

**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 ensure that the financial systems 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. 9000 - Role of the Board)*

The Superintendent 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 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.

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

*(cf. 3440 - Inventories)*

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.

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 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 establish an audit committee composed of staff knowledgeable in fiscal matters, other staff, and representatives of the community. The committee shall serve in an advisory capacity to the Board and shall:

1. Make recommendations regarding the selection of the external independent auditor
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

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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

*(cf. 1220 - Citizen Advisory Committees)*

*Legal Reference:*

EDUCATION CODE

14500-14508 *Financial and compliance audits*  
17150 *Public disclosure of non-voter-approved debt*  
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*  
41455 *Examination of financial problems of local districts*  
42100-42105 *Requirement to prepare and file annual statement*  
42127.6 *School district operations monitoring; financial obligation nonpayment*  
42130-42134 *Financial reports and certifications*  
42140-42142 *Public disclosure of fiscal obligations*

GOVERNMENT CODE

3540.2 *School district; qualified or negative certification; proposed agreement review and comment*  
16429.1 *Local agency investment fund*  
53646 *Reports of investment policy and compliance*

CODE OF REGULATIONS, TITLE 5

15070 *Submission of reports using standardized account code structure*  
15453-15463 *Criteria and standards for school district interim reports*

*Management Resources: (see next page)*

**FINANCIAL REPORTS AND ACCOUNTABILITY (continued)**

*Management Resources:*

CSBA PUBLICATIONS

*Maximizing School Board Governance: Fiscal Accountability, 2005*

CDE COMMUNICATIONS

*1208.00 Audit Resolution Process: Repayment Plans*

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

*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*

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>

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>