



UTAH STATE BOARD OF EDUCATION

David L. Crandall, Chair David L. Thomas, First Vice Chair
Jennifer A. Johnson, Second Vice Chair

Dixie L. Allen	Brittney Cummins	Jefferson Moss
Laura Belnap	Linda B. Hansen	Spencer F. Stokes
Leslie B. Castle	Mark Huntsman	Terryl Warner
Barbara W. Corry	Stan Lockhart	Joel Wright

Sydnee Dickson, State Superintendent of Public Instruction
Lorraine Austin, Board Secretary

MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Angie Stallings, Deputy Superintendent
Policy and Communication

DATE: November 3-4, 2016

ACTION: R277-113 *LEA Fiscal Policies and Accountability* (Amendment)

Background:

Proposed amendments to R277-113 have been prepared to combine the rule with R277-425, as well as to incorporate significant additional changes recommended by Internal Audit and School Finance. The rule has been updated in conformity with the style manual. R277-113 is also continued consistent with Board policy and administrative rulemaking procedures.

Board Strategic Plan:

This item supports the following imperative and strategies in the Board's Strategic Plan: Oversight - Monitor, review, and provide general supervision to all public education institutions and other entities for which the State Board has responsibility.

Anticipated Action:

It is proposed that the Law and Licensing Committee consider approving R277-113, as amended and continued, on first reading and, if approved by the Committee, the Board consider approving R277-113, as amended and continued, on second reading.

Contact: Debbie Davis, 801-538-7639
Natalie Grange, 801-538-7668
Ben Rasmussen, 801-538-7835

1 **R277. Education, Administration.**

2 **R277 113. LEA Fiscal and Auditing Policies~~[and Accountability]~~.**

3 **R277-113-~~2~~1. Authority and Purpose.**

4 ~~[A.]~~(1) This rule is authorized by:

5 (a) Utah Constitution Article X, Section 3, which vests general control and
6 supervision ~~[of]~~over public education in the Board~~[, by]~~;

7 (b) Section 53A-1-401~~[(3)]~~, which allows the Board to ~~[adopt]~~make rules [in
8 accordance with its]to execute the Board's duties and responsibilities under the Utah
9 Constitution and state law~~[, and by]~~;

10 (c) Subsection 53A-1-402(1)(e)(i), which directs the Board to establish rules
11 and minimum standards for school productivity and cost effectiveness measures[-];

12 (d) Subsection 53A-1-402(1)(e)(iv), which allows the Board to adopt rules
13 regarding financial, statistical, and student accounting requirements;

14 (e)

15 ection 53A-1-404, which allows the Board to approve auditing standards for school

16 boards; and

17 (f) Section 53A-1-405, which requires the Board to verify accounting
18 procedures of school board for the purpose of determining the allocation of Uniform
19 School Funds.

20 ~~[B.]~~(2) The purpose of this rule is to:

21 ~~[(+)]~~(a) require LEAs to formally adopt and implement policies regarding the

22 management and use of public funds;
23 ~~[(2)](b)~~ provide minimum standards, procedures and definitions for LEA
24 policies;
25 ~~[(3)](c)~~ direct that LEAs make policies, procedures and training materials
26 available to the public and readily accessible on LEA or public school websites, to
27 the extent of resources available;
28 ~~[(4)](d)~~ require LEAs to train employees in:
29 (i) appropriate financial practices[;];
30 (ii) necessary accounting procedures; and
31 (iii) ethical financial practices; and
32 ~~[(5) provide for consistency among LEAs regarding fiscal policies, procedures~~
33 ~~and accountability practices.]~~
34 (e) specify uniform budgeting, accounting, and auditing procedures for LEAs
35 consistent with GAAP and GAAS.

36 **R277-113-~~[(1)]2. Definitions.~~**

37 (1) “Accrual basis of accounting” means a basis of accounting that records:
38 (a) revenue when earned and expenses when incurred; and
39 (b) transactions irrespective of the dates on which any associated cash flows
40 occur.

