

West Fresno

Elementary School District

Assessment and Improvement Plan

Sixth Progress Report
April 2009

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West Fresno Elementary School District

Assessment and Improvement Plan

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Executive Summary

West Fresno Elementary School District Assessment and Improvement Plan

Introduction

The West Fresno Elementary School District Assessment and Improvement Plan Sixth Progress Report, dated April 2009, provides data to the district, community and legislators to assist the West Fresno Elementary School District in building capacity to conduct business operations effectively, and re-establish local governance. The report indicates the progress made by the West Fresno Elementary School District's state-appointed administrator, advisory board of trustees, district administrators and staff in addressing the recommendations for improvement. The project was initiated by the Fiscal Crisis and Management Assistance Team (FCMAT) in July 2003. Previous progress reports were provided to the district, community and legislators in January 2004, July 2004, July 2005, April 2007 and April 2008.

This review and progress report continues the use of FCMAT's legal and professional standards in the assessment process in the operational area of Financial Management only. The initial Assessment and Improvement Plan of July 2003 included all five operational areas (Community Relations and Governance, Personnel Management, Pupil Achievement, Financial Management and Facilities Management) and assessed all aspects of the school district's operations using 357 legal and professional standards. Subsequently FCMAT, in consultation with the California Department of Education (CDE), reduced the number of standards to a subset of 114 standards which, if addressed successfully, would provide the greatest probability for the district to improve and return to local governance.

The same 114 standards have been assessed in each of the subsequent progress reviews conducted in the district, through the fifth progress report issued in April of 2008. Reducing the number of standards has allowed the district to focus its improvement efforts in key areas. **This report contains only the 24 standards for the Financial Management component.**

The report also provides a process and identifies criteria for the eventual return of the district's governance from the State Superintendent of Public Instruction (SPI) to the local board.

The findings presented in this report represent a snapshot of the district at a point in time and are intended to help the district improve its financial management process and its ability to sustain financial solvency. Since the data gathering and fieldwork for this report, the district has continued to address certain areas of concern, making progress that may not be indicated in this report.

As detailed in this report, the district has met the established criteria of an average rating of 6.0, with no individual standard having a rating of less than a 4.0, for the financial management operational area. FCMAT recommends that the State Superintendent of Public Instruction consider returning the financial management operational area to the governing board of the West Fresno Elementary School District.

Historical Summary

On March 6, 2003, Assembly Bill 38 (Reyes) was signed into law. The bill authorized the appointment of a state administrator and provided an emergency state loan of \$2 million to the West Fresno Elementary School District. The legislation required FCMAT to conduct a

comprehensive assessment of the district in five major operational areas. The bill further required FCMAT to file status reports for two six-month periods through June 2004 with various entities, including the Legislature, on the school district's progress in meeting the recommendations of the various improvement plans.

In March 2003, the SPI, in consultation with the Fresno County Superintendent of Schools, appointed a state administrator to the West Fresno Elementary School District to serve as his designee.

Also in March 2003, FCMAT organized a team of independent and external professional experts from both the private and public sectors to conduct a comprehensive assessment of the district and to develop a plan for improvement in five operational areas: Community Relations and Governance, Personnel Management, Pupil Achievement, Financial Management, and Facilities Management. Initial fieldwork in the district was conducted in April and May 2003.

In December 2003, the district accessed \$1.3 million of the \$2 million emergency apportionment made available by Assembly Bill 38. The funds were required to repay the state \$430,000 for a 2001-02 audit finding relating to categorical program noncompliance issues, \$667,000 to offset a negative beginning balance for the 2003-04 fiscal year, and the remainder for lawsuits that were projected to be settled by the end of the fiscal year. The district has not accessed any additional funds from the balance of the state line of credit.

Assembly Bill (AB) 38 provided funding and authorization for the development of the initial comprehensive assessment and improvement plan and two six-month progress reports. AB 2525 provided authorization for FCMAT to use any of its own unexpended balances from fiscal year 2003-04 to develop an annual progress report for the West Fresno Elementary School District. The third progress report was issued to the district on July 1, 2005, one year after the second six-month progress report was provided to the district. Language in the state budget act of 2006 provided authorization for FCMAT to again use any of its own unexpended fund balances to conduct another progress review for the district. A fourth progress report was issued in April 2007, more than a year and a half after the previous report. One year later, in April 2008, a fifth progress report was issued.

This April 2009 progress report is the sixth in a series of progress reports and continues to report on the district's progress in addressing a subset of 24 identified standards. The use of a standards-based assessment process in July 2003 provided a baseline of information concerning district operations, against which improvements made by the district over time have been measured at each progress review period. FCMAT maintained the same review teams through the fifth progress report. The financial management component in this sixth review has been completed by FCMAT staff.

Returning the District to Local Governance

Certain conditions must be met before the West Fresno Elementary School District is returned to local governance. Assembly Bill 38, Reyes, Statutes of 2003, provides specifics regarding the return of the designated legal rights, duties and powers to the district's Governing Board. The authority of the State Superintendent of Public Instruction (SPI) and his administrator designee shall continue in the district until the conditions are met. The return of legal rights, duties and powers to the governing board occurs when the SPI determines that the conditions of AB 38, subdivision (e) have been satisfied.

AB 38 provided specific and direct responsibilities to FCMAT in assisting the SPI with the district's recovery. These duties include the following:

1. FCMAT shall complete the assessment and improvement plans for the district in five designated functional areas: Community Relations and Governance, Pupil Achievement, Personnel Management, Financial Management and Facilities Management.
2. Based upon its progress reports, FCMAT shall recommend to the Superintendent of Public Instruction those designated functional areas of school district operation that are appropriate for the Governing Board of the school district to assume.
3. FCMAT shall file written status reports that reflect the progress the district is making in meeting the recommendations of the improvement plans.
4. FCMAT, after consultation with the administrator, determines that for at least the immediately previous six months the district made substantial and sustained progress in the following functional areas:
 1. Community Relations and Governance
 2. Personnel Procedures
 3. Pupil Achievement
 4. Financial Management
 5. Facilities Management

The 24 standards in the financial management operational area were assessed at each progress review period, and the district's improvement was reported in FCMAT's progress reports issued in January 2004, July 2004, July 2005, April 2007, April 2008, and in this April 2009 report. A relative scaled score was from zero (not met) to a 10 (fully met) was applied to each standard as to completeness. The scores applied to the standards provide a measure of the district's progress toward recovery over time.

The West Fresno Elementary School District is not required to reach a scaled score of 10 in every standard, but is expected to make steady progress that can be sustained, as this is a requirement of AB 38. It is reasonable to expect the district to reach an average rating score of at least six. As the average score of the subset of standards in a functional area reaches a level of six and it is considered to be sustainable, and no individual standard in the subset is below a four,

FCMAT will recommend to the SPI that this particular condition of AB 38 has been met and that the operational area could be considered for return to the governing board. Assembly Bill 38 suggests an incremental return of powers to the district as the conditions in each operational area are met.

Additional conditions specified in AB 38 that need to occur for the return of all legal rights, duties and powers to the district's governing board include the following:

- The state administrator certifies that all necessary collective bargaining agreements have been negotiated and ratified, and that the agreements are consistent with the terms of the recovery and improvement plans.
- The district completes all reports required by the SPI and the state administrator.

The ultimate return of legal rights, duties and powers is based upon the SPI's concurrence with the assessment of his administrator designee and FCMAT that future compliance by the West Fresno Elementary School District with the improvement plans and the multiyear financial recovery plan is probable.

Study Guidelines

FCMAT's approach to implementing the statutory requirements of Assembly Bill 38 is based on a commitment to a standards-based, independent and external review of the West Fresno Elementary School District's operations. For the initial review and first five progress reports, FCMAT performed the assessment and developed the improvement plan in collaboration with four other external providers selected through a competitive process. Professionals from throughout California contributed their knowledge and applied the identified legal and professional standards to the specific local conditions found in the West Fresno Elementary School District.

Prior to beginning work in the district, FCMAT adopted five basic tenets to be incorporated in the assessment and improvement plans. These tenets were based on previous assessments conducted by FCMAT in school districts throughout California and a review of data from other states implementing external reviews of troubled school districts. The five basic tenets are:

1. Use of Professional and Legal Standards

FCMAT's experience indicates that for schools and school districts to be successful in program improvement, the evaluation, design and implementation of improvement plans must be standards-driven. FCMAT has noted positive differences between an objective standards-based versus a non-standards-based approach. When standards are clearly defined, reachable, and communicated, there is a greater likelihood they will be measured and met.

Every standard is measured using a consistent rating format, and each standard is given a scaled score from zero to 10 as to its relative completeness. The following represents a definition of terms and scaled scores. The single purpose of the scaled score is to establish a baseline of information by which the district's future gains and achievements in each of the standard areas can be measured.

Not Implemented (Scaled score of 0)

There is no significant evidence that the standard is implemented.

