

**Guadalupe Center Educational Programs, Inc.**  
**Financial Policies and Procedures**  
(Revision 4/22)

The policies and procedures outlined in this document are based on a principle of internal controls. The internal controls are designed to limit the risk of misstatement due to errors, theft and misappropriation of our assets. Commitment to internal controls is necessary at all levels of the agency in order for the controls to be effective. The control environment reflects the overall attitude, awareness, and action of the Board, Administration, and others concerning the importance of control. Every effort has been made to establish policies and procedures that balance the effectiveness of controls with the costs associated with implementing them. Guadalupe Financial Policies and Procedures aligns with Utah Code R277-113 – LEA Fiscal and Auditing Policies. See Appendix A.

**School fees**

Guadalupe Charter School (GCS) is a K-6 school and as such, does not have clubs so students do not pay fees. Furthermore, being a Title I school, Guadalupe does not charge tuition or fees of any kind. As a provision III school, standard meals and snacks are also provided free of charge. The only exception where a fee may be charged is for loss or damage replacement of books, technology, etc. In consideration of these facts, Guadalupe is compliant with Section R277-407-13. See Appendix B. Additionally, the school does not participate in student fundraisers. This is consistent with R277-113-5 (Appendix A). The development department of Guadalupe Center Educational Programs (GCEP) typically sponsors fundraisers for the entire organization, from which GCS may benefit.

**Accounting System**

Guadalupe School is a non-profit agency comprised of five programs including Adult Education, In-Home, Toddler Beginnings, Preschool, and Charter School. The Charter School is chartered by the State of Utah, and is a public school; therefore by state law it must operate as a separate entity. To comply with this law, Guadalupe School maintains a separate set of bank accounts, as well as a separate set of books on the accounting system. A separate audit of the Charter School finances is prepared; however, the Charter School is included in the financial reporting of the Agency as a whole.

The accounting system establishes a method to identify, assemble, analyze, classify, record, and report the agency's transactions and to maintain accountability for the related assets and liabilities. CYMA is the agency's official accounting system. No other system should be used to record financial transactions or data

**Account Coding System**

Account Number Structure and Detail

In accordance with R277-113-5 (Appendix A), Guadalupe follows a detailed Program Accounting policy that: accurately reflects the use of funds for allowable costs and activities; requires that transactions be recorded when they occur; and is consistent with GAAP. It is important to identify the proper account to which an item will be expensed prior to making any purchase. Doing so will ensure that proper approvals

have been obtained and transactions are accounted for appropriately. Both the Agency and the Charter School use an 11 digit account number which is in the following format.

<u>Function/Dept.</u>	<u>Object</u>	<u>Program</u>
XXXX	XXX	XXXX

**Function** – 4 numbers, used by the Charter School indicates the revenue source or expense category. The following is a list of the typical classification of functions:

Revenue Functions:

- 1xxx – Local revenue
- 2xxx – State revenue
- 4xxx – Federal revenue

Expense Functions:

- 1xxx – Instruction
- 21xx – Supporting students
- 22xx – Supporting teachers
- 23xx – Executive director
- 24xx – School administration
- 25xx – Business departments
- 26xx – Facilities
- 27xx – Transportation
- 31xx – Food service
- 33xx – After School

**Department** – 4 numbers, used by the Agency, indicates the program to which the expense is allocated. (Note: the Agency uses the same revenue functions as the Charter School.) The following is a list of the typical classifications of departments:

- 1020 – Adult Education
- 1030 – Management & General
- 1040 – Fundraising
- 1050 – In-Home
- 1060 – Preschool
- 1070 – Toddler Beginnings
- 1080 – Board of Directors – for Audited Financials, this is rolled into 1030
- 2600 – Facilities – allocated quarterly to departments 1020 thru 1070

**Object** – 3 numbers, indicates what is being purchased, essentially the expense account. The following is a list of the ranges used for objects for both the Agency and the Charter School.

- 1xx – Wages
- 2xx – Benefits
- 3xx – Professional services

- 4xx – Property services
- 5xx – Other services
- 6xx – Supplies & materials
- 7xx – Property & equipment
- 8xx – Debt & miscellaneous
- 000 – Balance sheet
- 010 – Revenue

**Program** – 4 numbers, indicates the program or the grant. This allows for tracking of expenses that are specifically restricted to a program or grant. Expenses that are not paid out of a specific program or grant are uniformly coded to the program number 0050. Program numbers for most state and federal programs are assigned by the Utah State Office of Education. We assign other program numbers using 85xx.

### **Restricted Revenue**

Consistent with R277-113-6 (Appendix A), it is the Governing Board’s responsibility to ensure that the LEA has sufficient controls in the expenditure of restricted funds. Any restricted funds left over from the previous year are carried forward as positive revenue balances to the following fiscal year. These fund balances are tracked monthly and compared with the current cash position to ensure that the restricted balance does not exceed available cash. This balance is reported monthly to the Finance Committee as well as the Charter Board.

### **Cash Management**

- Guadalupe requires segregation of duties between personnel who have access to general ledger entries, receive funds, deposit funds, and those who reconcile transactions; currently the Accounting office personnel record all ledger entries. The Assistant to the Executive Director receives and deposits funds. Reconciliations are performed by the CFO & Charter Business Manager for their respective accounts and reviewed by another member of the Accounting staff on a monthly basis.
- Generally receivables are not recorded monthly, but are adjusted at year-end for any outstanding Governmental or Donor Commitments;
- Access to cash is limited to authorized personnel. Access to blank checks is limited to the Business Office Manager. Access to deposit supplies are limited to the Assistant to the Executive Director. Banking information is limited to authorized personnel, which are the check signers, CFO and Charter Business Manager;
- Daily bank reconciliations are performed on an informal basis to ensure all transactions are reviewed timely. Bank reconciliations are formally performed monthly and review by a person who has not performed the original reconciliation;
- Review of investment is performed monthly by the CFO and reviewed with the Board and Executive Director;
- Management approval is required for all expenditures;

- Credit Cards/Purchasing cards are used to pay for employee purchases when not available through a normal vendor. A credit card form must be completed and signed by the appropriate Program Manager for their respective expenditures. All credit cards are locked up and controlled by the Purchasing Manager. All credit card expenditures are reviewed by the CFO or Charter Business Manager monthly and prior to payment of the credit card statement.
- Other areas of Cash Management not mentioned above are included in the individual processes that follow.

## **Purchasing Guidelines**

These guidelines are intended to streamline the process of purchasing items necessary for the successful operation of the programs at Guadalupe School and are intended to help us to be good fiscal agents, as well as maintain good internal controls. Guadalupe School purchasing policies are in alignment with Title 63G-6a – Utah Procurement Code. See Appendix C.

- All purchases should be made through the Business Office with the following exceptions:
  - Regularly scheduled purchases made from approved vendors, such as:
    - i. Food, milk and supply purchases for the School Lunch program.
    - ii. Maintenance supplies, such as paper towels, trash bags, etc.
  - Special event supplies
  - Scholastic book orders
  - Miscellaneous materials purchased by program coordinators.
    - i. These will be reviewed on a case-by-case basis. There may be instances that it would be more prudent to purchase items through State Contracts. All employees are asked to plan ahead as much as possible to avoid last minute purchases.
- Bids will be obtained as per the following guidelines:
  - Under \$1,000 – the purchaser may select the best source without seeking competitive quotes.
  - \$1,001 to \$5,000 (or 50,000 aggregate) – the purchaser shall obtain at least two (2) competitive quotes and purchase the items/service from the supplier offering the lowest quote. Quotes must be attached to the purchase documentation and maintained as part of the Agency’s records.
  - Greater than \$5,000 (\$50,000 aggregate) – The Agency must enter into a competitive bid process or RFP in compliance with State code.

