TIMPANOGOS ACADEMY

CASH DISBUREMENTS POLICY

 **A. PURPOSE**

To establish Local Education Agency (LEA) policy and procedure governing the initiation, authorization, and review of all expenditures of the LEA.

**B. SCOPE**

These policy is applicable without exception to all funds owned or administered by the Timpanogos Academy (the School or LEA). All expenditures of the LEA are to be consistent with applicable state and federal laws and regulations; any restrictions, rules, or regulations placed on the use of the funds by donors and granting agencies; and prudent manage­ment practices. In addition, all expenditures must be reasonable and necessary for carry­ing out the programs and activities of the LEA, and are to be documented in a way which clearly substantiates such reasonableness and necessity. This policy applies to all LEA ad­ministration, licensed educators, staff, students, organizations, and individuals that initiate, authorize, or process cash disbursements on behalf of the LEA. The scope includes all activ­ities at the LEA and in all locations where LEA activities and public funds are expended.

It is expected that in all dealings, LEA employees will act in an ethical manner that is con­sistent with the LEA’s code of ethics, the Utah Educators’ Standards, the Public Officers’ and Employees’ Ethics Act, and State procurement law.

**C. SEGREGATION OF DUTIES**

Wherever possible, duties such as custody of purchase cards and blank checks, initiating expenditures, approving expenditures, maintaining documentation, issuing checks and reconciling records should be segregated among different individuals. Since limited staffing exists at a charter school, compensating controls such as management supervision and review of cash disbursement records by independent parties should be implemented.

**D. DEFINITIONS**

**1.** “Public funds” are defined as money, funds, and accounts, regardless of the source from which the funds are derived, that are owned, held, or administered by the state or any of its political subdivisions, including LEAs or other public bodies [Utah Code 51*-*7*-*3(26)].

**2.** “Small purchase” is the procurement of goods or services for which the total cost is less than $50,000, professional services (including architectural or engineering) costing less than $100,001, and small construction projects costing less than $2,500,001 (Utah Code 63G*-*6a*-*408).

**E. GENERAL POLICIES**

**1.** All checks or check stock, credit/purchase cards, access to bank accounts and statements, etc. shall be secured and controlled by the business office with limited access (locked outer door, locked file cabinets, password-protected computers).

**2.** All disbursing of funds at the School should be done through the business office, with the exception of small immediate transactions made on the Principal’s bank account (see the Cash Receipts Policy).

**3.** Expenditure transactions must be approved by an individual having sufficient knowledge and authority to evaluate the transaction for reasonableness and appropriateness. The School shall designate employees by title or job descriptions who are authorized to approve various dollar amount levels of disbursements and instructed never to sign blank checks (see the Decision Chart for Purchasing Thresholds—Section H).

**4.** All expenditures made using cash, checks, credit/purchase cards, electronic fund transfers, etc. shall be recorded in the School’s accounting records.

**5.** Passwords should be established on user access to the accounting system and changed periodically.

**6.** Checks should be made payable to specified payees and never to “cash” or “bearer.”

**7.** All disbursement activity should be substantiated by supporting documents. Documents should be available, and should demonstrate that proper disbursement controls are in place (signatures for approval, purchase orders, receipts, invoices, bids or quotes, reim­bursement forms, travel forms, journal entries, reconciliations, etc.).

a. Quotes shall contain the following information:

(1) Date received or dates that the quoted price is valid, delivery date

(2) Company name, address, salesperson

(3) Each item, description or specifications, unit, total price, and quantity listed

(4) Shipping and freight charges

(5) Salesperson and contact information

(6) Vendor, LEA employee name and position

b. Quotes may be obtained and documented by printing pages from a website; however, all of the quote elements must be documented. Better prices are usually obtained by contacting vendors directly. Telephone quotes must be documented and include all quote elements. Written quotes should be requested on the vendor’s letterhead.

