



West Fresno Elementary School District

Financial Management

Comprehensive Review
January 2004

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Superintendent of Schools**

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

Professional Standard

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

Progress on Recommendations and Improvement Plan

1. The district has implemented the recommendation that it monitor and make periodic updates regarding issues that will have an effect on district finances, as well as routine budget reports on the status of the general fund and district cash flow. The information is provided by the Business Manager to the State Administrator, who has monthly meetings with the board. However, the monitoring and reporting on categorical programs is not consistent or formal.

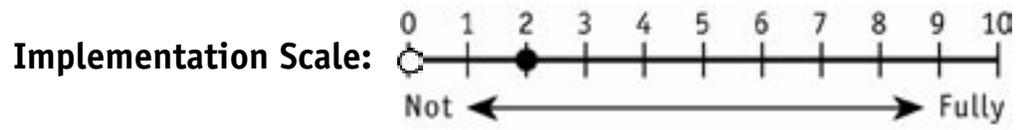
While the district is providing monthly reporting on its finances, it has not yet formalized its policies and procedures related to monthly budget monitoring and financial reporting. It is the intent of the district to have its board policies and procedures drafted/ revised in a comprehensive process in the future, but such work has not begun to date.

The district needs to develop/update board policies and procedures regarding the monthly reporting of budget and financial information. The procedures should identify the employee(s) responsible for compiling and presenting the information, the specific information and format of presentation, and the sources where pertinent information should be obtained.

2. The district has not implemented the recommendation to communicate financial issues to the community and staff via a “Fingertip Facts” pocket document, a user-friendly version of the district budget, the various district newspapers, the local newspaper, site newsletters, and the district Web site.
3. The district has not implemented the recommendation to establish a Finance/Audit Advisory Committee from members of the various communities within the West Fresno Elementary School District.

Standard Implemented: Partially

June 2003 Rating:	0
December 2003 Self-Rating:	3
December 2003 New Rating:	2



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 not implemented the recommendation to adopt a policy regarding fraud.

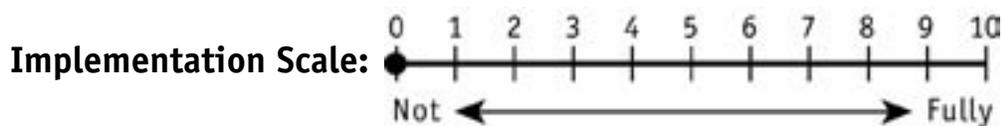
The district should implement the original recommendation to adopt a board policy regarding fraud and illegal acts. It should state that it is the policy of the Governing Board to facilitate the development of controls that will aid in the detection and prevention of fraud, impropriety, or irregularity within the district. The intent of the board should be to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations. (See Professional Standard 1.7)

2. The district has not implemented the recommendation to establish a secure method for individuals to report suspected instances of fraud or inappropriate behavior.

The district should establish a method such as a hotline or PO Box that would only be accessed by the State Administrator or his designee, in order to provide a secure and confidential way for employees and community members to report suspected instances of fraud or improper behavior. Such a method may encourage staff and community members to bring pertinent information forward, which will assist in identifying, stopping, and preventing occurrences of fraud or other inappropriate behavior by district employees.

Standard Implemented: Not Implemented

June 2003 Rating: 0
December 2003 Self-Rating: 0
December 2003 New Rating: 0



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

Professional Standard

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

Progress on Recommendations and Improvement Plan

1. The district has partially implemented the recommendation to establish educational priorities for the district. The district's identified priority relates to literacy. However, the priority has not been specifically identified in the budget, nor does the spending plan document how it supports the attainment of the identified educational priorities.

The district should establish a process to link the educational priorities to the budget. The budget should identify prior-year goals and objectives and the status of those items. These then become the basis for the current-year budget and spending plan, linking the expenditures with the linear process of implementing the educational priorities.

2. The district has not implemented the recommendation to establish a citizens' Fiscal Review or Budget Advisory Committee to provide for a financial review of the district's operations.

The district should implement the original recommendation to establish a citizens' Fiscal Review or Budget Advisory Committee to provide for a financial review of the district's financial operation and management.

3. The district has informally implemented procedures to monitor the district's restricted and unrestricted expenditures. However, the procedures have not yet been formally documented. Nor has the district established a process to review and monitor the relationship between the stated educational priorities and the budget spending plan.

The district should formally document the monitoring and reporting process, including the timing, persons responsible, and specific responsibilities. Such formalization would help to ensure that the monitoring and reporting is done, that accurate information is provided, and that there is continuity in process even if there is turnover in district staff.

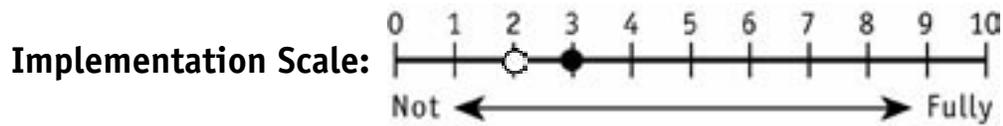
4. The district should consider adding staff to the fiscal division to improve the ability of the Business Manager to delegate certain aspects of the school district fiscal operations.

The district is in the process of adding a position to the central office. However, this position will essentially bring the staff to the level prior to recent retirements. Further, given the district's budget situation, it is not likely to add staff in the near future.

Nevertheless, the district should attempt to identify resources in future years that can be used to staff the central office at a level that ensures sufficient technical skill and adequate separation of duties.

Standard Implemented: Partially

June 2003 Rating: 2
December 2003 Self-Rating: 3
December 2003 New Rating: 3



5.8 Budget Development Process (Policy)—Projection of the Net Ending Balance

Professional Standard

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.

Progress on Recommendations and Improvement Plan

1. The district has implemented the recommendation to monitor revenues and expenditures on a monthly basis. However, as the district only reviews/monitors the projected net ending balance at the interim reporting periods, it has not implemented the recommendation to include the projected year-end balance in its monthly monitoring and reporting. In addition, the monthly monitoring process does not include an analysis discussing the district's financial status, changes in revenues and expenditures to date, anticipated changes over the remainder of the year, and any changes that will need to be made in the budget and/or operations to address changing budget conditions.

