

1.2 Internal Control Environment—Governing Board and Audit Committee Participation

Professional Standard

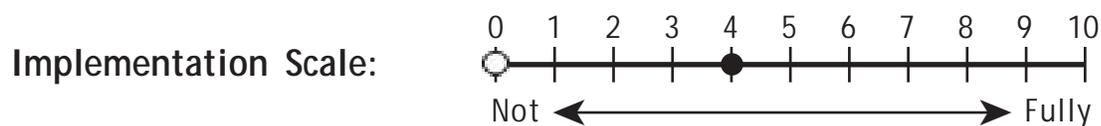
The district should have an Audit Committee to: (1) help prevent controls from being overridden by management, (2) help ensure ongoing state and federal compliance, (3) provide assurance to management that the internal control system is sound, and (4) help identify and correct inefficient processes.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

Progress on Recommendations and Improvement Plan

1. The Governing Board has the responsibility for adopting an audit policy, including the responsibility of appointing an Audit Committee. The board had not appointed an Audit Committee by the time of the review. However, the board has engaged an audit firm to audit the bond measures “D” and “M” that have been passed for capital improvement purposes.
2. A guideline for the composition of an Audit Committee was outlined in the original report provided to West Contra Costa Unified School District on March 21, 2001. The guideline suggested reporting lines, composition, the committee’s charge, the frequency of meetings, and the committee’s authority. The district believes that with the audit oversight by the State Controller’s Office, the need for additional audit oversight is not necessary at this time, and will not be necessary as long as this auditing process continues. The district believes that this process meets the current need as far as the general fund is concerned.

Standard Implemented: Partially

June 2001 Rating:	0
December 2001 Rating:	0
June 2002 Self-Rating:	0
June 2002 New Rating:	4



1.5 Internal Control Environment—Evaluation of Job Requirements and Employee Skills

Professional Standard

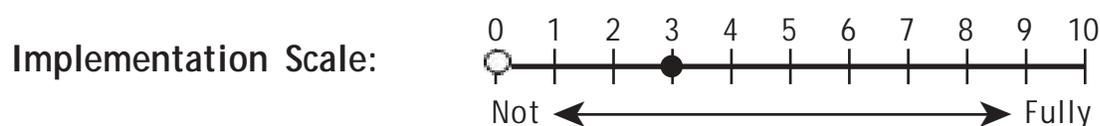
Management should have the ability to evaluate job requirements and match employees to the requirements of the position. (SAS-55, SAS-78)

Progress on Recommendations and Improvement Plan

1. The recommendations included the establishment of a task force to address the implications and issues surrounding the district utilization of the 195-workday rule found in the Education Code. The task force was established and has met four times since the last visitation. However, the task force has no further meetings scheduled and the issue of the 195-day rule has not been resolved. This is primarily due to the district and Local #1 being at impasse in their negotiations for 2001-02 at the time of this report. In addition, it was found that the district labor agreement with Local #1 had a provision that lowers the 195-day rule to 156 days; thus the problem is a greater issue than previously identified.
2. The district has proposed recommendations for the posting of all job vacancies and transfers. The district was able to internally improve the process and progress has been achieved, particularly in the Food Services Department. Permanent employees have now filled more than 25 positions that were formerly filled by substitutes.
3. The district consultant completed a review of the job descriptions. Those job descriptions have been submitted to Local #1 for approval at the negotiating table. As a result of the impasse, no progress has been achieved in this area.
4. The district has completed the program identified as “Get the Skills” for district supervisors. The program included a session on performance evaluation. In addition, the Director of Classified has held small group evaluation sessions for classified managers, with the expressed goal being the improvement of the evaluation process. However, a random check of classified personnel files revealed that no recent employee evaluations have been completed. The employees contacted indicated that they had not been evaluated within the past year, and in some cases for much longer.

Standard Implemented: Partially

June 2001 Rating:	0
December 2001 Rating:	3
June 2002 Self-Rating:	3
June 2002 New Rating:	3



1.7 Internal Control Environment—Responsibility for Fraud Prevention and Detection

Professional Standard

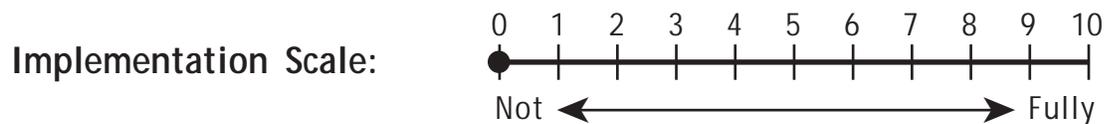
The responsibility for reliable financial reporting resides first and foremost at the district level. Top management sets the tone and establishes the environment. Therefore, appropriate measures must be implemented to discourage and detect fraud. (SAS 82; Treadway Commission)

Progress on Recommendations and Improvement Plan

1. The district has not made progress on this standard since the first six-month progress review. The district indicates that it is waiting until the position of internal auditor is filled. The previous internal auditor has been named the Director of Categorical Finance. The position has been advertised and interviews will be conducted during the month of May.
2. Proposed fraud protection policies have not been presented to the Governing Board.
3. Regulations in support of policies have not been developed.
4. It is reported that it is the intent of the district to make this a priority of the internal auditor once that position has been filled.

