

# 1.1 Internal Control Environment-Integrity and Ethical Values

## Professional Standard

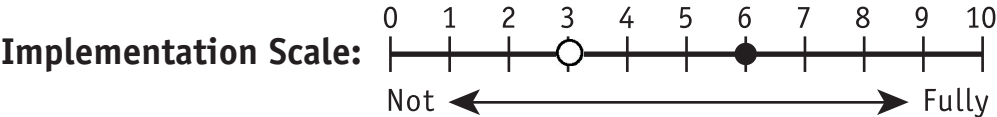
Integrity and ethical behavior is the product of the district’s ethical and behavioral standards, how they are communicated, and how they are reinforced in practice. All management-level personnel should exhibit high integrity and ethical values in carrying out their responsibilities and directing the work of others. [SAS-55, SAS-78]

## Progress on Recommendations and Improvement Plan

1. The district has strengthened internal controls in the majority of fiscal transactions. The county office still has concerns about improving internal controls over the process of issuing and canceling warrants to effectively manage and secure cash transactions in all funds. The district should continue to work on this area.
2. Checks and balances have improved in personnel, payroll and position control. Employees in these areas work more closely together and rely upon each other to make certain that information is accurate, adequate and up to date in order to ensure internal controls are in place.
3. The district has ensured that authorized signatures have been kept up to date for bank deposits, signing vendor warrants, payroll warrants, purchase requisitions and revolving cash transactions. The last approval was completed on June 23, 2004 for the 2004-05 fiscal year.
4. California form 700, Statement of Economic Interests for Officials and Designated Employees, was submitted to all Governing Board members and the Superintendent prior to the 2004-05 fiscal year.
5. An updated board policy No. 9270 regarding conflict of interest was approved by the Governing Board on December 2004. The policy had last been modified on April 1, 1981.

## Standard Implemented: Partially

July 2003 Rating: 3  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: 8  
January 2005 New Rating: 6



## 1.2 Internal Control Environment — Governing Board and Audit Committee Participation

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### Professional Standard

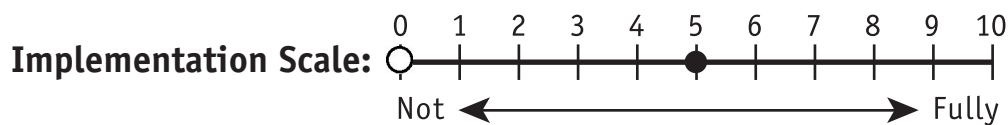
The district should have an Audit Committee to: 1. help prevent internal controls from being overridden by management, 2. help ensure ongoing state and federal compliance, 3. provide assurance to management that the internal control system is sound, and 4. help identify and correct inefficient processes. [SAS-55, SAS-78]

### Progress on Recommendations and Improvement Plan

1. Candidates are currently being sought for three community positions on the newly formed District Audit Committee. Terms will be either one or two years in length. The deadline for applications was originally October 1, 2004, but that date has been extended until further notice.
2. When formed, the committee shall be composed of five members: two board members appointed by the board president, and three members of the community whose skills are deemed sufficient by the board to enable them to carry out their duties effectively. When in place, the committee shall assist in ensuring that the board is kept informed of potential risk identified by the audit function.
3. The board is also kept apprised of potential risk identified in audits and other consultants' reports through a weekly update from the Superintendent in which directors provide information on potential issues.

### Standard Implemented: Partially

July 2003 Rating: 0  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: 1  
January 2005 New Rating: 5



# 1.8 Internal Control Environment-Responsibility for Fraud Prevention and Detection

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## Professional Standard

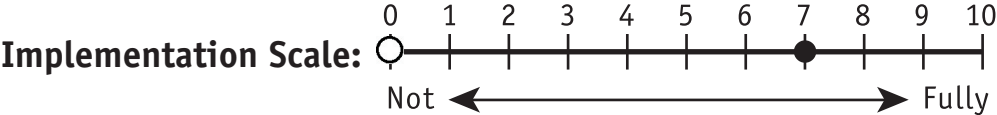
The responsibility for reliable financial reporting resides first and foremost at the district level. Top management sets the tone and establishes the environment. Therefore, appropriate measures must be implemented to discourage and detect fraud (SAS 82; Treadway Commission).

## Progress on Recommendations and Improvement Plan

1. Board policy No. 3400 on fraud was adopted at second reading on November 5, 2003.
2. The policy explains that management is responsible for detection and prevention of fraud, improprieties and other irregularities involving district resources. It also lists different types of fraud, improprieties and irregularities as well as where to report potential fraud.
3. The fraud policy is posted on the district Web site along with all other board-approved policies. In addition, the policy was made available to the community and district through its inclusion on the agenda/materials at the board meeting.

## Standard Implemented: Partially

July 2003 Rating: 0  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: 9  
January 2005 New Rating: 7



## **2.1 Inter- and Intra-Departmental Communications—Timing, Content and Quality of Communications**

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### **Professional Standard**

The business and operational departments should communicate regularly with internal staff and all user departments on their responsibilities for accounting procedures and internal controls. The communication should be written whenever possible; particularly when it 1. affects many staff or a user group; 2. is an issue of high importance; or, 3. when the communication reflects a change in procedures. Procedures manuals are necessary to the communication of responsibilities.

The departments also should be responsive to user department needs, thus encouraging a free exchange of information between the two (excluding items of a confidential nature).

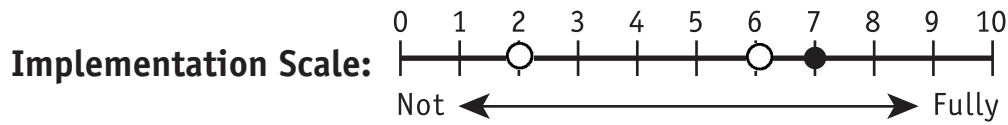
### **Progress on Recommendations and Improvement Plan**

1. Improvement continues to be made in this area. The first business in-service workshop for site administrators and the clerical staff occurred in August 2003 and covered various fiscal requirements, policies and proper procedures. The same type of workshop was offered October 11, 2004. The Business Services Procedures Manual initially handed out at the August 2003 workshop was updated and distributed to ensure participants understood the latest processes and procedures. Because the later workshop was offered on a districtwide staff development day along with several other options, participation was not as high. In the future, this workshop should be mandatory for the appropriate positions so that all stakeholders understand fiscal requirements, policies and procedures.
2. A plan is in place to individualize the Business Services Procedure Manual for the sites that request it. This process should make the manual more user-friendly and specific to each site's staff and equipment resources. The time line to accomplish this has not yet been established. This type of manual should be offered to departments as well. Although this project would take a considerable amount of time, the result would be beneficial to the Business Department if specific training and information were offered.
3. Staff members continue to receive additional training on the SASI attendance system and the QSS accounting system from the vendors, and on several other topics from the Alameda County Office of Education and the California Association of School Business Officials.
4. In addition to the annual in-service, the Business Department provides training to district employees on various business topics when requested. The forum for these trainings varies, based on the audience and the topic.
5. Financial reports are sent monthly to departments and sites with budget authority. Some sites and all departments are now running their own reports. The district plans to train all sites to run their own reports, which will save time and processing costs.
6. Ongoing memorandums and e-mails are sent from the Business Department to sites and departments when there have been significant procedural or policy changes and/or updated information.

7. Business issues and changes are discussed periodically at the weekly principals' meetings. Expected responsibilities for accounting procedures and internal controls are discussed at other administrative meetings when necessary.
8. The Director of Fiscal Services visits sites monthly when possible, but also makes herself available to departments and sites to ensure communication remains open and positive.