41 ~~[A.](2)~~ “Arm’s length transaction” means a transaction between two unrelated,
42 independent, and unaffiliated parties or a transaction between two parties acting in
43 their own self interest that is conducted as if the parties were strangers so that no
44 conflict of interest exists.

45 ~~[B. “Board” means the Utah State Board of Education.]~~

46 ~~[C.](3)~~ “Exclusive contract or arrangement” means an agreement requiring a
47 buyer to purchase or exchange all needed goods or services from one seller.

48 (4) “FASB” means the Financial Accounting Standards Board whose purpose
49 is to establish GAAP for nongovernmental entities within the United States.

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

53 (6) “GAAS” means Generally Accepted Auditing Standards or a set of auditing
54 standards and guidelines promulgated by the Auditing Standards Board of the
55 American Institute of Certified Public Accountants.

56 (7) “GASB” means the Governmental Accounting Standards Board whose
57 purpose is to establish GAAP for state and local governments within the United
58 States.

59 ~~[D.]~~(8) “Internal controls” [are procedures designed to] means a process,
60 implemented by an entity’s governing body, management, or other personnel,
61 designed to provide reasonable assurance regarding the achievement of objectives
62 in the following categories:

63 (a) [safeguard assets,]Effectiveness and efficiency of operations;

64 (b) [detect errors and misappropriations,]Reliability of reporting for internal
65 and external use; and

66 (c) [produce timely and accurate financial reports, and]Compliance with
67 applicable laws and regulations. [ensure compliance with laws and rules.]

68 ~~[E.]~~(9) “LEA” [means a local education agency, including local school
69 boards/public school districts, charter schools, and] includes, for purposes of this
70 rule, the Utah Schools for the Deaf and the Blind.

71 ~~[F.]~~(10) “Management” means:

72 (a) an LEA superintendent or director[;];

73 (b) deputy or associate[;];

74 (c) business administrator or manager[;]; or

75 (d) other educational administrator or designated staff.

76 (11) “Modified accrual basis of accounting” means a basis of accounting,
77 commonly used by government agencies, that recognizes revenues when they
78 become available and measurable and recognizes expenditures when liabilities are
79 incurred.

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

83 (13) “Operating LEA” means an LEA that has received state minimum school
84 program funds or federal funds and is providing educational services during a fiscal

85 year.

86 ~~[G.](14) “Public funds” [(Utah Code Section 51-7-3(25)) means money, funds,~~
87 ~~and accounts, regardless of the source from which the funds are derived, that are~~
88 ~~owned, held, or administered by the state or any of its political subdivisions including~~
89 ~~LEAs or other public bodies.] has the same meaning as that terms is defined in~~
90 ~~Subsection 51-7-3(26).~~

91 ~~[H.](15) “School sponsored” means an activity, fundraising event, club, camp,~~
92 ~~clinic, or other event or activity that is authorized by a specific LEA or public school,~~
93 ~~[which supports the LEA or authorized curricular school club, activity, sport, class or~~
94 ~~program, that also] according to local board policy, and satisfies at least one of the~~
95 ~~following conditions:~~

96 ~~[(1)](a) the activity [it] is managed or supervised by an LEA or public school,~~
97 ~~or LEA or public school employee;~~

98 ~~[(2)](b) the activity [it] uses the LEA or public school's facilities, equipment, or~~
99 ~~other school resources; or~~

100 ~~[(3)](c) the activity [it] is supported or subsidized, more than [inconsequently]~~
101 ~~inconsequentially, by public funds, including the public school's activity funds or~~
102 ~~minimum school program dollars.~~

103 ~~(16) “Title IX” refers to that portion of the United States Education~~
104 ~~Amendments of 1972 codified as 20 U.S.C. 1681 through 20 U.S.C. 1688.~~

