

1 **R277. Education, Administration.**

2 **R277 113. LEA Fiscal and Auditing Policies.**

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

4 (1) This rule is authorized by:

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

7 (b) Subsection 53E-3-401(4), which allows the Board to make rules to execute the
8 Board's duties and responsibilities under the Utah Constitution and state law;

9 (c) Subsection 53E-3-501(1)(e)(i), which directs the Board to establish rules and
10 minimum standards for school productivity and cost effectiveness measures;

11 (d) Subsection 53E-3-501(1)(e)(iv), which allows the Board to adopt rules regarding
12 financial, statistical, and student accounting requirements;

13 (e) Section 53E-3-602, which allows the Board to approve auditing standards for
14 school boards; ~~and~~

15 (f) Section 53E-3-603, which requires the Board to verify accounting procedures of
16 school board for the purpose of determining the allocation of Uniform School Funds[-];

17 (g) Section 53E-5-202, which directs the Board to adopt rules to implement a
18 statewide accountability system; and

19 (h) ESSA, which requires states to revise and redesign school accountability
20 systems.

21 (2) The purpose of this rule is to:

22 (a) require LEAs to formally adopt and implement policies regarding the
23 management and use of public funds;

24 (b) provide minimum standards, procedures and definitions for LEA policies;

25 (c) direct that LEAs make policies, procedures and training materials available to the
26 public and readily accessible on LEA or public school websites, to the extent of resources
27 available;

28 (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 (e) specify uniform budgeting, accounting, and auditing procedures for LEAs
33 consistent with GAAP and GAAS[-]; and
34 (f) establish reporting and accounting requirements for LEAs to enable the Board
35 to comply with ESSA.

36 **R277-113-2. 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 occur.

40 (2) "Arm's length transaction" means a transaction between two unrelated,
41 independent, and unaffiliated parties or a transaction between two parties acting in their
42 own self interest that is conducted as if the parties were strangers so that no conflict of
43 interest exists.

44 (3) "Exclusive contract or arrangement" means an agreement requiring a buyer to
45 purchase or exchange all needed goods or services from one seller.

46 (4) "FASB" means the Financial Accounting Standards Board whose purpose is to
47 establish GAAP for nongovernmental entities within the United States.

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

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

54 (7) "GAGAS" means Generally Accepted Government Auditing Standards or a set
55 of auditing standards and guidelines promulgated by the Government Accountability Office.

56 ([7]8) "GASB" means the Governmental Accounting Standards Board whose
57 purpose is to establish GAAP for state and local governments within the United States.

58 ([8]9) "Internal controls" means a process, implemented by an entity's governing
59 body, management, or other personnel, designed to provide reasonable assurance

60 regarding the achievement of objectives in the following categories:

- 61 (a) Effectiveness and efficiency of operations;
- 62 (b) Reliability of reporting for internal and external use; and
- 63 (c) Compliance with applicable laws and regulations.

64 ([9]10) "LEA" includes, for purposes of this rule, the Utah Schools for the Deaf and
65 the Blind.

66 (1[0]1) "Management" means:

- 67 (a) an LEA superintendent or director;
- 68 (b) a deputy or associate;
- 69 (c) a business administrator or manager; or
- 70 (d) other educational administrator or designated staff.

71 (1[4]2) "Modified accrual basis of accounting" means a basis of accounting,
72 commonly used by government agencies, that recognizes revenues when they become
73 available and measurable and recognizes expenditures when liabilities are incurred.

74 (1[2]3) "Non-operating LEA" means an LEA that has not received minimum school
75 program funds or federal funds and is not providing educational services during a fiscal
76 year, such as an LEA in a start-up period.

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

79 (1[3]4) "Operating LEA" means an LEA that has received state minimum school
80 program funds or federal funds and is providing educational services during a fiscal year.

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

83 (1[4]6) "Public funds" has the same meaning as that terms is defined in Subsection
84 51-7-3(26).

