



# **West Contra Costa Unified School District**

Financial Management

Comprehensive Review  
July 2003

**Administrative Agent  
Larry E. Reider  
Office of Kern County  
Superintendent of Schools**

Chief Executive Officer  
Thomas E. Henry

# 1.7 Internal Control Environment – Responsibility for Fraud Prevention and Detection

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## Professional Standard

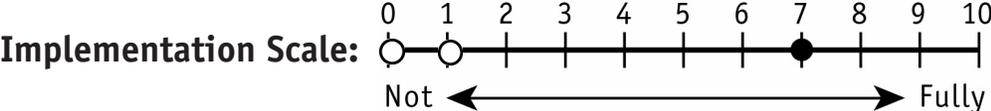
The responsibility for reliable financial reporting resides first and foremost at the district level. Top management sets the tone and establishes the environment. Therefore, appropriate measures must be implemented to discourage and detect fraud (SAS 82; Treadway Commission).

## Progress on Recommendations and Improvement Plan

1. The adoption of a board policy has been recommended by the Internal Auditor.
2. The board policy is currently being reviewed by the district’s General Counsel.
3. The board policy on Fraud Prevention and Detection was scheduled for Governing Board consideration during the month of May 2003.
4. The Governing Board was to take the policy under consideration for discussion, comment and approval.

## Standard Implemented: Partially

June 2001 Rating:	0
December 2001 Rating:	0
June 2002 Rating:	0
December 2002 Rating:	1
June 2003 Rating:	7



## 4.2 Internal Audit—Organization Structure and Frequency of Internal Audit Functions

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### Professional Standard

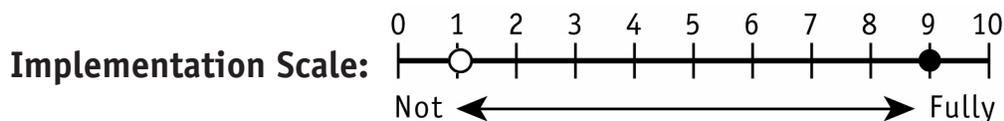
Internal audit functions should be designed into the organizational structure of the district. These functions should include periodic internal audits of areas at high risk for non-compliance with laws and regulations and/or at high risk for monetary loss.

### Progress on Recommendations and Improvement Plan

1. The administration and the legal counsel for the district are in the process of drafting a Governing Board policy that will be distributed by the Internal Auditor to management personnel for use as a tool in the control of the management operations.
2. The Internal Auditor function is an independent appraisal activity that examines and evaluates all activities of the district. The Internal Auditor has full and complete access to all the district's records, physical properties, and personnel.
3. The Internal Auditor assists members of the district in the discharge of their responsibilities by furnishing them with recommendations, counsel, and information regarding their operations and activities.
4. The scope of the Internal Audit function is to examine and evaluate the adequacy of the district's internal control and quality of performance in carrying out assigned responsibilities.
5. The Internal Auditor shall prepare an audit report to be distributed to executive management at the conclusion of each audit. The audit report shall include findings, recommendations, and corrective actions to be taken as a result of the audit.

### Standard Implemented: Fully - Substantially

June 2001 Rating: 1  
December 2001 Rating: Not Reviewed  
June 2002 Rating: Not Reviewed  
December 2002 Rating: Not Reviewed  
June 2003 Rating: 9



## 7.4 Budget Adoption, Reporting, and Audits—Budget Adoption and Reporting: Completion and Filing of Interim Reports

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### Professional Standard

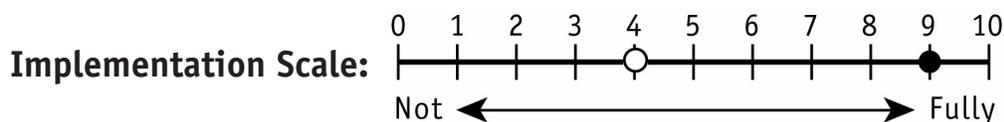
The district should complete and file its interim budget reports within the statutory deadlines established by Education Code Section 42130, et seq.

