

# BUS5.5 - Accounting: Funds Management

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## B - Business

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### Banking Services

**Objective:**

To establish guidelines for the designation of depositories for safeguarding District auxiliary and revolving funds, ensuring compliance with state law.

**Banking Depository Designation:**

The Governing Board shall designate, by majority vote, one or more banks or financial institutions as official depositories for District auxiliary and revolving funds. This designation shall be reviewed as necessary, and the Board may modify its selection through subsequent votes.

**Security of Deposits:**

All designated depositories must provide adequate security in accordance with applicable laws for any funds deposited. The security required shall be determined by the Board based on the total amount of funds held by each depository on behalf of the District. The depositories must comply with all legal requirements for securing public funds, ensuring that District resources are fully protected.

**Deposit Procedures:**

Each designated depository is instructed to refrain from cashing checks made payable to the District. Instead, all such checks must be deposited directly into the District's auxiliary and revolving fund accounts. The depositories must adhere to this policy to maintain proper accounting and safeguarding of District funds.

**Legal Compliance:**

All banking services and deposit activities must comply with relevant sections of Arizona law, ensuring the protection of District funds.

**Legal References:**

This policy complies with the following statutory provisions:

- **A.R.S. § 15-341** (General Powers and Duties; Banking of Public Funds)
- **A.R.S. § 15-1126** (Handling of Auxiliary and Revolving Funds)

### Authorized Signatures

**Objective:**

To establish guidelines for authorized signatures on all District financial accounts, ensuring legal compliance and proper financial oversight.

**Approval of Authorized Signatories:**

The Governing Board shall approve all authorized signatories for District checking accounts, including but not limited to auxiliary and revolving fund accounts, ensuring that all signatories meet the necessary qualifications and legal requirements.

The Board shall annually review and, if necessary, update the list of authorized signatories to ensure

continued compliance with applicable laws and the effective management of District finances.

### **Dual Signatures Requirement:**

For accounts where state law mandates two (2) signatures, the signatories shall include individuals specified by Arizona Revised Statutes, such as the District Treasurer and a designated member of the Governing Board or an authorized District employee. The designated signatories shall be responsible for ensuring the accuracy and legality of all financial transactions authorized under their signatures.

### **Safeguarding Signatory Authority:**

The Superintendent shall ensure that controls are in place to safeguard the use of authorized signatures. This includes maintaining a secure method for processing checks and financial transactions, preventing unauthorized access to signature authority, and implementing procedures for signatory transitions or updates.

### **Legal Compliance:**

All authorized signatures shall comply with the provisions of applicable state laws and any other relevant policies of the District to ensure legal and financial accountability.

### **Legal References:**

This policy is in compliance with the following statutes:

- **A.R.S. § 15-321** (School District Governing Board Powers)
- **A.R.S. § 15-1122** (Auxiliary Fund Operations)
- **A.R.S. § 15-1126** (Revolving Fund Operations)

## **Credit Cards / Procurement Cards**

### **Objective:**

To establish guidelines for the responsible use of District-issued credit and procurement cards, ensuring accountability and compliance with state laws and District policies.

### **Use of Credit/Procurement Cards:**

The Governing Board recognizes that there are instances where immediate payment for goods and services is in the best interest of the District. The use of credit or procurement cards offers a practical solution in such cases, provided they are used with strict oversight and accountability.

The Superintendent is responsible for managing the District's credit/procurement card program. The Board authorizes the Superintendent to:

- Secure credit or procurement cards for the District.
- Assign controlled-limit cards to designated personnel for approved District-related expenditures.

The use of District-issued credit or procurement cards is strictly limited to authorized personnel for the sole purpose of conducting official District business. **Under no circumstances** may these cards be used for personal expenditures.

### **Monitoring and Payment:**

The Superintendent is responsible for ensuring that:

- Credit/procurement card use is closely monitored, with monthly statements and receipts regularly reviewed for accuracy and legitimacy.
- Payment of credit/procurement card statements is made promptly to avoid incurring interest, late fees, or penalties.
- Any misuse or unauthorized charges are immediately addressed, and appropriate disciplinary actions are taken.

