

Policy 3460: Financial Reports And Accountability

Status: DRAFT

Original Adopted Date: 11/27/2012 | Last Revised Date: 08/08/2018 | Last Reviewed Date: 08/08/2018

The Governing Board is committed to ensuring public accountability and the fiscal health of the district. The Board shall adopt sound fiscal ~~management policies and practices~~, 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.

The Superintendent or designee shall ensure that all ~~district~~ 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 (CDE). ~~He/she~~**The Superintendent or designee** shall establish a system of ongoing internal controls to ensure the reliability of financial reporting.

When required by law or the Board, the Superintendent or designee shall submit to the Board reports of the district's financial status, including, but not limited to, any report specified in this Board policy or accompanying administrative regulation. When ~~submission of~~ any such report must be approved by the Board prior to its submission to a local, state, and/or federal agency ~~requires prior Board approval~~, the Superintendent or designee shall provide the report to the Board in sufficient time to enable the Board to carefully review the report and ~~meet~~**without breaking** any applicable submission deadline.

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

~~If district conditions predict fiscal distress or indicate that the district might not be able to meet its fiscal obligations, the Board and Superintendent or designee shall act quickly~~**take action** to identify and resolve these conditions ~~without delay~~. 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~~**provide** the district ~~on~~**with needed advice or** fiscal matters. ~~management or training.~~

Unaudited Actual Receipts and Expenditures

On or before September 15, the Board shall approve and file with the County Superintendent a statement of the district's unaudited actual receipts and expenditures for the preceding fiscal year. The Superintendent or designee shall prepare this statement using the state's standardized account code structure (SACS) as prescribed by the Superintendent of Public Instruction (SPI). (Education Code 42100)

Gann Appropriations Limit Resolution

On or before September 15, the Board shall, ~~at a regular or special meeting~~, adopt a resolution identifying, pursuant to Government Code 7900-7914, the district's estimated appropriations limit for the current fiscal year and the actual appropriations limit for the preceding fiscal year. Documentation used to identify these limits shall be made available to the public on the day of the Board meeting. (Education Code 42132; Government Code 7910)

Interim Reports/Certification of Ability to Meet Fiscal Obligations

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~~Each fiscal year, the Superintendent or designee shall submit two interim fiscal reports to the Board, the~~**The** first report covering ~~shall cover~~ the district's financial and budgetary status for the period ending October 31 and the second report covering ~~shall cover~~ the period ending January 31. ~~The~~**These** reports and supporting data shall be made available by the district for public review. (Education Code 42130)

Within 45 days after the close of the period reported, the Board shall approve the interim report and certify, on the

basis of the interim report and any additional financial information known by the Board, **shall certify in writing** whether the district will be able to meet its fiscal obligations for the remainder of the fiscal year and, based on current forecasts, for the two subsequent fiscal years. The certification shall be classified as one of the following: (Education Code 42130, 42131)

1. "Positive certification" indicating that the district will meet its financial obligations for the current fiscal year and two subsequent fiscal years
2. "Qualified certification" indicating that the district may not meet its financial obligations for the current fiscal year or two subsequent fiscal years
3. "Negative certification" indicating that the district will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year

The Superintendent or designee shall submit a copy of each interim report and certification to the County Superintendent using the state's SACS software, as prescribed by the SPI. (Education Code 42130, 42131)

If the district's certification is subsequently changed by the County Superintendent from a positive to a qualified or negative certification, or from a qualified to a negative certification, the Board may appeal the decision to the SPI within five days of receiving the notice of change. (Education Code 42131)

Whenever the district receives a qualified or negative certification from the Board or the County Superintendent, the Superintendent or designee shall cooperate in the implementation of any remedial actions taken or prescribed by the County Superintendent ~~under the authority granted to him/her pursuant to~~. (Education Code 42131.)

