

1.4 Internal Control Environment—Organizational Structure

Professional Standard

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]

Progress on Recommendations and Improvement Plan

1. The Controller/Internal Auditor position has been filled with a permanent employee effective September 2002 and reports directly to the Superintendent of the district. The Superintendent is responsible for the evaluation of this position.
2. The district also filled the position of Assistant Superintendent for Fiscal Services. The Assistant Superintendent for Fiscal Services reports to the Superintendent. Previously this position reported to the Associate Superintendent for Facilities.
3. The Director of Fiscal Services, Unrestricted position no longer has the responsibility of categorical funds. That position has been split, and the former Internal Auditor is now the Director of Categorical Programs and has that responsibility.
4. With the hiring of a Controller/Internal Auditor, an Assistant Superintendent for Fiscal Services who now reports to the Superintendent, and the division of responsibility for unrestricted and restricted programs, the district believes that the proper internal controls environment is now in place.

Standard Implemented: Fully - Substantially

June 2001 Rating:	2
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	10
December 2002 New Rating:	9



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 the requirements to the employee's skills. [SAS-55, SAS-78]

Progress on Recommendations and Improvement Plan

1. The Personnel Office has completed a draft of various job descriptions for several positions within the Fiscal Services Division. In addition, a job description manual has been completed, effective September 2002.
2. In October of 2002, the Fiscal Services Division implemented a process for evaluating potential lateral transfer candidates, based on criteria already included in the district's collective bargaining contract. The process allows for the evaluation of transfer candidates based on four characteristics: relevant experience, performance, education and seniority, rather than solely on a seniority basis. In addition, the field of qualified candidates for interview was expanded from three to five. This new process has already been utilized in filling a personnel technician position.
3. This is a major achievement in both the process and the interpretation of the contract.

Standard Implemented: Partially

June 2001 Rating:	0
December 2001 Rating:	3
June 2002 Rating:	3
December 2002 Self-Rating:	7
December 2002 New Rating:	7



1.6 Internal Control Environment— Hiring Policies and Practices Governing Financial Management and Staff

Professional Standard

The district should have procedures for recruiting capable financial management and staff, and hiring competent people. [SAS-55, SAS-78]

Progress on Recommendations and Improvement Plan

1. In October 2002, Fiscal Services implemented a new scoring system for lateral transfer candidates utilizing elements in the existing classified bargaining agreement. This system allows for relevant experience, performance, education, and seniority to be evaluated for all transfer candidates, as opposed to transfers only by seniority. The system was used to fill a payroll technician vacancy, the first lateral transfer since its implementation.
2. Vacancies for many positions are now being advertised in the CASBO Job Finder, as well as in publications outside the immediate area.
3. To the greatest extent possible (subject to bargaining unit restrictions), all fiscal positions are filled utilizing an open application process.
4. The district will continue to pursue, through the collective bargaining process, changes to contract language that currently prevent the district from being able to hire the most qualified individuals to fill vacant positions.
5. The above achievements are material to the successful hiring practices of the district.

Standard Implemented: Partially

June 2001 Rating:	0
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	7
December 2002 New Rating:	7



1.7 Internal Control Environment—Employee Performance Appraisals

Professional Standard

All employees should be evaluated on performance at least annually by a management-level employee who is 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.

Progress on Recommendations and Improvement Plan

1. While all employees are not yet evaluated on an annual basis, the policies and procedures for evaluation will be part of the policy update and revision being conducted by the California School Boards Association.
2. The entire employee process of evaluation needs to be updated and implemented.
3. No significant progress has been made in the area of employee performance appraisals.

Standard Implemented: Partially

June 2001 Rating:	0
December 2001 Rating:	0
June 2002 Rating:	0
December 2002 Self-Rating:	2
December 2002 New Rating:	1



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

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. The business items continue to be placed as the first order of business after the Consent Agenda.
2. The business reports are delivered to the Governing Board in a timely manner, with rare exceptions. Occasionally, the technology currently available to the district may cause a delay.
3. The unrestricted components of the general fund do not reflect deficit financing. Any budgeted deficits are related to the elimination of prior-year balances. Preliminary budget documents that reflect possible deficits are reviewed and the board implements adjustments prior to budget adoption.

