

Budget and Finance”

“The Board’s Role and Fiduciary Responsibility”

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NMASBO

NMASBO

- Training Events
 - Fall Conference – Sept 28-30, 2022, Crowne Plaza, Albuquerque
 - Boot Camp – Oct 12-14, 2022, Crowne Plaza, Albuquerque
 - Winter Conference – Feb 15-17, 2023, Embassy Suites, Albuquerque
 - PED's Spring Budget Workshop – April 12-14, 2023, TBD
- NMASBO Connect
- NMASBO Webinars





Session's Learning Objectives

1

Understand the board's responsibility

2

Understand the distinction between the board's and the superintendent's roles.

3

Understand the function of the Finance and Audit Committees



Board's Statutory Responsibilities

22-5-4 NMSA

- A. Develop educational policies for the district
- B. Employ a superintendent and set the salary
- C. Review and approve district budget
- D. Acquire, lease and dispose of property
- E. Have capacity to sue and be sued
- F. Acquire property by eminent domain



Board's Statutory Responsibilities

22-5-4 NMSA

- G. Issue general obligation bonds/mil levies
- H. Provide for the repair and maintenance of district property
- I. Subpoena witnesses and documents
- J. Except for salaries, contract for expenditures via procurement code
- K. Adopt rules pertaining to board operations, powers and duties



Regulatory Responsibilities

6.29.1.9 NMAC

- Ensure district funds are managed and disbursed appropriately
- Approve the annual district budget
- Be responsible for oversight of revenue and expenditures within the district



Board's Fiduciary Responsibility

- A **fiduciary duty** is an **obligation** to act in the best interest of another party. ... A person acting in a **fiduciary** capacity is held to a high standard of honesty and full disclosure in regard to the client and must not obtain a personal benefit at the expense of the client
- The School Board along with the Superintendent has oversight responsibility for all funding that comes to the district and assures that funding is used for the purpose intended
- Transparency in all budget and finance issues is essential



Board's Role and Responsibility

- Statutory: (NMSA 1978, Section 22-5-4)
 - Review & Approve the district budget
 - Issue General Obligation Bonds (GO Bonds)
- Regulatory (NMAC 6.29.1.9 (A) Powers of the Board)
 - Except for salaries, contract for expenditures via procurement code
 - Ensure district funds are managed and disbursed appropriately
 - Be responsible for oversight of revenue and expenditures within the district



Superintendent's Role & Responsibility

- Statutory (Section 22-5-14 NMSA 1978:)
 - Prepare the school district budget based on public schools' recommendations for review and approval by the local Board and the PED
 - Tell each principal the amount of money that may be available for his/her school and provide a school budget template to use in making school budget recommendations
 - Employ, fix the salaries of, assign, terminate or discharge all employees of the district
- Regulatory (NMAC 6.29.1.9 (C) Duties & Powers of the Superintendent)
 - Be accountable for student achievement; budget management; expenditure of funds' dissemination of information' district or charter school communications..... Etc.



The Different Roles

- Board
 - Develop a strategic plan
 - Strategic plan details the goal and direction of the district
 - Approve the budget
 - 22-5-4 NMSA
- Superintendent
 - Implement board's strategic plan
 - Oversee/develop a budget that supports the strategic plan



Function of the Finance Committee

Finance Committee

- Each local school board shall appoint at least two members of the board as a finance subcommittee to assist the board in carrying out its budget and finance duties.
- Make recommendations to the local school board in financial planning, including reviews of the school district's revenue and expenditure projections
- review of financial statements and periodic monitoring of revenues and expenses
- annual budget preparation and oversight; and
- procurement; and
- serve as an external monitoring committee on budget and other financial matters



Function of Audit Committee

- Audit Committee
 - 22-8-12-3 NMSA 1978
 - Committee consist of
 - Two board members serve with finance staff
 - Parent of a student attending that school district
 - Volunteer who has experience in accounting or financial matters
- Duties
 - Evaluate RFP for finance audit services and recommend an auditor
 - Attend entrance and exit meetings
 - Meet monthly with the auditors during the audit
 - Provide audit status reports to the Board
 - Track audit recommendations & make policy changes when needed