85 ~~[(15) "School sponsored" means an activity, fundraising event, club, camp, clinic,~~
86 ~~or other event or activity that is authorized by a specific LEA or public school, according~~
87 ~~to local board policy, and satisfies at least one of the following conditions:~~

88 ~~—— (a) the activity is managed or supervised by an LEA or public school, or LEA or~~
89 ~~public school employee;~~

90 ~~_____ (b) the activity uses the LEA or public school's facilities, equipment, or other school~~
91 ~~resources; or~~

92 ~~_____ (c) the activity is supported or subsidized, more than inconsequentially, by public~~
93 ~~funds, including the public school's activity funds or minimum school program dollars.]~~

94 (1[6]7) "Title IX" refers to that portion of the United States Education Amendments
95 of 1972 codified as 20 U.S.C. 1681 through 20 U.S.C. 1688.

96 (1[7]8) "Utah Public Officers' and Employees' Ethics Act," means Title 67, Chapter
97 16, which provides standards of conduct for officers and employees of the state of Utah
98 and its political subdivisions in areas where there are actual or potential conflicts of interest
99 between public duties and private interests.

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

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

103 (2) The Superintendent shall provide online training and resources for LEAs
104 regarding the use and management of public funds and ethical practices for licensed Utah
105 educators who manage, control, participate in fundraising, or expend public funds.

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

109 ([3]4) The Superintendent shall provide and establish a cycle for state review of LEA
110 fiscal policies and standards.

111 ([4]5) The Superintendent shall work with and provide information upon request to
112 the Utah State Auditor's Office, the Legislative Fiscal Auditors, and other state agencies
113 with the right to information from the Board.

114 ~~**[R277-113-4. LEA Fiscal Responsibilities.**~~

115 ~~_____ (1)(a) An LEA shall develop and implement written fiscal policies, subject to~~
116 ~~approval by the LEA's board, as required by R277-113-5.~~

117 ~~_____ (b) An LEA shall review the LEA's fiscal policies annually.~~

- 118 ~~—— (2) An LEA shall develop a plan for annual training of LEA and public school~~
119 ~~employees on policies enacted by the LEA specific to job function.~~
- 120 ~~—— (3) LEA policies shall be available at each LEA main office, at individual public~~
121 ~~schools, and on the LEA's website.~~
- 122 ~~—— (4) LEA fiscal policies and training may have different components, specificity, and~~
123 ~~levels of complexity for public elementary and secondary schools.~~
- 124 ~~—— (5) An LEA may have one or more policies to satisfy the minimum requirements of~~
125 ~~this R277-113.~~
- 126 ~~—— (6) An LEA policy may reference specific training manuals or other resources that~~
127 ~~provide detailed descriptions of business practices which are too lengthy or detailed to~~
128 ~~include in the LEA policy.~~
- 129 ~~—— (7) An LEA governing board shall have the following responsibilities:~~
- 130 ~~—— (a) ensure that LEA management properly develops and adheres to a sound system~~
131 ~~of documented internal controls consistent with R277-113-6.~~
- 132 ~~—— (b) develop a process to regularly review:~~
- 133 ~~—— (i) LEA management's budget and financial reporting practices;~~
134 ~~—— (ii) financial statements;~~
135 ~~—— (iii) LEA financial position; and~~
136 ~~—— (iv) LEA and individuals school records;~~
- 137 ~~—— (c) make monthly reports on the fiscal position of the LEA to the LEA board;~~
138 ~~—— (d) monitor LEA contract services by:~~
- 139 ~~—— (i) determining the appropriate scope of contracts with management companies that~~
140 ~~provide business services and student services;~~
- 141 ~~—— (ii) managing the procurement process in compliance with Title 63G, Chapter 6a;~~
142 ~~—— (iii) making recommendations to the LEA board on the results of the procurement~~
143 ~~process;~~
- 144 ~~—— (iv) assessing the performance of management companies; and~~
145 ~~—— (v) ensuring management implements sufficient internal controls over the functions~~
146 ~~of management companies;~~
- 147 ~~—— (e) monitor procurement and use of systems and software applications for~~

