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## MEMORANDUM

**TO:** Members, Utah State Board of Education

**FROM:** Angie Stallings, Deputy Superintendent  
Policy and Communication

**DATE:** October 6-7, 2016

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

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### **Background:**

Proposed amendments for R277-113 have been prepared to combine the rule with R277-425, as well as to incorporate significant additional changes recommended by the Internal Audit and School Finance Departments. 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.

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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  
9 Utah 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) Section 53A-1-404, which allows the Board to approve auditing standards  
15 for school boards; and

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

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

20 ~~[(1)](a)~~ (a) require LEAs to formally adopt and implement policies regarding the  
21 management and use of public funds;

22 ~~[(2)](b)~~ (b) provide minimum standards, procedures and definitions for LEA  
23 policies;

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

27 ~~[(4)](d)~~ (d) require LEAs to train employees in:

28 (i) appropriate financial practices~~[:];~~

29 (ii) necessary accounting procedures; and

30 (iii) ethical financial practices; and

31 ~~[(5)]~~ provide for consistency among LEAs regarding fiscal policies, procedures  
32 and accountability practices.]

33 (e) specify uniform budgeting, accounting, and auditing procedures for LEAs  
34 consistent with GAAP and GAAS.

35 **R277-113-~~4~~2. Definitions.**

36 ~~[A.](1)~~ “Arm’s length transaction” means a transaction between two unrelated,  
37 independent, and unaffiliated parties or a transaction between two parties acting in  
38 their own self interest that is conducted as if the parties were strangers so that no  
39 conflict of interest exists.

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

41 ~~[C.](2)~~ “Exclusive contract or arrangement” means an agreement requiring a  
42 buyer to purchase or exchange all needed goods or services from one seller.

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

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

48 (5) “GAAS” means Generally Accepted Auditing Standards or a set of auditing  
49 standards and guidelines promulgated by the Auditing Standards Board of the  
50 American Institute of Certified Public Accountants.

51 (6) “GASB” means the Governmental Accounting Standards Board whose  
52 purpose is to establish GAAP for state and local governments within the United  
53 States.

54 ~~[D.](7)~~ “Internal controls” ~~[are procedures designed to]~~ means a process,  
55 implemented by an entity’s governing body, management, or other personnel,  
56 designed to provide reasonable assurance regarding the achievement of objectives  
57 in the following categories:

58 (a) ~~[safeguard assets;]effectiveness and efficiency of operations;~~

59 (b) ~~[detect errors and misappropriations;]reliability of reporting for internal and~~  
60 external use; and

61 (c) ~~[produce timely and accurate financial reports, and]compliance with~~  
62 applicable laws and regulations. ~~[ensure compliance with laws and rules.]~~

63 ~~[E.](8)~~ “LEA” ~~[means a local education agency, including local school~~

64 ~~boards/public school districts, charter schools, and]~~ includes, for purposes of this  
65 rule, the Utah Schools for the Deaf and the Blind.

66 [F.](9) “Management” means:

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

68 (b) deputy or associate[;];

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

70 (d) other educational administrator or designated staff.

71 (10) “Modified accrual accounting” means a basis of accounting, commonly

72 used by government agencies, that recognizes revenues when they become

73 available and measurable and recognizes expenditures when liabilities are incurred.

74 [G.](11) ~~“Public funds” [(Utah Code Section 51-7-3(25)) means money, funds,~~

75 ~~and accounts, regardless of the source from which the funds are derived, that are~~

76 ~~owned, held, or administered by the state or any of its political subdivisions including~~

77 ~~LEAs or other public bodies.] has the same meaning as that terms is defined in~~

78 Subsection 51-7-3(26).

79 [H.](12) “School sponsored” means an activity, fundraising event, club, camp,

80 clinic, or other event or activity that is authorized by a specific LEA or public school,

81 which supports the LEA or authorized curricular school club, activity, sport, class or

82 program, that also satisfies at least one of the following conditions:

83 [(1)](a) the activity [it] is managed or supervised by an LEA or public school,

84 or LEA or public school employee;

85 [(2)](b) the activity [it] uses the LEA or public school's facilities, equipment, or

86 other school resources; or

87 [(3)](c) the activity [it] is supported or subsidized, more than [inconsequently]

88 inconsequentially, by public funds, including the public school’s activity funds or

89 minimum school program dollars.

