



NEBO SCHOOL DISTRICT BOARD OF EDUCATION POLICIES AND PROCEDURES

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1. PURPOSE AND PHILOSOPHY

Proper accounting procedures are to be followed throughout the District's operations to provide and maintain sufficient controls over District assets.

2. DEFINITIONS

- 2.1.** References to "**Payment Request Form**" indicate the form found on the District website or a similar form maintained at the school for use in obtaining sufficient information and preapproval for payments that do not require purchase orders. Schools are free to customize their own form but they should be similar in substance to the District form.
- 2.2.** References to "**Purchase Order Request Form**" indicate the form found on the District website or a similar form maintained at the school for use in obtaining sufficient information necessary to generate a school purchase order. Schools are free to customize their own form but they should be similar in substance to the District form.
- 2.3.** References to "**trained in District accounting procedures**" means an individual has reviewed this policy and the school or department secretary has made the employee aware

of specific requirements and expectations related to the activity the employee will participate in.

3. INTERNAL CONTROLS

- 3.1. No one individual should be responsible for all aspects of a transaction. The authorization, custodianship, reconciliation, recording, and responsibility for use of funds should be performed by more than one person. Where this is not possible, employees should be rotated through different phases of the operation and additional checks and balances should be implemented.
- 3.2. A secure and safe environment should exist for all activities that involve money.

4. ACCOUNTING SYSTEM SOFTWARE

- 4.1. Schools are responsible for and maintain two sets of accounts. One set is through the school's accounting system and the other is through the District accounting system.
- 4.2. The District Finance Department will determine when any change in software is necessary.
- 4.3. The District Finance Department will fund from its budget any installation and maintenance costs for the basic required accounting software in schools. If schools have elected to add any additional software modules they will be responsible for the installation and maintenance costs for those additions.

5. ACCOUNTS

- 5.1. All funds in school and District accounts must be expended for intended purposes and should be accounted for in unique accounts as appropriate. The responsibility for monitoring allowable expenditures will rest with the school principals and department directors or supervisors. If improper expenditures are made as determined by the District Finance Department, the school or department will reimburse the affected accounts with discretionary funds. Examples of how funds received should be accounted for and expended are as follows:
 - 5.1.1. Funds generated from fundraising activities should be used consistent with Nebo School District Policy #KAC – School Fundraising Activities.
 - 5.1.2. Donations should be used consistent with Nebo School District Policy #KABA – Donations.
 - 5.1.3. Student fees must be spent consistent with Nebo School District Policy #JN – Student Fees.
 - 5.1.4. Fees paid to rent buildings and grounds should be used consistent with Nebo School District Policy #KA – School Facility Use.
 - 5.1.5. Fees paid to rent vehicles should be used for vehicle maintenance and other vehicle costs. Funds remaining after these associated costs should be retained to offset future cost of vehicle purchases.
 - 5.1.6. Consistent with District policies and state and federal laws, rules, and regulations, funds received for the following may be used at the discretion of individual schools or departments:

- 5.1.6.1. Interest on investment and banking balances.
 - 5.1.6.2. Recycling efforts.
 - 5.1.6.3. Class change fees.
 - 5.1.6.4. Vending machine commissions.
 - 5.1.6.5. Bookstore sales (after sales tax considerations – see Section 12 below).
 - 5.1.6.6. Student picture commissions.
 - 5.1.6.7. Parking permits and fines.
- 5.2. Funds intended for non-school or non-District accounts (such as, but not limited to, External Support Groups as defined in Nebo School District Policy #KAB – PTAs, PTOs, Booster Clubs and Other Parent Support Groups) are **not** to be accepted or held by school employees or volunteers or kept in, combined with, or accounted for in school or District accounts or accounting system software.
- 5.3. Schools may maintain change funds. These funds should be kept secure when not in use and they are to be used to make change only. No expenditures are allowed from the funds. The location of these funds and the maximum balance for each is as follows:
- 5.3.1. Elementary school main office \$50 per school
 - 5.3.2. Junior high school main office \$100 per school
 - 5.3.3. Senior high school main office \$200 per school
 - 5.3.4. Special purpose school main office \$100 per school
 - 5.3.5. School activity admittance gates \$200 per gate
 - 5.3.6. Concession stands \$150 per stand
 - 5.3.7. Other payment receipt locations \$50 per location
- 5.4. The District allocates funds to schools on a per building or per student basis. Per student allocations are based on the current year October 1 enrollment counts. Allocations may not be sufficient to cover the total costs required and schools may have to subsidize some needs with other funds. Some of the allocations may be distributed to schools while others are strictly held at the District level. Regardless of their distribution, however, all allocations should be accounted for in unique accounts. The District has historically allocated funds for the following purposes:
- 5.4.1. To provide for supervision during lunch-time and other breaks.
 - 5.4.2. To provide for coverage at school main offices to assist patrons when school is not in session.
 - 5.4.3. To provide for repairs of copiers and similar equipment.
 - 5.4.4. To provide for minor emergency maintenance needs.