If the second interim report is accompanied by a qualified or negative certification, the Board shall, no later than June 1, provide to the County Superintendent, the State Controller, and the SPI a financial statement as of April 30 ("third interim report") that projects the district's fund and cash balances through June 30. (Education Code 42131)

At

If at any time during the fiscal year when, the County Superintendent concludes that the district's budget does not comply with the standards and criteria for financial stability and conducts a comprehensive review of the district's financial and budgetary conditions ~~after he/she has determined that the district's budget does not comply with state criteria and standards for fiscal stability,~~ the Board shall review **any report of the County Superintendent's findings and recommendations** at a public Board meeting. Within 15 days of receiving the report, the district shall notify the County Superintendent and the SPI of ~~its~~ **the Board's** proposed actions on the recommendation. (Education Code 42637)

Audit Report

By April 1 of each year, the Board shall provide for an annual audit of the district's books and accounts. (Education Code 41020)

To conduct the audit, the Board shall select a certified public accountant or public accountant licensed by the State Board of Accountancy from among those deemed qualified by the State Controller. (Education Code 41020, 41020.5)

~~The Board shall not select any~~

Except when, as determined by the Education Audits Appeal Panel, no otherwise eligible auditor is available, a public accounting firm to provide audit services if the whose lead or coordinating audit partner having primary responsibility for the audit; or the whose audit partner responsible for reviewing the audit; has performed audit services for the district in each of the six previous fiscal years; shall not be selected to perform a district audit. (Education Code 41020)

No later than December 15, the report of the audit for the preceding fiscal year shall be filed with the County Superintendent, the CDE, and the State Controller. (Education Code 41020)

Prior to December 15 whenever possible, but in no case later than January 31, the Board shall review, at an open meeting, the annual district audit for the prior year, any audit exceptions identified in that audit, the recommendations or findings of any management letter issued by the auditor, and any description of correction or plans to correct any exceptions or any issue raised in a management letter. (Education Code 41020.3)

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

Audit Committee

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

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

Policy Reference Disclaimer: These references are not intended to be part of the policy itself, nor do they indicate the basis or authority for the board to enact this policy. Instead, they are provided as additional resources for those interested in the subject matter of the policy.

State References

2 CCR 1859.104
5 CCR 15060
5 CCR 15070
5 CCR 15440-15451
5 CCR 15453-15464
5 CCR 19810-19816.1

Description

Leroy F. Greene School Facilities Program; reporting requirements - <https://simbli.eboardsolutions.com/SU/tR4Nz9gBf6HslshNNplus3lquQwQ==>
Standardized account code structure
Submission of reports using standardized account code structure
Criteria and standards for school district budgets
Criteria and standards for school district interim reports
Audits

Ed. Code 1240	County superintendent of schools; duties - https://simbli.eboardsolutions.com/SU/zxiNblNKXQ1Z3w2H1beZIA==
Ed. Code 14500-14508	Financial and compliance audits - https://simbli.eboardsolutions.com/SU/ExlLRgXIGIFUpluskbtjAagJg==
Ed. Code 17070.10-17079.30	Leroy F. Greene School Facilities Act - https://simbli.eboardsolutions.com/SU/fu4PsUtUAb4qYYOY9breHg==
Ed. Code 17150-17150.1	Public disclosure of non-voter-approved debt - https://simbli.eboardsolutions.com/SU/nuHTCc4wlq8BirS8egAl9w==
Ed. Code 17170-17199.5	California School Finance Authority - https://simbli.eboardsolutions.com/SU/pjzTbdonCFPeq45e9kk37g==
Ed. Code 33127	Standards and criteria for local budgets and expenditures
Ed. Code 33128	Standards and criteria; inclusions
Ed. Code 33129	Standards and criteria; use by local agencies
Ed. Code 35035	Powers and duties of the superintendent; transfer authority
Ed. Code 41010-41024	Accounting system and audits
Ed. Code 41326	Emergency apportionment
Ed. Code 41344	Repayment of apportionment significant audit exceptions
Ed. Code 41344.1	Appeals of audit findings
Ed. Code 41455	Examination of financial problems of local districts
Ed. Code 42100-42105	Requirement to prepare and file annual statement
Ed. Code 42120-42129	Budget requirements
Ed. Code 42130-42134	Financial reports and certifications
Ed. Code 42140-42142	Public disclosure of fiscal obligations
Ed. Code 42637	County superintendent review of district's financial and budgetary conditions
Ed. Code 42652	Revocation or suspension of warrant authority
Ed. Code 48300-48316	Student attendance alternatives; school district of choice program
Ed. Code 52060-52077	Local control and accountability plan
Gov. Code 16429.1	Local agency investment fund
Gov. Code 3540.2	Meeting and negotiating in public educational employment
Gov. Code 53646	Treasurer reports and statements of investment policy
Gov. Code 7900-7914	Appropriations limit