105 ~~[I.](17) “Utah Public Officers' and Employees' Ethics Act,” [(Utah Code~~
106 ~~Sections 67-16-1 through 15)] Title 67, Chapter 16, means an [Act] act that provides~~
107 ~~standards of conduct for officers and employees of the state of Utah and its political~~
108 ~~subdivisions in areas where there are actual or potential conflicts of interest between~~
109 ~~[their] public duties and [their] private interests.~~

110 **R277-113-3. [Board] Superintendent Responsibilities.**

111 ~~[A.](1) The [Board] Superintendent shall provide training, [and] informational~~
112 ~~materials, and model policies for use by LEAs in developing LEA and public school-~~
113 ~~specific financial policies [about the use and management of public funds before~~
114 ~~March 31, 2013].~~

115 ~~[B.](2) The [Board] Superintendent shall provide online training and resources~~

116 for LEAs regarding the use and management of public funds and ethical practices
117 for licensed Utah educators who manage, control, participate in fundraising, or
118 expend public funds [~~before March 31, 2013~~].

119 ~~[C:]~~(3) The [~~Board may~~] Superintendent shall provide and establish a cycle
120 for state review of LEA fiscal policies and standards.

121 ~~[D:]~~(4) The [~~Board~~] Superintendent shall work with and provide information
122 upon request to the Utah State Auditor's Office, the Legislative Fiscal Auditors, and
123 other state agencies with the right to information from the [~~Utah State Office of~~
124 ~~Education~~] Board.

125 **R277-113-4. LEA Fiscal Responsibilities.**

126 ~~[A:]~~(1)(a) An LEA[s] shall develop[~~, have approved by local/charter boards~~]
127 and implement written fiscal policies, subject to approval by the LEA's board, as
128 required by R277-113-5.

129 (b) An LEA[s] shall review the LEA's fiscal policies annually.

130 ~~[B:]~~(2) An LEA[s] shall [~~also~~] develop a plan for annual training of LEA and
131 public school employees[~~, at least annually,~~] on policies enacted by the LEA specific
132 to job function.

133 ~~[1:]~~(3) LEA policies [~~These policies~~] shall be available at each LEA main
134 office, at individual public schools, and on the LEA's website.

135 ~~[2:]~~(4) [~~The~~] LEA fiscal policies and training may have different components,
136 specificity, and levels of complexity for public elementary and secondary schools.

137 ~~[3:]~~(5) An LEA[s] may have one or more policies to satisfy the minimum
138 requirements of this [~~rule~~] R277-113.

139 ~~[4:]~~(6) An LEA policy may reference specific training manuals or other
140 resources that provide detailed descriptions of business practices which are too
141 lengthy or detailed to include in the LEA policy.

142 (7)(a) An LEA governing board shall designate board members to serve on
143 a finance committee.

144 (b) An LEA finance committee shall have the following responsibilities:

145 (i) ensure that LEA management properly develops and adheres to a sound
146 system of documented internal controls consistent with R277-113-6.

- 147 (ii) develop a process to regularly review:
148 (A) LEA management's budget and financial reporting practices;
149 (B) financial statements;
150 (C) LEA financial position; and
151 (D) LEA and individuals school records;
152 (iii) make monthly reports on the fiscal position of the LEA to the LEA board;
153 (iv) monitor LEA contract services by:
154 (A) determining the appropriate scope of contracts with management
155 companies that provide business services and student services;
156 (B) managing the procurement process in compliance with Title 63G, Chapter
157 6a;
158 (C) making recommendations to the LEA board on the results of the
159 procurement process;
160 (D) assessing the performance of management companies; and
161 (E) ensuring management implements sufficient internal controls over the
162 functions of management companies;
163 (v) monitor procurement and use of systems and software applications for
164 compliance with financial and student privacy laws; and
165 (vi) monitor LEA expenditure of restricted funds to ensure compliance with
166 applicable laws and grant terms and conditions.
167 (8) A public education foundation established by an LEA shall follow the
168 requirements set forth in Section 53A-4-205.