When following the purchasing guidelines, remember that:

- Any person who participates in procurement process of any supplies or services for the Agency shall not ask, receive, offer any gratuity, contribution, loan, or reward, or any promise thereof, either for the person’s own use or the use or benefit of any other person or organization, from any person interested in the sale of such supplies or services.
- Purchases may not be artificially subdivided.
- All equipment purchased with Agency funds must be recorded as a fixed asset
- State Contracts for supplies and equipment should be used when available. A complete list of all existing contracts is available on the State Purchasing website at [purchasing.utah.gov](http://purchasing.utah.gov).

- All Charter School service contracts will be reviewed and a cost comparison with a minimum of two similar vendors obtained every three years

**Contracts**

The Executive Director signs all contracts. The Program Managers and CFO review contracts prior to Executive Director Signature. Original contracts are filed in the Business Office or scanned and electronically filed on the network for review and reference.

**Approval Process**

The Board of Directors has delegated standing expense approval authority to program directors for those expenses that are considered recurring, such as food, gas, maintenance supplies, and those items that are within their program’s approved budget. For expenses that fall outside of these guidelines, the following approval limits apply:

Executive Director	\$2,500
Executive Director and Executive Committee*	Unlimited

\*requires a simple majority when quorum is met. Approval may be documented either with a signature, email approval, or in the board minutes. The Executive Committee, at their discretion, may require the approval of the entire board.

**Verification Process**

These procedures are to be followed so that prompt and accurate payment can be made to our vendors.

Invoices are received by the front office and delivered to the Executive Assistant. The Executive Assistant creates an accounts payable listing, by entering the vendor name, amount due, and date received on a spreadsheet. The spreadsheet is printed and submitted to the Business Office for review and payment.

The Accounting Clerk reviews the invoices, attaches all appropriate verification items, and codes the invoice for payment. Verification items may include:

- Packing list, date-stamped and signed by two separate individuals who have reviewed and verified that all items listed were received.
- Approved purchase request or purchase order
- Signature of the approving program director
- Competitive quotes, where applicable

The coded invoices with all appropriate attachments are then submitted to the CFO and/or Charter Business Manager for review and approval.

**Credit/Purchase Cards**

- Credit/purchase card usage shall be leveraged, for the benefit of the Agency and the Charter School, to achieve optimal benefit of discounts, rewards and cashback offers.

- The combined credit limit on all credit/purchase cards held by the Agency shall be limited to \$75,000. With approval of the Executive Director the Agency may hold credit/purchase cards as necessary for the following purposes:
  - Agency accounts payable purchases
  - To be checked out by employees for day-to-day Agency purchases
  - Development Department purchase, (to be held by the Development Director)
- The combined credit limit on a credit/purchase card held by the Charter School shall be limited to \$50,000. With the approval of the Executive Director the Charter School may hold credit/purchase cards as necessary for the following purposes:
  - Charter School accounts payable purchases
  - To be checked out by employees for day-to-day Charter School purchases
- All credit/purchase cards are secured and controlled by the Business Office (An assigned credit card may be held by the Development Director). The Business Office shall insure that credit/purchase cards payments are made to avoid fee, penalties, and interest charges. Purchases must be pre-approved, using an expenditure authorization form prior to requesting the credit/purchase card, with the exception of vehicle fuel purchases. The bus drivers are not required to have an approved expenditure form for regular purchases with the State of Utah Fuel Cards.
- Credit cards are checked out on a same-day basis. Purchases should be planned ahead so that card can be checked out and returned the same day. On the rare occasion that a card should need to be kept overnight, request must be made in **advance** and must be approved by the Business Office beforehand.
- A log is kept documenting the following:
  - Employee name & initials
  - Check-out & check-in date
  - Type & number of card, if applicable
  - Intended vendor and item(s) to be purchased
  - Authorizing person's initials
  - Review of approved request
  - Receipt of approved request upon return
- Receipts must be obtained for each purchase and shall include the signed credit card slip, as well as a detailed, vendor-issued receipt identifying items purchased, date of purchase, and amount of purchase. Receipts must be attached to the expenditure authorization form and returned with the credit card.
- Individual expenditures made on purchase or credit cards shall be recorded in the Agency's accounting system. The payment of the monthly card statement balance shall be reviewed and approved by administration prior to issuance.
- ATM transactions, cash advances, or personal use are strictly prohibited.
- Violation of credit/purchase card policy, including not retaining documentation of purchases or making personal purchases, may result in disciplinary action or criminal prosecution.
- If the card is lost or stolen, immediately contact the appropriate authority.

### **Purchase Authorization**

- An expenditure authorization form (purchase order or requisition) is required for all purchases. Employees initiating an expenditure shall complete the authorization form, including documentation of any required quotes, **before** a purchase is initiated. The completed form and documentation shall be submitted to the program director or the Executive Director for approval. This approval signature is required prior to the initiation of a purchase.
- Shipment of the goods should be addressed and delivered to the Business Office.
- Packing slips should be initialed by the receiver of the goods and one additional person, indicating that all goods were received.
- The Business Office shall compare invoices and packing lists to the expenditure authorization form prior to processing payments.

## Cash Disbursements

### General

- No one is authorized to pay employees or vendors with cash (currency and/or coin).
- All disbursements made by the Agency, except from petty cash, should be made by check or credit/purchasing card.
- No check should be issued unless the purchase is authorized by the program director whose budget is being charged, or by the Executive Director.
- All disbursements will have proper supporting documentation (receipts, invoices, etc.) The supporting documentation should answer who, what, why, when, and where.
- Reimbursements and/or travel expenses to/for any employee must be approved by the employee's program director or the Executive Director. The Executive Director may be reimbursed without specific Board approval if the Business Manager also signs off on the purchase.
- **No purchase should be made unless prior authorization has been given by the program director whose budget is to be charged.** If an employee wishes to make a purchase with personal funds and be reimbursed, the appropriate program director **must** give approval prior to the purchase.

### Check Preparation

- Pre-numbered check stock shall be kept secured and controlled by the Business Office.
  - Check stock is issued and verified by two employees.
- Invoices are entered into the accounting system by the Accounting Clerk.
- Checks are prepared by the Accounting Clerk or the Business Services Coordinator.
- Checks are to be made payable to the specified payees and never to cash or bearer.
- All supporting documentation should accompany the check when presented for signature.
- If it is necessary to void a check, the word "VOID" should be written or stamped on the check and the actual check shall be retained.

### Check Signing

- **Never sign blank checks!** Checks should be completed in their entirety prior to signing.
- A check register and invoice approval ledger should be reviewed when signing checks.
- All checks under \$1,000 may have one signature. Signature stamps should not be used.
  - First signature may be any of the following:

- Executive Director
- Development Director
- Adult Ed Director (Agency only)
- Early Childhood Director (Agency only)
- Principal (Charter only)
- Vice Principal (Charter only)
- Board Treasurer
- GS President (Agency only)
- GCS President (Charter only)
- All checks \$1,000 and over and checks to staff must have a second signature.
  - The first and second signature must be according to the following:
    - Staff/individual and/or \$1,000 - \$4,999 – any of the above
    - \$5,000 - \$9,999 -- #1 Exec Dir/Dev Dir, #2 any
    - \$10,000 + -- Exec Dir/Board, #2 any.