90 (13)(a) “School support organization” or “SSO” means an external support

91 group that consists of individuals, groups, entities, or organizations, which:

92 (i) exists for the primary purpose of benefitting and supporting an LEA or a

93 whole school;

94 (ii) has established itself as a legal entity; and

95 (iii) has been formally recognized by an LEA or school.

- 96 (b) Groups that may qualify as an SSO include:  
97 (i) a local affiliate of the Parent Teacher Association;  
98 (ii) a school parent teach organization;  
99 (iii) a booster club; or  
100 (iv) other support group.  
101 (c) An individual, group, entity, or organization, which exists for the primary  
102 purpose of benefitting or supporting a single school team, group, club, class, or  
103 student program, is not considered an SSO.

104 (14) "Title IX" refers to that portion of the United States Education  
105 Amendments of 1972 codified as 20 U.S.C. 1681 through 20 U.S.C. 1688.

106 ~~[t.](15) "Utah Public Officers' and Employees' Ethics Act," [Utah Code~~  
107 ~~Sections 67-16-1 through 15)] Title 67, Chapter 16,~~ means an ~~[Act] act~~ that provides  
108 standards of conduct for officers and employees of the state of Utah and its political  
109 subdivisions in areas where there are actual or potential conflicts of interest between  
110 ~~[their] public duties and [their] private interests.~~

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

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

115 ~~—— B. The Board shall provide online training and resources for LEAs regarding~~  
116 ~~the use and management of public funds and ethical practices for licensed Utah~~  
117 ~~educators who manage, control, participate in fundraising, or expend public funds~~  
118 ~~before March 31, 2013.~~

119 ~~—— C. The Board may provide and establish a cycle for state review of LEA fiscal~~  
120 ~~policies and standards.]~~

121 (1) The Superintendent shall maintain a School Finance website with  
122 applicable Utah statutes, Board rules, and uniform rules for:

- 123 (a) budgeting;  
124 (b) financial accounting, including a chart of accounts required for an LEA;  
125 (c) student membership and attendance accounting;  
126 (d) indirect costs and proration;

- 127 (e) financial audits;
- 128 (f) statistical audits; and
- 129 (g) compliance and performance audits.

130 ~~[D.]~~(2) The ~~[Board]~~Superintendent shall work with and provide information  
131 upon request to the Utah State Auditor's Office, the Legislative Fiscal Auditors, and  
132 other state agencies with the right to information from the ~~[Utah State Office of~~  
133 ~~Education]~~ Board.

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

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

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

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

142 ~~[1]~~3) LEA policies ~~[These policies]~~ shall be available at each LEA main  
143 office, at individual public schools, and on the LEA's website.

144 ~~[2]~~4) ~~[The]~~ LEA fiscal policies and training may have different components,  
145 specificity, and levels of complexity for public elementary and secondary schools.

146 ~~[3]~~5) An LEA[s] may have one or more policies to satisfy the minimum  
147 requirements of this ~~[rule]~~ R277-113.

148 ~~[4]~~6) An LEA policy may reference specific training manuals or other  
149 resources that provide detailed descriptions of business practices which are too  
150 lengthy or detailed to include in the LEA policy.

151 (7)(a) An LEA shall designate board members to serve on a finance  
152 committee.