**Standard Implemented: Partially**

July 2003 Rating: 2  
 January 2004 Rating: 6  
 July 2004 Rating: Not Reviewed  
 January 2005 Self-Rating: 7  
 January 2005 New Rating: 7



## 2.2 Inter- and Intra-Departmental Communications—Identification and Response to Governing Board and Community Audiences

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### Professional Standard

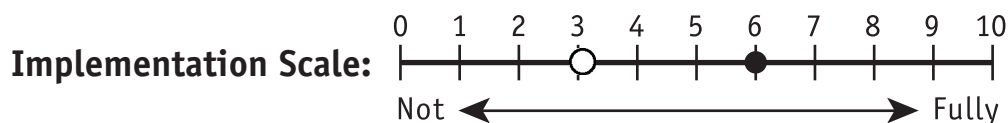
The financial departments should communicate regularly with the Governing Board and community on the status of district finances and the financial impact of proposed expenditure decisions. The communications should be written whenever possible, particularly when it affects many community members, is an issue of high importance to the district and board, or reflects a change in policies.

### Progress on Recommendations and Improvement Plan

1. The district is planning to reactivate the Budget and Finance Advisory Committee in December 2004 and will recruit members from the various groups within the district. The committee, which is appointed by the Governing Board, is important in keeping the community informed about the district's financial condition.
2. The Alameda County Office of Education has requested that districts making budget cuts for the 2004-05 fiscal year prepare a report in a specific format to inform the board and community about the cuts implemented and the amounts saved. This is important to identify the actual numbers and not just the estimates that were made when cuts were first considered. This information will be submitted to the board in December with the first interim report.
3. The board has expressed its satisfaction with the various budget reports it receives. The staff has provided essential information in an understandable format. These reports allow the board to stay abreast of business issues.
4. The board has discussed the possibility of receiving additional information such as budgets by site, program, and/or other category. Plans are being defined to accommodate this request.

### Standard Implemented: Partially

July 2003 Rating: 3  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: 8  
January 2005 New Rating: 6



## 2.3 Inter- and Intra-Departmental Communications—Interest and Response by the Governing Board

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### Professional Standard

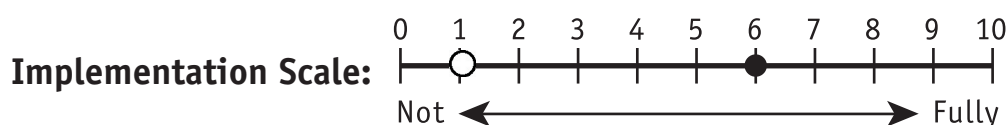
The Governing Board should be engaged in understanding globally the fiscal status of the district, both current and as projected. The Governing Board should prioritize district fiscal issues among the top discussion items.

### Progress on Recommendations and Improvement Plan

1. For the past year, statutory reports on budget issues such as the adopted budget, interim reports and unaudited actuals have been submitted to the Governing Board and the county office within the statutory deadlines. All required forms are included in the submittals. However, the district should take additional time to ensure the reports are accurate before submitting them to the county office. The county office indicates that upon receipt of the district's documents, the process is often delayed to correct items that should have been rectified prior to submission.
2. The Governing Board discusses and reviews the different employee contracts for each collective bargaining unit on an ongoing basis so that trustees are prepared when contract terms expire, and new agreements must be negotiated.
3. The staff prepares for board meetings by running various detailed program reports on topics such as child development programs, including Head Start, Vera Casey and the Franklin Preschool. In addition, specific reports on special education, nutritional services, independent study and alternative study have been submitted for discussion. These types of specific reports have provided the board with reasonable assurance that programs are being operated in a cost-effective manner that serves students.
4. The district is planning to reactivate the Budget and Finance Advisory Committee in December 2004. This committee will be important in keeping the community informed about the district's financial condition. Reactivating the committee also would demonstrate that the district is committed to engaging the community as a partner in educating students.

### Standard Implemented: Partially

July 2003 Rating:	1
January 2004 Rating:	Not Reviewed
July 2004 Rating:	Not Reviewed
January 2005 Self-Rating:	9
January 2005 New Rating:	6



### 3.1 Staff Professional Development—Training Programs and Plans

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#### Professional Standard

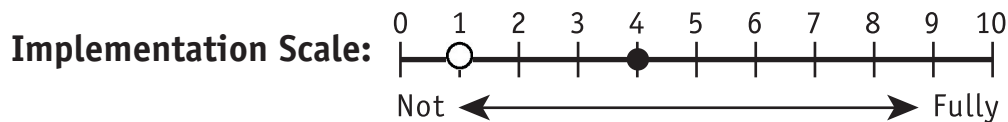
The district should develop and use a professional development plan, i.e., training business staff. The development of the plan should include the input of business office supervisors and managers. The staff development plan should at a minimum identify appropriate programs office-wide. At best, each individual staff and management employee should have a plan designed to meet their individual professional development needs.

#### Progress on Recommendations and Improvement Plan

1. Sites and departments participate in district staff development days, but there is no approved staff development plan for individual employees outlining what types of training they should receive in order to gain knowledge in their specific work area. The district allows all employees to participate in any internal staff development days whether the employees receive reimbursement from the state for their time or not.
2. Administrators allow release time for employees to participate in any appropriate staff development opportunities both inside and outside of the county.
3. The Business Department plans to provide more training over time so that other departments and sites are aware of policies and procedures.

#### Standard Implemented: Partially

July 2003 Rating: 1  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: 8  
January 2005 New Rating: 4





## **3.2 Staff Professional Development—Training Programs for School Site/ Department Staff by Business Staff**

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### **Professional Standard**

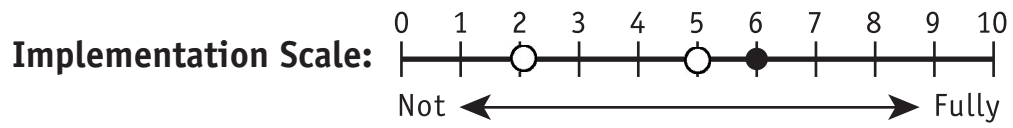
The district should develop and use a professional development plan for the in-service training of school site/department staff by business staff on relevant business procedures and internal controls. The development of the plan should include the input of the business office and the school sites/departments and be updated annually.

### **Progress on Recommendations and Improvement Plan**

1. The Business Department continues to provide training for both department and site personnel on procedures for sound internal controls and other business issues and procedures. However, the training is planned as the year progresses instead of at the beginning of the fiscal year. No calendar is developed at the start of the year to allow sites and departments to know when their training sessions will be provided in order to plan ahead.
2. Training provided in the previous year continues to be updated as necessary. For instance, the first business in-service workshop for site administrators and clerical staff occurred in August 2003 and covered various fiscal requirements, policies and proper procedures. The same type of workshop was offered October 11, 2004. The Business Services Procedures Manual initially handed out at the August 2003 workshop was updated and distributed to ensure participants understood the latest processes and procedures. Because the later workshop was offered on a districtwide staff development day along with other workshops, participation was not as high. In the future, this workshop should be mandatory for the appropriate positions. An individualized, site-specific binder of business procedures is being considered as well.
3. The staff continues to receive additional training on the SASI attendance system and the QSS accounting system from the vendors and on various other topics from the Alameda County Office of Education and the California Association of School Business Officials. In addition, the management provides the various district departments with internal training when requested.
4. The Business Department also provides district employees with training on various business topics when appropriate. The forum for these trainings varies based on the audience and the topic.

