

# F-1: Administrative Procedures

## Accounting



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### REFERENCES

[Board Policy F-1](#)

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### DEFINITIONS

**Fiscal Administrator:** The top administrator at a given school or department. In a school, it is the principal. In a department, it is the department director.

**Cashier:** A person who has been specifically authorized by the Director of Finance to accept cash receipts on behalf of the district.

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### PROCEDURES FOR IMPLEMENTATION

This section establishes procedures governing the fiduciary responsibilities and duties involving public funds and applies to all district administrators, licensed educators, staff, students, organizations, and individuals who handle public funds.

#### I. Cash Handling Procedures

##### A. Authorized Cashiers

1. Whenever possible, receipt of public funds shall be restricted to one of the following pre-authorized cashiers:
  - a. the school secretary at elementary schools;
  - b. the Financial Secretary at middle schools;
  - c. the treasurer at high schools; and
  - d. at the district level, staff within the finance department or other approved department(s) designated by the director of finance ("Director").
2. For specific functions where it is not possible or reasonable for a pre-authorized cashier to be present to receive all incoming cash receipts, substitute cashiers may be authorized as follows:
  - a. At the school level, the fiscal administrator may authorize responsible individuals to act as substitute cashiers. In this case, the fiscal administrator shall ensure that each substitute cashier is trained in his/her duties by the regular cashier.
  - b. At the district level, the fiscal administrator may request authorization from the Director to have one or more substitute cashiers. In this case, the Director shall ensure that each substitute cashier is trained in his/her duties by the finance staff.
3. District employees who are not authorized cashiers shall instruct payers to make payments directly to an authorized cashier. Under no circumstances shall a district employee who is not a pre-authorized cashier or substitute cashier accept a cash receipt.

##### B. General Policies

1. All checks payable to the district or individual school shall, immediately upon receipt, be restrictively endorsed (stamped "For Deposit Only – Salt Lake City School District [or the school name or Salt Lake Education Foundation]"). Checks that are postdated shall not be accepted.
2. Cash receipts in the form of student fees shall correspond with the approved fee schedule, as required by Utah Code §53G-7-503 and Utah Administrative Rule R277-407-5.
3. Cash receipts from sales, rentals, admissions, and user fees shall include a charge for sales tax unless specifically exempted, as required by Utah Code 59-12-101 et.seq. (see also Utah State Tax Commission Publication 35). Sales tax shall be remitted as directed by the Director.
4. Cash receipts shall be accompanied by adequate supporting documentation as established by the Director. Supporting documents shall be reconciled with actual cash received. Any discrepancy shall be clearly identified and brought to the attention of the fiscal administrator for resolution.
5. Whenever possible, incoming cash will be counted by two individuals. When dual counting is not possible, receipts and cash must be reconciled by someone who was independent of the cash receipting process.
6. Whenever possible, cash receipts shall be turned in to the appropriate cashier, along with associated supporting documentation by the end of each day. If funds are received outside school or business hours and the cashier is not available, the fiscal administrator or her/his designee shall lock cash receipts in a secure location until the next business day when the cash receipts and associated supporting documentation can be remitted to the appropriate cashier.
7. Disbursements shall not be made directly from cash receipts (i.e., for purchases, reimbursements, refunds, to cash personal checks, etc.). Do not use cash receipts to establish petty cash or change funds.

8. All cash receipts shall be kept in a secure controlled location at the district or school until they are deposited in a district-approved bank account. Under no circumstances are funds to be kept in an unsecure location.
9. Pursuant to Utah Code §51-4-2(2)(a), all public funds shall be deposited within three banking days after receipt. When the dollar amount of cash receipts for any given day exceeds the cap established by the Director, the funds shall be deposited into a district-approved bank account within one business day. At a minimum, funds shall be deposited on Wednesday and Friday of each week. The fiscal administrator shall consider and make reasonable arrangements for the physical safety of employees assigned to take the deposit to the bank.
10. All cash receipts must be recorded in the district's accounting records using an account code that accurately reflects the type of cash receipt being received.
11. Cash receipts associated with a specific student shall be recorded in the school's accounting records by the student's name.
12. Access to the school and district accounting systems shall be secured and safeguarded by restricted passwords.
13. Payments by credit card may be received using an authorized credit card merchant. Credit card proceeds must be deposited into the authorized school or district bank account within one banking day. Credit card receipts must be reconciled with credit card deposits.