Standard Implemented: Not Implemented

June 2001 Rating:	0
December 2001 Rating:	0
June 2002 Self-Rating:	1
June 2002 New Rating:	0



3.1 Staff Professional Development—Training Programs and Plans

Professional Standard

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 officewide. At best, each individual staff and management employee should have a plan designed to meet their individual professional needs.

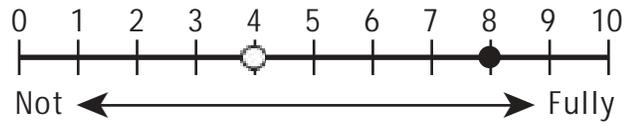
Progress on Recommendations and Improvement Plan

1. The classified contract provides for two days of professional development in addition to a daylong training program that occurs in October. It continues to be difficult for new and current employees to be released for inservice. Administrators are encouraged to provide appropriate release time for staff development. However, many administrators are reluctant to release staff where there is a one-person operation.
2. The staff development certificates have been modified to recognize the difference between achievement and attendance. While the certificates are issued to the employees, there are no copies in the personnel files. It is recommended that copies of the certificates of achievement be placed in the personnel file of the successful employee.
3. Plans continue to develop a one-day inservice for all substitute employees in all classifications identifying the various responsibilities and duties of the assignment that the substitute may be filling.
4. Videotapes on hazardous materials have been acquired to provide training for new and substitute employees as to the proper procedures in handling such materials. In addition, at the annual inservice in October, a binder is given to each employee with procedural information, including the forms that need to be completed. Contained within the binder is an excellent compact disc that contains all the forms, with directions on how to complete the form and the dates that the forms are to be submitted. A secretary's book has been completed with a CD containing forms and directions for completion of the forms. SASI training has been completed for all personnel responsible for attendance.
5. The staff development program has now implemented adult education classes to encourage employees to take advantage of staff development in off hours. This program has also been incorporated into the certificate program.

Standard Implemented: Fully - Substantially

June 2001 Rating:	4
December 2001 Rating:	4
June 2002 Self-Rating:	8
June 2002 New Rating:	8

Implementation Scale:



4.3 Internal Audit—Organization and Management of Internal Audit Functions

Professional Standard

Qualified staff should be assigned to conduct internal audits and be supervised by an independent body, such as an audit committee.

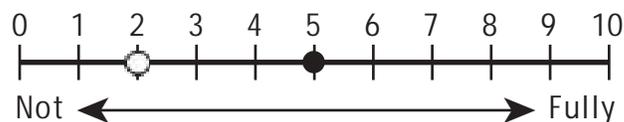
Progress on Recommendation and Improvement Plan

1. The district has not adopted policies related to the internal audit process. The district will be developing those policies upon the hiring and recommendations of an internal auditor.
2. The district has had an internal auditor and the position is now posted to be filled once again. The former internal auditor has been elevated to the position of Director of Categorical Finance. The district is now accepting applications for the internal auditor position. Once the applicants are screened and interviewed and the successful applicant identified, the position will be filled. The duties for the internal auditor have been established.
3. Once the position is filled, the internal auditor will report to the Superintendent and the Governing Board.
4. Once the internal auditor is hired, it will be his/her responsibility to follow the standards established by the Institute of Internal Auditors (IIA). It is planned that the internal auditor will:
 - a. Use planning memoranda to plan and manage audits.
 - b. Use standard audit programs.
 - c. Have standard requirements for work paper documentation, cross-referencing, and maintenance of work paper files.
 - d. Have procedures regarding sampling methodologies and materiality.
 - e. Provide draft reports to the department/sites/programs being audited in order to obtain comments and additional information. If draft findings are not resolved, the department's comments should be included in the final report.

Standard Implemented: Partially

June 2001 Rating:	2
December 2001 Rating:	2
June 2002 Self-Rating:	4
June 2002 New Rating:	5

Implementation Scale:



7.7 Budget Adoption, Reporting and Audits—Audit Administration and Resolution—Arranging for Audit

Professional Standard

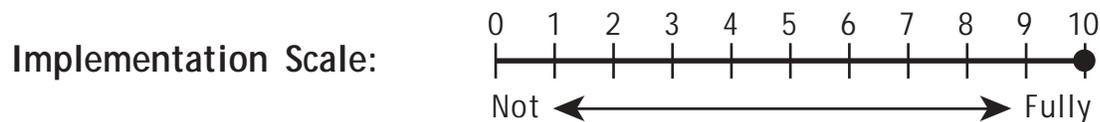
The district should arrange for an annual audit (single audit) within deadlines established by Education Code Section 41020.