Partially Implemented (Scaled score of 1 through 7)

A partially implemented standard lacks completeness, and it is met in a limited degree. The degree of completeness varies as defined:

- 1) Some design or research regarding the standard is in place that supports preliminary development. (Scaled score of 1)
- 2) Implementation of the standard is well into the development stage. Appropriate staff is engaged and there is a plan for implementation. (Scaled score of 2)
- 3) A plan to address the standard is fully developed, and the standard is in the beginning phase of implementation. (Scaled score of 3)

- 4) Staff is engaged in the implementation of most elements of the standard. (Scaled score of 4)
- 5) Staff is engaged in the implementation of the standard. All standard elements are developed and are in the implementation phase. (Scaled score of 5)
- 6) Elements of the standard are implemented, monitored and becoming systematic. (Scaled score of 6)
- 7) All elements of the standard are fully implemented, are being monitored, and appropriate adjustments are taking place. (Scaled score of 7)

Fully Implemented (Scaled score of 8-10)

A fully implemented standard is complete relative to the following criteria:

- 8) All elements of the standard are fully and substantially implemented and are sustainable. (Scaled score of 8)
- 9) All elements of the standard are fully and substantially implemented and have been sustained for a full school year. (Scaled score of 9)
- 10) All elements of the standard are fully implemented, are being sustained with high quality, are being refined, and have a process for ongoing evaluation. (Scaled score of 10)

2. Conduct an External and Independent Assessment

FCMAT employs an external and independent assessment process in the development of school district assessment and improvement plans. FCMAT assessment reports present findings and improvement plans based on the external and independent assessment from professional experts and agencies recruited to assist FCMAT in the assessment process. Collectively, these professional experts and agencies constitute FCMAT's providers in the assessment process. Their external and independent assessments serve as the primary basis for the reliability, integrity and credibility of the reviews.

3. Utilize Multiple Measures of Assessment

For a finding to be considered legitimate, multiple sources need to be used to provide the same or consistent information. The assessment and improvement plans are based on multiple measures. Testing, personal interviews, group meetings, public hearings, observations, review and analysis of data all provide added value to the assessment process. The providers are required to use multiple measurements as they assess the standards. This process allows for a variety of ways of determining whether the standards are met. All school district operations with an impact on student achievement, including governance, fiscal, personnel, and facilities, are reviewed and included in the improvement plan.

4. Empower Staff and Community

The development of a strong professional development plan for the board and staff is a critical component of an effective school district. The assessment reports include the importance of a comprehensive professional development plan. The success of the improvement plans and their implementation are dependent upon an effective professional and community development process. For this reason, the empowerment of staff and community is one of the highest priorities, and emphasizing this priority with each of the providers is critical. As a result, a strong training component for board, staff and administration is called for consistently throughout FCMAT's assessment reports.

Of paramount importance is the community's role in local governance. The absence of parental involvement in education is a growing concern nationally. A key to success in any school district is the re-engagement of parents, teachers and support staff. Parents generally care deeply about their children's future, and many are willing to participate in improving their school district and enhancing student learning. The community relations section of FCMAT's assessment reports provides necessary recommendations for the community to have a more active and meaningful role in the education of its children.

5. Engage Local, State and National Agencies

It is critical to involve various local, state and national agencies in the recovery of a school district. This is emphasized by engaging state-recognized agencies as partners to assist with the assessment and improvement process. The city and county interests, professional organizations, and community-based organizations all have expressed and shown a desire to assist and participate in the improvement of the West Fresno Elementary School District.

Study Team

The study team was composed of the following members:

For the Fiscal Crisis and Management Assistance Team -- Administration and Report Writing

Anthony Bridges, Deputy Executive Officer, FCMAT

Debi Deal Fiscal Intervention Specialist, FCMAT

Diane Branham, Fiscal Intervention Specialist, FCMAT

John Lotze, Public Information Specialist, FCMAT

FCMAT would like to acknowledge the cooperation of the state-appointed administrator, advisory board members, and the district's community and staff during the review process.

Summary of Principal Findings and Recommendations

Financial Management

As evidenced by the West Fresno Elementary School District's positive budget certification for the first interim financial report, the district continues to demonstrate the necessary fiscal restraint in the face of declining revenue and economic concerns in California and throughout the nation. The district's cautious financial outlook is the result of careful consideration and the analysis of projected revenues, expenditures, enrollment and other critical economic indicators to sustain its financial solvency. In a time when various economic indicators speak to the uncertainty surrounding the growth of our state's economy, the district continues to operate with reserve levels that exceed the recommended reserves for economic uncertainty. The district has managed its financial resources strategically in an effort to ensure continued academic progress in its programs and services.

It is critical to point out that since 2003 the district has progressively demonstrated the leadership and exercised the necessary financial management strategies to sustain the district's finances. In December 2003, the district accessed \$1.3 million of the \$2 million emergency apportionment made available by Assembly Bill 38. The funds were required to repay the state \$430,000 for a 2001-02 audit finding relating to categorical program non-compliance issues; \$667,000 was used to offset a negative beginning balance for the 2003-04 fiscal year; and the remainder was used for lawsuits that were projected to be settled by the end of the fiscal year. Because of sound financial planning and collaboration by all affected parties in the district, since 2003 no additional funding has been accessed from the balance of the line of credit from the state.

The district has made significant progress since the last progress report was issued in April 2008. Critical business office staff members have remained with the district, resulting in a more experienced and trained staff, more consistent operating procedures, increased collaboration in addressing the district's fiscal recovery, refinement of previously implemented changes and instructional reforms, and a district culture that focuses on addressing the needs of students and the community.

The district will need to direct its efforts toward sustaining its progress by continuing to create and implement formal policies and procedures. Board policies should be continually reviewed and updated, operational and procedural handbooks should be reviewed annually, and staff training should be provided consistently. The district is currently developing a strategy for the thorough review of board policies and administrative regulations.

The district has taken steps to update and provide additional information to parents and the community via the district's Web site. Staff can access the district's budget, including financial reports. This has made the district's budget more transparent.

The district's memorandum of understanding (MOU) with the W.E.B. Dubois Charter School will need to be revised to expand the financial information required by the district so that it can provide appropriate oversight to the charter school. The charter school's reports should include a cash flow statement, an income statement (i.e., an operating statement) and the annual report.

In the area of financial management, a subset of 24 professional and legal standards were identified for ongoing assessment. These 24 standards were assessed in each of the previous progress reviews conducted by FCMAT. An average rating of 6.0 in this subset, with no standard

rated lower than a 4.0, will indicate that the district has met the criteria for the recommended return of this operational area to local governance.

As detailed in this report, the district has met the established criteria of an average rating of 6.0, with no individual standard rated lower than 4.0, for the financial management operational area. FCMAT recommends that the State Superintendent of Public Instruction consider returning the financial management operational area to the governing board of the West Fresno Elementary School District

This summary of the findings and recommendations for this progress review is provided for the financial management operational area only. Three of the four other operational areas (Community Relations and Governance, Personnel Management, and Facilities Management) have been returned to local governance by California Department of Education (CDE). The area of Pupil Achievement remains under the control of the state-appointed administrator. Further detail on each of the individual standards reviewed is provided in the following section of this report.

Financial Management

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 continues to provide mandatory budget reporting on the status of all funds of the district pursuant to board policies and statutory legal requirements. The assistant superintendent of business services makes presentations to the advisory board and the state administrator using PowerPoint software. The budget presentations include the required standardized account code structure (SACS) forms, budget assumptions and global economic variables provided by School Services of California (SSC). Under the guidance of the assistant superintendent, business office staff monitor and make periodic updates on issues that will affect the district's finances monthly. The district's continuing effort to communicate the financial data includes preparing and presenting the adopted budget, first and second interim reports and unaudited actuals at public board meetings before the reports are submitted to the county office or the California Department of Education (CDE). Each report includes a narrative section and meets the statutory reporting time lines.
2. The assistant superintendent for business services provides board members with a high degree of financial information at each board meeting. Financial information is also provided to the state administrator daily, either verbally or via e-mail, using financial reports generated from the county office of education's financial system. The district also communicates budget information in monthly newsletters and provided the team with a sample of the January 16, 2009 issue titled "Money Matters."

The district has developed financial presentations that provide the board with increasingly detailed information regarding budgets and actual financial transactions, thus showing the impact on the district's general fund unrestricted ending fund balance. The board continues to receive written assumptions in a narrative format that is easy to follow, such as a matrix by funding source, including the multiyear projection. The district's uses FCMAT's Budget Explorer multiyear financial projection software to project the financial impact of any significant changes indicated on the SACS forms. This information provides a comprehensive analysis of the district's financial position and engages the board in asking the necessary questions regarding budgetary actions that may have long-term effects on the district's financial solvency.

3. The assistant superintendent for business services continues to monitor state and federal categorical funds for budget purposes, as well as recent audit findings from

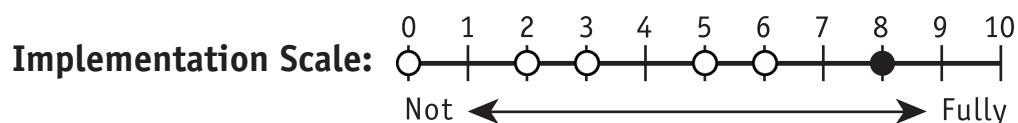
the district's annual audit. The district's new principal has become involved in managing categorical programs to align the instructional goals set by the board with the resources available. This collaboration is ongoing as the district refines this new procedure and regularly monitors instructional outcomes.