Standard Implemented: Fully - Substantially

June 2001 Rating:	0
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	8
December 2002 New Rating:	8



2.5 Inter-and Intra-Departmental Communications—Communication of Illegal Acts

Professional Standard

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.

Progress on Recommendations and Improvement Plan

1. The district has contracted for an update of all Governing Board policies.
2. The policies will include consistent organizational behavior by providing guidelines and assigning responsibility for the development of contracts and conduct for appropriate investigations.
3. Current timelines call for the formal adoption of policies and procedures that will provide a mechanism for individuals to report illegal acts, establish that illegal acts should be reported, and provide for a formal investigative process.

Standard Implemented: Partially

June 2001 Rating:	4
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	4
December 2002 New Rating:	5



3.3 Staff Professional Development—Progress Toward the CASBO or ASBO Certification Programs

Professional Standard

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 as an indicator of the background and experience that validates the abilities of current and potential school business managers.

Progress on Recommendations and Improvement Plan

1. The Assistant Superintendent of Fiscal Services possesses the CASBO Chief Business Official certificate.
2. Two other staff members within the district are making progress toward the CASBO Chief Business Official certificate: the Associate Superintendent and the Director of Restricted Programs have completed both the CASBO Boot Camp and the ACSA Business Managers' Academy.

Standard Implemented: Fully - Substantially

June 2001 Rating:	0
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	10
December 2002 New Rating:	9



4.1 Internal Audit—Policies and Procedures Governing Internal Audits

Professional Standard

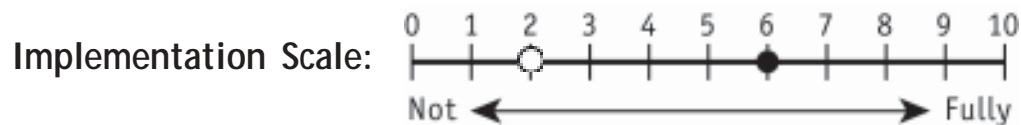
The Governing Board should adopt policies establishing an internal audit function that reports directly to the Superintendent and the Audit Committee or Governing Board.

Progress on Recommendations and Improvement Plan

1. The position has been restructured, and those areas that were previously outside of the normal duties and responsibilities of an internal auditor have been eliminated.
2. Policies related to the internal audit process are in the process of being updated.
3. The Governing Board has adopted a job description that establishes an Internal Auditor position that reports directly to the Superintendent and/or the Governing Board.
4. The Internal Auditor position was advertised, applicants screened, interviews conducted, and the new Internal Auditor has been hired.

Standard Implemented: Partially

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



7.5 Budget Adoption, Reporting, and Audits—Governmental Accounting Standards Statement No. 34—Policy and Procedures

Professional Standard

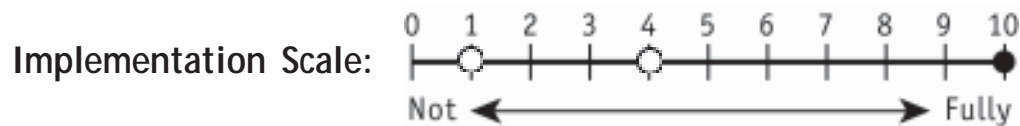
The district must comply with Governmental Accounting Standard No. 34 (GASB 34) for the period ending June 30, 2002. GASB 34 requires the district to develop policies and procedures and report in the annual financial reports on the modified accrual basis of accounting and the accrual basis of accounting.

Progress on Recommendations and Improvement Plan

1. The implementation of GASB 34 was completed in the 2001-02 fiscal year.
2. The fiscal staff was scheduled to complete an all-day training activity on November 5, 2002, in order to prepare the closing statements for the district's annual audit. The processes are in place to maintain the fixed assets inventory.