## Standard Implemented: Partially

July 2003 Rating: 2  
January 2004 Rating: 5  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: 9  
January 2005 New Rating: 6



## 5.1 Budget Development Process (Policy)—Board Leadership and Budget Participants

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### Professional Standard

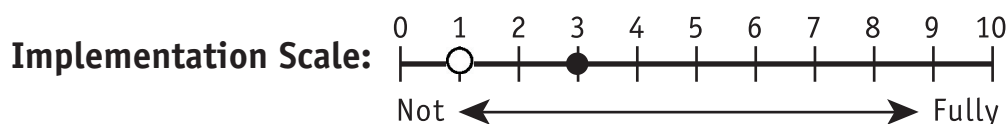
The budget development process requires a policy-oriented focus by the Governing Board to develop an expenditure plan that fulfills the district's goals and objectives. The Governing Board should focus on expenditure standards and formulas that meet the district goals. The Governing Board should avoid specific line item focus but direct staff to design an entire expenditure plan focusing on student and district needs.

### Progress on Recommendations and Improvement Plan

1. The district has updated and approved all mandated board policies during the past year so that they comply with statutory requirements. Various policies deal with business-related functions, but none are related to budget development.
2. Board policies and administrative regulations should be revised regularly to ensure that appropriate procedures and pertinent legislation are included. Several board policies that relate specifically to budget development were approved by the board between 1974 and 1987. Because the board and staff do not follow many of these policies, they should either be updated or formally rescinded.
3. Although the district has an approved mission statement and goals, the majority of the staff is not aware that they exist. The board assumes that the goals are reflected in the approved budget, but staff members need to understand this correlation.
4. The district utilizes different formulas and expenditure calculation methods that are shared with principals and managers during budget development. However, the board never sees these formulas, reviewing the adopted budget only at a higher level. The board should be able to review these budget development documents to ensure that the outcome and the allocation amounts comply with board-approved goals and objectives.

### Standard Implemented: Partially

July 2003 Rating:	1
January 2004 Rating:	Not Reviewed
July 2004 Rating:	Not Reviewed
January 2005 Self-Rating:	5
January 2005 New Rating:	3



## 5.2 Budget Development Process (Policy)—Input from District and Community Interests

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### Professional Standard

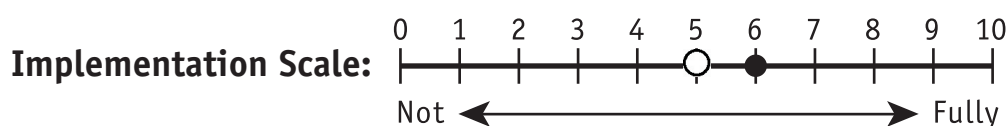
The budget development process includes input from staff, administrators, board and community.

### Progress on Recommendations and Improvement Plan

1. Budget development begins much earlier than it has in the past, with discussions at both the staff and Governing Board levels.
2. Site administrators indicated that in a few cases during the 2004-05 budget development process, they were not given a sufficient amount of time to complete budget worksheets and review budget allocations. Providing a sufficient amount of time for this task allows the information that is submitted to the Business Department to be more understandable and accurate.
3. Additional time is required in developing future budgets so that position control is not “rolled over” from previous years with adjustments made when possible. Especially with categorical programs, it should not be assumed that the same staff members will be charged to the same restricted funding. Employees with different salaries may be substituted or the approved site plans may reflect a change in how funds are used from year to year. A sufficient amount of time needs to be allocated so that categorical programs can ensure that the adopted budget correctly reflects approved site plans.
4. The board has discussed the possibility of receiving additional information such as budgets by site, program, and/or other category. There are plans to accommodate this request.
5. For the 2005-06 budget development process, the Deputy Superintendent and the Director of Finance have made plans on how meetings will be structured and operated to ensure the adopted budget is accurate and well understood.

### Standard Implemented: Partially

July 2003 Rating:	5
January 2004 Rating:	Not Reviewed
July 2004 Rating:	Not Reviewed
January 2005 Self-Rating:	7
January 2005 New Rating:	6



## 5.3 Budget Development Process (Policy)—Policies and Regulations

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### Professional Standard

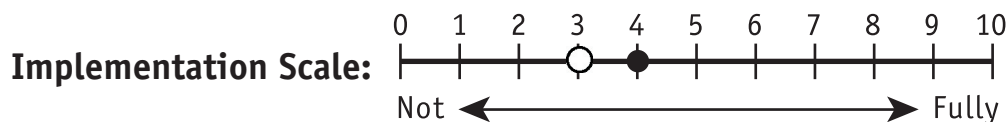
Policies and regulations exist regarding budget development and monitoring.

### Progress on Recommendations and Improvement Plan

1. Although the district is in the process of updating board policies, the existing board policies outlining budget development requirements have not been updated recently. These policies are dated between 1974 and 1987, and many do not reflect current practices and procedures.
2. The district is planning to reactivate the Budget and Finance Advisory Committee in December 2004 and will recruit members from the various groups within the district. The committee, which is appointed by the Governing Board, is important in keeping the community informed about the district's financial condition and overall budget development and monitoring.
3. Position control is being used as an integral part of the budget process. Site and department administrators are now reviewing the position control reports and budget development process to ensure that employee assignments and placements are correctly represented in the budget. Although the sites and departments cannot adjust the data, they can review it and validate the information, making the administration and board more confident that the information is being correctly represented.

### Standard Implemented: Partially

July 2003 Rating: 3  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: 7  
January 2005 New Rating: 4



## 5.4 Budget Development Process (Policy)—Strategic Process to Analyze All Resources and Allocations

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### Professional Standard

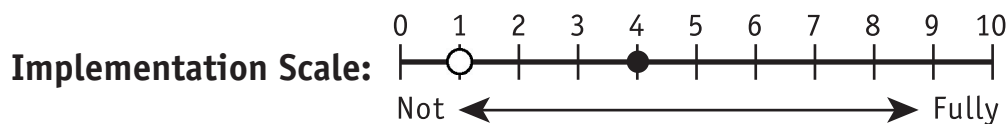
The district should have a clear process to analyze resources and allocations to ensure that they are aligned with strategic planning objectives and that the budget reflects the priorities of the district.

### Progress on Recommendations and Improvement Plan

1. The district is planning to reactivate the Budget and Finance Advisory Committee in December 2004 and will recruit members from the various groups within the district. The committee, which is appointed by the Governing Board, will allow a district financial review to be performed by community members instead of only by the district. This should provide the board and community with increased confidence that the budget is accurate.
2. Although the board has adopted a mission statement and goals and has related them to budget expenditures, many staff members are not aware of the mission and goals or their relationship to the budget.
3. Although the Senior Budget Analyst position was filled for part of the last fiscal year, it is once again vacant, placing a considerable burden on the director to ensure processes and procedures related to budgets are completed.
4. Sites and departments are being held responsible for providing input into the budget development process. Part of the principal's evaluation relates to budget administration.

### Standard Implemented: Partially

July 2003 Rating: 1  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: None Provided  
January 2005 New Rating: 4



## 7.10 Budget Adoption, Reporting, and Audits—Audit Administration and Resolution: State Reporting

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### Professional Standard

The district must file certain documents/reports with the state as follows:

- J-200, also called SACS, series (Education Code Section 42100)
- J-380 series - CDE procedures\*\*
- Interim financial reports (Education Code Section 42130)
- J-141 transportation report (Title V, article 5, Section 15270)\*\*

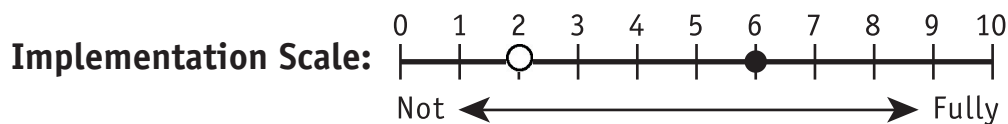
*\*\*submitted as part of the J-200, or SACS, series*

### Progress on Recommendations and Improvement Plan

1. During the last year, the majority of the district's state financial reports have been filed within statutory deadlines. This represents considerable improvement over past years.
2. With few exceptions, these reports include all the required items. However, the district should provide the county office with additional time to review the accuracy of the reports. The county office indicates that when the reports are submitted, the district and the county office spend a considerable amount of time correcting items that should have been rectified prior to submission.