Progress on Recommendations and Improvement Plan

1. The district believes that this standard has been fully met, with the State Controller’s Office conducting the annual audit.
2. The State Controller’s Office did not complete the audit for 1999-00 or 2000-01 in a timely fashion. The audit process improved in 2002; however, the audit report was not delivered to the district until December 17, too late for the Governing Board to accept the audit before January 2002.
3. The district is concerned that the audit is costing the district \$108,000, while competitive bidding would result in a cost of approximately half that amount.

Standard Implemented: Fully - Sustained

June 2001 Rating:	10
December 2001 Rating:	Not Reviewed
June 2002 Self-Rating:	10
June 2002 New Rating:	10



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

Legal Standard

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

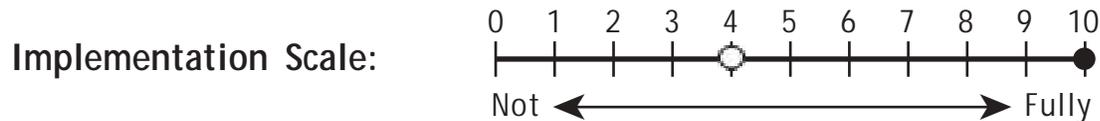
- J-200 series (Education Code Section 42100)
- J-380 series—CDE procedures
- Interim financial reports (Education Code Section 42130)
- J-141 transportation report (Title V, Article 5, Section 15270)

Progress on Recommendations and Improvement Plan

1. In the absence of the Director of Unrestricted Finance, the Director of Categorical Finance supplied all the reports identified.
2. The J-200 series was filed with the County Office of Education and the CDE on time and complete.
3. The J-380 series was filed with the CDE on time and complete.
4. The interim financial reports were the second interim reports, in both cases to be filed with the COE and the CDE. Both reports indicated a positive certification.
5. While a J-141 transportation report has been submitted, transportation (excluding Special Education transportation) is limited to athletic events, field trips, etc. The report was submitted on time.

Standard Implemented: Fully - Sustained

June 2001 Rating:	4
December 2001 Rating:	Not Reviewed
June 2002 Self-Rating:	10
June 2002 New Rating:	10



8.1 Budget Monitoring—Encumbrance of Overexpenditures

Professional Standard

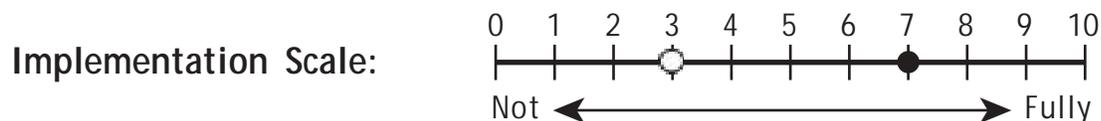
All purchase orders are properly encumbered against the budget until payment.

Progress on Recommendations and Improvement Plan

1. Encumbrances currently are made at the time of the issuance of the purchase order against the appropriate budget, with the exception of position control.
2. The district has acquired a position control system that is being tested at the present time. A training schedule has not been developed for the new system.
3. The position control system is being developed to enable the pre-approved event numbers to be tied to a categorical budget number.
4. The system in place allows for automatic verification of fund availability with the purchasing and fiscal offices. The system has a hard reject that requires a budget transfer or authorization before processing. The funds are pre-encumbered with the purchasing and budget departments, with the approval process online. The process has been extended to the site and program management level.
5. The position control system, which is not yet in place, prevents the TSSI automated substitute-calling system from being fully integrated into the accounting system.

Standard Implemented: Partially

June 2001 Rating:	3
December 2001 Rating:	3
June 2002 Self-Rating:	9
June 2002 New Rating:	7



8.4 Budget Monitoring—Budget Revision Procedures

Professional Standard

Budget revisions are made on a regular basis, occur per established procedures, and are approved by the Governing Board.

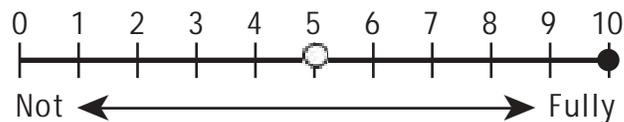
Progress on Recommendations and Improvement Plan

1. The district routinely revises the budget to reflect changes in both income and expenditures. The district incorporates a budget revision in the first and second interim reports to the Governing Board. All budget revisions are submitted to the Governing Board for approval.
2. The budget revisions are reported in the minutes of the Governing Board and are available for staff and public review.
3. The district has adopted and is following sound practices regarding budget revisions, the approval process by the Governing Board, and the distribution of the information related to the budget revisions.

Standard Implemented: Fully - Sustained

June 2001 Rating:	5
December 2001 Rating:	Not Reviewed
June 2002 Self-Rating:	10
June 2002 New Rating:	10

Implementation Scale:



8.5 Budget Monitoring—Budget Control

Professional Standard

The district uses an effective position control system that tracks personnel allocations and expenditures. The position control system effectively establishes checks and balances between personnel decisions and budgeted appropriations.

