# Budget and Finance" "The Board's Role and Fiduciary Responsibility"

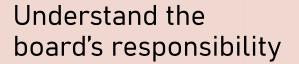
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# NMASBO 2023/24 Training Opportunities

- Training Events
  - Fall Conference Sept 13–15, 2023, Embassy Suites, Albuquerque
  - Boot Camp Oct 3–6, 2023, Crowne Plaza, Albuquerque
  - Winter Conference Feb 14–16, 2024, Embassy Suites, Albuquerque
  - PED's Spring Budget Workshop March 20–22, 2024, Sandia Resort and Casino
- NMASB0 Connect
- NMASBO Webinars/Online Learning



## Session's Learning Objectives



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

2

Understand the function of the Finance and Audit Committees

3

#### 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
- 1. 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

# Questions?

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