### Standard Implemented: Partially

July 2003 Rating:	2
January 2004 Rating:	Not Reviewed
July 2004 Rating:	Not Reviewed
January 2005 Self-Rating:	10
January 2005 New Rating:	6



## 11.2 Attendance Accounting—Policies and Fiscal Impact of Independent Study, Inter/Intra-district Agreements

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### Professional Standard

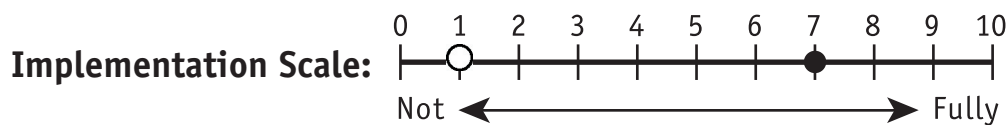
Policies and regulations exist for independent study, home study, inter-/intra-district agreements and districts of choice, and should address fiscal impact.

### Progress on Recommendations and Improvement Plan

1. Board policies regarding independent study, home study, interdistrict and intradistrict agreements, district of choice and other aspects of student attendance have been revised as noted below.
  - a) BP 5111, Residency for Homeless Children, May 2003
  - b) BP 5112, Exclusions from Attendance, May 2003
  - c) BP 5113, Absences and Excuses including Truancy, May 2003
  - d) BP 5116, School Boundaries and Intradistrict Enrollment, May 2003
  - e) BP 5123, Promotion/Acceleration/Retention and Assignment, April 2001
  - f) BP 6158, Independent Study, May 2001
2. Independent study procedures that comply with board policies and state regulations have been implemented.
3. District of choice schools and interdistrict and intradistrict agreements are effectively managed by the Manager of Admissions and Attendance.

### Standard Implemented: Partially

July 2003 Rating: 1  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: None Provided  
January 2005 New Rating: 7





# 11.3 Attendance Accounting—Enrollment of Students into Attendance System

## Professional Standard

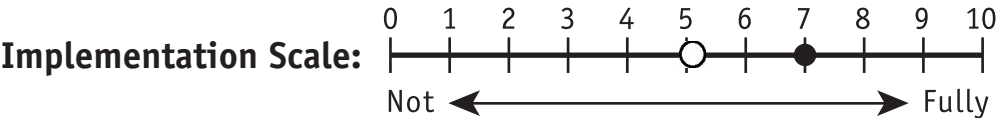
Students should be enrolled by staff and entered into the attendance system in an efficient, accurate and timely manner.

## Progress on Recommendations and Improvement Plan

1. Enrollment is performed centrally at the district level. Students are assigned to a school site based upon space availability and other selection criteria as established by the board.
2. Schools are usually notified by the district office when a new student has been assigned.
3. Students and parents are sent to the school to fill out enrollment documents.
4. Students are entered into the SASI system by the school site personnel.
5. The enrollment procedures for new students seem to be working efficiently.
6. Annual training and individual training are provided to all employees working with student attendance accounting.

## Standard Implemented: Partially

July 2003 Rating: 5  
 January 2004 Rating: Not Reviewed  
 July 2004 Rating: Not Reviewed  
 January 2005 Self-Rating: None Provided  
 January 2005 New Rating: 7



# 11.6 Attendance Accounting—Attendance Improvement Programs

## Professional Standard

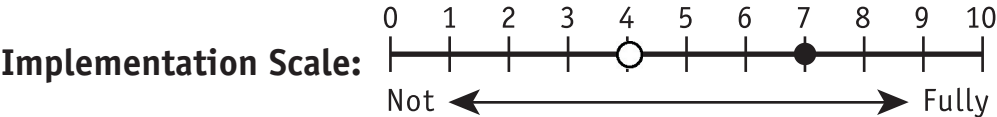
The district should have standardized and mandatory programs to improve the attendance rate of pupils. Absences should be aggressively followed up by district staff.

## Progress on Recommendations and Improvement Plan

1. The district has implemented comprehensive procedures to improve attendance.
2. Each board agenda includes a detailed report of enrollment and attendance by site and by grade. Schools have specific ADA percentage targets.
3. Attendance reporting and accounting at all sites are more accurate than they have been in the past.
4. The high school has implemented new procedures to improve attendance. Effective this semester, grades will be lowered by one full grade if students do not meet stringent attendance standards.
5. The School Resource Officer helps with attendance problems at the high school.
6. An automated calling system is used to notify parents of student absences.
7. Site staff follows up on absences as much as possible.
8. Teachers and classified staff receive ongoing training on using the SASI system and reporting attendance accurately. A pilot program to record attendance online will be tested in the spring semester.
9. Attendance accounting errors and/or omissions are cleared in a timely manner.

## Standard Implemented: Partially

July 2003 Rating: 4  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: None Provided  
January 2005 New Rating: 7



## 11.9 Attendance Accounting—Appropriate Use of Short-Term Independent Study and Saturday School

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### Professional Standard

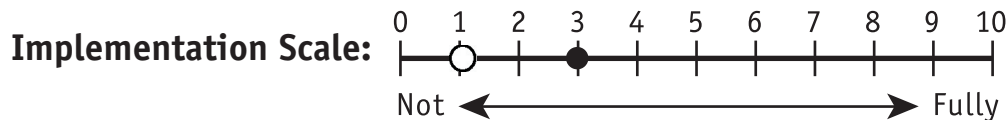
The district should make appropriate use of short-term independent study and Saturday school programs as alternative methods for pupils to keep current on classroom course work.

### Progress on Recommendations and Improvement Plan

1. The district does not participate in Saturday school programs.
2. Some secondary schools may offer zero-period or after-school programs to assist students with their schoolwork.
3. Most independent study is long-term and part of the Berkeley Alternative School program offerings.
4. The schools may provide short-term independent study but only on very rare occasions.

### Standard Implemented: Partially

July 2003 Rating: 1  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: None Provided  
January 2005 New Rating: 3



## **12.5 Accounting, Purchasing, and Warehousing—Accounting Procedures: Supervision of Accounting**

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### **Professional Standard**

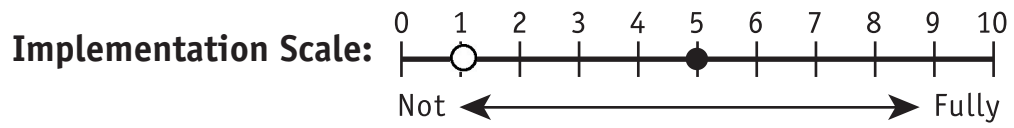
Standard accounting practice dictates that the accounting work should be properly supervised and work reviewed in order to ensure that transactions are recorded timely and accurately and to allow the preparation of periodic financial statements.