- 5.4.5. To provide cell phone services for principals.
 - 5.4.6. To provide for administrative travel needs.
 - 5.4.7. To provide for supplies to be used in an instructional setting and for the benefit of students.
 - 5.4.8. To provide for custodial supplies.
 - 5.4.9. To provide for textbooks, learning aids, workbooks, software, maps, and printed materials for use in classroom instruction.
 - 5.4.10. To provide for library materials to be used in the library or for student checkout, including books, periodicals, audio visual needs, and other library supplies.
 - 5.4.11. To provide for non-consumable equipment needs.
 - 5.4.12. To provide for supervision during school activities.
 - 5.4.13. To provide for activity and field trips.
 - 5.4.14. To provide for counseling center supplies and equipment.
- 5.5. Schools receive various funds from State and Federal agencies. These funds should be spent as intended and accounted for in unique accounts. Some of these funds are as follows:
- 5.5.1. Allocations from School LAND Trust funds. These funds are held at the District level and are to be spent in accordance with the school's individualized plan.
 - 5.5.2. Legislatively appropriated allocations for supply funds for individual teachers. Specific requirements for these funds are as follows:
 - 5.5.2.1. Each teacher should have their own individual account established in the school accounting software.
 - 5.5.2.2. Eligible expenditures should be for materials used by the teacher for instructional purposes in classrooms, lab settings, or in conjunction with field trips. In the case of questionable eligibility, the decision will be made by the principal as to whether the expenditure is appropriate.
 - 5.5.2.3. If teachers do not spend all of their supply money during the school year, the principal may either allow the teacher to carryover the funds to the next school year or equally redistribute the funds to all teachers at the beginning of the next school year.
 - 5.5.2.4. If a teacher transfers to another school within the District, they may take the items they have purchased with their supply money to their new location and they may also have any remaining funds transferred to their new school. However, teachers forfeit their remaining balance and must leave any items purchased with the funds if they discontinue teaching in the District.
 - 5.5.2.5. Teachers may use a school purchase order to acquire items using their supply funds or be reimbursed for their expenditures.

Reimbursements will be made only after obtaining sufficient supporting documentation, such as invoices and detailed cash register receipts, and sales tax will not be reimbursed.

5.5.2.6. Teachers may use their supply funds to obtain items from the District warehouse. A requisition for the supplies will be completed by the teacher and submitted to the principal for approval. The school's District supply account will be charged by the warehouse. When the items are received and the total cost is determined, the school finance secretary will create a journal entry to charge the teacher's supply account and credit the school's supply account in the school's accounting system.

6. RECEIPTS

6.1. Except as provided in Sections 6.1.1 through 6.1.7 below, all funds, whether fees, donations, fundraising proceeds, or payment for rent or other purchases, are to be received and entered into the accounting software by the cashier.

6.1.1. For food-service payments, whether in person or mail in, the food service clerk will receive the payments, enter them into the food service account tracking software, and on the same day they are received, deliver the funds, a completed bank deposit slip, and a completed Deposit Slip Report to the cashier. Any checks received should also be endorsed with an approved endorsement stamp prior to presenting the funds to the cashier. The cashier will then verify the funds, sign the Deposit Slip Report, enter the receipt in entirety in one transaction into the school accounting software, and provide the receipt and a signed copy of the Deposit Slip Report to the food service clerk.

6.1.2. School bookstores, greenhouses, secondary school student stores, and the like (collectively "store" or "stores") may receive funds applicable to the services and products they provide and must provide a receipt to the individual paying the funds. Funds must be kept secure at all times and stores should use a cash register to account for transactions. If the store does not use a cash register, a payment log must be kept of each transaction including the date, amount, and name of the person from whom the funds were received. Funds must be delivered to the cashier along with a summary of receipts register tape generated from the cash register or the payment log if no cash register is used. All funds must be delivered to the cashier on the day they are received unless the total amount is less than \$20. Notwithstanding this provision or the amount received, all funds must be delivered to the cashier within three (3) days of receipt. The cashier will then verify the funds, enter the receipt in entirety in one transaction into the school accounting software, and provide the receipt to the advisor of the store.