## **II. Banking and Other Institutional Accounts**

- A. All bank accounts shall be centrally authorized by the business administrator or her/his designee and monitored by the finance department. High schools are pre-authorized to have a single checking account. Elementary schools, middle schools and district departments are not authorized to open or operate bank accounts. District employees shall not open or operate unauthorized bank accounts for receiving, holding, or expending public funds.
- B. Outside organizations or entities are not permitted to use the district's tax ID or sales tax exemption numbers for banking or any other purpose.
- C. The board president and business administrator are authorized to sign on the district's main checking and payroll accounts. Others who are authorized to sign on petty cash or high school accounts may include the business administrator, Director, other authorized finance department staff, principal, assistant principal(s), and the treasurer. If additional signers are desired on a specific account, application must be made to the Director and approval granted by the business administrator.
- D. School and district bank accounts shall not be used for non-district purposes.

## **III. Deposits, Disbursements, and Reconciliations**

- A. All cash receipts of public funds controlled by the district shall only be deposited into authorized school or district bank accounts using a bank-issued deposit slip.
- B. Funds associated with and collected by or on behalf of certain groups or organizations closely aligned with a school or the district (e.g. faculty funds, student non-curricular clubs), may be deposited temporarily into the authorized school or district accounts, and the school or district assumes a fiduciary relationship with the closely aligned group or organization. Funds will be maintained in a designated account on behalf of the aligned group or organization and disbursed upon request by the group or organization.
- C. Funds shall only be disbursed from a school or district bank account via an appropriately authorized check or electronic transfer, and disbursements shall be restricted to authorized district business and/or fiduciary activity as described above. Under no circumstances is cash to be withdrawn from a school or district bank account.
- D. Monthly reconciliations shall be performed by the fiscal administrator or her/his designee on all district-approved bank accounts. Reconciliations performed by designees shall be reviewed by the fiscal administrator. A signed copy of all monthly bank reconciliations should be remitted to the finance department by the end of the month following the statement close date.

## **IV. Procurement**

- A. Refer to Board Policy F-2: Purchasing, and its accompanying administrative procedures

## **V. Cash Disbursements**

- A. This section establishes procedures governing the authorization and review of all expenditures made by the district. The scope of these procedures includes all activities at the district and in all locations where district activities are held and public funds are expended. These procedures apply to all district administration, licensed educators, staff, students, organizations, and individuals that initiate, authorize, or process cash disbursements on behalf of the district. It is expected that in all dealings, district employees will act in an ethical manner that is consistent with the Utah Public Officers' Employees' Ethics Act, the Utah Educators' Standards, and State procurement law.