### **Progress on Recommendations and Improvement Plan**

1. Employees who perform accounting duties but don't report directly to the Business Department, are now completing their responsibilities using current practices and procedures and are accountable to the Business Department's guidelines and requirements. Those departments that have their own budget position, including special education, adult education and state and federal projects, indicated that having this position greatly improved both their knowledge of budgets and their ability to keep their budgets up to date. Other departments with large budgets, such as nutritional services, would benefit from having a budget position. Although there is an associated cost, the additional attention to budgets allows greater accuracy, which can help avoid significant penalties and lost revenue.
2. Vacant positions in the Business Department have been filled as soon as possible, but the district has found it difficult to keep the Senior Budget Analyst position filled. That position is vacant at this time.
3. When use of consultants is necessary because of additional work or vacant positions, the consultants should train employees to perform ongoing responsibilities rather than completing the duties themselves. This encourages employees to perform at the required capacity, which benefits the Business Department as a whole.
4. The district has begun to automate functions such as running budget reports at sites and departments. In addition, time sheets and personnel requisitions will soon be automated, which will save considerable time. Although improvement has been made, more could be done in this area.
5. Reconciliations, including cash reconciliations, are being completed in a more timely manner.
6. The director still needs to be provided with additional time to properly supervise employees and improve operational processes and procedures. However, until the Senior Budget Analyst position is filled, it will be difficult to implement all these duties.

## Standard Implemented: Partially

July 2003 Rating: 1  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: None Provided  
January 2005 New Rating: 5



## 12.7 Accounting, Purchasing, and Warehousing—Accounting Procedures: Year-End Closing

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### Professional Standard

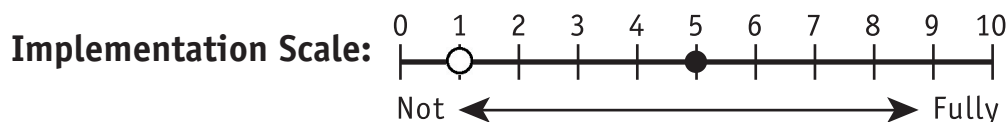
Generally accepted accounting practices dictate that in order to ensure accurate recording of transactions, the district should have standard procedures for closing its books at fiscal year-end. The district's year-end closing procedures should be in compliance with the procedures and requirements established by the county office of education.

### Progress on Recommendations and Improvement Plan

1. The unaudited actuals report for 2003-04 was completed by the September 15, 2004 deadline in all respects except for the ending cash balance. Because of remaining issues from the 2002-03 fiscal year, the actual balance remained uncertain, and the county office was reviewing the reconciliations provided by the district to substantiate the 2002-03 amount. The county office review so far has found significant improvement in this area, but with unresolved items that need to be addressed.
2. The district is now committed to submitting reconciliations on a timely basis, which will depend on when the Treasurer's office releases the monthly information. That status will be monitored for progress over the next few months.
3. An informal checklist for district staff members was used for the 2003-04 fiscal year-end closing. That checklist will be formalized for all staff when 2004-05 fiscal records are closed. That checklist will assign responsibilities and deadlines for each major event required to correctly close the fiscal records.
4. There was a significant difference between the district's 2003-04 ending fund balance and the 2003-04 latest board-approved budget. The staff is committed to ensuring a material variance does not exist in the future. The variance is partly due to the open Senior Budget Analyst position. The director had to perform additional duties due to the vacancy.

### Standard Implemented: Partially

July 2003 Rating: 1  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: None Provided  
January 2005 New Rating: 5



## **12.10 Accounting, Purchasing, and Warehousing—System Controls to Prevent and Detect Errors and Irregularities**

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### **Professional Standard**

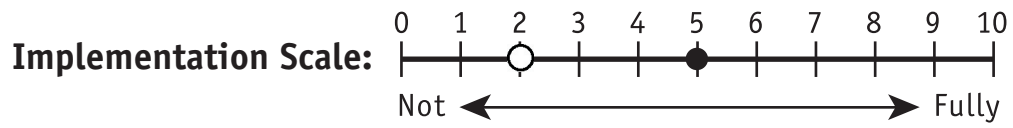
The accounting system should have an appropriate level of controls to prevent and detect errors and irregularities.

### **Progress on Recommendations and Improvement Plan**

1. The district has remained committed to strengthening internal controls, and has accomplished this in the majority of fiscal transactions. The county office still has concerns about improving internal controls over the process of issuing and canceling warrants to effectively manage and secure cash transactions in all funds. The district should continue to work on this area.
2. Checks and balances were improved in the areas of personnel, payroll and position control. Employees in these areas work more closely together and rely upon each other to make certain that information is accurate, adequate and up to date to ensure internal controls are in place.
3. The planned audit committee, when implemented, shall be comprised of five members: two board members appointed by the board president, and three members of the community whose skills are deemed sufficient by the board to enable them to carry out their duties effectively. The committee shall assist in ensuring that the board is kept informed of potential risk identified by the audit function.
4. The district has begun to automate functions such as the running of budget reports at sites and departments. Time sheets and personnel requisitions are soon to be automated, which will save considerable time. More remains to be accomplished in this area, but there has been significant improvement. As automated functions are implemented, appropriate security administration is being established to ensure that internal controls are maintained.
5. The majority of reconciliations, including cash reconciliations, are up to date and being completed in a more timely manner, providing the staff with additional time to focus on current analysis rather than on past transaction reconciliations.
6. The director should be provided with additional time to appropriately supervise employees and improve operational processes and procedures. However, until the Senior Budget Analyst position is filled, it will be difficult to implement all these duties.

## Standard Implemented: Partially

July 2003 Rating: 2  
January 2004 Rating: Not Reviewed  
July 2004 Rating: Not Reviewed  
January 2005 Self-Rating: None Provided  
January 2005 New Rating: 5





# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
1.1	Integrity and ethical behavior are the product of the district's ethical and behavioral standards, how they are communicated, and how they are reinforced in practice. All management-level personnel should exhibit high integrity and ethical values in carrying out their responsibilities and directing the work of others. [State Audit Standard (SAS) 55, SAS-78]	3	NR	NR	6	
1.2	The district should have an audit committee to: (1) help prevent internal controls from being overridden by management; (2) help ensure ongoing state and federal compliance; (3) provide assurance to management that the internal control system is sound; and, (4) help identify and correct inefficient processes. [SAS-55, SAS-78]	0	NR	NR	5	
1.3	The attitude of the Governing Board and key administrators has a significant effect on an organization's internal control. An appropriate attitude should balance the programmatic and staff needs with fiscal realities in a manner that is neither too optimistic nor too pessimistic. [SAS-55, SAS-78]	7	NR	NR	NR	
1.4	The organizational structure should clearly identify key areas of authority and responsibility. Reporting lines should be clearly identified and logical within each area. [SAS-55, SAS-78]	3	NR	NR	NR	
1.5	Management should have the ability to evaluate job requirements and match the requirements to the employee's skills. [SAS-55, SAS-78]	2	NR	NR	NR	
1.6	The district should have procedures for recruiting capable financial management and staff and hiring competent people. [SAS-55, SAS-78]	6	NR	NR	NR	
1.7	All employees should be evaluated on performance at least annually by a management-level employee knowledgeable about their work product. The evaluation criteria should be clearly communicated and, to the extent possible, measurable. The evaluation should include a follow-up on prior performance issues and establish goals to improve future performance.	3	NR	5	NR	

