

**FINANCIAL REPORTS AND ACCOUNTABILITY**

The Governing Board is committed to ensuring the fiscal health of the district and providing public accountability. The Board shall adopt sound fiscal policies, oversee the district's financial condition, and continually evaluate whether the district's budget and financial operations support the district's goals for student achievement.

*(cf. 3100 – Budget)*

*(cf. 3110 – Transfer of Funds)*

*(cf. 3300 – Expenditures and Purchases)*

*(cf. 3430 – Investing)*

*(cf. 4143/4243 – Negotiations/Consultation)*

*(cf. 9000 – Role of the Board)*

The Superintendent and/or designee shall provide the Board with financial reports throughout the year in accordance with law and as otherwise requested by the Board.

The Superintendent and/or designee shall ensure that all financial reports are prepared in accordance with law and in conformity with generally accepted accounting principles and financial reporting standards stipulated by the Governmental Accounting Standards Board and the California Department of Education. He/she shall establish a system of ongoing internal controls to ensure the reliability of financial reporting.

*(cf. 3400 – Management of District Assets/Accounts)*

Based on financial reports provided by the Superintendent and/or designee and in accordance with law and administrative regulation, the Board shall:

1. Approve and file an annual statement of the district's receipts and expenditures for the preceding fiscal year (Education Code 42100)
2. Adopt a resolution identifying the district's estimated appropriations limit for the current fiscal year and the actual appropriations limit for the preceding fiscal year (Education Code 42132; Government Code 7910)
3. Approve interim fiscal reports and certify whether the district will be able to meet its fiscal obligations for the remainder of the fiscal year and two subsequent fiscal years (Education Code 42130, 42131)
4. Provide for an annual audit, select an independent auditor, and review the audit report (Education Code 41020, 41020.3)

The independent auditor shall present the audit report to the Board at a public meeting and the Board shall have an opportunity to ask questions of the auditor and request further information about the audit findings.

The Board shall regularly communicate the district's financial position to the public and shall use financial reports to determine what actions and budget amendments, if any, are needed to ensure the district's financial stability.

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If district conditions predict fiscal distress or indicate that the district might not be able to meet its fiscal obligations, the Board and Superintendent and/or designee shall act quickly to identify and resolve these conditions. The Board shall work cooperatively with the County Superintendent of Schools to improve the district's fiscal health and may contract with an external individual or organization to advise the district on fiscal matters.

#### Audit Committee

The Board may appoint an audit committee composed of staff knowledgeable about fiscal matters, other staff, and representatives of the community.

*(cf. 1220 – citizen Advisory Committees)*

*(cf. 9130 – Board Committees)*

*(cf. 9140 – Board Representatives)*

The committee shall serve in an advisory capacity and may:

1. Make recommendations regarding the selection of the external independent auditor in accordance with Education Code 41020 and 41020.5
2. Review the plan for the audit process with the independent auditor to determine the adequacy of the nature, scope, and timetable of the audit
3. Review the results of the audit and participate with the independent auditor and management in preparing final recommendations and responses
4. Participate with the independent auditor in presenting the audit report to the Board
5. Review Board policies and administrative regulations to recommend any revisions needed to ensure effective financial reporting
6. Provide input on the effectiveness of the independent auditor
7. Periodically report to the Board regarding the status of previous audit recommendations for improving the accounting and internal control systems

#### Legal Reference:

##### **EDUCATION CODE**

1240	Duties of County Superintendent of Schools
14500-14508	Financial and Compliance Audits
17150	Public Disclosure of Non-Voter Approved Debt
17170-17199.5	California School Finance Authority
33127	Standards and Criteria for Local Budgets and Expenditures
33128	Standards and Criteria; Inclusions
33129	Standards and Criteria; Use by Local Agencies
35035	Powers and Duties of Superintendent
41010-41023	Accounting System
41326	Emergency Apportionment
41344	Repayment of Apportionment Significant Audit Exceptions
41344.1	Appeals of Audit Findings

## **BUSINESS AND NONINSTRUCTIONAL OPERATIONS - BP 3460 (Continued)**

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41455	Examination of Financial Problems of Local Districts
42100-42105	Requirements to Prepare and File Annual Statement
42130-42134	Financial Reports and Certifications
42140-42142	Public Disclosure of Fiscal Obligations
42637	County Superintendent Review of District's Financial and Budgetary Conditions
42652	Revocation or Suspension of Warrant Authority

### **GOVERNMENT CODE**

3540.2	School District; Qualified or negative Certification; Proposed Agreement Review and Comment
7900-7914	Appropriations Limit
16429.1	Local Agency Investment Fund
53646	Reports of Investment Policy and Compliance

### **CODE OF REGULATIONS, TITLE 5**

15060	Standardized Account Code Structure
15070	Submission of Reports Using Standardized Account Code Structure
15440-15451	Criteria and Standards for School District Budgets
15453-15464	Criteria and Standards for School District Interim Reports

Management Resources:

CSBA PUBLICATIONS

Maximizing School Board Governance: Fiscal Accountability, 2006

CALIFORNIA DEPARTMENT OF EDUCATION COMMUNICATIONS

New Financial Reporting Requirements for Postemployment Benefits Other than Pensions, February 26, 2007

1208.00 Audit Resolution Process: Repayment Plans

FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM PUBLICATIONS

Fiscal Oversight Guide for AB 1200, AB 2756 and Subsequent Related Legislation, September 2006

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

Statement 34, Basic Financial Statements and Management's Discussion and Analysis – For State and Local Governments, June 1999

Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, June 2004

U.S. GENERAL ACCOUNTING OFFICE AND PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY (PCIE) PUBLICATIONS

Financial Audit Manual, revised 2003

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULARS

A-133 Audits of States, Local Governments, and Non-Profit Organizations

STATE CONTROLLER PUBLICATIONS

Standards and Procedures for Audits of California K-12 Local Educational Agencies (annual publication)

WEB SITES

CSBA: <http://www.csba.org>

California Association of School Business officials: <http://www.casbo.org>

California County Superintendents Educational Services Association: <http://www.ccsesa.org>

California Department of Education Finance and Grants: <http://www.cde.ca.gov/fg>

Education Audit Appeals Panel: <http://www.eaap.ca.gov>

Fiscal Crisis and management Assistance Team: <http://www.fcmat.org>

Governmental Accounting Standards Board: <http://www.gasb.org>

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School Services of California: <http://www.sscal.com>

State Controller's Office: <http://www.sco.ca.gov>

U.S. Government Accounting Office: <http://www.gao.gov>

U.S. Office of Management and Budget: <http://www.whitehouse.gov/omb>

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