6.1.3. School libraries may receive funds applicable to late fees. Funds must be kept secure at all times and a log must be kept of each transaction including the date, amount, and name of individual from whom the funds were received. A receipt must be provided to the individual paying the fees if the amount paid equals or exceeds \$5 or upon request of the individual paying if the payment is for a lesser amount. The payment log and all funds must be delivered to the cashier on the day they are received unless the total amount is less than \$20. Notwithstanding this provision or the amount received, all funds must be delivered to the cashier within three (3) days of receipt. Students who must pay for lost or damaged library books will make payment to the cashier and can then provide the librarian with a copy of their receipt as proof of payment.

- 6.1.4.** Elementary school student stores may receive funds for small purchases (typically under \$1 per item) without providing receipts to the individual paying the funds and without keeping a payment log of individual transactions provided funds are kept secure at all times and an adult is present to supervise the store activities. After the store's closing for the day the supervisor and at least one of the students involved in the store should count the funds, complete a reconciliation report which includes the total amount of sales and funds received, sign the reconciliation report, and deliver the reconciliation report and the funds to the cashier. All funds must be delivered to the cashier on the day they are received unless the total amount is less than \$20. Notwithstanding this provision or the amount received, all funds must be delivered to the cashier within three (3) days of receipt.
- 6.1.5.** Proceeds from fundraisers should be received by the cashier with receipts given to students to be provided to teachers, coaches, and advisors (collectively "advisor" or "advisors") if necessary. However, where impracticable, fundraising proceeds may be received whether at school or a remote location by two advisors, provided at least one is a District employee trained in District accounting procedures and provided a receipt is given to the student showing the total amount submitted, a log is kept showing amounts received from each student, and, at the end of the collection event or day, the log is reconciled to the total amount of funds received and is signed by the two adults receiving the funds. One advisor must either deposit the funds at the bank or deliver the funds to the cashier on the same day they are received. If the advisor deposits the funds at the bank, the advisor must then deliver the bank deposit slip and the payment log to the cashier. Otherwise, the advisor must deliver the payment log and the funds to the cashier. The cashier will keep the logs, count the funds from the advisor, and generate one receipt for the total amount received. If the fundraiser involves inventory, the advisor must reconcile the funds received with the remaining inventory. Funds must be kept secure at all times.
- 6.1.6.** Entrance and admissions fees to athletic and other extracurricular activities may be received at the gate by a non-student District employee trained in District accounting procedures and at least one other adult. At the end of the event, two adults must count the funds, prepare a bank deposit slip, document the activity on the deposit slip, and sign the deposit slip. One adult will then either deposit the funds at the bank or deliver the funds to the cashier on the same day they are received. If the funds are deposited at the bank, the deposit slip must be given to the cashier on the next school day, and the transaction entered into the school accounting software.
- 6.1.7.** Proceeds from patrons and students to benefit a particular charity or individual are not considered public funds or property of the school unless and until the proceeds are receipted into the school accounting system. Examples of some of these efforts include placing cash and coin receptacles in various locations around the school or having individuals ask for donations at various locations around the school. In these cases, the finance secretary and one other adult should count the funds collected and the finance secretary will then enter the receipt into the school accounting system and deposit the funds at the bank.
- 6.2.** For in-person payments, funds will be receipted into the accounting software and a receipt will be given to the payer at the time of payment.

- 6.3. For mail-in payments, funds will be receipted individually into the accounting software the same day they are received and a copy of the system-generated receipt will be provided to the payer if requested.
- 6.4. For online payments, funds will be receipted into the accounting software the same day they are received in entirety in one transaction provided the online payment software has capability of displaying individual payments by payer. Otherwise, funds will be receipted individually and a copy of the system-generated receipt will be provided to the payer if requested.
- 6.5. Except for book orders in elementary schools and yearbooks, funds paid by or on behalf of students for items or services provided by outside vendors at schools (i.e., student photos, class rings, etc.) shall be collected by the vendor. These funds may not be collected, receipted, or held by school employees or volunteers. In these instances, the school may function only as a location for the transaction between student and vendor but takes no part in the transfer of funds.
- 6.6. Funds paid by or on behalf of 9th grade students for high school participation fees shall be receipted by the cashier at the high schools. These students do not have to be a part of the high school student database.