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
1.8	The responsibility for reliable financial reporting resides first and foremost at the district level. Top management sets the tone and establishes the environment. Therefore, appropriate measures must be implemented to discourage and detect fraud (SAS 82; Treadway Commission).	0	NR	NR	7	
2.1	The business and operational departments should communicate regularly with internal staff and all user departments on their responsibilities for accounting procedures and internal controls. The communications should be written whenever possible, particularly when it (1) affects many staff or user groups, (2) is an issue of high importance, or (3) when the communication reflects a change in procedures. Procedures manuals are necessary to the communication of responsibilities. The departments also should be responsive to user department needs, thus encouraging a free exchange of information between the two (excluding items of a confidential nature).	2	6	NR	7	
2.2	The financial departments should communicate regularly with the Governing Board and community on the status of district finances and the financial impact of proposed expenditure decisions. The communications should be written whenever possible, particularly when it affects many community members, is an issue of high importance to the district and board, or reflects a change in policies.	3	NR	NR	6	
2.3	The Governing Board should be engaged in understanding globally the fiscal status of the district, both current and as projected. The Governing board should prioritize district fiscal issues among the top discussion items.	1	NR	NR	6	
2.4	The district should have formal policies and procedures that provide a mechanism for individuals to report illegal acts, establish to whom illegal acts should be reported, and provide a formal investigative process.	0	NR	8	NR	

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
3.1	Develop and use a professional development plan, i.e., training business staff. The development of the plan should include the input of business office supervisors and managers. The staff development plan should at a minimum identify appropriate programs office-wide. At best, each individual staff and management employee should have a plan designed to meet their individual professional development needs.	1	NR	NR	4	
3.2	The district should develop and use a professional development plan for the in-service training of school site/department staff by business staff on relevant business procedures and internal controls. The development of the plan should include the input of the business office and the school sites/departments and be updated annually.	2	5	NR	6	
4.1	The Governing Board should adopt policies establishing an internal audit function that reports directly to the Superintendent/State Administrator and the audit committee or Governing Board.	1	NR	NR	NR	
4.2	Internal audit functions should be designed into the organizational structure of the district. These functions should include periodic internal audits of areas at high risk for non-compliance with laws and regulations and/or at high risk for monetary loss.	0	NR	NR	NR	<input type="checkbox"/>
4.3	Qualified staff should be assigned to conduct internal audits and be supervised by an independent body, such as an audit committee.	1	NR	NR	NR	
4.4	Internal audit findings should be reported on a timely basis to the audit committee, governing board and administration, as appropriate. Management should then take timely action to follow up and resolve audit findings.	1	NR	NR	NR	<input type="checkbox"/>
5.1	The budget development process requires a policy-oriented focus by the Governing Board to develop an expenditure plan that fulfills the district's goals and objectives. The Governing Board should focus on expenditure standards and formulas that meet the district goals. The Governing Board should avoid specific line-item focus, but direct staff to design an entire expenditure plan focusing on student and district needs.	1	NR	NR	3	
5.2	The budget development process includes input from staff, administrators, board and community.	5	NR	NR	6	

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
5.3	Policies and regulations exist regarding budget development and monitoring.	3	NR	NR	4	
5.4	The district should have a clear process to analyze resources and allocations to ensure that they are aligned with strategic planning objectives and that the budget reflects district priorities.	1	NR	NR	4	
5.5	The district should have policies to facilitate development of a budget that is understandable, meaningful, reflective of district priorities, and balanced in terms of revenues and expenditures.	2	NR	NR	NR	<input type="checkbox"/>
5.6	Categorical funds are an integral part of the budget process and should be integrated into the entire budget development. The revenues and expenditures for categorical programs must be reviewed and evaluated in the same manner as unrestricted General Fund revenues and expenditures. Categorical program development should be integrated with the district's goals and should be used to respond to district student needs that cannot be met by unrestricted expenditures. The superintendent, superintendent's cabinet and fiscal office should establish procedures to ensure that categorical funds are expended effectively to meet district goals. Carry-over and unearned income of categorical programs should be monitored and evaluated in the same manner as General Fund unrestricted expenditures.	8	NR	NR	NR	
5.7	The district must have an ability to accurately reflect its net ending balance throughout the budget monitoring process. The first and second interim reports should provide valid updates of the district's net ending balance. The district should have tools and processes that ensure that there is an early warning of any discrepancies between the budget projections and actual revenues or expenditures.	2	5	6	NR	
6.1	The budget office should have a technical process to build the preliminary budget amounts that includes: the forecast of revenues, the verification and projection of expenditures, the identification of known carryovers and accruals and the inclusion of concluded expenditure plans. The process should clearly identify one-time sources and uses of funds. Reasonable ADA and COLA estimates should be used when planning and budgeting. This process should be applied to all funds.	3	NR	5	NR	<input type="checkbox"/>

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
6.2	An adopted budget calendar exists that meets legal and management requirements. At a minimum the calendar should identify statutory due dates and major budget development activities.	9	NR	NR	NR	
6.3	Standardized budget worksheets should be used in order to communicate budget requests, budget allocations, formulas applied and guidelines.	3	NR	NR	NR	<input type="checkbox"/>
7.1	The district should adopt its annual budget within the statutory time lines established by Education Code Section 42103, which requires that on or before July 1, the governing board shall hold a public hearing on the budget to be adopted for the subsequent fiscal year. Not later than five days after that adoption or by July 1, whichever occurs first, the governing board shall file that budget with the county superintendent of schools. [EC 42127(a)]	2	NR	7	NR	
7.2	Revisions to expenditures based on the State Budget should be considered and adopted by the governing board. Not later than 45 days after the governor signs the annual Budget Act, the district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect funding available by that Budget Act. [EC 42127(2) and 42127(i)(4)]	8	10	10	NR	
7.3	The district should have procedures that provide for the development and submission of a district budget and interim reports that adhere to criteria and standards and are approved by the county office of education.	1	7	NR	NR	
7.4	The district should complete and file its interim budget reports within the statutory deadlines established by Education Code Section 42130, et. seq.	2	7	NR	NR	
7.5	The district must comply with Governmental Accounting Standard No. 34 (GASB 34) for the period ending June 30, 2003. GASB 34 requires the district to develop policies and procedures and report in the annual financial reports on the modified accrual basis of accounting and the accrual basis of accounting.	4	5	5	NR	
7.6	The first and second interim reports should show an accurate projection of the ending fund balance. Material differences should be presented to the board of education with detailed explanations.	1	NR	6	NR	

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
7.7	The district should arrange for an annual audit (single audit) within the deadlines established by Education Code section 41020.	0	NR	NR	NR	<input type="checkbox"/>
7.8	Standard management practice dictates the use of an audit committee.	0	NR	7	NR	
7.9	The district should include in its audit report, but not later than March 15, a corrective action for all findings disclosed as required by Education Code Section 41020.	0	NR	NR	NR	<input type="checkbox"/>
7.10	The district must file certain documents/reports with the state as follows: J-200 series - (Education Code Section 42100); J-380 series - CDE procedures; Interim financial reports - (Education Code Section 42130); J-141 transportation report (Title V, article 5, Section 15270).	2	NR	NR	6	
7.11	Education Code Section 41020(c) (d) (e) (g) establishes procedures for local agency audit obligations and standards. Pursuant to Education Code Section 41020(h), the district should submit to the county superintendent of schools in the county that the district resides, the State Department of Education, and the State Controller's Office an audit report for the preceding fiscal year. This report must be submitted "no later than December 15."	0	4	NR	NR	<input type="checkbox"/>
8.1	All purchase orders are properly encumbered against the budget until payment.	2	NR	5	NR	
8.2	There should be budget monitoring controls, such as periodic reports, to alert department and site managers of the potential for overexpenditure of budgeted amounts. Revenue and expenditures should be forecast and verified monthly.	2	5	NR	NR	<input type="checkbox"/>
8.3	The routine restricted maintenance account should be analyzed routinely to ensure that income has been properly claimed and expenditures within the guidelines provided by the State Department of Education. The district budget should include specific budget information to reflect the expenditures against the routine maintenance account.	9	NR	NR	NR	
8.4	Budget revisions are made on a regular basis and occur per established procedures and are approved by the board of education.	3	5	7	NR	

