

Business & Purchasing Office

Board Presentation July 12, 2023





Leadership Group

over 74 years of experience



Dr. Jesus Amezcua, CPA, RTSBA,
CPFIM
Assistant Superintendent
for Business Support Services

Marcia Leiva Chief Accounting Officer





Kendra Jackson

Purchasing Director

About Us:

GOAL #1

•Impact education by responding to the evolving needs of Harris County

GOAL #2

•Deliver value to Harris County by utilizing resources in an ethical, transparent and fiscally responsible manner

GOAL #3

Provide cost savings to school districts by leveraging tax dollars



Who We Are

Dr. Edna Johnson – Assistant Director

Yaritza Roman – Procurement Manager

Inga Ash - Procurement Coordinator

Deisy Rubio – Buyer

Charisma Tolbert – Procurement Specialist

Liliana Maldonado – Procurement Cards Specialist

Jessica Bermea – Contracts Specialist

Procurement Services

About Us:

The Procurement Services Division procure goods and services that will support the various divisions of HCDE. The procurement of these goods and services ensures that HCDE is spending tax dollars in a cost-effective manner.

In addition, the federal government requires us to audit internal controls of Choice Partners and Procurement Services which has returned no findings.





8 Staff Members

Accounting:

Julia Watts - Senior Accountant

Lynette Adams - Accountant II

Anai Rodriguez - Accountant II

Emmanuel Mensah - Accountant Assistant

Payroll

Kimberly Condit - Accounting Manager

Deanna Garcia - Payroll Specialist Lead

Katina Washington - Payroll Specialist

Priscilla Hines - TRS Specialist

Accounts Payable

Brandy Bullock - Senior Accounts Payable Specialist

Ana Munoz - Accounts Payable Specialist

Desirae De Leon - Accounts Payable Specialist

Accounts Receivable

Michelle Gomez - Accounts Receivable Specialist

Liseth Gonzales - Sr. Grant Accounting Clerk

Admin

Katrina Cary - Executive Assistant

Jorge Garza - Project Workflow Specialist

SEE THE IMPACT

Business Services

About Us:

The Business Services Division houses the Payroll department, Accounts Payable, Accounts Receivable and Accounting.

17 Staff Members





Who We Are: Formal

Your WOW Rocking Finance Staff



Avg tenure Business Services = 6.5 years

About Us:

Mission & Focus:

To exceed client expectations by maximizing fiscal resources and providing quality support services



12-2

The Balanced Scorecard – From Strategy to Performance Measures **Performance Measures Financial** What are our Has our financial financial goals? performance improved? What customers do Vision Customer we want to serve and Do customers recognize that and how are we going to we are delivering more value? Strategy win and retain them? **Internal Business Processes** What internal business processes are Have we improved key business critical to providing processes so that we can deliver

more value to customers?

Learning and Growth

Are we maintaining our ability to change and improve?

value to customers?

Our Finance Scorecard measures 4 types of performance measures











Continued Division Support





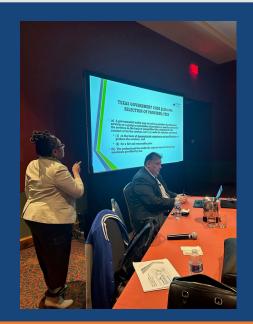




2 Customer Service Highlights



Investor Relations



TASBO Training – San Antonio, Tx



Budget Hearings

2 Customer Service Highlights



Business Support Services supports our community by participating in difference events such as: • 8th Annual Rotary Club Adoption Fair



2 Customer Service Highlights







2 Customer Service Highlights

Business Support Services supports our community by participating in difference events such as:

- Christmas toy drive and Santa's visit for Head Start students
- •Thanksgiving baskets for 2 Head Start families
- Rotary Club Adoption Fair
- •City/County and ISD Trainings at Conferences







Business Support Services supports our community by assisting ISD:

Stafford MSD CFO Services- Kendra Jackson & Dr. Jesus Amezcua Tejano Center Charter School –RYSS CFO Services– Dr. Edna Johnson & Dr. Jesus Amezcua Amigos por vida Charter School – Dr. Jesus Amezcua



2 Customer Service Highlights

3 Internal Business Processes Highlights

Fraud Awareness
Process

Risk Assessment Process

EDGAR Compliant and Leader

643 attendees at School Finance Council

8 National Awards

Presentations at Conferences. TASBO, ISM, etc.