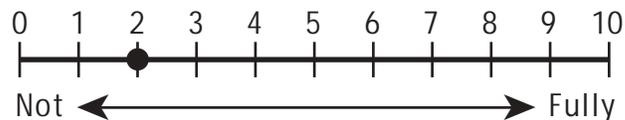
Progress on Recommendations and Improvement Plan

1. The district has not yet achieved an effective automated position control system.
2. While the district does have a monitoring system that identifies staffing errors, overstaffing still may occur.
3. The county has not yet released the Bi-Tech position control unit to member districts of the county. The program has been acquired and should be available in the near future.
4. In the interim, the individual that monitors the current system is knowledgeable and understands the process and need for this type of control within the district.

Standard Implemented: Partially

June 2001 Rating:	2
December 2001 Rating:	Not Reviewed
June 2002 Self-Rating:	2
June 2002 New Rating:	2

Implementation Scale:



12.2 Accounting, Purchasing and Warehousing—Accounting Procedures—Timely and Accurate Recordation of Transactions

Professional Standard

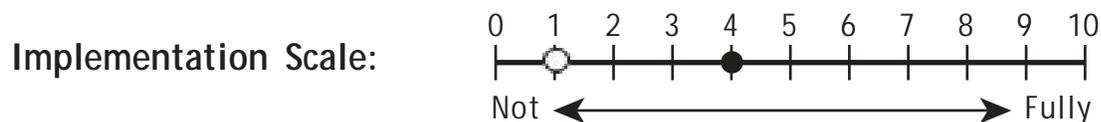
The district should timely and accurately record all information regarding financial activity for all programs (unrestricted and restricted). Generally Accepted Accounting Principles (GAAP) require that in order for financial reporting to serve the needs of the users, it must be reliable and timely. Therefore, the timely and accurate recording of the underlying transactions (revenue and expenditures) is an essential function of the district's financial management.

Progress on Recommendations and Improvement Plan

1. In September 2001, the district implemented its system for online purchase requisitioning, budget transfers, and viewing of financial information at the school sites for the various program managers.
2. Many approval and account code verifications have been added to the online system for the school sites, program managers, and within the district office. Budget reports are still being distributed manually to the school sites and program managers, but this is occurring in a more timely fashion.
3. Position control that is being developed by the county Bi-Tech software system is not yet up and running and therefore is creating a lag in the efficiency of these reports.

Standard Implemented: Partially

June 2001 Rating:	1
December 2001 Rating:	Not Reviewed
June 2002 Self-Rating:	4
June 2002 New Rating:	4



12.4 Accounting, Purchasing and Warehousing—Accounting Procedures—Payroll

Professional Standard

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.

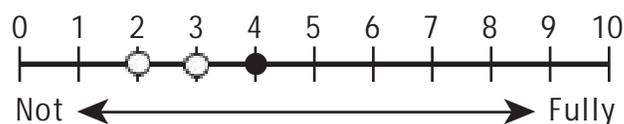
Progress on Recommendations and Improvement Plan

1. The district is fiscally independent.
2. The current payroll system has not yet been automated.
3. The district continues to use an inordinate amount of overtime to process the payroll function. Time cards continue to be processed manually.
4. The submission of time cards in a timely fashion has improved as a result of the program implemented in 2001.
5. The district has not automated hourly pay event rates that are based on the employees' normal rate of pay.
6. An automated position control has not yet been achieved as a result of the county not bringing the payroll and position control online.
7. The district is in the process of completing the withholding of taxes from supplemental pay, as well as complying with the STRS regulations under AB 2700.
8. The district has not yet contracted with a third party vendor to conduct employee salary verifications.

Standard Implemented: Partially

June 2001 Rating:	2
December 2001 Rating:	3
June 2002 Self-Rating:	4
June 2002 New Rating:	4

Implementation Scale:



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

Professional Standard

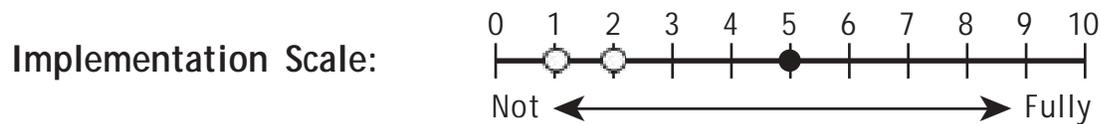
Generally accepted accounting practices dictate that, in order to ensure accurate recording of transactions, the district should have standard procedures for closing its books at fiscal year end. The district's year-end closing procedures should comply with the procedures and requirements established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

Progress on Recommendations and Improvement Plan

1. The Governing Board has adopted policies related to year-end closing.
2. The district has developed a detailed year-end closing schedule. A checklist for program managers and accounting staff is in the process of being developed.
3. The implementation of the county Bi-Tech software will assist greatly beginning at the close of the 2001-02 fiscal year. There should not be a necessity for a \$6.6 million audit adjustment for the 2001-02 fiscal year.

