

Checklist for Statutory Compliance with the School Budget and Fiscal Control Act

Checklist Notes

The questions and statements below are designed to be answered with a “YES.” “NO” answers indicate possible statutory violations and internal control weaknesses that should be brought to management’s attention and/or disclosed in the notes to the financial statements. This checklist should be used only as a guide. It is not intended to be all inclusive. A full understanding of the School Budget and Fiscal Control Act is essential to a thorough local board of education audit in North Carolina. Unless noted, these questions and statements apply to local boards of education. However, as noted, certain statutes apply to the board of county commissioners, and may be used by an auditor performing a county audit.

| General Statute Reference | Attribute | Yes | No | N/A | Initials/ WP ref. |
|--|---|-----|----|-----|----------------------|
| 115C-425(a) | Is the annual budget resolution balanced for each fund, i.e., is the sum of estimated net revenues and appropriated fund balance equal to total appropriations? | | | | |
| | Is appropriated fund balance equal to or less than the sum of cash and investments less the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as of the close of the fiscal year preceding the budget year? | | | | |
| | Does the budget resolution cover one fiscal year? | | | | |
| 115C-425(b) | Have all moneys received and disbursed by the local school administrative unit been included in the budget resolution (or in subsequent amendments)? | | | | |
| 115C-426(c), 115C-432, and the Uniform Chart of Accounts | Does the budget format follow the standard budget format established by the State Board of Education? | | | | |
| 115C-426(c) and the Uniform Chart of Accounts | Are appropriations for the expenditure of federal categorical grants included in the Federal Grants Fund? | | | | |
| 115C-426(d) and the Uniform Chart of Accounts | Are appropriations for the current operating expenses of the public school system from moneys made available to the local school administrative unit by the Department of Public Instruction included in the State Public School Fund? | | | | |

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| 115C-426(e) and the Uniform Chart of Accounts | Are appropriations for the current operating expenses of the local school administrative unit, other than appropriations included in the State Public School Fund and the Federal Grants Fund, included in the Local Current Expense Fund? | | | | |
| 115C-426(f) and the Uniform Chart of Accounts | <p>Are appropriations for capital outlay, as listed below, included in the Capital Outlay Fund?</p> <p>(1)The acquisition of real property for school purposes, including but not limited to school sites, playgrounds, athletic fields, administrative headquarters, and garages.</p> <p>(2)The acquisition, construction, reconstruction, enlargement, renovation, or replacement of buildings and structures, including but not limited to buildings for classrooms and laboratories, physical and vocational educational purposes, libraries, auditoriums, gymnasiums, administrative offices, storage, and vehicle maintenance.</p> <p>(3)The acquisition or replacement of furniture and furnishings, instructional apparatus, data processing equipment, business machines, and similar items of furnishings and equipment.</p> <p>(4)The acquisition of school buses as additions to the fleet.</p> <p>(5) The acquisition of activity buses and other motor vehicles.</p> <p>(6)Other capital outlay expenditures as may be assigned to the capital outlay fund by the uniform budget format.</p> | | | | |

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| | The cost of acquiring or constructing a new building, or reconstructing, enlarging, or renovating an existing building, shall include the costs of all real property and interests in real property, and all plants, works, appurtenances, structures, facilities, furnishings, machinery, and equipment necessary or useful in connection therewith; financing charges; the cost of plans, specifications, studies, reports, and surveys; legal expenses; and all other costs necessary or incidental to the construction, reconstruction, enlargement or renovation. | | | | |
| | Have all contracts and expenditures for the purchase of building sites, and any expenditures been approved by the board of county commissioners? | | | | |
| 115-426(g) and the Uniform Chart of Accounts | Do other funds include appropriations for such purposes funded from such sources as maybe prescribed by the uniform budget format? | | | | |
| 115C-426.1. | Are all moneys received by the local school administrative unit from operation of vending facilities deposited, budgeted, appropriated, and expended in accordance with the School Budget and Fiscal Control Act? | | | | |
| 115C-426.2. | Did the local board of education and the board of county commissioners meet during the fiscal year to assess the school capital outlay needs, to develop and update a joint five-year plan for meeting those needs, and to consider this plan in preparation and approval of each year's budget? (Note that this is not required, but is strongly recommended.) | | | | |
| 115C-427(b) | Was a budget, together with a budget message, submitted to the board of education by May 1? | | | | |
| | Did the budget message contain a concise explanation of the educational goals fixed by the budget for the budget year, set forth the reasons for stated changes from the previous year in program goals, programs, and appropriation levels, and explain any major changes in educational or fiscal policy? | | | | |