**8.** Bank and credit card statements should be reviewed and accounts reconciled in a timely manner. Activity accounts should be reviewed quarterly by the custodian of the activity.

**9.** The School must comply with applicable LEA and state purchasing laws.

 **10.** Expenditures will follow the guidelines outlined in the State Procurement Code (Utah Code 63G*-*6a) and federal purchasing laws, or the School will adopt stricter policies (see Decision Chart for Purchasing Thresholds).

 **11.** Contracts must follow the guidelines outlined in the State Procurement Code, specifically regarding the length of multi-year contracts [Utah Code 63G*-*6a*-*1204(7)].

 **12.** Construction and improvements must comply with the provisions of the State Procure­ment Code (Utah Code 63G*-*6a), the Utah State Board of Administrative Rules, and Title IX.

 **13.** Exclusive contracts must comply with the guidelines outlined in the State Procurement Code (Utah Code 63G-6a), the LEA’s procurement policy, and the Utah Public Officers’ and Employees’ Ethics Act (Utah Code 67-16).

 **14.** Purchases of goods or services with LEA funds for personal use or personal gain are strict­ly prohibited; see the Utah Public Officers’ and Employees’ Ethics Act (Utah Code 67*-*16).

 **15.** Multi-year contracts must comply with Utah Code 63G*-*6a*-*1204.

 **16.** Construction and improvements must comply with the provisions in Utah Code 63G-6a.

**F. LEA PROCUREMENT THRESHOLDS**

The School’s procurement policy shall be followed for all qualifying purchases of goods or ser­vices.

**1. Small Purchases**

a. The **“individual procurement threshold”** for the LEA is $1,000. This is the maximum amount that the LEA can expend to obtain a single item/service from one vendor at one time without requiring competitive purchasing (Utah Code 63G*-*6a*-*408).

b. The **“single procurement aggregate threshold”** for the LEA is $5,000. This is the maximum amount that the LEA can expend to obtain multiple procurement items/services from one vendor at one time. This includes any combination of individual procurement items costing less than $1,001 purchased from one vendor at one time, not to exceed in total $5,000 (Utah Code 63G*-*6a*-*408).

c. The **“annual cumulative threshold”** for the LEA is $50,000. This is the maximum total annual amount that the LEA can expend to obtain procurement item(s) from the same vendor during the fiscal year (July 1—June 30). If a purchase exceeds $50,000, it is not considered a small purchase and shall be processed through a bidding process or a request for proposal (RFP) process (Utah Code 63G*-*6a*-*408 and R33-3).

d. **Professional services,** such as architectural, engineering, accounting, legal, or consulting services less than $100,001 shall be acquired using a competitive bidding or RFP process, or by selecting a provider from an approved potential vendor list created using an invitation for bids or an RFP under provisions in Utah Code 63G*-*6a*-*403 and 404.

e. **Small construction projects** costing less than $2,500,001 shall utilize competitive bidding or the RFP process or by selecting a contractor from an approved potential contractor list created using an invitation for bids or an RFP under provisions in Utah Code 63G*-*6a*-*403 and 404.

**2. Reoccurring Purchase Over Annual Cumulative Threshold**

a. If purchases from the same vendor are ongoing, continuous, and regularly scheduled, and exceed the annual cumulative threshold of $50,000 during the fiscal year, a con­tract shall be utilized if feasible [Utah Code 63G*-*6a*-*408(6)].

**3. Artificially Dividing a Purchase**

a. Utah Code 63G*-*6a*-*408 makes it unlawful to intentionally divide a procurement pur­chase into one or more smaller purchases to divide an invoice or purchase order into two or more invoices or purchase orders, or to make smaller purchases over a period of time.

(1) This means that intentionally splitting a purchase of similar items that would typically be purchased at the same time from the same vendor to avoid requiring competitive quotes is unlawful (e.g., uniforms, club or athletic equipment, text­book orders, etc.). This includes dividing the purchases or invoices over a period of time, or making separate purchases over a period of time. Purchase splitting often occurs when making purchases on a purchase card. Employees should not split invoices to stay under daily purchase limits on purchase cards or the established purchasing thresholds.