### Progress on Recommendations and Improvement Plan

1. The district has established a financial reporting calendar and set internal procedures and deadlines to meet the state standards and reporting requirements.
2. The Governing Board approved the first interim report on Dec. 11, 2002, with a positive certification.
3. The Governing Board approved the second interim report on March 12, 2003, with a positive certification.
4. Both reports were filed with the Contra Costa County Office of Education, immediately following the required public hearings, in a timely manner.
5. The Contra Costa County Office of Education has concurred with the district's positive certifications and has commended the district for filing timely reports and on its commitment to maintaining a healthy financial status.
6. The complete financial packages were presented to the Governing Board containing the following: fund financial statements, cash flow, criteria and standards, and multi-year projections.

### Standard Implemented: Fully - Substantially

June 2001 Rating:	4
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Rating:	Not Reviewed
June 2003 Rating:	9



## **8.2 Budget Monitoring—Monitoring of Department and Site Budgets**

### **Professional Standard**

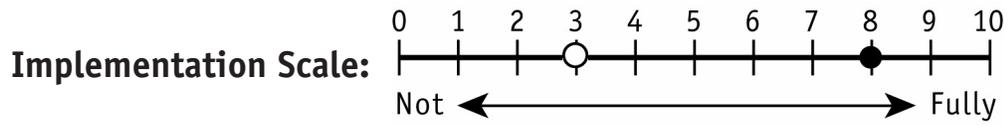
There should be budget monitoring controls, such as periodic reports, to alert department and site managers of the potential for overexpenditure of budgeted amounts. Revenue and expenditures should be forecast and verified monthly.

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

1. The Budget Department reviews budget line items online before stamping purchase orders approved.
2. The district has begun pilot testing online budget monitoring with the School Linked Services and Interventions Department. SLS managers have been given access to view their budgets on Bi-Tech at Vista Hills. SLS managers can review budgets in the system before launching purchase order requests. If they need a budget transfer, they complete the request.
3. The district does not permit budget transfers online at the present time. The Chief Academic Officer must review budget transfers for the SLS department as part of the district's regular internal control structure.
4. The district has implemented object-level budget tracking. If the Purchasing Department finds an account in excess of budget, the system emits a warning. Budget override authority resides with the Assistant Superintendent of Fiscal Services and the Director of Fiscal Services.
5. The Payroll Department has implemented budget object-level checking. The system creates an edit report for all accounts in excess of budget. This report is used by the fund supervisors to find and correct errors.
6. Current budget limitations prevent the district from increasing the number of Reflections and Bi-Tech licenses. Further expansion of the site- and department-based budget monitoring project will occur when funds have been identified to cover the costs of additional licenses and hardware upgrades.
7. The district sends site administrators and department heads detailed transaction registers monthly, and requests acknowledgment/verification of accuracy or return with questions regarding transactions. A supervisor or manager will contact the administrator regarding any questions the administrator may have and ensure that corrections are handled in a timely fashion.
8. The Fiscal Division provides budget monitoring workshops throughout the year and arranges one-on-one training for any staff member who requests it. During these workshops, a fund supervisor or other knowledgeable fiscal staff member will sit down with any requestor and go over his/her transaction registers or work through any fiscal procedure that the requestor needs help understanding.

## Standard Implemented: Fully - Substantially

June 2001 Rating: 3  
December 2001 Rating: Not Reviewed  
June 2002 Rating: Not Reviewed  
December 2002 Rating: Not Reviewed  
June 2003 Rating: 8



## **8.3 Budget Monitoring—Budgeting and Monitoring of the Routine Restricted Maintenance Account**

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### **Professional Standard**

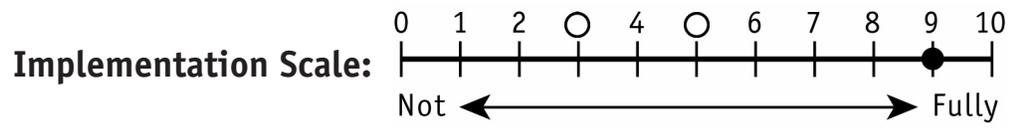
The routine restricted maintenance account should be analyzed routinely to ensure that income has been properly claimed and expenditures are within the guidelines provided by the California Department of Education. The district budget should include specific budget information to reflect the expenditures against the routine maintenance account.