Federal References

2 CFR 200.0-200.521
31 USC 7501-7507

Description

Federal uniform grant guidance
Single audits of federal program funds

Management Resources References

California Department of Education
Communication

California Department of Education
Communication

Description

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

Audit Resolution Process: Repayment Plans, December 8, 2000

Fiscal Crisis & Management Assistance Team Pub.

Indicators of Risk or Potential Insolvency For K-12 Local Education Agencies

Fiscal Crisis & Management Assistance Team Pub.

Fiscal Oversight Guide for AB 1200, AB 2756, AB 1840 and Related Legislation, September 2021

Governmental Accounting Standards Board Statement	Statement 87, Leases, June 2017
Governmental Accounting Standards Board Statement	Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, March 2009
Governmental Accounting Standards Board Statement	Statement 75, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, June 2015
Governmental Accounting Standards Board Statement	Statement 34, Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments, June 1999
Governmental Accounting Standards Board Statement	Statement 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, June 2015
State Controller Publication	Standards and Procedures for Audits of California K-12 Local Educational Agencies
U.S. Gov. Accountability Office & PCIE Publication	Financial Audit Manual, revised 2008
U.S. Gov. Accountability Office & PCIE Publication	Government Auditing Standards, 2011
Website	CSBA District and County Office of Education Legal Services - https://simbli.eboardsolutions.com/SU/UdykszdmPETuDsIshXk6R5akQ==
Website	Governmental Accounting Standards Board - https://simbli.eboardsolutions.com/SU/fOzYLiplusQlvf5bslshbBggjhog==
Website	California State Controller - https://simbli.eboardsolutions.com/SU/GDLauCiDFI4Ms1eIPGARvA==
Website	U.S. Government Accountability Office - https://simbli.eboardsolutions.com/SU/HvuRwrDop7OnnXIYFVN3Mw==
Website	California County Superintendents Educational Services Association - https://simbli.eboardsolutions.com/SU/FJy7Gf2dJxPluso3aMdrmkQ==
Website	California Department of Education, Finance and Grants - https://simbli.eboardsolutions.com/SU/gCBslshNI2CDJZqs24TpVv3gw==
Website	Education Audit Appeals Panel - https://simbli.eboardsolutions.com/SU/6VovW08Qz3ek2v0oFNslshtMg==
Website	Fiscal Crisis and Management Assistance Team - https://simbli.eboardsolutions.com/SU/1KDBnxplus9GCiDTyFvbLOOxQ==
Website	CSBA - https://simbli.eboardsolutions.com/SU/W3QxkK2FPsDsQBnMIENxGg==
Website	California Association of School Business Officials - https://simbli.eboardsolutions.com/SU/vplusVmEFNjoJhGgV6PRTIb0g==
Website	Office of Management and Budget - https://simbli.eboardsolutions.com/SU/yMG7KarnCsIshuDeihOx8ZiA==
Website	School Services of California, Inc. - https://simbli.eboardsolutions.com/SU/nzOINPGdkIshZR9e7VNuDXg==