(2) It may be determined after an order is placed or received that a large enough quantity was not ordered, or the correct sizes were not obtained, and that addi­tional items must be ordered. If this occurs, the employee initiating the purchase must include a written explanation of the purpose of the purchase and justifica­tion as to why it is not considered splitting a purchase. This should be retained with the vendor invoice.

(3) Penalties for violating this statute are outlined in Utah Code 63G*-*6a*-*2305 and 2306. Penalties range from a class B misdemeanor to a second degree felony, depending on the total value of the divided procurements.

**4. Hospitality Gifts, Gratuities, Kickbacks, or Position and Influence**

a. **“Contract administrator”** means a person who administers a current contract, on behalf of a LEA, including making payments relating to the contract, ensuring compli­ance with the contract, auditing a contractor in relation to the contract, or enforcing the contract (Utah Code 63G*-*6a*-*2304.5).

b. **“Interested person”** is a person interested in any way in the sale of a procurement item or insurance to a LEA (Utah Code 63G*-*6a*-*2304.5).

c. **“Procurement participant”** means a person involved in:

(1) Administering, conducting, or making decisions regarding a standard procure­ment process.

(2) Making a recommendation regarding award of a contract or regarding a decision to obtain a procurement item for a particular person.

(3) Evaluating a quote, bid, or response.

(4) Awarding a contract or otherwise making a decision to obtain a procurement item from a particular person (Utah Code 63G*-*6a*-*2304.5).

d. **Hospitality Gift**

**“Hospitality gift”** means a promotional or hospitality item, including, a pen, pencil, stationery, toy, pin, trinket, snack, nonalcoholic beverage, or appetizer. This does not include money, a meal, a ticket, admittance to an event, entertainment for which a charge is normally made, travel, or lodging (Utah Code 63G*-*6a*-*2304.5).

(1) Utah Code 63G*-*6a*-*2304.5 states that the total value of all hospitality gifts given, offered, or promised to, or received or accepted by the “procurement participant” or “contract administrator” in relation to a particular procurement or contract must be less than $10; the total value of all hospitality gifts given, offered or prom­ised to, or received or accepted by, the “procurement participant” or “contract administrator” from any one person, vendor, bidder, responder, or contractor in a fiscal year must be less than $50.

(2) Any hospitality gift exceeding the $10 and $50 threshold is considered a gratuity, and the provisions below apply.

e. **Gratuities**

**“Gratuity”** means anything of value, including money, a loan at an interest rate below the market value or with terms that are more advantageous to the person receiving the loan than terms offered generally on the market, an award, employment, admis­sion to an event, a meal, lodging, travel, or entertainment for which a charge is nor­mally made (Utah Code 63G*-*6a*-*2304.5).

(1) Utah Code 63G*-*6a*-*2304.5 makes it unlawful:

(a) For an “interested person” to give, offer, or promise to give a gratuity to a “pro­curement participant” or an individual the person knows is a family member of the procurement participant.

(b) For a “procurement participant” to ask, receive, offer to receive, accept, or ask for a promise to receive a gratuity from an “interested person.”

(c) For a contractor to give a gratuity to a “contract administrator” of the contrac­tor’s contract or an individual the contractor knows is a family member of a “contract administrator” of the contractor’s contract.

(d) For a “contract administrator” of a contract to ask, receive, offer to receive, accept, or ask for a promise to receive, for the “contract administrator” or a family member of a “contract administrator,” a gratuity from a contractor for that contract.

(2) Penalties for violating this statute are established in Utah Code 63G*-*6a*-*2304.5 and 2306. The LEA will adhere to these penalties and report violations to the attorney general’s office as required by statute.

(a) *Interested person and contractors:* penalties range from a class B misdemeanor to a second degree felony.