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

1. The district has established resource code 8150 to be used in accounting for revenues and expenditures of the routine restricted maintenance account (RRM). This resource code is restricted for this program only, and is reported in the restricted components of the general fund.
2. A budget for Resource 8150 was established at budget adoption. This budget reflected revenues from the transfer to RRM from unrestricted funds of the district. Expenditures were budgeted for qualifying personnel, supplies, contracts, and equipment. The total amount of the budget was equal to 2 percent of all general fund expenditures included in the adopted budget.
3. Beginning in 2003-04, the district will budget 3 percent of expenditures in the unrestricted general fund in this account, as state facilities apportionments were received for the first time in 2002-03.
4. Throughout the year, self-balancing transfers are made within Resource 8150 as necessary. Increases or decreases in budget totals are not made in Resource 8150 during the year. Any balances remaining at year-end are slated to be restricted in the ending fund balance for expenditure in the following year.
5. Budget details are reported in the budget for analysis and documentation of the planned expenditures. Budgets are included for sub-programs within Resource 8150 that include electrical, plumbing, building, etc. Eligibility of expenditures and personnel charges are determined when expenditures are made.

### **Standard Implemented: Fully - Substantially**

June 2001 Rating:	3
December 2001 Rating:	5
June 2002 Rating:	Not Reviewed
December 2002 Rating:	Not Reviewed
June 2003 Rating:	9



## **11.7 Attendance Accounting – Systems Training of Site Personnel**

### **Professional Standard**

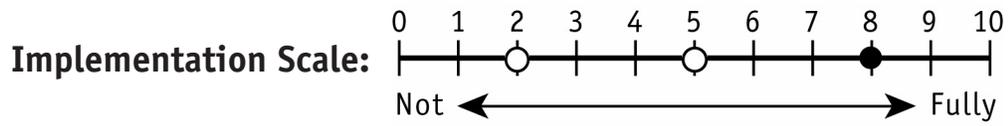
School site personnel should receive periodic and timely training on the district's attendance procedures, system procedures, and changes in laws and regulations.

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

1. The district has offered numerous training options for district staff members at all levels. Specific training sessions have been held for administrators only covering various topics including basic operations, enrollment, attendance, scheduling, and queries. Additional sessions for clerical staff have been provided in the areas of basic operation, attendance, enrollment, and queries. A formal schedule of training options for the year has not been prepared in advance.
2. The district has compressed the length of the sessions to ensure the greatest attendance possible at a time when other staff members at the site are available to cover. Classes have been offered in the morning and afternoon to ensure adequate coverage.
3. As a result of the training sessions held over the past 18 months, there are 19 elementary schools that have responsibility for maintaining the enrollment data for their schools.
4. The district has also implemented one-on-one training whereby site personnel may come to the district office and receive training as needed or directed. This process helps train new personnel as well as existing personnel wanting to take on more responsibility for the system at their sites.
5. The district has met with administrators of the district to determine what their individual as well as site needs are regarding SASI training. To meet these needs, the district held numerous training sessions on multiple topics in January 2003, which were publicized by multiple e-mails. A combination of district staff and outside consultants conducted the sessions.
6. All training sessions are supported by a set of complete training materials and/or manuals. In addition, manuals for the primary systems have been distributed to all sites. At this time, mandatory attendance is not required.

**Standard Implemented: Fully - Substantially**

June 2001 Rating: 2  
December 2001 Rating: 5  
June 2002 Rating: Not Reviewed  
December 2002 Rating: Not Reviewed  
June 2003 Rating: 8



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

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### Professional Standard

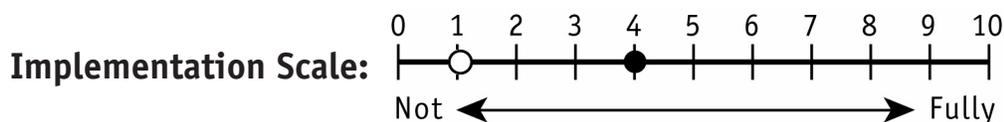
The district should timely and accurately record all information regarding financial activity for all programs (unrestricted and restricted). Generally Accepted Accounting Principles (GAAP) require that in order for financial reporting to serve the needs of the users, it must be reliable and timely. 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. The district is in the process of implementing of online purchasing and online viewing of financial information at the school sites.
2. The district has started the process of contracting with SBC for the expansion of the district's wide area network (WAN), and all high schools will be upgraded to GigaMAN by October 2003.
3. The district is in the process of up grading to Bi-Tech's 7.2 version in May of 2003. As a result, the district upgrade to the Web-based version will be complete when the May revision is complete.
4. The district is experiencing some difficulty in acquiring the site licensing for Bi-Tech and Informix as a result of the current budget restrictions.
5. The district will be required to renegotiate existing contracts with possible cost increases for the necessary hardware for the Web-based system and expansion of users into the system.