169 **R277-113-5. LEA Audit Responsibilities.**

170 ~~[C.](1) [Each] An LEA governing board shall designate board members to~~
171 ~~serve on an audit [or finance] committee, consistent with Section 53A-30-102(1).~~

172 ~~(2) [The]An LEA audit[or finance] committee [has the following~~
173 ~~responsibilities]shall:~~

174 ~~([1]a) if required by Section 53A-30-103, establish [and annually review] an~~
175 ~~internal audit program that provides internal audit services for the programs~~
176 ~~administered by the LEA, [consistent with Section 53A-30-103 (required only if LEAs~~
177 ~~have 10,000 or more students)];~~

178 ([2]b) receive a report of the risk assessment process undertaken by the LEA
179 management in [~~conjunction~~]collaboration with the internal audit[~~, if applicable~~]
180 department;

181 ~~(3) ensure that the LEA management properly develops and adheres to a~~
182 ~~sound system of documented internal controls consistent with the requirements of~~
183 ~~R277-113-5;~~

184 ~~(4) develop a process to review LEA management's financial reporting~~
185 ~~practices, financial statements, LEA financial position, and LEA and individual school~~
186 ~~records on a regular basis;~~

187 ~~(5) report the fiscal position of the LEA to the LEA board monthly;~~

188 ([6]c) monitor the internal and external audit process by:

189 (i) [~~determine~~] determining the appropriate scope of the independent external
190 audit[;];

191 (ii) [~~determine~~] determining the appropriate scope of non-audit services to be
192 performed by the independent auditor[;];

193 (iii) [~~manage~~] managing the audit procurement process in compliance with
194 Title 63G, Chapter 6a, State Procurement Code [~~Section 63G-6a, and~~];

195 (iv) [~~make~~] making recommendations to the LEA board on the results of the
196 procurement process;

197 ([7]v) [~~facilitate~~] facilitating regular direct communication with independent
198 external auditors[;];

199 (vi) [~~receive~~] receiving independent external audit report and financial
200 statements[;];

201 (vii) [~~ensure~~] ensuring management implements corrective actions[;];

202 (viii) assessing performance of the independent auditors[;]; [~~and~~]

203 (ix) reviewing disagreements between independent auditors and
204 management;

205 (x) prioritizing the internal audit plan based on risk;

206 (xi) receiving audit reports from internal auditors, contractors providing internal
207 audit services, and other regulatory bodies; and

208 (xii) providing an independent forum for internal auditors, internal audit
209 contractors, and other regulatory bodies to report findings of fraud, waste, abuse,

210 non-compliance, or control weaknesses, particularly if management is involved;
211 ~~[(8) determine the appropriate scope of contracts with management~~
212 ~~companies that provide business services and student services, manage the~~
213 ~~procurement process in compliance with Section 63G-6a, make recommendations~~
214 ~~to the LEA board on the results of the procurement process, assess the performance~~
215 ~~of management companies, and ensure management implements sufficient internal~~
216 ~~controls over the functions of the management company;~~
217 ~~(9) prioritize internal audit plan, receive audit reports from internal auditors or~~
218 ~~contractors providing internal audit services and other regulatory bodies, and provide~~
219 ~~an independent forum for internal auditors or internal audit contractors or other~~
220 ~~regulatory bodies to report findings of management abuse or control override;]~~
221 ~~[(10)d) conduct or advise the LEA board in an annual evaluation of internal~~
222 ~~audit personnel or contractors providing internal audit services;~~
223 ~~[(11)e) ensure that issues and exceptions reported by [external audits,]~~
224 ~~internal [audits] auditors, or other regulatory bodies are resolved in a timely manner;~~
225 ~~[and]~~
226 ~~[(12)f) present the [annual] audit reports [and findings or other matters~~
227 ~~communicated by the] of external auditors, internal auditors or other regulatory~~
228 ~~bodies to the LEA board [in a public meeting.];~~
229 ~~(g) receive reports of reviews or audits conducted by the Superintendent and~~
230 ~~ensure appropriate corrective actions is taken in a timely manner; and~~
231 ~~(h) advise the local LEA board in the appointment of an audit director or in~~
232 ~~contracting services for internal audit services in accordance with Subsection 53A-~~
233 ~~30-103(3).~~
234 ~~(3)(a) An LEA shall follow the internal auditing requirements of Title 53A,~~
235 ~~Chapter 30, Internal Audits.~~
236 ~~(b) An LEA internal audit director may not have responsibilities for~~
237 ~~management or operations of the LEA.~~
238 ~~(c) If an LEA internal audit director contracts with a consultant, any contractual~~
239 ~~agreement with the consultant shall comply with the LEA's procurement policy.~~
240 ~~(4) An LEA shall obtain all audits and financial reports required by Section 51-~~
241 ~~2a-201.~~