No Letter to
Management
Comments –
Unmodified Opinion

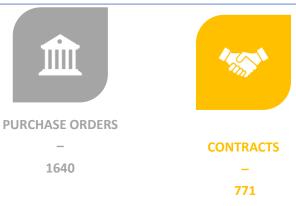




8 Staff Members handle the **following** processes:

Compliance and Internal Control Structure over procurement to include federal (Edgar), state, and local requirements







Procurement Services

Procurement Services

Purchase Orders by Division

	Number o	f POs and	Amount of PC	s and
Division	Perce		Percentag	ge
ADULT EDUCATION	56	0.0341	\$1,069,354	3%
ALTERNATIVE CERTIFICATION	2	0.0012	\$3,970	0%
ADMINISTRATION	4	0.0024	\$11,707	0%
BUSINESS SERVICES	79	0.0482	\$2,685,124	9%
CASE	427	0.2604	\$4,039,894	<mark>13%</mark>
CHOICE PARTNERS	27	0.0165	\$467,285	1%
CTR FOR GRANT & DEVELOP	7	0.0043	\$9,062	0%
CLIENT DEVELOPMENT	4	0.0024	\$5,791	0%
COMMUNICATIONS	4	0.0024	\$7,005	0%
FACILITIES	109	0.0665	\$2,049,212	7%
CENTER SAFE & SECURE SCHOOLS	44	0.0268	\$341,272	1%
HEADSTART	437	0.2665	\$12,280,491	<mark>39%</mark>
HUMAN RESOURCES	20	0.0122	\$73,598	0%
TEACHER AND LEARNING CENTER	23	0.0140	\$234,355	1%
PURCHASING	28	0.0171	\$46,153	0%
RECORD MANAGEMENT	23	0.0140	\$236,875	1%
RESEARCH & EVALUATION	12	0.0073	\$32,260	0%
SPECIAL SCHOOLS	173	0.1055	\$1,704,873	5%
TECHNOLOGY	86	0.0524	\$1,322,037	4%
THERAPY SERVICES	5	0.0030	\$77,655	0%
OPERATIONS	68	0.0415	\$3,965,496	<mark>13%</mark>
EDUCATION FOUNDATION	2	0.0012	\$600,042	2%
GRAND TOTAL	1,640		\$31,263,511	

Fiscal Year	Total	Amount
2017-18	2,221	\$21.0 Million
2018-19	2,531	\$19.4 Million
2019-20	1,966	\$20.4 Million
2020-21	2180	\$20.4 Million
2021-22	1,640	\$31.2 Million

Procurement Services Purchase Order Processing

	Number	Percentage
Administration	6	1%
Adult Education	71	<mark>9%</mark>
Educator Certification & Advancement	1	0%
Business Services	18	2%
Cooperative for After School Enrichment	246	<mark>32%</mark>
Center for Safe and Secure Schools	31	4%
Choice Facilities Partners	12	2%
Facilities	53	<mark>7%</mark>
Head Start	70	<mark>9%</mark>
Human Resources	9	1%
Marketing	0	0%
Purchasing	0	0%
Research and Evaluation	0	0%
Records Management	6	1%
Resource Development	0	0%
Schools	117	<mark>15%</mark>
Technology	13	2%
Teaching and Learning Center	2	0%
Therapy Services	70	<mark>9%</mark>
CES-Instructions Support Services	46	<u>6%</u>
TOTAL	771	

Procurement Services Contracts Review and Management Processed

Procurement ServicesProcurement Card Transactions per FY

Fiscal Year	Number of Transactions	Total Dollar Amount	Average Amount per Transaction
2017	5,352	\$841K	\$157
2018	5,899	\$681K	\$161
2019	7,354	\$1.3M	\$176
2020	6,066	\$1.1M	\$180
2021	6,478	\$1.1M	\$170
2022	8,394	\$1.4M	\$167

Note: HCDE is in the process of switching to Payment Net from Smartdata which will allow receipts to be inputted via an app and improve documentation and efficiency.

Procurement Services Procurement Card Credit limits

Credit Limit	Number of Cards Issued
1,500	2
\$2,000	5
\$3,000	9
\$3,400	1
\$3,500	2
\$4,000	17
\$5,000	52
\$7,500	1
\$10,000	9
Total	98

An annual internal review is conducted to review cards issued and ascertain that the position function requires a p card along with the card limits.