### Standard Implemented: Partially

June 2001 Rating:	1
December 2001 Rating:	Not Reviewed
June 2002 Rating:	4
December 2002 Rating:	Not Reviewed
June 2003 Rating:	4



## **13.5 Student Body Funds – Internal Audit Functions**

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### **Professional Standard**

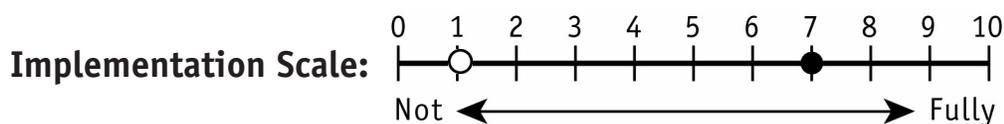
In order to provide adequate oversight of student funds and to ensure proper handling and reporting, the California Department of Education recommends that internal audits be performed. Such audits should review the operation of student body funds at both district and site levels.

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

1. The district hired an Internal Auditor in October 2002.
2. The Internal Auditor has scheduled training sessions for all high school cashiers and middle school personnel who have the responsibility for student body funds.
3. The Internal Auditor is in the process of establishing random audits on all high school, middle school, and elementary school student body funds.
4. The Internal Auditor has scheduled audits of high school and middle school student body funds during the course of the 2002-03 school year.

### **Standard Implemented: Partially**

June 2001 Rating:	1
December 2001 Rating:	Not Reviewed
June 2002 Rating:	1
December 2002 Rating:	Not Reviewed
June 2003 Rating:	7



## **14.1 Multiple-Year Financial Projections-Computerized Multiyear Projection**

### **Professional Standard**

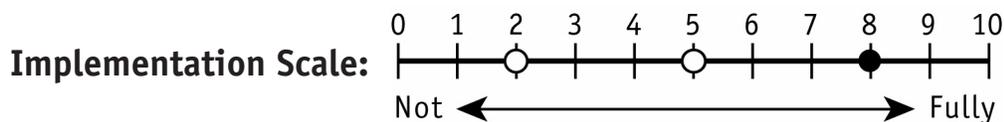
A reliable computer program that provides reliable multiyear financial projections is used.

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

1. The district uses a self-designed Excel template to prepare the multiyear projections required under AB 1200. These projections are easily modified for new data. This gives the district the ability to change, add, or delete an item in the projection. Thus, a change in ADA will give the district the opportunity to automatically change multiple items of revenue and expense as direct formulas for these items refer to the individual cell containing ADA.
2. The district prepares a five-year projection for internal use and analysis in addition to the required three-year projection.
3. While the district has not acquired any commercially developed multiyear specific software, the district does use the state SACS software. This software includes a multiyear specific projection form that was completed for the 2002-03 budget adoption as well as the first and second interim reports.
4. Multiyear projections are included with the Governing Board material when the Governing Board adopts the annual budget, and when the first and second interim reports are approved and filed.

### **Standard Implemented: Fully - Substantially**

June 2001 Rating:	2
December 2001 Rating:	Not Reviewed
June 2002 Rating:	5
December 2002 Rating:	Not Reviewed
June 2003 Rating:	8



## **16.2 Multiyear Impact of Collective Bargaining – Collective Bargaining Agreement: Development of Parameters and Guidelines for Collective Bargaining**

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### **Professional Standard**

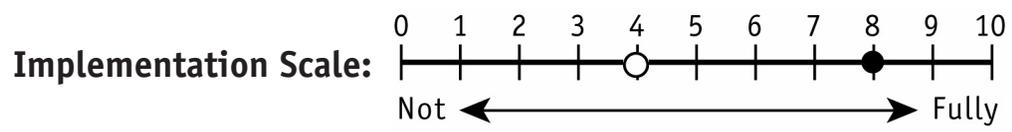
The district should develop parameters and guidelines for collective bargaining that ensure that the collective bargaining agreement is not an impediment to efficiency of district operations. At least annually, the collective bargaining agreement should be analyzed by management to identify those characteristics that are impediments to effective delivery of district operations. The district should identify those issues for consideration by the Governing Board.