148 ~~compliance with financial and student privacy laws; and~~
149 ~~—— (f) monitor LEA expenditure of restricted funds to ensure compliance with applicable~~
150 ~~laws and grant terms and conditions.~~
151 ~~—— (8) A public education foundation established by an LEA shall follow the~~
152 ~~requirements set forth in Section 53E-3-403.]~~

153 **R277-113-[5]4. LEA Audit Responsibilities.**

154 (1) The presiding officer of an LEA governing board shall ensure that the members
155 of the governing board are provided with training on the requirements of Title 53G, Chapter
156 7, Part 4, Internal Audis, and this rule R277-113 as part of the member on-boarding
157 process.

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

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

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

163 (3) An LEA governing board shall:

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

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

167 (i) names of the voting members of the audit committee;

168 (ii) name and contact information of the internal audit director, if required by
169 Subsection 53G-7-402(2);

170 (iii) a copy of the LEA's annual audit plan; and

171 (iv) completed internal audit reports for the previous two years.

172 (4) An LEA audit committee shall:

173 (a) ensure the LEA obtains all audits, agreed-upon procedures, engagements, and
174 financial reports required by Section 51-2a-201;

175 (b) provide an independent forum for internal auditors, internal audit contractors,
176 and other regulatory bodies to report findings of fraud, waste, abuse, non-compliance, or

177 control weaknesses, particularly if LEA administrative staff is involved;

178 (c) ensure that corrective action on findings, concerns, issues and exceptions
179 reported by independent external auditors, internal auditors, or other regulatory bodies are
180 resolved in a timely manner by LEA administrative staff;

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

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

186 (5) With regards to audits or agreed-upon procedures engagements completed by
187 an independent external auditor, an LEA audit committee shall:

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

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

192 (c) review disagreements between independent external auditors and LEA
193 administrative staff;

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

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

196 ~~[(2)6] An LEA audit committee shall[:~~

197 ~~——(a)] if required by Section 53G-7-402[,:]~~

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

200 ~~[(b) receive a report of the risk assessment process undertaken by the LEA~~
201 ~~management in collaboration with the internal audit department;~~

202 ~~——(c) monitor the internal and external audit process by:~~

203 ~~——(i) determining the appropriate scope of the independent external audit;~~

204 ~~——(ii) determining the appropriate scope of non-audit services to be performed by the~~
205 ~~independent auditor;—~~

206 ~~——(iii) managing the audit procurement process in compliance with Title 63G, Chapter~~

207 6a, State Procurement Code;
208 ~~——(iv) making recommendations to the LEA board on the results of the procurement~~
209 ~~process;~~
210 ~~——(v) facilitating regular direct communication with independent external auditors;~~
211 ~~——(vi) receiving independent external audit report and financial statements;~~
212 ~~——(vii) ensuring management implements corrective actions;~~
213 ~~——(viii) assessing performance of the independent auditors;~~
214 ~~——(ix) reviewing disagreements between independent auditors and management;~~
215 ~~——(x) prioritizing the internal audit plan based on risk;~~
216 ~~——(xi) receiving audit reports from internal auditors, contractors providing internal audit~~
217 ~~services, and other regulatory bodies; and~~
218 ~~——(xii) providing an independent forum for internal auditors, internal audit contractors,~~
219 ~~and other regulatory bodies to report findings of fraud, waste, abuse, non-compliance, or~~
220 ~~control weaknesses, particularly if management is involved;~~
221 ~~——(d) conduct or advise the LEA board in an annual evaluation of internal audit~~
222 ~~personnel or contractors providing internal audit services;~~
223 ~~——(e) ensure that issues and exceptions reported by internal auditors, or other~~
224 ~~regulatory bodies are resolved in a timely manner;~~
225 ~~——(f) present the audit reports of external auditors, internal auditors or other regulatory~~
226 ~~bodies to the LEA board;~~
227 ~~——(g) receive reports of reviews or audits conducted by the Superintendent and ensure~~
228 ~~appropriate corrective actions is taken in a timely manner; and~~
229 ~~——(h) advise the local LEA board in the appointment of an audit director or in~~
230 ~~contracting services for internal audit services in accordance with Subsection 53G-7-~~
231 ~~402(3).~~
232 ~~——(3)(a) An LEA shall follow the internal auditing requirements of Title 53G, Chapter~~
233 ~~7, Part 4, Internal Audits.~~
234 ~~——(b) An LEA internal audit director may not have responsibilities for management or~~
235 ~~operations of the LEA.~~
236 ~~——(c) If an LEA internal audit director contracts with a consultant, any contractual~~

