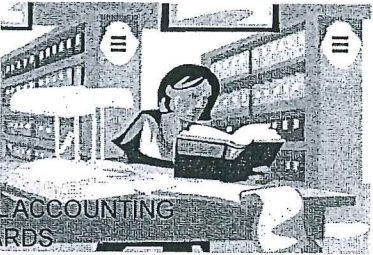


8:30-9:30 AM in NM South Ballroom

11/30/2011



SCHOOL ACCOUNTING STANDARDS
CARON SNOW, RETIRED SCHOOL BUSINESS OFFICIAL
LESLIE SMITH, RETIRED SCHOOL BUSINESS OFFICIAL

NMSBA Annual Convention
December 2-3, 2011

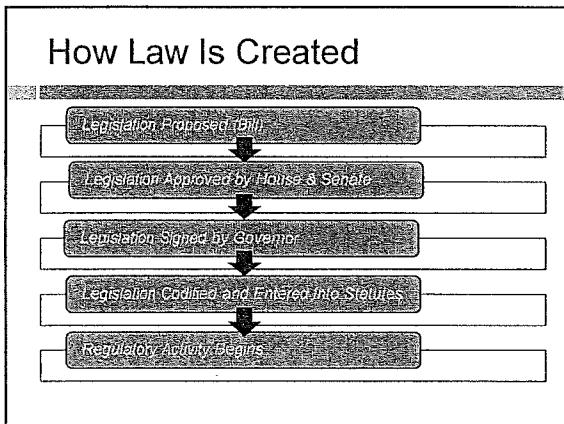
Where Do Accounting Standards Come From?

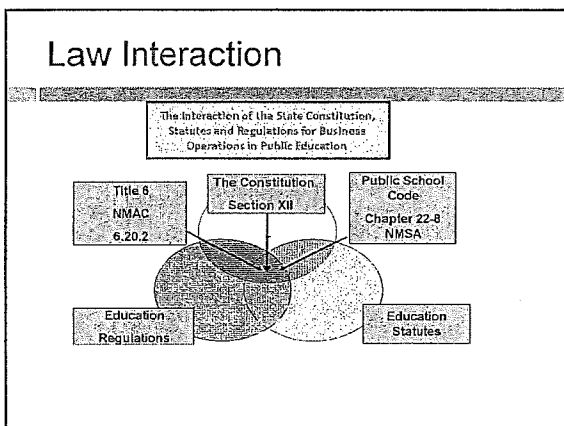
- AICPA - American Institute Of Certified Public Accountants
- GAAP - Generally Accepted Accounting Principles
- GAAS - Generally Accepted Auditing Standards
- GAGAS - Generally Accepted Government Auditing Standards
- GAO - Government Accountability Office
- GASB - Governmental Accounting Standards Board

Where Do Accounting Standards Come From?

Standards also come from laws

- State Constitution
- State Statute
- Administrative Regulations
- Local Board Policies
- Local District Procedures





- ### Indexes and Web Sites
- > The New Mexico Constitution
 - > The New Mexico State Statutes
www.nmcompcomm.us
Public Access Law
Search NM Statutes
 - > The New Mexico Administrative Code
www.nmcp.state.nm.us/nmac/
 - > Local Board Policies
www.nmsba.org
 - > Office of Management & Budget
www.OMB.gov
www.gao.gov/

New Mexico Constitution

ARTICLES

SECTIONS

New Mexico Constitution - 11-11-11

New Mexico Constitution

- *Article XII, Section 1*
Free Public Schools
- *Article XII, Section 3*
Public Schools Under jurisdiction of State
- *Article XII, Section 6*
Creation of Public Education Department
Creation of Public Education Commission

New Mexico Statutes

STATUTES

CHAPTERS

ARTICLES

SECTIONS

Example: Statutes: New Mexico Statutes Annotated (commonly abbreviated as NMSA)
Chapter 22: Public Schools
Article 8: Public School Finance
Section 10: Fixing the Operating Budget

New Mexico Compilation Commission - Search Statutes, Rules, and Decisions

**The Public Education
Department**

*Section 22-2-2 NMSA 1978. Department;
general duties.*

The department shall:

