Financial Reporting

Fiscal Accountability and Control

September 8, 2004
Legal Environment

- Federal Regulations
- Code of Maryland
  - Education
  - Procurement
  - Construction
- MSDE Regulations
- Baltimore County Charter
Essential Elements of Effective Internal Control

- Control Environment
- Financial Accounting Systems
- Control Policies and Procedures
Control Environment

Management Awareness

- Open communication
- Fiscal Services weekly meetings with the Superintendent
- Budget adoption and publication
- Budget manager control
- Educate employees on controls
- Management support of control environment
Control Environment (Cont.)

Organizational Structure

- Clearly defined lines of authority
- Roles and responsibilities
  - Clearly defined job duties
  - Clearly required budget control
  - Segregation of duties
6 Personnel Policies
- Position control
- Hire and retain qualified employees
- Ongoing professional development
- Appropriate hiring processes
Control Environment (Cont.)

- Monitoring
  - Reconciliations
  - Annual letters from the Superintendent on overspent budgets
  - Monthly letters on spending levels to Executive Directors of Schools
  - Short-term and long-term enrollment projections
  - Strategic Planning
  - Procurement cards monitoring and training
  - Grants management
Control Environment (Cont.)

Monitoring (cont.)

– Reports

• Financial Statement Monthly to the Board - Friday Letter

• Publication of Comprehensive Annual Financial Report – Receive GFOA and ASBO Awards

• Electronic and Hard Copy Management Reports:
  – Position (FTE) Inventory Report
  – Summary and Transaction Reports
  – Payroll Distribution Report (Weekly)
Control Environment (Cont.)

6. Oversight
   - Budget & Audit Committee
   - Office of Internal Audit
   - Operating Budget Reviews - County
   - Internal and External Audits by:
     - KMPG, LLP (CAFR and Single Audit – A133)
     - Office of the Inspector General
     - MSDE
     - County
     - Other Agencies
Financial Accounting Systems

- Automation of controls and generation of data
- Assemble, analyze, classify, record, report, and maintain accountability
- Controlled access to various systems
- Include automated editing
- Require encumbrances

- HR and payroll modules
- Purchasing module
- Financial management module
- Budget and forecasting modules
- Position allocation system
- Procurement card systems

Baltimore County Public Schools
Control Policies and Procedures

- Board Policies – website
- Superintendent’s Rules
- Roles and Responsibilities
  - Segregation of duties
- Superintendent’s Bulletin
- Office Procedures
  - Expenditure rules and authorizations (travel)
  - Authorized signatures
  - Independent reviews
  - Pre-authorizations