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
<b>8.5</b>	The district uses an effective position control system, which tracks personnel allocations and expenditures. The position control system effectively establishes checks and balances between personnel decisions and budgeted appropriations.	3	6	7	NR	
<b>8.6</b>	The district should monitor both the revenue limit calculation and the special education calculation at least quarterly to adjust for any differences between the financial assumptions used in the initial calculations and the final actuals as they are known.	6	NR	NR	NR	
<b>8.7</b>	The district should be monitoring the site reports of revenues and expenditures provided.	2	5	NR	NR	
<b>9.1</b>	The district budget should be a clear manifestation of district policies and should be presented in a manner that facilitates communication of those policies.	1	NR	NR	NR	<input type="checkbox"/>
<b>9.2</b>	The district should clearly identify onetime source and use of funds.	1	NR	5	NR	
<b>10.1</b>	The governing board must review and approve, at a public meeting and on a quarterly basis, the district's investment policy. [GC 53646]	3	8	NR	NR	
<b>11.1</b>	An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly.	1	8	NR	NR	
<b>11.2</b>	Policies and regulations exist for independent study, home study, inter/intradistrict agreements and districts of choice, and should address fiscal impact.	1	NR	NR	7	
<b>11.3</b>	Students should be enrolled by staff and entered into the attendance system in an efficient, accurate and timely manner.	5	NR	NR	7	
<b>11.4</b>	At least annually, the school district should verify that each school bell schedule meets instructional time requirements for minimum day, year and annual minute requirements.	7	NR	NR	NR	
<b>11.5</b>	Procedures should be in place to ensure that attendance accounting and reporting requirements are met for alternative programs such as ROC/P and adult education.	9	NR	NR	NR	
<b>11.6</b>	The district should have standardized and mandatory programs to improve the attendance rate of pupils. Absences should be aggressively followed-up by district staff.	4	NR	NR	7	

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
11.7	School site personnel should receive periodic and timely training on the district's attendance procedures, system procedures and changes in laws and regulations.	1	8	NR	NR	
11.8	Attendance records shall not be destroyed until after the third July 1 succeeding the completion of the audit. (Title V, CCR, Section 16026)	7	NR	NR	NR	
11.9	The district should make appropriate use of short-term independent study and Saturday school programs as alternative methods for pupils to keep current on classroom course work.	1	NR	NR	3	
12.1	The district should adhere to the California School Accounting Manual (CSAM) and Generally Accepted Accounting Principles (GAAP) as required by Education Code Section 41010. Furthermore, adherence to CSAM and GAAP helps to ensure that transactions are accurately recorded and financial statements are fairly presented.	8	NR	NR	NR	
12.2	The district should timely and accurately record all information regarding financial activity (unrestricted and restricted) for all programs. Generally Accepted Accounting Principles (GAAP) require that in order for financial reporting to serve the needs of the users, it must be reliable and timely. Therefore, the timely and accurate recording of the underlying transactions (revenue and expenditures) is an essential function of the district's financial management.	0	6	NR	NR	
12.3	The district should forecast its revenue and expenditures and verify those projections on a monthly basis in order to adequately manage its cash. In addition, the district should reconcile its cash to bank statements and reports from the county treasurer reports on a monthly basis. Standard accounting practice dictates that, in order to ensure that all cash receipts are deposited timely and recorded properly, cash be reconciled to bank statements on a monthly basis.	1	5	6	NR	
12.4	The district's payroll procedures should be in compliance with the requirements established by the County Office of Education, unless fiscally independent. (Education Code Section 42646) Standard accounting practice dictates that the district implement procedures to ensure the timely and accurate processing of payroll.	2	NR	NR	NR	☐



# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
<b>12.5</b>	Standard accounting practice dictates that the accounting work should be properly supervised and work reviewed in order to ensure that transactions are recorded timely and accurately, and allow the preparation of periodic financial statements.	1	NR	NR	5	
<b>12.6</b>	Federal and state categorical programs, either through specific program requirements or through general cost principles such as OMB Circular A-87, require that entities receiving such funds must have an adequate system to account for those revenues and related expenditures.	6	NR	NR	NR	
<b>12.7</b>	Generally accepted accounting practices dictate that, in order to ensure accurate recording of transactions, the district should have standard procedures for closing its books at fiscal year-end. The district's year-end closing procedures should comply with the procedures and requirements established by the county office of education.	1	NR	NR	5	
<b>12.8</b>	The district should comply with the bidding requirements of Public Contract Code Section 20111. Standard accounting practice dictates that the district have adequate purchasing and warehousing procedures to ensure that only properly authorized purchases are made, that authorized purchases are made consistent with district policies and management direction, that inventories are safeguarded, and that purchases and inventories are timely and accurately recorded.	4	NR	5	NR	
<b>12.9</b>	The district has documented procedures for the receipt, expenditure and monitoring of all construction-related activities. Included in the procedures are specific requirements for the approval and payment of all construction-related expenditures.	5	NR	5	NR	
<b>12.10</b>	The accounting system should have an appropriate level of controls to prevent and detect errors and irregularities.	2	NR	NR	5	
<b>13.1</b>	The Governing Board adopts policies and procedures to ensure compliance regarding how student body organizations deposit, invest, spend, raise and audit student body funds. [EC 48930-48938]	0	0	NR	NR	<input type="checkbox"/>

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
13.2	Proper supervision of all student body funds shall be provided by the board. [EC 48937] This supervision includes establishing responsibilities for managing and overseeing the activities and funds of student organizations, including providing procedures for the proper handling, recording and reporting of revenues and expenditures.	1	NR	NR	NR	<input type="checkbox"/>
13.3	The district provides training and guidance to site personnel on the policies and procedures governing the Associated Student Body account.	1	NR	NR	NR	<input type="checkbox"/>
13.4	In order to provide for oversight and control the California Department of Education recommends that periodic financial reports are prepared by sites, and then summarized by the district office.	1	NR	NR	NR	<input type="checkbox"/>
13.5	In order to provide adequate oversight of student funds and to ensure the proper handling and reporting, the California Department of Education recommends that internal audits be performed. Such audits should review the operation of student body funds at both district and site levels.	1	NR	NR	NR	<input type="checkbox"/>
14.1	A reliable computer program that provides reliable multiyear financial projections is used.	7	NR	7	NR	
14.2	The district annually provides a multiyear revenue and expenditure projection for all funds of the district. Projected fund balance reserves should be disclosed. The assumptions for revenues and expenditures should be reasonable and supportable. [EC 42131]	5	NR	5	NR	
14.3	Multiyear financial projections should be prepared for use in the decision-making process, especially whenever a significant multiyear expenditure commitment is contemplated. [EC 42142]	8	NR	NR	NR	
15.1	The district should comply with public disclosure laws of fiscal obligations related to health and welfare benefits for retirees, self-insured Workers Compensation, and collective bargaining agreements. [GC 3540.2, 3547.5, EC 42142]	3	NR	8	NR	
15.2	When authorized, the district should only use non-voter approved, long-term financing such as certificates of participation (COPS), revenue bonds, and lease-purchase agreements (capital leases) to address capital needs, and not operations. Further, the general fund should be used to finance current school operations, and in general should not be used to pay for these types of long-term commitments.	3	8	NR	NR	