(b) *Procurement participant and contract administrator:* penalties range from a class B misdemeanor to a second degree felony and make employees subject to disciplinary action up to and including dismissal from employment.

f. **Kickback**

**“Kickback”** means a gratuity given in exchange for favorable treatment in a pending procurement or the administration of a contract (Utah Code 63G*-*6a*-*2304.5).

(1) Utah Code 63G-6a-2304.5 makes it unlawful:

(a) For a person to give, offer, or promise to give a “kickback” to a “procurement participant” or to another person for the benefit of a “procurement partici­pant.”

(b) For a “procurement participant” to ask, receive, offer to receive, accept or ask for a promise to receive a kickback for the “procurement participant” or for another person.

(c) For a person to give a kickback to a “contract administrator,” or to another person for the benefit of a “contract administrator.”

(d) For a “contract administrator” to ask, receive, offer to receive, accept, or ask for a promise to receive a kickback for the “contract administrator” or for another person.

(2) Penalties for violating this statute are established in Utah Code 63G*-*6a*-*2304.5 and 2306. The LEA will adhere to these penalties and report violations to the attorney general’s office, as required by statute.

(a) *Person and contractors:* penalties range from a class B misdemeanor to a sec­ond degree felony.

(b) *Procurement participant and contract administrator:* penalties range from a class B misdemeanor to a second degree felony and individuals are subject to disciplinary action up to and including dismissal from employment.

g. **Position or Influence**

Utah Code 63G*-*6a*-*2304.5 makes it unlawful for a “procurement participant” to use the “procurement participant’s” position or influence to obtain a personal benefit for the “procurement participant,” or for a family member of the “procurement partici­pant,” from an “interested person.”

(1) Penalties for violating this statute are established in Utah Code 63G*-*6a*-*2304.5 and 2306. The LEA will adhere to these penalties and report violations to the attorney general’s office, as required by statute.

(a) *Interested person:* penalties range from a class B misdemeanor to a second degree felony.

(b) *Procurement participant:* penalties range from a class B misdemeanor to a sec­ond degree felony and individuals are subject to disciplinary action up to and including dismissal from employment.

**G. GENERAL MODEL PROCEDURES**

**1.** The LEA’s tax exempt status number should only be used in conformity with the Utah State Tax Commission’s guidelines.

**2.** The LEA has designated the State Procurement Code as its purchasing policy.

**3.** If an outside entity reimburses employee expenses (meals, travel, etc.), these expenses should not be submitted to the LEA for reimbursement.

**4.** No disbursing of funds is to be done in other offices or at unapproved off-site activities or functions.

**5.** Purchases of goods or services for personal use or personal benefit of any amount are strictly prohibited.

**6.** Any purchases should be equitable for both male and female students and comply with Title IX.

**H. DECISION CHART FOR PURCHASING THRESHOLDS**

**How does an employee initiate a purchase?**

**1.** Is the purchase available from a state agency or a state cooperative contract? If so, you are encouraged to purchase the item from the agency or state contract. If not, follow the decision chart below.

**2.** If the total purchase is between:

**a. $0–$1,000**

The purchaser may select the best source without seeking competitive quotes. The signatures of the requestor and immediate supervisor (or authorized business officer for the department or administration) are required on the purchase order or check re­quest form. If the purchase is made using an LEA credit/purchase card, the employee should follow the credit/purchase card policy below.

**b. $1,001–$5,000**

The purchaser shall obtain at least two (2) competitive quotes and purchase the item/service from the supplier offering the lowest quote. Quotes must be attached to the purchase documentation and maintained as part of the LEA’s records. The signatures of the requestor, immediate supervisor (or authorized business officer for the de­partment), and business administrator are required on the purchase order or check request form.

**c. $5,001–$10,000**

The purchaser shall obtain at least three (3) competitive quotes and purchase the item/service from the supplier offering the lowest quote meeting the specifications. Quotes must be attached to the purchase documentation and maintained as part of the LEA’s records. The signatures of the requestor, immediate supervisor (or autho­rized business officer for the department), and business administrator are required on the purchase order or check request form.

