

1.2 Internal Control Environment—Governing Board and Audit Committee Participation

Professional Standard

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]

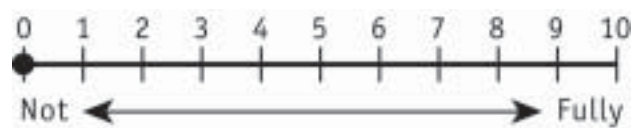
Progress on Recommendations and Improvement Plan

1. The board of education has responsibility for adopting an audit policy, including the responsibility of appointing an Audit Committee. The board had not appointed an Audit Committee by the time of the review. No recommendation for an Audit Committee has been forthcoming from the administration.
2. A guideline for the composition of an Audit Committee was outlined in the original report provided to West Contra Costa Unified School District on March 21, 2001. The guideline suggested reporting lines, composition, the committee's charge, the frequency of meetings and the committee's authority. The district is concerned about another layer of bureaucracy that would increase the administrative responsibilities for an already overworked management staff. Alternatives to the recommended establishment of the Audit Committee have been offered.
3. In lieu of a separate Audit Committee, consideration could be given to assigning the responsibilities of the Audit Committee to the Bond Oversight Committee. The reporting lines would remain the same as outlined for the Audit Committee. The Audit Committee's charge could be limited to reviewing the annual audit and the proposed annual budget. The internal audit assignments could remain with the board of education. The frequency of meetings needs to be no greater than already scheduled by the Bond Oversight Committee. The committee authority would be limited to: (1) the oversight of the annual audit, and (2) the review of the proposed budget for recommendations to management and the board of education.

Standard Implemented: Not Implemented

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

Implementation Scale:



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

Professional Standard

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

Progress on Recommendations and Improvement Plan

1. The recommendations included the establishment of a task force to address the implications and issues surrounding the district utilization of the 195-workday rule. That task force has been established with a series of meetings scheduled during the month of November, with the first meeting set for November 6, 2001.

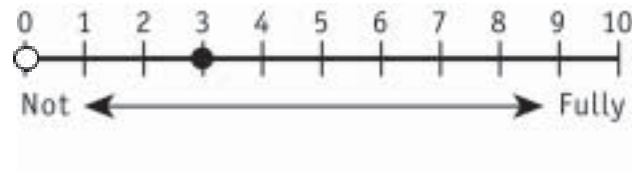
The charge to the task force was: (1) to evaluate a large sample of positions and determine if temporary or substitute positions should continue to be authorized, (2) to determine whether full-time positions are necessary to complete the tasks, (3) to decide how the district tracks these positions, (4) to review collective bargaining amendments that may be necessary in order to reform the 195-day rule, and (5) to look at budget changes that are necessary in order to ensure a work force that does not include employees repeatedly being rehired to perform the same task.

2. The district management has met with the negotiating team and developed an initial bargaining proposal for Local 1. That proposal was submitted to and approved by the board of education. The proposal incorporates the recommendations for the posting of all job vacancies, notice contents, and transfers. This initial proposal must be negotiated; however, negotiations have not yet begun, and there is no indication of the potential success of the proposal available.
3. The district has hired a consultant, Marion McDowell, to review the job descriptions. The district indicates that all changes in the job descriptions and duties of employees, including the broadening of the classifications, will have to be negotiated with Local 1 or SSA.
4. The district has developed a program titled “Get the Skills!” The program is identified as a supervisory/leadership series. The program began on September 12, 2001, and continues through May 15, 2002. Incorporated in the program is a session on performance evaluation scheduled for May 2, 2002. In addition, the Director of Classified Personnel is holding small group evaluation training sessions for classified managers. The sessions began on September 27, 2001, and are scheduled to be completed by December 1, 2001.

Standard Implemented: Partially

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

Implementation Scale:



1.7 Internal Control Environment—Responsibility for Fraud Prevention and Detection

Professional Standard

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

Progress on Recommendations and Improvement Plan

1. The district has made no progress on this standard, reporting that the district is looking for sample board policies and plans to present a proposed policy to the board of education after the receipt of the annual audit. The district anticipates that a policy will be submitted to the board after the receipt of the annual audit on or about December 15, 2001.

No formal policy has been adopted nor administrative standard developed.

Standard Implemented: Not Implemented

June 2001 Rating: 0

December 2001 Self-Rating: 1

December 2001 New Rating: 0

Implementation Scale:



3.1 Staff Professional Development—Training Programs and Plans

Professional Standard

Develop and use a professional development plan, e.g., training business staff. The development of the plan should include the input of business office supervisors and managers. The staff development plan should, at a minimum, identify appropriate programs office-wide. At best, each individual staff and management employee should have a plan designed to meet his/her individual professional development needs.

Progress on Recommendations and Improvement Plan

1. The classified contract provides for two days of professional development in addition to a daylong training program that occurs in October. It is difficult for new and current employees to be released for in-service. Administrators are encouraged to provide appropriate release time for staff development.
2. Staff development certificates have been color-coded to recognize the difference between achievement and attendance. The district indicates that the cost may be prohibitive to engage in the acquisition of recognition pins or patches, or to supply a monetary award for successful completion of the staff development program.
3. Discussions have begun with the Director of Classified Personnel and the Director of Fiscal Services to identify resources and the process necessary to establish an annual one-day in-service for all substitute employees, and for those new to the district during the course of the school year.
4. It is planned that the Director of Classified Personnel, the Chief Operations Officer, and the Coordinator of Classified Training will meet to identify sources of funds and to identify the specific needs of new employees on how to use, handle, and store hazardous materials. The goal is to develop a videotape addressing these issues. The district is in the process of developing a plan for a one-day training program for all substitute employees to help them understand the requirements of the job classification in which the substitute is interested in working. The district is developing a plan to be implemented in 2001-02 for an orientation program designed for new employees, based on the requirements of their job description. The program will be phased in over a two-year period.
5. The Coordinator of Classified Training will meet with the Director of Classified Personnel and the Director of Fiscal Services to identify strategies to increase communication to classified staff regarding in-service opportunities. This meeting has not yet taken place.

Standard Implemented: Partially

June 2001 Rating: 4
December 2001 Self-Rating: 6
December 2001 New Rating: 4

Implementation Scale:



4.3 Internal Audit—Organization and Management of Internal Audit Functions

Professional Standard

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

Progress on Recommendations and Improvement Plan

1. The district has not adopted policies related to the internal audit process. The district is in the process of reviewing policies designed to address the internal audit process for presentation to the Superintendent and Cabinet. Once the Superintendent and Cabinet have approved the policies, the recommended policies will be presented to the board of education for approval.
2. A posting for an Internal Auditor has been made for the vacant position, and applications have been received. The district plans to fill the position once the application process closes, applicants are screened and interviewed, and the successful applicant identified. The duties for the Internal Auditor have been established as identified in the Recommendations and Improvement Plan.
3. At this point, the Internal Auditor will report to the board of education once the position has been filled.
4. Once the Internal Auditor is hired, it will be his/her responsibility to follow the standards established by the Institute of Internal Auditors (IIA). It is planned that the Internal Auditor will:
 - a. Use planning memoranda to plan and manage audits.
 - b. Use standard audit programs.
 - c. Have standard requirements for work paper documentation, cross-referencing, and maintenance of work paper files.
 - d. Have procedures regarding sampling methodologies and materiality.
 - e. Provide draft reports to the department/sites/programs being audited in order to obtain comments and additional information. If draft findings are not resolved, the department's comments should be included in the final report.

