

## **Business and Noninstructional Operations**

### **MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS**

The Board of Trustees recognizes its fiduciary responsibility to effectively manage and safeguard the district's assets and resources in order to help achieve the district's goals for student learning. The Superintendent or designee shall establish and maintain an accurate, efficient financial management system that enhances the district's ability to meet its fiscal obligations, produces reliable financial reports, and complies with laws, regulations, policies, and procedures. He/she shall ensure that the district's accounting system provides ongoing internal controls and meets generally accepted accounting standards.

#### **Capital Assets**

The Superintendent or designee shall develop a system to accurately identify and value district assets in order to help ensure financial accountability and to minimize the risk of loss or misuse. District assets with a useful life of more than one year and an initial acquisition cost of \$5,000 or more shall be considered capital assets. The Superintendent or designee shall determine the estimated useful life of each capital asset and shall calculate and report the estimated loss of value or depreciation during each accounting period for all capital assets

#### **Internal Controls/Fraud Prevention**

The Board expects Board members, employees, consultants, vendors, contractors, and other parties maintaining a business relationship with the district to act with integrity and due diligence in dealings involving the district's assets and fiscal resources.

The Superintendent or designee shall develop internal controls which aid in the prevention and detection of fraud, financial impropriety, or irregularity within the district. These internal controls may include, but are not limited to, segregating employee duties relating to authorization, custody of assets, and recording or reporting of transactions; providing detailed, written job descriptions explaining the segregation of functions; adopting an integrated financial system; conducting background checks on business office employees; and requiring continuous in-service training for business office staff on the importance of fraud prevention.

All employees shall be alert for any indication of fraud, financial impropriety, or irregularity within their area of responsibility. Any employee who suspects fraud, impropriety, or irregularity shall immediately report those suspicions to his/her immediate supervisor and/or the Superintendent or designee. In addition, the Superintendent or designee shall establish a method for employees and outside persons to anonymously report any suspected instances of fraud, impropriety, or irregularity.

**MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS (continued)**

The Superintendent or designee shall have primary responsibility for any necessary investigations of suspected fraud, impropriety, or irregularity, in coordination with legal counsel, the district's auditors, law enforcement agencies, or other governmental entities, as appropriate.

The Superintendent or designee shall provide regular reports to the Board on the status of the district's internal control procedures and recommend any necessary revisions to related Board policies or administrative regulations.

- (cf. 3000 - Concepts and Roles)
- (cf. 3100 - Budget)
- (cf. 3300 - Expenditures and Purchases)
- (cf. 3312 - Contracts)
- (cf. 3314 - Payment for Goods and Services)
- (cf. 3460 - Financial Reports and Accountability)
- (cf. 3440 - Inventories)
- (cf. 4119.1/4219.1/4319.1 - Civil and Legal Rights)

Legal Reference:

**EDUCATION CODE**

- 14500-14508 Financial and compliance audits
- 35035 Powers and duties of superintendent
- 35250 Duty to keep certain records and reports
- 41010-41023 Accounting regulations, budget controls and audits
- 42600-42604 Control of expenditures
- 42647 Drawing of warrants by district on county treasurer; form; reports, statements and other data

**GOVERNMENT CODE**

- 53995-53997 Obligation of contract

Management Resources:

**CSBA PUBLICATIONS**

- Maximizing School Board Governance: Budget Planning and Adoption, 2006
- Maximizing School Board Governance: Fiscal Accountability, 2006
- School Finance CD-ROM, 2005

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

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

**MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS (continued)**

**WEB SITES**

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

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

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

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

Fiscal Crisis & Management Assistance Team: <http://www.fcmat.org>

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

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

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2/9/94

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**Accounts**

The district's accounting system shall fully comply with the definitions, instructions and procedures set forth in the California Department of Education School Accounting Manual. (Education Code 41010)

The Superintendent or designee shall ensure that funds are encumbered in the district accounting records immediately after an expenditure is committed for subsequent payment.

**Fraud Prevention and Investigation**

The Superintendent or designee shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees involved in the investigation shall be advised to keep information about the investigation confidential.

If an investigation substantiates the occurrence of a fraudulent activity, the Superintendent or designee shall issue a report to appropriate personnel and to the Governing Board. The final disposition of the matter and any decision to file a criminal complaint or refer the matter to the appropriate law enforcement and/or regulatory agency for independent investigation shall be made in consultation with legal counsel. The result of the investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate need to know.

(cf. 3110 - Transfer of Funds)

(cf. 4119.23/4219.23/4319.23 - Unauthorized Release of Confidential/Privileged Information)

(cf. 3430 - Investing)

(cf. 4112.6/4212.6/4312.6 - Personnel Files)

(cf. 4119.1/4219.1/4319.1 - Civil and Legal Rights)

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