Procurement Services Procurement Cards Issued by Division

Department	Cards	Department	Cards
AB East	2	Fortis Academy	2
AB West	2	Gulf Coast Food Cooperative	3
Administration	8	Head Start	6
Adult Education	2	Highpoint East	2
Business Support Services	2	Human Resources	3
Cooperative for After School Enrichment	2	Procurement Services	1
Center for Grants Development	0	Records Management Services	2
Center for Safe and Secure Schools	6	Research and Evaluation	2
Marketing & Client Engagement	3	Special Schools Administration	4
Choice Facility Partners	7	Center for Educator Success	11
Communications & Public Info.	2	Information Technology Services	3
Educator Certification and Professional Advancement	1	Therapy Services	3
Facilities Support Services	18	Education Foundation	1

HCDE's Small Business Program

Introduction

The purpose of this report is to provide data analysis regarding the current procurement practices in relation to small businesses within Harris County and other areas. Suppliers are classified as Historically Underutilized Businesses (HUBs), Minority, Small Business Enterprise (SBEs), and/or Women-Owned entities. For the purposes of this report, the Procurement Services Division analyzed data for seventy-seven (77) HUBs, Minority, SBEs, and Women-Owned small businesses.

Overview

The Superintendent's purposeful intent is to support small business activity to maximize the fiscal resources in Harris County. The Procurement Services Division's primary goal is to procure goods and services in accordance with federal, state, and local guidelines, to promote ethical competition in its practice, and achieve the best value for the department.

Scope

The Procurement Services Division analyzed all disbursements processed by the HCDE Business Services Division via check or ACH for the FY2022 period beginning September 1, 2021, through August 31, 2022.

Methodology

The methodology included the following steps:

- 1. The Procurement Services Division exported all disbursements from PowerSchool eFinance (HCDE's ERP system) to identify data within the total scope of the report.
- The initial analysis included coding each disbursement by type to eliminate expenditures to governmental entities, employee reimbursements (i.e., travel, mileage, etc.), and payments made to utility companies, and publicly traded businesses.
- The second analysis included the identification of each small business to determine whether the supplier was classified as a HUB, Minority, SBE, Women-Owned, or multiple.

The Report Results

Based on the data, the following assumptions can be made for FY2022:

- The total adjusted disbursements were \$33.6 million for FY2022 (see Figure 1).
- Disbursements to small businesses for FY2022 totaled \$6.8 million or 20% (77 vendors)
- Disbursements to Harris County small businesses totaled \$5.8 million or 17% (57 vendors)
- Disbursements outside of Harris County totaled \$1 million or 2.9% (20 vendors)

The Procurement Services Division continues to promote small businesses participation by:

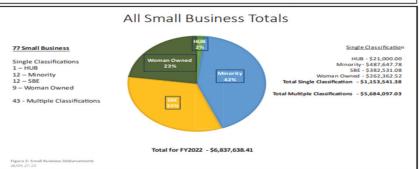
- 1. Reaching out to small businesses through vendor fairs and trainings
 - a. Quarterly Vendor Outreach meetings
 - b. Annual Supplier Showcase (iPASS)
- Cooperation MOU with Chambers of Commerce
- Seek and promote small business participation through presentations at local, state and national conferences, and Chambers of Commerce at large.

(Attached are the summary of charts for FY2022)

Procurement Services –

Summary of Charts for FY2022





Procurement Services - SBP

Procurement Services

Trends (what are you seeing in your industry/area)

The Procurement Office will expand our reach in the following:

- Methods to safely utilize <u>AI to improve procurement processes</u>
 - Forecasting
 - Supplier Discovery
 - Sourcing
 - Contract Management
 - Spend Analysis
 - Supplier Performance
- Incorporate <u>sustainability and social responsibility</u> programs
- Increase efforts to engage community organizations to train small businesses

3 Internal Business Processes Highlights

> 2022 TASBO Excellence in Business





Ratios	Calculation	Benchmark	Most Current - FY 22	
1.Repayment Analysis				
Debt Payment/Income Ratio	Debt Payment/Income	< 25%	9%	
2.Liquidity Analysis				
Current Ratio	Assets/Liabilities	>1	5.98	
3.Solvency Analysis				
Debt/Asset Ratio	Liabilities/Assets	Between 35% and %50%	17%	
4.Profitability Analysis	4.Profitability Analysis			
Return on Assets	Income to Assets	2%	0%	
Return on Equity	Income to Equity	7%	-1%	