### **Journal Entries/Electronic Funds Transfers**

- Journal entries and electronic funds transfers should be substantiated by supporting documentation.
- Journal entries and electronic funds transfers shall be recorded in the Agency accounting system.
- Periodically, the audit committee or designee should review and approve the journal entries and electronic funds transfers

### **Review process**

- Bank statements are delivered to and opened by the Executive Director who reviews all activity on the statement. The reviewer should initial the bank statement indicating their review.
- Bank reconciliations should be performed for all Agency accounts on a monthly basis. If the bank reconciliation is completed by someone who has access to the accounting system and the bank accounts, it should be reviewed and approved by another person, such as the principal or Executive Director, or a member of the audit committee or the board.
- Bank statements and related information should be filed for future reference, as needed.

## **Cash Receipts**

### **General**

- This policy is for the handling of all cash receipts, including currency, coin, checks, ACH transactions and credit card transactions.
- All receipting of funds that are delivered through the mail will be done in the front office. Those programs that collect funds will be responsible for the receipting of funds and submission to the Business Office for deposit. Receipt of credit card donations will be done through the Development Office.
- All funds shall be kept in a controlled location until they can be deposited in the appropriate Agency or Charter School bank account. All Charter School funds should be deposited with three days after receipt, in compliance with Utah Code 51-4-2(2)(a).
- All checks should be made payable to the Agency or Charter School and should be restrictively endorsed upon receipt.



- All currency must be receipted by the program receiving the funds and submitted on a weekly basis to the Business Office.
- Under no circumstances are disbursements to be made directly from cash receipts, i.e. for purchases, reimbursements, refunds, or to cash personal checks.

## Procedures

- Checks
  - Mail should be opened by the receptionist and funds received should be documented on a cash receipts log.
  - All checks should be stamped ***For Deposit Only*** immediately upon receipt.
  - Deposits are prepared by the Program Services Coordinator, or in their absence, by the Business Manager. Guadalupe School uses *Anytime Deposits* through Zions Bank, allowing onsite direct deposit into the Agency's operating account. *Anytime Deposits* creates a deposit slip and scans the checks. Physical checks are voided and attached to a copy of the deposit slip.
  - Deposit copies are distributed to the Development Director and to the Business Manager.
    - The Development Department tracks donor giving and prepares the appropriate acknowledgements to the donor.
    - The Business Office records the deposit in the Accounting System, coding each receipt to the appropriate general ledger account.
  - Deposit copies are filed for future reference. Voided checks are held for a minimum of one month and are then destroyed.
- Credit cards
  - Payments or donations made by credit card are typically made either on the Agency's website or by phone. Occasionally, a donor will send a credit card donation in the mail. All credit card information is kept in a secure location in the Business Office.
    - On-line
      - Both the Business Office and the Development Office are notified by e-mail of an online payment.
      - Merchant services provider deposits the funds, less their expenses, on a weekly basis. A summary of the deposit is emailed to the Business Office.
      - The Business Office records the deposit in the Accounting System, coding each receipt to the appropriate general ledger account.
    - Telephone
      - Donations by telephone are received by the Development Office.
      - All required information is recorded on the appropriate form and submitted to the Business Office to be processed on the on-line processing system.
      - See above for deposit information
    - Mail
      - Upon receipt of a credit card donation by mail, the receptionist date stamps it and immediately delivers the donation to the Development Office.
      - Development records the donation and submits the paperwork to the Business Office to be processed on the on-line processing system.
      - See above for deposit information.

- ACH receipts
  - Donations made by ACH are typically recurring donations or grant payments. Recurring donations are on approximately the same day each month and are monitored by the Business Manager. Grant payment notifications are typically received by the Business Office prior to deposit in the Agency’s account. These donations are recorded to the Accounting System on a monthly basis via journal entry.
  
- Currency
  - Although currency payments are discouraged, there are times when it must be handled by various programs. These instances are planned and currency receipts are documented by an assigned, trained person. Two-part receipts are issued noting the payer’s name, date, amount received, and reason for the payment. The payer is given one copy and the duplicate is kept with the payment. Receipts are kept in a secure location and are reconciled and submitted to the Business Office for deposit on a regular basis.

**Other financial items**

**Payroll**

Pay periods run on a biweekly schedule and employees are paid on the Friday following the end of each pay period. The department supervisors review timecards and then give approval to the Payroll Processor (PP). The PP then makes a list of one-time exceptions to the regular payroll, i.e. overtime, deduction changes, etc. After exceptions are entered into the payroll system, the preliminary payroll register and impound summary are sent with the exceptions to the CFO and Charter Business Manager (CBM) for review of their respective payrolls. Once approval is given, the PP submits payroll. PP then sends the finalized impound sheet and check register to the CFO and CBM so they can transfer funds to the payroll bank account. Checks are signed and given to the employees on Friday.

**Payroll Accounting**

Being that payroll is processed externally, it is separate from the accounting system. The details must be manually entered into the accounting system. A journal entry is created showing total deductions and each staff member’s pay, which is broken out into their specific program coding.

**Allocation of salaries from multiple programs**

When a staff member’s salary is paid from multiple funding sources or programs, a schedule is set up showing the total annual amounts allocated from each funding source. A per-pay-period amount for each grant is allocated across multiple pay periods to achieve the total of each expenditure. For example:

Teacher ABC – Total Salary =	\$54,101.00	\$ 2,080.80
<b>Allocation:</b>		<b>Per pay period:</b>
Unrestricted (0050)	\$ 4,191.26	\$ 161.20
IGP (5676)	\$17,000.00	\$ 653.85
IGP-S (7699)	\$23,175.00	\$ 891.35
Title IV (7905)	\$ 5,324.00	\$ 204.77
PQE (5633)	<u>\$ 4,411.00</u>	<u>\$ 169.64</u>
<b>Total</b>	<b>\$54,101.00</b>	<b>\$ 2,080.81</b>

### **Restricted funds**

Funds that are specifically restricted by the donor or grantors are monitored to be certain they are spent properly. The Business Office will advise program directors of the financial restriction guidelines and will prepare the appropriate financial reports.

### **Financial reporting**

Guadalupe School maintains a fiscal year of July 1<sup>st</sup> through June 30<sup>th</sup>. An annual audit of the prior year's finances is performed by an independent auditing firm allowing time for preparation and submission of all financial reports in a timely manner.

### **Sales tax**

As a 501(c)3 charitable organization and as a Utah public elementary school, Guadalupe School is exempt from paying Utah state sales tax.

### **Budgeting**

Annual budgets are prepared by the Agency administrative team and presented for preliminary approval to the Boards of the Agency and the Charter School in the spring of each year. Budgets are presented for final approval at the June meeting of each Board.

### **Fixed Assets**

All fixed assets must be in order to be properly tracked. Fixed assets are verified annually.

#### Definition of a Fixed Asset

A fixed asset is defined by the following:

- It retains original shape and appearance with use
- It has a life expectancy of over one year
- It most often represents an investment of \$1000 or more
- All purchases that meet the definitions above but fall below the \$1000 cost per item because of volume purchasing will be considered a fixed asset, i.e. library books

#### Exceptions

Exceptions to the definitions of a fixed asset are listed below and **will be considered a fix asset at all times:**

- Computers
- Printers
- Scanners
- Copiers

### **Disposition of property acquired under federal programs**

Guadalupe follows the Uniform Administrative Requirements under 2 C.F.R. part 200.313 (5) (e), as follows:

**Disposition.** When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal Award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

- (1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further responsibility to the Federal awarding agency.
- (2) Except as provided in [§ 200.312\(b\)](#), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency 's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal Share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
- (3) The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
- (4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

#### Asset disposal

All property is to be disposed of through the Business Office. A “Request for Disposal” must be submitted and approved prior to the disposal or removal of any asset from the building or grounds.

