



## New Mexico School Boards Association

December 2-3, 2011

### Public School Accounting and Budgeting

Caron Snow and Leslie Smith

### Why the Manual Was Updated

- Manual had not been updated in over 20 years
- Many changes in Statutes, Regulations and GAAP
- Emphasis on Waste, Fraud and Abuse
- Legislative Education Study Committee (LESC) issued a Scope of Work
- New Mexico Public School Insurance Authority provided the Project Funding
- The S & S team (Snow and Smith) were awarded the contract with oversight from PED
- Completed in less than a year

## For School Boards

- ❖ Emphasis on the Law
- ❖ Internal Controls
  - ❖ Budgeting
  - ❖ Cash Controls
  - ❖ Reconciliations
  - ❖ Assessments and Controls
  - ❖ Financial Systems
- ❖ Special Requirements for Diverse Funds
- ❖ Practical Tips, Formats, Assessments for Reporting to Governing Boards
- ❖ Guidance on the Prevention of Waste, Fraud and Abuse
- ❖ Glossary and Acronyms

## Budget Planning, Preparation and Maintenance – Supplement 1

- Planning and Preparation - Techniques and Strategies
- Types of Budgeting Approaches
- Best Practices - Tools Needed for Budgeting
- Appropriateness of Expenditures
- Funding for New Mexico
- Funding Formula - Concept
  - Brief History
  - Distribution Tool
  - Basic Components
  - Program Cost
- Public Education Department's Operating Budget Management System (OBMS)
- Budget Forecasting – Revenue and Expenditures

## Internal Controls

### Supplement 2


- COSO Definition
  - to provide reasonable assurance regarding specific district financial goals and objectives and the plans, methods and procedures to meet those goals.*
  - Emphasis is on these five elements*
- ❖ The Control Environment
- ❖ Risk Assessment
- ❖ Control Activities
- ❖ Information and Communication
- ❖ Monitoring
- Sample Internal Control Procedures
- Risk Assessment Tool

## UCOA Preface to Supplement 3

- Emphasis on Account Code String
- |        |          |        |         |          |           |
|--------|----------|--------|---------|----------|-----------|
| Fund   | Function | Object | Program | Location | Job Class |
| XXXXX. | XXXX.    | XXXXX. | XXXX.   | XXX/XXX. | XXXX      |
- ↓ ↓ ↓ ↓ ↓ ↓
- Usefulness in Organizing and Summarizing Financial Information using the UCOA

## Federal and State Grants

### Supplement 4

- Management's Responsibilities
    - Relationship of the Business Office and Program Managers
    - Relationship with Charter School & District to ensure equitable distribution
  - Internal Controls
  - Administrative Costs
  - Using the Uniform Chart of Accounts for Budgeting
  - Requests for Reimbursements (RfRs)
  - Cash Flow
- 

## Financial Statements

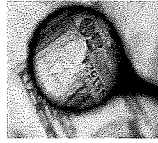
### Supplement 5

- GASB 34 and 54 Changes
- District-Wide Financial Statements
  - Statement of Net Assets
  - Statement of Activities
- Management's Discussion and Analysis (MD&A)
- Required Supplementary Information (RSI)
- Interim Reporting Objectives
- Difference in Cash Basis and Full Accrual Basis of Accounting
- Reporting for Component Units

## Financial and Compliance Audit

### Supplement 6

- The Audit Act
- The Audit Contract
- Requirements Pertaining to School Districts and Charter Schools
  - ❖ Compliance
  - ❖ Written Policies and Administrative Procedures
  - ❖ Cash Reconciliation
  - ❖ Agency Funds
  - ❖ Sanctions for Late Reports



## Cash Controls

### Supplement 7

- Collection and Deposit of Funds
- Disbursement of Funds
- Documentation
- Temporary Transfers
- Permanent Transfers
- Internal Controls
  - o Separation of Duties
  - o Revenue Cycle Controls
  - o Expenditure Controls
  - o Budgetary Controls
  - o Risk Assessment Tool
- Cash Reconciliation
- The Cash Report – A *Required Document*



## Public Fund Deposits and Investments

### Supplement 8

- Types of Deposits
- Interest Rates
- Collateral Requirements – The Calculation
- Types of Investments
  - o State General Fund Investment Pool
  - o Overnight Investments
- Local Investments Policies and Controls
  - o Adopted by the Governing Boards
- Risk Assessment Tool

## Instructional Materials

### Supplement 9

- Allocation and Disbursement of IM Funds
- Budget Development
  - o Tools Needed for Planning
  - o Preparation and Maintenance of IM Funds
  - o Sample Revenue and Expenditure Budget
- Reporting and Record Keeping
- Model Policy for Governing Boards and Administration
  - o Textbooks for Students
  - o Student Parent Responsibilities
  - o School Responsibilities
- Risk Assessment Tool

## Warehouse/Supply Inventory

### Supplement 10

- Warehouse
- Central Receiving
- Just-In-Time Inventories
- Internal Controls for Warehouse
  - o Written Policies and Procedures
  - o Separation of Duties
  - o Protection of Assets
  - o Warehouse Management Systems
  - o Risk Assessment Tool