237 agreement with the consultant shall comply with the LEA's procurement policy.

238 ~~—— (4) An LEA shall obtain all audits and financial reports required by Section 51-2a-~~
239 ~~201.]~~

240 (b) advise the LEA board in the appointment of an audit director or in contracting for
241 internal audit services in accordance with Subsection 53G-7-402(3);

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

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

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

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

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

250 (1)(a) An LEA shall ensure that the LEA's fiscal policies and procedures address all
251 applicable ~~[Utah Code references or Board Rules]~~ state and federal statutes and
252 regulations.

253 (b) The requirements set forth in this Section R277-113-6 are minimum
254 requirements.

255 (c) An LEA may include other related items, provide LEA specific policy and
256 guidance, and set polices that are more restrictive and inclusive than the minimum
257 provisions established by Board rule.

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

259 (a) a cash handling policy, which shall address cash receipts (cash, checks, credit
260 cards, and other items) collected at the LEA and individual public schools and shall include:

261 (i) establishment of internal controls and procedures over the collection, deposit, and
262 reconciliation of cash receipts received; and

263 (ii) compliance with Utah Code 51-4-2(2) regarding deposits.

264 (b) an expenditure policy, which shall address all expenditures made by the LEA and
265 individual public schools and shall include:

- 266 (i) establishment of internal controls and procedures over the initiation, approval and
267 monitoring of expenditures, including:
- 268 (A) credit, debit, or purchase card transactions;
 - 269 (B) employee reimbursements;
 - 270 (C) travel; and
 - 271 (D) payroll;
- 272 (ii) establishment of internal controls and procedures to record transactions when
273 they occur and, if subsequent adjusting journal entries are made, when the adjustment is
274 made, in accordance with GAAP and in the proper program utilizing the following codes
275 as established by the Board approved chart of accounts:
- 276 (A) fund;
 - 277 (B) function;
 - 278 (C) location;
 - 279 (D) program; and
 - 280 (E) object or revenue code as applicable;
- 281 (iii) directives regarding the appropriate use of the LEA's tax exempt status number;
- 282 (iv) compliance with Section 63G-6a-1204 regarding length of multi-year contracts;
- 283 (v) compliance with:
- 284 (A) Title 63G, Chapter 6a;
 - 285 (B) Board rule regarding construction and improvements; and
 - 286 (C) Title IX;
- 287 (vi) requirements for LEA contracts, including:
- 288 (A) inclusion of specific scope of work language;
 - 289 (B) inclusion of federal requirements;
 - 290 (C) inclusion of language regarding data privacy and use, where appropriate; and
 - 291 (D) legal review prior to LEA approval; and
- 292 (vii) procedures and documentation maintained by the LEA if the LEA chooses to
293 enter into exclusive contracts or arrangements consistent with state procurement law and
294 the LEA procurement policy.
- 295 (c) a fundraising policy that:

- 296 (i) establishes procedures for LEA and public school fundraising in general;
- 297 (ii) establishes an approval process for fundraising activities for school sponsored
- 298 activities;
- 299 (iii) provides for compliance with school fee and fee waiver provisions; and
- 300 (iv) includes:
- 301 (A) specific designation of employees by title or job description who are authorized
- 302 to approve fundraising, school sponsored activities, and grant fee waivers with appropriate
- 303 attention to student and family confidentiality;
- 304 (B) establishment of internal controls and procedures over the approval of
- 305 fundraising and school sponsored activities and compliance with associated cash handling
- 306 and expenditure policies;
- 307 (C) directives regarding the appropriate use of the LEA's tax exempt status number
- 308 and issuance of charitable donation receipts;
- 309 (D) procedures governing LEA or public school employee interaction with parents,
- 310 donors, and nonschool sponsored organizations;
- 311 (E) disclosure requirements for LEA and public school employees approving,
- 312 managing, or overseeing fundraising activities, who also have a financial or controlling
- 313 interest or access to bank accounts in the fundraising organization or company;
- 314 (F) Provisions establishing compliance with:
- 315 (I) Utah Constitution, Article X, Section 2, establishing a free public education
- 316 system;
- 317 (II) R277-407; and
- 318 (III) Title IX;
- 319 (v) An LEA may include procedures governing:
- 320 (A) student participation and incentives offered to students;
- 321 (B) allowable types of fundraising activities; and
- 322 (C) participation in school sponsored activities by volunteer or outside organizations;
- 323 (d) an LEA donation and gift policy that includes:
- 324 (i) an acceptance and approval process for:
- 325 (A) monetary donations;

- 326 (B) donations and gifts with donor restrictions;
- 327 (C) donations of gifts, goods, materials, or equipment; and
- 328 (D) donation of funds or items designated for construction or improvements of
329 facilities;
- 330 (ii) establishment of internal controls and procedures over the acceptance and
331 approval of donations and gifts and compliance with associated cash handling and
332 expenditure policies;
- 333 (iii) directives regarding the appropriate use of the LEA's tax exempt status number,
334 and issuance of charitable donation receipts;
- 335 (iv) procedures regarding the objective valuation of donations or gifts if advertising
336 or other services are offered to the donor in exchange for a donation or gift;
- 337 (v) procedures governing LEA or public school employee conduct with parents,
338 donors, and nonschool sponsored organizations;
- 339 (vi) procedures establishing provisions for direct donations or gifts to the LEA or LEA
340 programs, individual public school or public school programs;
- 341 (vii) provisions restricting donations from being directed at specific LEA employees,
342 individual students, vendors, or brand name goods or services;
- 343 (viii) compliance with:
- 344 (A) Title 63G, Chapter 6a;
- 345 (B) state law and Board rule regarding construction and improvements;
- 346 (C) IRS regulations and tax deductible directives; and
- 347 (D) Title IX;
- 348 (ix) procedures for:
- 349 (A) accepting donations and gifts through an LEA's legally organized foundation, if
350 applicable;
- 351 (B) 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 with~~
355 ~~GAAP and]~~ external audits of LEA financial reporting, compliance, and performance, in

356 accordance with GAAS and GAGAS;

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

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

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

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

- 368 (a) budgeting;
- 369 (b) financial accounting, including a chart of accounts required for an LEA;
- 370 (c) student membership and attendance accounting;
- 371 (d) indirect costs and proration;
- 372 (e) financial audits;
- 373 (f) statistical audits; and
- 374 (g) compliance and performance audits.

375 **R277-113-6. LEA Fiscal Responsibilities.**

376 (1)(a) An LEA shall develop and implement written fiscal policies and procedures,
377 subject to approval by the LEA's board, as required by Section R277-113-4.

378 (b) An LEA shall review the LEA's fiscal policies and procedures annually.

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

381 (3) LEA policies and procedures shall be available at each LEA main office, at
382 individual public schools, and be publicly available on the LEA's website.

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

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

387 (6) An LEA policy may reference specific training manuals or other resources that
388 provide detailed descriptions of business practices which are too lengthy or detailed to
389 include in the LEA policy.