Standard Implemented: Partially

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| June 2001 Rating: | 2 |
| December 2001 Self-Rating: | 2 |
| December 2001 New Rating: | 2 |

Implementation Scale:



5.7 Budget Development Process (Policy)—Distribution of Categorical Funds

Professional Standard

Categorical funds are an integral part of the budget process and should be integrated into the entire budget development. The revenues and expenditures for categorical programs must be reviewed and evaluated in the same manner as unrestricted general fund revenues and expenditures. Categorical program development should be integrated with the district's goals and should be used to respond to district student needs that cannot be met by unrestricted expenditures. The Superintendent, Superintendent's Cabinet, and fiscal office should establish procedures to ensure that categorical funds are expended effectively to meet district goals. Carryover and unearned income of categorical programs should be monitored and evaluated in the same manner as general fund unrestricted expenditures.

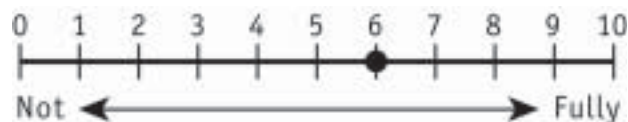
Progress on Recommendations and Improvement Plan

1. The district continues to aggressively pursue all funding sources, including unrestricted sources, when addressing key strategies. "The Funding Sources for Major Strategies" continues to be utilized as a tool for aligning multiple funding to address key strategic areas and programs.
2. The district gained more than \$16 million in categorical aid over the previous fiscal year; the total categorical aid is now in excess of \$100 million. The Business Division reviews the categorical programs and balances. The Cabinet and the program managers make certain that the available categorical funds are utilized to the fullest. The carryovers have been kept to a minimum. There was no evidence that a report was made to the Superintendent regarding the availability of carryover and unused balances of categorical funds.
3. There is no evidence that a section on the effectiveness of the manager's supervision of the categorical programs and delivery has been included in the management personnel evaluations.

Standard Implemented: Partially

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| June 2001 Rating: | 6 |
| December 2001 Self-Rating: | 6 |
| December 2001 New Rating: | 6 |

Implementation Scale:



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

Professional Standard

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

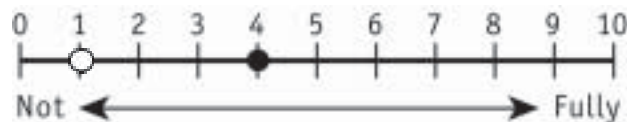
Progress on Recommendations and Improvement Plan

1. The district has developed and implemented a plan for the implementation of Governmental Accounting Standard No. 34 that calls for the full implementation of GASB 34 by June 30, 2002. The plan includes the development of policies and procedures for GASB No. 34 to be implemented during the course of the 2001-02 fiscal year. In addition, the plan calls for the training of staff who are responsible for financial reporting under GASB34.
2. The plan has a provision for: (1) training, (2) maintenance of fixed asset information, (3) inventory procedure, (4) development of the database, and (5) preparation of closing statements to enable the district to incorporate GASB 34 in the financial statements of the district. The plan includes the training of the staff members responsible for maintaining and updating the equipment inventory list.

Standard Implemented: Partially

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| June 2001 Rating: | 1 |
| December 2001 Self-Rating: | 4 |
| December 2001 New Rating: | 4 |

Implementation Scale:



7.11 Audit Review—Timeliness of Audit and Audit Review

Professional Standard

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.”

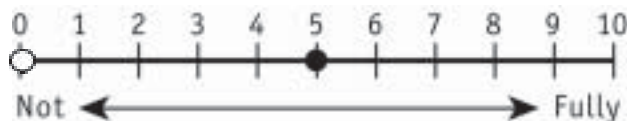
Progress on Recommendations and Improvement Plan

1. Contained within the Assessment and Improvement Plan (July 2001) was a recommendation that the district consider contracting with an outside auditor in addition to the audit being performed by State Controller’s Office (SCO). The district has chosen not to exercise this option.
2. The district has chosen to: (1) improve the communication with SCO, (2) improve the working relationship, (3) provide the SCO with timely information and, in general, (4) attempt to afford the SCO the opportunity to complete and deliver the annual audit on or about December 15, 2001.
3. The district staff closed the books for 1999-2000 on September 15, 2001. The district and SCO met on October 5, 2001. At that meeting, the SCO indicated that the audit would be completed on December 15, 2001. Subsequent to the above meeting, the district and SCO have endeavored to keep the communication lines open, and have made a concerted effort to improve the working relationship between the two organizations. The audit is due on December 15, 2001. The second six-month report will identify the status of the annual audit report. If all goes as anticipated by both parties, the annual audit will be received by the district on or before December 15, 2001 and shared with the board of education after review by district management.

Standard Implemented: Partially

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

Implementation Scale:



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.

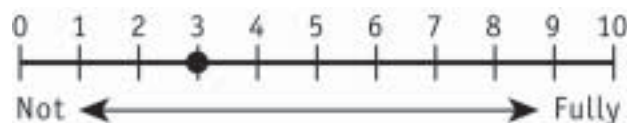
Progress on Recommendations and Improvement Plan

1. The district has not yet gone online with purchase requisitions and budget transfer processes for sites and departments. The district is utilizing Bi-Tech software and the district is working with Bi-Tech to implement the automated system that will provide site and program managers with timely status reports on their respective budgets.
2. The system in place does allow for automatic verification of fund availability within the purchasing and fiscal offices. The system does have a hard reject that requires a budget transfer or authorization before processing. The funds are pre-encumbered within the purchasing and budget departments, with the approval process online. The process does not yet extend to the site or program management level.
3. Currently the budget and account code verification continues to be manually verified by district office personnel.
4. The district has acquired a position control system and is developing the standards for the system. The written documentation for the system has not yet been developed, nor has a plan for the training necessary to implement the program. Testing is taking place on the system with the technology department, and refinements specific to West Contra Costa Unified are being developed.
5. The position control system under development has not yet been interfaced with the TSSI automated substitute-calling system.
6. The position control system has not been developed to the point that pre-approved event numbers can be tied to a categorical budget number.

Standard Implemented: Partially

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

Implementation Scale:



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

Professional Standard

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

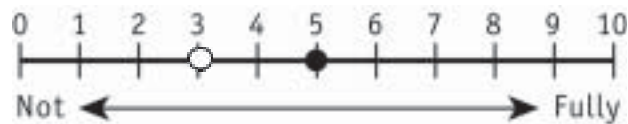
Progress on Recommendations and Improvement Plan

1. The district has established a routine restricted maintenance account, resource code 8150, as required under the new Standardized Account Code Structure (SACS).
2. The district has formally restricted the routine restricted maintenance account.
3. The district has developed a special budget document that details the goals and expenditures from the 3 percent reserve account.