4. The district reports budget and financial information to the state administrator and the advisory board monthly, but has not developed written operating procedures that reflect this current practice. The lack of formal written procedures regarding the nature, format and extent of financial reporting are critical to the budget oversight, monitoring and control that is required of districts requiring state intervention. Having this element in place will provide the district with a high degree of success and assist in sustaining the district's financial solvency if there is turnover of business office personnel. In response to this need, the assistant superintendent has assigned each business office staff member the task of memorializing procedures specific to their duties, including budgeting, cash receipts, accounts payable and others. In addition, the assistant superintendent is participating in developing these procedures and identifying a location on the server where the information will be stored. The district's budget reports for the adoption budget and interim financial reports are now accessible to the community on the district's Web site.

5. The district currently provides periodic information regarding cash flow on state reports in the SACS format. Monthly cash flow statements are not prepared regularly. Determining the cash position of an organization is as important as projecting the ending fund balance. Every district under state intervention should follow best practices when evaluating its cash position. The district should provide the state administrator with a cash flow report for all funds at least monthly. This will help the district plan for cash shortfalls before there is an urgent need to borrow funds because its cash balances in all funds are unable to cover current obligations.

Standard Implemented: Fully

July 2003 Rating:	0
January 2004 Rating:	2
July 2004 Rating:	2
July 2005 Rating:	3
April 2007 Rating	5
April 2008 Rating	6
April 2009 New Rating	8



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

Professional Standard

The district should have formal policies and procedures that provide a mechanism for individuals to report illegal acts, establish to whom illegal acts should be reported, and provide a formal investigative process.

Progress on Recommendations and Improvement Plan

1. Board Policy 3400, adopted in 2004, addresses fraud prevention and investigation. This policy establishes the expectation that all employees, board members, consultants, vendors, and other parties who maintain a relationship with the district will act with integrity and due diligence. The policy also establishes that the superintendent or the superintendent's designee shall be responsible for developing internal controls to help detect and prevent fraud or financial impropriety and asks all employees to be alert to any indication of fraud. Instances are to be reported immediately to the supervisor, superintendent, or other designee.

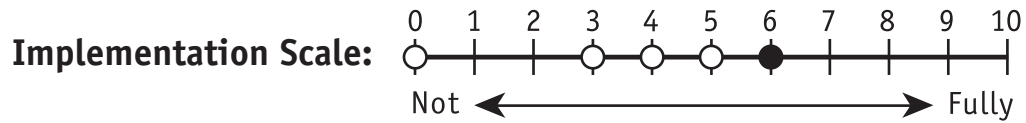
The district also adopted Administrative Regulation (AR) 3400 (a) and (b), which identifies various types of fraud and impropriety and requires the superintendent to investigate all instances while maintaining the appropriate level of confidentiality.

The district should continue its efforts to expand and refine its policies and procedures regarding inappropriate behavior and fraud.

2. The district has posted a whistleblower pamphlet in each school break room in accordance with Labor Code section 1102.5. Employees are provided a hotline number to the state attorney general's office if they have any reason to believe their employer is violating a state or federal statute. The district also maintains a complaint form on its Web site that all employees can access to report any potential violation of federal or state law.
3. The district has complied with the Williams settlement requirement through its notice to parents, guardians, pupils and teachers in July 2007. This notification form is provided in English, Spanish, and Hmong.

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	0
July 2004 Rating:	0
July 2005 Rating:	3
April 2007 Rating	4
April 2008 Rating	5
April 2009 New Rating	6



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 adopted Board Policy 3000, which identifies the board's and the district's responsibility to establish a budget with spending priorities that reflect the district's vision and goals. Board Policy 3100(a) identifies the board's responsibility to adopt a budget that is aligned with the district's vision, goals and priorities.

The district's multiyear financial recovery plan states that the district's priority is to improve academic achievement, sustain a balanced budget and return the district to local governance. The district's budget presentation has not established a clear process to link its educational priorities to the budget. The necessary processes should be added to the legally required adoption budget and interim financial reporting requirements to ensure that the budget is clearly presented to the board in a manner that shows the link between the budget and the educational priorities. The budget document should identify prior year goals and objectives, and their status. These should then become the basis for the current year budget and spending plan, linking expenditures to the implementation of educational priorities.

2. The district has not established a budget advisory committee to provide a financial review of the district's financial operations. However, the district has adopted Board Policy 3100(a), which states that the superintendent shall appoint a community budget advisory committee.

The district should implement the original recommendation to establish a budget advisory committee to review the district's financial operations and management. The district acknowledges the importance of this function but has yet to solicit community members with the necessary expertise to serve. As an interim step, the district's cabinet could emulate an advisory committee by establishing regular agenda items. The current cabinet consists of the director of student services, two site principals, the assistant superintendent, the superintendent, the state trustee, and the director of maintenance, operations, transportation and child nutrition.

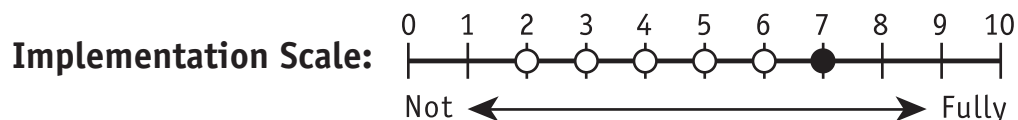
3. The district has adopted board policies requiring that the budget be monitored and aligned with goals and priorities. The district has also implemented procedures to monitor restricted and unrestricted expenditures. The district has established a significant number of operating procedures; however, none of the procedures include a process to review and monitor the relationship between the district's educational priorities and budgeted expenditures.

The budget is not accompanied by a formal document containing the educational goals to measure outcomes. The district has established financial monitoring and reporting procedures that include deadlines, positions and specific responsibilities. Written documentation that identifies the process for measuring and reporting the link between the educational goals and the budgeted expenditures will provide the board of trustees with a complete cycle of board goals and measured outcomes.

4. The Fresno County Office of Education's District Assistance and Intervention Team (DAIT) has been instrumental in formulating the instructional goals for the budget with the principals. The DAIT coordinator is on loan from the county office to help the district align the goals with the budget and ensure that personnel are properly budgeted for all restricted resources. The DAIT coordinator and the assistant superintendent of business services are working closely together to ensure that all personnel costs are aligned with the appropriate resources and that restricted carryover funds are monitored. Both site principals have been extremely responsive to this process and have coordinated their work with the development of school site plans.
5. State and federal laws require the California Department of Education (CDE) to monitor the implementation of categorical programs. In December of 2008, the CDE completed a categorical program monitoring (CPM) visit to the district. The CPM identified findings of noncompliance. The District used the CPM findings to align personnel costs with the proper resources.

Standard Implemented: Partially

July 2003 Rating:	2
January 2004 Rating:	3
July 2004 Rating:	4
July 2005 Rating:	4
April 2007 Rating:	5
April 2008 Rating	6
April 2009 New Rating	7



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

Professional Standard

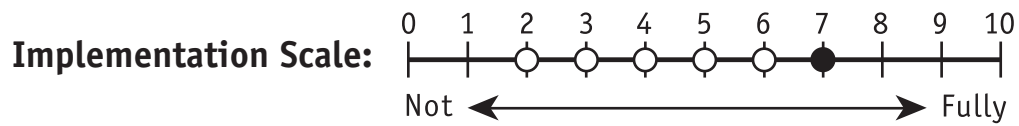
The district must have an ability to accurately reflect its net ending balance throughout the budget monitoring process. The first and second interim reports should provide valid updates of the district's net ending balance. The district should have tools and processes that ensure that there is an early warning of any discrepancies between the budget projections and actual revenues or expenditures.

Progress on Recommendations and Improvement Plan

1. The district continues to monitor revenues and expenditures monthly and to formally review the projected net ending balance at the adoption budget and interim reporting periods. The district also monitors the projected year-end balance in its monthly reporting to the state administrator using the county office financial system's reports, which include the net ending balance.
2. In accordance with Administrative Regulation 3110(a), the district requires that all budget transfers and budget revisions be presented to the state administrator and the governing board. The district has adopted operating procedures for verifying budgets and requesting budget revisions. These procedures require that budget transfers between accounts within the budget be approved by the site administrator or department manager and the assistant superintendent for business services. Budget augmentations must be approved by the superintendent or state administrator. However, the district has not yet formally documented these approval process policies and procedures in a business services guide as a reference. The district has established a hard cap for all purchase requisitions, which means that if funds are not available, the school sites must make budget transfers before they are able to procure materials or services.
 - The district's budget process includes site administrators' participation and feedback on the budget throughout the fiscal year. This helps strengthen site administrators' knowledge and the capacity to understand and manage the budget within the organization. The assistant superintendent for business services meets with the principals monthly to discuss the budget and school site plan requirements. However, to ensure a formal budget process, the district needs to create budget worksheets for each site, including all resources.

Standard Implemented: Partially

July 2003 Rating:	2
January 2004 Rating:	3
July 2004 Rating:	4
July 2005 Rating:	4
April 2007 Rating:	5
April 2008 Rating	6
April 2009 New Rating	7



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. At the time of this review, the district was completing the 2008-09 second interim financial report for the period of July 1 through January 31, 2009. The district provided a budget calendar for budget development and continues to refer to the CDE's financial reporting calendar and the county office's general budget calendar, which contain the majority of recommended items, including the following:
 - Release of the Governor's budget and analysis of its impact on the district.
 - Projection of enrollment and average daily attendance (ADA).
 - Dates for budget advisory committee meetings at the county office of education.
 - Revisions to the preliminary budget for information contained in the governor's May and/or June budget revisions.
 - Dates for public hearings.
2. The district met the time line for the adoption budget and first interim financial report for fiscal year 2008-09. The district has retained qualified staff in the area of school finance and continues to build on the knowledge and experience of those staff members. All statutory budget reporting time lines have been met.