Standard Implemented: Partially

June 2001 Rating:	1
December 2001 Rating:	2
June 2002 Self-Rating:	5
June 2002 New Rating:	5



12.8 Accounting, Purchasing and Warehousing—Accounting Procedures— Purchasing and Warehousing

Professional Standard

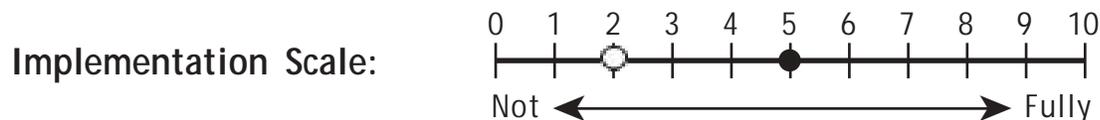
The district should comply with the bidding requirements of Public Contract Code Section 20111. Standard accounting practice dictates that the district have adequate purchasing and warehousing procedures to ensure that only properly authorized purchases are made, that authorized purchases are made consistent with district policies and management direction, that inventories are safeguarded, and that purchases and inventories are timely and accurately recorded.

Progress on Recommendations and Improvement Plan

1. In March of 2002, the district converted to the most recent release of Bi-Tech software, including the purchasing component.
2. The district is testing the online purchasing process, with the goal of having all sites and departments trained and online for the 2002-03 school year.
3. The district has implemented an appeals process for all bidders associated with the Measure M and Measure D projects.
4. A requisition code has been created and implemented on all open/blanket purchase orders with the following verbiage: “VENDORS ARE REQUIRED TO CHECK THE ID OF ALL AUTHORIZED PURCHASERS LISTED ON THE REFERENCED PURCHASE ORDER.”
5. All district sites have been notified of the required procedures for processing of independent contractor services. Purchasing is in the process of updating its procedures for independent contractors, including student body-funded independent contractors.

Standard Implemented: Partially

June 2001 Rating: 2
December 2001 Rating: Not Reviewed
June 2002 Self-Rating: 6
June 2002 New Rating: 5



12.9 Accounting, Purchasing and Warehousing—Accounting Procedures— Construction Accounting

Professional Standard

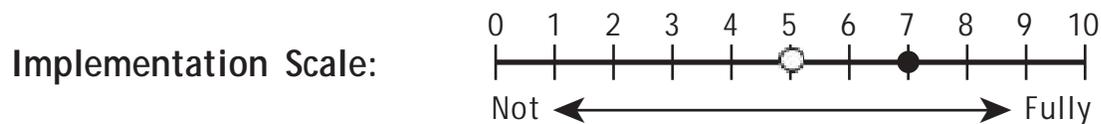
The district has documented procedures for the receipt, expenditure, and monitoring of all construction-related activities. Included in the procedures are specific requirements for the approval and payment of all construction-related expenditures.

Progress on Recommendations and Improvement Plan

1. The Governing Board has adopted board policies relating to construction. The board also has developed a community-based committee to oversee project implementation.
2. The district has contracted with an outside consulting firm to monitor the expenditure of all funds related to Measure M and Measure D. Included within this authorization is the establishment of the approval and payment of all construction-related expenditures.

Standard Implemented: Partially

June 2001 Rating:	5
December 2001 Rating:	Not Reviewed
June 2002 Self-Rating:	7
June 2002 New Rating:	7



13.4 Student Body Funds—Periodic Financial Reporting

Professional Standard

In order to provide oversight and control, the California Department of Education recommends that periodic financial reports be prepared by sites and then summarized by the district office.

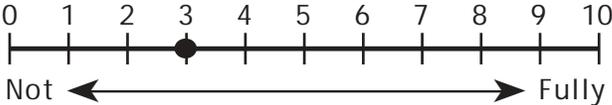
Progress on Recommendations and Improvement Plan

1. Periodic financial reports are prepared by the school sites and sent to the district office for review. The reports are not being reviewed at the district office. The current level of staffing is not conducive to an organized review of the financial reports of the various student bodies.
2. The district office is not developing or supplying financial reports to the school sites.
3. Both elementary and secondary schools are lax in the preparation of budgets and in obtaining the approval of expenditures by the student government.
4. The internal auditor should be performing periodic audits of student body funds at all levels. The position currently is vacant. (The former internal auditor is now the Director of Categorical Finance.)

Standard Implemented: Partially

June 2001 Rating:	3
December 2001 Rating:	Not Reviewed
June 2002 Self-Rating:	3
June 2002 New Rating:	3

Implementation Scale:



13.5 Student Body Funds—Internal Audit Functions

Professional Standard

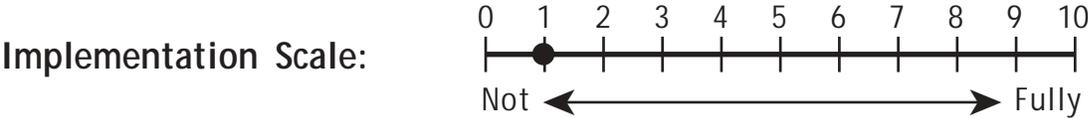
In order to provide adequate oversight of student funds and to ensure proper handling and reporting, the California Department of Education recommends that internal audits be performed. Such audits should review the operation of student body funds at both district and site levels.