Standard Implemented: Partially

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| June 2001 Rating: | 3 |
| December 2001 Self-Rating: | 4 |
| December 2001 New Rating: | 5 |

Implementation Scale:



11.1 Attendance Accounting—Accuracy of Attendance Accounting System

Professional Standard

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

Progress on Recommendations and Improvement Plan

1. The district has installed SASIXP in all elementary schools for the 2001-02 fiscal year.
2. The district has contracted with a SASI consultant to examine various areas of SASI operations and to make recommendations for improvement. In addition, the district has hired an independent consultant to assist in the development and implementation of attendance and enrollment procedures, and to strengthen and improve the recording and reporting processes of the district in this area.

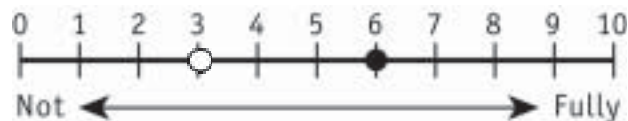
The school sites do not prepare a monthly reconciliation. Each school site runs two reports monthly, the ATP 52 & 53, and copies are kept on file in the school office. A review of the information is conducted by Pupil Services at the district office. Because the secondary sites have remote access to SASIXP, hard copies of the reports are run at the district office for monthly review of the information entered at the school sites.

3. At the present time, formal monthly attendance reconciliation processes are not in use at district schools.

Standard Implemented: Partially

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| June 2001 Rating: | 3 |
| December 2001 Self-Rating: | 7 |
| December 2001 New Rating: | 6 |

Implementation Scale:



11.3 Attendance Accounting—Enrollment of Students into Attendance System

Professional Standard

Students should be enrolled by staff and entered into the attendance system in an efficient, accurate, and timely manner.

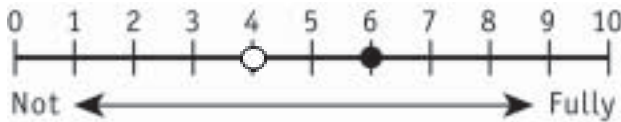
Progress on Recommendations and Improvement Plan

1. With the installation of SASIXP in all elementary schools for the 2001-02 school year, attendance information is being entered in a timely, accurate fashion.
2. The district has addressed the issue of inconsistent clearing of unexcused absences by the school sites to the district office by providing training on the handbook.
3. Attendance manuals have not yet been distributed to district teachers. The district will determine what information from the manual should be distributed to non-attendance personnel, and make such distributions together with applicable forms, examples, and instructions.
4. Desk manuals have not yet been developed.

Standard Implemented: Partially

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| June 2001 Rating: | 4 |
| December 2001 Self-Rating: | 6 |
| December 2001 New Rating: | 6 |

Implementation Scale:



11.7 Attendance Accounting—Systems Training of Site Personnel

Professional Standard

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

Progress on Recommendations and Improvement Plan

- 1. The district has not yet established policies and procedures for training site personnel on the attendance system, which includes a calendar schedule, required attendees, and training materials. The district indicates that in developing the professional development program for site personnel, the issue of time availability for staff to attend a training session is very limited, since many of the staff members involved are generally alone in the offices without an adequate trained supply of substitutes. The district intends to be creative in course development in order to provide the greatest amount of professional development to the greatest number of personnel possible.
- 2. When training takes place, the appropriate up-to-date materials, including SASIXP manuals, will be provided.

Standard Implemented: Partially

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

Implementation Scale:



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

Professional Standard

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

Progress on Recommendations and Improvement Plan

1. The current payroll system has not yet been automated.
2. The district continues to use an inordinate amount of overtime to process the payroll function.
3. The district has developed reporting documents for the Superintendent, Associate Superintendent, and Cabinet to identify managers by school site and program who submit late or incomplete time cards. This process has improved the timeliness and accuracy of the time cards being submitted.
4. The timekeeping system has not yet been automated.
5. The district has not automated hourly pay event rates that are based on employees' normal pay rate.
6. The district is currently in the development stage of integrating and developing a position control system with the automated substitute calling system.
7. The district is developing a method of complying with government regulations regarding the withholding of taxes from supplemental pay.
8. The problems with the STRS report have been reported to Bi-Tech, and the district continues to work with Bi-Tech to address identified problems.
9. The district has not yet considered using a third party vendor to handle employment salary verifications.

Standard Implemented: Partially

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

Implementation Scale:



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

Professional Standard

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

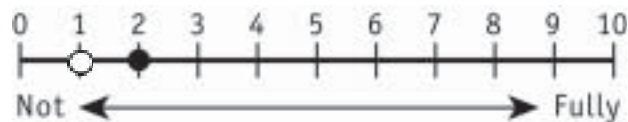
Progress on Recommendations and Improvement Plan

1. The district is in the process of developing a detailed year-end closing schedule, indicating that the schedule will be in place by December 30, 2001.
2. The district has accomplished the migration of the most recent release of the financial software, and has implemented the online capabilities that will allow for more timely information and facilitate the closing of the books.
3. The district had audit adjustments in excess of \$6.6 million for the year ending 1999-00. This adjustment is directly related to the district's cumbersome, time-consuming financial system, which requires an inordinate amount of manual intervention to close the books in a timely fashion. The district recognizes the problem, and is attempting to address the issue to reduce the audit adjustments for closure of the books for 2000-01.

Standard Implemented: Partially

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| June 2001 Rating: | 1 |
| December 2001 Self-Rating: | 3 |
| December 2001 New Rating: | 2 |

Implementation Scale:



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

Professional Standard

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

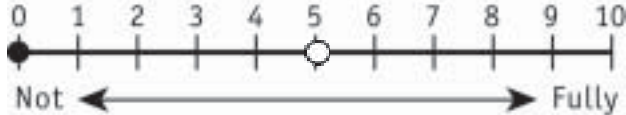
Progress on Recommendations and Improvement Plan

- 1. No multi-year projection has been performed.

Standard Implemented: Not Implemented

June 2001 Rating: 5
December 2001 Self-Rating: Not Rated
December 2001 New Rating: 0

Implementation Scale:



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

Professional Standard

1. For long-term liabilities/debt service, the district should prepare debt service schedules and identify the dedicated funding sources to make those debt service payments.
2. The district should project cash receipts from the dedicated revenue sources to ensure that it will have sufficient funds to make periodic debt payments.
3. The cash flow projections should be monitored on an ongoing basis to ensure that any variances from projected cash flows are identified as early as possible, in order to allow the district sufficient time to take appropriate measures or identify alternative funding sources.