- A. properly and uniformly enforce the provisions of the Public School Code Section 22-1-1 NMSA 1978;*
- B. determine **policy** for the operation of all public schools and vocational education programs in the state.*

**Public School Finance Act
[Section 22-8-1 NMSA 1978]**

Section 22-8-5 NMSA 1978 Rules; procedures
The department, in consultation with the state auditor, shall establish rules and procedures for a uniform system of accounting and budgeting of funds for all public schools and school districts of the state

All public schools and school districts shall comply with the rules and procedures prescribed and shall, upon request, submit additional reports concerning finances to the department.

**Public School Finance Act
Section 22-8-1 NMSA 1978**

Budgets

In addition to other duties provided by law, the department shall:

- A. prescribe the forms for and supervise and control the preparation of all budgets of all public schools and school districts; and*
- B. compile accurate information concerning public school finance and administration*

Public School Finance Act
Section 22-8-1 NMSA 1978

- Section 22-8-13.1NMSA 1978. School district and charter school audits, sanctions for not submitting timely audit reports. (Effective July 1, 2010.)
 - A. *Each school district and charter school shall have an annual audit as required by the Audit Act. Section 12-6-1 NMSA 1978, and rules of the state auditor that shall be completed and submitted to the state auditor by the date specified in rules of the state auditor*
 - B. *School districts and charter schools shall comply with due dates for annual audits specified by rule of the state auditor. Failure to submit a timely audit report shall subject a school district or charter school to progressive sanctions*

The Local School
Superintendent

- Section 22-5-14. NMSA 1978. Local superintendent; powers and duties.
 - A. *The local superintendent is the chief executive officer of the school district.*
 - B. *The local superintendent shall:*
 - 1) *carry out the educational policies and rules of the state board [department] and local school board;*
 - 2) *administer and supervise the school district;*

The Audit Committee

Each local **school board** and each governing authority of a charter school will establish an audit subcommittee pursuant to Section 22-8-12.3 (D), NMSA 1978.

- *an audit committee shall consists of two board members, one volunteer member who is a parent of a student attending that school district and one volunteer member who has experience in accounting or financial matters*
- *The superintendent and the school district business manager shall serve as ex-officio members of the committee.*

The Finance Committee

Each local school board is required to appoint at least two members of the board as a finance subcommittee

- to assist the board in carrying out its budget and finance duties per Section 22-8-12.3, NMSA 1978.
- to serve as an external monitoring committee on budget and other financial matters.

Charter Public Schools

Section 22-8-38. NMSA 1978 Boards of finance; designation.

- The department shall designate a **local school board** as a board of finance if:
 - (1) the local school board shows to the satisfaction of the department that it has personnel properly trained to keep accurate and complete fiscal records;
 - (2) the local school board agrees to consult with the department on any matters not covered by the manual of accounting and budgeting before taking any action relating to funds held by it as a board of finance;
 - (3) the persons handling these funds are adequately bonded to protect the funds entrusted to them from loss; and
 - (4) the local school board making application has not been suspended and not reinstated as a board of finance within the past year.

Audits - Section 12-6-3 NMSA 1978

- A. The financial affairs of every agency shall be thoroughly examined and audited each year by the state auditor, personnel of the state auditor's office designated by the state auditor or independent auditors approved by the state auditor

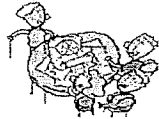


The Local School Board

□ Section 22-5-4. NMSA 1978. Local school boards; powers; duties.