Progress on Recommendations and Improvement Plan

1. The State Controller’s Office is the current external auditor and has conducted audits of the student body funds at a sample of high schools and middle schools.
2. The State Controller’s Office auditors find that there are inadequate internal controls at the sites visited during the course of the annual audit. The recommendation is that the district should comply with the procedures outlined in the *Accounting Procedures for Student Organizations Manual* issued by the California Department of Education, and, further, that the internal auditor should perform periodic audits of student body funds.
3. The internal auditor position currently is vacant. The position has been advertised, candidates identified, and selection of an internal auditor should occur in the near future. Part of the responsibility of the internal auditor will be to monitor student body funds.
4. It is the intent that once the district has hired an internal auditor, student body funds will be part of the annual audit.

Standard Implemented: Partially

June 2001 Rating:	1
December 2001 Rating:	Not Reviewed
June 2002 Self-Rating:	1
June 2002 New Rating:	1



14.1 Multiple-Year Financial Projections—Computerized Multi-Year Projection

Professional Standard

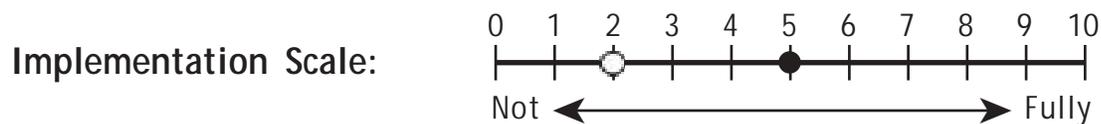
A reliable computer program is used to provide reliable multi-year financial projections.

Progress on Recommendations and Improvement Plan

1. The district currently uses the county multiple-year projections associated with the first and second interim reports.
2. No commercially developed software has been acquired.
3. The district develops three-year multiple-year projections on Excel. However, the projections are not easily modified for variables that occur during the course of the fiscal year.
4. The multiple-year projections are made available to the Governing Board at budget adoption time and at interim report periods.

Standard Implemented: Partially

June 2001 Rating:	2
December 2001 Rating:	Not Reviewed
June 2002 Self-Rating:	5
June 2002 New Rating:	5



14.4 Multi-Year Financial Projections—Validation of Multi-Year Projections

Professional Standard

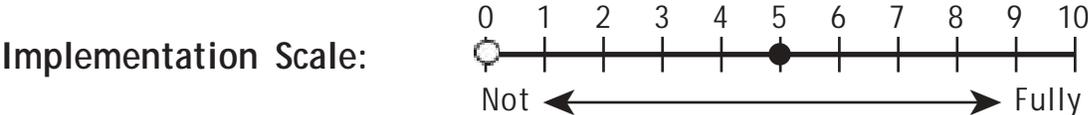
Multi-year projections should be based on appropriate assumptions for both revenue and expense forecasting.

Progress on Recommendations and Improvement Plan

1. During the June review, independent consultants completed a five-year projection for the general fund. That projection indicated that the district would be able to meet its financial obligations in the current and subsequent five years. Since that time, the district has converted to SACS. The routine restricted maintenance account, special education, and transportation all have been properly segregated.
2. It was the intent of the consultant that, once the SACS conversion was complete, the books closed, and the audit completed for 2000-01, a new five-year projection would be completed. That review has not been completed as of this report.
3. The new five-year projection needs to be completed by the consultant.

Standard Implemented: Partially

June 2001 Rating:	5
December 2001 Rating:	0
June 2002 Self-Rating:	5
June 2002 New Rating:	5



18.6 Maintenance and Operations Fiscal Controls—Use of District Vehicles

Professional Standard

District-owned vehicles should only be used for district purposes. Fuel should be inventoried and its use controlled.

Progress on Recommendations and Improvement Plan

1. The Maintenance and Operations Department has initiated purchase requisitions to replace the current fuel pump with a card-lock system.
2. Bids have been received for a card-lock system from local vendors throughout the district. A system has been developed to limit the use and authorization for use of the card-lock system.
3. Union 76 and AM/PM suppliers have been authorized as card-lock vendors at several locations within the district, thereby improving the monitoring and control of fuel use. In addition, Maintenance and Operations should realize increased productivity as a result of not having to return to the maintenance yard for fuel.