- B. All disbursement of public funds under district control shall be made using a district purchasing instrument and accompanied by documentation that establishes:
  - 1. compliance with all applicable state and federal laws and regulations; board policies and district administrative procedures, any restrictions, rules, or regulations placed on the use of the funds by donors and granting agencies; and prudent management practices; and
  - 2. reasonableness and necessity for carrying out the programs and activities of the district.
- C. District business shall only be transacted with an approved district purchasing instrument (e.g. check or purchasing card).
- D. Fiscal administrators shall avoid advance payments or prepayments whenever possible. It is prudent business practice not to pay for goods or services until they have been received in good order or rendered satisfactorily. Prepayments increase the risk to the district of loss due to potential for non-fulfillment or non-performance under contract. However, fiscal administrators may request a prepayment only if all of the following conditions are met:
  - 1. The advance payment is within 180 days of expected delivery.
  - 2. The advance payment is among the following allowable types:
    - a. Annual membership dues for professional organizations. Limited to those deemed essential by the fiscal administrator.
    - b. Subscription costs. Includes initial and annual renewal costs. Multiple-year subscriptions are permitted as long as documentation clearly shows it is a cost savings for the district.
    - c. Student travel, employee travel and conference costs. Limited to lodging, airfare, other transportation costs, per diem, and registration fees.
    - d. Mail order purchases. Limited to mail order purchases where payment must be included with the order.
    - e. Payments for contracted services by individuals not employed by the district that will not be performed without a deposit or full payment up front.
    - f. Advertising costs. Limited to prepayments for newspaper, magazine, journal, and periodical advertisements or employment advertisements by the human resources services department.
    - g. Payments for written contracts, leases, or agreements with terms that require it. Specific examples might include insurance premiums, professional service agreements (legal, financial, educational), maintenance/repair contracts (excluding material and equipment purchases), software licensing, software maintenance agreements, equipment rentals, real estate contracts, etc. Multiple-year prepayments are permitted as long as documentation clearly shows it is a term of the contract, lease, or agreement.
  - 3. In the event a vendor fails to deliver the goods or perform the requested service, the fiscal administrator shall ensure the district receives a full refund.
  - 4. Between when an advance payment is made and when goods are delivered, or services are performed, if the district decides to cancel the contract, the fiscal administrator shall pursue as much refund as the vendor's cancellation terms allow.
- E. All disbursements shall be signed by the fiscal administrator signifying her/his explicit approval of the purchase. Each individual receipt and/or invoice must be initialed by the fiscal administrator or his/her designee signifying her/his detailed review for compliance, reasonableness, and necessity. In cases where the fiscal administrator is also the payee, the disbursement must be reviewed and approved by the fiscal administrator's direct line supervisor prior to being made.
- F. All disbursements shall be executed through the school treasurer's office or the district accounting office and recorded in the school or district's accounting records using an account code that accurately reflects the expenditure being made.
- G. Access to district purchasing instruments as well as bank accounts and statements shall be secured and controlled by the district accounting and purchasing departments or a school's administrative office. P-cards shall be secured by the named cardholder.
- H. Any fiscal administrator who authorizes an employee under his/her direction to receive a P-card understands that s/he is pre-approving all subsequent purchases that will be made by the employee using her/his P-card. To maintain accountability, all P-card statements are to be reconciled by the cardholder on a monthly basis, have original receipts attached, and be reviewed and signed. If there is a discrepancy or problem with any specific purchase on the statement, it must be resolved immediately by contacting the purchasing department.

- I. The district is exempted from paying sales tax on purchases it makes in the course or performing its mission. To qualify for the exemption, the purchase must be made using a district purchasing instrument. A completed TC-721 Exemption Certificate, purchase order, or district check may be used to evidence the exemption. Use of the district's sales tax exempt status for making personal purchases is expressly forbidden.
- J. Access to the school and district accounting systems shall be secured and safeguarded by restricted passwords.
- K. Checks shall be made payable to specified payees and never to "cash" or "bearer." Blank checks shall never be signed by both parties in advance of a disbursement.
- L. No employee shall either use public funds or incur indebtedness or liability on behalf of, or payable by, the district for personal use expenditures. Purchases of goods or services with public funds for personal use or personal gain are strictly prohibited (see, the Utah Public Officers' and Employees' Ethics Act, Utah Code §67-16-1 et. seq.).
- M. If a fiscal administrator or other district administrator determines that an employee either used public funds or incurred indebtedness on behalf of the district for personal uses expenditures, the fiscal administrator shall:
  - 1. Consult with their supervisor, the Director, and human resource services to determine the appropriate level of corrective discipline which could include legal action and/or up to termination and then administer such discipline accordingly.
  - 2. Require the employee to reimburse the district the full amount of the personal use expenditure. Such reimbursed funds are to be credited back to the account from which they were originally paid.
- N. Fiscal administrators in high schools shall ensure that unclaimed refunds and uncashed checks written by the school that are older than twelve (12) months from the date of issuance are canceled and the funds remitted to accounting with an accompanying report every October. The Director shall ensure that district unclaimed property is escheated to the State of Utah.
- O. Fiscal administrators in high schools shall review and approve all transfers from one activity account to another.