7. PURCHASES

- 7.1. All purchases will follow Nebo School District Policy #DJB, Purchasing.
- 7.2. All purchases should be from vendors approved by the District Operations Department, and all vendors should have a completed Form W-9 on file with the District Operations Department before payment is made. If funds are due to a vendor and the vendor refuses to submit a completed Form W-9, 28% of the amount due must be withheld and remitted to the District Finance Department. The District Finance Department will then remit the amounts withheld to the Internal Revenue Service along with required forms and documentation. All vendor address changes should be coordinated through the District Operations Department.
- 7.3. Purchase orders are the primary authorization to be used for expenditures.
 - 7.3.1. Those requesting purchase orders should complete a requisition or Purchase Order Request Form. Requests should include sufficient details such as the vendor name, a description of the items to be purchased, the estimated cost, and the account to be charged.
 - 7.3.2. Purchase order issuance dates should not be adjusted in the accounting software after their creation.
 - 7.3.3. Prior to the purchase being made, purchase orders shall be approved by the school principal or department supervisor or his/her designee. However, signature stamps are not permitted.
 - 7.3.4. If a vendor requires a deposit for items to be purchased and the remaining balance is to be paid when the items are received, a purchase order for the entire amount shall be issued at the time the items are ordered.
 - 7.3.5. Monthly standing purchase orders may be utilized when the school or department will be making several similar purchases from the same vendor during a particular month. Each school or department purchasing from the

vendor must have a separate standing purchase order and each purchase order must have an amount for the month that the purchases may not exceed.

- 7.3.6. School finance and department secretaries should review an open purchase order report at least monthly to review purchase orders that are open for their location or department. In some cases a purchase order may need to be liquidated.
- 7.3.7. Store membership cards (Sam's, Costco, etc.) may be used but those purchases must be approved in advance as evidenced by a purchase order.
- 7.4. Purchasing cards are acceptable authorization for expenditures and should be used in accordance with procedures as found in Nebo School District Administrative Directive 3.2 – Purchasing Card Procedures.
- 7.5. Properly completed and approved district and school Payment Request Forms are acceptable authorization for expenditures but should only be used for the following:
 - 7.5.1. Registration fees for workshops, conferences, training events, etc. Payment requests should include a copy of the agenda and registration form.
 - 7.5.2. Refunds of student fees. When refunds are necessary, a separate check for each student will be issued. Checks will not be made payable to the teacher and then refunded to the students in cash.
 - 7.5.3. Reimbursement for travel costs in accordance with Nebo School District Policy #DLC – Personnel Travel. Travel reimbursement payment requests should have the dates of travel, locations, and purpose for the travel documented. If reimbursements include amounts using the per diem rates, a copy of the itinerary or meeting agenda should be attached as supporting documentation and appropriate amounts should be subtracted from the per diem rate if any meals are provided. Travel reimbursement for principals will be paid through the District Finance Department. If the funds to pay principals for travel are held at the school, schools should send the funds to the District along with a completed District Payment Request Form.
 - 7.5.4. Reimbursement for expenditures of legislatively appropriated teacher supply accounts. Reimbursement payments will only be provided after receipt of sufficient detailed supporting documentation and approval of the principal. **Sales tax will not be reimbursed.**
 - 7.5.5. Payments to individuals for on-site services (i.e., assemblies, officials for sporting events, guest speakers, dance groups, choreographers, sound technicians, etc.). These individuals should be approved as described in 7.2 above and should provide a detailed invoice documenting their name, address, and contact information and a description of the activity for which they are to be paid, the dates of services, and the amount due. For convenience, the school may provide the individuals with a Payment Request Form if they do not have an invoice but it should be completed and signed by the vendor. The invoice or Payment Request Form will be approved for payment by the principal or his/her designee before a check is issued to the vendor. If the payment is for services, the vendor should be flagged as Form 1099 eligible in the accounting system and should receive a Form 1099, if they meet certain IRS requirements.

- 7.5.6.** Cash advances for school trips. Cash advances are acceptable for school trips although after-trip reimbursements should be encouraged. When a cash advance is needed for a school trip, the following procedures shall be followed:
- 7.5.6.1.** The finance secretary shall issue a check payable to the trip advisor for the amount needed for the activity.
 - 7.5.6.2.** A sales tax exemption form shall be provided to the trip advisor to enable in-state vendors to allow for sales tax exemption.
 - 7.5.6.3.** The trip advisor shall keep receipts for all expenditures made from the cash advance.
 - 7.5.6.4.** The trip advisor may give money to students on a daily basis for meals and must keep a record of the amounts given to each student.
 - 7.5.6.5.** The trip advisor will be responsible for all expenditure documentation and will be responsible for submitting this documentation and any unspent funds to the finance secretary at the conclusion of the trip.
 - 7.5.6.6.** The cashier shall receipt any unspent funds back into the account the money was expended from and provide a copy of the receipt to the trip advisor. A copy of the receipt will also be attached as supporting documentation to the check copy initially used to obtain the funds.
- 7.5.7.** Nominal student prizes. The finance secretary should issue a check payable to the prize recipient and document the purpose of the award. Cash awards of \$10 or less may be given to students. Preferably, recipients should sign a document acknowledging the receipt of the award. If a signature is not available, the name of the student, the purpose of the award, and how the award was disbursed should be documented. This document should be maintained by the finance secretary as a supporting document for the check used to obtain the cash.
- 7.6.** Employees are individuals performing services for the school for which, generally, the school controls or has the right to control what the worker does and how and when the worker accomplishes his or her tasks. Some of these activities that are considered employee relationships include instructors for athletic camps, coaches, teachers, teaching clinics, and supervisors for school activities. Payments to employees for services must be paid through the District Payroll Department. When school funds are to be used to pay employees, those funds will be sent to the District along with the District Payment Request Form for the amount of the wages and an amount sufficient to cover usual, customary, and required deductions, including, but not limited to, state and federal income taxes, FICA (Social Security), retirement, etc. If the school will be paying an employee for the entire school year with school funds, the full salary, Social Security costs, and retirement costs should be sent to the District along with the District Payment Request Form at the beginning of the school year.
- 7.7.** Student employees **must** be paid through the District Payroll Department. When school funds are to be used to pay student employees funds will be sent to the District along with the District Payment Request Form for the total yearly amount of the wage and an amount sufficient to cover usual, customary, and required deductions, including, but not limited to, state and federal income taxes, FICA (Social Security), etc..
- 7.8.** All checks paid from the school will be signed by the principal or assistant principal and one other designated employee. All checks paid from the District will be signed by the Board President and District Business Administrator. Signature stamps are not permitted.