Progress on Recommendations and Improvement Plan

1. The district has prepared an updated Schedule of Long-Term Debt detailing: (1) the individual debt's beginning balance, (2) current transactions, and (3) ending balance as of June 30, 2001. In addition, individual debt and/or amortization schedules for each item have also been prepared to support the schedule of long-term debt. The district indicates that the schedules will be shared with the board of education at a future date. The district has prepared a detailed cash flow schedule of debt repayment requirements. The schedule details amounts required to fund retirement for each long-term debt item. The schedule further details the funding source (fund), the amounts that are due, and the fiscal year in which those amounts are due.
2. Monthly cash flow reports are not yet prepared on a monthly basis.
3. Discussions with IBM have been scheduled to open a dialogue as to the forgiving of the long-term debt associated with the computer purchase of more than 10 years ago. If negotiations with IBM are unsuccessful, the district will then consider the establishment of a sinking fund to address the debt that begins in 2007-08.

Standard Implemented: Partially

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| June 2001 Rating: | 2 |
| December 2001 Self-Rating: | 7 |
| December 2001 New Rating: | 6 |

Implementation Scale:



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

Professional Standard

Fund the accrued costs of all health benefit retiree plans. Develop and use a financial plan to ensure that ongoing unfunded liabilities from employee benefits are recognized as a liability of the school district. Establish a plan for funding retiree health benefit costs as the obligations are incurred. Avoid health benefit obligations for retirees that impose unfunded costs on the district and force the agency into a pay-as-you-go process.

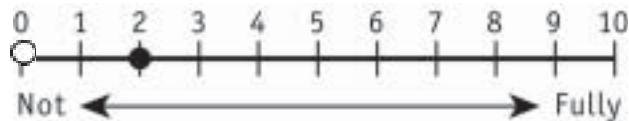
Progress on Recommendations and Improvement Plan

1. The district has not designed a method to establish a higher annual reserve to cover the unfunded liability associated with the retiree health benefit and other benefit plans. The interim chief business officer is developing a position paper for the Cabinet members that will outline some options available for the postretirement benefits. The position paper was scheduled to be presented to the Cabinet on October 31, 2001.
2. On July 11, 2001, the Assistant Superintendent of Fiscal Services provided the information required by Education Code Section 42140 to the board of education.

Standard Implemented: Partially

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| June 2001 Rating: | 0 |
| December 2001 Self-Rating: | 3 |
| December 2001 New Rating: | 2 |

Implementation Scale:



16.1 Impact of Collective Bargaining—Collective Bargaining Agreement: Development of Parameters and Guidelines for Collective Bargaining

Professional Standard

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 Governing Board. The Governing Board, in the development of its guidelines for collective bargaining, should consider the impact of current collective bargaining language on district operations, and propose amendments to district language as appropriate to ensure effective and efficient district delivery.

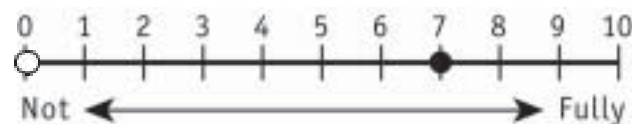
Progress on Recommendations and Improvement Plan

1. District staff, including school site and department heads, did examine and assess both certificated and classified contracts for impediments to efficiencies and economies. The Governing Board met in closed session to review the recommendations of the staff and the negotiating team before adopting bargaining proposals for 2001-02. Although the district is limited to two articles with Local 1 and SSA, there are full contract negotiations with UTR this year. The bargaining proposals reflect the district's determination to free itself from many of the impediments to effective operation.

Standard Implemented: Partially

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| June 2001 Rating: | 0 |
| December 2001 Self-Rating: | 5 |
| December 2001 New Rating: | 7 |

Implementation Scale:



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

Professional Standard

Automated systems should be used to improve accuracy, timeliness, and efficiency of financial and reporting systems. Needs assessments should be performed to determine what systems are candidates for automation, whether standard hardware and software systems are available to meet the need, and whether or not the district would benefit. Automated financial systems should provide accurate, timely, relevant information and should conform to all accounting standards. The systems 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.

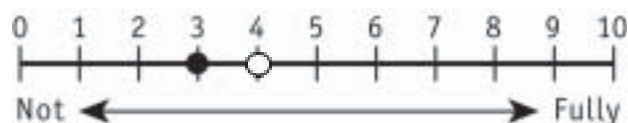
Progress on Recommendations and Improvement Plan

1. Interdepartmental meetings have been held with MIS to address the issues identified by the Bi-Tech users.
2. Where possible, end-user reports will be converted to CDD format, which is visually more user friendly.
3. The current Bi-Tech contract license is for only 48 users. MIS continues to investigate the cost of increasing the number of users.
4. MIS plans to train existing staff on any new modules deployed, with the training of new hires handled internally by the appropriate department or site.

Standard Implemented: Partially

June 2001 Rating: 4
December 2001 Self-Rating: Not Rated
December 2001 New Rating: 3

Implementation Scale:



18.2 Maintenance and Operations Fiscal Controls—Work Order System

Professional Standard

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.

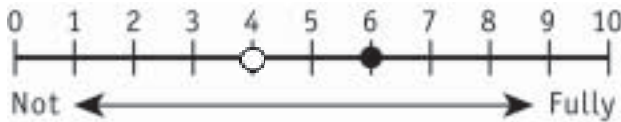
Progress on Recommendations and Improvement Plan

1. The work order system ensures that time and materials used are recorded. The district is making an effort to ensure that the appropriate work force account does not exceed the bid requirements.
2. Maintenance supervisors are monitoring the completion of maintenance work orders.
3. The district has developed a work order system that incorporates an accurate accounting for time and materials related to the number of work orders completed. Incorporated in the work order system is an evaluation for the quality of work and the performance of the employee assigned to the project.
4. The cost of materials is currently being reconciled to the expenditure of the work performed.
5. The Maintenance and Operations crew has not been expanded significantly.
6. The Maintenance and Operations staff has been augmented by the addition of supervisory staff in the form of an assistant director. Environmental specialists have not been added to the staff.
7. The Director of Maintenance and Operations is assessing the functions in the maintenance and operations area with the goal of establishing minimum standards assigned to each. The director is: (1) developing a staffing plan to meet minimum standards, (2) examining the need for funds to meet minimum standards, and (3) reviewing the available funds in the 3-percent reserve for routine maintenance.

Standard Implemented: Partially

June 2001 Rating: 4
December 2001 Self-Rating: 4
December 2001 New Rating: 6

Implementation Scale:



18.6 Maintenance and Operations Fiscal Controls—Use of District-Owned Vehicles

Professional Standard

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

Progress on Recommendations and Improvement Plan

1. The district has not replaced the current fuel pump that would monitor both vehicle and personnel use. The district indicates that a policy has been implemented to control the use of district vehicles at times other than work hours or to and from the work assignment.
2. The district has not added a clerical person to take care of the dispensing, monitoring, and recording of fuel utilization by vehicle or by staff. The district is investigating the use of a card lock system that would be available within the district boundaries. These card lock systems, set in four locations along the length of the district, would reduce the amount of time away from the job site.

