The Tone at the Top / Proper Use of School Funds

New Mexico School Boards Association
December 1 & 2, 2017

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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

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**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