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| 115C-428(a) | Did the superintendent file a copy of the budget in his office on the same day he submitted it to the board of education, and did it remain posted until the budget resolution was adopted? | | | | |
| | The superintendent may also publish a statement in the newspaper qualified under G.S. 1-597 to publish legal advertisements in the county that the budget has been submitted to the board of education, and is available for public inspection in the office of the superintendent of schools. The statement should also give notice of the time and place of the budget hearing authorized by subsection (b) of this section. | | | | |
| 115C-428(b) | Was a public hearing held before submitting the budget to the board of county commissioners? | | | | |
| 115C-429(a) | Was the budget approved by the board of education and submitted to the county board of commissioners by May 15? (The board of county commissioners may fix a later date that would be acceptable to the board of education.) | | | | |
| 115C-429(b) | COUNTY AUDITOR - Did the board of county commissioners complete its action on the school budget on or before July 1, or at a later date agreeable to the board of education? The commissioners should determine the amount of county revenues to be appropriated in the county budget ordinance to the local school administrative unit for the budget year. The board of county commissioners may, in its discretion, allocate part or all of its appropriation by purpose, function, or project. | | | | |
| 115C-429(c) | If requested by the board of county commissioners, did the local school administrative unit make available to the board of county commissioners all books, records, audit reports, and other information bearing on the financial operation of the local school administrative unit? | | | | |

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| 115C-430 and 115C-457.3 | <p>COUNTY AUDITOR - If there is more than one local school administrative unit in the county, were all appropriations to the local current expense funds of the units, excluding appropriations funded by supplemental taxes levied less than countywide, apportioned according to the membership of each unit?</p> <p>County appropriations are properly apportioned when the dollar amount obtained by dividing the amount so appropriated to each unit by the total membership of the unit is the same for each unit. The total membership of the local school administrative unit is the unit's average daily membership for the budget year to be determined by and certified to the unit and the board of county commissioners by the State Board of Education.</p> | | | | |
| 115C-431 | <p>Note: This statute details the procedure for resolution of dispute between the board of education and the board of county commissioners regarding the amount of money appropriated to the local school administrative unit by the board of county commissioners.</p> | | | | |
| 115C-432(b)(1) | <p>If the board of county commissioners appropriated funds by purpose, function or project, does the budget resolution conform to that allocation?</p> <hr/> <p>The budget resolution may be amended to change allocated appropriation only in accordance with G.S. 115C-433</p> | | | | |
| 115C-432(b)(2) | <p>Was the full amount of any lawful deficit from the prior year appropriated?</p> | | | | |
| 115C-432(b)(3) | <p>Was the contingency appropriation in a fund less than or equal to 5% of all other appropriations in that fund?</p> | | | | |
| | <p>If the budget resolution included a contingency appropriation, were budget amendments properly adopted, which set up an appropriation for the object of expenditure prior to expenditures being charged against the contingency appropriations?</p> | | | | |

