

1
2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
0
1
2
3
4

AS AMENDED

By: Smalley

[school district accounting - systems of accounting
- local policy - ~~effective date~~ -
emergency]

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 70 O.S. 2011, Section 5-135, as amended by Section 1, Chapter 111, O.S.L. 2014 (70 O.S. Supp. 2017, Section 5-135), is amended to read as follows:

Section 5-135. A. The board of education of each school district shall ~~use the following system of~~ establish a local policy for initiating, recording and paying for all purchases, salaries, wages or contractual obligations due from any of the funds under the control of such board of education that complies with the School District Budget Act, as provided for in Section 5-150 et seq. of this title, and/or the guidelines of the Governmental Accounting Standards Board. However, a school district board of education may use the procedures outlined in Section 304.1 of Title 62 of the Oklahoma Statutes for the payment of salaries and wages only if the

1 board so votes. The provisions contained herein shall not apply to
2 the sinking fund and school activity fund.

3 ~~B. The encumbrance clerk and treasurer of the school district~~
4 ~~shall each enter the authorized amounts in the various appropriation~~
5 ~~accounts of the funds to which this system is applied. The~~
6 ~~authorized amounts of appropriations shall be the general fund and~~
7 ~~building fund appropriations approved by the county excise board and~~
8 ~~such additional amounts as may be applied in the manner provided by~~
9 ~~law, the amount received for deposit in a special cash fund where~~
10 ~~such special cash fund is authorized by law or required by the~~
11 ~~person or agency providing such funds, or the amount of the net~~
12 ~~proceeds realized from the sale of bonds of the school district and~~
13 ~~any other income due such fund.~~

14 ~~C.~~ It shall be the duty and responsibility of the board of
15 education of the school district to prescribe and administer
16 adequate business procedures and controls governing the purchase or
17 confirmation of purchase and delivery of goods or services. The
18 procedures shall include delivery of an acceptable invoice by
19 document, facsimile, electronic or other standard form that includes
20 the information required by the district. Such procedures shall
21 include the designation of authorized persons to purchase goods or
22 services for the district and the method of determining the school
23 employee receiving delivery of each purchase.

1 ~~D. Prior to the issuance of a purchase order, the encumbrance~~
2 ~~clerk must first determine that the encumbrance will not exceed the~~
3 ~~balance of the appropriation to be charged. The encumbrance clerk~~
4 ~~shall charge the appropriate appropriation accounts and credit the~~
5 ~~affected encumbrances outstanding accounts with the encumbrances.~~
6 ~~Encumbrances must be submitted to the board of education in the~~
7 ~~order of their issuance on a monthly basis, subject to a monthly~~
8 ~~business cycle cut-off date determined by the board of education.~~
9 ~~Approved encumbrances shall be listed in the minutes by the minute~~
10 ~~clerk.~~

11 ~~E. Before any purchase is completed, a purchase order or~~
12 ~~encumbrance must be issued. No bill shall be paid unless it is~~
13 ~~supported by an itemized invoice clearly describing the items~~
14 ~~purchased, the quantity of each item, its unit price, its total cost~~
15 ~~and proof of receipt of such goods or services. The bill and/or~~
16 ~~invoice shall be filed in the encumbrance clerk's official records.~~
17 ~~If a district has the ability to electronically utilize evaluated~~
18 ~~receipt settlement (ERS), the district may remit to vendors on that~~
19 ~~basis if the requirements of this subsection are fulfilled. In the~~
20 ~~event a district is establishing electronic data interchange,~~
21 ~~electronic entries will suffice in lieu of paper documents. In~~
22 ~~order for a district to be authorized to utilize an evaluated~~
23 ~~receipt settlement system:~~

1 ~~1. The ERS must result in payment by the district from vendor~~
2 ~~receipts that have been matched to the purchase order date;~~

3 ~~2. The ERS may only be used when there is an agreement between~~
4 ~~the district and the vendor for use of an ERS; and~~

5 ~~3. The ERS must be included in the district's journal~~
6 ~~ledger/accounts payable/purchase order software.~~

7 ~~F. The encumbrance clerk shall debit the encumbrances~~
8 ~~outstanding account and credit the accounts payable account for the~~
9 ~~amount of the approved bill. The board of education shall determine~~
10 ~~the extent such costs may fluctuate without additional board action.~~
11 ~~Minor adjustments not requiring additional board approval shall be~~
12 ~~referenced to the original encumbrance.~~