The district created a budget development calendar that identifies specific milestones for the district to meet the statutory reporting time lines. In addition, the district anticipates involving more staff outside of the business office in the upcoming 2009-10 budget development. The district will develop a comprehensive plan that will align the educational goals with the projected budget to ensure that maximum resources are used to meet students' needs. Although board policies have been developed, the district has not established written procedures for budget development.

These procedures should contain information such as dates for worksheet distribution, the projected time line for completing budget development, and who is responsible for the supporting computations.

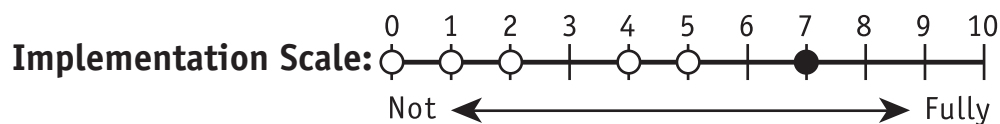
3. In the past, the budget development took place in the business office and included little interaction with site administrators. The district has augmented budget development with the assistance of the county office's District Assistance and Intervention Team (DAIT). The district has been identified under the program improvement model and is a recipient of funding for No Child Left Behind (NCLB): Title I, Part A for federally funded programs. Schools under this program are

monitored and provided with assistance to develop corrective action plans. The county office's DAIT has assisted the district by meeting with the business office staff and principals to properly align categorical programs with the instructional plan.

4. The district's budget development process now involves principals through monthly meetings with the assistant superintendent for business services. The district plans to include all site principals, learning directors and other business office staff in the development of the 2009-10 budget. In previous fiscal years, the district's chief business official (CBO), superintendent and state trustee developed the budget with little or no input from site principals. One factor contributing to this situation was the fact that in the past the district had only one principal for one fiscal year, and none the following fiscal year. However, the district now has principals at both school sites. The middle school principal has uploaded the school's site budget to the Web site, and it is sub-divided by grade level. Faculty and staff members have full online access to view the budget. Remaining balances are continually updated and all budget transfers are approved by the site council.

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	1
July 2004 Rating:	1
July 2005 Rating:	2
April 2007 Rating:	4
April 2008 Rating	5
April 2009 New Rating	7



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

Professional Standard

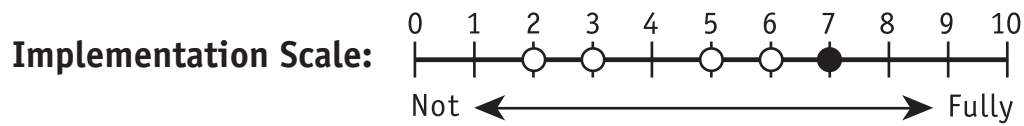
The district should have procedures that provide for the development and submission of a district budget and interim reports that adhere to criteria and standards and are approved by the County Office of Education.

Progress on Recommendations and Improvement Plan

1. The district submitted its 2008-09 adoption budget and first interim financial report on time, meeting the statutory reporting requirements. The district has a preliminary requirement for additional review and approval by the CDE before the budget and interim reports are sent to the county office. The county office has reviewed the district's 2008-09 first interim financial report in accordance with state criteria and standards and has concurred with the district's positive certification. A positive certification indicates that the district will be able to meet its financial obligations for the current and two subsequent fiscal years. (Education Code Section 42131(a) (1).
2. The first interim financial report for the period of July 1 through October 31, 2008 indicates that district is meeting or exceeding the requirement of a 4% reserve in the general fund for economic uncertainties. This does not include the balance of approximately \$800,000 in Fund 17; Special Reserve Fund. The district's budget reflects the changing dynamics of the current state economy and includes assumptions that account for recent declines in student enrollment, including basing the budget on P-2 prior year ADA for 2007-08.
3. The assistant superintendent for business services prepares the district's adopted budget and interim financial reports. The district has adopted board policies and operating procedures to meet the statutory budget reporting requirements. The assistant superintendent for business services continues to train other business office and school site staff to increase their knowledge and experience.

Standard Implemented: Partially

July 2003 Rating:	2
January 2004 Rating:	2
July 2004 Rating:	2
July 2005 Rating:	3
April 2007 Rating:	5
April 2008 Rating:	6
April 2009 New Rating:	7



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.

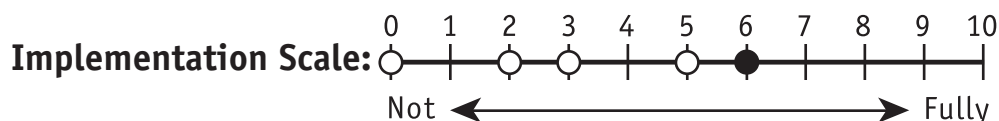
Progress on Recommendations and Improvement Plan

1. The district responded to the individual findings and recommendations in the 2007-08 annual audit report completed by the California state controller's office. The district's responses to all of the audit findings are included in the audit report and may require additional follow-up. This is an ongoing process and the district has audit findings that have carried over from two previous audits.

Although the district's responses meet the basic elements of the standard, no written corrective action plan exists other than the responses included in the audit. Finding 08-16 in the 2007-08 audit indicates that the district provided inaccurate and incomplete documentation to support instructional minutes. This finding is a repeat of findings 06-13 and 07-14 in the two previous fiscal years. Although the number of audit findings and recommendations have been substantially reduced through the diligent efforts of the district's assistant superintendent of business, a multi year corrective action plan should be completed. The corrective action plan should be a separate document from the actual audit and should contain all current findings and their status, and a schedule of the prior year findings that includes the updated status for each finding. The district should request an electronic copy of the audit to help complete the corrective action plan.

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	0
July 2004 Rating:	2
July 2005 Rating:	3
April 2007 Rating:	5
April 2008 Rating:	6
April 2009 New Rating	6



8.1 Budget Monitoring—Encumbrance of Over Expenditures

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 continues to track financial transactions using the county office online financial system, which allows users to enter purchase requisitions online.

The system allows purchase requisitions to be prepared, authorized, and routed online, and the district's purchases are initiated by site-level staff, who have access to the online system. Site administrators receive a manual three-part purchase requisition from teaching staff, and school office staff enter information into the system and present the hard copy and appropriate backup to the site administrator for approval. The site administrator signs the hard copy and submits it to the business office. One account technician in the business office reviews the requisition and verifies that the budget has sufficient funds. A purchase order is then produced from the system and forwarded to the state administrator or assistant superintendent for business services for approval and signature.

The system allows online budget transfers, and all budget transfers and/or changes are submitted to the board monthly and during the interim reporting process.

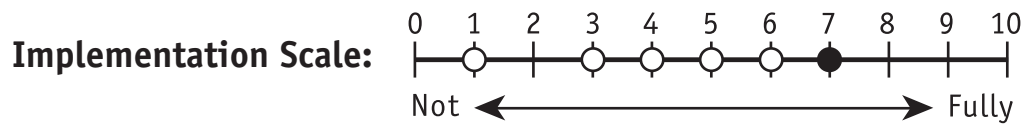
2. The county office financial system's purchasing module identifies when there are insufficient funds in an account for a purchase requisition or order. The district recently requested that the financial system's parameters be set with a hard code warning, which prevents a purchase requisition or expenditure from being processed if sufficient funds are not available. This function helps improve efficiency and provides maximum internal control over purchases.

The hard code warning was implemented in January 2008, and a review of current financial reports from the county financial system shows budgeted line items that have been overspent in several areas. The district should review and adjust the budgets or journal expenditures as appropriate to eliminate the overspent line items. The district does not encumber salaries and benefits on the financial system software.

3. The district has not fully implemented the position control system for budgeting and accounting; however, district personnel are piloting a new position control system and the district anticipates full implementation in 2009-10 fiscal year.

Standard Implemented: Partially

July 2003 Rating:	1
January 2004 Rating:	3
July 2004 Rating:	4
July 2005 Rating:	5
April 2007 Rating:	5
April 2008 Rating:	6
April 2009 New Rating	7



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 over expenditures of budgeted amounts. Revenue and expenditures should be forecast and verified monthly.

Progress on Recommendations and Improvement Plan

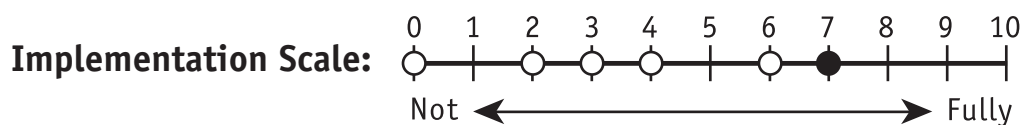
1. The district provides site principals, department directors and program managers with online access to their budget information. The district has progressed to a site-based budgeting process that requires site administrators to be involved in budget development and be responsible throughout the fiscal year for their respective budgets.

The district continues to address site and department managers regarding budget accountability to assist them in developing, managing and monitoring site budgets. The budget development process and calendar should include the site and 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 goals. This would foster fiscal accountability among the managers and increase budget monitoring.