A local school board shall have the following powers or duties:

A. subject to the rules of the department, develop educational policies for the school district;



The Local School Board

- B. employ a local superintendent for the school district and fix the superintendent's salary;
- C. review and approve the annual school district budget; (Supplement 1)
- D. acquire, lease and dispose of property; (Supplements 12)
- E. have the capacity to sue and be sued;
- F. acquire property by eminent domain pursuant to the procedures provided in the Eminent Domain Code [42A-1-1 NMSA 1978];

The Local School Board

- G. issue general obligation bonds of the school district;
- H. provide for the repair of and maintain all property belonging to the school district;
- I. for good cause and upon order of the district court, subpoena witnesses and documents in connection with a hearing concerning any powers or duties of the local school board;
- J. except for expenditures for salaries, contract for the expenditure of money according to the provisions of the Procurement Code [13-1-28 NMSA 1978];

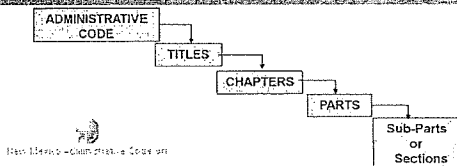
The Local School Board

- K. adopt rules pertaining to the administration of all powers or duties of the local school board;
- L. accept or reject any charitable gift, grant, devise or bequest. The particular gift, grant, devise or bequest accepted shall be considered an asset of the school district or the public school to which it is given;

The Local School Board

- M. offer and pay rewards for information leading to the arrest and conviction of offenders in case of theft, defacement or destruction of school district property. All such rewards shall be paid from school district funds in accordance with rules promulgated by the department; and
- N. give prior approval for any educational program in a public school in the school district that is to be conducted, sponsored, carried on or caused to be carried on by a private organization or agency.

New Mexico Administrative Code



Administrative Code: New Mexico Administrative Code (Commonly abbreviated as NMAC)
 Title: Title 6 – Primary and Secondary Education
 Chapter: Chapter 20 – Public School Finance – Budgeting and Accounting
 Part: Part 2 Governing, Budgeting and Accounting for New Mexico School Districts
 Sub-Part: 2.9 Budget Preparation Standards

This would be commonly read or be referred to as: 6.20.2.9, NMAC.

The School Business Official

6.63.12 (NMAC): School Business Official Licensure

6.63.12.9 COMPETENCIES: To qualify for receipt of a level 2 license, a person shall comply with the competency requirements enumerated as follows:

- A. Legal issues: The school business official understands and demonstrates the ability to:
 - (1) Identify the state and federal constitutional rights that apply to individuals within the public education system;
 - (2) Review and analyze appropriate statutory and constitutional authority regarding the administration of public schools;
 - (3) Review and analyze significant statutory issues relative to financial resource management.

School Administrative Code
6.20.2.9 NMAC BUDGET PREPARATION STANDARDS:

- A. Every school district shall follow budget requirements stated in Sections 22-8-5 through 22-8-12.2, NMSA 1978, and procedures of the department in preparing, submitting, maintaining and reporting budgetary information.
 - Budgetary control shall be at the function level.
 - Over-expenditure of a function shall not be allowed.

School Administrative Code
6.20.2.9 NMAC BUDGET PREPARATION STANDARDS

- D. Approval of the proposed budget by the local board shall be in a public hearing held prior to June 20. The notice of public hearing for the adoption of the budget shall be published in accordance with the Open Meetings Act, Section 10-15-1 et seq. NMSA 1978, Public School Code, and local board policy
- E. On or before July 31, school districts shall determine their actual cash balances in all funds and report them on the most current form prescribed by the department. ___ Cash balance carried forward from the previous fiscal year in the operational subfund shall not be used for salaries and benefits.

School Administrative Code
6.20.2.8 NMAC PROCEDURAL
REQUIREMENTS:

- A. All school districts shall account for financial transactions and develop and maintain their budgets in accordance with the Public School Code (Section 22.8, NMSA 1978), GAAP, and department(PED) procedures for public school accounting and budgeting, which are referenced where applicable.
- C. If reporting requirements and deadlines are not met, the department may withhold funds, suspend payments or both, pursuant to 6.21.2.10 NMAC and 6.21.2.11 NMAC.
- D. Business officials, serving in the capacity of a supervisor or director or manager of accounting and/or bookkeeping as mentioned in 6.63.12.8 NMAC, responsible for the preparation and presentation of all financial documentation and budget maintenance will meet the competency requirements enumerated in 6.63.12.9 NMAC.; 6.20.2.8 NMAC - 2.2.1.8 NMAC.