Standard Implemented: Partially

| | |
|----------------------------|---|
| June 2001 Rating: | 1 |
| December 2001 Self-Rating: | 1 |
| December 2001 New Rating: | 1 |

Implementation Scale:

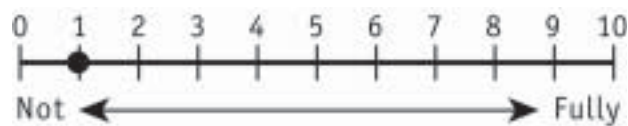


Chart of Financial Management Standards

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Progress Ratings Toward Implementation of the Improvement Plan

| Financial Management | | | | | |
|--------------------------|---|------------------|--------------------------|------------------|--------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 1.1 | Integrity and ethical behavior are the product of the district's ethical and behavioral standards, how they are communicated, and how they are reinforced in practice. All management-level personnel should exhibit high integrity and ethical values in carrying out their responsibilities and directing the work of others. [State Audit Standard (SAS) 55, SAS-78] | 8 | | NR | |
| 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 | <input type="checkbox"/> | 0 | <input type="checkbox"/> |
| 1.3 | The attitude of the Governing Board and key administrators has a significant effect on an organization's internal control. An appropriate attitude should balance the programmatic and staff needs with fiscal realities in a manner that is neither too optimistic nor too pessimistic. [SAS-55, SAS-78] | 8 | | NR | |
| 1.4 | The organizational structure should clearly identify key areas of authority and responsibility. Reporting lines should be clearly identified and logical within each area. [SAS-55, SAS-78] | 2 | | NR | <input type="checkbox"/> |
| 1.5 | Management should have the ability to evaluate job requirements and match the requirements to the employee's skills. [SAS-55, SAS-78] | 0 | <input type="checkbox"/> | 3 | <input type="checkbox"/> |
| 1.6 | The district should have procedures for recruiting capable financial management and staff, and hiring competent people. [SAS-55, SAS-78] | 0 | | NR | <input type="checkbox"/> |

| Financial Management (continued) | | | | | |
|---|---|------------------|--------------------------|------------------|--------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 1.7 | The responsibility for reliable financial reporting resides first and foremost at the district level. Top management sets the tone and establishes the environment. Therefore, appropriate measures must be implemented to discourage and detect fraud (SAS 82; Treadway Commission). | 0 | <input type="checkbox"/> | 0 | <input type="checkbox"/> |
| 2.1 | The business and operational departments should communicate regularly with internal staff and all user departments on their responsibilities for accounting procedures and internal controls. The communications should be written whenever possible, particularly when it (1) affects many staff or user groups, (2) is an issue of high importance, or (3) when the communication reflects a change in procedures. Procedures manuals are necessary to the communication of responsibilities. The departments also should be responsive to user department needs, thus encouraging a free exchange of information between the two (excluding items of a confidential nature). | 8 | | NR | |
| 2.2 | The financial departments should communicate regularly with the Governing Board and community on the status of district finances and the financial impact of proposed expenditure decisions. The communications should be written whenever possible, particularly when it affects many community members, is an issue of high importance to the district and board, or reflects a change in policies. | 4 | | NR | |
| 2.3 | Documents developed by the Fiscal Division for distribution to the board of education, finance committees, staff and community should be easily understood. Others should not have to wade through the language of computer printouts. | 5 | | NR | |
| 2.4 | The Governing Board should be engaged in understanding globally the fiscal status of the district, both current and as projected. The Governing Board should prioritize district fiscal issues among the top discussion items. | 0 | | NR | <input type="checkbox"/> |
| 2.5 | The district should have formal policies and procedures that provide a mechanism for individuals to report illegal acts, establish to whom illegal acts should be reported, and provide a formal investigative process. | 4 | | NR | |

| Financial Management (continued) | | | | | |
|---|---|------------------|--------------------------|------------------|--------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 3.1 | Develop and use a professional development plan, i.e., training business staff. The development of the plan should include the input of business office supervisors and managers. The staff development plan should at a minimum identify appropriate programs office-wide. At best, each individual staff and management employee should have a plan designed to meet their individual professional development needs. | 4 | <input type="checkbox"/> | 4 | |
| 3.2 | Develop and use a professional development plan for the in-service training of school site/department staff by business staff on relevant business procedures and internal controls. The development of the plan should include the input of the business office and the school sites/departments and be updated annually. | 5 | | NR | |
| 3.3 | The California Association of School Business Officials has initiated a certification program to provide a vehicle for identification of competence in the field of school business management. This program is currently voluntary. It is recognized by the district as an indicator of the background and experience that validates the abilities of current and potential school business managers. | 0 | | NR | <input type="checkbox"/> |
| 4.1 | The Governing Board should adopt policies establishing an internal audit function that reports directly to the superintendent/state administrator and the audit committee or governing board. | 2 | | NR | <input type="checkbox"/> |
| 4.2 | Internal audit functions should be designed into the organizational structure of the district. These functions should include periodic internal audits of areas at high risk for non-compliance with laws and regulations and/or at high risk for monetary loss. | 1 | | NR | |
| 4.3 | Qualified staff should be assigned to conduct internal audits and be supervised by an independent body, such as an audit committee. | 2 | <input type="checkbox"/> | 2 | |
| 4.4 | Internal audit findings should be reported on a timely basis to the audit committee, governing board and administration, as appropriate. Management should then take timely action to follow up and resolve audit findings. | 4 | | NR | |

| Financial Management (continued) | | | | | |
|---|--|-------------------------|--------------------------|-------------------------|------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 5.1 | The budget development process requires a policy-oriented focus by the governing board to develop an expenditure plan which fulfills the district's goals and objectives. The governing board should focus on expenditure standards and formulas that meet the district goals. The governing board should avoid specific line item focus but direct staff to design an entire expenditure plan focusing on student and district needs. | 5 | | NR | |
| 5.2 | The budget development process includes input from staff, administrators, board and community. | 8 | | NR | |
| 5.3 | Policies and regulations exist regarding budget development and monitoring. | 8 | | NR | |
| 5.4 | The district has developed a board of education policy on the budget process. The district has formulas for allocating funds to school sites and departments for staffing ratios, supply allocations, etc. These formulas are in line with the board's goals and direction. | 9 | | NR | |
| 5.5 | The district should have a clear process to analyze resources and allocations to ensure that they are aligned with strategic planning objectives and that the budget reflects the priorities of the district. | 6 | | NR | |
| 5.6 | The district should have a board of education budget development process (policy) for the development of expenditure policies. | 9 | | NR | |
| 5.7 | Categorical funds are an integral part of the budget process and should be integrated into the entire budget development. The revenues and expenditures for categorical programs must be reviewed and evaluated in the same manner as unrestricted General Fund revenues and expenditures. Categorical program development should be integrated with the district's goals and should be used to respond to district student needs that cannot be met by unrestricted expenditures. The superintendent, superintendent's cabinet and fiscal office should establish procedures to ensure that categorical funds are expended effectively to meet district goals. Carry-over and unearned income of categorical programs should be monitored and evaluated in the same manner as General Fund unrestricted expenditures. | 6 | <input type="checkbox"/> | 6 | |

