



Best Practices for Financial Oversight

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Uniform Accounting Standards

- The Governmental Accounting Standards Board (GASB), operating under the auspices of the Financial Accounting Foundation (FAF), is responsible for the establishment and revision of Generally Accepted Accounting Principles (GAAP) for local and state governments.



GASB
Governmental
Accounting
Standards Board



GASB
FAF
GAAP

Focus Points for Presentation

01

Procedures
& Controls

02

Expenditures
Oversight

03

Financial
Reporting &
Requirements

04

Board Policy
&
the Board's Role



01

Procedures & Controls

Set up procedure by which all fiscal activities in a district can be accumulated, categorized, reported, and controlled.

*~Thompson and Wood, 2001.
Money and Schools*

Consider Staffing

- What is the district size and financial complexity?
- What are your financial software's capabilities?
- What is the count & capabilities of financial staff (including administrative assistants for each department)?
- How often does your financial staff meet and communicate?
- How often does your finance team have internal and external trainings?
- Does each financial positional create formal procedures for their work?



Assess the Risks

- What are common financial concerns/fears from staff, management, and the board?
- Where is likelihood of poor fiscal control likely?
- Where is the severity of poor fiscal control likely?
- How does the district stay abreast of issues of risk among other school districts and companies?
- What current fiscal controls are already in place?

Risk assessment matrix

		Severity				
		Negligible	Minor	Moderate	Significant	Severe
Likelihood	Very Likely	Low Med	Medium	Med Hi	High	High
	Likely	Low	Low Med	Medium	Med Hi	High
	Possible	Low	Low Med	Medium	Med Hi	Med Hi
	Unlikely	Low	Low Med	Low Med	Medium	Med Hi
	Very Unlikely	Low	Low	Low Med	Medium	Medium

Risk Matrix Example

Likelihood X Severity = Risk Level

Create the Fiscal Controls

- Who will create the fiscal control?
- Who needs to be aware of the fiscal control?
- How does this fiscal control affect other procedures and policies?
- Does this fiscal control align with federal, state, and auditing guidelines?
- How will this fiscal control be enforced?
- Who needs to be involved in the fiscal control?
- Does this align with GASB guidelines and audit recommendations and findings?



Communications of Fiscal Controls

- How do staff members learn of new fiscal controls?
- How do board members learn of new fiscal controls?
- How does management ensure board and staff understand their role?



Monitoring Effectiveness of Fiscal Control

- Has the fiscal risk been mitigated?
- Are there any new fiscal risks as a result?



- Accuracy
- Reliability
- Fraud Detection
- Assess management's effectiveness, efficiency, compliance & reporting
- Local Taxpayer, State, and Federal Funds



Standard Controls

- Journal Entries
- Requisition Entries
- Purchase Order Changes
- Petty Cash
- Staff Reimbursements
- Misc. Deposits & Donations
- Accounts Receivables
- Reconciliations
- Budget Transfers
- Segregation of Duties
- Student Activities
- Food Services
- Grants & Revenues
- Expenditure Overages
- Fiscal Backup/Recovery
- Payments without POs
- Backup Filing
- Encumbrances
- Funding Sources
- Payroll
- Accounts Payable
- General Purchasing
- Vendors
- EFTs/ACHs/Wire Transfers
- Expenditures overages
- Bidding





02

Expenditures Oversight

Financial Oversight is a Key Component
for all School Districts.

Fiscal Oversight Importance

- Ensures accountability in school districts.
- Maintains budgetary and accounting controls for accurate financial reporting.



Role of School Boards



- Responsible for reviewing fiscal activities, despite no required fiscal experience.
- Depend on the Superintendent and Business Manager for accurate budget and financial information.



School Administration Responsibilities

- Maintain budgetary and accounting controls for reliable financial information.
- Financial reporting varies by district based on Town Council and Board requirements.