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| 115C-432(b)(3) (cont.) | If the board of education authorized the superintendent to authorize expenditures from contingency appropriations, were all such expenditures reported to the local board of education at its next regular meeting and recorded in the minutes? | | | | |
| 115C-432(b)(4) | Were funds appropriated sufficient to meet the amounts to be paid during the fiscal year under previously executed continuing contracts? | | | | |
| 115C-432(b)(5) | In each fund, was the sum of estimated net revenues and appropriated fund balance equal to appropriations? | | | | |
| 115C-432(b)(6) | Appropriations were not made in excess of the rate of tax approved by the voters? | | | | |
| | Expenditures were not made for purposes not permitted by law? | | | | |
| 115C-432(b)(7) | If school supplemental taxes were levied, was the estimated percentage of collection less than or equal to the percentage of that tax actually realized in cash during the preceding fiscal year, or if the tax was not levied in the preceding fiscal year, the percentage of the general county tax levy actually realized in cash during the preceding fiscal year? | | | | |
| 115C-432(b)(8) | Were amounts to be realized from the collection of supplemental taxes levied in prior fiscal years included in the current year estimated revenues? | | | | |
| 115C-432(b)(9) | If applicable, were all appropriations made to or from the capital outlay fund to or from another fund made in accordance with amendments that were approved by the board of county commissioners? | | | | |
| 115C -432(c) | If the local school administrative unit levy its own supplemental taxes pursuant to the local act, was the budget resolution made to appropriate the tax levy in accordance with the local act and was the county or city that collect the levy notified in accordance with G.S. 159-14? | | | | |
| 115C-432(d) | Was the budget ordinance entered into the minutes of the board of education, and within 5 days after adoption, copies filed with the superintendent, school finance officer, and county finance officer? | | | | |

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| 115C-433(a) | If the budget resolution was amended, did it remain balanced, as discussed in 115C-425 above, and did it continue to satisfy the requirements of 115C-432 above? | | | | |
| 115C-433(b) | <p>If the board of county commissioners allocated appropriations by purpose, function, or project, did the board of education obtain approval from the board of county commissioners for budget amendments that:</p> <p>(a) Increased or decreased expenditures from the capital outlay fund for projects listed in 115C-426(f) (1) or (2) above? or</p> <p>(b) Increased or decreased the amount of county appropriation allocated to a purpose or function by 25% or more from the amount contained in the budget ordinance adopted by the board of county commissioners?</p> <p>At its discretion, the board may in its budget ordinance specify a lesser percentage, so long as such percentage is not less than ten percent.</p> | | | | |
| 115C-433(c) | If the superintendent is authorized by resolution to transfer money from one appropriation to another within the same fund, were such transfers reported to the board of education at its next regular meeting and entered into the minutes? | | | | |
| 115C-433(d) | If the board of education amended the budget to transfer money to or from the capital outlay fund to or from any other fund due to emergencies unforeseen and unforeseeable at the time the budget resolution was adopted, were the proper procedures followed and were the amendments approved by the board of county commissioners? | | | | |

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| | When such an emergency arises, the board of education may adopt a resolution requesting approval from the board of commissioners for the transfer of a specified amount of money to or from the capital outlay fund to or from some other fund. The resolution shall state the nature of the emergency, why the emergency was not foreseen and was not foreseeable when the budget resolution was adopted, what specific objects of expenditure will be added or increased as a result of the transfer, and what objects of expenditure will be eliminated or reduced as a result of the transfer. | | | | |
| 115C-433(d) (cont.) | If an emergency transfer resolution was adopted, was a certified copy of this resolution transmitted to the board of county commissioners for its approval and to the boards of education of all other local school administrative units in the county for their information? | | | | |
| | COUNTY AUDITOR – If a resolution was adopted, did the board of commissioners act upon the request within 30 days after it was received and after having afforded the boards of education of all other local school administrative units in the county an opportunity to comment on the request? Note: The time limit may be extended by mutual consent of the board of education making the request and the board of county commissioners. | | | | |
| | COUNTY AUDITOR – Upon either approving or disapproving the request, did the board of commissioners notify the board of education making the request and any other board of education that exercised its right to comment? | | | | |
| 115C-434 | If the budget resolution was delayed until after July, was an interim budget adopted for the purpose of paying salaries and usual ordinary expenses of the local school administrative unit for the interval between the beginning of the fiscal year and the adoption of the budget resolution? | | | | |