| Financial Management (continued) | | | | | |
|---|---|-------------------------|------------------------|-------------------------|------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 5.8 | The district must have an ability to accurately reflect its net ending balance throughout the budget monitoring process. The first and second interim reports should provide valid updates of the district's net ending balance. The district should have tools and processes that ensure that there is an early warning of any discrepancies between the budget projections and actual revenues or expenditures. | 9 | | NR | |
| 6.1 | The budget office should have a technical process to build the preliminary budget amounts that includes: the forecast of revenues, the verification and projection of expenditures, the identification of known carryovers and accruals, and the inclusion of concluded expenditure plans. The process should clearly identify one-time sources and uses of funds. Reasonable ADA and COLA estimates should be used when planning and budgeting. This process should be applied to all funds. | 6 | | NR | |
| 6.2 | An adopted budget calendar exists that meets legal and management requirements. At a minimum the calendar should identify statutory due dates and major budget development activities. | 9 | | NR | |
| 6.3 | Standardized budget worksheets should be used in order to communicate budget requests, budget allocations, formulas applied and guidelines. | 8 | | NR | |
| 7.1 | The district should adopt its annual budget within the statutory timelines established by Education Code Section 42103, which requires that on or before July 1, the governing board shall hold a public hearing on the budget to be adopted for the subsequent fiscal year. Not later than five days after that adoption or by July 1, whichever occurs first, the governing board shall file that budget with the county superintendent of schools. [EC 42127(a)] | 7 | | NR | |
| 7.2 | Revisions to expenditures based on the State Budget should be considered and adopted by the governing board. Not later than 45 days after the governor signs the annual Budget Act, the district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect funding available by that Budget Act. [EC 42127(2) and 42127(i)(4)] | 8 | | NR | |

| Financial Management (continued) | | | | | |
|---|---|-------------------------|--------------------------|-------------------------|--------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 7.3 | The district should have procedures that provide for the development and submission of a district budget and interim reports that adhere to criteria and standards and are approved by the county office of education. | 7 | | NR | |
| 7.4 | The district should complete and file its interim budget reports within the statutory deadlines established by Education Code Section 42130, et seq. | 4 | | NR | |
| 7.5 | The district must comply with Governmental Accounting Standard No. 34 (GASB 34) for the period ending June 30, 2002. GASB 34 requires the district to develop policies and procedures and report in the annual financial reports on the modified accrual basis of accounting and the accrual basis of accounting. | 1 | <input type="checkbox"/> | 4 | <input type="checkbox"/> |
| 7.6 | The first and second interim reports should show an accurate projection of the ending fund balance. Material differences should be presented to the board of education with detailed explanations. | 8 | | NR | |
| 7.7 | The district should arrange for an annual audit (single audit) within the deadlines established by Education Code Section 41020. | 10 | | NR | |
| 7.8 | Standard management practice dictates the use of an audit committee. | 0 | | NR | <input type="checkbox"/> |
| 7.9 | The district should include in its audit report, but not later than March 15, a corrective action for all findings disclosed as required by Education Code Section 41020. | 0 | | NR | |
| 7.10 | The district must file certain documents/reports with the state as follows: J-200 series - (Education Code Section 42100); J-380 series - CDE procedures; Interim financial reports - (Education Code Section 42130); J-141 transportation report (Title V, article 5, Section 15270). | 4 | | NR | |

| Financial Management (continued) | | | | | |
|---|---|-------------------------|--------------------------|-------------------------|--------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 7.11 | Education Code Section 41020(c)(d)(e)(g) establishes procedures for local agency audit obligations and standards. Pursuant to Education Code Section 41020(h), the district should submit to the County Superintendent of Schools in the county that the district resides, the State Department of Education, and the State Controller's Office an audit report for the preceding fiscal year. This report must be submitted "no later than December 15." | 0 | <input type="checkbox"/> | 5 | <input type="checkbox"/> |
| 8.1 | All purchase orders are properly encumbered against the budget until payment. The district should have a control system in place to ensure that adequate funds are available prior to incurring financial obligations. | 3 | <input type="checkbox"/> | 3 | |
| 8.2 | There should be budget monitoring controls, such as periodic reports, to alert department and site managers of the potential for overexpenditure of budgeted amounts. Revenue and expenditures should be forecast and verified monthly. | 3 | | NR | <input type="checkbox"/> |
| 8.3 | The routine restricted maintenance account should be analyzed routinely to ensure that income has been properly claimed and expenditures within the guidelines provided by the State Department of Education. The district budget should include specific budget information to reflect the expenditures against the routine maintenance account. | 3 | <input type="checkbox"/> | 5 | <input type="checkbox"/> |
| 8.4 | Budget revisions are made on a regular basis and occur per established procedures and are approved by the board. | 5 | | NR | <input type="checkbox"/> |
| 8.5 | The district uses an effective position control system, which tracks personnel allocations and expenditures. The position control system effectively establishes checks and balances between personnel decisions and budgeted appropriations. | 2 | | NR | |
| 8.6 | The district should monitor both the revenue limit calculation and the special education calculation at least quarterly to adjust for any differences between the financial assumptions used in the initial calculations and the final actuals as they are known. | 6 | | NR | |
| 8.7 | The district should be monitoring the site reports of revenues and expenditures provided. | 4 | | NR | |

| Financial Management (continued) | | | | | |
|---|---|-------------------------|--------------------------|-------------------------|------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 9.1 | The district budget should be a clear manifestation of district policies and should be presented in a manner that facilitates communication of those policies. | 9 | | NR | |
| 9.2 | Clearly identify one-time source and use of funds. | 6 | | NR | |
| 10.1 | The Governing Board must review and approve, at a public meeting and on a quarterly basis, the district's investment policy. [GC 53646] | 4 | | NR | |
| 11.1 | An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly. | 3 | <input type="checkbox"/> | 6 | |
| 11.2 | Policies and regulations exist for independent study, home study, inter/intradistrict agreements and districts of choice, and should address fiscal impact. | 6 | | NR | |
| 11.3 | Students should be enrolled by staff and entered into the attendance system in an efficient, accurate and timely manner. | 4 | <input type="checkbox"/> | 6 | |
| 11.4 | At least annually, the school district should verify that each school bell schedule meets instructional time requirements for minimum day, year and annual minute requirements. | 9 | | NR | |
| 11.5 | Procedures should be in place to ensure that attendance accounting and reporting requirements are met for alternative programs such as ROC/P and adult education. | 6 | | NR | |
| 11.6 | The district should have standardized and mandatory programs to improve the attendance rate of pupils. Absences should be aggressively followed-up by district staff. | 6 | | NR | |
| 11.7 | School site personnel should receive periodic and timely training on the district's attendance procedures, system procedures and changes in laws and regulations. | 2 | <input type="checkbox"/> | 5 | |
| 11.8 | Attendance records shall not be destroyed until after the third July 1 succeeding the completion of the audit. (Title V, CCR, Section 16026) | 10 | | NR | |
| 11.9 | The district should make appropriate use of short-term independent study and Saturday school programs as alternative methods for pupils to keep current on classroom course work. | 9 | | NR | |