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

392 (8) An LEA governing board shall have the following responsibilities:

393 (a) ensure that LEA administrative staff establish, document, and maintain an
394 effective internal control system for the LEA;

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

396 (i) budget and financial reporting practices;

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

398 (iii) financial position;

399 (iv) LEA and individuals school records;

400 (v) expenditure of restructured funds to ensure compliance with applicable laws,
401 regulations, and award terms and conditions; and

402 (vi) systems and software application for compliance with financial and student
403 privacy laws;

404 (c) make regular reports on the fiscal position of the LEA during a board meeting;

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

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

409 (i) determining the appropriate scope of LEA contracts or subawards with entities
410 that provide business or educational services; and

411 (ii) assessing the compliance and performance of entities with contracts or
412 subawards;

413 (f) ensure procurement process for an external auditor are in compliance with
414 Section R123-5-4; and

415 (g) ensuring LEA administrative staff implements sufficient internal controls over the
416 functions of entities with contracts or subawards to perform services on behalf of the LEA.

417 (9) An LEA governing board shall:

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

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

421 (A) a hotline phone number;

422 (B) a hotline email; or

423 (C) an online complaint form; or

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

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

427 (1) In accordance with ESSA, the Superintendent shall make public required
428 expenditure reporting elements, including school level expenditures.

429 (a) The Superintendent shall calculate school level expenditures for all schools, by
430 LEA.

431 (b) The Superintendent shall calculate expenditures for the prior fiscal year.

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

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

434 (b) an indicator if the school is:

435 (i) a Title I School; or

436 (ii) a Necessarily Existent Small School;

437 (c) grade levels served by each school;

438 (d) student demographics;

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

441 (i) federal program expenditures; and

442 (ii) state and local combined expenditures;

443 (f) calculated per pupil expenditures; and

444 (g) average teacher salary.

445 (3) The Superintendent shall exclude the following expenditures from per pupil
446 school expenditure calculations and present them in total for each LEA:

447 (a) capital acquisitions;

448 (b) debt service; and

449 (c) internal service funds.

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

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

453 (1) Each LEA shall:

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

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

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

459 (d) submit expenditures using location codes in the UPEFS system; and

460 (e) perform program accounting.

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

463 (a) salaries;

464 (b) benefits;

465 (c) supplies;

466 (d) contracted services; and

467 (e) equipment.

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

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

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

475 (5)(a) An LEA shall report transportation costs by function at the LEA level.

476 (b) The Superintendent shall allocate transportation costs to individual school based
477 on enrollment of each school.

478 (6)(a) An LEA shall report child nutrition costs by function at the LEA level.

479 (b) The Superintendent shall allocate child nutrition costs to individual school based
480 on enrollment of each school.

481 (7) The Superintendent shall present one expenditure report for a school receiving
482 more than one report card under Subsection R277-497-4(8).

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

485 **R277-113-[7]9. [School-Sponsored] Activities Provided, Sponsored, or Supported by**
486 **a School.**

487 (1)(a) If an activity, fundraising event, clinic, club, camp, or activity does not meet
488 the definition of [school-sponsored] provided, sponsored, or supported by a school, and is
489 organized by a third party, then the requirements of S~~[ubs]~~ection R277-113-~~[4(11)]6~~ do not
490 apply.

491 (b) All transactions pertaining to [nonschool-sponsored] events not provided,
492 sponsored, or supported by a school shall be conducted at arm's length.

493 (c) Revenues and expenditures from [nonschool-sponsored] events not provided,
494 sponsored, or supported by a school may not be commingled with public funds.

495 (2) For [nonschool-sponsored] events not provided, sponsored, or supported by a
496 school, funds may only be managed or held by a public school employee consistent with
497 Rule R277-107.

498 (3) The definition of provided, sponsored, or supported by a school [sponsored] and
499 requirements of S~~[ubs]~~ection R277-113-~~[4(11)]6~~ do not apply to non-curricular clubs
500 specifically authorized and meeting all criteria of Sections 53G-7-704 through 53G-7-707.