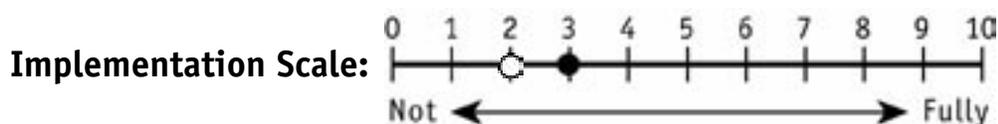
The district should implement the original recommendation to monitor and project the net ending balance on a monthly basis. This information will provide the district better information so that expenditure decisions can be made or modified during the year to avoid deficit spending and rebuild ending balances. This item should be implemented immediately.

2. The district informally requires all budget transfers and budget revisions to be presented to the State Administrator/Governing Board at least on a monthly basis. However, the underlying policy and procedures have not yet been formalized.

The district should formalize the policy and procedures to require that all budget transfers be presented to the State Administrator/Governing Board on a monthly basis. Budget transfers may be presented for informational purposes, while budget revisions should be presented for approval.

Standard Implemented: Partially

June 2003 Rating: 2
December 2003 Self-Rating: 3
December 2003 New Rating: 3



6.2 Budget Development Process (Technical)—Budget Calendar

Professional Standard

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.

Progress on Recommendations and Improvement Plan

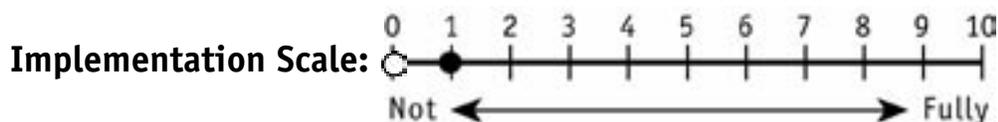
1. The district is just entering into the budget development cycle for the 2004-05 fiscal year, so it is not possible to fully implement the standard. However, the district is in the process of implementing the recommendation to establish a budget development calendar that identifies key activities and dates for budget preparation. The district has a general budget calendar that is based on the county's budget development calendar. That calendar essentially includes the majority of recommended items, such as:
 - Release of the Governor's Budget and analysis of impact on district
 - Projection of enrollment and ADA
 - Dates for Budget Advisory Committee meetings
 - Revisions to preliminary budget for information contained in Governor's May Budget Revision
 - Dates for public hearings

The calendar does not specifically provide that the budget development calendar will be used or to whom the worksheets will be distributed. In addition, the district has not established a budget advisory committee to provide input on budget development.

Accordingly, the district should modify the county's budget development calendar to correspond to its actual budget development activities and utilize that calendar to manage and monitor the budget development process. The calendar should identify specific individuals responsible for various budget-related activities. In addition, the Business Manager should develop budget worksheets to be used by principals and managers, and set the dates by which those worksheets must be completed. This would assist the managers and principals in accurately compiling their budget projections. Also, the district should establish a Budget Advisory Committee to provide input into developing budget priorities by the community.

Standard Implemented: Partially

June 2003 Rating:	0
December 2003 Self-Rating:	1
December 2003 New Rating:	1



7.3 Budget Adoption, Reporting, and Audits—AB 1200 Quality Assurance Processes

Professional Standard

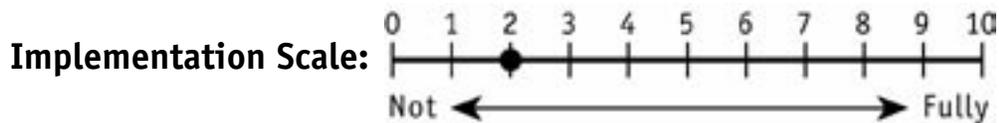
The district should have procedures that provide for the development and submission of a district budget and interim reports that adhere to criteria and standards and are approved by the County Office of Education.

Progress on Recommendations and Improvement Plan

1. This standard was not reviewed at this time. The rating remains unchanged.

Standard Implemented: Partially

June 2003 Rating: 2
December 2003 Rating: 2



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

Legal Standard

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.

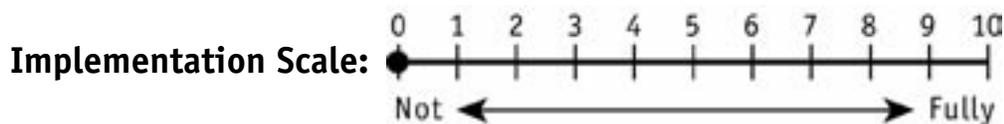
Progress on Recommendations and Improvement Plan

1. The district has not implemented the recommendation to establish policies and procedures to ensure that it timely files a corrective action plan for all findings identified in its annual audit report.

While the district did not timely file a corrective action plan for the 2001-02 audit findings, it appears that it has been working to address those findings. For the 2002-03 fiscal year, the audit report has not yet been released and the district still has the opportunity to meet this deadline for the current audit cycle. Therefore, the district cannot achieve compliance with the finding in the current review cycle. The standard will be evaluated again in the next six-month follow-up review.

Standard Implemented: Not Implemented

June 2003 Rating: 0
December 2003 Self-Rating: 4
December 2003 New Rating: 0



8.1 Budget Monitoring—Encumbrance of Overexpenditures

Professional Standard

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.

Progress on Recommendations and Improvement Plan

1. The district is in the process of implementing the recommendation to convert its financial management system to the fully integrated, SACS-compliant Fresno County system for the 2003-04 fiscal year. To date, the district has implemented the budget and financial module, including the online requisitions. However, purchase requisitions are still processed manually and the budget transfer process for sites and departments is not fully implemented/utilized. Site and department managers do not currently have online access to prepare purchase requisitions or make online budget transfers, and only certain administrators have online access to budget information.

The district should continue implementing the capabilities of the budget and financial system to increase the accountability of site and department administrators, increase the efficiency and control of financial transactions, and improve the accuracy of budget and financial information. To the extent supported by the Fresno County system and available resources, the district should implement both online purchase requisitions and online budget review and transfers.

2. The district implemented the recommendation to convert to the Fresno County financial system. However, as the district does not utilize online requisitions, the system does not pre-encumber funds. In addition, as currently installed, the purchasing module will provide a notification if there are not sufficient funds in an account for a purchase order, but will still allow the purchase order to be processed.

To maximize internal control over purchases and improve efficiency, the district should work with Fresno County to implement an online requisition process and a hard reject for purchases if there are not sufficient funds in the identified account. A properly implemented, fully integrated system will automatically verify fund availability and account coding when the site/department/program prepares the requisition. The process of pre-encumbering funds immediately helps to avoid timing difference problems.

3. The district has partially implemented the county financial system, which streamlines the process and strengthens controls. However, the district has not fully implemented all functions of the purchasing system as identified in the above two findings.

Therefore, consistent with the two recommendations above, the district should work with Fresno County to fully implement all capabilities of the purchasing system.