2. The district has established online requisitioning and budget monitoring for all site administrators and staff. The access for budget monitoring is read-only but has helped the district create a more efficient budget process and distribute the fiscal responsibility to the sites. Site staff have been trained to access their site budgets and run the appropriate reports, if needed

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	2
July 2004 Rating:	3
July 2005 Rating:	3
April 2007 Rating:	4
April 2008 Rating:	6
April 2009 New Rating:	7



8.5 Budget Monitoring—Position Control

Professional Standard

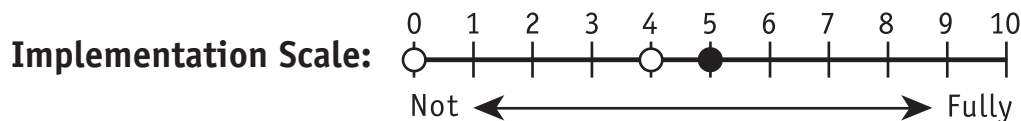
The district uses an effective position control system, which tracks personnel allocations and expenditures. The position control system effectively establishes checks and balances between personnel decisions and budgeted appropriations.

Progress on Recommendations and Improvement Plan

1. The district has implemented the county office financial management system, including the personnel module.
2. The district continues to make progress on implementing position control using the county office financial system. This software module allows the district to more easily budget, track, and project positions, salary and benefit costs, and step and column costs. These features can improve the accuracy of the district's budgets and strengthen the district's control over personnel costs. Once position control is implemented, it will be important to maintain the position control file. To that end, the district should identify an employee who is responsible for maintaining and updating position control regularly.
3. The full implementation of this module will provide stronger internal controls for payroll, human resources and budget data in an integrated system that will show the same number of employees and FTEs, the step and column on the salary schedule for those employees, and accurate salary and benefit information. An integrated position control system will also provide a stronger foundation for budgeting and financial projections.

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	0
July 2004 Rating:	0
July 2005 Rating:	0
April 2007 Rating:	0
April 2008 Rating:	4
April 2009 New Rating:	5



11.1 Attendance Accounting—Accuracy of Attendance Accounting System

Professional Standard

An accurate record of enrollment & attendance is maintained/reconciled at the sites monthly.

Progress on Recommendations and Improvement Plan

1. The district has adopted board policies and administrative regulations regarding daily attendance procedures and has created a desk manual for attendance accounting and monthly attendance reconciliation.
2. The district has developed written attendance accounting procedures and has documented the roles and responsibilities of site secretaries, teachers, site administrators, the database administrator and other staff members.

The district has trained staff and provided written instructions to site staff. Teachers receive new employee orientation when they are hired. The attendance accounting staff member has provided training for new teachers. At the beginning of each school year, the district provides a review of changes in policies, procedures or legislation for all teachers, including new teachers. The district is continuing to develop training for teachers and other site-level staff. School office staff continue to be retrained in all attendance procedures, from the beginning of enrollment through auditing controls.

3. The Aeries attendance software system allows the district to verify the accuracy of information and identify errors or inconsistencies. The attendance accounting technician reviews error reports generated by the system and provides this information to the assistant superintendent. Both of these staff members discuss the monthly error reports and review them together. The assistant superintendent provides direction for following up with site staff to make corrections. The district is working on accountability at the site level. Noted errors and omissions are forwarded to the state administrator, who then reviews the matter with the site principal to ensure follow-up and correction. The district is working to retrain site staff on the attendance software to decrease errors in attendance reporting.
4. The district has decentralized daily attendance accounting procedures. Each week, the business office staff review the data that is compiled and entered into the system at the sites based on reports generated from the student system. As with any new process, the district is providing the sites with more support than it expects will be needed in the future. The number of errors that need correcting and the timeliness of the information are less than acceptable at this time.

The district has statutory responsibilities regarding student absences and follow-up on those absences when they are unexcused. It is vital that the district maintain internal controls in this area to ensure that students are in school as required. When students are not in school, they are not learning.

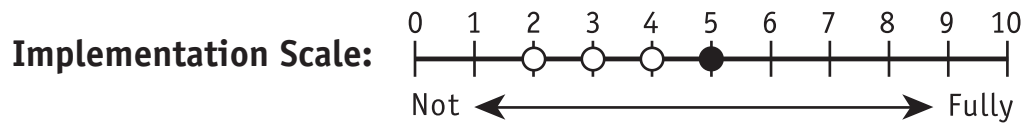
There have been many challenges in decentralizing attendance accounting. The district's annual audit by the state controller's office includes specific findings,

including 08-14, which states that the district has insufficient controls over the Aeries attendance system. Supporting documentation indicated that the system allowed posting entries after the attendance reporting period. The school sites did not provide follow-up reporting information documenting any changes made to the attendance software after the close of the reporting period. These types of errors caused the district to submit revised J18-19 P-2 attendance reports to the state.

In October 2008, the district activated system security controls to prevent future data changes after the close of the attendance reporting period. To eliminate future audit findings, the district will need to provide additional training and written procedures that document changes to attendance data.

Standard Implemented: Partially

July 2003 Rating:	2
January 2004 Rating:	3
July 2004 Rating:	3
July 2005 Rating:	4
April 2007 Rating:	5
April 2008 Rating:	5
April 2008 New Rating:	5



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

Professional Standard

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

Progress on Recommendations and Improvement Plan

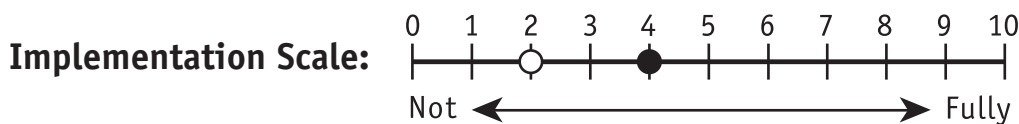
1. With regard to independent study procedures, the district has not adopted written board policies and administrative regulations that meet the requirements of Education Code Section 51747 and make the district eligible for state apportionment for this program.

The district should establish a board policy regarding independent study and home study. School sites have been trained and provided documentation regarding attendance procedures. The district office monitors and verifies with the school sites any changes to attendance data following audit findings by the state controller's office. According to the district's J18-19 attendance report, the district does not currently report ADA for independent study or home school students.

2. The district has inter- and intra-district policies in place.

Standard Implemented: Partially

July 2003 Rating:	2
January 2004 Rating:	2
July 2004 Rating:	2
July 2005 Rating:	4
April 2007 Rating:	4
April 2008 Rating:	4
April 2009 New Rating:	4



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 continues to update training materials regularly with the changes in the Aeries attendance system. Based on numerous audit findings, the district needs to continue documenting bell schedules and meeting instructional time requirements for the 2008-09 fiscal year. The school site administrators and staff are responsible for verifying that the bell schedules and school calendar result in the district meeting the various instructional time requirements for the number of days, minimum days and annual minutes. The district also performs internal audits of the bell schedules.

In addition, every teacher and office staff member received office procedures for student database management and the attendance accounting system. These procedures include the following information:

- Role of attendance accounting
- Enforcing compulsory attendance
- Site administrator and staff responsibilities
- Classroom instructor reporting requirements
- Online attendance procedures
- Enrollment and registration forms
- Registration checklist
- Social services\family resources
- Class schedules
- Free and reduced price lunch applications
- Entering enrollment data
- Health and medical
- Student transfers\drops
- Tardiness
- Suspensions\temporary removals

The district has documented standard operating procedures in a document called *Student Attendance Aeries Quick Notes*. This document is a quick guide to using the Aeries attendance system online and guides the user or classroom staff. The district's 2007-08 independent audit report contained six audit findings related to attendance. Continued training should help the district avoid future audit findings.

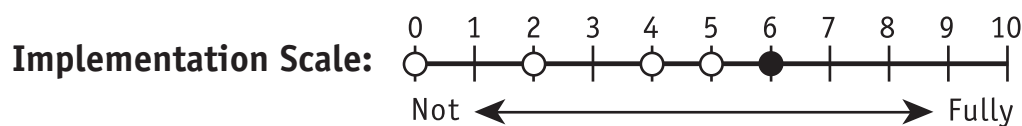
A district-developed pamphlet provides information and assistance to substitute teachers. The district has attempted to reinforce the importance of attendance accounting for teachers, substitutes and site administrative staff by identifying attendance accounting as a responsibility in the job duty statements and identifying individual responsibilities for attendance accounting by position.

The district should continue to update its office procedures and training materials for student database management annually to include changes in the attendance system and attendance accounting laws and regulations. At this time, it is imperative that all staff be aware of the changes in responsibilities for those involved in attendance accounting.

3. The attendance accounting technician provides training to site staff before the start of the school year and is a resource throughout the year. The district should continue to have the accounting technician provide this training at the beginning of each school year to refresh teachers and administrative staff in appropriate attendance procedures; the use of the attendance system; and changes in the attendance system, laws, regulations and local procedures.