## Regulations for Credit/Procurement Card Use:

The Superintendent shall develop and implement detailed regulations governing the use of District-issued credit/procurement cards. These regulations shall include:

- Spending limits for individual cards.
- Approved categories of expenditures.
- Procedures for reporting and reconciling transactions.
- Consequences for misuse or non-compliance.

These regulations are subject to review and approval by the Governing Board to ensure transparency and accountability in the use of District funds.

## Revisions and Oversight:

The Board retains the authority to revise or rescind this policy at any time. The Superintendent is responsible for regularly reviewing the card program to ensure that it aligns with the District's financial policies and legal requirements.

## Definition of Credit/Procurement Card:

For the purposes of this policy, a **credit card** or **procurement card** is defined as any form of payment instrument, such as a card, that is issued in the name of the District or its designated personnel for the purpose of purchasing goods or services on behalf of the District. Such cards will typically bear a company logo and are considered an alternative to cash, purchase orders, or checks.

## Legal Compliance:

This policy is in compliance with the following Arizona Revised Statutes:

- **A.R.S. § 15-342** (Powers of the Governing Board)
- **A.R.S. § 38-621 through § 38-625** (Public Officers and Employees, Travel and Subsistence Expenses)

## Bonded Employees and Officers

### Objective:

To safeguard District funds and financial operations by requiring the bonding of certain employees and officers, ensuring that any potential loss of money is covered by an adequate bond.

### Requirement for Bonding:

The Governing Board requires that specific employees and officers of the District who handle funds, including but not limited to student activity treasurers and other school employees, be bonded to protect against fidelity losses and misappropriation of funds.

The bonding shall:

- Cover **fidelity** and **loss of money** handled by the designated employees.
- Be mandated for employees or officers responsible for managing **revolving funds** or any other District accounts that involve handling cash or checks.

### Bonding Amount:

The amount of the bond for each individual or group of employees shall be prescribed by the Governing Board. However, **no revolving fund** shall be established unless the designated custodian is bonded for an amount **equal to twice the amount** of the revolving fund they manage.

In determining the appropriate bond amounts, the Board will consider:

- The volume of financial transactions processed by the bonded employee.
- The amount of money typically present in the accounts they oversee during the time period covered by the bond.

The bonding requirements shall ensure adequate protection against potential risks related to employee errors, mismanagement, or criminal actions involving District funds.

### **Bonding Costs:**

The cost of securing bonds for employees and officers required to be bonded shall be borne by the District. The bonding premiums will be part of the District's operational expenses, ensuring no additional burden falls upon the bonded employees.

### **Legal Compliance:**

This policy is in compliance with the following Arizona Revised Statutes:

- **A.R.S. § 15-1101** (School Auxiliary and Revolving Funds)
- **A.R.S. § 15-1122** (Bonding of School District Employees)
- **A.R.S. § 15-1126** (Revolving Funds; Requirements for Bonding)

The Superintendent is responsible for ensuring that all designated employees and officers are bonded as required by law and for maintaining records of all bonds issued for audit purposes.

## **Types of Funds / Revolving Funds**

### **Objective:**

To establish and regulate the management of revolving and auxiliary funds within the District, ensuring compliance with applicable Arizona state laws and the Uniform System of Financial Records (USFR).

### **General Purpose Revolving Fund:**

A **General Purpose Revolving Fund** shall be established in accordance with **A.R.S. 15-1101**. This fund will be maintained at a local bank in the name of the District for the purpose of facilitating small disbursements that are necessary for the regular operation of the District.

The management of this fund will include:

- **Designated Signatories:** Drafts or checks drawn on the account must be signed by the designated employee in charge of the fund or another authorized individual.
- **Bonding Requirement:** No revolving fund shall be established unless the designated custodian is bonded for an amount equal to twice the fund's value. The cost of bonding will be a proper charge against the District, ensuring the financial safety and integrity of the fund.
- **Compliance with USFR:** The fund shall be managed in strict compliance with the guidelines prescribed in the **Uniform System of Financial Records (USFR)** to ensure accurate record-keeping and auditing.