4. The district is in the process of implementing the prior recommendation to install the personnel module of the Fresno County system, including position control. However, the district has not fully moved to position control. In addition, the district is in the process of utilizing the county system for absence tracking.

The district should follow the original recommendation and move to position control on the county system. This would allow the district to more easily budget, track, and project positions, personnel and benefit costs, and step and column costs. These features help to improve the accuracy of district budgets and strengthen controls over personnel costs.

The district did not implement the previous recommendation to evaluate the costs/benefits of an automated substitute calling system that can interface with the district's/county's payroll system.

Notwithstanding its small size, the district should implement the prior recommendation to evaluate the costs/benefits of a substitute calling system. Properly interfaced, the system may provide many control features that will safeguard district funds, as follows:

- For substitutes required because of employee illness, the system can provide an automated pay event for the substitute and an automated leave reduction for the employee. This enables a district-level reconciliation to ensure that substitutes used for employee illnesses are legitimate and to ensure that the correct expenditure line is charged.
- For substitutes required to enable employees to attend workshops or conferences, it can assign a pre-approved event number that is tied to a categorical budget number. This will ensure that the unrestricted general fund is not paying for release time that should be charged to restricted funds.

In addition, such an integrated system will reduce the labor-intensive processes of substitute calling, reconciling substitute time and pay, and absence tracking.

5. The district informally implemented the recommendation to establish procedures that require the receiving party to verify the receipt of the purchased items and forward a signed and dated copy of the purchase order/receiving report to the business staff. The staff member who receives the goods signs the receiving slip. However, there is no official policy for this item. In addition, receiving is currently done by the same individual who processes the purchase order and pays the invoice. Therefore, there is inadequate segregation of duties.

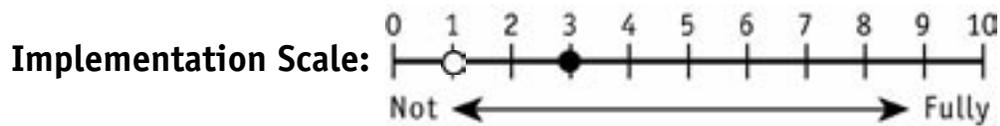
The district should establish a formal policy requiring that a different staff member perform the receiving function, and document such performance by verifying the number and condition of the goods received, and signing and dating the receiving slip.

6. The district implemented the prior recommendation to require that all payments be reviewed by the Business Manager and/or State Administrator, who should verify appropriate documentation. However, the policy/practice has not been formalized.

Therefore, the district should formally adopt a policy requiring that all payments be reviewed and approved by the State Administrator.

Standard Implemented: Partially

June 2003 Rating: 1
December 2003 Self-Rating: 3
December 2003 New Rating: 3



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 district has begun to implement the recommendation to make site administrators and department/program managers responsible for managing and monitoring their budgets. Currently, the categorical manager and the maintenance and operations manager have online access to their budget information. However, the site principals do not have this capability. Further, it is not clear how the budget development process has been modified to establish a working relationship that requires site and department administrators to be involved in the development of their budgets.

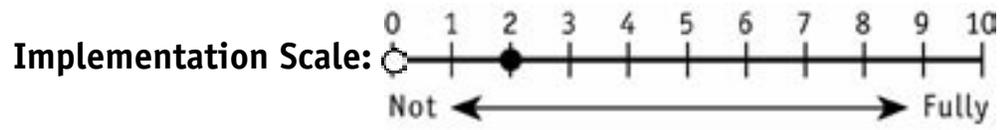
The district should continue to implement the recommendation to make site and department managers responsible both for helping to develop and to manage/monitor their budgets. To achieve this, the budget development process and calendar should include the site/department administrators in the first phase of budget development. Further, these administrators should be evaluated on how well they manage their budgets and achieve congruence with the district's overall goals. This would foster fiscal accountability among the managers and increase budget monitoring.

2. The district has partially implemented the recommendation to establish online requisitioning, budget monitoring, and budget transfer capabilities for the sites and departments. However, requisitions and budget transfers are still done manually. Therefore, the prior recommendation to implement online purchase requisitions and budget transfers is still applicable.

The district has not implemented a hard reject for purchases where expenditures exceed budget. This would require the sites and departments to monitor their budgets online on a continual basis and ensure that spending patterns are appropriate. Administrators/managers would then be required to initiate an online budget transfer, which would be done before the expenditure occurred rather than after the fact and provide better overall control of the budget. Therefore, the district should implement a hard reject in its purchasing/budget system for any expenditure that exceeds available funds.

Standard Implemented: Partially

June 2003 Rating:	0
December 2003 Self-Rating:	2
December 2003 New Rating:	2



8.5 Budget Monitoring—Position Control

Professional Standard

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.

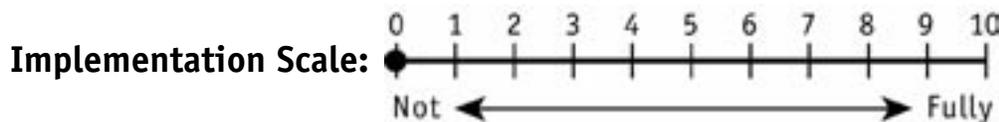
Progress on Recommendations and Improvement Plan

1. The district is in the process of implementing the recommendation to using an integrated position control system. Currently, the district has implemented the county's financial system and is in the process of migrating to the county's personnel system, including position control. However, to date the position control system is not in place. It is the district's goal to have the position control function fully operational in the next several months.
2. The district implemented the recommendation to work with the county to fully implement the position control system that is integrated with the human resources and financial computer system. This implementation is under way, but it will take several more months to have the system fully operational.

It is important that position control be implemented so that payroll, human resources, and budget all have the same number of employees and FTEs, that those employees are on the proper step and column of the salary schedules, and that salary and benefit information is accurate and consistent. This is most easily achieved by using an integrated position control system. Further, an integrated position control system facilitates budgeting and financial projections. Therefore, the district should complete its implementation of the personnel system, including full implementation of position control.

Standard Implemented: Not Implemented

June 2003 Rating: 0
December 2003 Self-Rating: 0
December 2003 New Rating: 0



11.1 Attendance Accounting—Accuracy of Attendance Accounting System

Professional Standard

An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly.

Progress on Recommendations and Improvement Plan

1. The district has not implemented the recommendation to adopt policies and administrative regulations regarding daily attendance procedures. The district intends to have all board policies revised and adopted as a single all-encompassing and comprehensive project.