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
<b>15.3</b>	For long-term liabilities/debt service, the district should prepare debt service schedules and identify the dedicated funding sources to make those debt service payments. The district should project cash receipts from the dedicated revenue sources to ensure that it will have sufficient funds to make periodic debt payments. The cash flow projections should be monitored on an ongoing basis to ensure that any variances from projected cash flows are identified as early as possible, in order to allow the district sufficient time to take appropriate measures or identify alternative funding sources.	2	NR	NR	NR	<input type="checkbox"/>
<b>16.1</b>	The Governing Board must ensure that any guideline they develop for collective bargaining is fiscally aligned with the instructional and fiscal goals on a multiyear basis. The superintendent must ensure that the district has a formal process where collective bargaining multiyear costs are identified to the governing board and those expenditure changes are identified and implemented as necessary prior to any imposition of new collective bargaining obligations. The governing board must ensure that there is a validation of the costs and the projected district revenues and expenditures on a multiyear basis so that the fiscal issues faced by the district are not strained further due to bargaining settlements. The public should be informed about budget reductions that will be required for a bargaining agreement prior to any contract acceptance by the governing board. The public should be given advance notice of the provisions of the final proposed bargaining settlement and be given an opportunity to comment.	2	NR	NR	NR	

# Financial Management

Standard to be addressed	July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
<p><b>16.2</b> The Governing Board must ensure that any guideline developed for collective bargaining is fiscally aligned with the instructional and fiscal goals on a multi-year basis. The Superintendent must ensure that the district has a formal process in which collective bargaining multi-year costs are identified for the Governing Board, and those expenditure changes are identified and implemented as necessary prior to any imposition of new collective bargaining obligations. The Governing Board should ensure that costs and projected district revenues and expenditures are validated on a multi-year basis so that the fiscal issues faced by the district are not worsened by bargaining settlements. The public should be informed about budget reductions that will be required for a bargaining agreement prior to any contract acceptance by the Governing Board. The public should be notified of the provisions of the final proposed bargaining settlement and provided with an opportunity to comment.</p>	2	NR	NR	NR	<input type="checkbox"/>
<p><b>17.1</b> There should be a process in place for fiscal input and planning of the district technology plan. The goals and objectives of the technology plan should be clearly defined. The plan should include both the administrative and instructional technology systems. There should be a summary of the costs of each objective, and a financing plan should be in place.</p>	5	NR	NR	NR	
<p><b>17.2</b> Management information systems must support users with information that is relevant, timely, and accurate. Needs assessments must be performed to ensure that users are involved in the definition of needs, development of system specifications, and selection of appropriate systems. Additionally, district standards must be imposed to ensure the maintainability, compatibility, and supportability of the various systems. The district must also ensure that all systems are compliant with the new Standardized Account Code Structure (SACS), year 2000 requirements, and are compatible with county systems with which they must interface.</p>	4	NR	NR	NR	

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
17.3	Automated systems should be used to improve accuracy, timeliness, and efficiency of financial and reporting systems. Needs assessments should be performed to determine what systems are candidates for automation, whether standard hardware and software systems are available to meet the need, and whether or not the district would benefit. Automated financial systems should provide accurate, timely, relevant information and should conform to all accounting standards. The systems should also be designed to serve all of the various users inside and outside the district. Employees should receive appropriate training and supervision in the operation of the systems. Appropriate internal controls should be instituted and reviewed periodically.	4	NR	NR	NR	<input type="checkbox"/>
17.4	Cost/benefit analyses provide an important basis upon which to determine which systems should be automated, which systems best meet defined needs, and whether internally generated savings can provide funding for the proposed system. Cost/benefit analyses should be complete, accurate, and include all relevant factors.	5	NR	NR	NR	
17.5	Selection of information systems technology should conform to legal procedures specified in the Public Contract Code. Additionally, there should be a process to ensure that needs analyses, cost/benefit analyses, and financing plans are in place prior to commitment of resources. The process should facilitate involvement by users, as well as information services staff, to ensure that training and support needs and costs are considered in the acquisition process.	9	NR	NR	NR	
17.6	Major technology systems should be supported by implementation and training plans. The cost of implementation and training should be included with other support costs in the cost/benefit analyses and financing plans supporting the acquisition.	4	NR	NR	NR	
17.7	Food service software should permit point-of-sale transaction processing for maximum efficiency.	3	NR	NR	NR	<input type="checkbox"/>
17.8	Administrative system users should be adequately trained in the use of administrative systems and should receive periodic training updates to ensure that they remain aware of system changes and capabilities.	3	7	NR	NR	

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
<b>17.9</b>	Business office computers, computer screens, operating systems, and software applications used for administrative system access should be kept up to date.	2	9	NR	NR	
<b>18.1</b>	The district has a comprehensive risk-management program. The district should have a program that monitors the various aspects of risk management including workers compensation, property and liability insurance, and maintains the financial well being of the district.	2	NR	NR	NR	<input type="checkbox"/>
<b>18.2</b>	The district should have a work order system that tracks all maintenance requests, the worker assigned, dates of completion, labor time spent and the cost of materials.	6	NR	NR	NR	
<b>18.3</b>	The district should control the use of facilities and charge fees for usage in accordance with district policy.	4	NR	5	NR	
<b>18.4</b>	The Maintenance Department should follow standard district purchasing protocols. Open purchase orders may be used if controlled by limiting the employees authorized to make the purchase and the amount.	5	NR	NR	NR	
<b>18.5</b>	Materials and equipment/tools inventory should be safeguarded from loss through appropriate physical and accounting controls.	6	NR	NR	NR	
<b>18.6</b>	District-owned vehicles should be used only for district purposes. Fuel should be inventoried and controlled as to use.	4	NR	NR	NR	
<b>18.7</b>	Vending machine operations are subject to policies and regulations set by the State Board of Education. All contracts specifying these should reflect these policies and regulations. An adequate system of inventory control should also exist. [EC 48931]	5	NR	NR	NR	
<b>18.8</b>	Capital equipment and furniture should be tagged as district-owned property and inventoried at least annually.	3	NR	NR	NR	

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
<b>18.9</b>	The district should adhere to bid and force account requirements found in the Public Contract Code (Sections 20111 and 20114). These requirements include formal bids for materials, equipment and maintenance projects that exceed \$50,000; capital projects of \$15,000 or more; and labor when the job exceeds 750 hours or the materials exceed \$21,000.	8	NR	NR	NR	
<b>19.1</b>	In order to accurately record transactions and to ensure the accuracy of financial statements for the cafeteria fund in accordance with generally accepted accounting principles, the district should have adequate purchasing and warehousing procedures to ensure that: 1. Only properly authorized purchases are made consistent with district policies, federal guidelines, and management direction. 2. Adequate physical security measures are in place to prevent the loss/theft of food inventories. 3. Revenues, expenditures, inventories, and cash are recorded timely and accurately.	3	NR	NR	NR	<input type="checkbox"/>
<b>19.2</b>	The district should operate the food service programs in accordance with applicable laws and regulations.	3	NR	NR	NR	
<b>20.1</b>	In the process of reviewing and approving charter schools, the district should identify/establish minimal financial management and reporting standards that the charter school will follow. These standards/procedures will provide some level of assurance that finances will be managed appropriately, and allow the district to monitor the charter. The district should monitor the financial management and performance of the charter schools on an ongoing basis, in order to ensure that the resources are appropriately managed.	0	NR	NR	NR	
<b>21.1</b>	The district should have procedures that provide for the appropriate oversight and management of mandated cost claim reimbursement filing. Appropriate procedures would cover: the identification of changes to existing mandates; training staff regarding the appropriate collection and submission of data to support the filing of mandated costs claims; forms, formats, and time lines for reporting mandated cost information; and, review of data and preparation of the actual claims.	3	NR	NR	NR	

# Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	July 2004 rating	January 2005 rating	Focus for July 2005
22.1	The district should actively take measures to contain the cost of special education services while still providing an appropriate level of quality instructional and pupil services to special education pupils.	2	NR	NR	NR	