- 7.9. Documentation of expenditures must be retained and filed in a manner that allows ready and easy retrieval. Such documentation should indicate the invoice number(s) being paid and should include original invoices, purchase orders, school Payment Request Forms, school Purchase Order Request Forms, original receipts, etc. Checks that are voided will have signature and amount areas defaced and filed with the check copies.
- 7.10. Gift cards purchased using public funds must be accounted for. Recipients should acknowledge via signature their receipt of a gift card, and the school/department giving the gift card must maintain a log tracking all gift cards and recipients consistent with procedures as found in Nebo School District Administrative Directive 3.1 – Gift Card Accounting Procedures.
- 7.11. Payments for items or services obtained using a purchase order shall be made to vendors after the invoice is received from the vendor, the invoice substantially matches the amount of the purchase order, and the item(s) are received or service has been rendered. Payments for amounts requested using Payment Request Forms will be made after the requests are approved by the school principal or department supervisor.

8. WAREHOUSE PURCHASING

- 8.1. Warehouse orders must be entered electronically in the District accounting software well in advance of the requested delivery date in order to receive the items as requested.
- 8.2. All items leaving the District Warehouse must be accompanied by a complete delivery ticket.
- 8.3. All delivery tickets will be signed and dated by the warehousemen making the delivery and the person receiving the items.
- 8.4. If an ordered item is not delivered it should be noted on the delivery ticket. An adjustment will be made and a copy of the adjustment will be sent to the school for verification. It is then the school's responsibility to reorder these items, if desired. Deliverymen will not make special trips for these items although these items can be picked up at the warehouse with a signed requisition, if necessary.
- 8.5. School storage rooms are to be clean and well organized and will typically be the delivery location for all orders. Deliverymen should not be asked to deliver items to multiple places throughout the building.
- 8.6. Schools have 24 hours to report any order or delivery discrepancies and 30 days to return or exchange items. Such items must be reported to the personnel at the District Warehouse.
- 8.7. The District Warehouse may be open for will calls and deliveries at times determined by the District Warehouse Supervisor. All will calls must have a completed and approved requisition when picking up the order.
- 8.8. For returns, a requisition must be sent to the District Warehouse Supervisor or District Warehouse Secretary for approval of items to be returned. Requisitions must document items to be returned, original delivery ticket number, and the reason for returning the items. Requisitions should be clearly marked "credit memo". Credit memos will be entered into the District accounting software by the District Warehouse Secretary before items can be scheduled for pick up by the warehousemen. Items should not be sent through the District delivery system or brought to the District Warehouse.