Standard Implemented: Fully - Sustained

June 2001 Rating:	1
December 2001 Rating:	4
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	8
December 2002 New Rating:	10



7.8 Budget Adoption, Reporting, and Audits—Audit Administration and Resolution: Audit Administration

Professional Standard

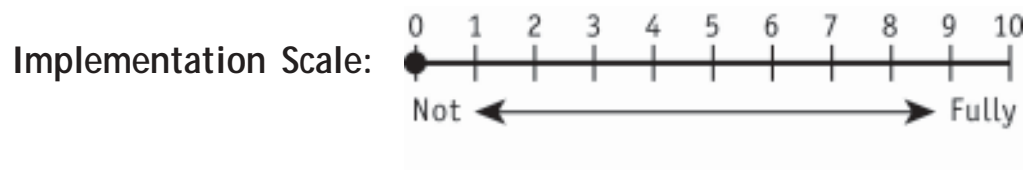
Standard management practice dictates the use of an Audit Committee.

Progress on Recommendations and Improvement Plan

1. The district does not intend to establish an Audit Committee.
2. The district believes that this standard is fully met with the State Controller's Office conducting the annual audit.
3. The cost of the annual audit is a concern. It is believed that if the audit were to be competitively bid, the annual cost would be significantly reduced.

Standard Implemented: Not Implemented

June 2001 Rating:	0
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	0
December 2002 New Rating:	0



8.5 Budget Monitoring—Position Control

Professional Standard

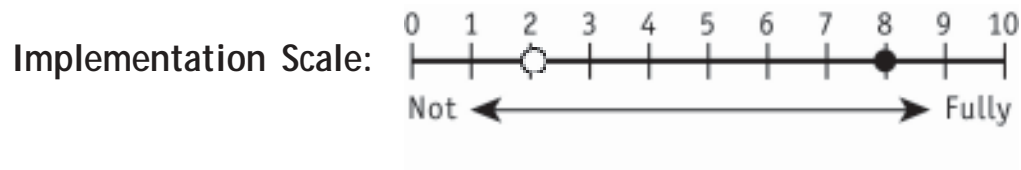
The district uses an effective position control system that tracks personnel allocations and expenditures. The position control system effectively establishes checks and balances between personnel decisions and budgeted appropriations.

Progress on Recommendations and Improvement Plan

1. The district is using the BiTech automated position control system. An extensive, in-depth review of staffing is currently in its final stages. BiTech recently provided in-depth training to key fiscal staff on the position control module.
2. The district has established a position in the Fiscal Services Division that is a mid-point check for accuracy of assignments and account code identification prior to the Payroll Department acting upon the documentation received.

Standard Implemented: Fully - Substantially

June 2001 Rating:	2
December 2001 Rating:	Not Reviewed
June 2002 Rating:	2
December 2002 Self-Rating:	8
December 2002 New Rating:	8



12.4 Accounting, Purchasing, and Warehousing—Accounting Procedures Payroll

Professional Standard

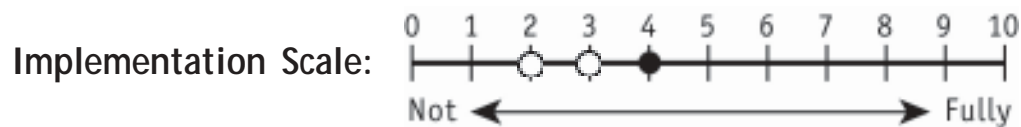
The district's payroll procedures should be in compliance with the requirements established by the County Office of Education, unless fiscally independent (Education Code Section 42646). Standard accounting practice dictates that the district implement procedures to ensure the timely and accurate processing of payroll.

Progress on Recommendations and Improvement Plan

1. The district is fiscally independent. The district has instituted accounting procedures that ensure the timely and accurate processing of payroll.
2. The district has yet to automate the time card program. The Payroll Department, while efficient but overworked, continues to process all time card reports with handwritten time cards.
3. A combination of the negotiated contracts and the current payroll system limitations prevent the district from implementing most of the improvement plan recommendations.
4. The district is developing strategies to make appropriate improvements in the payroll system, both internally and at the bargaining table.