The district should adopt comprehensive and updated policies that include the area of attendance accounting.

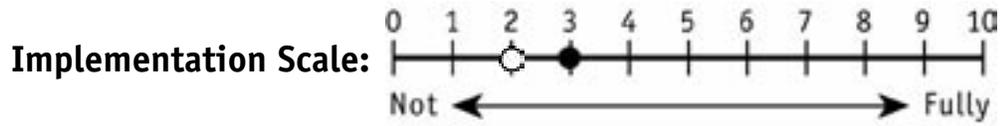
2. The district has not implemented the recommendation to develop written procedures based on the adopted policy recommended above.

As a good business practice, the district should develop a desk manual for attendance procedures that follows the adopted board policies and administrative regulations and can be used as a reference and training resource.

3. The district implemented the recommendation to provide site access to attendance information and reports. The district implemented a new student data and attendance accounting system, which replaced the old SASI 3 system. The new system allows sites access to all pertinent attendance information through a Web-based interface.
4. Through the new attendance system, the district has implemented the recommendation to provide a mechanism to verify the accuracy of information and identify errors or inconsistencies. Error reports generated by the new attendance accounting system are reviewed by the attendance technician. Noted errors/omissions are forwarded to the State Administrator, who then reviews the matter with the site principal to ensure follow-up and correction. This appears to have reduced the number of errors and the need for subsequent corrections.
5. The district implemented the recommendation to update the Kindergarten Retention form. The updated form is now to be used for any kindergarten student to be retained. This form is signed and retained on file at the district office. In addition, for kindergarten students retained at the end of the 2002-03 school year, the district had the parents sign the new form, which is retained in the file with the form the parents originally signed.

Standard Implemented: Partially

June 2003 Rating: 2
December 2003 Self-Rating: 3
December 2003 New Rating: 3



11.2 Attendance Accounting—Policies and Fiscal Impact of Independent Study, Inter/Intradistrict Agreements

Professional Standard

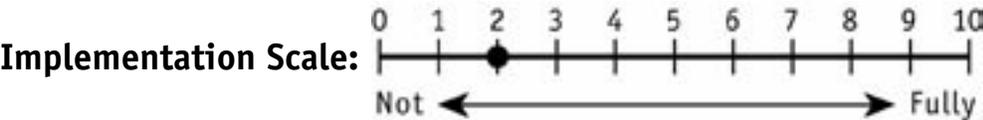
Policies and regulations exist for Independent Study, Home Study, inter/intradistrict agreements and districts of choice, and should address fiscal impact.

Progress on Recommendations and Improvement Plan

- 1. The district has not implemented the recommendation to adopt policies and administrative regulations regarding independent study procedures. This is necessary to meet the requirements of Education Code Section 51747, which requires that a district adopt written policies in order to be eligible for state apportionment for this program. The district intends to revise and adopt all of its board policies at once in a comprehensive effort. However, those revisions and the adoption of the policies and regulations will likely not occur for several months. Therefore, the district still should adopt policies regarding independent study.

Standard Implemented: Partially

June 2003 Rating: 2
December 2003 Self-Rating: 3
December 2003 New Rating: 2



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 not implemented the recommendation to develop and adopt board policies and a plan regarding the training of personnel, including new hires, substitutes, and site and district employees.

The district should implement the prior recommendation to adopt formal board policies regarding employee training. In addition, the district should adopt/implement a formal annual training plan. The training should include the calendar schedule and training materials, with mandatory attendance from all applicable personnel. A regular schedule should be developed and followed. In addition, a schedule to include new hires as well as returning employees should be established to ensure that accurate, efficient information is received in preparation of completing the Form J18/19 for P-1, P-2, and annual reporting. Funding for the district is based on these reports.

2. The district has implemented a new student database and attendance system. As a result of the conversion to the new system, the district effectively implemented the recommendation to have training materials updated for the changes in the Student System on a regular basis. In addition, every teacher and office staff member received a manual/handbook regarding the attendance accounting system, which should help to ensure that the system is being utilized to capacity. Further, there is a pamphlet to provide information/assistance to substitute teachers.

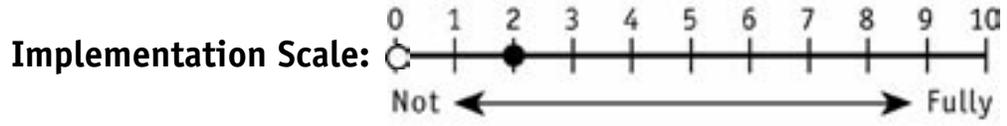
The district should continue to update its manual and training materials annually to reflect changes in the attendance system/software, and changes in attendance accounting laws and regulations.

3. As a result of the implementation of the new student data and attendance accounting system, the district implemented the recommendation to provide training to all affected staff at the beginning of the school year. School site personnel and teachers received two days of training. A handbook/manual was provided to all teachers and administrative staff. In addition, substitute teachers are given a pamphlet to help them use the attendance accounting system.

The district should continue to provide this training at the beginning of each school year to refresh teachers and administrative staff regarding appropriate attendance procedures, how to utilize the attendance system, changes in the attendance system/software, and changes in attendance accounting laws and regulations. The district's continued implementation of this recommendation should be verified in subsequent reviews.

Standard Implemented: Partially

June 2003 Rating: 0
December 2003 Self-Rating: 1
December 2003 New Rating: 2



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

Professional Standard

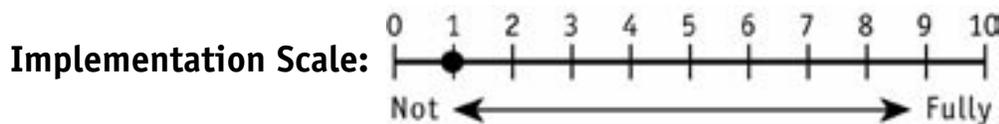
The district should timely and accurately record all information regarding financial activity for all programs (unrestricted and restricted). Generally Accepted Accounting Principles (GAAP) require that in order for financial reporting to serve the needs of the users, it must be reliable and timely.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

Progress on Recommendations and Improvement Plan

1. This standard was not reviewed at this time. The rating remains unchanged.

Standard Implemented: Partially

June 2003 Rating: 1
December 2003 Rating: 1



12.3 Accounting, Purchasing, and Warehousing—Accounting Procedures: Cash

Professional Standard

The district should forecast its revenue and expenditures and verify those projections on a monthly basis in order adequately to manage its cash. In addition, the district should reconcile its cash to bank statements and reports from the County Treasurer 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.