9. SCHOOL BANKING

- 9.1. All schools have their own bank accounts and are free to select the financial institution of their choice, provided the institution is included in the list of qualified depositories as published by the Utah Money Management Council. Schools must contact the District Internal Auditor before selecting or changing financial institutions.
- 9.2. Except as provided in Section 6 above, money received in the schools will be deposited at the bank on the same day it is received. The deposit receipt provided by the bank will be returned to the finance office by the person making the deposit. The principal will designate one or more employees to do the daily bank deposits, and a yearly mileage stipend will be paid to that individual. When the designated employee is absent, the principal, finance secretary, or an employee substituting for the absent employee will be responsible for the daily banking transactions and may request a reimbursement for mileage in accordance with Nebo School District Policy #DLC – Personnel Travel. As provided in Section 3.1 above, no one individual should be responsible for all aspects of a transaction, and where possible, a single individual responsible for receiving funds should not also be the only individual responsible for banking deposits.
- 9.3. Except as provided in Section 6 above, funds received at after-hours or weekend activities or events will be counted by at least two individuals, at least one of which must be a District employee trained in District accounting procedures, and deposited at the bank on the same day the funds are received. This may involve making after-hours night drop deposits at the bank. The deposit slip should include the name of the activity and should be signed by both individuals who counted the funds. A copy of the deposit slip from the bank should be delivered to the cashier on the next school day. A receipt will be made in the accounting system by the cashier and the receipt will be provided to the advisor over the activity.
- 9.4. The principal will open the bank statement and review it and the canceled checks for appropriateness. The principal will then sign and date the bank statement and forward it to the finance secretary for reconciliation with the school accounting system.
- 9.5. Bank reconciliations will be completed by the finance secretary monthly and as soon as possible after receiving the bank statement. A backup of the accounting system will be made after the reconciliation is completed and a copy of the backup, bank statement, reconciliation report, balance sheet report, cash flow report, outstanding check report, and journal entry report will be reviewed by the principal and given to the District Internal Auditor by the 15th of each month.

10. SCHOOL INVESTMENTS

- 10.1. All investments will be in compliance with the Utah State Money Management Act, Utah Code Ann., Section 51-7-1 et seq., and the rules of the Utah Money Management Council, Utah Admin. Code, Section R628-2 et seq.
- 10.2. The District participates in the Utah Public Treasurers' Investment Fund (PTIF), and schools are eligible to invest in this fund through the District account. By investing in this fund, schools will obtain interest at the same rate the District receives. The following are procedures to invest and withdraw funds:
 - 10.2.1. Create an investment account within the school accounting system if one isn't already created. This account will be an asset account and the account the investment check is coded to.

- 10.2.2. Send a school check payable to Nebo School District for the amount of the investment to the District Finance Department with instructions to deposit in the investment account.
- 10.2.3. To withdraw funds, contact the District Finance Department. They will then complete a District Payment Request Form.
- 10.3. Interest accrued will be paid to the school after the end of the fiscal year and as close to June 30 as practical.

11. SALES TAX

- 11.1. Sales tax is a tax on the rental or retail sale of all tangible personal property, admissions and user fees, and certain services performed within Utah. The sales tax is collected from the purchaser and it is remitted by the vendor (or seller) to the Utah State Tax Commission. Utah law provides for a sales tax exemption on sales or rentals to a public school. To qualify as a sale made to a public school the purchase must be made with the school's funds. A purchase does not qualify for exemption as a purchase by a school if a school employee pays for the purchase with personal funds, even if the school reimburses the school employee for the purchase.
- 11.2. Many sales or rentals from a public school and admissions or user fees are taxable. The school must collect tax on its taxable sales or rentals of tangible personal property to students or to the public. The following are considered taxable transactions:
 - 11.2.1. Sales of yearbooks, student directories, atlases, day planners, etc.
 - 11.2.2. Sales of items prepared or produced or manufactured by the students for sale to other students or the public.
 - 11.2.3. Non-educational items sold at the bookstore (i.e., candy, calculators, t-shirts, drinks, items to promote school spirit, etc.).
 - 11.2.4. Sales of community education class supplies or rental of school equipment.
 - 11.2.5. Sales from vending machines if the money collected is used for faculty and staff expenditures.
 - 11.2.6. Sales from concession stands.
 - 11.2.7. Admissions to athletic events, school dances, school plays or other school-related activities, if amounts paid or charged by the school for admission to school-related activities are passed through to a person other than a school or a nonprofit organization authorized by the School Board, or if amounts paid or charged are passed through to a person who is required to collect sales use tax under current law.
 - 11.2.8. Any fee charged to students which is not fee-waiver eligible.
- 11.3. Many sales or rentals from a public school and admissions or user fees are non-taxable. The following are considered non-taxable transactions:
 - 11.3.1. Sales of textbooks.
 - 11.3.2. Sales of uniforms (i.e., cheerleader, drill team, choir, band, athletic team, clothing specifically required for a class, etc.).