(1) Financial Performance Ratios

(1) Financial Performance Ratios

Ratios	Calculation	Benchmark		ost Current - FY 22
5. Financial Capability A	nalysis			
Bonded Debt per Capita	Long-term general obligation debt to taxpayers. (includes pension)	Betw \$10.00 & \$35	\$	13.49
Property Taxes per Capita	Amount of tax burden to taxpayer.	Betw \$5.32 & \$10.82	\$	5.40
Debt Service Load	Amount of annual budget used to pay off long-term debt.	Betw 5% to 10% 6%		6%
6.Financial Position Ana	alysis			
Unassigned Fund Balance	% of annual revenue	Between 15% & 30%		21%
7. Financial Efficiency Analysis				
Gross Revenue > Operating Expenditures	General Fund Results	Between \$800K & \$1.5M	\$	(164,865)

2022 Population 4,728,090

Operating Measures

Fiscal Year	Number of Employees	Total Amount
2017-18	1,212	\$42.4 Million
2018-19	1,198	\$44.1 Million
2019-20	1,198	\$45.3 Million
2020-21	1,129	\$48.9 Million
2021-22	1,207	\$46.7 Million

Fiscal Year	Number of transaction	Total Amo	unt
2017-18	10,623	\$ 17,073,4	33.00
2018-19	9,469	\$ 18,521,1	57.00
2019-20	7,502	\$ 14,485,0	66.00
2020-21	8,763	\$ 19,255,9	77.00
2021-22	8,871	\$ 38,007,9	75.00

PR processed 1,207 IRS-W2 forms totaling \$42.4M of taxable wages.

AP processed 142 IRS-1099NEC forms totaling \$6.2M

(1) Financial Performance Ratios

and 3 IRS-1099 MISC totaling \$663,031.

Operating Measures

Fiscal Year	Amount Billed	Amount Received
2017-18	\$24,206,309.00	\$ 25,052,511.00
2018-19	\$29,000,852.00	\$ 20,000,299.00
2019-20	\$26,878,514.00	\$ 26,247,886.00
2020-21	\$30,295,092.00	\$ 26,556,728.00
2021-22	\$26,045,659.00	\$ 27,402,148.00

AR processes invoices for 8 different divisions.

Fiscal Year	Adopted Budget Estimated Revenues All Funds	Adopted Appropriations All Funds
2017-18	\$ 99,850,987.00	\$ 114,521,059.00
2018-19	\$ 102,910,372.00	\$ 117,335,372.00
2019-20	\$ 112,907,418.00	\$ 128,418,154.00
2020-21	\$ 162,402,208.00	\$ 174,490,972.00
2021-22	\$ 124,117,737.00	\$ 154,234,536.00

There were over 930 budget amendment/transfers processed

(1) Financial Performance Ratios

Operating Measures

Fiscal Year	Number of Special Revenue Grants	Total Grant Expenditures	
2017-18	20	\$	30,703,257.00
2018-19	22	\$	29,774,438.00
2019-20	24	\$	29,331,233.00
2020-21	24	\$	26,299,119.00
2021-22	27	\$	26,933,604.00

Fiscal Year	Staff Development	Fees for Services In County	Fees for Services Out County
2017-18	\$ 340	\$ 2,623	\$ 1,628
2018-19	\$ -	\$ 1,030	\$ 54,068
2019-20	\$ -	\$ -	\$ 245,754
2020-21	\$ -	\$ 8,438	\$ 124,283
2021-22	\$ 1,000	\$ 17,900	\$ 75,000