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

1. The district uses a self-designed Excel template to prepare multiyear projections. The district prepares a five-year projection for internal use and analysis that reflects the anticipated impact of the negotiated agreements. The district believes that this process has proved effective.
2. During negotiations completed in 2002, the Interim Assistant Superintendent, Fiscal Services, worked behind the scenes during UTR negotiations. The Interim Assistant Superintendent for Fiscal Services was available for the district's negotiating team to advise and confer. The Interim Assistant Superintendent for Fiscal Services did not sit at the negotiating table.
3. The contract proposal was analyzed and the impact shared with the Governing Board. MYP software was used to project the future years' impact.
4. A public hearing regarding the Public Disclosure of Collective Bargaining document was held at the board meeting at which ratification took place.
5. With the recent state budget crisis, the district has held numerous public meetings regarding the necessary budget reductions.
6. The contracts for 2003-04 for Local 1 and UTR have been highlighted indicating the added reductions that will be required to honor the Collective Bargaining Agreement.
7. The California State Trustee has signed off on all bargaining agreements.

### **Standard Implemented: Fully - Substantially**

June 2001 Rating:	4
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Rating:	Not Reviewed
June 2003 Rating:	8



## 17.2 Management Information Systems—Needs Assessment

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### Professional Standard

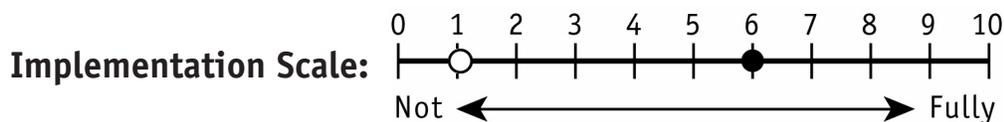
Management information systems must support users with information that is relevant, timely, and accurate. Needs assessments must be performed to ensure that users are involved in the definition of needs, development of system specifications, and selection of appropriate systems. Additionally, district 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.

### Progress on Recommendations and Improvement Plan

1. The IFAS (Bi-Tech) system is SACS-compliant and county compatible.
2. The SASI databases (70) have been examined by the district to determine the degree of data cleanup needed. The first part of this is under way, starting with the high school courses and course history, GPAs, and transcripts.
3. The GigaMAN (connectivity between school sites) project has involved the following stakeholders: The district Technology Committee, curriculum team, facilities team, bond team, and MIS.
4. The GigaMAN network, when fully developed, will permit the district to centralize services and provide faster throughput of data.

### Standard Implemented: Partially

June 2001 Rating:	1
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Rating:	Not Reviewed
June 2003 Rating:	6



## **17.5 Management Information Systems—Technology Selection Process**

### **Professional Standard**

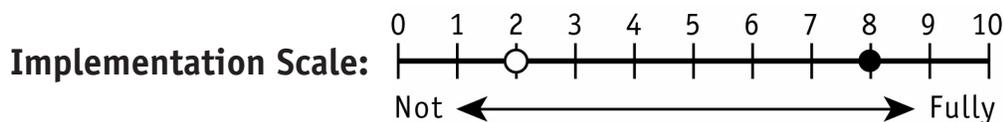
Selection of information systems technology should conform to legal procedures specified in the Public Contract Code. Additionally, there should be a process to ensure that needs analyses, cost/benefit analyses, and financing plans are in place prior to commitment of resources. The process should facilitate involvement by users, as well as information services staff, to ensure that training and support needs and costs are considered in the acquisition process.

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

1. Prior to the time the district purchases a new financial system, student information system, or other proprietary software, the district establishes a process that contains needs, cost, and benefit analyses.
2. The district uses Dell as its computer system of choice. All purchase of computer hardware is made through a “piggyback” bid based upon the state’s bidding process.
3. The MIS Department has been meeting with all divisions to ensure that, before either software or hardware is purchased, there is sufficient infrastructure and staff to support and maintain the purchase.
4. Curriculum and instruction poses the largest challenge to the MIS Department to contain purchases and acquisitions of software and hardware, including the appropriate license for use.

### **Standard Implemented: Fully - Substantially**

June 2001 Rating:	2
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Rating:	Not Reviewed
June 2003 Rating:	8



## **17.6 Management Information—Implementation and Training**

### **Professional Standard**

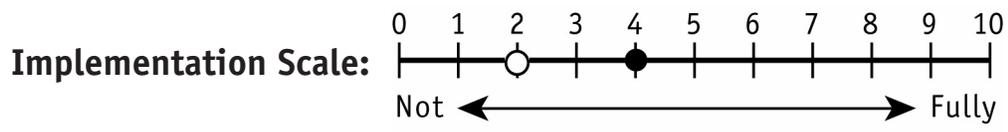
Major technology systems should be supported by implementation and training plans. The cost of implementation and training should be included with other support costs in the cost/benefit analyses and financing plans supporting the acquisition.

