

CHAPTER 1

INTRODUCTION

State-Local Responsibility

According to the state law, (53G-4-303 (5) & 53G-5-404 (4)) local boards of education are to “use uniform budgeting, accounting, and auditing procedures and forms approved by the State Board of Education, which shall be in accordance with generally accepted accounting principles or auditing standards and Title 63J, Chapter 1, Budgetary Procedures Act”. In accordance with legal interpretations, these standards and other audit procedures are prescribed by the Utah State Board of Education and approved by the State Auditor. The requirements include both financial and Pupil accounting.

Purpose and Scope of Utah Handbook

The major purposes of the handbook are: (1) to provide uniform budgeting, accounting, financial reporting and auditing procedures for Utah Schools, (2) to provide a uniform basis of program cost accounting and information collection for Federal, State and local programs. Budgeting, accounting, financial reporting and auditing have a high degree of interrelationship, therefore it is important to be consistent.

The standard processes and classifications described in this handbook are intended to be used for budgeting, accounting, financial reporting and auditing purposes and represent a framework around which school accounting systems can be developed. This handbook is designed to generally incorporate the approach adopted by the U.S. Office of Education and NCES (National Center for Education Statistics).

The standard processes and classifications can be found in the following chapters:

Chapter 2 – Budgeting explains the importance and benefits of effective budgeting and discusses topics including: responsibility, budget procedures, and requirements.

Chapter 3 – Accounting has two sections: Financial Accounting and the Policy on Pupil Accounting. The Policy on Pupil Accounting provides information regarding MSP, student membership eligibility, calculation examples and other applicable information.

Chapter 4 – Chart of Accounts provides a link to documents containing codes and definitions of the funds, programs, functions, revenues, objects, and balance sheet items by fiscal year. You may also access the “Chart of Accounts” tab on the Reporting homepage.

Chapter 5 – Indirect Costs contains the Guidance for State Agencies and School Food Authorities regarding Indirect Costs. This link can also be accessed from the “Indirect Costs” tab on the Reporting homepage.

Chapter 6 – Auditing has multiple sections including: financial audits, statistical audits, and provides a link to the State Compliance Audit Guide Working Files located on the Office of the State Auditor website.

Additional links may be found at the bottom of the page and within the tabs on Reporting homepage.