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| | Were the interim appropriations so made and expended charged to the proper appropriations in the budget resolution? | | | | |
| 115C-435 | Has a finance officer, meeting the requirements listed below, been appointed or designated by the superintendent and approved by the board of education? The duties of the school finance officer may be conferred on any officer or employee of the local school administrative unit or, upon request of the superintendent, with the approval by the board of education and board of county commissioners, on the county finance officer. The position of school finance officer is an office that may be held concurrently with other appointive, but not elective offices. | | | | |
| 115C-436(a)(1) | Has the finance officer of the unit kept the financial records of the unit in accordance with generally accepted principals of governmental accounting, and with the rules and regulations of the State Board of Education and the Local Government Commission (LGC)? | | | | |
| 115C-436(a)(3) | Does the finance officer sign and issue all checks, drafts, and state warrants issued by the local school administrative unit, invest idle cash, and receive and deposit all moneys accruing to the local school administrative unit? | | | | |
| 115C-436(a)(4) | Does the finance officer prepare and file statements of financial condition of the local school administrative unit as often as requested by the superintendent, and when requested in writing, with a copy to the superintendent, by the board of education or the board of county commissioners? | | | | |
| 115C-436(a)(5) | Does the finance officer perform other duties as assigned by law, the superintendent, or by the rules and regulations of the State Board of Education and the LGC? | | | | |

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| 115C-436(b) | The State Board of Education and the LGC has authority to issues rules and regulations have the force of law governing procedures for the disbursement of money allocated or accruing to the local school administrative by or through the State. Has any inquiry been made by the State Board of Education or the LGC to investigate the internal Control procedures of the local administrative unit with respect to moneys under the respective jurisdictions or any medication in internal control procedures which many be necessary or desirable to prevent embezzlement or mishandling of public moneys? | | | | |
| 115C-437 | COUNTY AUDITOR - Were revenues from proceeds of all penalties and forfeitures and of all fines collected for any breach of the penal laws of the State, and all taxes levied by or on behalf of the local school administrative unit remitted to the school finance officer within 10 days after the close of the calendar month in which the revenues were received or collected? | | | | |
| | COUNTY AUDITOR –Was the amount of penalties, forfeitures and fines remitted to the local school administrative unit the full amount collected, less only actual costs of collection, not to exceed 10% of the amount collected? | | | | |
| | COUNTY AUDITOR - Were county appropriations to the local administrative unit made available to the school finance officer by such procedures that were agreed to by the board of education and the board of county commissioners? | | | | |
| 115C-437 (cont.) | COUNTY AUDITOR - If there was not an agreement, were funds remitted to the school finance officer in monthly installments sufficient to meet its lawful expenditures from the county appropriation, no later than 10 days after the close of each calendar month, until the county appropriation was exhausted? | | | | |

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| | COUNTY AUDITOR - If the board of county commissioners appropriated funds to the local school administrative unit that carried specific restrictions binding upon the county as recipient, did the board of county commissioners inform the local school administrative unit of those restrictions? | | | | |
| 115C-438 | Did the school finance officer certify each month to the State Board of Education the expenditures that were to be made by the local school administrative unit from the State Public School Fund during the month? | | | | |
| | Were the certifications made by the fifth day following the end of the month preceding the period in which the expenditures were to have been made? | | | | |
| | Were moneys in the State Public School Fund and State bond moneys released only on warrants draw on the State Treasurer, signed by such local official as may be required by the State Board of Education? | | | | |
| | Did the local school administrative unit provide to the State Board of Education timely, accurate, and complete fiscal and personnel information, including payroll information on school personnel? | | | | |
| | Were any of the required report pursuant to G.S. 115C-12(18) more that 30 days overdue? <hr/> The State Board of Education may withhold money for payment of salaries for the administrative offices of local administrative units if any report required to be filed with the State authorities. | | | | |
| 115C-439 | If facsimile signatures were used on checks, drafts, contracts or purchase orders, was there an appropriate resolution of the board of education? | | | | |
| | If facsimile signatures were used, did the board charge the finance officer or other bonded officer or employee with the custody of the necessary machines or other devices? | | | | |