242 **R277-113-[5]6. Required LEA Fiscal Policies.**

243 ~~[A.](1)(a) [The following fiscal policies shall be required in each LEA.] An~~
244 LEA[s] shall ensure that the LEA's fiscal policies ~~[each policy]~~ address~~[es the]~~ all
245 applicable Utah Code references or Board Rules ~~[in each section].~~

246 (b) The requirements set forth in this Section R277-113-6 ~~[required items]~~ are
247 minimum requirements.

248 (c) An LEA[s] may include other related items, provide LEA specific policy and
249 guidance, and set polices that are more restrictive and inclusive than the minimum
250 provisions established by ~~[the]~~ Board rule.

251 (2) LEA fiscal policies shall include the following:

252 ~~[B. LEAs shall ensure that policies address applicable elements from the Utah~~
253 ~~Public Officers' and Employees' Ethics Act, Utah Educator Standards (R277-515),~~
254 ~~and the definition of public funds.]~~

255 ~~[C. LEA fiscal policies shall address the following:]~~

256 ~~[(4)a] [Cash Handling: The LEA]~~ a cash handling policy, which shall address
257 cash receipts (cash, checks, credit cards, and other items) collected at the LEA and
258 individual public schools ~~[through school sponsored activities]~~ and shall include:

259 ~~[(a)i]~~ establishment of internal controls and procedures over the collection,
260 deposit, and reconciliation of cash receipts received; and

261 ~~[(b)ii]~~ compliance with Utah Code 51-4-2(2) regarding deposits.

262 ~~[(2)b] [Expenditure of Public Funds: The LEA]~~ an expenditure policy, which
263 shall address all expenditures made ~~[by checks, electronic transfers, and credit/~~
264 ~~purchase cards that are made]~~ by the LEA and individual public schools ~~[through~~
265 ~~school sponsored activities]~~ and shall include:

266 ~~[(a)i]~~ establishment of internal controls and procedures over the initiation,
267 approval and monitoring of~~[:]~~ expenditures~~[:]~~, including:

268 (A) credit, debit, or purchase card transactions~~[:]~~;

269 (B) employee reimbursements~~[:]~~;

270 (C) travel~~[:]~~; and

271 (D) payroll;

272 ~~[(b)ii]~~ directives regarding the appropriate use of the LEA's tax exempt status
273 number;

274 ([e]iii) compliance with Section 63G-6a-1204 regarding length of multi-year
275 contracts;

276 ([d]iv) compliance with:

277 (A) [Section] Title 63G, [-] Chapter 6a [~~et seq., procurement state law~~]; [and]
278 (B) Board rule regarding construction and improvements[;]; and [compliance
279 with]

280 (C) Title IX; [and]
281 (v) requirements for LEA contracts, including:
282 (A) inclusion of specific scope of work language;
283 (B) inclusion of federal requirements;
284 (C) inclusion of language regarding data privacy and use, where appropriate;
285 and

286 (D) legal review prior to LEA approval; and

287 ([e]vi) procedures and documentation maintained by the LEA if the LEA
288 chooses to enter into exclusive contracts or arrangements consistent with state
289 procurement law and the LEA procurement policy.

