

# The Board's Fiduciary Responsibility

Winter Academy, 2015

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**Association of Alaska School Boards**  
**Advocates for Alaska's Youth**

# What is the size of your District's Budget?



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Can you identify what  
part of your district's  
budget **directly**  
supports student  
achievement?



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# What is the 70/30 rule?



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What is your greatest  
fiduciary responsibility?



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# Where do your responsibilities come from?

State Law

District Policies

School Board Standards



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# State Law

14.08.101 Powers (Regional School Boards)

14.12.020 Duties (Regional School Boards)

14.14.060 Support, Management and Control

14.14.050 Annual Audit

14.14.060 Relationship between borough school district  
and borough

14.14.065 Relationship between city school district and  
city

14.14.090 Additional duties

14.17.300-610 Public School Foundation Program



# District Policy

## Concept and Roles BP 3000

- Encourage advance planning through the budget process
- Guide expenditure of funds
- Expect sound fiscal management
- Solicits public input on needs
- Is accountable for all funds
- Reviews annual audit





# District Policy

## Budget Process/Public Hearings 3100

- The board shall establish and maintain a **balanced budget**

**Are the responsibilities clear?**



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# District Policy

## Budget Process/Public Hearings 3100

- The Superintendent shall determine the manner in which the budget shall be prepared and shall in concert with the board **schedule the budget adoption** process in accordance with legal time requirements.

**Are the responsibilities clear?**



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# District Policy

## Budget Process/Public Hearings 3100

- A **public hearing(s)** shall be held prior to the adoption of the budget or a revised budget.

**Are the responsibilities clear?**



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# Board Roles

## Budget

- Adopt district goals and a strategic plan
- Develop and communicate a philosophy for budgeting
- Adopt a budget calendar
- Identify the general parameters for the budget
- Review draft budgets
- Adopt the budget
- Forward the budget to local govt. and/or the state



# District Policy

## Transfer of Funds 3110

- The Superintendent or designee may authorize **budget transfers** under \$\_\_\_\_. All transfers shall be reported to the Board and are subject to Board approval.

What is that limit in your district? \$\_\_\_\_\_

Are the responsibilities clear?



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# District Policy

## **Income – local, state, federal 3200**

- The superintendent shall ensure all **income sources are identified** and received as early as possible

**Are the responsibilities clear?**



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# District Policy

## Expenditures/Expending Authority -- 3300

- The Superintendent **may purchase supplies**, materials and equipment in accordance with law.



# District Policy

## Expenditures/Expending Authority – 3300

- The Superintendent shall **not authorize** any proposed expenditure which exceeds the major budget classification allowance against which the expenditure is the proper charge unless an amount sufficient to cover the purchase is available in the budget for transfer.





# District Policy

## Expenditures/Expending Authority – BP 3300

- Prior Board approval is required for purchases over \$\_\_\_\_\_. The Board shall **approve or ratify** all such transactions.
- The Board shall not recognize obligations incurred contrary to Board policy and administrative regulations.

What is that limit in your district? \$\_\_\_\_\_

Are the responsibilities clear?



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# District Policy

## Purchasing Procedures – BP 3310

- The School Board desires to ensure that maximum value is received for money spent by the district and that **records are kept** in accordance with law.
- The Superintendent or designee may issue and sign purchase orders.

**Are the responsibilities clear?**



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# District Policy

## Management of Assets – BP 3400

The Board shall provide for an **annual audit** of district accounts by a public accountant who has no personal interest in district fiscal affairs.

The purpose of these audits is to **assure** that school district financial statements are **accurate**.

Boards should consider either selecting a new **auditing firm** at least every **five** years, or change the partner at the firm responsible for the audit.



# District Policy

## Management of Assets – BP 3400

The Superintendent or designee shall provide ongoing **internal accounting controls** and a means for the accounting of income and expenditures as outlined in the adopted budget.

**Are the responsibilities clear?**



# Board Roles

## **Audits (required by law)**

*Contract with an auditor*

- Superintendent and business mgr. facilitate
- Auditor selection process - RFP



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# Board Roles

## Audits

*Review the audit*

- Audit is the property of the board
- Audit should be presented to the board by the auditor
- Audit is a public document
- Be prepared to ask questions!



# Board Roles

## Audits

Ensure that recommendations are implemented

- Meet with superintendent and business mgr. regarding recommendations
- Develop a plan to address findings
- Be transparent with the public



# District Policy

## Investments – 3430

- The Board is **permitted by law to invest** temporarily any funds which are not immediately needed for the operation of the school district.
- The Board authorizes and directs the Superintendent to invest monies of the district that are in temporary surplus. Such **investments will be limited** to the following:
  1. Bonds, bills, or notes of the United States or the State of Alaska;
  2. Certificates of deposit or savings deposit receipts issued by any state or national bank authorized to operate a bank in the state of Alaska.





# District Policy

## Investments – 3430

The Superintendent or designee will secure **interest rate quotations** from banks and compare the yield on all offerings, including treasury bills, and make such investments as will be most favorable to the district.

**Are the responsibilities clear?**



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# Board Roles

## Financial Oversight

- Establish policies and expectations for financial reports
- Establish policy for expenditures and authority to expend
- Establish policy for the management of district assets



# Board Standards Framework

**Vision:** the Board creates a shared vision to enhance student achievement

**Structure:** The Board provides a structure that supports the vision

- Policy- Business Operations
- Developing Plans and Establishing Goals
- ***Budget supports the Vision, Plan & Goals***



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# Board Standards Framework

**Accountability:** The Board measures district performance toward accomplishing the vision and reports the results to the public:

- Financial Reports

- Audit

- Board and Superintendent Evaluation

**Advocacy:** The Board champions the vision

- Informing the public, local, regional and state governments

- Developing partnerships



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# Board Standards Framework

**Conduct & Ethics:** The Board and its members conduct the business of the district in a fair, respectful and responsible manner

- Board expenditures relate to the vision and are open to public scrutiny



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# The Power of the Question

- Which came first, our priorities or the budget?
- Is the budget easy to understand?
- What is our budget cycle and calendar?
- Who is involved in developing the budget?

From the **Alaska School Board Handbook**



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# The Power of the Question

- Is the limit on **budget transfers** reasonable?
- Is the limit on **expending authority** reasonable?
- Does everyone on our Board know how to read a **Balance Sheet**?
- Do we know which **questions** to ask our auditor?