Progress on Recommendations and Improvement Plan

1. The district has not implemented the recommendation to have the secretary/receptionist open, date stamp, and log all checks/cash received. The implementation has been hindered by the limited number of staff at the district office and the limitation on personnel expenditures.

The district should implement procedures to have all checks immediately logged and restrictively endorsed “for deposit only” to the district’s account. At month's end, a copy of the receipts log should be provided to the Business Manager. While the number of cash/checks that are received through the mail is not particularly large, this process should nevertheless be implemented to safeguard against loss or misappropriation.

2. The district has not implemented the recommendation to have the Business Manager perform a monthly cash/bank reconciliation.

The district should adopt policies and procedures requiring the Business Manager to perform a cash/bank reconciliation monthly, utilizing the cash receipts log, cash receipts journal/cash receipts book, general ledger cash account, deposit slips, remittance advices, and bank statements/account detail to reconcile those accounts.

3. The district has not implemented the recommendation to make bank deposits once a month.

The district should make deposits at least twice a month (when cafeteria receipts come in) for two reasons: First, assets are better safeguarded in a bank account than in a school district safe; second, more timely deposits will enhance interest earnings.

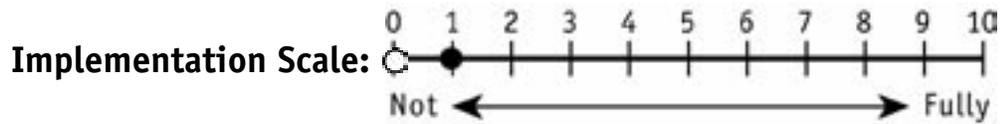
4. The district has implemented an alternative to the recommendation to use a cash receipts journal. Due to the limited number and amount of cash receipts, the district uses a receipt book instead of a cash receipts journal to document all cash received.

5. The district has not implemented the recommendation to segregate the cash receipt functions. Currently, the accountant sorts/opens the mail, records cash receipts, and makes bank deposits. Further, no independent cash/bank reconciliations are performed. Therefore, the receptionist should open all mail and log all checks/cash. The district should segregate the functions so that the accountant makes the entries,

records the receipts, and prepares the deposits. A different employee should make the deposits and provide copies of the receipted deposit slips to the accountant and Business Manager, and the Business Manager should do the monthly reconciliations using the cash receipts log, the cash receipt book, and remittance advices received from the state and county.

Standard Implemented: Partially

June 2003 Rating: 0
December 2003 Self-Rating: 1
December 2003 New Rating: 1



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. 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 has implemented the recommendation to use a payroll module as part of an integrated financial system. The district has implemented Fresno County's financial system, including the payroll module. This has reduced the need for manual calculations, increased efficiency, reduced the amount of staff time required, and reduced the number of supplemental pay runs and checks.

The district has not implemented the recommendation to do leave balances through the payroll system. The district is in the process of implementing the leave tracking system and hopes to have it operational within a few months.

2. The district has implemented the recommendation to have the county modify password access to the various financial system applications in order to limit access only to the staff working in that area. Therefore, the accounting/payroll staff no longer has access to the personnel system, and the personnel technician no longer has access to the payroll system.
3. The district has implemented the recommendation to establish procedures to reconcile absence request forms information received by the personnel technician to the absence log and substitute timesheets. However, the process/procedures have not been formally documented.

The district should establish formal written policies and procedures regarding the reconciliation of absence requests, the absence log, and substitute timesheets.

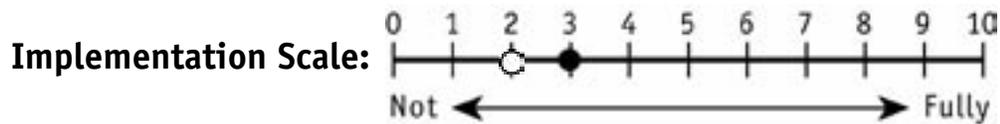
4. The district has implemented the recommendation to establish hourly pay rates in the payroll system that are based on an employee's normal pay rate.
5. The district has not implemented the recommendation to evaluate the costs/benefits of interfacing an automated substitute calling system with the payroll/human resources system.

The district should evaluate the costs/benefits of an automated substitute calling system that can interface with the payroll/personnel system. If implemented, such a system can result in increased efficiencies and reduction of errors. Properly interfaced, the process of paying substitutes, updating the permanent employee's leave balances, and docking pay as necessary could be automated.

In addition, the district would be able to reconcile substitute time and pay to the central office system to ensure that only authorized transactions are processed. The district would also be able to reconcile employees' leave time to the substitute pay event.

Standard Implemented: Partially

June 2003 Rating: 2
December 2003 Self-Rating: 3
December 2003 New Rating: 3



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

Professional Standard

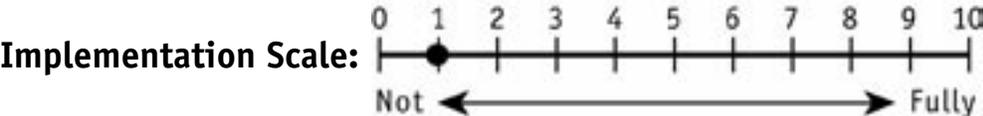
The district should comply with the bidding requirements of Public Contract Code Section 20111. Standard accounting practice dictates that the district have adequate purchasing and warehousing procedures to ensure that only properly authorized purchases are made, that authorized purchases are made consistent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

This standard was not reviewed at this time. The rating remains unchanged.

Standard Implemented: Partially

June 2003 Rating: 1
December 2003 Rating: 1



**12.9 Accounting, Purchasing, and Warehousing—Accounting Procedures:
Construction-Related Activities and Expenditures**

Professional Standard

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

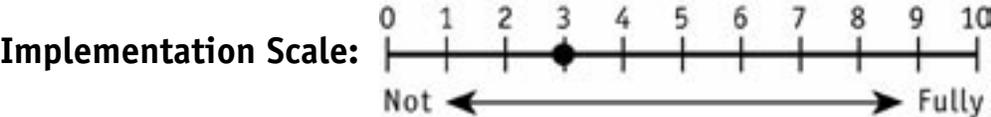
Progress on Recommendations and Improvement Plan

- 1. The district has not implemented the recommendation to update policies to reflect the latest changes to the Education Code relating to the state building program.
- 2. The district has not implemented the recommendation to develop regulations and procedures for construction-related activities and expenditures that are to be followed by all staff and consultants.
- 3. The district has not implemented the recommendation to prepare a procedures guide for fiscal monitoring and accounting for construction projects.