## **VI. Reimbursements**

- A. Employees will be reimbursed for district purchases made using personal funds under the following conditions:
  - 1. The employee obtained prior approval from their fiscal administrator to make the purchase. Because district purchases should be made with a district purchasing instrument whenever possible, fiscal administrators should exercise caution and require a compelling reason before granting approval to an employee to use personal funds and then seek reimbursement.
  - 2. Proof of payment must be either cash, check, credit card, or printed receipt from an online personal account (e.g. PayPal). Purchases made with gift cards, reward points, store credit, etc. will not be reimbursed.
  - 3. The items or services purchased using personal funds are verified by the fiscal administrator to have been put into use for district purposes and are in compliance with all applicable board policies and district administrative procedures.
  - 4. Each transaction is evidenced by original itemized receipts.
  - 5. Sales tax will not be reimbursed except for when imposed out-of-state related to student travel. Certain reimbursements using Salt Lake Education Foundation funds may be reimbursed sales tax.
  - 6. The request for reimbursement must be received in accounts payable no later than 60 days after the date of the purchase. Purchases made prior to June 30th must be received no later than July 15th. Purchases made in July and August must be received by October 31st.

## **VII. Payroll**

- A. All payments to district employees for work performed must be paid through the payroll department.
  - 1. If within 90 days of the payment(s), the payroll department discovers that an employee has been overpaid, the amount of overpayment will be deducted from the employee's future paycheck(s). The payroll department will contact the employee and work with the employee to arrange a repayment schedule.
  - 2. Upon the discovery that an employee has been placed on the wrong salary step/lane, the payroll department will work with the employee to either set up a repayment schedule or retroactively calculate the amount of monies owed to the employee.
    - a. Such corrections can occur for up to four years.
  - 3. In the case of fraud or financial misrepresentations by the employee any resulting overpayment will be automatically fully deducted from the employee's next paycheck(s) until the amount owing is paid in full. Referrals to law enforcement and necessary disciplinary actions will also be imposed.
- B. Hourly employees must record time worked in the District's time and attendance system. The fiscal administrator must approve all hours worked during a pay period in a timely manner as defined by the payroll department.
- C. Leave for all contract employees must be reported through the appropriate leave reporting system. Leave should be reported as soon as possible following the absence.

- D. Any extra pay for teachers must be approved by the fiscal administrator over the budget being charged and be reported to the payroll department using an approved method. The reason for the extra pay must be clearly documented. Any extra work for pay must be pre-approved by the employee’s supervisor.
- E. Pay advances are not allowed.
- F. Placement on approved salary schedules is determined by human resource services and cannot be altered.
- G. Paid leave during extraordinary school dismissal/closure circumstances:
  - 1. In the event of a school dismissal/closure due to extraordinary circumstances, the district will continue to pay district employee wages, which are partially or wholly funded through federal and non-federal sources, in accordance with all applicable laws.
    - a. Extraordinary circumstances refers to natural disasters, health pandemics, or other emergencies that fundamentally alter the district’s ability to provide regular programs, services, or activities for two days or more.
    - b. School dismissal/closure applies to any temporary dismissal of students and/or employees, or temporary alteration of job duties, including implementing remote work options, necessitated by extraordinary circumstances.
  - 2. The district will authorize compensation to employees in accordance with any state or federal order dictating work and/or leave options due to extraordinary circumstances.
  - 3. The district may apply for or otherwise access available funding and/or reimbursement through federal and non-federal sources in order to compensate employees for leave used during school dismissals/closures under extraordinary circumstances provided the district treats state-funded and federally funded employees the same related to compensation.
  - 4. In order to use federal funding sources to compensate employees, the work performed by the employee shall be consistent with the requirements of the funding source supporting the position (e.g. a special education employee shall perform work related to special education per federal funding requirements).
  - 5. Compensation for paid leave during school dismissal/closure under extraordinary circumstances shall not exceed the amount an employee is otherwise paid for regular job duties, and reimbursement for the compensation shall be charged to the appropriate funding source, including federal and state grants and programs.
  - 6. The district may also seek reimbursement from the federal or state funding source for travel, registrations, or other costs incurred for work-related duties or training after the district seeks and is denied refunds for the costs.
- H. See the Employee Handbook for further information on payroll disbursement.

**VIII. Account Coding System**

- A. It is important to identify the proper account to which an item will be recorded prior to making any purchase. Doing so will ensure that proper approvals have been obtained and transactions are accounted for appropriately. The district uses a 13-digit account number, which is in the following format and is often referred to as the “org key”. It is extremely important that correct codes are used. If the correct account is not available, please contact the finance department for assistance.

