

MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS

Accounting Systems

General and budgetary accounting is prescribed by the Education Code and must be in accordance with the California State Department of Education Accounting Manual. (Education Code 41010)

The Superintendent or designee shall provide ongoing internal accounting controls and a means for the accounting of income and expenditures as outlined in the adopted budget.

Audits

All accounts shall be audited annually as prescribed by the Education Code. The audit examination shall be conducted in accordance with the requirements of the State Controller. (Education Code 41020)

(cf. 3452 - Student Activity Funds)

By April 1 of each year, the Board shall provide for an audit of all district funds, any other funds which are administered pursuant to a joint powers agreement, and attendance procedures. To conduct the audit, the Board shall select a certified public accountant or public accountant licensed by the State Board of Accountancy.

The audit shall identify all expenditures by source of funds and shall contain the following:

1. A statement that the audit was conducted pursuant to standards and procedures established in the audit guides developed by the State Controller.
2. A summary of audit exceptions and management recommendations.

The Superintendent or designee shall file the report of the audit with the County Superintendent of Schools, the Department of Education, and the State Controller no later than December 15. (Education Code 41020).

Encumbering

In order to have a clear picture of the district's financial condition readily available and as current as possible, the Superintendent or designee shall see that funds are encumbered in the district accounting records immediately after an expenditure is committed for subsequent payment.

MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS (continued)

Encumbering shall begin July 1 of each year with the amounts established in the district's preliminary budget. Appropriate adjustments shall be made when the final budget is adopted.

Obligation of Contract

The district's obligation of contract, with regard to financial transactions, shall commence when the Board adopts a resolution formally adopting, approving, or entering into any financial transaction.

With the mutual consent of the Board and the other party or parties to the financial transaction, a different time may be set for the commencement of the obligation. (Government Code 53997)

The Board shall not adopt any resolution which would be binding until the terms of the transaction are sufficiently definite.

Capital Assets

The Governing Board recognizes the importance of accurately identifying and valuing 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 School Food Service program is self-supporting; assets purchased with cafeteria funds, 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.

(Cf. 3440 - Inventories)

Fraud Prevention and Investigation

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

MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS (continued)

The Superintendent or designee shall be responsible for developing internal controls which aid in the prevention and detection of fraud, financial impropriety or irregularity within the district. Each member of the management team shall be alert for any indication of fraud, financial impropriety or irregularity within his/her area of responsibility.

An employee who suspects fraud, impropriety or irregularity shall immediately report those suspicions to his/her immediate supervisor and/or the Superintendent or designee. The Superintendent or designee shall have primary responsibility for any necessary investigations, in coordination with legal counsel and other internal or external departments and agencies as appropriate.

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

Legal Reference:

EDUCATION CODE

14505 Withholding percentage of audit fee until certification of conformance to audit guide; appeal

35035 Powers and duties of superintendent

35250 Duty to keep certain records and reports (accurate account of expenditures and receipts)

41010 Accounting system; requirements for Accounting Manual

41011 Accounting system requirements

41012 Uniform cost accounting procedure to determine allowances for handicapped minors

41013 Transfers from district general funds; accounting rules and regulations

41014 Requirement of budgetary accounting

41020 Requirement for annual audit

41020.3 Review of annual audit

41020.5 Audit not in conformance

42600 District budget limitation on expenditures

42601 Transfers between funds to permit payment of obligations at close of year

42603 Transfer of special or restricted funds moneys

42647 Drawing of warrants by district on county treasurer; form; reports, statements and other data

GOVERNMENT CODE

53995-53997 Obligation of contract

MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS

Standards of Accounting Control

Budgetary accounting shall be on the modified accrual basis and a complete general ledger kept on each fund. Internal control shall be such that all expenditures are pre-audited prior to payment. All accounting procedures shall be kept in a completely auditable condition at all times.