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

1. MIS has developed a series of “cheat sheets” that assist the end user of the Bi-Tech system to perform simple reports and queries of the financial system. These cheat sheets are distributed at individual training sessions that are requested by and provided to staff.
2. The Personnel Department has developed its own training manual for Bi-Tech.
3. As the need arises and is identified, departments have utilized distance learning and on-site training with Bi-Tech trainers and/or district MIS staff.
4. The district is spearheading a local Bi-Tech users' group. The users' group includes Mount Diablo and Oakland Unified school districts.
5. The district has acquired a consultant to work with the district’s SASI Help Desk until a permanent staff member can be acquired.
6. The next step the district intends to take is to hire a district SASI coordinator and a SASI database administrator.
7. The district has begun an analysis of the SASI issues. MIS has held meetings with selected school site users and other end users in order to develop a SASI training plan.
8. MIS has developed “cheat sheets” to aid users for the end of the year procedures including grades, GPA, and transcripts among others.
9. MIS has conducted end user training sessions within the district.
10. Budget constraints have hampered the efforts of the MIS Department to move ahead as rapidly as desired.

### **Standard Implemented: Partially**

June 2001 Rating:	2
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Rating:	Not Reviewed
June 2003 Rating:	4



**18.7 Maintenance and Operations Fiscal Controls—Vending Machines**

**Professional Standard**

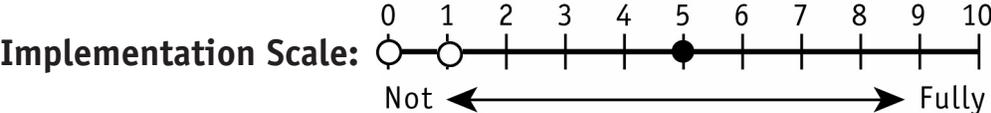
Vending machine operations are subject to policies and regulations set by the State Board of Education. All contracts specifying these should reflect these policies and regulations. An adequate system of inventory control should also exist. (EC 48931)

**Progress on Recommendations and Improvement Plan**

- 1. A listing and identification of all vending machines not under the control of Child Nutrition has been requested from all schools and programs.
- 2. The Internal Auditor has added vending machines to the list of audits to be conducted in the next school year and has distributed that list.
- 3. All contracts will be reviewed to ensure compliance with the policies and regulations set by the State Board of Education and for compliance with the district’s policies and regulations.
- 4. A system of inventory control to determine if the system is adequate and sufficient to protect against fraud and theft has been developed for use during the internal audit of the vending machines.

**Standard Implemented: Partially**

June 2001 Rating:	0
December 2001 Rating:	Not Reviewed
June 2002 Rating:	Not Reviewed
December 2002 Rating:	Not Reviewed
June 2003 Rating:	5





# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>1.1</b>	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	NR
<b>1.2</b>	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	NR
<b>1.3</b>	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	NR
<b>1.4</b>	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	NR
<b>1.5</b>	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	NR
<b>1.6</b>	The district should have procedures for recruiting capable financial management and staff and hiring competent people. [SAS-55, SAS-78]	0	NR	NR	7	NR

<b>Financial Management</b>						
<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>1.7</b>	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	7
<b>2.1</b>	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	NR
<b>2.2</b>	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	NR

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<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>2.3</b>	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	NR
<b>2.4</b>	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	NR
<b>2.5</b>	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
<b>3.1</b>	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	NR
<b>3.2</b>	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	NR

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<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>3.3</b>	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	NR
<b>4.1</b>	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	NR
<b>4.2</b>	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	9
<b>4.3</b>	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	NR
<b>4.4</b>	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	NR