However, it should be noted that the district has no active construction or modernization projects. Therefore, the relative urgency for the district to implement the above recommendations is appropriately low.

Standard Implemented: Partially

June 2003 Rating: 3
December 2003 Self-Rating: 3
December 2003 New Rating: 3



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

Professional Standard

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

Progress on Recommendations and Improvement Plan

1. The district has not implemented the recommendation to develop comprehensive policies and procedures for each transaction cycle and/or activity performed by the Business Office. This would provide resource and training material for staff to ensure the timely and accurate processing of financial information.

The district should implement the original recommendation to develop comprehensive policies and procedures for all major transaction cycles/activities performed by the Business Office. The district should work with the county office and its auditors in developing these procedures to ensure that they are sufficiently comprehensive and include essential internal controls.

2. The district has not implemented the recommendation to identify staff training needs and establish a training plan to ensure that all Business Office staff have sufficient technical understanding and knowledge to efficiently and effectively perform their functions. Such training should specifically cover new district policies and procedures as they are developed.

The district is supportive of staff training and development, and some staff members have attended a few training classes. However, to date, given financial and staffing constraints, no comprehensive effort has been made to formalize training requirements or implement a systematic training plan.

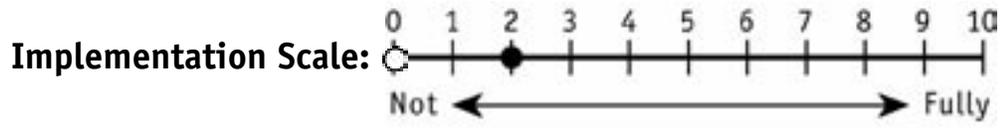
The district should implement the original recommendation to assess the staff's technical skills/knowledge and develop a comprehensive training plan that provides extensive and ongoing training for Business Office staff.

3. The district has basically implemented the recommendation to make greater use of the county financial system. The district has essentially moved its budget and financial functions onto the county system, and is in the process of implementing the county's personnel/position control system. However, the district is not utilizing all system capabilities, such as online requisitions and online budget transfers.

The district should continue to move all its financial and personnel processes onto the county system. In addition, the district should ensure that it utilizes the system capabilities to the fullest extent practicable to increase efficiency and improve internal controls.

Standard Implemented: Partially

June 2003 Rating: 0
December 2003 Self-Rating: 2
December 2003 New Rating: 2



14.2 Multi-Year Financial Projections—Projection of Revenues, Expenditures and Fund Balances

Legal Standard

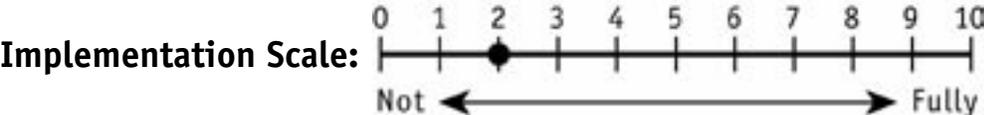
The district annually provides a multiyear revenue and expenditure projection for all funds of the district. Projected fund balance reserves should be disclosed. The assumptions for revenues and expenditures should be reasonable and supportable. [EC 42131]

Progress on Recommendations and Improvement Plan

- 1. This standard was not reviewed at this time. The rating remains unchanged.

Standard Implemented: Partially

June 2003 Rating: 2
December 2003 Rating: 2



15.3 Long-Term Debt Obligations—Debt Service Cash Flow Projections and Plans

Professional Standard

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.

Progress on Recommendations and Improvement Plan

1. The district has not implemented the recommendation to prepare/update the long-term debt schedule and provide a report to the State Administrator/Governing Board that includes the funding source for each identified debt.

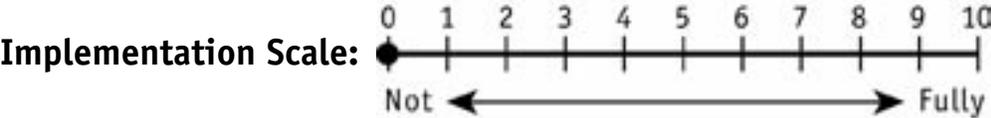
The district should implement the original recommendation to prepare/update the long-term debt schedule and identify the funding source for each long-term item. This information should be provided to the State Administrator and funds should be budgeted accordingly.

2. The district did not implement the recommendation to prepare cash flow statements related to the long-term debt that identify the source of funds and are updated monthly.

The district should implement the original recommendation to prepare monthly cash-flow statements for long-term debt that identify receipts, disbursements, and the source of the funds.

Standard Implemented: Not Implemented

June 2003 Rating: 0
December 2003 Self-Rating: 1
December 2003 New Rating: 0



16.2 Impact of Collective Bargaining Agreements—Measurement and Evaluation of Bargaining Agreement Implementation Costs and Assurance of Notice to the Public

Professional Standard

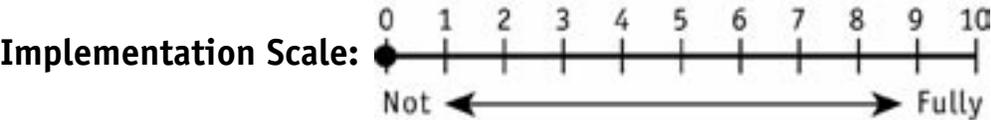
The State Administrator/Governing Board must ensure that any guideline the district develops for collective bargaining is fiscally aligned with the instructional and fiscal goals on a multiyear basis. The State Administrator/Governing Board must ensure that the district has a formal process where collective bargaining multiyear costs are identified and those expenditure changes are identified and implemented as necessary prior to any imposition of new collective bargaining obligations. The State Administrator/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 resources 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.

Progress on Recommendations and Improvement Plan

- 1. This standard was not reviewed at this time. The rating remains unchanged.

Standard Implemented: Not Implemented

June 2003 Rating: 0
December 2003 Rating: 0



18.8 Maintenance and Operations Fiscal Controls—Fixed Asset Inventory

Professional Standard

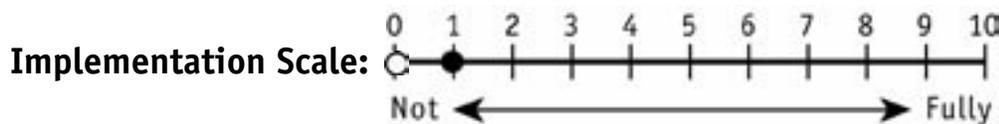
Capital equipment and furniture should be tagged as district-owned property and inventoried at least annually.

