversight	<ul style="list-style-type: none"><li>• Lack of a clearly defined, consistently applied district-wide framework for financial oversight.</li><li>• Budget training exists for principals, but not for central office.</li><li>• Central office budget monitoring practices are inconsistently applied and vary in rigor.</li></ul>
Budget development and strategic alignment	<ul style="list-style-type: none"><li>• Lack of formal, recurring mechanism to systematically align funding decisions with strategic priorities.</li><li>• Budget development relies on incremental, roll-forward practices, with limited periodic reassessment of strategic alignment.</li></ul>
Reliance on non-recurring funds	<ul style="list-style-type: none"><li>• Non-recurring funding was used to expand programs, staffing, and initiatives.</li><li>• Long-term sustainability was not consistently evaluated.</li><li>• Declining temporary revenues left recurring costs, contributing to structural imbalance.</li></ul>
Budgetary decision-making authority and governance	<ul style="list-style-type: none"><li>• Budget decisions lacked formal governance and collective review.</li><li>• Financial Services' authority was limited in practice.</li></ul>



# High priority findings

No.	Finding	Recommendation
1	The District has not established a comprehensive governance framework outlining all budgetary roles, responsibilities, and decision-making authorities.	<p><b>Procedural improvements</b></p> <ol style="list-style-type: none"><li>1. Update Board Policies 04.1 and 04.31 to:<ol style="list-style-type: none"><li>a. Reflect actual authority and responsibilities.</li><li>b. Distinguish the Superintendent's role from the CFO's role.</li></ol></li></ol> <p><b>Governance &amp; organizational improvements</b></p> <ol style="list-style-type: none"><li>1. Establish a formal approval process for new spending or budget changes after Working Budget adoption.</li><li>2. Designate budget ownership for central office departments.</li><li>3. Develop and communicate written guidelines outlining budget development and monitoring expectations for all budget managers.</li><li>4. Develop a periodic school- and department-level budget-to-actual review process conducted by the Budget Department.</li></ol>



# High priority findings (cont.)

No.	Finding	Recommendation
2	The District's budget development process is not formally aligned with its strategic goals or long-range plans.	<b>Governance &amp; organizational improvements</b> <ol style="list-style-type: none"><li data-bbox="1090 454 1972 496">1. Develop a 3-5-year strategic financial plan.</li><li data-bbox="1090 505 1972 548">2. Establish an annual priority-setting process.</li><li data-bbox="1090 556 2339 648">3. Issue budget development guidance to better support strategic decision making.</li><li data-bbox="1090 656 2379 796">4. Build upon existing multi-year capital and technology plans and integrate them into the strategic financial plan and annual budget cycle.</li><li data-bbox="1090 805 2053 848">5. Implement a formal AIS funding phase-out plan.</li></ol>



# High priority findings (cont.)

No.	Finding	Recommendation
3	The Board has had limited visibility into mid-year financial performance due to discontinued reporting and inconsistent presentation of key financial information needed to understand spending decisions.	<p><b>Procedural improvements</b></p> <ol style="list-style-type: none"><li>1. Reinstate monthly budget-to-actual reporting to the Board.</li><li>2. Enhance contract approval summaries by clearly showing funding source, amount, new vs. renewal status, and budgetary impact.</li><li>3. Standardize summary-level financial information for all spending approvals.</li><li>4. Reinstate financial impact summaries of central office organizational changes.</li><li>5. Establish policy-based thresholds for Board approval and notification of budget changes made after Working Budget approval.</li></ol>



# High priority findings (cont.)

No.	Finding	Recommendation
4	The District has not implemented a formal, cross-functional process for reviewing and approving organizational chart changes and has not had a consistent job classification system.	<p><b>Procedural improvements</b></p> <ol style="list-style-type: none"><li>1. Formalize the Organizational Review Committee (ORC) through an approved charter.</li><li>2. Formalize current HR job classification standards.</li></ol> <p><b>Governance &amp; organizational improvements</b></p> <ol style="list-style-type: none"><li>1. Implement standing ORC meetings and document decisions, rationales, and action items.</li><li>2. Consider introducing designated periods for submitting organizational chart and job description changes.</li></ol>



# High priority findings (cont.)

No.	Finding	Recommendation
5	Return-on-investment (ROI) and data-based evaluation are not consistently integrated into budget development, approval, and funding renewal.	<p><b>Procedural improvements</b></p> <ol style="list-style-type: none"><li>1. Develop standardized guidance for new funding requests.</li></ol> <p><b>Governance &amp; organizational improvements</b></p> <ol style="list-style-type: none"><li>1. Apply a consistent investment evaluation process.</li><li>2. Maintain a centralized database (e.g., Investment Tracking System) that tracks all programs and initiatives.</li><li>3. Define and document requirements for which investments must be submitted and approved through the centralized database.</li></ol>



# High priority findings (cont.)

No.	Finding	Recommendation
6	<p>The District has recently introduced a multi-year financial forecasting model to support long-term planning and project fund balances. Multi-year forecasting has not been a formal component integrated into the budget development process.</p>	<p><b>Procedural improvements</b></p> <ol style="list-style-type: none"><li>1. Adopt a formal forecasting policy.</li><li>2. Develop a departmental forecasting procedure.</li></ol> <p><b>Governance &amp; organizational improvements</b></p> <ol style="list-style-type: none"><li>1. Use the forecast as a budget planning tool.</li><li>2. Include a forecasting section in the Working Budget Book.</li></ol>



# High priority findings (cont.)

No.	Finding	Recommendation
7	The District did not require new or expanded budget allocations proposed mid-year to be funded within existing appropriations or supported by a sustainable funding source, contributing to a pattern of additive funding requests.	<b>Procedural improvements</b> <ol style="list-style-type: none"><li>1. Adopt a formal fund balance policy.</li><li>2. Establish a structurally balanced budget policy in which recurring revenues meet or exceed recurring expenditures.</li><li>3. Document clear criteria for the use of contingency funds through a formalized policy.</li></ol>



# High priority findings (cont.)

No.	Finding	Recommendation
8	The Audit and Risk Management Advisory Committee (ARMAC) has historically not carried out the communication and reporting processes required by the Charter, limiting the integration of its advisory role into governance and financial oversight.	<p><b>Procedural improvements</b></p> <ol style="list-style-type: none"><li>1. Incorporate ARMAC's purpose, responsibilities, and reporting structure into Board member orientation materials.</li></ol> <p><b>Governance &amp; organizational improvements</b></p> <ol style="list-style-type: none"><li>1. Follow communication requirements outlined in the ARMAC Charter.</li><li>2. Define ARMAC's advisory role in practice by specifying the financial, budgetary, and risk management topics on which ARMAC is expected to provide input.</li><li>3. Align ARMAC's annual meeting calendar and agendas with timeline needed for advisory input.</li><li>4. Schedule ARMAC updates within the Board's annual calendar.</li><li>5. Maintain a log of ARMAC recommendations throughout the year to support annual reporting requirements.</li></ol>



# Q & A



**Thank you!**