290 ([3]c) [~~Fundraising: The LEA~~]a fundraising policy [~~shall~~]that:
291 (i) establishes procedures for LEA and public school fundraising in general[;];
292 (ii) establishes an approval process for fundraising activities[;] for school
293 sponsored activities[;];

294 (iii) provides for compliance with school fee and fee waiver provisions[;]; and
295 (iv) [~~shall~~]includes:

296 ([a]A) specific designation of employees by title or job description who are
297 authorized to approve fundraising, school sponsored activities, and grant fee waivers
298 with appropriate attention to student and family confidentiality;

299 ([b]B) establishment of internal controls and procedures over the approval of
300 fundraising and school sponsored activities and compliance with associated cash
301 handling and expenditure policies;

302 ([e]C) directives regarding the appropriate use of the LEA's tax exempt status
303 number[;] and issuance of charitable donation receipts;

304 ([d]D) procedures governing LEA or public school employee interaction with

305 parents, donors, and nonschool sponsored organizations;

306 ~~([e]E)~~ disclosure requirements for LEA and public school employees

307 approving, ~~[or otherwise]~~ managing, or overseeing fundraising activities, who also

308 have a financial or controlling interest or access to bank accounts in the fundraising

309 organization or company[;];

310 ~~([f]F) [This policy shall be in harmony]~~ Provisions establishing compliance

311 with:

312 (I) Utah Constitution, Article X, Section 2, [of the Utah Constitution]

313 establishing a free public education system[;];

314 (II) [with] R277-407 [regarding school fees]; and

315 (III) [compliance with] Title IX[;];

316 ~~([g]V) [The]~~ An LEA may include procedures governing:

317 (A) student participation and incentives offered to students[;];

318 (B) allowable types of fundraising activities[;]; and

319 (C) participation in school sponsored activities by volunteer or outside

320 organizations[;];

321 ~~([4]d) [Donations and Gifts: The]~~ an LEA donation and gift policy ~~[shall~~

322 establish]that includes:

323 (i) an acceptance and approval process for:

324 (A) monetary donations[;];

325 (B) donations and gifts with donor restrictions[;];

326 (C) donations of gifts, goods, materials, or equipment[;]; and

327 (D) donation of funds or items designated for construction or improvements

328 of facilities[; ~~and shall include:~~];

329 ~~([a]ii)~~ establishment of internal controls and procedures over the acceptance

330 and approval of donations and gifts and compliance with associated cash handling

331 and expenditure policies;

332 ~~([b]iii)~~ directives regarding the appropriate use of the LEA's tax exempt status

333 number, and issuance of charitable donation receipts;

334 ~~([e]iv)~~ procedures regarding the objective valuation of donations or gifts if

335 advertising or other services are offered to the donor in exchange for a donation or

336 gift;

337 (d)v) procedures governing LEA or public school employee conduct with
338 parents, donors, and nonschool sponsored organizations;

339 (e)vi) procedures establishing provisions ~~[to]~~ for direct donations or gifts to
340 the LEA or LEA programs, individual public school or public school programs~~[-and];~~

341 (vii) provisions restricting donations from being directed at specific LEA
342 employees, individual students, vendors, or brand name goods or services;

343 (f)viii) compliance with:

344 (A) Title 63G, Chapter 6a ~~[regarding the procurement code];~~

345 (B) state law and Board rule regarding construction and improvements~~[-];~~

346 (C) IRS regulations and tax deductible directives~~[-];~~ and ~~[compliance with]~~

347 (D) Title IX~~[-];~~

348 (g)ix) ~~[The LEA may include]~~ procedures for:

349 (A) accepting donations and gifts through an LEA's legally organized
350 foundation, if applicable[-]; ~~[or]~~