Standard Implemented: Partially

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



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

Professional Standard

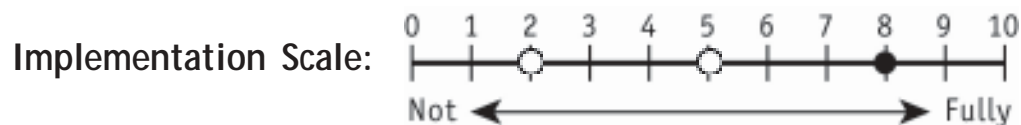
The district should comply with the bidding requirements of Public Contract Code Section 20111. Standard accounting practice dictates that the district have adequate purchasing and warehousing procedures to ensure that only properly authorized purchases are made, that authorized purchases are made consistent 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. The district continues the process of implementing an online purchasing process.
2. The district is currently using version 7.0 of the BiTech software. The district also is currently in the process of moving to the implementation of version 7.1, which is Web-based, by July 2003.
3. The Purchasing Department has a Web site that identifies all of the bidding and purchasing requirements of the West Contra Costa Unified School District.
(www.wccusd.k12.ca.us)
4. The Purchasing Department is working with the General Counsel for the district to establish the appeals process for bidders.
5. Personal identification is now provided to vendors for pickups on blanket purchase orders.
6. The reconciliation of the credit card statement is assigned to an employee who does not have custody of the credit card.
7. According to policy and legal limitations, all goods received are recorded and marked appropriately.

Standard Implemented: Fully - Substantially

June 2001 Rating:	2
December 2001 Rating:	Not Reviewed
June 2002 Rating:	5
December 2002 Self-Rating:	8
December 2002 New Rating:	8



15.4 Long-Term Debt Obligations—Retiree Benefits and Other Benefit Plans

Professional Standard

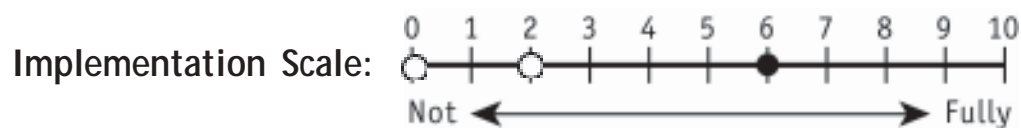
The accrued costs of all retiree health benefit plans are funded. The district has developed and uses a financial plan to ensure that ongoing unfunded liabilities from employee benefits are recognized as a liability of the school district. A plan has been established for funding retiree health benefit 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.

Progress on Recommendations and Improvement Plan

1. The district has complied with the requirements of Governmental Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board (GASB). An independent actuarial valuation of the retiree health and welfare benefits was obtained for the fiscal year ending June 30, 2001. A new valuation will be prepared for the fiscal year ending June 30, 2004.
2. District management and the Governing Board are aware of the need to fund future retiree health and welfare benefits or alter the benefits. The amount required to fund these benefits is far beyond the scope and fiscal capabilities of the district. Changing the benefits structure is subject to bargaining unit contract negotiations, which are in process. The district recently completed negotiations with all bargaining units, and included in each unit's contract is a clause to participate in a committee process to review these benefits with the goal of cost reduction and containment.

Standard Implemented: Partially

June 2001 Rating:	0
December 2001 Rating:	2
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	6
December 2002 New Rating:	6



17.3 Management Information Systems—Automation and Computerization of Financial Reports and Systems

Professional Standard

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 also should 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.

Progress on Recommendations and Improvement Plan

1. BiTech has developed a new Web-based version for some applications. The district is evaluating the possibility of implementing this version, which will provide for site-based application and access with less up-front financial commitment.
2. The district is currently investigating additional modules to be implemented. The Position Budgeting module was implemented for the 2002-03 budget development process and is now being refined and balanced with the position control system.
3. Training has been provided for new modules. Follow-up training also has been provided. The district is planning a new series of formal training sessions to be completed prior to December 31, 2002, for new hires, cross training, and those interested in learning the BiTech system.