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	2
July 2004 Rating:	2
July 2005 Rating:	4
April 2007 Rating:	5
April 2008 Rating:	5
April 2009 New Rating:	6



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

Professional Standard

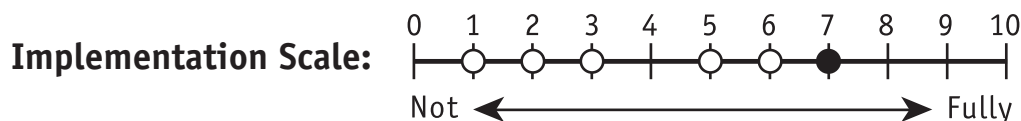
The district should timely and accurately record all information regarding financial activity for all programs (unrestricted and restricted). Generally Accepted Accounting Principles (GAAP) require that in order for financial reporting to serve the needs of the users, it must be reliable and timely. 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. According to the district's independent audit report for the year ending June 30, 2008, the district's financial statements in all material respects fairly present the financial position of the government activities, each major fund, and changes in the financial position for the year ended, and are in conformity with generally accepted accounting principles (GAAP).
2. Based on the district's submittal of the adoption budget and first interim financial report, the Fresno County Office of Education concludes that the district has met the statutory time lines and concurs with the district's positive certification.

Standard Implemented: Partially

July 2003 Rating:	1
January 2004 Rating:	1
July 2004 Rating:	2
July 2005 Rating:	3
April 2007 Rating:	5
April 2008 Rating:	6
April 2009 New Rating	7



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 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.

Progress on Recommendations and Improvement Plan

1. The district uses a cash receipt journal and segregates the cash receipt function from the journal function. The county office performs the monthly cash reconciliation, and staff receive an electronic confirmation notice that cash has been balanced on the given date. The district's cash balance always agrees with the county treasurer; items are never shown as in transit. The district should request copies of the reconciliations from the county office.
2. The district currently relies on reports from the financial system to estimate available cash, based on the deposits and warrants at a given point in time. The assistant superintendent for business services performs a cash/bank reconciliation monthly using the cash receipts log, cash receipts journal, general ledger cash account, deposit slips, remittance advices and bank statements. The district currently completes this reconciliation for student body and revolving funds monthly. However, the cash in the county treasury is reconciled by the county office. It is the district's responsibility to request copies of the cash reconciliation from the county office.
3. The district is not completing a monthly cash flow spreadsheet. As the state struggles with its own cash flow crisis, school district apportionments will be directly affected in 2008-09 and future fiscal years. The following deferrals have been enacted into state legislation and are included in the 2009-10 cash flow projections:

<u>Apportionment\Funding</u>	<u>Deferral</u>
60% principal apportionment	July 2009 to October 2009
55% principal apportionment	August 2009 to October 2009
50% principal apportionment	February 2010 to July 2010
100% principal apportionment	June 2010 to July 2010
50% K-3 class size reduction funding	February 2010 to July 2010

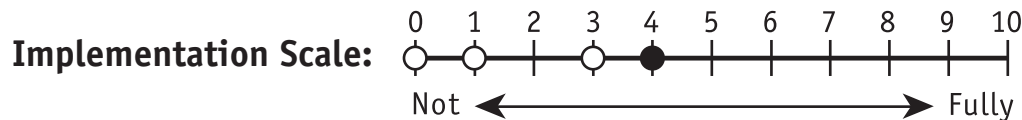
The purpose of a cash flow statement is to project the timing of receipts and expenses so the district can understand its cash needs monthly or even daily. The cash flow

statement reflects the district's liquidity and ability to meet its current payroll and other required obligations. As an analytical tool, the cash flow analysis should not be confused with the district's budget and fund balance; it excludes transactions that do not directly affect cash receipts and payments.

Any forecast of financial data for cash flow purposes has inherent limitations, including issues such as unanticipated changes in enrollment trends and changing economic conditions at the state, federal and local levels. Therefore, the cash flow forecasting model should be evaluated as a trend based on certain criteria and assumptions rather than a prediction of exact numbers. Multiyear cash flow projections help provide for more informed decision-making and the ability to forecast the fiscal impact of current decisions. Cash flow projections should be updated monthly to accurately account for all revenues, expenditures and other changes related to cash.

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	1
July 2004 Rating:	1
July 2005 Rating:	3
April 2007 Rating:	4
April 2008 Rating:	4
April 2009 New Rating:	4



12.4 Accounting, Purchasing, and Warehousing—Accounting Procedures: Payroll

Professional Standard

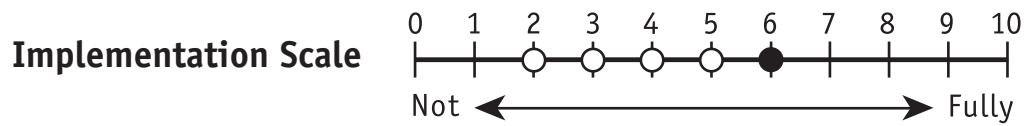
The district's payroll procedures should be in compliance with the requirements established by the County Office of Education. Standard accounting practice dictates that the district implement procedures to ensure the timely and accurate processing of payroll.

Progress on Recommendations and Improvement Plan

1. The district's account technician tracks employee absences electronically and enters them into the financial system so that payroll checks include the current balances. The district has implemented the county office system for tracking leave balances. The district has improved internal controls by ensuring that employees sign for their paychecks when picking them up and maintaining the signature sheet with the monthly payroll documentation.
2. The district has established board policies covering all aspects of employee payroll and leave absences, including procedures for processing weekly employee attendance. The district has also established standard operating procedures 2010 and 2020, which have been revised to identify the forms that must be processed and to include an outline of employees' responsibilities for requesting and reporting all types of leave. The procedures also require personnel office staff to perform a monthly audit to ensure the accuracy of the information submitted.
3. Although this may not be the time to purchase a substitute calling system, the district should inquire regarding a third-party substitute calling system that could interface with the county office system. This capability would further strengthen internal controls in this area, as well as increase efficiency and reduce errors. A properly interfaced system could automate substitute pay, update permanent employee leave balances and dock pay as needed.

Standard Implemented: Partially

July 2003 Rating:	2
January 2004 Rating:	3
July 2004 Rating:	3
July 2005 Rating:	4
April 2007 Rating:	4
April 2008 Rating:	5
April 2009 New Rating:	6



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

Professional Standard

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

Progress on Recommendations and Improvement Plan

1. The district has in place formal policies that identify and require compliance with Public Contract Code provisions. The district established the following board policies related to purchasing:
 - Board Policy 3311 requires the superintendent or a designee to establish effective purchasing procedures to obtain the best value and comply with all applicable laws. It also requires that all purchases be made by contract or purchase order and supported by a receipt.
 - Board Policy 3311(a) requires purchases of equipment, supplies and services when required by law and in accordance with statutory bidding requirements and procedures. In addition, the policy establishes that the board may require competitive bids even if not required by law, and authorizes the use of piggyback bids and prequalification.
 - Administrative Regulation (AR) 3311(a) through (f) requires the district to seek competitive bids for all contracts for public works projects costing \$15,000 or more, and for all nonpublic works contracts exceeding the bid threshold established annually by the superintendent of public instruction (SPI) pursuant to Public Contract Code section 20111. In general, AR 3311 requires compliance with all applicable laws and regulations.
 - Board policies 3212(a) through 3212.2(b) require that all contracts be approved by the board. These policies also define the various types of circumstances giving rise to contracts and how each should be handled.
2. In addition, the district has established procedures related to bidding, purchasing and vendor ethics; instructions to bidders; bid thresholds; purchases with bids; and purchases over the bid threshold.

The district has also segregated responsibilities. Site administrators and department managers initiate and approve purchase requisitions; one designated account technician converts the requisition to a purchase order; and all purchase orders must be reviewed and approved by the assistant superintendent for business services and/or the state administrator.

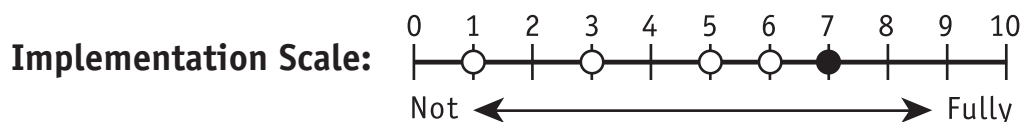
Any procured supplies are transported to the district office and then delivered to the site by a designated custodial staff member. The appropriate site staff member verifies the quantity and quality and signs the packing slip. The custodial staff member then returns the packing/receiving slip to the business office, where it is filed with the purchase order. When the accounts payable technician (a different technician than the one who establishes the purchase order) receives the invoice, the technician matches it to the purchase order and receiving document and prepares payment. The assistant superintendent for business services and/or the state administrator review and approve payment.

The district should develop formal desk manuals and train all affected employees in the implementation and use of the procedures and desk manuals. Each employee in the business office is establishing a desk manual for his or her respective area, but the district does not have a time certain for completion of the desk manuals.

3. The district does not have a warehouse but has designated a secure area for receiving and storing goods in the office. The packing slips are used as receiving documents and consistently identify the date received, quantity and condition or quality, and the signature or initials of the person receiving the goods at the district office or site. If a packing list is not available, a copy of the invoice is used as a packing slip.
4. As of January 2008, the district has implemented a hard code rejection in its online financial management software so that purchase requisitions cannot be created or sent when there are insufficient funds in the identified account.