Progress on Recommendations and Improvement Plan

1. The district has implemented the recommendation to have a GASB 34 inventory completed.
2. There was no evidence provided to document that the district implemented the recommendation to inventory all furniture and equipment at least annually.
3. There was no evidence provided to document that the district implemented the recommendation to receive all equipment centrally and have it tagged before being delivered to the appropriate location.

Standard Implemented: Partially

June 2003 Rating: 0
December 2003 Self-Rating: 2
December 2003 New Rating: 1



20.1 Charter Schools—Financial Management and Oversight

Professional Standard

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.

Progress on Recommendations and Improvement Plan

1. The district has not implemented the recommendation to adopt policies regarding the review, approval, and oversight of the charter schools it charters.

The district should implement the original recommendation to adopt policies and procedures regarding the review, approval, and oversight of its charter schools.

2. The district has not implemented the recommendation to revise its charter agreements to include a clause that requires the charter schools to submit reports to the district office on a regular basis for monitoring by the district. The reports should include a cash flow statement, an income statement, and the annual audit report. The intervals that these reports are submitted to the district should be consistent and timely (e.g., monthly, quarterly).

The district should implement the original recommendation to revise its charter agreements so that they clearly specify and require the information that must be submitted by the charters, which will allow the district to fulfill its oversight obligations.

3. The district has not implemented the recommendation to actively pursue its oversight role for charter schools that it charters, consistent with Education Code provisions and provisions of the charter agreement.

The district should clearly determine its oversight responsibilities, establish policies and procedures related to that oversight, and assign staff responsible for carrying out such oversight duties.

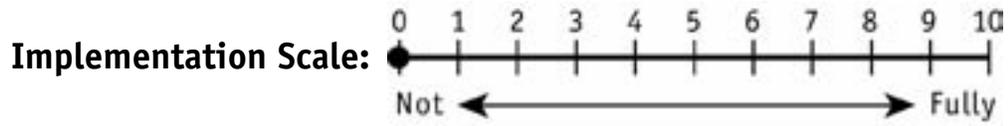
However, it should be noted that, given the minimal staff and limited experience the district has in this area, it should seek assistance from the Fresno County Office of Education and the California Department of Education to ensure that it can effectively handle the responsibilities.

Standard Implemented: Not Implemented

June 2003 Rating: 0

December 2003 Self-Rating: 0

December 2003 New Rating: 0



Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
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)	2	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	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)	2	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)	0	NR	
1.5	Management should have the ability to evaluate job requirements and match employees to the requirements of the position. (SAS-55, SAS-78)	2	NR	
1.6	The district should have procedures for recruiting capable financial management and staff and hiring competent people. (SAS-55, SAS-78)	0	NR	
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	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
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).	0	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.	0	2	<input type="checkbox"/>
2.3	The Governing Board, finance committees, staff and community should have presented to them documents that can be easily understood. Those who receive documents developed by the fiscal division should not have to wade through complex, lengthy computer printouts.	0	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	
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.	0	0	<input type="checkbox"/>

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
3.1	Develop and use a professional development plan, e.g., training business staff. The development of the plan should include the input of the business manager and staff. 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.	0	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.	0	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 as an indicator of the background and experience that validates the abilities of current and potential school business managers.	0	NR	
4.1	The Governing Board should adopt policies establishing an internal audit function that reports directly to the State Administrator and the audit committee or Governing Board.	0	NR	
4.2	Internal audit functions should be designed into the organizational structure of the district. These functions should include periodic internal audits of areas at high risk for non-compliance with laws and regulations and/or at high risk for monetary loss.	0	NR	
4.3	Qualified staff should be assigned to conduct internal audits and be supervised by an independent body, such as an audit committee.	0	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.	0	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
5.1	The budget development process requires a policy-oriented focus by the Governing Board to develop an expenditure plan that fulfills the district's goals and objectives. The Governing Board should focus on expenditure standards and formulas that meet the district goals. The Governing Board should avoid specific line-item focus, but should direct staff to design an overall expenditure plan focusing on student and district needs consistent with the goals and objectives.	0	NR	
5.2	The budget development process should include input from staff, administrators, the board and community.	0	NR	
5.3	Policies and regulations exist regarding budget development and monitoring.	0	NR	
5.4	The district should have Governing Board policies on the budget process. The district should have formulas for allocating funds to school sites and departments. This can include staffing ratios, supply allocations, etc. These formulas should be in line with the board's goals and direction, and should not be overridden.	0	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.	2	3	<input type="checkbox"/>
5.6	The district should have a Governing Board budget development process (policy) as it relates to the development of expenditure policies.	2	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
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 State Administrator and business office should establish procedures to ensure that categorical funds are expended effectively to meet district goals. Carryover and unearned income of categorical programs should be monitored and evaluated in the same manner as general fund unrestricted expenditures.	3	NR	
5.8	The district must have the ability to accurately reflect its net ending balance throughout the budget monitoring process. The first and second interim reports should provide valid updates of the district's net ending balance. The district should have tools and processes that ensure that there is an early warning of any discrepancies between the budget projections and actual revenues or expenditures.	2	3	<input type="checkbox"/>
6.1	The budget office should have a technical process to build the preliminary budget 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.	0	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.	0	1	<input type="checkbox"/>
6.3	Standardized budget worksheets should be used in order to communicate budget requests, budget allocations, formulas applied, and guidelines.	0	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
7.1	The district should adopt its annual budget within the statutory time lines established by Education Code Section 42103, which requires that on or before July 1, the Governing Board shall hold a public hearing on the budget to be adopted for the subsequent fiscal year. Not later than five days after that adoption or by July 1, whichever occurs first, the Governing Board shall file that budget with the county Superintendent of Schools. [EC 42127(a)]	1	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)]	0	NR	
7.3	The district should have procedures that provide for the development and submission of a district budget and interim reports that adhere to criteria and standards and are approved by the County Office of Education.	2	2	<input type="checkbox"/>
7.4	The district should complete and file its interim budget reports within the statutory deadlines established by Education Code Section 42130, et. seq.	2	NR	
7.5	The district must comply with Governmental Accounting Standard No. 34 (GASB 34) for the period ending June 30, 2003. GASB 34 requires the district to develop policies and procedures and report in the annual financial reports on the modified accrual basis of accounting and the accrual basis of accounting.	0	NR	
7.6	The first and second interim reports should show an accurate projection of the ending fund balance. Material differences should be presented to the Governing Board with detailed explanations.	4	NR	
7.7	The district should arrange for an annual audit (single audit) within the deadlines established by Education Code Section 41020.	5	NR	
7.8	Standard management practice dictates the use of an Audit Committee.	0	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
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	0	<input type="checkbox"/>
7.10	The district must file certain documents/reports with the state as follows: <ul style="list-style-type: none"> • J-200 series (Education Code Section 42100) • J-380 series - CDE procedures • Attendance reports (Education Code 41601 and CDE procedures) 	0	NR	
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, 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	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.	1	3	<input type="checkbox"/>
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.	0	2	<input type="checkbox"/>
8.3	The routine restricted maintenance account should be analyzed routinely to ensure that income has been properly claimed and that 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.	0	NR	
8.4	Budget revisions are made on a regular basis, occur per established procedures, and are approved by the Governing Board.	3	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
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.	0	0	<input type="checkbox"/>
8.6	The district should monitor both the revenue limit calculation and the special education calculation at least quarterly to adjust for any differences between the financial assumptions used in the initial calculations and the final actuals as they are known.	0	NR	
8.7	The district should be monitoring the site reports of revenues and expenditures provided.	0	NR	
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.	1	NR	
9.2	Clearly identify one-time source and use of funds.	1	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]	0	NR	
11.1	An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly.	2	3	<input type="checkbox"/>
11.2	Policies and regulations exist for independent study, home study, inter/intradistrict agreements and districts of choice, and should address fiscal impact.	2	2	<input type="checkbox"/>
11.3	Students should be enrolled by staff and entered into the attendance system in an efficient, accurate and timely manner.	4	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	
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.	3	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
11.6	The district should have standardized and mandatory programs to improve the attendance rate of pupils. Absences should be aggressively reviewed by district staff.	3	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.	0	2	<input type="checkbox"/>
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)	3	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.	4	NR	
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.	0	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	1	<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 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.	0	1	<input type="checkbox"/>