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

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

156 (ii) develop a process to regularly review:

157 (A) LEA management's budget and financial reporting practices;

158 (B) financial statements;  
159 (C) LEA financial position; and  
160 (D) LEA and individuals school records;  
161 (iii) make monthly reports on the fiscal position of the LEA to the LEA board;  
162 (iv) monitor LEA contract services by:  
163 (A) determining the appropriate scope of contracts with management  
164 companies that provide business services and student services;  
165 (B) managing the procurement process in compliance with Title 63G, Chapter  
166 6a;  
167 (C) making recommendations to the LEA board on the results of the  
168 procurement process;  
169 (D) assessing the performance of management companies; and  
170 (E) ensuring management implements sufficient internal controls over the  
171 functions of management companies;  
172 (v) monitor procurement and use of systems and software applications for  
173 compliance with financial and student privacy laws; and  
174 (vi) monitor LEA expenditure of restricted funds to ensure compliance with  
175 applicable laws and grant terms and conditions.  
176 (8) A public Education Foundation established by an LEA shall follow the  
177 requirements set forth in Section 53A-4-205.

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

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

181 (2) ~~[The]~~ An LEA audit ~~[or finance]~~ committee has the following  
182 responsibilities:

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

187 ~~(2)~~b)(i) receive a report of the risk assessment process undertaken by the  
188 LEA management ~~[in conjunction with internal audit, if applicable]~~;

189           (ii) An LEA internal audit program, if applicable, should collaborate on the risk  
190 assessment in conjunction with their preparation of a risk-based audit plan;  
191           ~~[(3) ensure that the LEA management properly develops and adheres to a~~  
192 ~~sound system of documented internal controls consistent with the requirements of~~  
193 ~~R277-113-5;~~  
194           ~~(4) develop a process to review LEA management’s financial reporting~~  
195 ~~practices, financial statements, LEA financial position, and LEA and individual school~~  
196 ~~records on a regular basis;]~~  
197           ~~(5) report the fiscal position of the LEA to the LEA board monthly;]~~  
198           ~~[(6)c] monitor the internal and external audit process by:~~  
199           (i) ~~[determine] determining~~ the appropriate scope of the independent external  
200 audit[;];  
201           (ii) ~~[determine]determining~~ the appropriate scope of non-audit services to be  
202 performed by the independent auditor[;];  
203           (iii) ~~[manage] managing~~ the audit procurement process in compliance with  
204 Title 63G, Chapter 6a, State Procurement Code [Section 63G-6a]; and  
205           (iv) ~~[make]making~~ recommendations to the LEA board on the results of the  
206 procurement process;  
207           ~~[7](v) [facilitate]facilitating~~ regular direct communication with independent  
208 external auditors[;];  
209           (vi) ~~[receive]receiving~~ independent external audit report and financial  
210 statements[;];  
211           (vii) ~~[ensure]ensuring~~ management implements corrective actions[;];  
212           (viii) assessing performance of the independent auditors[;]; ~~[and]~~  
213           (ix) reviewing disagreements between independent auditors and  
214 management;  
215           (x) prioritizing the internal audit plan based on risk;  
216           (xi) receiving audit reports from internal auditors, contractors providing internal  
217 audit services, and other regulatory bodies; and  
218           (xii) providing an independent forum for internal auditors, internal audit  
219 contractors, and other regulatory bodies to report findings of fraud, waste, abuse,  
220 non-compliance, or control weaknesses, particularly if management is involved;

221 ~~[(8) determine the appropriate scope of contracts with management~~  
222 ~~companies that provide business services and student services, manage the~~  
223 ~~procurement process in compliance with Section 63G-6a, make recommendations~~  
224 ~~to the LEA board on the results of the procurement process, assess the performance~~  
225 ~~of management companies, and ensure management implements sufficient internal~~  
226 ~~controls over the functions of the management company;~~

227 ~~(9) prioritize internal audit plan, receive audit reports from internal auditors or~~  
228 ~~contractors providing internal audit services and other regulatory bodies, and provide~~  
229 ~~an independent forum for internal auditors or internal audit contractors or other~~  
230 ~~regulatory bodies to report findings of management abuse or control override;]~~

231 ~~[(10)d) conduct or advise the LEA board in an annual evaluation of internal~~  
232 ~~audit personnel or contractors providing internal audit services;~~

233 ~~[(11)e) ensure that issues and exceptions reported by [external audits,]~~  
234 ~~internal [audits] auditors, or other regulatory bodies are resolved in a timely manner;~~  
235 ~~[and]~~