### **Auxiliary Operations Fund:**

The **Auxiliary Operations Fund** shall consist of monies raised through activities associated with the operation of school bookstores, athletic programs, and other Board-approved endeavors. The fund shall be managed in a manner that ensures financial transparency and accountability.

Key aspects include:

- **Board Authorization:** All activities generating monies for the auxiliary operations fund must receive prior approval from the Board.
- **Account Management:** After receiving Board authorization, monies will be deposited into an account designated specifically as the auxiliary operations fund. All funds will be managed in accordance with the USFR guidelines.
- **Disbursement of Funds:** Disbursements from the auxiliary operations fund will require the signatures of two (2) District employees designated by the Board. Individuals authorized to sign checks must be bonded, with the cost of the bond being charged against the auxiliary operations fund.
- **Investment of Funds:** The Governing Board may authorize the investment and reinvestment of

auxiliary operations fund monies. Any income generated from such investments shall be credited back to the auxiliary operations fund, providing further financial support to the District's activities.

## **Legal Compliance:**

This policy is in compliance with the following Arizona Revised Statutes:

- **A.R.S. § 15-1101** (General Purpose Revolving Funds)
- **A.R.S. § 15-1124** (Auxiliary Operations Funds; Deposits)
- **A.R.S. § 15-1125** (Investment of Auxiliary Operations Funds)
- **A.R.S. § 15-1126** (Bonding Requirements)
- **A.R.S. § 15-1154** (Management of District Funds)

## **Expense Authorization / Reimbursement**

### **Objective:**

To provide clear guidelines for the reimbursement of expenses incurred by District employees in the performance of their authorized duties, ensuring compliance with the Arizona Revised Statutes and the **Uniform System of Financial Records (USFR)**.

### **Authorization for Expenses:**

Employees of the District who incur expenses in the execution of their official duties shall be eligible for reimbursement under the following conditions:

- **Prior Approval:** Expenses must be pre-approved by the Superintendent or an authorized designee to ensure alignment with District priorities and budgetary limits.
- **Scope of Reimbursable Expenses:** Reimbursable expenses may include travel, lodging, meals, registration fees for professional development, and other costs directly related to the employee's responsibilities, as long as they are within the established District guidelines and conform to legal limits.
- **Supporting Documentation:** Employees must submit original, itemized receipts or other appropriate documentation to support their reimbursement requests. All expenses must be accompanied by a detailed explanation of their necessity in the performance of authorized duties.

### **Reimbursement Limits:**

The maximum reimbursement amounts shall be in compliance with **A.R.S. 38-624**, which sets forth the per diem and mileage reimbursement rates for public officers and employees. Reimbursements shall not exceed the limits established by law, and employees are encouraged to practice financial prudence when incurring expenses on behalf of the District.

### **Reimbursement Process:**

- **Submission of Claims:** All reimbursement requests must be submitted promptly and within the timeframe prescribed by the District's financial office. Late submissions may result in the denial of reimbursement.
- **Approval and Payment:** Upon receipt of proper documentation and verification of compliance with District policies and state regulations, the business office will process the reimbursement request. Approved reimbursements shall be issued via direct deposit or check, in alignment with the District's established payroll and financial procedures.
- **Denial of Reimbursement:** Reimbursement may be denied if expenses are deemed unnecessary, excessive, or outside the scope of the employee's authorized duties, or if required documentation is incomplete or inaccurate.

### **Non-Reimbursable Expenses:**

The following expenses will not be eligible for reimbursement:

- Personal expenses or purchases unrelated to District duties.
- Alcoholic beverages or recreational activities.
- Expenses incurred without prior authorization, unless in cases of emergencies or unforeseen circumstances approved by the Superintendent.
- Expenses exceeding the limits established under **A.R.S. 38-624** unless prior approval for exceptional circumstances has been obtained.

### **Legal Compliance:**

This policy is established in accordance with the following Arizona Revised Statutes and financial guidelines:

- **A.R.S. § 15-342** (Discretionary powers of the District Governing Board)
- **A.R.S. § 38-621 et seq.** (Travel and subsistence allowances)
- **A.R.S. § 38-624** (Per diem and mileage reimbursement)
- **Uniform System of Financial Records (USFR)** (Guidelines for financial management and reporting)