

**REVOLVING FUNDS**

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.

*(cf. 3314 - Payment for Goods and Services)*

*(cf. 3400 - Management of District Assets/Accounts)*

*(cf. 3451 - Petty Cash Funds)*

*(cf. 3530 - Risk Management/Insurance)*

*(cf. 3551 - Food Service Operations/Cafeteria Fund)*

**Standard Revolving Cash Fund - Finance**

Pursuant to Education Code 42800, the Board has adopted a resolution establishing a revolving cash fund for use by the Director of Finance. 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 fund shall be used also to correct an error in a classified employee's salary pursuant to Education Code 45167.

The Director of Finance 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)

**Alternative Revolving Cash Fund - Sites**

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 payment for services or supplies for which there is an urgent deadline.

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

**REVOLVING FUNDS** (continued)

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) Regular audits of sites' revolving cash funds shall be conducted by the district.

*Legal Reference:*

EDUCATION CODE

- 35160 Authority of governing boards*
- 35250 Duty to keep certain records*
- 38091 Cafeteria revolving accounts*
- 41020 Audits of all district funds*
- 41021 Requirement for employee's indemnity bond*
- 41365-41367 Charter school revolving loan fund*
- 42238 Revenue limits*
- 42238.01-42238.07 Local control funding formula*
- 42630-42652 Orders, requisitions, and warrants*
- 42800-42806 Revolving cash fund*
- 42810 Revolving cash funds; use; administrators*
- 42820-42821 Prepayment revolving cash fund*
- 45167 Error in salary*

*Management Resources:*

WEB SITES

- California Department of Education, Finance and Grants: <http://www.cde.ca.gov/fg>*
- Fiscal Crisis and Management Assistance Team: <http://www.fcmat.org>*