Standard Implemented: Partially

June 2001 Rating:	4
December 2001 Rating:	3
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	5
December 2002 New Rating:	6



17.4 Management Information Systems—Cost/Benefit Analyses and Comparisons

Professional Standard

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.

Progress on Recommendations and Improvement Plan

1. The district has contracted for a study of the IFAS financial system. The review is nearing completion, and, based on recommendations, a plan for improvement will begin to be developed.
2. All other systems to be acquired are evaluated as to need, availability, and benefit to the overall operations of the school district.

Standard Implemented: Partially

June 2001 Rating:	2
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	4
December 2002 New Rating:	5



18.3 Maintenance and Operations Fiscal Controls—Facilities User Fees

Professional Standard

The district should control the use of facilities and charge fees for usage in accordance with district policy.

Progress on Recommendations and Improvement Plan

1. The Governing Board adopted the policy for the use of facilities. The district will be evaluating the policy, as it has engaged CSBA to review all district policies. The responsibility for the use of facilities authorization is within the jurisdiction of the Assistant Superintendent of Fiscal Services. The district is currently reviewing the fee schedule and intends to revise the fees and processes during the fiscal year 2002-03.
2. The district is a partner in a maintenance assessment district with the Parks and Recreation Department of the city. That partnership does have an effect on the fees charged by the district for use of facilities. This maintenance assessment district has a budget that exceeds \$5 million annually. Thus, this maintenance assessment district covers many of the fees that would ordinarily be collected by the district.

Standard Implemented: Partially

June 2001 Rating:	0
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	5
December 2002 New Rating:	7



18.7 Maintenance and Operations Fiscal Controls—Vending Machines

Legal Standard

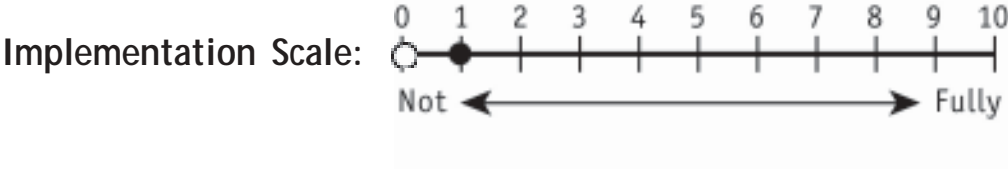
Vending machine operations are subject to policies and regulations set by the State Board of Education. All contracts specifying these should reflect these policies and regulations. An adequate system of inventory control should also exist. [EC 48931]

Progress on Recommendations and Improvement Plan

- 1. Substantial progress has not been made regarding this Professional Standard.
- 2. The district has not recognized the need for the review of all vending machine operation contracts to ensure compliance with the policies and regulations set by the State Board of Education and to comply with the district’s policies and regulations.

Standard Implemented: Partially

June 2001 Rating:	0
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	0
December 2002 New Rating:	1



18.8 Maintenance and Operations Fiscal Controls—Fixed Asset Inventory

Professional Standard

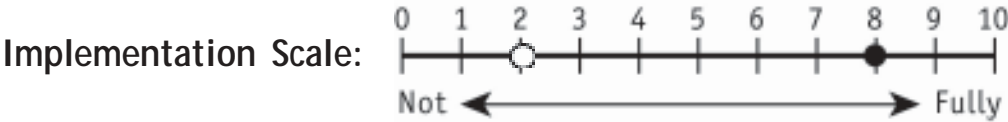
Capital equipment and furniture should be tagged as district-owned property and inventoried at least annually.

Progress on Recommendations and Improvement Plan

- 1. The district has contracted with an outside firm to complete a districtwide inventory of all equipment. All equipment is received at a central receiving center, and is tagged and documented prior to being delivered to the appropriate site or location.