13 ~~G. An approved bill may be paid by issuing a warrant or check~~
14 ~~against the designated fund only after ascertaining that proper~~
15 ~~accounting of the purchase has been made and that the files contain~~
16 ~~the required information to justify the expenditure of public funds,~~
17 ~~except as otherwise provided in subsection I of this section. The~~
18 ~~warrants or checks so issued shall be recorded in an orderly~~
19 ~~numerical system established by the district. The encumbrance clerk~~
20 ~~shall charge the warrant or checks against the accounts payable~~
21 ~~account and credit it to the warrants or checks issued account.~~
22 ~~Provided, if payment is to be made immediately and the board of~~
23 ~~education deems it advisable, the postings to the accounts payable~~
24 ~~account may be omitted and the payment of the approved bill may be~~

1 ~~credited directly to the warrants or checks issued account. The~~
2 ~~warrant or check shall show on its face the name of the school~~
3 ~~district, the date of issue, the payee, the amount, the expenditure~~
4 ~~classification code, and such other information as may be necessary~~
5 ~~or desirable. The president and clerk of the board of education~~
6 ~~shall each sign the warrant or check, or approved facsimile thereby~~
7 ~~denoting to the public that the warrant or check is for the purpose~~
8 ~~and within the amount of the appropriation charged.~~

9 ~~H. The treasurer shall register the warrant or check in the~~
10 ~~warrant or check register, charging the appropriation account and~~
11 ~~crediting the warrants or checks outstanding account of the~~
12 ~~designated fund. Provided, no warrant or check shall be registered~~
13 ~~in excess of the appropriation account's balance. All warrants or~~
14 ~~checks shall be registered in the order of their issuance. Voided~~
15 ~~warrants or checks shall be registered and filed with the treasurer.~~
16 ~~The treasurer shall sign each warrant or check through individual~~
17 ~~signature or approved facsimile showing its registration date and~~
18 ~~shall state whether it is payable or nonpayable. When a warrant or~~
19 ~~check is paid, the treasurer shall maintain evidence the warrant or~~
20 ~~check has been processed and paid. Nothing in this subsection shall~~
21 ~~prohibit any governing board from using automated recordkeeping~~
22 ~~procedures, provided the information required in this subsection can~~
23 ~~be accessed.~~

1 ~~I. Any board of education of a school district of this state~~
2 ~~may make a payment which would otherwise be made by warrant or~~
3 ~~check, by disbursement through an Automated Clearing House, bank~~
4 ~~account debit system, wire transfer through the Federal Reserve~~
5 ~~System, or any other automated payment system operated by a~~
6 ~~financial institution insured by the Federal Deposit Insurance~~
7 ~~Corporation. The internal controls over such payment system shall~~
8 ~~be reviewed and approved by the independent auditor of the district~~
9 ~~during the annual audit. The provisions of Sections 601 through 606~~
10 ~~of Title 62 of the Oklahoma Statutes shall apply to instruments or~~
11 ~~payment authorized by this subsection.~~

12 ~~J.~~ C. School districts complying with the provisions of this
13 act shall use only those forms and accounting systems approved by
14 the State Board of Education. Such forms and systems shall be
15 considered in substantial compliance with this act if they are
16 sufficient to convey the meaning and sequence of transactions
17 contained herein. Provided, nothing contained herein shall be
18 construed to limit or prevent the use of additional or subsidiary
19 accounts, forms, or files which may be deemed necessary or advisable
20 by the board of education of the district or the State Board of
21 Education.

22 ~~K.~~ D. Any school district desiring to utilize the services of a
23 data processing center to furnish any or all of the records herein
24 required may do so if the center and its system complies with this

1 act and the rules and regulations of the State Board of Education.
2 Such center shall furnish an honesty bond in an amount to be set by
3 the board of education but not less than Ten Thousand Dollars
4 (\$10,000.00) .

5 ~~L.~~ E. The State Board of Education shall notify the board of
6 education of the school district of the tentative amount the
7 district is to receive from state and federal aid funds or
8 allocations, and the board of education of the school district may
9 include such tentative estimate as an item of probable income in the
10 preparation of the school district's Estimate of Needs and Financial
11 Statement; provided, no such federal aid estimate shall be used in
12 any way to reduce the State Foundation Aid or Incentive Aid for such
13 school district or sustain a protest for the reduction of a tax
14 levy.

15 ~~SECTION 2. This act shall become effective July 1, 2018.~~

16 ~~SECTION 3. It being immediately necessary for the preservation~~
17 ~~of the public peace, health or safety, an emergency is hereby~~
18 ~~declared to exist, by reason whereof this act shall take effect and~~
19 ~~be in full force from and after its passage and approval.~~

20 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
21 March 1, 2018 - DO PASS AS AMENDED
22
23
24