**d. $10,001–$50,000**

The purchaser shall obtain at least three (3) competitive quotes and purchase the item/service from the supplier offering the lowest quote meeting specifications. Quotes must be attached to the purchase documentation and maintained as part of the LEA’s records. Completed bids and an approved purchase order shall be sent to LEA purchasing for initiation and purchase. The signatures of the requestor, immediate supervisor (or authorized business officer for the department), and business adminis­trator for the LEA are required on the purchase order or check request form.

**e. Greater than $50,001**

The LEA shall enter into a competitive bid process or RFP in compliance with *Utah Code* 63G*-*6a sections 601*–*612 and 701*–*711, or use an approved vendor list with an invitation for bids or an RFP in compliance with *Utah Code* 63G*-*6a*-*403 and 404. The bid or RFP process shall be managed by LEA purchasing. If a bid process is utilized, select the lowest responsive and responsible bidder that meets the objective criteria described in the invitation to bid. If an RFP process is utilized, select the responsive and responsible offeror with the highest total score. Supporting documents must be retained and maintained as part of the LEA’s records. The signatures of the requestor, immediate supervisor (or authorized business officer for the department), business ad­ministrator, and superintendent of the LEA are required for final approval.

**f. Less than $100,001 for professional services**

When acquiring professional services such as accounting, legal, consulting, architec­tural, or engineering goods or services valued less than $100,001, the LEA shall follow the policy in section e. above.

**g. Less than $2,500,001 for small construction projects**

The LEA shall follow the same policy as stated above for goods or services greater than $50,001.

**h. Greater than $100,000 for professional services and greater than $2,500,000 for small construction projects**

The LEA shall enter into a competitive bid process or RFP in compliance with Utah Code 63G*-*6a sections 601*-*612 and 701*-*711. The bid or RFP process shall be managed by LEA purchasing. If a bid process is utilized, select the lowest responsive and respon­sible bidder that meets the objective criteria described in the invitation to bid. If an RFP process is utilized, select the responsive and responsible offeror with the highest total score. Supporting documents must be retained and maintained as part of the LEA’s records. The signatures of the business administrator, superintendent, and the LEA’s board are required for the invitation to bid or RFP.

**I. SOLE SOURCE**

**1.** Sole source procurement shall only be used if a product or service is unique and can be easily proven as one of a kind, offered by only one vendor. If there is more than one potential bidder or offeror for a particular item, sole source does not apply. All sole source determinations must be completed through the LEA purchasing department.

**2.** All sole source requests estimated to be $50,000 and above must be posted for public comment, in accordance with *Utah Code* 63G*-*6a*-*802 and 406.

**3.** Sole source justification should be documented according to *Utah Code* 63G*-*6a*-*802 and be approved by administration.

**J. CREDIT/PURCHASE CARDS**

**1.** All credit/purchase cards shall be kept secured and controlled by the accounting/front office with limited access. PIN numbers should be kept secured.

**2.** Card users shall follow LEA and state purchasing policies and comply with the Utah State Tax Commission’s guidelines regarding the LEA’s tax exempt status number.

**3.** Purchases exceeding $1,000 made using the credit or purchase card should be pre-ap­proved, using an expenditure authorization form, prior to making the purchase.

**K. TRAVEL**

**1. Mileage**

a. Mileage reimbursement forms must be completed by employees within 45 days of re­turn from travel. The form must include the dates and purpose of travel, destination(s), time of departure and return, and mileage.

b. A travel authorization form must be completed prior to registration for conferences and events, and approved by the employees’ immediate supervisor. The form must in­clude the dates and purpose of travel, destination, estimate of travel cost, lodging and per diem costs. Supporting documentation is required for each traveler. Each traveler must complete an authorization form. Authorizations must be approved prior to pur­chase or booking of any travel arrangements. In-state travel must be approved by the employee’s immediate supervisor. An administrator or board employee’s immediate supervisor may be the superintendent or board chair.

c. Out-of-state travel must be approved by the immediate supervisor and applicable administrator. An administrator or board employee’s immediate supervisor may be the superintendent or board chair.

