



HIGH PERFORMING DISTRICT *checklist*

FINANCE AND HUMAN RESOURCES

This checklist was designed and approved by the Special District Leadership Foundation to provide special districts with best practices related to the areas of Finance and Human Resources.

Visit us online at www.sdlf.org for comprehensive resources and samples related to each of the best practices listed.



BEST PRACTICES - FINANCE

Training

- Board and staff obtain regular training on finance/fiscal accountability.
- Board and designated employees (those that participate in making decisions that may materially affect their financial interests) complete ethics training as required by law, including initial and biennial training requirements.*

Reporting

- All financial reports are filed on time and in compliance with applicable laws and recognized standards for best management/reporting practices (including Governmental Accounting Standards Board):
 - Comprehensive annual financial report
 - Annual Audit*
 - State Controller's Financial Transaction Report*
 - State Controller's Compensation Report*
- The district requires board members and designated employees to prepare and file statements of economic interests (FPPC Form 700) to identify and disclose potential conflicts of interest.

Governance

- Board establishes and periodically reviews strategic, financial, and other goals.
- Board approves an annual balanced budget in an open and public meeting and periodically reviews revenue and expenses for compliance with the budget.*
- Board approves capital improvement plans in an open and public meeting and periodically reviews revenue and expenses for compliance with the plans.
- Board sets rates and fees in compliance with applicable state laws and District ensures its revenues maintain financial stability and support its commitments.

Policies

- The district has written, board-approved codes of conduct and ethics policies, including compliance with conflicts of interest laws and proper financial management.
- Board establishes and periodically reviews fund balances and reserve policies that meet district's needs.*
- Board establishes and periodically reviews sound fiscal and internal control policies and procedures (including checks and balances) sufficient to (1) safeguard its assets and resources, (2) deter and detect errors, fraud, waste, abuse and theft, (3) ensure accuracy and completeness of its accounting data, and (4) produce reliable and timely financial and management information.
- District has an investment policy describing approved investment types, and management periodically reports investment information (types of investments held, market values, maturity dates, etc.) to the board, according to a board approved policy.
- The district has adopted and implements policies and procedures concerning the payment of claims, bills, and invoices, the issuance, approval and signing of district checks/warrants, and the use of district credit cards.
- District actively adopts mechanisms to prevent, detect, and/or report fraud, waste, and abuse.

checklist continued

BEST PRACTICES - FINANCE continued

☐ General Administration

- Board and employee travel and other expense reimbursements are supported by receipts, and are reviewed and approved by an appropriate supervisor and manager to ensure that expenses are appropriate and comply with a board-approved policy.*
- Management periodically reports financial information to the board, according to a board-approved policy.
- If a prior audit was qualified or reported an adverse finding related to a financial or performance issue, the district promptly implemented effective corrective action.
- The district has available cash, funds and short-term investments to pay its short-term obligations on time.
- The district's revenues and funds are sufficient to meet its long-term debt, pension and other postemployment benefit obligations.
- The district has implemented accounting and bookkeeping systems and records in accordance with generally accepted accounting principles for local government agencies.
- The district maintains a blanket performance or fidelity bond or insurance to protect against employee mishandling and theft of district funds.
- If the district has received federal or state grant or loan funds, the district carefully administers the grant or loan in accordance with the applicable grant or loan agreement and related requirements.

☐ Procurement

- Board approved policy establishes purchasing authorization levels for appropriate district positions, including authorization levels or contract change orders.
- A competitive process for purchasing goods and materials is established and followed according to a board-approved policy.
- District uses a competitive process for awarding construction and construction-related contracts (for construction, project management, architectural services, etc.) that complies with state law.
- District uses a competitive process for awarding contracts for general professional services unless appropriate criteria are met for not using a competitive process (sole-source procurement).
- Board approval or oversight is required for high-dollar, lengthy, or other sensitive procurement contracts.
- Board-approved policy establishes emergency procurement procedures, compliant with state law.
- Board directs staff to include in procurement documents processes for unsuccessful vendors, proposers and/or vendors to protest the award of a contract.



BEST PRACTICES - HUMAN RESOURCES

☐ Ethics

- Board and appropriate staff obtain regular training on human resources.
- Board and supervisory employees complete sexual harassment and discrimination prevention training biennially.

☐ Governance

- Board approves general manager job description and the organizational structure.
- Board establishes and regularly evaluates board and employee salary structures and benefit packages using, when appropriate, a salary survey that allows for comparison with other agencies by region, agency type (services provided), and agency size (annual budget, number of employees and population served). All compensation complies with state and federal laws.
- A board approved policy or agreement establishes the processes for hiring and firing, evaluating the performance of, and adjusting the compensation of the general manager.

☐ General Administration

- Management uses written processes for hiring employees, evaluating performance, imposing progressive discipline, adjusting compensation and benefits, and accruing and using leave.
- Employee job descriptions, duties, and financial control responsibilities are effectively communicated and periodically reviewed.
- District's policies and procedures are reviewed on an annual basis to ensure compliance with new laws.
- District policies and procedures communicate important information about management's expectations for each district process. Policies are deployed thoughtfully and conscientiously to ensure that required actions are reasonable. Procedures articulate the distinct responsibility and accountability of each individual involved in the process.
- Management uses a written fraud reporting policy that includes procedures for employees to follow to report suspected fraud. Employees are periodically reminded of the policy.

**Also included on the District Transparency Certificate Checklist*

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The Special District Leadership Foundation (SDLF) is an independent, non-profit organization formed to promote good governance and best practices among California's special districts through certification, accreditation and other recognition programs. The SDLF and its activities are supported by the California Special Districts Association and the Special District Risk Management Authority.

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