Standard Implemented: Partially

July 2003 Rating:	1
January 2004 Rating:	1
July 2004 Rating:	1
July 2005 Rating:	3
April 2007 Rating:	5
April 2008 Rating:	6
April 2009 New Rating:	7



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

Professional Standard

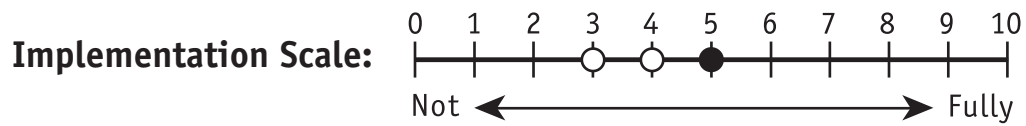
The district has documented procedures for the receipt, expenditure, and monitoring of all construction-related activities. Included in the procedures are specific requirements for the approval and payment of all construction-related expenditures.

Progress on Recommendations and Improvement Plan

1. The district has not updated policies to reflect the latest changes to the education code related to the state facilities program. The district has adopted board policies 7000 through 7310 for facilities, which include items related to various financing mechanisms; however, these policies do not address the state facilities program.
2. The district uses the *Bidding and Contract Handbook* produced by the Fresno County Office of Education for fiscal monitoring and accounting related to construction projects and construction-related bidding activities. The district should establish a set of procedures to be followed for proper accounting of all construction-related activities. Once the procedures are developed, the district should provide in-service training to all district staff who are responsible for any aspect of construction-related activities. The district should also provide the procedures to consultants and contractors so that they have a full understanding of what is required of them when they submit documentation to the district.
3. The district currently maintains a separate spreadsheet database by project but uses it only for closing out projects and accounts. The district provided documentation regarding the West Fresno Middle School construction project for the shower and locker facilities. The district has received a close-out letter for this project from the Office of Public School Construction (OPSC).
4. The district has received funding under the Williams lawsuit for the emergency repair program through the Office of Public School Construction. Revenues are posted in the general fund and are identified by a defined resource 6225 for construction related activities to account for all transactions. The district provided a budget detail report depicting the approved, revised and working budget, year-to-date revenues and expenditures, and unencumbered amounts by site.

Standard Implemented: Partially

July 2003 Rating:	3
January 2004 Rating:	3
July 2004 Rating:	3
July 2005 Rating:	4
April 2007 Rating:	4
April 2008 Rating:	5
April 2009 New Rating:	5



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

Professional Standard

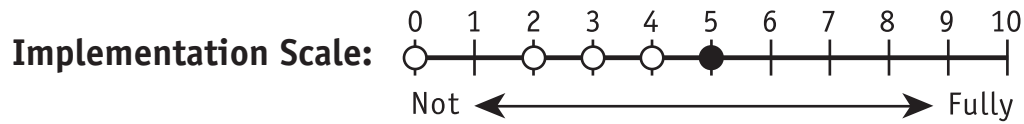
The accounting system should have an appropriate level of controls to prevent and detect errors and irregularities.

Progress on Recommendations and Improvement Plan

1. The district's management should adopt processes for developing budget and accounting projections for all classes of accounting transactions that affect the district's financial statements. Many factors may affect the risk of material misstatement in the financial records, including the availability of reliable data. The district has not completed the development of comprehensive policies and procedures for each accounting transaction cycle and activity performed by the business office. Fully developed policies and procedures would provide staff with resources and training material to ensure the timely and accurate processing and production of financial information, which is vital to monitoring and controlling the budget. Accounting policies, procedures, and controls are tools that help ensure that transactions are processed on time and accurately; that financial information is reported appropriately and is free from misstatement; and that assets are protected from theft or misappropriation.
2. The district continues to enforce board policy and implement procedures to require purchase orders and the encumbrance of funds for all contracts and purchases. The district ensures that all site administrators and managers are aware of the district policies.
3. The district should continue its efforts to develop comprehensive policies and procedures for all major transaction cycles and activities performed by the business office. The district should work with the county office, the CDE, its auditors, and, if necessary, outside consultants, in developing these procedures to ensure that they are sufficiently comprehensive and include essential internal controls.
4. The district is assessing staff technical skills and knowledge and developing a comprehensive training plan that provides extensive and ongoing training for business office staff. Training needs are being coordinated with individual job descriptions and duties, which have been updated. Based on these job functions, the district should establish required, recommended and optional training. Training should be structured to accomplish the following:
 - Ensure and sustain minimum competency.
 - Promote the acquisition of higher levels of technical knowledge and proficiency.
 - Prepare employees for career advancement.

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	2
July 2004 Rating:	3
July 2005 Rating:	4
April 2007 Rating:	5
April 2008 Rating:	5
April 2009 New Rating	5



14.2 Multiyear 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. The district prepares multiyear projections as required for the adoption budget and interim financial reports, using Budget Explorer Web-based software. The software has the ability to create projections beyond the current and two subsequent fiscal years, and the district can use this capability. The district is currently providing additional information regarding changes in budget assumptions, budget transfers, and changes at the periodic reporting periods. The district prepares multiyear financial projections for the general fund. However, the district has also provided its multiyear recovery plan, which covers more than two subsequent years and includes other funds and some information regarding the underlying assumptions and rationale. Because of potential cash shortfalls in Fund 25, capital facilities, the district provided documentation to support a multiyear analysis for this fund.
2. The district should continue to develop at least the required two-year financial projection for the periodic reporting period. The district provided a projection for more than the required number of subsequent years in the first interim report, which provides comprehensive information about the long-term sustainability of current financial decisions. These projections can be used to help plan the operations and required budget allocations for various district programs. The projections should also be used to identify potential fiscal issues and to craft appropriate responses to long-term planning or collective bargaining issues

The district provides budget assumptions and rationale so that the economic factors associated with the state budget are accurate and current. The documentation includes assumptions and a rationale for revenues and expenditures, and identifies information such as the following:

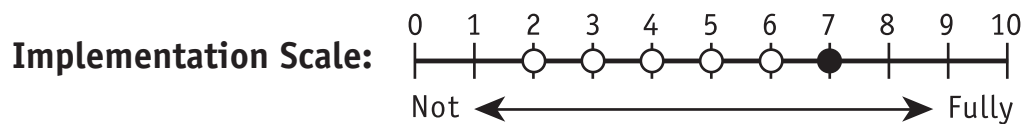
- Enrollment growth or decline.
- The ratio of average daily attendance (ADA) to enrollment.
- Projected ADA.
- Cost of living adjustments (COLAs) for revenue limit and state and federal categorical funding.
- Deficit factors for revenue limit and state categorical COLAs.
- Changes in categorical program participation, changes in local revenues (interest, lease/rental income, donations).

- Projection of step and column costs.
- Salary adjustments.
- Basic staffing ratios.
- Changes in staffing.
- Number of retirements.
- Cost factors related to the various expenditure objects.

As the district works to align resources with educational goals, it will need more information. The district should maintain worksheets and other supporting documents used to develop the multiyear projections.

Standard Implemented: Partially

July 2003 Rating:	2
January 2004 Rating:	2
July 2004 Rating:	3
July 2005 Rating:	4
April 2007 Rating:	5
April 2008 Rating:	6
April 2009 New Rating	7



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

Professional Standards

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

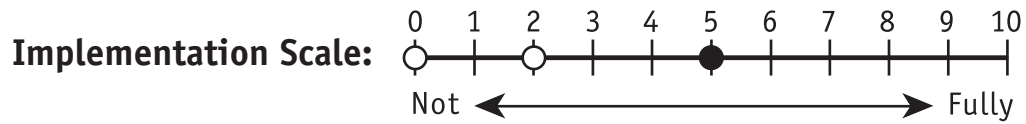
1. The district has long-term debt schedules for each of its debt obligations. However, it would be beneficial to incorporate all of the long-term debt schedules into a summarized schedule for use in the multiyear projections. In addition, the debt schedules did not provide information regarding funding sources to service the long-term obligations.

The district should continue to prepare and update the long-term debt schedule and identify the funding source for each long-term obligation. This information should be provided to the state administrator, and funds should be budgeted accordingly. The district should conduct an annual rate analysis to determine if any economies of scale can be realized through refinancing.

2. The district does not prepare monthly long-term debt cash flow statements that identify the source of funds. For long-term debt, the district should prepare monthly cash flow statements that identify receipts, disbursements, and the source of the funds. Through the county office financial system, the district has access to cash flow statements beginning in the 2007-08 fiscal year.

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	0
July 2004 Rating:	0
July 2005 Rating:	2
April 2007 Rating:	2
April 2008 Rating:	5
April 2009 New Rating:	5



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

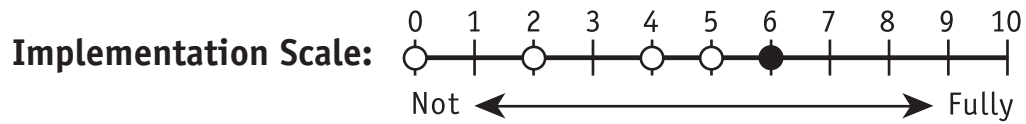
1. The district does not have established policies and procedures regarding negotiations or the district's representation in negotiations. In addition, there are no policies or procedures that require potential bargaining positions be identified prior to the start of negotiations. However, the district is required to provide all settlement items to the budget/accounting office for analysis, including identification of current and ongoing costs and the effect on the district's financial position. Under AB 2756, the details of any tentative settlement agreement must be reviewed and submitted to the county office and, because of state intervention, to the CDE for approval to ensure that the agreement is fiscally sound. The district is required to meet its financial obligations for the current and two subsequent fiscal years under any tentative agreement.

