

## MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS

The Governing Board recognizes its fiduciary responsibility to effectively manage and safeguard the district's assets and resources in order to help achieve the district's goals for student learning. The Superintendent or designee shall establish and maintain an accurate, efficient financial management system that enhances the district's ability to meet its fiscal obligations, produces reliable financial reports, and complies with laws, regulations, policies, and procedures. He/she shall ensure that the district's accounting system provides ongoing internal controls and meets generally accepted accounting standards.

## INTERNAL CONTROLS/FRAUD PREVENTION

The Board expects Board members, employees, consultants, vendors, contractors, and other parties maintaining a business relationship with the district to act with integrity and due diligence in dealings involving the district's assets and fiscal resources.

The Superintendent or designee shall develop internal controls which aid in the prevention and detection of fraud, financial impropriety, or irregularity within the district. These internal controls may include, but are not limited to, segregating employee duties relating to authorization, custody of assets, and recording or reporting of transactions; providing detailed, written job descriptions explaining the segregation of functions; adopting an integrated financial system; conducting background checks on business office employees; and requiring continuous in-service training for business office staff on the importance of fraud prevention.

All employees shall be alert for any indication of fraud, financial impropriety, or irregularity within their area of responsibility. Any employee who suspects fraud, impropriety, or irregularity shall immediately report those suspicions to his/her immediate supervisor and/or the Superintendent or designee. In addition, the Superintendent or designee shall establish a method for employees and outside persons to anonymously report any suspected instances of fraud, impropriety, or irregularity.

The Superintendent or designee shall have primary responsibility for any necessary investigations of suspected fraud, impropriety, or irregularity, in coordination with legal counsel, the district's auditors, law enforcement agencies, or other governmental entities, as appropriate.

The Superintendent or designee shall provide regular reports to the Board on the status of the district's internal control procedures and recommend any necessary revisions to related Board policies or administrative regulations.

## ACCOUNTING SYSTEMS

General and budgetary accounting is prescribed by the Education Code and must be in accordance with the California State Department of Education Accounting Manual. The Superintendent or designee shall provide ongoing internal accounting controls and a means for the accounting of income and expenditures as outlined in the adopted budget.

**AUDITS**

All accounts shall be audited annually as prescribed by the Education Code. The audit examination shall be conducted in accordance with the requirements of the State Controller. By April 1 of each year, the Board shall provide for an audit of all district funds, any other funds which are administered pursuant to a joint powers agreement, and attendance procedures. To conduct the audit, the Board shall select a certified public accountant or public accountant licensed by the State Board of Accountancy. The audit shall identify all expenditures by source of funds and shall contain the following:

1. A statement that the audit was conducted pursuant to standards and procedures established in the audit guides developed by the State Controller.
2. A summary of audit exceptions and management recommendations. The Superintendent or designee shall establish a timetable for the completion and review of the audit within the deadlines established by law.

The Superintendent or designee shall file the report of the audit with the County Superintendent of Schools, the Department of Education, and the State Controller no later than December 15.

**ENCUMBERING**

In order to have a clear picture of the district's financial condition readily available and as current as possible, the Superintendent or designee shall see that funds are encumbered in the district accounting records immediately after an expenditure is committed for subsequent payment.

**OBLIGATION OF CONTRACT**

The district's obligation of contract, with regard to financial transactions, shall commence when the Board adopts a resolution formally adopting, approving, or entering into any financial transaction, or when the Superintendent or designee enters into any financial transaction under authority specified by law or Board policy.

With the mutual consent of the Board or Superintendent or designee and the other party or parties to the financial transaction, a different time may be set for the commencement of the obligation. The Board shall not adopt any resolution which would be binding until the terms of the transaction are sufficiently definite.

**LEGAL REFERENCE****CALIFORNIA EDUCATION CODE**

14500-14508	Financial and compliance audits
35035	Powers and duties of superintendent
35250	Duty to keep certain records and reports (accurate account of expenditures and receipts)
41010-41023	Accounting regulations, budget controls and audit

42600	District budget limitation on expenditures
42601	Transfers between funds to permit payment of obligations at close of year
42603	Transfer of special or restricted funds moneys
42647	Drawing of warrants by district on county treasurer; form; reports, statements and other data

**GOVERNMENT CODE**

53995-53997 Obligation of contract

**MANAGEMENT RESOURCES**

CSBA Publications

Maximizing School Board Governance: Budget Planning and Adoption, 2006

Maximizing School Board Governance: Fiscal Accountability, 2006

School Finance CD-ROM, 2005

Governmental Accountings Standards Board

Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments, June 1999

**WEB SITES**

CSBA: <http://www.csba.org>

California Association of School Business Officials: <http://www.casbo.org>

California Department of Education, School Finance: <http://www.cde.ca.gov/fg>

California State Controller's Office: <http://www.sco.ca.gov>

Fiscal Crisis & Management Assistance Team: <http://www.fcmat.org>

Governmental Accounting Standards Board: <http://www.gasb.org>

School Services of California: <http://www.sscal.com>