#### **Year-end Procedures**

Annually and/or monthly, certain balance sheet accounts are reviewed prior to the annual audit. Reconciliations are reviewed by the CFO and/or Business Manager to ensure that balances are accurate and agree to detail documentation.

#### Balance Sheet Accounts reviewed and specific procedures:

- Paid Time Off – Includes detail listing of employees’ hours and current rate of pay that agree to ledger balance. The reconciliation is prepared by the Payroll Coordinator

- Cash – Bank statement are reconciled to ledger balance each month. The reconciliations are prepared by the CFO/Business Manager and reviewed by another staff member who does not have access to bank accounts.
- Fixed Assets – Detail listing of assets from depreciation schedules are reconciled to the ledger balances. The detail listing are reviewed for any obsolete assets.
- Prepaid Accounts – Detailed listing of invoices paid in advance that agrees to the ledger balance. The reconciliation is prepared by the Accounting Assistant.
- Accounts Payable – Detailed listing of payables tied to the system ledger account. The listing is prepared by the CYMA system and reconciled by the Accounting Assistant.
- Accounts Receivable – A detailed listing of any outstanding receivable is prepared by the CFO/Business Manager and reconciled to the ledger balance.
- Restricted Cash – Grants amounts granted versus expended are reviewed monthly to determine the Restricted Cash balance. The amount is reviewed monthly by the CFO, Executive Director and Board of Directors.
- Investment Accounts – Monthly statements are review and any interest, dividends or gain/loss on the accounts are recorded by the CFO
- Intercompany Payable/Receivable – These accounts are reviewed monthly by the Business Manager and reconciled to the ledger balance(s).

### **Safeguarding of Assets**

- Guadalupe assigns custodianship responsibilities for each asset, type of asset, or location;
- Guadalupe complies with Department of risk management requirements including maintaining insurance type and location for every asset;
- Guadalupe Maintains accurate and reliable accounting records for assets and reconciling capital expenditures to asset additions within the financial and system;
- Guadalupe conducts an annual physical inventory of all assets;
- The organization will immediately investigate missing equipment and report the disappearance in a timely manner to federal, state or local officials, as needed;
- We will dispose of surplus equipment in accordance with state and departmental requirements and/or federal grant requirements and agreements.

Custodianship involves the responsibility for safeguarding an asset or group of assets. The custodian may be the employee who uses the asset, the immediate supervisor, the director, or an employee who is formally assigned. The custodian's responsibilities are to assure that the asset is properly maintained, it is used for the purposes intended, and that information regarding the asset is properly reported (acquisitions, transfers, disposals, movements, etc.). As part of its internal control responsibility, each Program needs to monitor custodianship within the organization on a periodic basis. Generally, monitoring and verification is the responsibility of the CFO. Assets are assigned as follows:

- Buildings (including fixtures), Building equipment, HVAC, Parking Lot, Buses, etc. – Facilities Manager
- Technology & Furniture – Technology Liaison
- All other assets - Program Managers (assets used specifically in their programs)

In particular, computers must be in rooms with locked doors. Items that are highly portable require additional protection. Such items include laptop computers, projectors and other audio-visual equipment. Thefts are to be reported to the proper authorities. Under federal regulation, adequate maintenance procedures must be developed to keep the property in good condition. Any loss, damage, or theft shall be investigated and properly reported. Periodic risk assessments should be made to determine if proper precautions have been taken within a Program for the protection of assets. Preventive measures should be taken to limit risk to no more than a relatively low level. Segregation of Duties Segregation of duties applies to the safeguarding of assets. Generally, one person should not control a process from beginning to end. Division of responsibilities decreases risk. Segregation of duties for assets includes three functions:

- Authorization: This includes authorizing the purchase, disposal, and transfer of assets
- Purchasing documents such as purchase orders document the purchase authorizations.
- Tagging the assets (when appropriate) and performing the physical inventory at year-end are recommended for all assets. Some assets are not appropriate to tag such as Building Fixtures, Cubicles, etc. Portable assets should all be tagged when placed into service.

## **Finance & Audit Committee**

The Audit Committee is comprised of GCEP and GCS board members, consistent with Subsection 53G-7-402. See Appendix D. These board members also serve on the Finance & Audit Committee. In accordance with R277-113-4 (Appendix A), the primary purposes of the audit committee is to provide oversight of:

- Assurance activities
  - Annual audits (financial statement, single audit, state compliance audit)
  - Monitoring financial activities of state and federal education funding
- Internal control systems
- Risk Process
- Compliance with laws and regulations

The Finance & Audit Committee also participates in the procurement process for the independent external auditor.

## **Financial Management**

Guadalupe will expend and account for Federal awards in accordance with Federal and State law and USBE Rules, including compliance with the USBE published chart of accounts. Guadalupe complies with the provisions of 200.302 (i.e., that our financial management system (e.g., software, records, documentation, controls) meets the minimum standards established in section (b)(1)-(7) including:

- 1) identification, and accurate, current, and complete disclosure, of federal awards and expenditures - including records of such;
- 2) effective control over all funds, property and other assets purchased with Federal funds, including adequately safeguarding all assets and ensuring they are used solely for authorized purposes; and
- 3) establishment of written procedures to
  - a) implement cash management requirements
  - b) for the determination of allow ability of costs in accordance with 2 CFR 200 Subpart E- Cost Principles parts 400-475;  
The LEA provides assurance that they comply with the provisions of 2 CFR 200 Subpart E, including:
- 4) Documentation is maintained to provide sufficient evidence to support the determination of allowable direct costs, cost allocations, and application of indirect costs;
- 5) Guadalupe abides by the terms of the indirect costs' agreement renewed annually with USBE
- 6) Sufficient internal controls to ensure compliance with factors affecting the allow ability of cost (2 CFR 200.420-475)

## **Retention of Records**

Guadalupe uses the Utah School Districts General Retention Schedule for retention of records. The schedule is updated periodically by the State of Utah and is reviewed by Guadalupe annually to become familiar with changes made by the State. The retention schedule is posted on the Guadalupe website at: <https://guadschool.org/records-retention-schedule/> .

## **Grants Budgeting and Accounting**

### **Grant Budgeting**

For competitive grants, grant budgeting begins during the application process after taking into consideration the intended use of the funds and the current needs of the organization. Budgets and budget narratives are created by the Grant Accountant and submitted with the application.

Overall grant budgeting begins in the planning stages during the end of the current fiscal year for the upcoming year. The Grant Accountant collects all budget needs from program directors. The multiple sources of funding are gathered in a master budget spreadsheet that ensures all funds are accounted for. Each fund is given a separate column where a budgeted income statement is created for each one, showing anticipated revenues and expenses. Each budget item, including individual salaries, benefits, supplies, services, etc. is on a separate row in the spreadsheet. This format allows for the cross-sectioning of each cost and how it falls within a funding source or multiple sources. Totals across rows and down columns allow for a check and balance for each cost and funding source. The spreadsheet format also allows for effective management of programs such as Out-of-School Time (OST) that are

funded by multiple streams of revenue, by grouping them together on the worksheet in order to see the aggregate totals of a specific department within the organization.