Standard Implemented: Partially

June 2001 Rating:	1
December 2001 Rating:	1
June 2002 Self-Rating:	3
June 2002 New Rating:	6

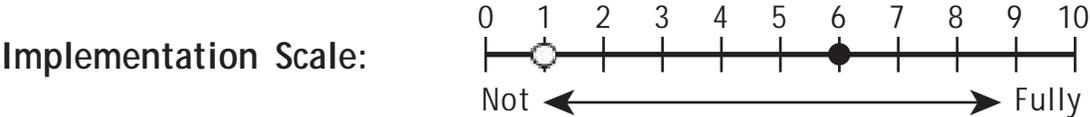


Chart of
Financial Management Standards

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Progress Ratings Toward Implementation of the Improvement Plan

Financial Management					
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
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]	8	NR	NR	
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	0	4	
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]	8	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]	2	NR	NR	<input type="checkbox"/>
1.5	Management should have the ability to evaluate job requirements and match the requirements to the employee's skills. [SAS-55, SAS-78]	0	3	3	<input type="checkbox"/>
1.6	The district should have procedures for recruiting capable financial management and staff, and hiring competent people. [SAS-55, SAS-78]	0	NR	NR	<input type="checkbox"/>

Financial Management (continued)					
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
1.7	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	0	0	<input type="checkbox"/>
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).	8	NR	NR	
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.	4	NR	NR	
2.3	Documents developed by the Fiscal Division for distribution to the board of education, finance committees, staff and community should be easily understood. Others should not have to wade through the language of computer printouts.	5	NR	NR	
2.4	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.	0	NR	NR	<input type="checkbox"/>
2.5	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.	4	NR	NR	

NR not reviewed
 targeted for review

Financial Management (continued)

Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
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.	4	4	8	
3.2	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.	5	NR	NR	
3.3	The California Association of School Business Officials has initiated a certification program to provide a vehicle for identification of competence in the field of school business management. This program is currently voluntary. It is recognized by the district as an indicator of the background and experience that validates the abilities of current and potential school business managers.	0	NR	NR	<input type="checkbox"/>
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.	2	NR	NR	<input type="checkbox"/>
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.	1	NR	NR	
4.3	Qualified staff should be assigned to conduct internal audits and be supervised by an independent body, such as an audit committee.	2	2	5	
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.	4	NR	NR	

Financial Management (continued)

Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
5.1	The budget development process requires a policy-oriented focus by the governing board to develop an expenditure plan which 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.	5	NR	NR	
5.2	The budget development process includes input from staff, administrators, board and community.	8	NR	NR	
5.3	Policies and regulations exist regarding budget development and monitoring.	8	NR	NR	
5.4	The district has developed a board of education policy on the budget process. The district has formulas for allocating funds to school sites and departments for staffing ratios, supply allocations, etc. These formulas are in line with the board's goals and direction.	9	NR	NR	
5.5	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.	6	NR	NR	
5.6	The district should have a board of education budget development process (policy) for the development of expenditure policies.	9	NR	NR	
5.7	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.	6	6	NR	

Financial Management (continued)					
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
5.8	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.	9	NR	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.	6	NR	NR	
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	
6.3	Standardized budget worksheets should be used in order to communicate budget requests, budget allocations, formulas applied and guidelines.	8	NR	NR	
7.1	The district should adopt its annual budget within the statutory timelines 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)]	7	NR	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	NR	NR	

Financial Management (continued)					
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
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.	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.	4	NR	NR	
7.5	The district must comply with Governmental Accounting Standard No. 34 (GASB 34) for the period ending June 30, 2002. 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.	1	4	NR	<input type="checkbox"/>
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.	8	NR	NR	
7.7	The district should arrange for an annual audit (single audit) within the deadlines established by Education Code Section 41020.	10	NR	10	
7.8	Standard management practice dictates the use of an audit committee.	0	NR	NR	<input type="checkbox"/>
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	
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).	4	NR	10	

NR not reviewed
 targeted for review

Financial Management (continued)

Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
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	5	NR	
8.1	All purchase orders are properly encumbered against the budget until payment. The district should have a control system in place to ensure that adequate funds are available prior to incurring financial obligations.	3	3	7	
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.	3	NR	NR	
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.	3	5	NR	
8.4	Budget revisions are made on a regular basis and occur per established procedures and are approved by the board.	5	NR	10	
8.5	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.	2	NR	2	<input type="checkbox"/>
8.6	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	
8.7	The district should be monitoring the site reports of revenues and expenditures provided.	4	NR	NR	

Financial Management (continued)

Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
9.1	The district budget should be a clear manifestation of district policies and should be presented in a manner that facilitates communication of those policies.	9	NR	NR	
9.2	Clearly identify one-time source and use of funds.	6	NR	NR	
10.1	The Governing Board must review and approve, at a public meeting and on a quarterly basis, the district's investment policy. [GC 53646]	4	NR	NR	
11.1	An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly.	3	6	NR	
11.2	Policies and regulations exist for independent study, home study, inter/intradistrict agreements and districts of choice, and should address fiscal impact.	6	NR	NR	
11.3	Students should be enrolled by staff and entered into the attendance system in an efficient, accurate and timely manner.	4	6	NR	
11.4	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.	9	NR	NR	
11.5	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.	6	NR	NR	
11.6	The district should have standardized and mandatory programs to improve the attendance rate of pupils. Absences should be aggressively followed-up by district staff.	6	NR	NR	
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.	2	5	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)	10	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.	9	NR	NR	

