

Policy 3314.2: Revolving Funds

Original Adopted Date: 3/13/2024

The Governing Board has a fiduciary responsibility to effectively manage and safeguard the district's assets and resources. All revolving cash funds shall be subject to the internal control procedures established by the district to prevent and detect fraud, financial impropriety, or irregularity and shall be maintained in accordance with law and the California School Accounting Manual.

The Superintendent or designee shall provide regular reports to the Board regarding the use of revolving funds and the results of any audits conducted on the funds.

Standard Revolving Cash Fund

Pursuant to Education Code 42800, the Board has adopted a resolution establishing a revolving cash fund for use by the chief accounting officer. The fund shall be used only for the purposes specified in the Board's resolution which may include, but are not limited to, payment for services or supplies for which there is an urgent deadline or to reduce the need for issuing numerous small warrants.

The chief accounting officer shall be covered by an individual bond or insurance in the amounts specified in law. He/she shall ensure that payments from the fund are for services or materials that are a legal charge against the district and that a receipt is obtained setting forth the date, payee, purpose of the expenditure, and amount expended. (Education Code 41021, 42801, 42801.5, 42804)

The Board may at any time reduce or discontinue the revolving cash fund. (Education Code 42805)

Pre-Payment Revolving Cash Fund

Pursuant to Education Code 42820, the Board has adopted a resolution establishing a pre-payment revolving cash fund for use by the individual so designated in the Board's resolution.

The fund shall be established in a bank or other institution whose deposits are federally insured and shall be within the maximum limit specified in law. (Education Code 42820)

The designated individual shall be authorized to make payments from the fund for purchases in the amount of \$1,000 or less, including freight or tax. He/she shall submit a monthly list of the payments to the Board for approval. (Education Code 42821)

Any person who issues a check drawn on the fund shall be personally liable for the amount of the check if the expenditure is in violation of the district's rules and regulations with respect to the fund. (Education Code 42821)

Alternative Revolving Cash Fund

Pursuant to Education Code 42810, the Board has adopted a resolution establishing a revolving cash fund for use by school principals and other administrative staff. The fund shall be used for services or materials related to classroom instruction or to correct an error in a classified employee's salary pursuant to Education Code 45167, as specified in the Board's resolution.

The revolving cash fund for supplies shall be subject to the bonding provisions of Education Code 42801.

The principal or administrative staff member in whose name the revolving cash fund is created shall be responsible for all fund expenditures, subject to Board regulation. (Education Code 42810)

Policy Reference Disclaimer:

These references are not intended to be part of the policy itself, nor do they indicate the basis or authority for the board to enact this policy. Instead, they are provided as additional resources for those interested in the subject matter of the policy.

State	Description
Ed. Code 35160	Authority of governing boards
Ed. Code 35250	Duty to keep certain records
Ed. Code 38091	Cafeteria revolving accounts
Ed. Code 41020	Requirement for annual audit
Ed. Code 41021	Requirement for employee's indemnity bond
Ed. Code 41365	Charter school revolving loan fund
Ed. Code 42238	Revenue limits
Ed. Code 42238.01-42238.07	Local control funding formula
Ed. Code 42630-42652	Orders, requisitions, and warrants
Ed. Code 42810	Revolving cash funds: use; administrators
Ed. Code 42820-42821	Prepayment revolving cash fund
Ed. Code 45167	Error in salary
Management Resources	Description
Website	CSBA District and County Office of Education Legal Services
Website	California Department of Education, Finance and Grants
Website	Fiscal Crisis and Management Assistance Team

Cross References

Code	Description
3300	Expenditures And Purchases
3314	Payment For Goods And Services
3314	Payment For Goods And Services
3400	Management Of District Assets/Accounts
3400	Management Of District Assets/Accounts
3451	Petty Cash Funds

3460	<u>Financial Reports And Accountability</u>
3460	<u>Financial Reports And Accountability</u>
3530	<u>Risk Management/Insurance</u>
3530	<u>Risk Management/Insurance</u>
3551	<u>Food Service Operations/Cafeteria Fund</u>
3551	<u>Food Service Operations/Cafeteria Fund</u>