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| 115C-440(a) | Does the accounting system show in detail the assets, liabilities, equities, revenues and expenditures of the unit? | | | | |
| | Does the accounting system show appropriations and estimated revenues as established in the budget resolution as originally adopted and subsequently amended? | | | | |
| 115C-440(b) | Does the local school unit administrative unit use the modified accrual basis of accounting in recording transactions? | | | | |
| 115C-440(c) | If public school systems had an ADM of 6,000 or more, did the local school administrative unit show encumbrances in its accounting system? | | | | |
| 115C-440.1(a) | COUNTY AUDITOR - Has the board of county commissioners appropriated 60% of the revenue received under Article 42 local option sales and use tax for public school capital outlay purposes or for debt service on debt incurred for public school capital outlay? | | | | |
| 115C-441(a) | Before any obligation was incurred by the unit, was there an appropriation in the budget resolution authorizing the obligation and an unencumbered balance remaining in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year? | | | | |
| | If an obligation was evidenced by a contract or agreement requiring the payment of money or by a purchase order for supplies or materials, did the contract, agreement or purchase order include on its face a certificate stating that the instrument was preaudited? | | | | |
| 115C-441(b) | Did the finance officer approve for disbursement only those bills, invoices and other claims that the finance officer determined (a) to be a payable, (b) the budget resolution included an appropriation authorizing the expenditure, and (c) either (i) an encumbrance had been previously established for the transaction or (ii) an unencumbered balance remained in the appropriation sufficient to pay the amount to be disbursed? | | | | |

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| | Were all bills, invoices, and other claims approved by the finance officer before they were paid? | | | | |
| 115C-441(c) | If the board of education approved a bill, invoice, or other claim that has been disapproved by the finance officer, did an appropriation appear in the budget resolution; and did the appropriation contain an encumbrance or was the unencumbered balance of at least the amount to be paid? | | | | |
| | If the board of education approved such claim, was it done by formal resolution, stating the reasons for allowing the bill, invoice, or other claim? | | | | |
| | If the board of education approved such claim, has the resolution been recorded in the minutes, with the names of the board members voting in the affirmative? | | | | |
| 115C-441(c) (cont.) | If the board of education approved such claim, did the chairman of the board or some other member designated for this purpose sign the preaudit certificate? | | | | |
| 115C-441(c1)a | If a continuing contract for capital outlay was entered into, does the budget resolution include an appropriation authorizing the current fiscal year's portion of the obligation? | | | | |
| 115C-441(c1)b | If a continuing contract for capital outlay was entered into, did an unencumbered amount remain in the appropriation sufficient to pay in the current year the sums obligated by the transaction for the current year? | | | | |
| 115C-441(c1)c | Have all continuing contracts for capital outlay expenditures been approved by a resolution adopted by the board of county commissioners, which bind the board of county commissioners to appropriate sufficient funds in ensuing years to meet the amounts to be paid under contract in those years? | | | | |
| 115C-441(d) | Are the amounts paid for a bill, invoice, salary, or other claim, paid only by a check or draft on an official depository, by a wire transfer from an official depository, or by a warrant on the State Treasurer? | | | | |