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<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>5.1</b>	The budget development process requires a policy-oriented focus by the Governing Board to develop an expenditure plan that fulfills the district's goals and objectives. The Governing Board should focus on expenditure standards and formulas that meet the district goals. The Governing Board should avoid specific line-item focus, but direct staff to design an entire expenditure plan focusing on student and district needs.	5	NR	NR	NR	NR
<b>5.2</b>	The budget development process includes input from staff, administrators, board and community.	8	NR	NR	NR	NR
<b>5.3</b>	Policies and regulations exist regarding budget development and monitoring.	8	NR	NR	NR	NR
<b>5.4</b>	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	NR
<b>5.5</b>	The district should have a clear process to analyze resources and allocations to ensure that they are aligned with strategic planning objectives and that the budget reflects district priorities.	6	NR	NR	NR	NR
<b>5.6</b>	The district should have a board of education budget development process (policy) for the development of expenditure policies.	9	NR	NR	NR	NR

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>5.7</b>	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
<b>5.8</b>	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	NR

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>6.1</b>	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	NR
<b>6.2</b>	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	NR
<b>6.3</b>	Standardized budget worksheets should be used in order to communicate budget requests, budget allocations, formulas applied and guidelines.	8	NR	NR	NR	NR
<b>7.1</b>	The district should adopt its annual budget within the statutory time lines established by Education Code Section 42103, which requires that on or before July 1, the governing board shall hold a public hearing on the budget to be adopted for the subsequent fiscal year. Not later than five days after that adoption or by July 1, whichever occurs first, the governing board shall file that budget with the county superintendent of schools. [EC 42127(a)]	7	NR	NR	NR	NR

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>7.2</b>	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	NR
<b>7.3</b>	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	NR
<b>7.4</b>	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	9
<b>7.5</b>	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 accural basis of accounting.	1	4	NR	10	NR
<b>7.6</b>	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	NR
<b>7.7</b>	The district should arrange for an annual audit (single audit) within the deadlines established by Education Code Section 41020.	10	NR	10	NR	NR

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>7.8</b>	Standard management practice dictates the use of an audit committee.	0	NR	NR	0	NR
<b>7.9</b>	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	NR
<b>7.10</b>	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
<b>7.11</b>	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	NR
<b>8.1</b>	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	NR
<b>8.2</b>	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	8

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>8.3</b>	The routine restricted maintenance account should be analyzed routinely to ensure that income has been properly claimed and expenditures are 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	9
<b>8.4</b>	Budget revisions are made on a regular basis and occur per established procedures and are approved by the board.	5	NR	10	NR	NR
<b>8.5</b>	The district uses an effective position control system, which tracks personnel allocations and expenditures. The position control system effectively establishes checks and balances between personnel decisions and budgeted appropriations.	2	NR	2	8	NR
<b>8.6</b>	The district should monitor both the revenue limit calculation and the special education calculation at least quarterly to adjust for any differences between the financial assumptions used in the initial calculations and the final actuals as they are known.	6	NR	NR	NR	NR
<b>8.7</b>	The district should be monitoring the site reports of revenues and expenditures provided.	4	NR	NR	NR	NR
<b>9.1</b>	The district budget should be a clear manifestation of district policies and should be presented in a manner that facilitates communication of those policies.	9	NR	NR	NR	NR
<b>9.2</b>	Clearly identify one-time source and use of funds.	6	NR	NR	NR	NR
<b>10.1</b>	The Governing Board must review and approve, at a public meeting and on a quarterly basis, the district's investment policy. [GC 53646]	4	NR	NR	NR	NR

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>11.1</b>	An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly.	3	6	NR	NR	NR
<b>11.2</b>	Policies and regulations exist for independent study, home study, inter/intradistrict agreements and districts of choice, and should address fiscal impact.	6	NR	NR	NR	NR
<b>11.3</b>	Students should be enrolled by staff and entered into the attendance system in an efficient, accurate and timely manner.	4	6	NR	NR	NR
<b>11.4</b>	At least annually, the school district should verify that each school bell schedule meets instructional time requirements for minimum day, year and annual minute requirements.	9	NR	NR	NR	NR
<b>11.5</b>	Procedures should be in place to ensure that attendance accounting and reporting requirements are met for alternative programs such as ROC/P and adult education.	6	NR	NR	NR	NR
<b>11.6</b>	The district should have standardized and mandatory programs to improve the attendance rate of pupils. Absences should be aggressively followed-up by district staff.	6	NR	NR	NR	NR
<b>11.7</b>	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	8
<b>11.8</b>	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	NR
<b>11.9</b>	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	NR

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>12.1</b>	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	NR
<b>12.2</b>	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	4
<b>12.3</b>	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	NR