- 11.3.3. Sales of school supplies (i.e., notebooks, pencils, paper, rulers, etc.)
- 11.3.4. Charges for photocopies.
- 11.3.5. Charges for participation fees and lab fees.
- 11.3.6. Fees for clinics.
- 11.3.7. Fines.
- 11.3.8. Charges for advertisements in school publications.
- 11.3.9. Sales of parking permits.
- 11.3.10. Fees for class changes.
- 11.3.11. Sales of coupon books or discount cards.
- 11.3.12. Admissions to athletic events, school dances, school plays or other school related activities if amounts paid or charged by the school for admission to a school-related activity are passed through to a school or a nonprofit organization or association authorized by the School Board.
- 11.3.13. Charges to parents for use of the school operated nursery or preschool.
- 11.3.14. Sales from class stores where the sale of items is intended to provide learning experiences for students (i.e., elementary student council stores).
- 11.3.15. Sales of tangible items to students where the vendor is responsible for collecting all money and paying all applicable taxes, (i.e., school pictures, book fairs).
- 11.3.16. Sales from vending machines if the money collected is used exclusively for student expenditures (i.e., school supplies, field trips, assemblies, etc.). If the vending machine is operated by an outside vendor who pays the school a commission or fee for the privilege of placing the machine in the school, that vendor is responsible for reporting and remitting the tax on the vending machine sales.
- 11.3.17. Any fee charged to students that is fee-waiver eligible.
- 11.3.18. Fundraising sales if the purpose of raising the funds is to purchase school equipment or materials or to provide transportation. The fundraising activity must be part of an officially sanctioned school activity and raised funds may not be used to directly or indirectly compensate an individual school or District employee by direct payment, commission, or payment in kind. The funds must also be deposited in a dedicated account which is controlled by the school or District.
- 11.4. High schools will obtain and use their own tax exemption number and the finance secretary will file the quarterly sales tax form for the school.
- 11.5. Junior high and elementary schools will use the District's tax exemption number and the District Finance Department will file the quarterly sales tax form. Schools using the District's tax exemption number should list the amount of taxable sales and tax collected on the monthly financial report and forward the tax collected to the District monthly.

- 11.6. Those making tax-exempt purchases should provide the vendor with a Form TC-721G to evidence the tax-exempt status.

12. ASSET INVENTORY

Schools are expected to adhere to Nebo School District Policy #DID, Asset Inventory, which includes a requirement to maintain a complete and accurate listing of all assets and to safeguard those assets.

13. INTERNAL AUDIT

- 13.1. An internal audit is a process designed to insure financial policies and procedures are being followed in the District.
- 13.2. An internal audit will be completed at each school at least every thirty six (36) months by the District Internal Auditor.
- 13.3. An audit will consist of examining a sample of transactions and activities for compliance and accuracy. An audit will also consist of discussions with key personnel concerning knowledge of policies and proper procedures, overall administration attitudes toward policies and procedures, and any other issues deemed appropriate.
- 13.4. At the conclusion of an internal audit, the District Internal Auditor will discuss deficiencies and suggestions for improvement with the finance secretary and / or principal and others as deemed appropriate by the District Internal Auditor.
- 13.5. A report of audit findings will be given to the Superintendent, the appropriate director, and the District Finance/Audit Committee. The director will be encouraged to discuss the findings with the principal and finance secretary.

14. DISTRICT AUDIT COMMITTEE

- 14.1. The District Audit Committee shall include the following:
 - 14.1.1. Three (3) members of the Board of Education,
 - 14.1.2. Other non-District employees as deemed necessary.
- 14.2. The District Audit Committee has the following responsibilities:
 - 14.2.1. Ensuring that management properly develops and adheres to a sound system of internal controls consistent with the requirements of Utah Admin. Code, Section R277-113-5;
 - 14.2.2. Receiving a report of the risk assessment process undertaken by management in developing the system of internal controls;
 - 14.2.3. Developing a process to review financial information, financial statements, and District and school records on a regular basis;
 - 14.2.4. Ensuring that management conducts a competitive RFP process to hire external auditors and other professional services and making a recommendation to the

Board of Education on the results of the RFP process consistent with the Utah Procurement Code;

- 14.2.5. Receiving communication from or meeting with the external and internal auditors and receiving a direct report of the audit findings, exceptions, and other matters noted by the auditors;
- 14.2.6. Reporting the annual audit reports and findings or other matters communicated by the external auditor or other regulatory bodies to the Board of Education in a public meeting;
- 14.2.7. Ensuring that matters reported by external audits, internal audits, or other regulatory bodies are resolved in a timely manner.