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| | Do all checks and drafts, except payroll checks or drafts and State warrants; bear a certificate indicating that the disbursement has been preaudited? | | | | |
| 115c-441(e) | If an officer or employee of a local school administrative unit incurs an obligation or pays out or causes to be paid out any funds in violation of this section, he and the sureties on his official bond are liable for any sums so committed or disbursed. Have the officers and employees been informed of this law? | | | | |
| 115C-442(a) | Does the finance officer have a true accounting and faithful performance bond with sufficient sureties in an amount fixed by the board of education, \$50,000 minimum? Note: This cannot be a blanket bond that includes the finance officer. (However, in addition to the individual bond, the finance officer may be included within the blanket bond if the blanket bond protects against risks not protected against by the individual bond.) | | | | |
| | Does the bond cover the faithful performance of all duties placed on the finance officer by or pursuant to law and the faithful accounting for all funds in his custody except State funds placed to the credit of the local school administrative unit by the State Treasurer. | | | | |
| | Was the premium on the bond paid by the local school administrative unit? | | | | |
| 115C-442(c) | Does the treasurer of each individual school, and all other officers, employees, or agents of the local school administrative unit who have custody of public school money in the normal course of their employment or agency, have a true accounting bond, either individual or blanket, with sufficient sureties in an amount fixed by the board of education? | | | | |
| | Were the premiums on these bonds paid by the local school administrative unit? | | | | |

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| 115C-443(a) | Does the finance officer manage investments subject to the restrictions and directions that the board of education has imposed? | | | | |
| | Were all purchases, sells and exchanges of securities made by/authorized by the finance officer on behalf of board of education? | | | | |
| 115C-443(b) | Are the local school administrative unit's deposits in banks, savings and loan associations, or trust companies in North Carolina? | | | | |
| 115C-443(c)(1) | If the local school administrative unit invests in United States Securities, are they direct obligations of the United States? | | | | |
| 115C-443(c)(2) | If the unit invests in obligations of any United States agency or instrumentality, is the interest and principle of such obligations fully guaranteed by the United States? | | | | |
| 115C-443(c)(3) | If the unit invests in State obligations, are they obligations of the State of North Carolina? | | | | |
| 115C-443(c)(4) | If the unit invests in local government bonds or notes, are they of North Carolina local governments or public authorities? | | | | |
| 115C-443(c)(6) | If the unit invests in obligations of the Federal Intermediate Credit Bank, the Federal Home Loan Bank, the Federal National Mortgage Association, the Bank for Cooperatives, or the Federal Land Bank is the maturity within 18 months from the date of purchase? | | | | |
| 115C-443(c)(7) and (8) | If the unit invests in obligations other than those listed in 115C-443(c)1-6 above, are the investments allowed by law to the State Treasurer for the investment of trust funds or by G.S. 159-30 to local governments and public authorities? | | | | |
| 115C-443(d) | Are securities and deposit certificates in the custody of the finance officer or in a bank trust department with an executed custodial agreement? | | | | |
| | Does the finance officer keep accurate investment accounts and records? | | | | |

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| 115C-443(e) | Is interest earned on deposits and investments credited to the fund whose cash is deposited or invested? Note: Interest on pooled cash should be prorated and credited to the various funds on the basis of the amounts thereof invested. | | | | |
| | Is interest earned on the deposit or investment of bond funds deemed a part of the bond proceeds? | | | | |
| 115C-443(f) | If registered securities acquired for investment are released from registration, have they been transferred only by signature of the finance officer? | | | | |
| 115C-444(a) | Has the governing board designated one or more banks, savings and loan associations, or trust companies in this State as its official depositories? | | | | |
| | Are all deposits of the board of education in an official depository? | | | | |
| 115C-444(b) | If deposits are in excess of deposit insurance, is the excess secured by either surety bonds, or sufficiently collateralized by either the Dedicated Method or the Pooling Method? | | | | |
| | If the dedicated method is used, have the proper agreements been executed (INV-94A and INV-94B) and has collateral pledged been sufficient throughout the year to cover the uninsured balance at all times including school balances? | | | | |
| 115C-445 | Are all moneys collected or received by an officer, employee or agent deposited daily with the finance officer or in an official depository, unless the governing board has given its approval to require deposits only when the moneys on hand amount to as much as \$250, but in any event on the last day of the month? | | | | |
| | Is the finance officer or individual school treasurer notified of deposits to official depositories by means of duplicate deposit ticket? | | | | |