Standard Implemented: Fully - Substantially

June 2001 Rating:	2
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	7
December 2002 New Rating:	8



21.1 State Mandated Costs—Management of Reimbursement Claims Filing

Professional Standard

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 new mandates for which the district might be eligible for reimbursement; identification of changes to existing mandates; training staff regarding the appropriate collection and submission of data to support the filing of mandated cost claims; forms, formats, and timelines for reporting mandated cost information; and review of data and preparation of the actual claims.

Progress on Recommendations and Improvement Plan

1. The district has one outside consultant to provide mandated cost services. A secretary has been hired to provide district support with the collection of information. Both the Director of Fiscal Services, Unrestricted, and the Director of Restricted Programs review claims prior to their filing. It is planned that the Assistant Superintendent for Fiscal Services will be reviewing the district's process during 2002-03.
2. The district has not sought competitive bidding for the process.

Standard Implemented: Partially

June 2001 Rating:	4
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Self-Rating:	6
December 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 Rating	June 2003 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	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	NR	
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	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	9	
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	7	
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	7	

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	1	<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	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	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	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	8	
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	5	

NR not reviewed
 targeted for review

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	NR	
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	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	9	
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	6	
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	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.	2	2	5	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.	4	NR	NR	NR	

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	NR	
5.2	The budget development process includes input from staff, administrators, board and community.	8	NR	NR	NR	
5.3	Policies and regulations exist regarding budget development and monitoring.	8	NR	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	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	NR	
5.6	The district should have a board of education budget development process (policy) for the development of expenditure policies.	9	NR	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	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 Rating	June 2003 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	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	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	NR	
6.3	Standardized budget worksheets should be used in order to communicate budget requests, budget allocations, formulas applied and guidelines.	8	NR	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	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	NR	

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	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	NR	<input type="checkbox"/>
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	10	
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	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	NR	
7.8	Standard management practice dictates the use of an audit committee.	0	NR	NR	0	
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	
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	

NR not reviewed
 targeted for review

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	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	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.	3	NR	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.	3	5	NR	NR	<input type="checkbox"/>
8.4	Budget revisions are made on a regular basis and occur per established procedures and are approved by the board.	5	NR	10	NR	
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	8	
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	NR	
8.7	The district should be monitoring the site reports of revenues and expenditures provided.	4	NR	NR	NR	

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	NR	
9.2	Clearly identify one-time source and use of funds.	6	NR	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	NR	
11.1	An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly.	3	6	NR	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	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	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	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	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	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	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	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	

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	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	NR	<input type="checkbox"/>
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	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	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	NR	

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	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	NR	
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	8	
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	NR	
12.10	The accounting system should have an appropriate level of controls to prevent and detect errors and irregularities.	5	NR	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	NR	

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	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	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	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	NR	
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	NR	<input type="checkbox"/>
14.1	A reliable computer program that provides reliable multi-year financial projections is used.	2	NR	5	NR	<input type="checkbox"/>
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	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	NR	
14.4	Multi-year projections should be based on appropriate assumptions for both revenue and expense forecasting.	5	0	5	NR	

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	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	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	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	6	

NR not reviewed
 targeted for review

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	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	NR	<input type="checkbox"/>

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	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	NR	<input type="checkbox"/>
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	6	
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	5	

NR not reviewed
 targeted for review

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	NR	<input type="checkbox"/>
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	NR	<input type="checkbox"/>
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	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	NR	
18.3	The district should control the use of facilities and charge fees for usage in accordance with district policy.	0	NR	NR	7	
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	NR	
18.5	Materials and equipment/tools inventory should be safeguarded from loss through appropriate physical and accounting controls.	6	NR	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	NR	

Financial Management (continued)						
Standard to be addressed		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 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	1	<input type="checkbox"/>
18.8	Capital equipment and furniture should be tagged as district-owned property and inventoried at least annually.	2	NR	NR	8	
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	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	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	NR	
19.2	The district should operate the food service programs in accordance with applicable laws and regulations.	8	NR	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 Rating	June 2003 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	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	6	
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	NR	