The district should establish policies and procedures that comprehensively address negotiations, including the responsibilities and participation of staff and the need to ensure the financial feasibility of proposed bargaining positions and settlements. Because of the current state budget crisis, negotiations have been delayed until the governor's budget is adopted and revised. The district's contract with the West Fresno Teachers Association/California Teachers Association (CTA) ended on June 30, 2008. The collective bargaining agreement with the California School Employees Association (CSEA) is in effect through June 30, 2010.

2. The assistant superintendent for business services analyzes any proposed settlements in accordance with both AB 1200 and AB 2756 to ensure that the district can fund the obligations for the current year and on an ongoing basis. However, there is no formal policy or procedure requiring this review and analysis. This item should be addressed in the policies and procedures recommended in item No. 1 above.

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	0
July 2004 Rating:	2
July 2005 Rating:	2
April 2007 Rating:	4
April 2008 Rating:	5
April 2009 New Rating:	6



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.

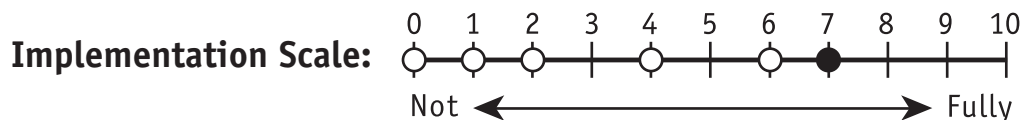
Progress on Recommendations and Improvement Plan

Standard Implemented: Partially

1. The district completed a fixed asset inventory for the 2007-08 fiscal year and is maintaining and updating the inventory of fixed assets on the standardized account code structure (SACS) system. The district maintains and updates fixed assets on the county office financial system, which has a depreciation function. The district has a board policy and operating procedures regarding fixed assets inventory, including operating procedures related to preparing the fixed asset acquisition and fixed asset disposal worksheets. The district is working on a new process that will include annual classroom inventories by the certificated staff.
2. The district has completed the tagging and inventory of all fixed assets through June 30, 2008 in accordance with Administrative Regulation 3440(a), which requires the district to conduct a physical inventory at least once every two years.

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	1
July 2004 Rating:	1
July 2005 Rating:	2
April 2007 Rating:	4
April 2008 Rating:	6
April 2009 New Rating:	7



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 is the sponsoring agency for the W.E.B. Dubois Charter School, which serves students in grades 1-12. The district has academic and fiscal oversight responsibilities and is having difficulty acquiring financial information from the charter. The district has adopted policies regarding the review, approval and oversight of its charter schools. The board policies and administrative regulations include the following fiscal provisions:
 - Administrative Regulation 420.4(a)—General: Requires the board to ensure that the charter contains adequate processes and measures for holding the charter school accountable for fulfilling the charter terms, including fiscal accountability.
 - Administrative Regulation 420.4—Petition: Requires petitions to include the following:
 - Identification of how annual independent financial audits shall be conducted and how deficiencies will be corrected.
 - Financial statement that includes the proposed first year operational budget, startup costs, cash flow and a three-year financial projection.
 - Administrative Regulation 420.4—Revocation: Allows a charter to be revoked if the school fails to follow generally accepted accounting principles or engages in fiscal mismanagement.
 - Administrative Regulation 420.4—Operating Requirements: Requires charter schools to prepare and submit financial reports to the district or board annually, consistent with the reporting cycle for California school districts. This reporting includes the preparation and submission of a budget, first and second interim reports, unaudited actuals and an annual financial audit.

The district continues to make efforts to obtain financial information from the charter school. Education Code Section 42100 requires charter schools to submit their financial data to the district. The district reviews each of the required reports received at the periodic reporting periods, then issues a letter with comments and questions regarding the financial information submitted by the charter. The district should

implement board policies regarding the review, approval and oversight of its charter schools.

2. The district is revising its charter agreements and should incorporate additional fiscal oversight requirements prior to the renewal of the charter school's current petition. It is imperative that a clause be included that requires the charter school to regularly submit reports to the district office for monitoring by the district. The reports should include a cash flow statement, an income statement (i.e., operating statement) and the annual audit report. The charter school should submit these reports to the district in accordance with the statutory time lines that the district is required to report.

The district should revise its charter agreements in the form of a memorandum of understanding (MOU) that clearly requires financial information to be submitted by charter schools so that the district can fulfill its oversight obligations.

Standard Implemented: Partially

July 2003 Rating:	0
January 2004 Rating:	0
July 2004 Rating:	0
July 2005 Rating:	2
April 2007 Rating:	2
April 2008 Rating:	4
April 2009 New Rating:	5

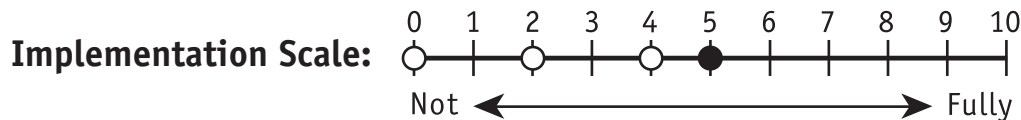


Table of Financial Management Standards

Progress Ratings Toward Implementation of the Improvement Plan

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
1.6	The district should have procedures for recruiting capable financial management and staff and hiring competent people. (SAS-55, SAS-78)	0						
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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	2	3	5	6	8
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 print-outs.	0						
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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	0	3	4	5	6
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						
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
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						
4.3	Qualified staff should be assigned to conduct internal audits and be supervised by an independent body, such as an audit committee.	0						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
5.2	The budget development process should include input from staff, administrators, the board and community.	0						
5.3	Policies and regulations exist regarding budget development and monitoring.	0						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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	4	4	5	6	7
5.6	The district should have a Governing Board budget development process (policy) as it relates to the development of expenditure policies.	2						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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. Carry-over and unearned income of categorical programs should be monitored and evaluated in the same manner as general fund unrestricted expenditures.	3						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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	4	4	5	6	7
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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	1	2	4	5	7
6.3	Standardized budget worksheets should be used in order to communicate budget requests, budget allocations, formulas applied, and guidelines.	0						
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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	2	3	5	6	7
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
7.7	The district should arrange for an annual audit (single audit) within the deadlines established by Education Code Section 41020.	5						
7.8	Standard management practice dictates the use of an Audit Committee.	0						
7.9	The district should include in its audit report, but not later than March 15, a corrective action for all findings disclosed as required by Education Code Section 41020.	0	0	2	3	5	6	6

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
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	4	5	5	6	7

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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	3	3	4	6	7
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						
8.4	Budget revisions are made on a regular basis, occur per established procedures, and are approved by the Governing Board.	3						
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	0	0	0	4	5

The identified subset of standards appears in bold print.

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
8.7	The district should be monitoring the site reports of revenues and expenditures provided.	0						
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						
9.2	Clearly identify one-time source and use of funds.	1						
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						
11.1	An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly.	2	3	3	4	5	5	5
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	2	4	4	4	4

The identified subset of standards appears in bold print.

Financial Management

NA not applicable

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
11.3	Students should be enrolled by staff and entered into the attendance system in an efficient, accurate and timely manner.	4						
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						
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						
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						
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	2	4	5	5	6
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						

The identified subset of standards appears in bold print.

NA not applicable

Financial Management

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
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	2	3	5	6	7

The identified subset of standards appears in bold print.

Financial Management

NA not applicable

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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	1	3	4	4	4
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	3	4	4	5	6

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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	1	3	5	6	7
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	3	4	4	5	5
12.10	The accounting system should have an appropriate level of controls to prevent and detect errors and irregularities.	0	2	3	4	5	5	5

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
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						
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
14.1	A reliable computer program that provides reliable multiyear financial projections is used.	2						
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	3	4	5	6	7

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
14.4	Assumptions used in developing multiyear projections are based on the most accurate information available.	2						
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						
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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	0	2	2	5	5

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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	2	2	4	5	6

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
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						

The identified subset of standards appears in bold print.

Financial Management

NA not applicable

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						
18.3	The district should control the use of facilities and charge fees for usage in accordance with district policy.	1						
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						
18.5	Materials and equipment/tools inventory should be safeguarded from loss through appropriate physical and accounting controls.	9						

The identified subset of standards appears in bold print.

NA not applicable

Financial Management

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
18.6	District-owned vehicles should be used only for district purposes. Fuel should be inventoried and controlled as to use.	7						
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						
18.8	Capital equipment and furniture should be tagged as district-owned property and inventoried at least annually.	0	1	1	2	4	6	7
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
19.2	The district should operate the food service programs in accordance with applicable laws and regulations.	8						
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	0	2	2	4	5

Financial Management

Standard to be addressed		July 2003 Rating	January 2004 Rating	July 2004 Rating	July 2005 Rating	April 2007 Rating	April 2008 Rating	April 2009 Rating
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						
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						

Summary of Ratings and Collective Average Rating

Standard No.	Rating
2.2	8
2.5	6
5.5	7
5.8	7
6.2	7
7.3	7
7.9	6
8.1	7
8.2	7
8.5	5
11.1	5
11.2	4
11.7	6
12.2	7
12.3	4
12.4	6
12.8	7
12.9	5
12.10	5
14.2	7
15.3	5
16.2	6
18.8	7
20.1	5
Collective Average Rating	6.083