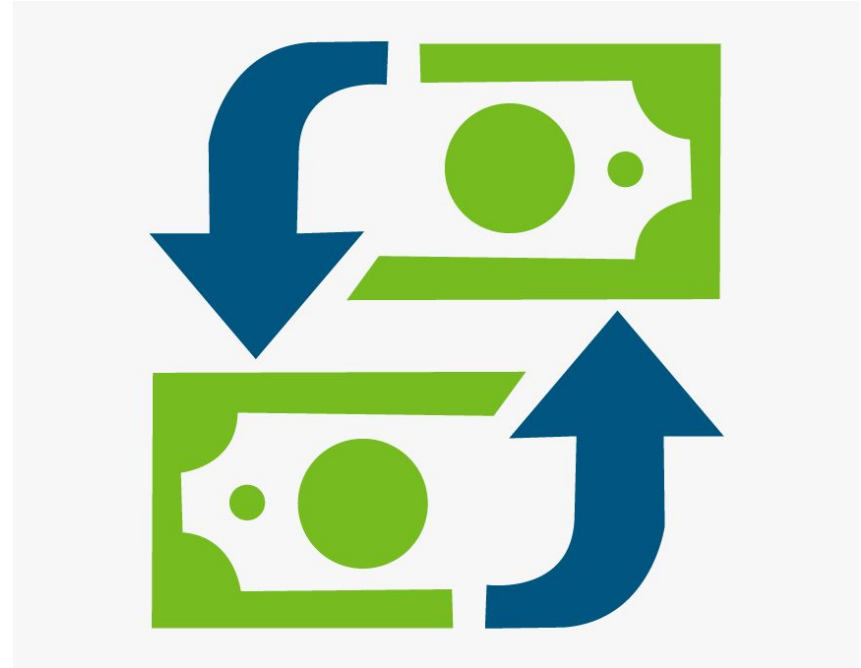
Financial Reporting



- Town Council receives expenditure summaries.
- Education and Town staff reconcile expenditures monthly.
- Reports provided to the Board of Education and Town Board of Finance.

Budget Oversight and Transfers

- Budget Committee reviews budget status regularly.
- Board of Education approves inter-program budget transfers for changes in funding needs.



Annual Reporting and Audits



- School Boards must report annual financial summaries.
- Town responsible for hiring auditors and overseeing the annual audit.



03

Financial Reporting & Requirements

State of Connecticut and Federal reporting requirements to which all school districts must adhere

Uniform Chart of Accounts

- **A standardized system of account codes used to categorize revenues and expenditures.**
 - In 2012, the Connecticut General Assembly required the CSDE to “develop and implement a uniform system of accounting for school revenues and expenditures.”
 - Additionally, the law mandated the “uniform system of accounting shall include a chart of accounts to be used at the school and district level” for reporting revenues and expenditures.

(Conn. Acts 12-116, Section 15a)

Uniform Chart of Accounts

- Ensures comparability between school districts' financial data in order to promote transparency and accountability.
 - Links the operations of departments, agencies, and offices
 - Each account string displays the account **Fund Source** (general fund, grant, capital projects); the **Function** (instruction, special education, transportation, equipment, etc.); **Object** (certified salaries, benefits, professional services, tuition, etc.); **Location** (each school); and **Program** (art, math, athletics, etc.)

Uniform Chart of Accounts

Expenditure	Account String
\$2,669,698.71	100.1000.1110.39.0.26.0000

100 – General Fund

1000 – Instruction

1110 – Certified Staff

39 – Ridgefield High School

26 – Science

Education Financial System

- **A financial reporting system used by school districts, including local and regional boards of education, charter schools and regional educational service centers.**
 - The EFS provides a standardized set of processes to capture, manage, audit and report financial and statistical information.
 - Calculates per-pupil expenditures by school and district.
 - Supports Federal level reporting (ESSA).
 - Reporting for 2017-18 and later.

Every Student Succeeds Act (ESSA)

- **ESSA expands requirements for state and school district report cards to include fiscal reporting, such as the per-pupil expenditures of federal, state, and local funds — including actual personnel expenditures and actual non-personnel expenditures, disaggregated by source.**
 - Signed into law in 2015, amending Elementary and Secondary Education Act of 1965, and replacing No Child Left Behind Act of 2002.
 - Required states to develop a statewide procedure for reporting school and district level per pupil expenditures.