NR not reviewed
 targeted for review

Financial Management (continued)					
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
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.	9	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.	1	NR	4	
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.	4	NR	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	3	4	☐
12.5	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.	4	NR	NR	

Financial Management (continued)

Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
12.6	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.	8	NR	NR	
12.7	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.	1	2	5	
12.8	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.	2	NR	5	☐
12.9	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	7	
12.10	The accounting system should have an appropriate level of controls to prevent and detect errors and irregularities.	5	NR	NR	
12.11	The district must convert to the new Standardized Account Code Structure by July 1, 2001. SACS will bring the district into compliance with federal guidelines, which will ensure no loss of federal funds (e.g. Title I, Federal CSR).	5	NR	NR	

Financial Management (continued)					
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
13.1	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]	5	NR	NR	
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.	5	NR	NR	
13.3	It is the district's responsibility to provide training and guidance to site personnel on the policies and procedures governing the Associated Student Body account.	1	NR	NR	
13.4	In order to provide for oversight and control, the California Department of Education recommends that periodic financial reports be prepared by sites, and then summarized by the district office.	3	NR	3	
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	1	
14.1	A reliable computer program that provides reliable multi-year financial projections is used.	2	NR	5	
14.2	The district annually provides a multi-year 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]	4	NR	NR	
14.3	Multi-year financial projections should be prepared for use in the decision-making process, especially whenever a significant multi-year expenditure commitment is contemplated. [EC 42142]	5	NR	NR	
14.4	Multi-year projections should be based on appropriate assumptions for both revenue and expense forecasting.	5	0	5	

Financial Management (continued)

Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
15.1	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]	9	NR	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.	5	NR	NR	
15.3	1. 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. 2. The district should project cash receipts from the dedicated revenue sources to ensure that it will have sufficient funds to make periodic debt payments. 3. The cash flow projections should be monitored on an on-going 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	6	NR	
15.4	The accrued costs of all health benefit retiree plans are funded. The district has developed and uses a financial plan to ensure that ongoing unfunded liabilities from employee benefits are recognized as a liability of the school district. A plan has been established for funding retiree health benefit costs as the obligations are incurred. The district avoids health benefit obligations for retirees that impose unfunded costs on the district and force the agency into a pay-as-you-go process.	0	2	NR	☐

Financial Management (continued)

Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
16.1	The district should develop parameters and guidelines for collective bargaining that ensure that the collective bargaining agreement is not an impediment to efficiency of district operations. At least annually, the collective bargaining agreement should be analyzed by management to identify those characteristics that are impediments to effective delivery of district operations. The district should identify those issues for consideration by the Governing Board. The Governing Board, in the development of their guidelines for collective bargaining, should consider the impact on district operations of current collective bargaining language and propose amendments to district language as appropriate to ensure effective and efficient district delivery.	0	7	NR	
16.2	The governing board must ensure that any guideline they develop 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 where collective bargaining multi-year 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 multi-year 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.	4	NR	NR	

Financial Management (continued)

Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
17.1	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.	4	NR	NR	
17.2	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.	1	NR	NR	
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	3	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.	2	NR	NR	<input type="checkbox"/>

Financial Management (continued)

Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
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.	2	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.	2	NR	NR	
18.1	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.	4	NR	NR	
18.2	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.	4	6	NR	
18.3	The district should control the use of facilities and charge fees for usage in accordance with district policy.	0	NR	NR	<input type="checkbox"/>
18.4	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.	4	NR	NR	
18.5	Materials and equipment/tools inventory should be safeguarded from loss through appropriate physical and accounting controls.	6	NR	NR	
18.6	District-owned vehicles should only be used for district purposes. Fuel should be inventoried and controlled as to use.	1	1	6	

Financial Management (continued)

Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
18.7	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]	0	NR	NR	<input type="checkbox"/>
18.8	Capital equipment and furniture should be tagged as district-owned property and inventoried at least annually.	2	NR	NR	<input type="checkbox"/>
18.9	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 \$56,900; capital projects of \$15,000 or more; and labor when the job exceeds 750 hours or the materials exceed \$21,000.	9	NR	NR	
18.10	Standard accounting practices dictate that the district has adequate purchasing and contract controls to ensure that only properly authorized purchases are made and independent contracts approved, that authorized purchases and independent contracts are made consistent with district policies, procedures, and management direction. In addition, appropriate levels of signature authorization should be maintained to prevent or discourage inappropriate purchases or contract awards.	8	NR	NR	
19.1	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.	8	NR	NR	
19.2	The district should operate the food service programs in accordance with applicable laws and regulations.	8	NR	NR	

Financial Management (continued)					
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Focus
20.1	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.	5	NR	NR	
21.1	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.	4	NR	NR	<input type="checkbox"/>
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.	5	NR	NR	