### **Grant Accounting**

Expenses and revenues are recorded in the accounting system as they occur. After month-end financials are completed for each month, total actual expenses for each funding source are compared to the budget to ensure that spending for that particular grant are on track with benchmark spending. Any variances to the benchmark can be quickly identified and investigated, and adjustments made.

A more in-depth look at line items of budgeted vs. actual expenses are monitored and reconciled at least quarterly by the grant accountant. Adjustments to the accounting system are made as needed via journal entry.

### **Reimbursable Grants**

After a program is reconciled, a request for reimbursement can be created. Supporting documentation (general ledger, expense receipts and timecards) is gathered, whereupon the invoice can be submitted for reimbursement.

At the end of the fiscal year, all program funding will be reconciled and zeroed out. Any reimbursement requests that have not been received by the end of the fiscal year are recorded as receivables, so that the revenue can be accounted for in the same year as the expense. Grants that have a different expense period or that carry over multiple years are reconciled at their end date in addition to the end of each fiscal year.



## Appendix A

### **R277. Education, Administration.**

#### **R277-113. LEA Fiscal and Auditing Policies.**

##### **R277-113-1. Authority and Purpose.**

(1) This rule is authorized by:

- (a) Utah Constitution Article X, Section 3, which vests general control and supervision over public education in the Board;
- (b) Subsection 53E-3-401(4), which allows the Board to make rules to execute the Board's duties and responsibilities under the Utah Constitution and state law;
- (c) Subsection 53E-3-501(1)(e)(i), which directs the Board to establish rules and minimum standards for school productivity and cost effectiveness measures;
- (d) Subsection 53E-3-501(1)(e)(iv), which allows the Board to adopt rules regarding financial, statistical, and student accounting requirements;
- (e) Section 53E-3-602, which allows the Board to approve auditing standards for LEA governing boards;
- (f) Section 53E-3-603, which requires the Board to verify accounting procedures of LEA governing boards for the purpose of determining the allocation of Uniform School Funds;
- (g) Section 53E-5-202, which directs the Board to adopt rules to implement a statewide accountability system;
- (h) Subsection 53G-5-404(4), which requires charter schools to make the same annual reports required of other public schools, including an annual financial audit report; and
- (i) ESSA, which requires states to revise and redesign school accountability systems.

(2) The purpose of this rule is to:

- (a) require LEAs to formally adopt and implement policies regarding the management and use of public funds;
- (b) provide minimum standards, procedures and definitions for LEA policies;
- (c) direct that LEAs make policies, procedures and training materials available to the public and readily accessible on LEA or public school websites, to the extent of resources available;
- (d) require LEAs to train employees in:
  - (i) appropriate financial practices;
  - (ii) necessary accounting procedures; and
  - (iii) ethical financial practices;
- (e) specify uniform budgeting, accounting, and auditing procedures for LEAs consistent with GAAP, GAAS, and GAGAS; and
- (f) establish reporting and accounting requirements for LEAs to enable the Board to comply with ESSA.

##### **R277-113-2. Definitions.**

(1) "Accrual basis of accounting" means a basis of accounting that records:

- (a) revenue when earned and expenses when incurred; and
- (b) transactions irrespective of the dates on which any associated cash flows occur.

(2) "Administration" means:

- (a) an LEA superintendent or director;
- (b) a deputy or associate superintendent or director;
- (c) a business administrator or manager; or
- (d) another LEA educational administrator, designated staff, or a designated educational service provider.

(3) "Arm's length transaction" means a transaction between two unrelated, independent, and unaffiliated parties or a transaction between two

parties acting in their own self interest that is conducted as if the parties were strangers so that no conflict of interest exists.

(4) "Exclusive contract or arrangement" means an agreement requiring a buyer to purchase or exchange all needed goods or services from

one seller.

(5) "FASB" means the Financial Accounting Standards Board whose purpose is to establish GAAP for nongovernmental entities within the

United States.

(6) "GAAP" means Generally Accepted Accounting Principles or a common framework of accounting rules and standards for financial reporting promulgated by either FASB or GASB, as applicable to the reporting entity.

(7) "GAAS" means Generally Accepted Auditing Standards or a set of auditing standards and guidelines promulgated by the Auditing Standards Board of the American Institute of Certified Public Accountants.

(8) "GAGAS" means Generally Accepted Government Auditing Standards or a set of auditing standards and guidelines promulgated by the

Government Accountability Office.

(9) "GASB" means the Governmental Accounting Standards Board whose purpose is to establish GAAP for state and local governments within the United States.

(10) "Internal controls" means a process, implemented by an entity's governing body, administration, or other personnel, designed to:

(a) provide reasonable assurance regarding the achievement of objectives in the following categories:

(i) effectiveness and efficiency of operations;

(ii) reliability of reporting for internal and external use; and

(iii) compliance with applicable laws and regulations;

(b) provide reasonable assurance regarding the achievement of the following objectives over state and federal awards:

(i) proper recording and accounting for transactions, in order to:

(A) permit the preparation of reliable financial statements and state and federal reports;

(B) maintain accountability over assets; and

(C) demonstrate compliance with state and federal statutes, regulations, and the terms and conditions of state and federal awards; and

(ii) execution of transactions in compliance with:

(A) all state and federal statutes and regulations; and

(B) the terms and conditions of state or federal awards; and

(c) safeguard funds, property, and other against loss from unauthorized use or disposition.

(11) "LEA" includes, for purposes of this rule, the Utah Schools for the Deaf and the Blind.

(12) "Modified accrual basis of accounting" means a basis of accounting, commonly used by government agencies, that recognizes revenues

when they become available and measurable and recognizes expenditures when liabilities are incurred.

(13) "Non-operating LEA" means an LEA that has not received minimum school program funds or federal funds and is not providing educational services during a fiscal year, such as an LEA in a start-up period.

(14) "N-size" means the minimum size necessary to disclose or display data to ensure maximum student group visibility while protecting student privacy.

(15) "Operating LEA" means an LEA that has received state minimum school program funds or federal funds and is providing educational

services during a fiscal year.

(16)(a) "Provided, sponsored, or supported by a school" has the same meaning as defined in Section R277-407-2.

(b) "Provided, sponsored, or supported by a school" does not apply to non-curricular clubs specifically authorized and meeting all criteria of

Sections 53G-7-704 through 53G-7-707.

(17) "Public funds" has the same meaning as that term is defined in Subsection 51-7-3(26).

(18) "Title IX" refers to that portion of the United States Education Amendments of 1972 codified as 20 U.S.C. 1681 through 20 U.S.C. 1688.

(19) "Utah Public Officers' and Employees' Ethics Act," means Title 67, Chapter 16, which provides standards of conduct for officers and

employees of the state of Utah and its political subdivisions in areas where there are actual or potential conflicts of interest between public duties and private interests.

### **R277-113-3. Superintendent Responsibilities.**

(1) The Superintendent shall provide training, informational materials, and model policies for use by LEAs in developing LEA and public school-specific financial policies.

(2) The Superintendent shall provide online training and resources for LEAs regarding the use and management of public funds and ethical

practices for licensed Utah educators who manage, control, participate in fundraising, or expend public funds.

(3) The Superintendent shall provide training and informational materials for use by LEA governing boards in establishing their audit committees and internal audit programs in compliance with Section 53G-7-402.

(4) The Superintendent shall provide and establish a cycle for state review of LEA fiscal policies and standards.

(5) The Superintendent shall work with and provide information upon request to the Utah State Auditor's Office, the Legislative Fiscal Auditors, and other state agencies with the right to information from the Board.