501 (4) An LEA or individual public school shall comply with the following regarding
502 ~~[school and nonschool sponsored]~~ activities whether or not the activity is provided,
503 sponsored, or supported the LEA or school:

504 (a) An LEA may establish LEA specific rules or polices designating categories of
505 ~~[school sponsored]~~ activities or groups provided, sponsored, or supported by a school and
506 establishing LEA policy regarding use of facilities or LEA resources.

507 (b) An LEA may enter into contractual agreements to allow for fundraising and use
508 of LEA facilities.

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

511 (ii) An LEA should consult with the LEA's insurer or legal counsel, or both, to ensure
512 risks are adequately considered and managed;

513 (c) An LEA shall annually review fundraising activities that support or subsidize LEA
514 or public school-authorized clubs, activities, sports, classes or programs to determine if the
515 activities are provided, sponsored, or supported by a school ~~[sponsored]~~;

516 (d) An LEA shall ensure that revenues raised from ~~[school sponsored]~~ activities
517 provided, sponsored, or supported by a school and funds expended from the proceeds are
518 classified and processed as public funds;

519 (e) An LEA shall maintain adequate records to verify that funds collected from or
520 during ~~[school sponsored]~~ activities provided, sponsored, or supported by a school are in
521 compliance with LEA cash handling policies as required by Section R277-113-~~[5]4~~;

522 (f) An LEA shall maintain adequate records to show that expenditures made to
523 support activities from LEA or public school funds are in compliance with LEA expenditure
524 of funds policies as required by Section R277-113-~~[5]4~~; and

525 (g) An LEA shall:

526 (i) make records of activities available to parents, students, and donors;

527 (ii) maintain records in sufficient detail to track individual contributions and
528 expenditures, as well as overall financial outcome.

529 (iii) restrict access to records as required by state or federal law.

530 **R277-113-[8]10. LEA Policies and Compliance with State and Federal Law.**

531 (1) An LEA is responsible to ensure that its policies comply with the following [~~state~~
532 ~~laws and Board Rules~~]:

533 (a) Utah Constitution Article X, Section 3;

534 (b) Title 63G, Chapter 6a, Utah Procurement Code;

535 (c) Title 51, Chapter 4, Deposit of Funds Due State;

536 (d) Title 67, Chapter 16, Utah Public Officers' and Employees' Ethics Act;

537 (e) Family Educational Rights and Privacy Act, 20 U.S.C. 1232g;

538 (f) Title 63G, Chapter 2, Government Records Access and Management Act;

539 (g) Title 53G, Chapter 7, Fees and Textbooks;

540 (h) Section 53A-4-205, Public Education Foundations;

541 (i) Title 53G, Chapter 7, Part 7, Student Clubs Act;

542 (j) Title 51, Chapter 2a, Accounting Reports from Political Subdivisions, Interlocal
543 Organizations, and Other Local Entities Act;

544 (k) Additional state legal compliance guides for operating LEAs and non-operating
545 LEAs as published by the office of the state Auditor;

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

547 (m) Title 53G, Chapter 7, Part 4, Internal Audits;

548 (n) Rule R277-407, School Fees;

549 (o) Rule R277-107, Educational Services Outside of Educator's Regular
550 Employment;

551 (p) Rule R277-[545]217, Utah Educator Standards;

552 (q) Rule R277-605, Coaching Standards and Athletic Clinics[.];

553 (r) Rule 123-5, Audit Requirements for Audits of Political Subdivisions and
554 Governmental Nonprofit Corporations; and

555 (s) 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit
556 Requirements for Federal Awards.

557 (2) An LEA shall include the following requirements of Title IX in LEA policies:

558 (a) Fundraising shall equitably benefit males and females;

559 (b) Males and females shall have reasonably equal access to facilities, fields, and
560 equipment;

561 (c) School sponsored activities shall be reasonably equal for males and females.
562

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

565 **Date of Enactment or Last Substantive Amendment: April 12, 2018**

566 **Authorizing, and Implemented, or Interpreted Law: Art X, Sec 3; 53E-3-401(4); 53E-3-**
567 **501(1)(e)**