

Book	POLICY MANUAL
Section	600 FISCAL MANAGEMENT
Title	FINANCIAL MANAGEMENT AND INTERNAL CONTROLS
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The District's internal financial controls consist of a combination of policies, procedures, systems, communication/education initiatives, and monitoring activities. Internal controls exist for a variety of reasons, including to demonstrate accountability for the District's receipt, holding, and expenditure of public funds for authorized and appropriate public purposes. More specifically, internal controls help the District demonstrate and provide reasonable assurance of:

- effectiveness and efficiency of operations;
- reliability of reporting for both internal and external uses;
- (not in sample language, assumed in last bullet)
- adequate safeguards for protected personally-identifiable and other sensitive or confidential information; and
- compliance with applicable laws, regulations, and contracts.

In terms of internal controls surrounding expenditures and procurement, the controls shall be a means of assuring that District expenditures are sufficiently necessary, reasonable, authorized, allocable (e.g., to the appropriate accounting funds, budget line items, and/or revenue sources), and documented.

The Director of Business Services has primary and overall administrative responsibility to ensure that reasonable and sufficient internal financial controls are identified, implemented, monitored, and enforced. The School Board expects the District's internal controls to be regularly assessed for their adequacy, effectiveness, and efficiency. When deficiencies or areas for improvement are identified through an internal review, an audit finding, or some other source, the School Board expects appropriate changes to be promptly implemented or promptly recommended to the School Board (i.e., when School Board approval for a specific change is sought or required).

#### **Responsibilities and Controls Related to Federal and State Programs and Awards**

To the extent permitted by law, the Superintendent or his/her administrative-level designee(s) are authorized and directed to act on behalf of the School Board in applying for federal and state funding/awards and in preparing and submitting reports related to such funding/awards. District accounting procedures shall identify all federal and state funds received and expended and the specific federal and state programs under which they were received.

The Director of Business Services has responsibilities related to internal controls including administrative supervision of the District's internal control over compliance requirements for federal and state awards. The School Board's expectation is that District processes related to such federal and state compliance will be sufficient to provide reasonable assurance that:

1. Transactions related to federal and state awards are executed in compliance with applicable federal and state statutes and regulations and any specific terms and conditions of a federal or state award.
2. Transactions related to federal and state awards are properly recorded and accounted for, in order to:
  - a. permit the preparation of reliable financial statements and federal and state reports;
  - b. adequately demonstrate the specific source and application of federal and state funds;
  - c. maintain accountability over assets; and
  - d. demonstrate compliance with federal and state statutes, regulations, and the terms and conditions of each specific federal and state award.

3. The District maintains effective control over funds, property, and other assets that are subject to federal and state requirements, including safeguarding such assets from loss and ensuring that the assets are used solely for authorized purposes.
4. The District maintains adequate written procedures governing procurement, payment, and allowability of costs. (WASB recommended simplification of number 6)
5. (duplicate of number 3)

Examples of specific federal and state compliance issues that the Director of Business Services is charged with overseeing include:

1. Verifying and ensuring that the District appropriately documents that all claimed costs under federal and state awards are allowable costs;
2. Developing and overseeing procedures associated with tracking, allocating, and certifying staff time and compensation to particular federal and state awards if applicable;
3. Developing and overseeing procedures associated with documenting the District's maintenance of effort requirements in connection with specific federal and state awards;
4. Ensuring that the District uses appropriate procurement methods and procedures for federally-supported transactions, including maintaining records sufficient to detail the history of such transactions;
5. Maintaining adequate oversight of the performance of District vendors and contractors connected to federal and state awards; and
6. Providing adequate training for employees whose work and work procedures are directly affected by the compliance requirements for federal and state awards.

#### Legal

34 C.F.R. part 77 [definitions applicable to federal Education Department General Administrative Regulations (EDGAR)]

34 C.F.R. part 76 [U.S. Department of Education regulations for state-administered programs]

34 C.F.R. part 75 [U.S. Department of Education regulations for direct grant programs]

2 C.F.R. part 200 subpt. F [audit requirements under the federal Uniform Guidance]

2 C.F.R. part 200 subpt. E [cost principles and allowable costs under the federal Uniform Guidance]

2 C.F.R. §200.303 [school district internal control requirements established under the federal Uniform Guidance]

2 C.F.R. §200.302 [school district financial management requirements established under the federal Uniform Guidance; note various cross-references in this section]

2 C.F.R. §200.62 [definition of "internal control over compliance requirements for Federal awards" under the Uniform Guidance]

2 C.F.R. §200.61 [definition of "internal controls" under the federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)]

[State Statute Section 115.28\(13\) \[uniform financial accounting system for school districts\]](#)

[State Statute Section 120.13\(6\) \[school board power to apply for and receive federal aid\]](#)

[State Statute Section 120.14 \[annual school district audit required\]](#)