### **R277-113-4. LEA Audit Responsibilities.**

(1) The presiding officer of an LEA governing board shall ensure that the members of the governing board and audit committee are provided

with training on the requirements of Title 53G, Chapter 7, Part 4, Internal Audits, and this Section R277-113-4 as part of the member on-boarding

process.

(2) The training described in Subsection (1) shall:

(a) comply with Title 63G, Chapter 22, State Training and Certification Requirements; and

(b) use the online training and informational materials provided by the Superintendent in accordance with Subsection R277-113-3(3).

(3) An LEA governing board shall:

(a) designate board members to serve on an audit committee, consistent with Subsection 53G-7-401(1); and

(b) maintain the following information on the LEA's website:

(i) names of the governing board members who serve on the audit committee; and

(ii) if required by Subsection 53G-7-402(2);

(A) the name and contact information of the internal audit director; and

(B) a copy of the LEA's annual audit plan.

(4) An LEA audit committee shall:

(a) ensure the LEA obtains all audits, agreed-upon procedures, engagements, and financial reports required by Section 51-2a-201 and Subsection 53G-5-404(4);

(b) provide an independent forum for internal auditors, internal audit contractors, and other regulatory bodies to report findings of fraud, waste, abuse, non-compliance, or control weaknesses, particularly if LEA administration is involved;

(c) ensure that corrective action on findings, concerns, issues and exceptions reported by independent external auditors, internal auditors, or

other regulatory bodies are resolved in a timely manner by LEA administration;

(d) present, as appropriate, information and reports from the audit committee's meetings to the LEA board; and

(e) receive, as appropriate, reports of reviews, monitoring, or investigations conducted by LEA administration and ensure appropriate corrective action is taken in a timely manner.

(5) With regards to engagements completed by an independent external auditor, an LEA audit committee shall:

(a) manage the audit procurement and quality process in compliance with Title 63G, Chapter 6a, State Procurement Code and Rule R123-5;

(b) ensure that the independent external auditor has access to directly communicate with the audit committee;

(c) review disagreements between independent external auditors and LEA administration;

(d) consider LEA responses to audits or agreed-upon procedures; and

(e) determine the scope and objectives of other non-audit services, as necessary.

(6) An LEA audit committee shall if required by Section 53G-7-402:

(a) establish an internal audit program that provides internal audit services for the programs administered by the LEA;

(b) advise the LEA board in the appointment of an audit director or in contracting for internal audit services in accordance with Subsection

53G-7-402(3);

(c) conduct or advise the LEA board in an annual evaluation of the internal audit director or contractors providing internal audit services;

(d) prioritize the internal audit plan based on risk;

(e) receive regular updates on the internal audit plan and internal audit project progress; and

(f) receive final internal audit reports from internal auditors or contractors providing internal audit services.

**R277-113-5. LEA Fiscal Responsibilities and Required Fiscal Policies.**

(1) An LEA shall review the LEA's fiscal policies and procedures regularly.

(2) An LEA shall develop a plan for annual training of LEA and public school employees on policies and procedures enacted by the LEA specific to job function.

(3) LEA fiscal policies and procedures shall be available at each LEA main office, at individual public schools, and be publicly available on

the LEA's website.

(4) LEA fiscal policies, procedures, and training may have different components, specificity, and levels of complexity for public elementary

and secondary schools.

(5) An LEA may have one or more policies to satisfy the minimum requirements of this R277-113.

(6) An LEA fiscal policy may reference specific training manuals or other resources that provide detailed descriptions of business practices

which are too lengthy or detailed to include in the LEA policy.

(7) A public education foundation established by an LEA shall follow the requirements set forth in Section 53E-3-403.

(8)(a) An LEA shall ensure that the LEA's written fiscal policies and procedures address all applicable state and federal statutes and regulations.

(b) The requirements set forth in this Section R277-113-5 are minimum requirements.

(c) An LEA may include other related items, provide LEA specific policy and guidance, and set policies that are more restrictive and inclusive

than the minimum provisions established by Board rule.

(9) LEA fiscal policies shall include the following:

(a) a program accounting policy that establishes internal controls and procedures to record program revenues and expenditures in accordance

with:

(i) GAAP; and

- (ii) the school fee provisions in Section R277-407-13;
- (b) a program accounting policy that:
  - (i) accurately reflects the use of funds for allowable costs and activities;
  - (ii) requires that transactions be recorded when they occur;
  - (iii) allows adjusting journal entries during the year and at the end of the year, in accordance with GAAP; and
  - (iv) requires that initial transactions, and adjusting entries if applicable, be recorded in the proper program, utilizing the following codes as established by the Board approved chart of accounts:
    - (A) fund;
    - (B) function;
    - (C) program;
    - (D) location; and
    - (E) object or revenue code, as applicable;
- (c) a cash handling policy, which shall address cash receipts (cash, checks, credit cards, and other items) collected at the LEA and individual public schools and shall include:
  - (i) establishment of internal controls and procedures over the collection, deposit, and reconciliation of cash receipts received; and
  - (ii) compliance with Utah Code 51-4-2(2) regarding deposits.
- (d) an expenditure policy, which shall address all expenditures made by the LEA and individual public schools and shall include:
  - (i) establishment of internal controls and procedures over the initiation, approval and monitoring of expenditures, including:
    - (A) credit, debit, or purchase card transactions;
    - (B) employee reimbursements;
    - (C) travel; and
    - (D) payroll;
  - (ii) directives regarding the appropriate use of the LEA's tax exempt status number;
  - (iii) compliance with Section 63G-6a-1204 regarding length of multi-year contracts;
  - (iv) compliance with:
    - (A) Title 63G, Chapter 6a;
    - (B) Board rule regarding construction and improvements; and
    - (C) Title IX;
  - (v) requirements for LEA contracts, including:
    - (A) inclusion of specific scope of work language;
    - (B) inclusion of federal requirements;
    - (C) inclusion of language regarding data privacy and use, where appropriate; and
    - (D) legal review prior to LEA approval; and
  - (vi) procedures and documentation maintained by the LEA if the LEA chooses to enter into exclusive contracts or arrangements consistent with state procurement law and the LEA procurement policy; and
  - (vii) procedures for determining allowability of costs in accordance with relevant regulations and terms and conditions of awards;
- (e) a fundraising policy that:
  - (i) establishes procedures for LEA and public school fundraising in general;
  - (ii) establishes an approval process for fundraising activities for school sponsored activities;
  - (iii) provides for compliance with school fee and fee waiver provisions outlined in Rule R277-407; and
  - (iv) includes:
    - (A) specific designation of employees by title or job description who are authorized to approve fundraising, school sponsored activities, and grant fee waivers with appropriate attention to student and family confidentiality;
    - (B) establishment of internal controls and procedures over the approval of fundraising and school sponsored activities and compliance with associated cash handling and expenditure policies;
    - (C) directives regarding the appropriate use of the LEA's tax exempt status number and issuance of charitable donation written disclosure in accordance with IRS regulations;
    - (D) procedures governing LEA or public school employee interaction with parents, donors, and organizations doing fundraisers not provided, supported or sponsored, by a school or LEA;
    - (E) disclosure requirements for LEA and public school employees approving, managing, or overseeing fundraising activities, who also have a financial or controlling interest or access to bank accounts in the fundraising organization or company;
    - (F) Provisions establishing compliance with:

- (I) Utah Constitution, Article X, Section 2, establishing a free public education system;
  - (II) R277-407; and
  - (III) Title IX;
  - (v) may include procedures governing:
    - (A) student participation and incentives offered to students;
    - (B) allowable types of individual or group fundraising activities; and
    - (C) participation in school sponsored activities by volunteer or outside organizations;
  - (f) an LEA donation and gift policy that includes:
    - (i) an acceptance and approval process for:
      - (A) monetary donations;
      - (B) donations and gifts with donor restrictions;
      - (C) donations of gifts, goods, materials, or equipment; and
      - (D) donation of funds or items designated for construction or improvements of facilities;
    - (ii) establishment of internal controls and procedures over the acceptance and approval of donations and gifts and compliance with associated cash handling and expenditure policies;
    - (iii) directives regarding the appropriate use of the LEA's tax exempt status number, and issuance of charitable donation written disclosure in accordance with IRS regulations;
    - (iv) procedures regarding the objective valuation of donations or gifts if advertising or other services are offered to the donor in exchange for a donation or gift;
    - (v) procedures governing LEA or public school employee conduct with parents, donors, and nonschool sponsored organizations;
    - (vi) procedures establishing provisions for direct donations or gifts to the LEA or LEA programs, individual public school or public school programs;
    - (vii) provisions restricting donations from being directed at specific LEA employees, individual students, vendors, or brand name goods or services;
    - (viii) compliance with:
      - (A) Title 63G, Chapter 6a;
      - (B) state law and Board rule regarding construction and improvements;
      - (C) IRS regulations and tax deductible directives; and
      - (D) Title IX;
    - (ix) procedures for:
      - (A) accepting donations and gifts through an LEA's legally organized foundation, if applicable;
      - (B) recognition of donors; or
      - (C) granting naming rights; and
    - (e) an LEA Financial Reporting policy, which shall include the following:
      - (i) a requirement that the LEA shall ensure external audits of LEA financial reporting, compliance, and performance, in accordance with GAAS and GAGAS;
      - (ii)(A) a requirement that the LEA shall provide financial reporting in a manner consistent with the basis of accounting as required by GAAP, as applicable to the entity;
      - (B) for state fiscal year 2020, if an LEA follows FASB standards, a requirement that the LEA shall provide reconciliation between the accrual basis of accounting and modified accrual basis of accounting; and
      - (C) beginning with state fiscal year 2021, a requirement that the basis of accounting will be GASB; and
      - (iii) a requirement that the LEA shall provide data and information consistent with budgeting, accounting, including the uniform chart of accounts for LEAs, and auditing standards for Utah LEAs provided online annually by the Superintendent.
  - (10) The Superintendent shall maintain a School Finance website with applicable Utah statutes, Board rules, and uniform rules for:
    - (a) budgeting;
    - (b) financial accounting, including a chart of accounts required for an LEA;
    - (c) student membership and attendance accounting;
    - (d) indirect costs and proration;
    - (e) financial audits;
    - (f) statistical audits; and
    - (g) compliance and performance audits.
- R277-113-6. LEA Governing Board Fiscal Responsibilities.**
- (1) An LEA governing board shall have the following responsibilities:
    - (a) approve written fiscal policies and procedures required by Section R277-113-5;

(b) ensure, considering guidance in "Standards for Internal Control in the Federal Government," issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission,

that LEA administration establish, document, and maintain an effective internal control system for the LEA;

(c) develop a process to regularly discuss and review LEA:

(i) budget and financial reporting practices;

(ii) financial statements and annual financial and program reports;

(iii) financial position;

(iv) expenditure of restricted funds to ensure administration is complying with applicable laws, regulations, and award terms and conditions;

and

(v) systems and software applications for compliance with financial and student privacy laws;

(d) receive the results of required annual audits from the external auditor in accordance with Section R123-5-5;

(e) oversee procurement processes in compliance with Title 63G, Chapter 6a, Utah Procurement Code, and Rule R277-115, including:

(i) reviewing the scope and objectives of LEA contracts or subawards with entities that provide business or educational services; and

(ii) receiving reports regarding the compliance and performance of entities with contracts or subawards;

(f) ensure the procurement process for an external auditor is in compliance with Section R123-5-4;

(g) ensure LEA administration implements sufficient internal controls over the functions of entities with contracts or subawards to perform

services on behalf of the LEA;

(2) An LEA governing board shall:

(a)(i) provide a hotline independent from administration for stakeholders to report concerns of fraud, waste, abuse, or non-compliance; and

(ii) post on the school's website in a readily accessible location:

(A) a hotline phone number;

(B) a hotline email; or

(C) an online complaint form; or

(b) post a link on the school's website in a readily accessible location with contact information for the Board's hotline.

#### **R277-113-7. Reporting of School Level Expenditures.**

(1) In accordance with ESSA, the Superintendent shall make public the per pupil expenditures of federal, state, and local funds, for each

LEA and each school in the state.

(a) The Superintendent shall exclude expenditures that:

(i) are non-current;

(ii) do not reflect the day-to-day operations of an LEA or school;

(iii) do not contribute to k-12 education; or

(iv) are significant, unique expenditures that may skew data in certain years and thwart year-to-year comparison.

(b) The Superintendent shall publish and make available a comprehensive list of expenditures that are excluded from per pupil expenditure information.

(2) The Superintendent's school level report for each school shall include:

(a) average daily membership for the fiscal year covered by the report;

(b) an indicator if the school is:

(i) a Title I School; or

(ii) a Necessarily Existent Small School;

(c) grade levels served by each school;

(d) student demographics;

(e) expenditures recorded at the school level and central expenditures allocated to each school by:

(i) federal program expenditures; and

(ii) state and local combined expenditures;

(f) calculated per pupil expenditures; and

(g) average teacher salary.

(3) The Superintendent may not report expenditure data for a school with an n-size of less than 10.

#### **R277-113-8. LEA Accounting Requirements.**

(1) Each LEA shall:

(a) record revenues and expenditures in compliance with the Board approved chart of accounts;

(b) record expenditures using school location codes that can be mapped to official school location codes used in the Board system of record;

(c) record expenditures using approved district and school codes in the Board system of record;

(d) submit expenditures using location codes in the UPEFS system;  
(e) perform program accounting in accordance with GAAP and this rule; and  
(f) beginning with the fiscal year that begins on July 1, 2021, accrue school fees, and fee waivers and use contra-revenue accounts to record fee waivers in the LEA's accounting system.

(2) Each LEA shall record and report the following expenditures for each school annually:

- (a) salaries;
- (b) benefits;
- (c) supplies;
- (d) contracted services; and
- (e) equipment.

(3) If an LEA pays for contracted services that occur at the school level, the LEA shall record the payments to the contractors in the appropriate function and object codes established under Subsection (2) at the school level.

(4)(a) An LEA shall record centralized administrative costs to the administrative location code.

(b) The Superintendent shall allocate such costs to each school based on school enrollment.

(5) The Superintendent shall present one expenditure report for a school receiving more than one report card under Subsection R277-497-

4(8).

(6) If an LEA reports expenditures in programs, the LEA shall report the expenditures to one or more schools.

**R277-113-9. Activities Provided, Sponsored, or Supported by a School.**

(1) An LEA or school shall comply with this Section R277-113-9 for all activities provided, sponsored, or supported by a school.

(2) An LEA shall ensure that revenues raised from or during activities provided, sponsored, or supported by a school are classified, recorded,

and deposited as public funds in compliance with LEA cash handling, program accounting, and expenditure of funds policies as required by Section

R277-113-5.