236 ~~[(12)f) present the [annual] audit reports [and findings or other matters~~  
237 ~~communicated by the] of external auditors, internal auditors or other regulatory~~  
238 ~~bodies to the LEA board [in a public meeting.];~~

239 ~~(g) receive reports of reviews or audits conducted by the Superintendent and~~  
240 ~~ensure appropriate corrective actions is taken in a timely manner;~~

241 ~~(h) advise the local LEA board in the appointment of an audit director or in~~  
242 ~~contracting services for internal audit services in accordance with Subsection 53A-~~  
243 ~~30-103(3).~~

244 ~~(3) An LEA shall follow the internal auditing requirements of Title 53A,~~  
245 ~~Chapter 30, Internal Audits.~~

246 ~~(a) An LEA internal audit director may not have responsibilities for~~  
247 ~~management or operations of the LEA.~~

248 ~~(b) If an LEA internal audit director contracts with a consultant, any~~  
249 ~~contractual agreement with the consultant shall comply with the LEA's procurement~~  
250 ~~policy.~~

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

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

255 (b) The requirements set forth in this Section R277-113-5 ~~[required items]~~ are  
256 minimum requirements.

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

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

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

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

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

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

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

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

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

277 (A) credit, debit, or purchase card transactions~~[:]~~<sub>1</sub>;

278 (B) employee reimbursements~~[:]~~<sub>1</sub>;

279 (C) travel~~[:]~~<sub>1</sub>; and

280 (D) payroll;

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

283 ~~[(c)iii]~~ compliance with Section 63G-6a-1204 regarding length of multi-year

284 contracts;

285        (~~e~~iv) compliance with:

286        (A) [Section] Title 63G, ~~[-] Chapter 6a [et seq., procurement state law]; [and]~~

287        (B) Board rule regarding construction and improvements[;]; and [compliance

288 with]

289        (C) Title IX; [and]

290        (v) requirements for LEA contracts, including:

291        (A) inclusion of specific scope of work language;

292        (B) inclusion of federal requirements;

293        (C) inclusion of language regarding data privacy and use, where appropriate;

294 and

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

296        (~~e~~vi) procedures and documentation maintained by the LEA if the LEA

297 chooses to enter into exclusive contracts or arrangements consistent with state

298 procurement law and the LEA procurement policy.

299        (~~3~~c) ~~[Fundraising: The LEA]~~ a fundraising policy, which shall:

300        (i) establish procedures for LEA and public school fundraising in general[;];

301        (ii) establish an approval process for fundraising activities[;] for school

302 sponsored activities[;];

303        (iii) provide for compliance with school fee and fee waiver provisions[;]; and

304        (iv) ~~[shall]~~ include:

305        (~~a~~A) specific designation of employees by title or job description who are

306 authorized to approve fundraising, school sponsored activities, and grant fee waivers

307 with appropriate attention to student and family confidentiality;

308        (~~b~~B) establishment of internal controls and procedures over the approval of

309 fundraising and school sponsored activities and compliance with associated cash

310 handling and expenditure policies;

311        (~~e~~C) directives regarding the appropriate use of the LEA's tax exempt status

312 number[;] and issuance of charitable donation receipts;

313        (~~d~~D) procedures governing LEA or public school employee interaction with

314 parents, donors, and nonschool sponsored organizations;

315        (~~e~~E) disclosure requirements for LEA and public school employees

316 approving, ~~[or otherwise]~~ managing, or overseeing fundraising activities, who also  
317 have a financial or controlling interest or access to bank accounts in the fundraising  
318 organization or company.