School Administrative Code
6.20.2.11 NMAC INTERNAL CONTROL STRUCTURE
STANDARDS:

- (1) School district management must ensure that protection of the public trust is a major focus when granting the authorization to execute business of the school district.
- (2) Employees handling significant amounts of cash must be adequately bonded. Access to assets is permitted only in accordance with school district authorization.
- (6) School districts shall conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer-programmed controls, management review of reports that summarize the detail of account balances, and user review of computer generated reports

School Administrative Code
6.20.2.19 NMAC TRAVEL AND TRAINING:

The Per Diem and Mileage Act

- Each school district shall establish and implement written policies and procedures for travel and training. Travel policies and procedures shall be in compliance with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-8, NMSA 1978, and department of finance and administration (DFA) regulations.

**The Administrative Code
The Audit Contract 2.2.2.8 (NMAC)**

- *J. Preparation of financial statements:*
 - (1) *The financial statements presented in audit reports shall be prepared from the agency's books of record and contain amounts rounded to the nearest dollar.*
 - (2) *The financial statements are the responsibility of the agency. The agency shall maintain adequate accounting records, prepare financial statements in accordance with accounting principles generally accepted in the United States of America, and provide complete, accurate, and timely information to the IPA as requested to meet the audit report due date deadline imposed in Subsection A of 2.2.2.9 NMAC.*

ABC School District Policies

- *School District Policies are set by the Local school board.*
- *A School district Policy Manual may be organized according to the classification system of the National School Boards Association. This system provides an efficient means of coding, filing, and locating policies.*
- *In this system there are 12 major classifications, each identified by an alphabetical code.*

**ABC School District Policy
Example**

D-2150 © DI FISCAL ACCOUNTING AND REPORTING

- *The Board is responsible for the control of all funds of the District including funds collected at individual schools.*
- *The Superintendent shall be responsible for the development and maintenance of all procedures necessary to ensure adequate fiscal control.*
- *The Superintendent and business staff shall establish and maintain a complete auditable financial system which meets all statutory and regulatory requirements and guidelines of the State of New Mexico (The Manual of Procedures for Public School Accounting and Budgeting).*

School District Procedures

Administrative Procedures are written detailed instructions and practices which may be set out in the form of internal control manuals such as:

- The Business Office Manual for Administrative Procedures
- The Transportation Manual
- The District Student Activities Manual

Procedures are set forth as the rules follow for:

- Fundraising
- Collection of Cash for the Student Nutrition Program
- Travel and Per Diem



The U S Department of Education

Establishing policies on federal financial aid for education, and distributing as well as monitoring those funds.

Collecting data on America's schools and disseminating research.



Focusing national attention on key educational issues.

Prohibiting discrimination and ensuring equal access to education.

OMB Circulars Relating to Federal Funding

Circulars: Educational and Non-Profit Institutions Documents
OMB Circular A-21 - Cost Principles for Educational Institutions (05/10/2004) HTML or PDF (109 pages, 263 kb), Relocated to 2 CFR, Part 220 (30 pages, 384 kb)

OMB Circular A-122 - Cost Principles for Non-Profit Organizations (05/10/2004) HTML or PDF (55 pages, 220 kb), Relocated to 2 CFR, Part 230 (17 pages, 235 kb)

OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations (06/24/1997, includes revisions published in Federal Register 06/27/03) HTML or PDF (33 pages, 127 kb)

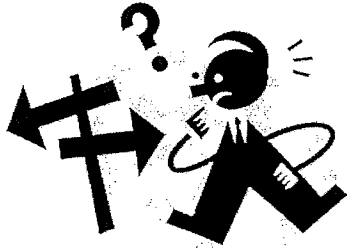
OMB Circular A-102, Grants and Cooperative Agreements With State and Local Governments (10/07/1994) (further amended 08/29/1997) HTML or PDF (10 pages, 43 kb)

OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments

§ 225.5 Purpose.

This part establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts and other agreements with State and local governments and federally recognized Indian tribal governments (governmental units).

Questions????



Thank You for Your Attendance

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Sponsored by the New Mexico Association of School Business Officials