Cross References

Description

0460	Local Control And Accountability Plan - https://simbli.eboardsolutions.com/SU/Oa8UxEDuhq6BH2zsd274XA==
0460	Local Control And Accountability Plan - https://simbli.eboardsolutions.com/SU/8eaD94eHfIVAA8KyIGL0hw==
0500	Accountability - https://simbli.eboardsolutions.com/SU/xCytvVrcYFBnFGHmu2mBFQ==
1220	Citizen Advisory Committees - https://simbli.eboardsolutions.com/SU/7obBkz3eDZdX6UuwdxRCNQ==
1220	Citizen Advisory Committees - https://simbli.eboardsolutions.com/SU/tHSbWzMDkTpvVHIIUAI5KQ==

1340 Access To District Records -
<https://simbli.eboardsolutions.com/SU/ilradJh510f82Bjhbu4vRw==>

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<https://simbli.eboardsolutions.com/SU/zrxxplusFTeTpg8XDnadUSa6Q==>

3000 Concepts And Roles -
<https://simbli.eboardsolutions.com/SU/esslshvk4e9OagAbIEwiPdF8A==>

3100 Budget -
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3110 Transfer Of Funds -
<https://simbli.eboardsolutions.com/SU/cd10OT9nUslshYZ49qjorWOsg==>

3220.1 Lottery Funds -
<https://simbli.eboardsolutions.com/SU/RpUjeFZV7MW628nslsh2yC1ow==>

3230 Federal Grant Funds -
<https://simbli.eboardsolutions.com/SU/U7QTeU9Soli935xKxaXdplusQ==>

3230 Federal Grant Funds -
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3280 Sale Or Lease Of District-Owned Real Property -
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3290 Gifts, Grants And Bequests -
<https://simbli.eboardsolutions.com/SU/MOBohRIT3Zp4x73yQauMxA==>

3300 Expenditures And Purchases -
<https://simbli.eboardsolutions.com/SU/yYy1CH64rE6t4GfplusXglZzA==>

3312 Contracts -
<https://simbli.eboardsolutions.com/SU/RtEPentWF4fC8KdSsZuiQQ==>

3314 Payment For Goods And Services -
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3314.2 Revolving Funds -
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3400 Management Of District Assets/Accounts -
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3430 Investing -
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3452 Student Activity Funds -
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3510 Green School Operations -
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3551 Food Service Operations/Cafeteria Fund -
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4154 Health And Welfare Benefits -
<https://simbli.eboardsolutions.com/SU/6R1sBLgslshYgDslshAd2SuZj7eA==>

4154 Health And Welfare Benefits -
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4312.1 Contracts -
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4331 Staff Development -
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5117 Interdistrict Attendance -
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5126 Awards For Achievement -
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5126 Awards For Achievement -
<https://simbli.eboardsolutions.com/SU/wplus5C3gctv8oGpnNtCwIEPw==>

7210 Facilities Financing -
<https://simbli.eboardsolutions.com/SU/hCUa0sTxRXNbm13y0QgYaQ==>

7212 Mello-Roos Districts -
<https://simbli.eboardsolutions.com/SU/U0Dovg0XSq2cuXOM1oyPZg==>

7214 General Obligation Bonds -
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9000 Role Of The Board -
<https://simbli.eboardsolutions.com/SU/yCFHLIFLUDCtfgpluseQHTjg==>

9130 Board Committees -
<https://simbli.eboardsolutions.com/SU/hgCK0A6mlyM1J1OIWJHEnA==>

9140 Board Representatives -
<https://simbli.eboardsolutions.com/SU/iy0rML7s540pAslshkX2HdlAQ==>

9322 Agenda/Meeting Materials -
<https://simbli.eboardsolutions.com/SU/HMeZuSH7vnURgKSyn06rcA==>