



ADMINISTRATIVE PROCEDURE

SAN DIEGO UNIFIED SCHOOL DISTRICT

NO: 2310

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CATEGORY: **Fiscal Management, Accounting**

EFFECTIVE: **1-29-62**

SUBJECT: **Revolving Cash Funds**

REVISED: **6-16-2000**

A. PURPOSE AND SCOPE

1. To outline administrative procedures for establishing revolving cash funds for direct purchase of supplies and materials not specifically prohibited by law or district policy.
2. To outline procedures for discontinuing a revolving cash fund upon closure of a school.
3. **Related Procedures:**
 - Nonstock supplies, materials, and services 2415
 - Stock supplies and materials 2410
 - Charge purchase of food for instructional and other authorized use..... 2430
 - Criteria for instruction and for adoption and
use of instructional materials..... 4050
 - Payment of expenses for special activities..... 2518
 - Movable equipment inventory and/or transfer 5340

B. LEGAL AND POLICY BASIS

1. **Reference:** Board policy: D-2000, D-3800, D-5000; Education Code Sections 42634, 42810; Health and Safety Code Sections 13115, 13119, 19810.
2. **Bids.** Whenever practical, oral or written bids or quotations should be obtained from three or more vendors to ensure “best price.” If brand names are used, two or more brands must be specified (followed by the words “or equal”) unless an item is “unique” (one of a kind), or it is necessary to match existing items. (Procedure 2400)

C. GENERAL

1. **Originating Office.** Suggestions or questions concerning this procedure or replenishment of funds should be directed to the Accounts Payable Unit, Accounting Department, Finance Division, Administrative/Operational Support.
2. Suggestions or questions concerning the establishment of a bank account or modifications thereto should be directed to the Fiscal Control Unit, Accounting Department.
3. **Low Value Purchases.** While not limited to low dollar value purchases (less than \$50), revolving cash fund procedures should be used for such purchases whenever possible.

4. **Custody and Responsibility.** Revolving cash fund checking accounts are established in the custody of authorized school principals and management employees who shall be responsible for all expenditures from their respective accounts and *will be held personally responsible for illegal expenditures (C.9.)*. To eliminate problems involved when purchases are disallowed, advance approval should be obtained if there is any question as to the propriety of purchases.
5. **Expenditures** for direct purchases shall be made by *checks* drawn on a revolving cash fund checking account *only*. *Petty cash funds shall not be established from a revolving cash fund.*
6. **Purchases of food for other than instructional purposes** are subject to the limitations and approval requirements of Procedure 2518. An “Approval of Expenses” form (E.9.) signed by the appropriate branch/division head must be submitted with the reimbursement claim. The Accounting Department Director is designated to sign claims for school sites.
7. **Purchases of awards, rewards, and prizes for students** are limited under Procedure 2518.
8. **Authorized Signatures.** Only persons approved by Board of Education resolution are authorized to sign checks; *original signatures* of authorized management employees are required on all claim forms.
9. **Prohibited Purchases**
 - a. **Equipment:** Physical property other than land, buildings, or improvement to either of these, that costs more than \$500 and has *all* three characteristics listed below:
 - (1) Nonconsumable, with normal service life in excess of two years.
 - (2) Retains original shape and appearance with use.
 - (3) Not easily broken, damaged, or lost in normal use, and more economical to repair than to replace.
 - b. **Payments for labor of any kind** (e.g., consultant fees, repairs, installations), including payments to resource persons (individuals or groups), such as performing artists hired to provide a specialized service. (Regulations governing payment of consultants/resource persons are outlined in Procedure 1550.)

- c. **Costs of, or advances for, district employee, parent, and student transportation, mileage, parking fees, conference fees, and travel** (Procedures 7155 and 2510).
- d. **Services and supplies under district contract** (e.g., distilled water, office machine service, laundry service, gym clothes, mop heads) (Procedure 2415).
- e. **Items for personal use by an employee, gifts of any kind for an employee, or medication for students** (Procedure 2400).
- f. **Deposits on containers or C.O.D. charges.**
- g. **Purchases in excess of the balance** in a revolving cash fund.

Note: Prospective buyers should check with the Accounts Payable Unit *prior to purchase* if in doubt about a particular item. Health and safety requirements must be considered in all direct purchases (e.g., nonflammable materials). (Procedure 5105)

10. **Reimbursement**

- a. **Submitting claims.** Claims may be submitted as often as necessary during a school year; however, a fund must be completely replenished *whenever there is a change of principals and at the end of the school year*. All final claims must be submitted to the Accounts Payable Unit. Reimbursements are charged to the appropriate school's budget; the claim must show the account numbers to be charged, including the full account code. (See instructions on form.)
- b. **Limitations.** Reimbursement claims shall be submitted *prior* to reaching the established limit of the fund; expenditures shall be limited to balances available in the account to avoid overdrawn accounts (see D.).
- c. **Prohibited purchases.** Reimbursement claims for purchases made in violation of C.9. will be returned to the authorized management employee or division office for restitution.

11. **Banking. Persons authorized to have revolving cash funds** must reconcile bank statements and submit the reconciliation *monthly* to the Internal Audit Department, Office of the Superintendent.