(3) An LEA shall:

(a) maintain records in sufficient detail to:

- (i) track individual contributions and expenditures;
- (ii) track overall financial outcomes; and
- (iii) verify compliance with relevant regulations; and

(b) make records of activities available to parents, students, and donors, except as restricted by state or federal law;

(4) An LEA may establish LEA-specific rules or policies:

- (a) designating categories of activities or groups as provided, sponsored, or supported by the school; and
- (b) regarding use of facilities or LEA resources.

(5) An LEA shall document their annual review of fundraising activities that support or subsidize LEA or public school-authorized clubs, activities, sports, classes, or programs to determine if the activities are provided, sponsored, or supported by a school.

(6)(a) An LEA may enter into contractual agreements to allow for fundraising and use of LEA facilities.

(b) An agreement under Subsection (6)(a) shall take into consideration the LEA's fiduciary responsibility for the management and use of public funds, resources, and assets.

(c) An LEA shall review an agreement under Subsection (6)(a) with the LEA's insurer or legal counsel to consider risk to the LEA.

(7) An LEA shall comply with this Subsection (7) for any activity not provided, sponsored, or supported by a school:

- (a) An LEA shall conduct all transactions at arm's length;
- (b) An LEA may not co-mingle revenue and expenditures with public funds; and
- (c) A public school employee may only manage or hold funds consistent with Rule R277-107.

**R277-113-10. LEA Policies and Compliance with State and Federal Law.**

(1) An LEA is responsible to ensure that its policies comply with the following:

- (a) Utah Constitution Article X, Section 3;
- (b) Title 63G, Chapter 6a, Utah Procurement Code;
- (c) Title 51, Chapter 4, Deposit of Funds Due State;
- (d) Title 67, Chapter 16, Utah Public Officers' and Employees' Ethics Act;
- (e) Family Educational Rights and Privacy Act, 20 U.S.C. 1232g;
- (f) Title 63G, Chapter 2, Government Records Access and Management Act;
- (g) Title 53G, Chapter 7, Student Fees;
- (h) Title 53G, Chapter 6, Textbook Fees;
- (i) Section 53E-3-403, Establishment of Public Education Foundations;
- (j) Title 53G, Chapter 7, Part 7, Student Clubs Act;
- (k) Title 51, Chapter 2a, Accounting Reports from Political Subdivisions, Interlocal Organizations, and Other Local Entities Act;
- (l) Additional state legal compliance guides for operating LEAs and non-operating LEAs as published by the office of the state Auditor;
- (m) Subsection 51-7-3(26), Definition of Public Funds;

- (n) Title 53G, Chapter 7, Part 4, Internal Audits;
  - (o) Rule R277-407, School Fees;
  - (p) Rule R277-107, Educational Services Outside of Educator's Regular Employment;
  - (q) Rule R277-217, Utah Educator Standards;
  - (r) Rule R277-605, Coaching Standards and Athletic Clinics;
  - (s) Rule R123-5, Audit Requirements for Audits of Political Subdivisions and Governmental Nonprofit Corporations; and
  - (t) 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- (2) An LEA shall include the following requirements of Title IX in LEA policies:
- (a) Fundraising shall equitably benefit males and females;
  - (b) Males and females shall have reasonably equal access to facilities, fields, and equipment;
  - (c) School sponsored activities shall be reasonably equal for males and females.

**KEY: school sponsored activities, public funds, fiscal policies and procedures, audit committee**

**Date of Enactment or Last Substantive Amendment: November 10, 2020**

**Authorizing, and Implemented or Interpreted Law: Art X, Sec 3; 53E-3-401(4); 53E-3-501(1)(e)**



## Appendix B

### **R277-407-13. Budgeting and Spending Revenue Collected Through Fees -- Fee Revenue Sharing Requirements.**

- (1) An LEA shall follow the general accounting standards described in Rule R277-113 for treatment of fee revenue.
- (2) An LEA shall:
  - (a) establish a spend plan for the revenue collected from each fee charged; and
  - (b) if the LEA has two or more schools within the LEA, share revenue lost due to fee waivers across the LEA.
- (3)(a) A spend plan described in Subsection (2)(a) provides students, parents, and employees transparency by identifying a fee's funding uses.
  - (b) An LEA or school's spend plan shall identify the needs of the activity, course, or program for the fee being charged and shall include a list or description of anticipated types of expenditures, for the current fiscal year or as carryover for use in a future fiscal year, funded by the fee charged.
- (4)(a) Financial inequities or disproportional impact of fee waivers may not fall inequitably on any one school within an LEA.
  - (b) An LEA that has multiple schools shall establish a procedure to identify and address potential inequities due to the impact of the number of students who receive fee waivers within each of the LEA's schools.

## Appendix C

*Effective 5/12/2020*

### **63G-6a-107.7. Procurement rules.**

- (1) (a) Subject to Subsection [\(1\)\(b\)](#), the rulemaking authority for a procurement unit shall make rules relating to the management and control of procurements and procurement procedures by the procurement unit.  
(b) Building board rules governing procurement of construction projects, design professional services, and leases apply to the procurement of construction projects, design professional services, and leases of real property, respectively, by the Division of Facilities Construction and Management.
- (2) A rulemaking authority may not adopt rules, policies, or regulations that are inconsistent with this chapter.
- (3) An individual or body that makes rules as required or authorized in this chapter shall make the rules:
  - (a) in accordance with [Chapter 3, Utah Administrative Rulemaking Act](#), if the individual or body is subject to [Chapter 3, Utah Administrative Rulemaking Act](#); or
  - (b) in accordance with the established process for making rules or their equivalent, if the individual or body is not subject to [Chapter 3, Utah Administrative Rulemaking Act](#).
- (4) The rules of the rulemaking authority for the executive branch procurement unit shall require, for each contract and request for proposals, the inclusion of a clause that requires the issuing procurement unit, for the duration of the contract, to make available contact information of the winning contractor to the Department of Workforce Services in accordance with Section [35A-2-203](#). This requirement does not preclude a contractor from advertising job openings in other forums throughout the state.
- (5) The Department of Transportation may make rules governing the procurement of a highway construction project or highway improvement project.
- (6) The rulemaking authority for a public transit district may make rules governing the procurement of a transit construction project or a transit improvement project.

## Appendix D

*Effective 5/14/2019*

**53G-7-402. Internal auditing program -- Audit committee -- Powers and duties.**

- (1) A local school board or charter school governing board shall establish an audit committee.
- (2) (a) The audit committee shall establish an internal audit program that provides internal audit services for the programs administered by the local education agency.  
(b) A local education agency that has fewer than 10,000 students is not subject to Subsection [\(2\)\(a\)](#).
- (3) (a) A local school board or charter school governing board shall appoint the audit director, with the advisement of the audit committee, if the local school board or charter school governing board hires an audit director.  
(b) If the local school board or charter school governing board has not appointed an audit director and the local school board or charter school governing board contracts directly for internal audit services, the local school board or charter school governing board shall approve a contract for internal audit services, with the advisement of the audit committee.
- (4) The audit committee shall ensure that copies of all reports of audit findings issued by the internal auditors are available, upon request, to the audit director of the state board, the Office of the State Auditor, and the Office of Legislative Auditor General.
- (5) The audit committee shall ensure that significant audit matters that cannot be appropriately addressed by the local education agency internal auditors are referred to either the audit director of the state board, the Office of the State Auditor, or the Office of Legislative Auditor General.
- (6) The audit director may contract with a consultant to assist with an audit.
- (7) The audit director of the state board and the Office of the State Auditor may contract to provide internal audit services.