Every Student Succeeds Act (ESSA)

- **Requires the use of current expenditures for:**
 - Administration, instruction, instructional support, student support services, transportation, operations, fixed charges, preschool, food services, and student activities
 - Student enrollment counts as of October 1, consistent with the student membership data collected annually by the National Center for Education Statistics (NCES)
 - The inclusion of all funds disaggregated by federal, state, and local sources
 - Separate reporting of the current school district per-pupil expenditures not allocated to public schools in the state

Grants Management System (eGMS)

- **eGMS is an application designed for school district users to apply for funding opportunities, manage grants, and award grant recipients. Districts can administer, track account for and report on all grant-related activities.**
 - CSDE rolled this out in spring of 2016
 - Year-end expenditure reports are required at the conclusion of each fiscal year
 - Grant information from eGMS populates into the EFS report
 - Both Federal and State grants are included in the eGMS

Common Grant Funds for School Districts

Federal:

Title Grants (I, II III, IV)

IDEA 611

IDEA 619

Perkins

ESSER I/II/III

State:

Education Cost Share (ECS)

Excess Cost-Special Education

Agriscience & Technology Education (ASTE)

Adult Education

Open Choice

Alliance & Priority District Funding

Minimum Budget Requirement (MBR)

- **Minimum Budget Requirement (MBR)**
 - All Connecticut towns have a MBR that — with some exceptions — they must adhere to in providing funding to their local school districts. According to the MBR, a town may not budget less for education than it did in the previous fiscal year, unless it can demonstrate specific achievements or changes within the town's local school district.

Maintenance of Effort (MOE)

- **Maintenance of Effort (MOE)**
 - Obligates any local education agency (LEA) receiving IDEA Part B funds to budget and spend *at least* the same amount of local or State and local funds for the education of children with disabilities on a year-to-year basis.
 - The LEA must demonstrate MOE for special education from year to year in two areas: MOE eligibility and MOE compliance standards.
 - If MOE is not met, the LEA is ineligible for the IDEA Part B award.



04

Board Policy and the Board's Role

In general, all school boards have three major responsibilities: developing the annual budget to run the school system; setting school policies; and hiring and evaluating the superintendent.

~Andrew Bauld, US News & World Report

CGA, Chapter 170- Boards of Education

- A)
- Each local or regional board of education shall maintain good public elementary and secondary schools, implement the educational interests of the state, as defined in section 10-4a, and provide such other educational activities as in its judgment will best serve the interests of the school district.
 - Provide an equal opportunity to receive a suitable program of educational experiences;
 - Finance at a reasonable level at least equal to the minimum budget requirement pursuant to the provisions of section 10-262j an educational program designed to achieve this end;
 - Each school district shall provide educational opportunities for its students to interact with students and teachers from other racial, ethnic, and economic backgrounds;
 - Implement the mandates in the general statutes pertaining to education within the jurisdiction of the State Board of Education.

CGA, Chapter 170- Boards of Education

A)

- Provide adequate instructional books, supplies, materials, equipment, staffing, facilities and technology;
- Provide equitable allocation of resources among its schools;
- Ensure proper maintenance of facilities;
- Ensure a safe school setting.



CGA, Chapter 170- Boards of Education

B)

- The board of education of each local or regional school district shall, with the participation of parents, students, school administrators, teachers, citizens, local elected officials and any other individuals or groups such board shall deem appropriate, prepare a statement of educational goals for such local or regional school district.



CGA, Chapter 170- Boards of Education

C)

- Annually, each local and regional board of education shall submit to the Commissioner of Education a strategic school profile report for each school and school or program of alternative education, as defined in section 10-74j, under its jurisdiction and for the school district as a whole.

So ... How do you do these things?



Advocate for the School Budget

- One of the MOST important things you can do in your role as a member of the Board of Education is to advocate for the school budget!
 - There may be a line item or two that you feel differently about than your administrative team, but it's crucial that the Board be united and collectively support the district budget.
 - Remind your community to get out and vote! Attend PTA meetings and ask parents and families to support the school district budget!





Hire a Talented Superintendent

- Talented Superintendents are not easy to find. CT has a limited pool of candidates, and if you find a talented Superintendent that is the right fit for your community, be sure to support their work.
 - Give thoughtful feedback.
 - Allow them space to do the work – they are the District CEO and will support the District's day-to-day operational needs.
 - Offer support in the community.





Update & Enforce Board Policy

- For all requests and considerations, look to the Board Policy.
 - Your Policy Manual will govern most items that come your way. When in doubt, search your policy manual!
 - Attend events through CAFE, CAPSS, CEA, and other public school educational groups.
 - Share your District's accomplishments and challenges with your local legislators – work together to enact change.





Questions?