319 ~~(f)F~~ ~~[This policy shall be in harmony]~~ Provisions establishing compliance  
320 with:

321 (I) Utah Constitution, Article X, Section 2, [of the Utah Constitution]  
322 establishing a free public education system[;];

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

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

325 ~~(g)v~~ ~~[The]~~ An LEA may include procedures governing:

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

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

328 (C) participation in school sponsored activities by volunteer or outside  
329 organizations[;];

330 ~~(4)d~~ ~~[Donations and Gifts: The]~~ an LEA donation and gift policy, which shall  
331 [establish] include:

332 (i) an acceptance and approval process for:

333 (A) monetary donations[;];

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

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

336 (D) donation of funds or items designated for construction or improvements  
337 of facilities[; and shall include:];

338 ~~(a)ii~~ establishment of internal controls and procedures over the acceptance  
339 and approval of donations and gifts and compliance with associated cash handling  
340 and expenditure policies;

341 ~~(b)iii~~ directives regarding the appropriate use of the LEA's tax exempt status  
342 number, and issuance of charitable donation receipts;

343 ~~(c)iv~~ procedures regarding the objective valuation of donations or gifts if  
344 advertising or other services are offered to the donor in exchange for a donation or  
345 gift;

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

348 (e)vi procedures establishing provisions ~~for~~ for direct donations or gifts to  
349 the LEA or LEA programs, individual public school or public school programs~~;~~<sub>1</sub>; and  
350 (vii) provisions restricting donations from being directed at specific LEA  
351 employees, individual students, vendors, or brand name goods or services;  
352 (f)viii) compliance with:  
353 (A) Title 63G, Chapter 6a ~~regarding the procurement code;~~<sub>1</sub>  
354 (B) state law and Board rule regarding construction and improvements~~;~~<sub>1</sub>  
355 (C) IRS regulations and tax deductible directives~~;~~<sub>1</sub>; and ~~compliance with~~  
356 (D) Title IX.  
357 (g)ix) An ~~The~~ LEA may include procedures for:  
358 (A) accepting donations and gifts through an LEA’s legally organized  
359 foundation, if applicable~~;~~<sub>1</sub>; ~~or~~  
360 (B) ~~procedures for~~ recognition of donors~~;~~<sub>1</sub>; or  
361 (C) granting naming rights.  
362 (e) an LEA Financial Reporting policy, which shall include the following:  
363 (i) An LEA shall ensure financial reporting in accordance with GAAP and  
364 audits of LEA financial reporting in accordance with GAAS.  
365 (ii)(A) An LEA shall provide financial reporting in a manner consistent with the  
366 basis of accounting as required by GAAP, as applicable to the entity.  
367 (B) If an LEA follows FASB standards, the LEA shall provide reconciliation  
368 between the accrual basis of accounting and modified accrual basis of accounting.  
369 (iii) An LEA shall provide data and information consistent with budgeting,  
370 accounting, and auditing standards for Utah LEAs provided online annually by the  
371 Superintendent.

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

373 ~~D~~<sub>1</sub>(1)(a) The definition of “school sponsored” and requirements of R277-113-  
374 4~~G~~<sub>1</sub>(11) do not apply to activities, fundraising events, clinics, clubs, camps, or  
375 activities organized by a third party which have not been designated by the LEA as  
376 school sponsored.

377 (b) All transactions pertaining to nonschool sponsored events shall be  
378 conducted at arm’s length~~;~~<sub>1</sub>.

379 (c) ~~[F]~~ Revenues and expenditures from nonschool sponsored events ~~[shall]~~  
380 ~~may~~ not be commingled with public funds.

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

383 ~~[F.](3)~~ The definition of “school sponsored” and requirements of R277-113-  
384 4~~[G](11)~~ do not apply to non-curricular clubs specifically authorized and meeting all  
385 criteria of Sections 53A-11-1205 through 53A-11-1208.

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

388 ~~([4]a)~~ An LEA may enter into contractual agreements to allow for fundraising  
389 and use of LEA facilities.