351 (B) ~~[procedures for]~~ recognition of donors~~[-];~~ or

352 (C) granting naming rights[-]; and

353 (e) an LEA Financial Reporting policy, which shall include the following:

354 (i) a requirement that the LEA shall ensure financial reporting in accordance
355 with GAAP and audits of LEA financial reporting in accordance with GAAS;

356 (ii)(A) a requirement that the LEA shall provide financial reporting in a manner
357 consistent with the basis of accounting as required by GAAP, as applicable to the
358 entity; and

359 (B) if an LEA follows FASB standards, a requirement that the LEA shall
360 provide reconciliation between the accrual basis of accounting and modified accrual
361 basis of accounting; and

362 (iii) a requirement that the LEA shall provide data and information consistent
363 with budgeting, accounting, including the uniform chart of accounts for LEAs, and
364 auditing standards for Utah LEAs provided online annually by the Superintendent.

365 (3) The Superintendent shall maintain a School Finance website with
366 applicable Utah statutes, Board rules, and uniform rules for:

367 (a) budgeting;

368 (b) financial accounting, including a chart of accounts required for an LEA;

- 369 (c) student membership and attendance accounting;
- 370 (d) indirect costs and proration;
- 371 (e) financial audits;
- 372 (f) statistical audits; and
- 373 (g) compliance and performance audits.

374 **R277-113-7. School Sponsored Activities.**

375 ~~[D-]~~(1)(a) The definition of “school sponsored” and requirements of R277-113-
376 4~~[G]~~(11) do not apply to activities, fundraising events, clinics, clubs, camps, or
377 activities organized by a third party which have not been designated by the LEA as
378 school sponsored.

379 (b) All transactions pertaining to nonschool sponsored events shall be
380 conducted at arm’s length~~[;]~~.

381 (c) ~~[r]~~Revenues and expenditures from nonschool sponsored events ~~[shall]~~
382 may not be commingled with public funds.

383 ~~[E-]~~(2) For nonschool sponsored events, funds may only be managed or held
384 by a public school employee~~[, only]~~ consistent with R277-107.

385 ~~[F-]~~(3) The definition of “school sponsored “ and requirements of R277-113-
386 4~~[G]~~(11) do not apply to non-curricular clubs specifically authorized and meeting all
387 criteria of Sections 53A-11-1205 through 53A-11-1208.

388 ~~[G-]~~(4) An LEA~~[s and]~~ or individual public school~~[s]~~ shall comply with the
389 following regarding school and nonschool sponsored activities:

390 (a) An LEA may establish LEA specific rules or polices designating categories
391 of school sponsored activities or groups and establishing LEA policy regarding use
392 of facilities or LEA resources.

393 ~~[+]~~(b) An LEA may enter into contractual agreements to allow for fundraising
394 and use of LEA facilities.

395 (i) An agreement under Subsection (4)(a) shall take into consideration the
396 LEA’s fiduciary responsibility for the management and use of public funds.

397 (ii) An LEA~~[s]~~ should consult with the LEA’s insurer or legal counsel, or both,
398 to ensure risks are adequately considered and managed;

399 ~~[2]~~(c) An LEA shall annually review fundraising activities that support or

400 subsidize LEA or public school-authorized clubs, activities, sports, classes or
401 programs to determine if the activities are school sponsored [~~consistent with~~
402 ~~R277-113-1H~~];

403 (3)d) An LEA shall ensure that revenues raised from school sponsored
404 activities and funds expended from the proceeds are [~~considered~~] classified and
405 processed as public funds [~~consistent with R277-113-1G~~];

406 (4)e) An LEA shall maintain adequate records to [~~ensure~~] verify that funds
407 collected from or during school sponsored activities are in compliance with LEA cash
408 handling policies as required by R277-113-5;

409 (5)f) An LEA shall maintain adequate records to show that expenditures
410 made to support activities from LEA or public school funds are in compliance with
411 LEA expenditure of funds policies as required by R277-113-5; and

412 (6)g) An LEA shall:

413 (i) make records of activities available to parents, students, and donors; [~~and~~
414 ~~shall~~]

415 (ii) maintain [~~the~~] records in sufficient detail to track individual contributions
416 and expenditures, as well as overall financial outcome.