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>12.4</b>	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	NR
<b>12.5</b>	Standard accounting practice dictates that the accounting work should be properly supervised and work reviewed in order to ensure that transactions are recorded timely and accurately, and allow the preparation of periodic financial statements.	4	NR	NR	NR	NR
<b>12.6</b>	Federal and state categorical programs, either through specific program requirements or through general cost principles such as OMB Circular A-87, require that entities receiving such funds must have an adequate system to account for those revenues and related expenditures.	8	NR	NR	NR	NR
<b>12.7</b>	Generally accepted accounting practices dictate that, in order to ensure accurate recording of transactions, the district should have standard procedures for closing its books at fiscal year-end. The district's year-end closing procedures should comply with the procedures and requirements established by the county office of education.	1	2	5	NR	NR

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>12.8</b>	The district should comply with the bidding requirements of Public Contract Code Section 20111. Standard accounting practice dictates that the district have adequate purchasing and warehousing procedures to ensure that only properly authorized purchases are made, that authorized purchases are made consistent with district policies and management direction, that inventories are safeguarded, and that purchases and inventories are timely and accurately recorded.	2	NR	5	8	NR
<b>12.9</b>	The district has documented procedures for the receipt, expenditure and monitoring of all construction-related activities. Included in the procedures are specific requirements for the approval and payment of all construction-related expenditures.	5	NR	7	NR	NR
<b>12.10</b>	The accounting system should have an appropriate level of controls to prevent and detect errors and irregularities.	5	NR	NR	NR	NR
<b>12.11</b>	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	NR
<b>13.1</b>	The Governing Board adopts policies and procedures to ensure compliance regarding how student body organizations deposit, invest, spend, raise and audit student body funds. [EC 48930-48938]	5	NR	NR	NR	NR

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>13.2</b>	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	NR
<b>13.3</b>	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	NR
<b>13.4</b>	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.	1	NR	1	NR	NR
<b>13.5</b>	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	7
<b>14.1</b>	A reliable computer program that provides reliable multiyear financial projections is used.	2	NR	5	NR	8
<b>14.2</b>	The district annually provides a multiyear revenue and expenditure projection for all funds of the district. Projected fund balance reserves should be disclosed. The assumptions for revenues and expenditures should be reasonable and supportable. [EC 42131]	4	NR	NR	NR	NR

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>14.3</b>	Multiyear financial projections should be prepared for use in the decision-making process, especially whenever a significant multiyear expenditure commitment is contemplated. [EC 42142]	5	NR	NR	NR	NR
<b>14.4</b>	Multiyear projections should be based on appropriate assumptions for both revenue and expense forecasting.	5	0	5	NR	NR
<b>15.1</b>	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	NR
<b>15.2</b>	When authorized, the district should only use nonvoter-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	NR

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>15.3</b>	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 ongoing basis to ensure that any variances from projected cash flows are identified as early as possible, in order to allow the district sufficient time to take appropriate measures or identify alternative funding sources.	2	6	NR	NR	NR
<b>15.4</b>	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

# Financial Management

<b>Standard to be addressed</b>		June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<b>16.1</b>	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 its 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	NR

# Financial Management

Standard to be addressed	June 2001 Rating	Dec. 2001 Rating	June 2002 Rating	Dec. 2002 Rating	June 2003 Rating
<p><b>16.2</b> The Governing Board must ensure that any guideline they develop for collective bargaining is fiscally aligned with the instructional and fiscal goals on a multiyear basis. The superintendent must ensure that the district has a formal process where collective bargaining multiyear costs are identified to the governing board and those expenditure changes are identified and implemented as necessary prior to any imposition of new collective bargaining obligations. The governing board must ensure that there is a validation of the costs and the projected district revenues and expenditures on a multiyear basis so that the fiscal issues faced by the district are not strained further due to bargaining settlements. The public should be informed about budget reductions that will be required for a bargaining agreement prior to any contract acceptance by the governing board. The public should be given advance notice of the provisions of the final proposed bargaining settlement and be given an opportunity to comment.</p>	4	NR	NR	NR	8
<p><b>17.1</b> There should be a process in place for fiscal input and planning of the district technology plan. The goals and objectives of the technology plan should be clearly defined. The plan should include both the administrative and instructional technology systems. There should be a summary of the costs of each objective, and a financing plan should be in place.</p>	4	NR	NR	NR	NR