**2. Travel Reimbursement**

a. A travel reimbursement form must be completed within 30 days of return from travel. Lodging, airfare, taxi, parking, or other transportation and baggage fees paid by the employee require receipts to be reimbursed. Expenditures not supported by receipts will not be reimbursed, unless expressly approved by the supervisor in extraordinary circumstances. Per diem reimbursement requests must be included on the travel reimbursement form or on a completed mileage log. Conference agendas, completed mileage logs, or other documentation supporting times of departure and return are required for per diem meal reimbursements (see state travel per diem schedule). It is the policy of the LEA to reimburse food on a per diem rate rather than by actual costs.

**L. REIMBURSEMENT REQUESTS**

**1.** Employees seeking reimbursement for LEA expenditures made with employee funds must complete a reimbursement request form, which is signed by the requestor and approved by the employee’s immediate supervisor. An administrator’s or board employee’s immedi­ate supervisor may be the superintendent or board chair.

**2.** Supporting documentation, including detailed receipts and justification for departure from the standard purchase order process, is required. Authorization must be document­ed by the immediate supervisor.

**M. ISSUANCE OF CHECKS**

**1.** All checks, check stock, access to bank accounts, and bank statements shall be kept se­cured and controlled by the accounting/front office with limited access. Passwords should be kept secured and changed periodically.

**2.** An employee who does not have the ability to issue checks shall review the issued check and accompanying supporting documentation to ensure all policies and procedures are followed prior to signing the check.

**3.** Each disbursement shall be substantiated with supporting documentation, such as a pur­chase order, invoice, receipts, quotes (according to the procurement policy above), reim­bursement forms, shipping documents, contracts, travel forms, etc. All expenditures shall be recorded in the LEA’s accounting records using the NCES chart of accounts, or under the LEA’s roll-up process to convert to the NCES chart of accounts.

**4.** Signature stamps should not be utilized, and blank checks or checks made payable to “cash” or “bearer” should never be signed.

**5.** Endorsed checks should be mailed by an employee outside of the cash disbursement process, if possible.

**6.** It may be necessary to void a check. If this occurs, the word “VOID” should be written on the check, and the actual check shall be retained.

**N. JOURNAL ENTRIES/ELECTRONIC FUND TRANSFERS (EFT)**

**1.** All electronic fund transfers and journal entries shall be kept secured and controlled by the accounting/front office with limited access. Passwords should be kept secured and changed periodically.

**2.** Each journal entry or electronic fund transfer should be substantiated by supporting doc­umentation.

**3.** Each journal entry or EFT should be recorded in the accounting records.

**4.** Administration or an individual without cash disbursement duties shall document approv­al of journal entries or electronic fund transfers.

**5.** Monthly, the LEA’s audit committee or designee should review and approve the journal entries and electronic fund transfers.

**O. REVIEW PROCESS**

**1.** Monthly, bank reconciliation(s) should be performed on all LEA-approved accounts, including credit card transactions. If the bank reconciliation is completed by someone who has access to the accounting system and bank accounts, it should be reviewed and approved by another person, such as the principal or director, business administrator, or a member of the board.

**2.** Monthly, administration should review bank statements and bank reconciliations, as well as credit card statements, and document the review and approval. The LEA’s audit com­mittee or LEA management should ensure that monthly bank reconciliations and credit/purchase card statement reconciliations are occurring.

**3.** A check register should be reviewed when signing checks to ensure all disbursements are reviewed and approved.

**4.** Periodically, administration or designated members of management shall review cash disbursements to verify that all LEA and State policies and procedures are being followed.