12. **Audit. The Internal Audit Department** shall audit revolving cash funds on a regular basis.

13. **Copy Service for Staff (when district-owned or leased copiers are not available).** The staff member signs a slip indicating the name of the item, number of copies, price per copy, total, and date of purchase. Receipts may be accumulated and paid by a revolving cash fund check to the staff member. If the staff member obtains copies from an outside vendor, then an original, itemized receipt must be submitted.
14. **Special Project-Funded Projects.** A separate revolving cash fund may be established for special project-funded projects *not* governed by compensatory education guidelines (e.g., child development centers, VEA). A separate resolution must be adopted by the Board of Education for a specific project, designating the individual authorized to “sign for” charges against that project’s funds, the purposes for which the fund may be used, and the amount of the fund. (Purposes must be in accord with the requirements and limitations specified in the contract governing a particular project.) Compensatory education project purchases through the use of nonstock and/or stock requisitions are cleared through the appropriate budget analyst in the Major Categorical Programs Unit, Budget Department, Finance Division, Administrative/Operational Support to ensure the availability of funds and compliance with special project guidelines *before the purchase is made*.

D. IMPLEMENTATION

1. **Using an Account Within a School. Principal** establishes school site procedure for utilizing an account, possibly using a school-developed direct purchase request form; ensures that all requirements are met *prior* to direct purchase; advises faculty members of reimbursement requirements (D.2. and D.3.).
2. **Making Purchases.** *Original itemized receipt must be secured if receipt size is less than 4" x 6" (taped to 8½" x 11" white paper) for each purchase.* Receipts that are 4" x 6" or larger may be submitted as-is. Receipt (cash register tape or sales slip) must show name of item, amount, date of purchase, and vendor.
3. **Requesting Reimbursement.** Claim for reimbursement is prepared as required during the year and submitted to the Budget Department for approval. The claim will then be forwarded to the Accounts Payable Unit for processing. *Reimbursement claim* is prepared in triplicate according to instructions on “Reimbursement Claims for Revolving Cash Fund” form (E.4.). (School retains Copy No. 3.) Each claim must be signed by authorized management employee (original signature only) and submitted in duplicate, with supporting documentation attached, to the Budget Department for approval, then to the Accounts Payable Unit. Signature of authorized management employee signifies his/her approval of purchase of materials and/or services.

a. **Supporting documentation.** *All receipts, invoices, sales tickets, order forms, and cash register tapes must indicate vendor (store) name, date of purchase, description of item, and cost of item purchased.* The district employee making the purchase shall sign supporting document, verifying receipt of materials and/or services indicated.

(1) **Cash register tape.** Description of item must be entered next to amount.

(2) **Itemized invoice, receipt, sales ticket, subscription order form, etc.** Original or customer copy is acceptable; description of item must be entered next to amount.

Note: Packing slips *cannot* be used as invoices. Receipts must be clear and legible for audit purposes.

b. **Lost/misplaced documents.** If a receipt is not available, a copy (front and back) of canceled revolving cash fund reimbursement check to district employee may be used in lieu of an acceptable receipt. *An itemized list of purchased items and price of each **must** be indicated on or attached to copy of check* (Education Code Section 42634). A photocopy of an itemized invoice marked "Used in lieu of lost/misplaced original" *and signed by authorized management employee* may be used.

c. **Payment by credit card or personal check.** If payment for a purchase is made by credit card or personal check, such charges are individual's personal responsibility and actual *proof of payment* is not required; however, an *acceptable receipt* still is required.

4. **Deposits.** Reimbursement warrants are sent to person having custody of an account; subsequent deposit to bank shall be accompanied by an original and one copy of revolving cash fund deposit ticket. Deposit is placed in bag for pickup by school mail driver. After close of school year and discontinuance of school mail, deposits are delivered to Eugene Brucker Education Center cashier for forwarding to contract bank.

5. **Discontinuing Revolving Cash Account.** When a school is scheduled to be closed, final claims for reimbursement are made to bring bank balance to total authorized fund balance. A revolving cash fund check for full amount then is drawn, payable to San Diego Unified School District. When all financial transactions are completed, all unused checks and checkbooks, unused deposit tickets, and check endorsement stamp must be sent to the district cashier, Fiscal Control Unit, Accounting Department.

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E. FORMS AND AUXILIARY REFERENCES (*Available from the Fiscal Control Unit, Accounting Department)

1. Bank checks*
2. Bank deposit tickets*
3. Bank signature cards*
4. Reimbursement Claims for Revolving Cash Fund, Stock Item 22-R-1995
5. Faculty direct purchase request
6. Bank statement and reconciliation
7. Federal excise tax exemption form*
8. Grocer's Invoice, Stock Item 22-I-5201
9. Approval of Expenses form, Stock Item 22-R-2280

F. REPORTS AND RECORDS

1. **Reimbursement claim**, by authorized principal or management employee to the Budget Department, then to the Accounts Payable Unit, as required during the year.
2. **Bank reconciliation with bank statement**, by authorized principal or management employee to Internal Audit Department, monthly.

G. APPROVED BY



Chief of Staff, Terrance L. Smith
For the Superintendent of Public Education