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| 115C-446 | <p>Has the finance officer completed the required Form LGC-203 and LGC-203-S semi-annual report on deposits and investments in a timely manner? Note: Each school finance officer shall report to the Secretary of the Local Government Commission on January 1 and July 1 of each year.</p> | | | | |
| | <p>Did the Form LGC-203 and LGC-203-S report all money in the custody of the finance officer and in the custody of treasurers of individual schools within the local school administrative unit, the amount of deposits of such money in depositories, and list all investment securities and time deposits held by the local school administrative unit and individual schools?</p> | | | | |
| | <p>If the LGC has notified the finance officer that moneys were not properly deposited or secured, or are invested in securities not eligible for investment, did the finance officer comply with the law within 30 days for noncompliance other than ineligible investments and 9 months for ineligible investments?</p> | | | | |
| 115C-447 | <p>Has the local school administrative unit had its accounts and the accounts of individual schools therein audited within four (4) months after the close of the fiscal year by a certified public accountant?</p> | | | | |
| | <p>Has the auditor been selected by, and report to the governing board?</p> | | | | |
| | <p>Has an audit contract been approved that: a) is in writing, b) includes the scope of the audit, c) requires a typewritten or printed report embodying financial statements and auditors opinion and comments relating thereto, d) includes all the terms and conditions, and e) is submitted to the Secretary of the LGC for approval?</p> | | | | |
| | <p>Are the financial statements prepared in accordance with generally accepted accounting principles using the GASB 34 Model?</p> | | | | |

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| General Statute Reference | Attribute | Yes | No | N/A | Initials/ WP ref. |
|---------------------------|--|-----|----|-----|----------------------|
| 115C-447 (cont.) | Has an audit report been filed with the Secretary of the Local Government Commission, the board of education and the board of county commissioners? | | | | |
| | Has the auditor submitted all bills or claims for audit fees and costs to the LGC for approval? | | | | |
| | Has the local school administrative unit received approval from the LGC prior to paying bills or claims for audit fees? | | | | |
| | Has each officer and employee of the local school administrative unit having custody of public money or responsibility for keeping records of public financial or fiscal affairs produced all books and records requested by the auditor and divulged such information relating to fiscal affairs as requested by the auditor? | | | | |
| 115C-447 (b) | Have incidents of fraud, embezzlement, theft, or management failures to review the internal control procedures of the unit been noted? | | | | |
| | If the incidents of fraud, etc. were discovered during the audit, will the administrative unit submit the audit together with a plan for any corrective action relative to its internal control procedures to the State Board of Education and the Local Government Commission for approval and implementation of the approved changes prior to the next annual audit? | | | | |
| | If the incidents were not discovered by the firm performing the audit, had the administrative request from the State Board of Education and the Local Government Commission approval to employ an audit firm to review the internal control procedures of that local school administrative unit? | | | | |

