

The Tone at the Top / Proper Use of School Funds

New Mexico School Boards
Association

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Discussion Leader

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What do we
mean by "Tone
at the Top?"

- ▶ Expectations
 - ▶ As the School Board, do you have high expectations/standards for how the district conducts business?
 - ▶ Why are high expectations important?
 - ▶ Adherence to board policies

Internal Controls

- ▶ What are internal controls?
- ▶ Segregation of duties
 - ▶ Do not put incompatible duties on the same team member.
 - ▶ What are some incompatible duties?
- ▶ Processes that detect errors
- ▶ Reports that can be relied upon

Finance Committee

- ▶ You are required (NMSA 22-8-12.3) to have a finance committee
- ▶ Per the statute, at minimum, two board members
- ▶ Function: make recommendation to board regarding
 - ▶ Financial planning
 - ▶ Review revenue, expenditures and budget
 - ▶ Annual budget preparation and oversight
 - ▶ Procurement

Cash Issues

- ▶ NM Schools operate on a cash basis.
- ▶ Cash must be reconciled timely (monthly)
- ▶ Cash is not completely reconciled until corrections are posted to the general ledger
- ▶ This is not optional

Purchasing

- ▶ Required to have a Chief Procurement Officer (CPO)
- ▶ CPO should not be the superintendent
- ▶ Cooperative purchasing (CES, TCPN, etc)

Required Reports

- ▶ Reports to PED
 - ▶ Cash report
 - ▶ Expenditure and revenue report - OBMS
- ▶ Must be posted to the district's web site in a timely manner (NMSA 22-8-13.2)
 - ▶ Budget (revenue/expenditure) reports
 - ▶ Cash and Investment report
 - ▶ Voucher/check report
 - ▶ "Reports listing procurement, travel or gas card expenses"

Auditing

- ▶ Financial audits are required
- ▶ Financial audits are not designed to detect fraud
- ▶ Auditors test internal controls
- ▶ Audit Committee
 - ▶ Two board members
 - ▶ One volunteer parent
 - ▶ One community volunteer with experience in finance



Questions & Discussion