# MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS

## Accounts

The district's accounting system shall fully comply with the definitions, instructions and procedures set forth in the California Department of Education (CDE) School Accounting Manual. (Education Code 41010)

The district shall utilize CDE's standardized account code structure (SACS) software to develop financial reports. The district's accounting system shall comply with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB) and meet other state and federal reporting guidelines.

The Superintendent or designee shall ensure that funds are encumbered in the district accounting records immediately after an expenditure is committed for subsequent payment.

## Fraud and Misappropriation of Funds

Fraud, financial improprieties, or irregularities include but are not limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the district
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document
3. Misappropriation of funds, securities, supplies, or other assets
4. Impropriety in the handling of money or reporting of financial transactions
5. Profiteering as a result of insider knowledge of district information or activities
6. Disclosing confidential and/or proprietary information to outside parties
7. Disclosing investment activities engaged in or contemplated by the district
8. Accepting or seeking anything of material value from contractors, vendors, or persons providing services or materials to the district
9. Destroying, removing, or inappropriately using of records, furniture, fixtures, or equipment
10. Failing to provide financial records to authorized state or local entities
11. Overstating income, expenses, or misreporting time

12. Failing to report a conflict of interest

13. Any other dishonest or fraudulent act

**District Investigation**

The Superintendent or designee shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees involved in the investigation shall be advised to keep information about the investigation confidential.

If an investigation substantiates the occurrence of a fraudulent activity, the Superintendent or designee shall issue a report to appropriate personnel and to the Governing Board. The final disposition of the matter, any decision to file a criminal complaint or refer the matter to the appropriate law enforcement and/or regulatory agency for independent investigation, and discussing or disclosing the result of any investigation shall be made in consultation with legal counsel.

**County Office of Education Investigation**

The district shall cooperate with the County Superintendent of Schools, Fiscal Crisis and Management Assistance Team (FCMAT), law enforcement, or other governmental entities that conduct a fraud investigation, in accordance with law. (Education Code 1241.5)

| State References | Description |
|---|---|
| Ed. Code 1241.5 | Audit by county superintendent |
| Ed. Code 14500-14508 | Financial and compliance audits |
| Ed. Code 35035 | Powers and duties of the superintendent; transfer authority |
| Ed. Code 35250 | Duty to keep certain records and reports |
| Ed. Code 41010-41023 | Accounting regulations; budget controls and audits |
| Ed. Code 42600-42603 | Control of expenditures |
| Ed. Code 42647 | Drawing of warrants by district on county treasurer; forms; reports, statements, and other data |
| Elec. Code 1090-1099 | Prohibitions applicable to specified officers |

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|---|---|
| Gov. Code 53995-53997 | Obligation of contract |

| **State References** | **Description** |
|---|---|
| Gov. Code 84308 | Campaign disclosure |
| Gov. Code 87100-87500 | Political Reform Act |