| Financial Management (continued) | | | | | |
|---|--|-------------------------|--------------------------|-------------------------|--------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 12.1 | The district should adhere to the California School Accounting Manual (CSAM) and Generally Accepted Accounting Principles (GAAP) as required by Education Code Section 41010. Furthermore, adherence to CSAM and GAAP helps to ensure that transactions are accurately recorded and financial statements are fairly presented. | 9 | | NR | |
| 12.2 | The district should timely and accurately record all information regarding financial activity (unrestricted and restricted) for all programs. Generally Accepted Accounting Principles (GAAP) require that in order for financial reporting to serve the needs of the users, it must be reliable and timely. Therefore, the timely and accurate recording of the underlying transactions (revenue and expenditures) is an essential function of the district's financial management. | 1 | | NR | <input type="checkbox"/> |
| 12.3 | The district should forecast its revenue and expenditures and verify those projections on a monthly basis in order to adequately manage its cash. In addition, the district should reconcile its cash to bank statements and reports from the county treasurer reports on a monthly basis. Standard accounting practice dictates that, in order to ensure that all cash receipts are deposited timely and recorded properly, cash be reconciled to bank statements on a monthly basis. | 4 | | NR | |
| 12.4 | The district's payroll procedures should be in compliance with the requirements established by the County Office of Education, unless fiscally independent. (Education Code Section 42646) Standard accounting practice dictates that the district implement procedures to ensure the timely and accurate processing of payroll. | 2 | <input type="checkbox"/> | 3 | |
| 12.5 | Standard accounting practice dictates that the accounting work should be properly supervised and work reviewed in order to ensure that transactions are recorded timely and accurately, and allow the preparation of periodic financial statements. | 4 | | NR | |

| Financial Management (continued) | | | | | |
|---|---|-------------------------|--------------------------|-------------------------|------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 12.6 | Federal and state categorical programs, either through specific program requirements or through general cost principles such as OMB Circular A-87, require that entities receiving such funds must have an adequate system to account for those revenues and related expenditures. | 8 | | NR | |
| 12.7 | Generally accepted accounting practices dictate that, in order to ensure accurate recording of transactions, the district should have standard procedures for closing its books at fiscal year-end. The district's year-end closing procedures should be in compliance with the procedures and requirements established by the county office of education. | 1 | <input type="checkbox"/> | 2 | |
| 12.8 | The district should comply with the bidding requirements of Public Contract Code Section 20111. Standard accounting practice dictates that the district have adequate purchasing and warehousing procedures to ensure that only properly authorized purchases are made, that authorized purchases are made consistent with district policies and management direction, that inventories are safeguarded, and that purchases and inventories are timely and accurately recorded. | 2 | | NR | |
| 12.9 | The district has documented procedures for the receipt, expenditure and monitoring of all construction-related activities. Included in the procedures are specific requirements for the approval and payment of all construction-related expenditures. | 5 | | NR | |
| 12.10 | The accounting system should have an appropriate level of controls to prevent and detect errors and irregularities. | 5 | | NR | |
| 12.11 | The district must convert to the new Standardized Account Code Structure by July 1, 2001. SACS will bring the district into compliance with federal guidelines, which will ensure no loss of federal funds (e.g. Title I, Federal CSR). | 5 | | NR | |

| Financial Management (continued) | | | | | |
|---|--|------------------|--------------------------|------------------|--------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 13.1 | The Governing Board adopts policies and procedures to ensure compliance regarding how student body organizations deposit, invest, spend, raise and audit student body funds. [EC 48930-48938] | 5 | | NR | |
| 13.2 | Proper supervision of all student body funds shall be provided by the board. [EC 48937] This supervision includes establishing responsibilities for managing and overseeing the activities and funds of student organizations, including providing procedures for the proper handling, recording and reporting of revenues and expenditures. | 5 | | NR | |
| 13.3 | It is the district's responsibility to provide training and guidance to site personnel on the policies and procedures governing the Associated Student Body account. | 1 | | NR | <input type="checkbox"/> |
| 13.4 | In order to provide for oversight and control, the California Department of Education recommends that periodic financial reports be prepared by sites, and then summarized by the district office. | 3 | | NR | |
| 13.5 | In order to provide adequate oversight of student funds and to ensure the proper handling and reporting, the California Department of Education recommends that internal audits be performed. Such audits should review the operation of student body funds at both district and site levels. | 1 | | NR | |
| 14.1 | A reliable computer program that provides reliable multi-year financial projections is used. | 2 | | NR | |
| 14.2 | The district annually provides a multi-year revenue and expenditure projection for all funds of the district. Projected fund balance reserves should be disclosed. The assumptions for revenues and expenditures should be reasonable and supportable. [EC 42131] | 4 | | NR | |
| 14.3 | Multi-year financial projections should be prepared for use in the decision-making process, especially whenever a significant multi-year expenditure commitment is contemplated. [EC 42142] | 5 | | NR | |
| 14.4 | Multi-year projections should be based on appropriate assumptions for both revenue and expense forecasting. | 5 | <input type="checkbox"/> | 0 | |

| Financial Management (continued) | | | | | |
|---|---|-------------------------|--------------------------|-------------------------|------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 15.1 | Comply with public disclosure laws of fiscal obligations related to health and welfare benefits for retirees, self-insured workers compensation, and collective bargaining agreements. [GC 3540.2, 3547.5, EC 42142] | 9 | | NR | |
| 15.2 | When authorized, the district should only use non-voter approved, long-term financing such as certificates of participation (COPS), revenue bonds, and lease-purchase agreements (capital leases) to address capital needs, and not operations. Further, the general fund should be used to finance current school operations, and in general should not be used to pay for these types of long-term commitments. | 5 | | NR | |
| 15.3 | 1. For long-term liabilities/debt service, the district should prepare debt service schedules and identify the dedicated funding sources to make those debt service payments. 2. The district should project cash receipts from the dedicated revenue sources to ensure that it will have sufficient funds to make periodic debt payments. 3. The cash flow projections should be monitored on an on-going basis to ensure that any variances from projected cash flows are identified as early as possible, in order to allow the district sufficient time to take appropriate measures or identify alternative funding sources. | 2 | <input type="checkbox"/> | 6 | |
| 15.4 | The accrued costs of all health benefit retiree plans are funded. The district has developed and uses a financial plan to ensure that ongoing unfunded liabilities from employee benefits are recognized as a liability of the school district. A plan has been established for funding retiree health benefit costs as the obligations are incurred. The district avoids health benefit obligations for retirees that impose unfunded costs on the district and force the agency into a pay-as-you-go process. | 0 | <input type="checkbox"/> | 2 | |