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

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

394 ~~([2]b)~~ An LEA shall annually review fundraising activities that support or  
395 subsidize LEA or public school-authorized clubs, activities, sports, classes or  
396 programs to determine if the activities are school sponsored ~~[consistent within~~  
397 R277-113-1H];

398 ~~([3]c)~~ An LEA shall ensure that revenues raised from school sponsored  
399 activities and funds expended from the proceeds are ~~[considered]~~ classified and  
400 processed as public funds ~~[consistent with R277-113-1G]~~;

401 ~~([4]d)~~ An LEA shall maintain adequate records to ~~[ensure]~~ verify that funds  
402 collected from or during school sponsored activities are in compliance with LEA cash  
403 handling policies as required by R277-113-5;

404 ~~([5]e)~~ An LEA shall maintain adequate records to show that expenditures  
405 made to support activities from LEA or public school funds are in compliance with  
406 LEA expenditure of funds policies as required by R277-113-5; and

407 ~~([6]f)~~ An LEA shall:

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

410 (ii) maintain ~~[the]~~ records in sufficient detail to track individual contributions

411 and expenditures, as well as overall financial outcome.

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

415 (5) An SSO may sponsor activities, which may:

416 (a) be managed and supervised in part by an LEA or public school, or LEA  
417 or public school employee;

418 (b) use an LEA or public school's facilities, equipment, or other school  
419 resources; or

420 (c) be supported or subsidized inconsequentially by public funds, provided  
421 that:

422 (i) all transactions pertaining to SSO sponsored activities are conducted at  
423 arm's length; and

424 (ii) revenues and expenditures are not commingled with public funds.

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

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

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

431 ~~([1]a)~~ Utah Constitution Article X, Section 3;

432 ~~([2]b)~~~~[Utah Code]~~ Title 63G[-], Chapter 6a, Utah Procurement Code;

433 ~~([3]c)~~ ~~[Utah Code]~~ Title 51[-], Chapter 4, Deposit of Funds Due State;

434 ~~([4]d)~~ ~~[Utah Code]~~ Title 67[-], Chapter 16, Utah Public Officers' and  
435 Employees' Ethics Act;

436 ~~([5]e)~~ ~~[20 U.S.C. Section 1232g;]~~ Family Educational Rights and Privacy Act,  
437 20 U.S.C. 1232g;

438 ~~([6]f)~~ ~~[Utah Code]~~ Title 63G[-], Chapter 2, Government Records Access and  
439 Management Act;

440 ~~([7]g)~~ ~~[Utah Code]~~ Title 53A[-], Chapter 12, Fees and Textbooks;

441            ([8]h) [Utah Code] Section 53A-4-205, Public Education Foundations;  
442            ([9]i) [Utah Code 53A-11-1205 through 53A-11-1208:] Title 53A, Chapter 11,  
443 Part 12, Student Clubs Act;  
444            [~~(a) 53A-11-1205, Noncurricular clubs -- Annual authorization;~~  
445 ~~(b) 53A-11-1206, Clubs -- Limitations and denials;~~  
446 ~~(c) 53A-11-1207, Faculty oversight of authorized clubs;~~  
447 ~~(d) 53A-11-1208, Use of school facilities by clubs;]~~  
448            (j) Title 51, Chapter 2a, Accounting Reports from Political Subdivisions,  
449 Interlocal Organizations, and Other Local Entities Act;  
450            (k) Subsection 51-7-3(26), Definition of Public Funds;  
451            (l) Title 53A, Chapter 30, Internal Audits;  
452            ([10]m) R277-407, School Fees;  
453            ([11]n) R277-107, Educational Services Outside of Educator's Regular  
454 Employment;  
455            ([12]o) R277-515, Utah Educator Standards;  
456            ([13]p) R277-605, Coaching Standards and Athletic Clinics.  
457            [B.](2) An LEA [In establishing policies and providing staff training, LEAs] shall  
458 [consider] include the following requirements of Title IX in LEA policies[, including]:  
459            ([1]a) Fundraising shall equitably benefit males and females;  
460            ([2]b) Males and females shall have reasonably equal access to facilities,  
461 fields, and equipment;  
462            ([3]c) School sponsored activities shall be reasonably equal for males and  
463 females.

464    **KEY: school sponsored activities, public funds, fiscal policies and procedures,**  
465    **audit committee**

466    **Date of Enactment or Last Substantive Amendment: October 9, 2014**

467    **Authorizing, and Implemented or Interpreted Law: Art X, Sec 3; 53A-1-401(3);**  
468    **53A-1-402(1)(e)**