## Insurance

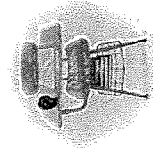
### Supplement 11

- New Mexico Public School Insurance Authority
- Risk Programs and Types of Coverage
- Benefits Related Coverage
  - o Employee Enrollment
- Waivers and Participation Requirements
- Billings and Payments
  - o Emphasis on Timely Reporting
- Staff Training
  - o Comprehensive List of Programs Offered including Instruction on Worker's Compensation, Playground Safety and Fair Labor Standards Act.
- Best Practices to Minimize Risk to Staff and Students

## Capital Assets

### Supplement 12

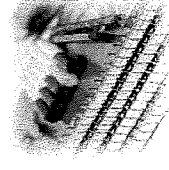
- GASB 34 Change
- Capital Asset Controls
  - o Authorization
  - o Relationship between Receiving and Purchasing
  - o Tagging the Assets
  - o Assigned Location
  - o Fund Identity
  - o Responsibility
- The Accounting System
- Reconciliation to Financial Records
- Construction in Progress (CIP)
- Donated Assets
- Supply Assets



## Purchasing

### Supplement 13

- Local Policies
  - o Adopted by Governing Boards
  - o Driven by New Mexico Procurement Code Requirements
  - o General Controls to Manage Purchasing Activities
- Types of Procurements
  - o Cooperative Purchasing
  - o Requests for Proposals
  - o Bid Requirements
- The Procurement Cycle
  - o Purchasing
  - o Receiving
  - o Payment for Goods or Services
- Ethical Standards



## Payroll Supplement 14

- Local Administrative Procedures
  - Adopted by Governing Boards
- Payroll Preparation and Reporting
- Payroll and Human Resource Department's Roles and Responsibilities
- Internal Controls and Best Practices
- Training and Experience
  - Personnel Licensure and Management
  - Reporting for Funding Purposes
- Pay Requirements
  - Fair Labor Standards
  - Salary Schedules
  - Contracts
- Risk Assessment Tool

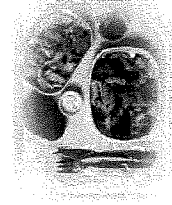


## Bonds/Capital Projects/Debt Service Supplement 16

- Special Rules for Long Term Capital Leases
- General Obligation Bonds
- Constitutional Limits
- Debt Management Plan
- Successful Elections
- The Bond Sale
- Capital Projects Funds and the UCOA
- Project Management and Accounting including Sample Budget Worksheets and SB-9 Calculation
- Debt Service Fund – Budget Worksheet

## Student Nutrition Supplement 17

- Federal Funding and Accounting
- Revenue Generation
- Cash Controls
- Expenditures
  - Purchasing and Bids
  - Commodities
  - Labor Costs
- Inventories
- Practical Budgeting and Accounting Worksheet including Internal Controls and Risk Assessment Tool

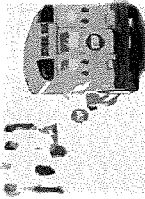


## Student Activity and Athletics – Supplement 18

- Agency Funds and District Funds' Management
- Implementation of Local Policies and Procedures
  - Adopted by Governing Boards
- Internal Controls
- Cash Collection Activities
- Application of GASB Standards
- Fund Raising Activities
  - Responsibilities of Various Users
- Athletic Funds
  - Management of Revenue and Expenditures
  - Cash Balances
  - Title IX Applicability

## Transportation Supplement 19

- Transportation Regulations
- Budgeting
  - Contract Guidelines
  - Tools Needed
- Formula Calculation
- Local Administration
  - Governing Board Policies and Procedures
  - Controlled Substances Testing and Training for Employees
- Eligible Students
  - Reporting Timely and Accurately
- Transportation for Charter Schools
- Sample Administrative Handbook



## Training and Travel Supplement 20

- Training
  - Required Training and Licensure for School Business Officials
  - Competencies
  - Succession Planning
- Travel
  - Written Policies and Procedures
  - Adopted by Governing Boards
  - Per Diem and Mileage Act
- Sample Travel Requests and Documentation

## Records Retention and Disposition Supplement 21

- Transition and Succession of Records
- Reproduction of Records
- Storage and Preservation
- Records Life Cycle
  - Procedures for Records Management
  - Filing of Public Records
  - Record Keeping and Proper Filing Procedures
- Filing Systems
- Electronic Data

## Tips, Tools, and Resources



### A NEW SECTION

- Sample Presentations and Illustrations
- Reports - Mandatory and Optional
  - Assist in achieving high levels of communication,
  - Exhibit transparency,
  - Assure accountability to various stakeholders,
  - Addresses compliance with state and federal requirements.
- Reports for Governing Boards
- Sample Forms Useful for Daily Operations
- Risk Assessment Tools for Selected Areas

## Acronyms and Glossary



### **A NEW SECTION!**

- Includes financial terms that are standard for the financial and instructional environment.
- Terms have been updated and properly referenced.
- Includes terms that are unique to New Mexico school business.

## Thank You for Your Attendance

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