| Financial Management (continued) | | | | | |
|----------------------------------|--|------------------|--------------------------|------------------|-----------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 16.1 | The district should develop parameters and guidelines for collective bargaining that ensure that the collective bargaining agreement is not an impediment to efficiency of district operations. At least annually, the collective bargaining agreement should be analyzed by management to identify those characteristics that are impediments to effective delivery of district operations. The district should identify those issues for consideration by the Governing Board. The Governing Board, in the development of their guidelines for collective bargaining, should consider the impact on district operations of current collective bargaining language and propose amendments to district language as appropriate to ensure effective and efficient district delivery. | 0 | <input type="checkbox"/> | 7 | |
| 16.2 | The governing board must ensure that any guideline they develop for collective bargaining is fiscally aligned with the instructional and fiscal goals on a multi-year basis. The superintendent must ensure that the district has a formal process where collective bargaining multi-year costs are identified to the governing board and those expenditure changes are identified and implemented as necessary prior to any imposition of new collective bargaining obligations. The governing board must ensure that there is a validation of the costs and the projected district revenues and expenditures on a multi-year basis so that the fiscal issues faced by the district are not strained further due to bargaining settlements. The public should be informed about budget reductions that will be required for a bargaining agreement prior to any contract acceptance by the governing board. The public should be given advance notice of the provisions of the final proposed bargaining settlement and be given an opportunity to comment. | 4 | | NR | |

| Financial Management (continued) | | | | | |
|---|---|-------------------------|--------------------------|-------------------------|------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 17.1 | There should be a process in place for fiscal input and planning of the district technology plan. The goals and objectives of the technology plan should be clearly defined. The plan should include both the administrative and instructional technology systems. There should be a summary of the costs of each objective, and a financing plan should be in place. | 4 | | NR | |
| 17.2 | Management information systems must support users with information that is relevant, timely, and accurate. Needs assessments must be performed to ensure that users are involved in the definition of needs, development of system specifications, and selection of appropriate systems. Additionally, district standards must be imposed to ensure the maintainability, compatibility, and supportability of the various systems. The district must also ensure that all systems are compliant with the new Standardized Account Code Structure (SACS), year 2000 requirements, and are compatible with county systems with which they must interface. | 1 | | NR | |
| 17.3 | Automated systems should be used to improve accuracy, timeliness, and efficiency of financial and reporting systems. Needs assessments should be performed to determine what systems are candidates for automation, whether standard hardware and software systems are available to meet the need, and whether or not the district would benefit. Automated financial systems should provide accurate, timely, relevant information and should conform to all accounting standards. The systems should also be designed to serve all of the various users inside and outside the district. Employees should receive appropriate training and supervision in the operation of the systems. Appropriate internal controls should be instituted and reviewed periodically. | 4 | <input type="checkbox"/> | 3 | |
| 17.4 | Cost/benefit analyses provide an important basis upon which to determine which systems should be automated, which systems best meet defined needs, and whether internally generated savings can provide funding for the proposed system. Cost/benefit analyses should be complete, accurate, and include all relevant factors. | 2 | | NR | |

| Financial Management (continued) | | | | | |
|---|--|-------------------------|--------------------------|-------------------------|------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 17.5 | Selection of information systems technology should conform to legal procedures specified in the Public Contract Code. Additionally, there should be a process to ensure that needs analyses, cost/benefit analyses, and financing plans are in place prior to commitment of resources. The process should facilitate involvement by users, as well as information services staff, to ensure that training and support needs and costs are considered in the acquisition process. | 2 | | NR | |
| 17.6 | Major technology systems should be supported by implementation and training plans. The cost of implementation and training should be included with other support costs in the cost/benefit analyses and financing plans supporting the acquisition. | 2 | | NR | |
| 18.1 | The district has a comprehensive risk management program. The district should have a program that monitors the various aspects of risk management including workers compensation, property and liability insurance, and maintains the financial well being of the district. | 4 | | NR | |
| 18.2 | The district should have a work order system that tracks all maintenance requests, the worker assigned, dates of completion, labor time spent and the cost of materials. | 4 | <input type="checkbox"/> | 6 | |
| 18.3 | The district should control the use of facilities and charge fees for usage in accordance with district policy. | 0 | | NR | |
| 18.4 | The maintenance department should follow standard district purchasing protocols. Open purchase orders may be used if controlled by limiting the employees authorized to make the purchase and the amount. | 4 | | NR | |
| 18.5 | Materials and equipment/tools inventory should be safeguarded from loss through appropriate physical and accounting controls. | 6 | | NR | |
| 18.6 | District-owned vehicles should only be used for district purposes. Fuel should be inventoried and controlled as to use. | 1 | <input type="checkbox"/> | 1 | |

| Financial Management (continued) | | | | | |
|---|---|-------------------------|------------------------|-------------------------|------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 18.7 | Vending machine operations are subject to policies and regulations set by the State Board of Education. All contracts specifying these should reflect these policies and regulations. An adequate system of inventory control should also exist. [EC 48931] | 0 | | NR | |
| 18.8 | Capital equipment and furniture should be tagged as district-owned property and inventoried at least annually. | 2 | | NR | |
| 18.9 | The district should adhere to bid and force account requirements found in the Public Contract Code (Sections 20111 and 20114). These requirements include formal bids for materials, equipment and maintenance projects that exceed \$56,900; capital projects of \$15,000 or more; and labor when the job exceeds 750 hours or the materials exceed \$21,000. | 9 | | NR | |
| 18.10 | Standard accounting practices dictate that the district has adequate purchasing and contract controls to ensure that only properly authorized purchases are made and independent contracts approved, that authorized purchases and independent contracts are made consistent with district policies, procedures, and management direction. In addition, appropriate levels of signature authorization should be maintained to prevent or discourage inappropriate purchases or contract awards. | 8 | | NR | |
| 19.1 | In order to accurately record transactions and to ensure the accuracy of financial statements for the cafeteria fund in accordance with generally accepted accounting principles, the district should have adequate purchasing and warehousing procedures to ensure that: 1. Only properly authorized purchases are made consistent with district policies, federal guidelines, and management direction. 2. Adequate physical security measures are in place to prevent the loss/theft of food inventories. 3. Revenues, expenditures, inventories, and cash are recorded timely and accurately. | 8 | | NR | |
| 19.2 | The district should operate the food service programs in accordance with applicable laws and regulations. | 8 | | NR | |

| Financial Management (continued) | | | | | |
|---|---|-------------------------|------------------------|-------------------------|------------------------|
| Standard to be addressed | | June 2001 Rating | Dec. 2001 Focus | Dec. 2001 Rating | June 2002 Focus |
| 20.1 | In the process of reviewing and approving charter schools, the district should identify/establish minimal financial management and reporting standards that the charter school will follow. These standards/procedures will provide some level of assurance that finances will be managed appropriately, and allow the district to monitor the charter. The district should monitor the financial management and performance of the charter schools on an ongoing basis, in order to ensure that the resources are appropriately managed. | 5 | | NR | |
| 21.1 | The district should have procedures that provide for the appropriate oversight and management of mandated cost claim reimbursement filing. Appropriate procedures would cover: the identification of changes to existing mandates; training staff regarding the appropriate collection and submission of data to support the filing of mandated costs claims; forms, formats, and time lines for reporting mandated cost information; and, review of data and preparation of the actual claims. | 4 | | NR | |
| 22.1 | The district should actively take measures to contain the cost of special education services while still providing an appropriate level of quality instructional and pupil services to special education pupils. | 5 | | NR | |