Checklist for Statutory Compliance with the School Budget and Fiscal Control Act

| General Statute Reference | Attribute | Yes | No | N/A | Initials/ WP ref. |
|---------------------------|--|-----|----|-----|----------------------|
| 115C-447 (b) (cont.) | <p>Note: Upon completion of this review, the audit firm shall report publicly to the State Board of Education, the Local Government Commission, and the board of the local school administrative unit. If the State Board of Education determines that significant changes are needed in the internal control procedures of the local school administrative unit, the local board shall submit a plan of corrective actions to the State Board of Education and the Local Government Commission for approval and shall implement the approved changes prior to the next annual audit.</p> | | | | |
| 115C-448(a) | <p>Has the board of education appointed a treasurer for each school within the local administrative unit that handles special funds? Note: These special funds include, but are not limited to, gate receipts of interscholastic athletic events, sales of school annuals and newspapers, and dues of student organizations.</p> | | | | |
| | <p>Does the treasurer at each individual school keep a complete record of all moneys in his charge in such form and detail as prescribed by the finance officer?</p> | | | | |
| | <p>Has the treasurer made reports to the superintendent and finance officer of the local school administrative unit as they or the board of education have prescribed?</p> | | | | |
| | <p>Are funds of individual schools deposited in an official depository of the local school administrative unit to the credit of the individual school?</p> | | | | |
| | <p>Are funds disbursed paid only on checks or drafts signed by the principal of the school and the treasurer? Note: The board of education may, in its discretion, waive these requirements for any school which handles less than \$300 in any school year.</p> | | | | |

Checklist for Statutory Compliance with the School Budget and Fiscal Control Act

| General Statute Reference | Attribute | Yes | No | N/A | Initials/ WP ref. |
|---------------------------|---|-----|----|-----|----------------------|
| 115C-448(b) | If the board of education has required the finance officer to account for the funds of the individual schools, are the funds disbursed and accounted for in the same manner as other school funds, except that the check or draft shall not bear the certificate of preaudit? | | | | |
| 115C-449 | Are insurance proceeds received against loss of capital assets through fire or casualty used to repair or replace the damaged asset, or if the asset is not repaired or replaced, placed in the capital outlay fund for appropriation at some future time? | | | | |
| 115C-450 | Is school food service included in the budget of the local school administrative unit? | | | | |
| 115C-451(a) | Is the Administrative aware that The State Board of Education shall have authority to require local school administrative units to make such reports as it may deem advisable with respect to the financial operation of the public schools. | | | | |
| 115C-452 | COUNTY AUDITOR - Have fines and forfeitures been submitted to the local school administrative unit(s) in the county, and if applicable, were they apportioned to each local school administrative unit according to the projected average daily membership? | | | | |
| 115C-522 | Have purchase or exchange all supplies, equipment, and materials, and these purchases shall be made in accordance with Article 8 of Chapter 143 of the General Statutes? | | | | |
| 115C-546.1 | COUNTY AUDITOR – Have a Public School Building Capital Fund been created in compliance with the General Statutes and all funds invested as provided in G.S. 147-69.2 and G.S. 147-69.3? | | | | |
| 115C-546.1 (a) | Has the fund been used to assist the county governments in meeting their public school building capital needs under their local school technology plans? | | | | |

Checklist for Statutory Compliance with the School Budget and Fiscal Control Act

| General Statute Reference | Attribute | Yes | No | N/A | Initials/ WP ref. |
|---------------------------|--|-----|----|-----|----------------------|
| 115C-546.2 (b) | <p>Have monies in the Public School Building Capital Fund been used for planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school buildings and for the purchase of land for public school buildings; for equipment to implement a local school technology plan that is approved pursuant to G.S. 115C-102.6C; or for both?</p> <p>Note: Monies used to implement a local school technology plan shall be transferred to the State School Technology Fund and allocated by that Fund to the local school administrative unit for equipment.</p> | | | | |
| 115C-546.2 (c) | <p>If the monies in the Public School Building Capital Fund is from Corporate tax sources and have been used for construction and not technology, has the required local matching been met?</p> <p>Note: - Monies in the Fund transferred to the State Technology Fund do not require a local match.</p> | | | | |
| 115C-546.2 (d) | <p>If the monies in the Public School Building Capital Fund is in accordance with G.S. 18C (Lottery Fund) is the monies used for construction only and debt service for construction after January 1, 2003?</p> <p>Note: Monies in the Fund from the Lottery Fund should not be used for technology and do not require a local match. For further detail, please http://www.schoolclearinghouse.org/ Also, Department of Publication Instructions (DPI) requires that revenues and expenditures from the Lottery Fund be shown as separate lines items in the Capital Fund.</p> | | | | |