Processed over 2,904 journal entries totaling \$688M

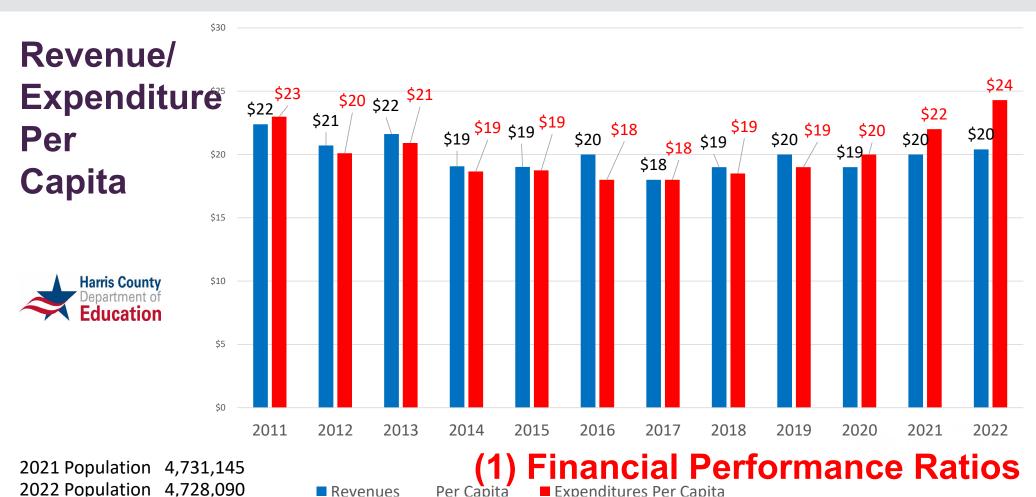
Services provided to Stafford MSD, Pearland ISD and ASBO

(1) Financial Performance Ratios



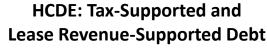
Fiscal years 2011-2022

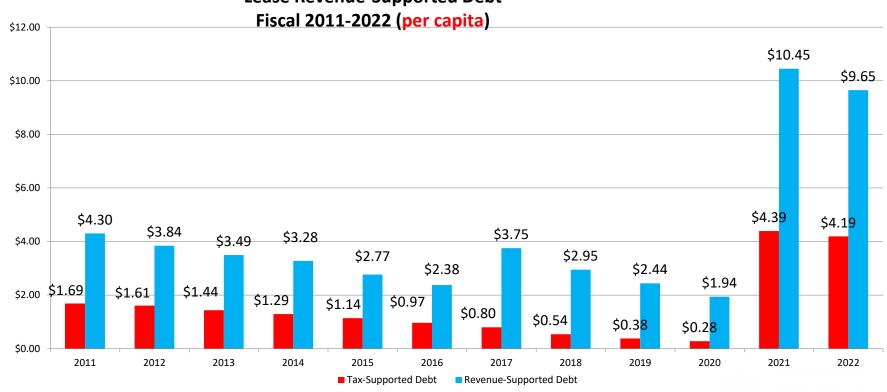
Business & Procurement





Harris County
Department of
Education

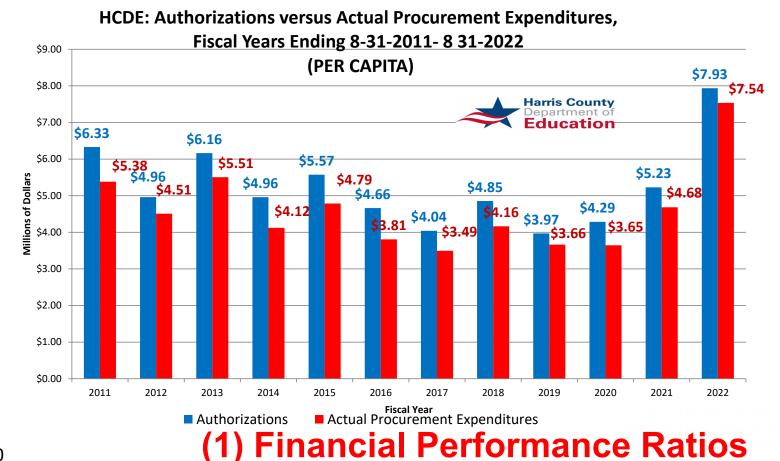




2022 Population 4,728,090

(1) Financial Performance Ratios

Purchases Per Capita



2022 Population 4,728,090

Learning and Growth - Key Highlights Summary



- Monthly Lunch and Learn trainings for Business Staff on new guidelines and processes
 - Monthly School Finance Council
- Local I-PASS
- Local vendor Outreach
- National Presentation at NIGP
- State Presentation at TASBO
- Kids Meals Project



Learning and Growth – Other Key Highlights Summary

- REAL SuperMENtor, he reads to children at a Head Start center via hybrid
- Education Committee for the Rotary Club and Adoption Fair held at HCDE
- Taught financial courses at TASBO
- Dr. Amezcua also participated in TASBO committees
- Best Practice Committee-Texas Certified Public Accountants
- Best Practice Committee-GFOA and ASBO
- EDGAR Class and Webinars





Who We Are: Fun Exceptional & Informal



What Questions do you have?