[----- Org Key-----]

Fund	Program	Function	Location	Object
XX	XXXX	XXX	XXX	XXX

- B. Fund – 2 numbers, indicates the source of funds. The fund number is not included in the org key. The funds utilized by the district are listed below. The need to account for separate operations differently and the fact that many school district revenue sources carry legal restrictions regarding how they can be spent, have resulted in the development of fund accounting for school districts. Fund accounting emphasizes separate detailed accounting and reporting for each of the several subparts of a district, called funds, rather than accounting and reporting for the district as a whole. Significant importance is placed upon the need for the accounting system to assure that spending restrictions are met.

The district has fifteen funds:

- 10 – General Fund
- 11 – Open Classroom Charter School
- 12 – Salt Lake Center for Science Education Charter School
- 21 – Student Activities

- 26 – Pass-through Taxes
- 27 – Salt Lake Education Foundation
- 30 – Capital Projects
- 31 – Capital/Building Authority
- 32 – Capital Reserve
- 40 – Debt Services
- 52 – Distribution Services
- 54 – Printing and Graphics
- 56 – Technical Services
- 58 – Employee Benefits
- 70 – Child Nutrition

C. Program – 4 numbers. Following is a table showing general program categories. There may be exceptions to these categories.

Programs	
1000-1999	Local Programs
2000-2999	Federal Programs
3000-3999	CTE Locally Funded Programs
4000-4999	State Programs
5000-5999	CTE State/Federal Programs
6000-6999	Special Education Programs
7000-7999	Student Activities Programs
8000-8999	Capital Projects Programs
9000-9999	Student Activities Programs

D. Function – 4 numbers, indicates revenue source or expense category. The following table demonstrates the typical classification of functions.

Balance Sheet and Revenue Functions

- 0000 – Balance Sheet and Revenues
- 0021 – Student Activities Balance Sheet and Revenues

Expenditure Functions

- 10xx – Instruction
- 21xx – Supporting Students
- 22xx – Supporting Teachers
- 23xx – District Administration
- 24xx – School Administration
- 25xx – Business Departments
- 26xx – Facilities Operation Departments
- 27xx – Transportation Department
- 31xx – Nutrition Services
- 33xx – Community Services
- 4xxx – Capital
- 5xxx – Debt Services

Location – 3 numbers, indicates location number

- 1xx – Elementary Schools
- 2xx – Elementary Schools
- 4xx – Middle Schools
- 5xx – District Departments
- 6xx – District Departments
- 7xx – High Schools
- 8xx – Special Schools
- 9xx – Private Schools

Object – 4 numbers, those that begin with “0” indicate and expenditure with the below categories that indicates what is being purchased.

- 01xx – Wages
- 02xx – Benefits
- 03xx – Professional Services
- 04xx – Property Services
- 05xx – Other Services
- 06xx – Supplies and Materials
- 07xx – Property and Equipment
- 08xx – Debt and Miscellaneous

Objects that do not begin with “0” indicate either a revenue or balance sheet as categorized below:

- 1xxx – Local Revenue Sources
- 3xxx – State Revenue Sources
- 4xxx – Federal Revenue Sources
- 5xxx – Other Sources
- 8xxx – Assets
- 9xxx – Liabilities and Fund Balance

- E. Revenues and expenditures should be coded to the proper account, regardless of whether there is a budget for the item. A budget revision may be requested from the budget department when necessary.
- F. Budgets will be set up to reflect the proper categorization of revenues and expenditures. The addition of new accounts will be controlled by the finance department.

**IX. Fundraising Policy**

- A. Refer to Board Policy G-27: Fundraising Activities, and its accompanying administrative procedures.

**X. Community Donations, Contributions, and Gifts**

- A. Refer to Board Policy C-6: Community Donations, Contributions, and Gifts, and its accompanying administrative procedures.

**XI. Financial Reporting**

- A. The district will ensure that financial reporting is presented in a manner consistent with the basis of accounting as required by Generally Accepted Accounting Principles (GAAP).
- B. The district will prepare all required financial reports in accordance with applicable GAAP standards. An independent auditor will audit the report in accordance with Generally Accepted Auditing Standards (GAAS). This report will be presented to the board finance committee within five months of the close of the fiscal year.
- C. The district shall report annually to the Utah State Board of Education, financial data in accordance with the uniform chart of accounts for school districts.
- D. The district shall upload required financial information to the Utah Public Finance Website as outlined in Utah Administrative Code, R25-10.