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
12.4	The district's payroll procedures should be in compliance with the requirements established by the County Office of Education. Standard accounting practice dictates that the district implement procedures to ensure the timely and accurate processing of payroll.	2	3	<input type="checkbox"/>
12.5	Standard accounting practice dictates that the accounting work should be properly supervised and the work reviewed in order to ensure that transactions are recorded timely and accurately and to allow the preparation of periodic financial statements.	0	NR	
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.	1	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 comply with the procedures and requirements established by the County Office of Education.	0	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.	1	1	<input type="checkbox"/>
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.	3	3	<input type="checkbox"/>
12.10	The accounting system should have an appropriate level of controls to prevent and detect errors and irregularities.	0	2	<input type="checkbox"/>

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
12.11	The district must convert to the new Standardized Account Code Structure. SACS will bring the district into compliance with federal guidelines, which will ensure no loss of federal funds (e.g., Title I, federal class size reduction).	0	NR	
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]	0	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.	4	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.	0	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.	0	NR	
13.5	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.	0	NR	
14.1	A reliable computer program that provides reliable multi-year financial projections is used.	2	NR	
14.2	The district annually provides a multiyear revenue and expenditure projection for all funds of the district. Projected fund balance reserves should be disclosed. The assumptions for revenues and expenditures should be reasonable and supportable. [EC 42131]	2	2	<input type="checkbox"/>
14.3	Multiyear financial projections should be prepared for use in the decision-making process, especially whenever a significant multiyear expenditure commitment is contemplated. [EC 42142]	1	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
14.4	Assumptions used in developing multiyear projections are based on the most accurate information available.	2	NR	
15.1	The district should comply with public disclosure laws of fiscal obligations related to health and welfare benefits for retirees, self-insured workers compensation, and collective bargaining agreements. [GC 3540.2, 3547.5, EC 42142]	0	NR	
15.2	When authorized, the district should only use non-voter-approved, long-term financing such as certificates of participation, 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.	2	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 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.	0	0	<input type="checkbox"/>
16.1	The district should develop parameters and guidelines for collective bargaining that ensure that the collective bargaining agreement is not an impediment to the 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 State Administrator/Governing Board. The State Administrator/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	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
16.2	The State Administrator/Governing Board must ensure that any guideline the district develops for collective bargaining is fiscally aligned with the instructional and fiscal goals on a multiyear basis. The State Administrator/Governing Board must ensure that the district has a formal process where collective bargaining multiyear costs are identified and those expenditures changes are identified and implemented as necessary prior to any imposition of new collective bargaining obligations. The State Administrator/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 resources 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.	0	0	<input type="checkbox"/>
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	
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), and are compatible with county systems with which they must interface.	NA	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
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.	3	NR	
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.	NA	NR	
17.5	Selection of information systems technology should conform to legal procedures specified in the Public Contract Code. Additionally, there should be a process to ensure that needs analyses, cost/benefit analyses, and financing plans are in place prior to commitment of resources. The process should facilitate involvement by users, as well as information services staff, to ensure that training and support needs and costs are considered in the acquisition process.	4	NR	
17.6	Major technology systems should be supported by implementation and training plans. The cost of implementation and training should be included with other support costs in the cost/benefit analyses and financing plans supporting the acquisition.	0	NR	
18.1	The district has a comprehensive risk-management program. The district should have a program that monitors the various aspects of risk management including workers compensation, property and liability insurance, and maintains the financial well being of the district.	6	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
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.	7	NR	
18.3	The district should control the use of facilities and charge fees for usage in accordance with district policy.	1	NR	
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.	6	NR	
18.5	Materials and equipment/tools inventory should be safeguarded from loss through appropriate physical and accounting controls.	9	NR	
18.6	District-owned vehicles should be used only for district purposes. Fuel should be inventoried and controlled as to use.	7	NR	
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]	6	NR	
18.8	Capital equipment and furniture should be tagged as district-owned property and inventoried at least annually.	0	1	<input type="checkbox"/>
18.9	The district should adhere to bid and force account requirements found in the Public Contract Code (Sections 20111 and 20114). These requirements include formal bids for materials, equipment and maintenance projects that exceed \$59,600; capital projects of \$15,000 or more; and labor when the job exceeds 750 hours or the materials exceed \$21,000.	5	NR	
18.10	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 \$59,600; capital projects of \$15,000 or more; and labor when the job exceeds 750 hours or the materials exceed \$21,000.	5	NR	

Financial Management

Standard to be addressed		June 2003 Rating	Dec. 2003 Rating	Focus for June 2004
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	
19.2	The district should operate the food service programs in accordance with applicable laws and regulations.	8	NR	
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.	0	0	<input type="checkbox"/>
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	
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	