THE TRUST
Model Policy Program

Model Policies and Procedures 2026/2027: Part 1 Suggested Updates

Updates

The Trust is issuing policy and procedure updates in segments for the 2026–2027 school year. Part 1 address changes in chapter 1, chapter 3, and chapter 5 necessitated by revisions to the Uniform System of Financial Records (USFR). The USFR revisions are already in effect, and the Trust recommends adoption of Part 1 as soon as possible.

Part 2 will address changes resulting from the recent legislative session and will be issued by August 3, 2026.

Part 3 concerns changes related to a single piece of legislation addressing student enrollment in unorganized territories and special education responsibilities for school districts. It will be issued by August 17, 2026.

Auditor General: Part 1

On June 26, 2026, the Arizona Auditor General's office, in conjunction with the Arizona Department of Education, issued revisions to the USFR for fiscal year (FY) 2027: USFR. The revisions are currently in effect, with an implementation date of July 1, 2026. A summary of the changes issued by the Auditor General's office is available at the following link: FY 2027 updated USFR distribution email.

Policy and Procedure Revision

The Trust suggests revision of four (4) policies and five (5) procedures based on the USFR revisions. The Trust also recommends adding two (2) new procedures.

General Recommendations

The Trust recommends that districts work with legal counsel to review and assist in the revisions. The Trust also advises that districts retain copies of their existing procedures prior to making changes.

Please note that districts must obtain governing board approval for policy revisions. Unless board policy dictates otherwise, governing boards are not required to approve procedures. The Trust recommends, however, that governing boards be advised of any changes to procedures. Additionally, we ask that you send your final approved policies and revised procedures to the Trust for placement on the district's MicroScribe platform.

The following tables describe proposed changes to the Trust model procedures, along with a corresponding summary of the revision. Actual proposed changes begin on p. 5, with additions and deletions noted in bold.

If you would like us to make these changes on the district's MicroScribe platform, please notify either Jennifer MacLennan at jmaclennan@the-trust.org or Lilian Le at lle@the-trust.org, or contact your member services coordinator.

<table>
<tr><th>Policy and Procedure</th><th>Legal Foundation</th><th>Subject Matter</th></tr>
<tr><td>Procedure © 3-102.E Revenue—Student Activities

Procedure © 5-212.B Student Clubs and Activities—Student Activities Fund</td><td>USFR FY 2027 revisions</td><td>Student Activities Funds</td></tr>
<tr><td colspan="3">USFR FY 2027 revisions contain a new section that provides information on governing board members' roles and responsibilities related to district finances. The revisions to the Policy 3-102 clarify the governing board's responsibility either to approve student fundraisers or to delegate that duty with specified parameters. The Trust has outlined internal controls as per the USFR in Procedure 3-102.E. Suggested parameters have been added to Procedure 5-212.B regarding student clubs and activities.</td></tr>
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<table>
<tr><th>Policy and Procedure</th><th>Legal Foundation</th><th>Subject Matter</th></tr>
<tr><td>Policy © 3-103 Expenses and Payroll

Procedure © 3-103.F Expenses and Payroll—Food and Beverages Expenses NEW</td><td>USFR FY 2027 revisions</td><td>Payroll</td></tr>
<tr><td colspan="3">The revisions to Policy 3-103 clarify requirements for board approval of employee payments, delayed payroll operations, warrants, travel expenditures, and the provision of food and beverages at events. The Trust recommends that the new Procedure © 3-103.F be specifically approved via a resolution or by specific board action as requested by the Auditor General’s office. A sample resolution is also provided.</td></tr>
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<tr><th>Policy</th><th>Legal Foundation</th><th>Subject Matter</th></tr>
<tr><td>Policy © 3-108 Audit</td><td>USFR FY 2027 revisions</td><td>Audit Authority</td></tr>
<tr><td colspan="3">USFR FY 2027 specifies that governing boards shall approve the independent auditing firm and contract terms prior to annual or bi-annual financial audits. Revisions include these requirements.</td></tr>
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<table>
<tr><th>Procedure</th><th>Legal Foundation</th><th>Subject Matter</th></tr>
<tr><td>Procedure © 3-109.A Procurement—Compliance Requirements

Procedure © 3-109.D Procurement—Construction Procurement

Procedure © 3-109.E Procurement—Delegation of Authority NEW</td><td>USFR FY 2027 revisions</td><td>Procurement Thresholds, Requirements, and Delegation</td></tr>
<tr><td colspan="3">USFR FY 2027 raises the threshold for procurement of goods and services via written quotes from $10,000 to $15,000. The Trust recommends additional changes to the compliance requirements identified in Procedure 3-109.A to comply with the revised USFR. The revisions encompass additional language regarding multi-year contracts, acceptance of gifts, purchase from board members/employees, and contract administration.

The Trust has added language from the USFR to clarify the statutory exemptions from procurement.

The Trust recommends a new procedure to address requirements regarding delegation of procurement authority to the superintendent.</td></tr>
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