417 (iii) restrict access to [~~R~~]records as required by state or federal law. [~~may be~~
418 ~~private or protected consistent with Sections 63G-2-302, 303, 305, and the Family~~
419 ~~Educational Rights and Privacy Act (FERPA), 20 U.S.C. Section 1232g.~~]

420 [~~H. Public Education Foundations established by LEAs shall follow the~~
421 ~~requirements provided in Section 53A-4-205.~~]

422 **R277-113-[6]8. LEA [Financial] Policies and Compliance with State and Federal**
423 **Law.**

424 [A:](1) An LEA[s are] is responsible to ensure that its policies comply with the
425 following state laws and Board Rules:

426 (1)a) Utah Constitution Article X, Section 3;

427 (2)b) [~~Utah Code~~] Title 63G[-], Chapter 6a, Utah Procurement Code;

428 (3)c) [~~Utah Code~~] Title 51[-], Chapter 4, Deposit of Funds Due State;

429 (4)d) [~~Utah Code~~] Title 67[-], Chapter 16, Utah Public Officers' and

430 Employees' Ethics Act;

431 ([5]e) ~~[20 U.S.C. Section 1232g;]~~ Family Educational Rights and Privacy Act,

432 20 U.S.C. 1232g;

433 ([6]f) ~~[Utah Code]~~ Title 63G[-], Chapter 2, Government Records Access and

434 Management Act;

435 ([7]g) ~~[Utah Code]~~ Title 53A[-], Chapter 12, Fees and Textbooks;

436 ([8]h) ~~[Utah Code]~~ Section 53A-4-205, Public Education Foundations;

437 ([9]i) ~~[Utah Code 53A-11-1205 through 53A-11-1208;]~~ Title 53A, Chapter 11,

438 Part 12, Student Clubs Act;

439 ~~[(a) 53A-11-1205, Noncurricular clubs -- Annual authorization;~~

440 ~~—(b) 53A-11-1206, Clubs -- Limitations and denials;~~

441 ~~—(c) 53A-11-1207, Faculty oversight of authorized clubs;~~

442 ~~—(d) 53A-11-1208, Use of school facilities by clubs;]~~

443 (j) Title 51, Chapter 2a, Accounting Reports from Political Subdivisions,

444 Interlocal Organizations, and Other Local Entities Act;

445 (k) Additional state legal compliance guides for operating LEAs and non-

446 operating LEAs as published by the office of the state Auditor;

447 (l) Subsection 51-7-3(26), Definition of Public Funds;

448 (m) Title 53A, Chapter 30, Internal Audits;

449 ([10]n) R277-407, School Fees;

450 ([11]o) R277-107, Educational Services Outside of Educator's Regular

451 Employment;

452 ([12]p) R277-515, Utah Educator Standards;

453 ([13]q) R277-605, Coaching Standards and Athletic Clinics.

454 [B-](2) An LEA [In establishing policies and providing staff training, LEAs] shall

455 [consider] include the following requirements of Title IX in LEA policies[; including]:

456 ([14]a) Fundraising shall equitably benefit males and females;

457 ([2]b) Males and females shall have reasonably equal access to facilities,

458 fields, and equipment;

459 ([3]c) School sponsored activities shall be reasonably equal for males and

460 females.

461 **KEY: school sponsored activities, public funds, fiscal policies and procedures,**
462 **audit committee**
463 **Date of Enactment or Last Substantive Amendment: [~~October 9, 2014~~2017**
464 **Authorizing, and Implemented or Interpreted Law: Art X, Sec 3; 53A-1-401[~~(3)~~];**
465 **53A-1-402(1)(e)**