15. DOCUMENT RETENTION

- 15.1. Document retention will follow the guidelines set forth by the Utah State Archives. Some of the most applicable retention requirements related to school accounting as of the date of this policy are as follows:
 - 15.1.1. Accounts payable records used to pay bills including copies of checks, invoices, purchase orders, and receiving reports should be kept for four (4) years plus the current year.
 - 15.1.2. Bank statements and reconciliation reports should be kept for four (4) years plus the current year. If canceled checks are combined with bank statements, bank statements and reconciliation reports should be kept for seven (7) years plus the current year.
 - 15.1.3. Canceled checks should be kept for seven (7) years plus the current year.
 - 15.1.4. Deposit slips should be kept for four (4) years plus the current year.
 - 15.1.5. Receipt copies should be kept for four (4) years plus the current year.
 - 15.1.6. Monthly financial reports that are sent by the finance secretary to the District Internal Auditor should be kept for four (4) years plus the current year.
 - 15.1.7. Check registers should be kept for seven (7) years plus the current year.
 - 15.1.8. Authorization for the use of school facilities forms should be destroyed after two (2) years.
 - 15.1.9. Accident reports pertaining to visitors or minor student injuries should be destroyed after seven (7) years. Those involving major student injuries should be kept indefinitely.
 - 15.1.10. School historical files which include yearbooks, scrapbooks, pictures, films, and lists of students selected for special recognition and achievements should be kept indefinitely.
 - 15.1.11. General ledgers, which consist of summaries of receipts, disbursements, and journal entries, should be retained for ten (10) years. These summary documents do not need to be printed provided they can be accessed in the accounting software upon demand.

16. UNCLAIMED PROPERTY

- 16.1.** The Utah Unclaimed Property Act, Utah Code Ann., Section 67-4a-101 through 902, requires businesses and others to review their records each year to determine whether they hold funds, securities, or other properties that have been unclaimed for the required dormancy period, and to make an annual report of their findings. Items to report include the following:
- 16.1.1.** Unclaimed property or a check that has a value of \$50 or more and the holder's records do not disclose the address to be inaccurate.
 - 16.1.2.** Unclaimed property or a check that has the value of under \$25, and amounts over \$25 where the identity of the owner is unknown. These items may be added together and the single aggregate total reported.
- 16.2.** The District Accounting Specialist will file the annual District-wide report and ensure applicable funds are submitted to the State by November 1 of each year.
- 16.3.** Finance secretaries will provide the District Accounting Specialist with a list of all unclaimed property by September 1 of each year along with a payment to the District for the total reported. The listing should include items reportable as of the preceding June 30 minus one year. For example, the report due November 1, 2010 included all unclaimed property through June 30, 2009. The listing should include the following:
- 16.3.1.** The name of the vendor for the unclaimed check.
 - 16.3.2.** The address of the vendor for the unclaimed check.
 - 16.3.3.** Unclaimed checks under \$25, and amounts over \$25 where the identity of the owner is unknown will be reported as a single total and the word "aggregate" will be typed by the entries.
- 16.4.** Finance secretaries will provide written notice to the apparent owner of the unclaimed property not before 120 days, but at least 60 days before the November 1 filing deadline. The District Accounting Specialist should be contacted for more information concerning requirements of notice.
- 16.5.** To lessen unclaimed property, financial secretaries should review outstanding check reports and if a check has not cleared the bank within two months of issuance contact the vendor to determine why the check has not been presented to the bank for payment. If the outstanding check is in error in any way (i.e., not due to vendor, duplicate payment, etc.) it may be voided and not reported as unclaimed property.

17. OTHER

- 17.1.** Principals and finance secretaries will receive training related to accounting procedures, policies, and accounting software by the District Finance Department.
- 17.2.** Principals are encouraged to review both school and District accounts frequently and at least monthly.
- 17.3.** Principals are expected to insure all District accounts for which they are responsible are not in a deficit balance at any time during the year or are quickly rectified. At a minimum, all accounts must be in a positive position or brought to zero by fiscal year end. It is

recommended that principals annually perform an end-of-year review of their District accounts with the District Accounting Specialist.

- 17.4. Food service clerks will attempt to collect on all delinquent student food service accounts. If schools allowed the delinquency they will cover any amounts uncollectible.
- 17.5. Unissued school checks will be kept secure.
- 17.6. Student lists, whether written or simply memorized will **not** be issued or used to generate customers for summer coaching camps, trips, sales of merchandise, etc.

EXHIBITS

None

REFERENCES

State Money Management Act, Utah Code Ann., Section 51-7-1 et seq.
Unclaimed Property Act, Utah Code Ann., Section 67-4a-101 et seq.
Utah Procurement Code, Utah Code Ann., Section 63G-6a-101 et seq.
Utah Admin. Code, Section R628-2 et seq.
Nebo School District Policy #DID, Asset Inventory
Nebo School District Policy #DJB, Purchasing
Nebo School District Policy #DLC, Personnel Travel
Nebo School District Policy #KA, School Facility Use
Nebo School District Policy #KABA, Donations
Nebo School District Policy #KAC, School Fundraising Activities
Nebo School District Policy #KACA, School Advertising Restrictions
Nebo School District Administrative Directive 3.1, Gift Card Accounting Procedures
Nebo School District Administrative Directive 3.2, Purchasing Card Procedures

FORMS

Sample School Payment Request Form
Sample School Purchase Order Request Form
