

Cash Disbursement Policy

Purpose

To establish policies and procedures governing the initiation, authorization, and review of all expenditures of Vista School.

Scope

These policies, guidelines, and procedures are applicable without exception to all funds owned or administered by Vista School. All expenditures 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 school, and are to be documented in a way which clearly substantiates such reasonableness and necessity. This policy applies to all school administration, licensed educators, staff, students, organizations, and individuals that initiate, authorize, or process cash disbursements on behalf of Vista School. The scope includes all activities at the school and in all locations where school sponsored activities and public funds are expended.

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

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. When segregation of duties is not possible, compensating controls such as management supervision and review of cash disbursement records by independent parties should be implemented.

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 schools or other public bodies [Utah Code 51-7-3(26)].*

General Disbursement Policies

1. All checks, purchase cards, access to bank accounts and statements, etc. shall be secured and controlled by the business office with limited access.
2. All disbursing of funds at the school should be done through the business office.
3. Expenditure transactions must be approved by the individual(s) 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 Decision Chart For Purchasing Thresholds).
4. All expenditures made using cash, checks, purchase cards, electronic fund transfers, etc. shall be recorded in the school 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
 - 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 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 or LEA will adopt stricter policies (see Decision Chart for Purchasing Thresholds).
 11. Contracts must follow 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), Utah Code concerning school construction (Utah Code 53A-20), the Utah State School Board 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 school 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.

Procurement Thresholds

The procurement policy shall be followed for all qualifying purchases of goods or services. The procurement policy should include the basic items:

1. Small Purchases

- a. The "individual procurement threshold" for Vista School is \$1,000. This is the maximum amount that the school can expend to obtain a single item/service

from one vendor at one time without requiring competitive purchasing (Utah Code 63G-6a-408, Administrative Code R33-3).

- b. The “single procurement aggregate threshold” for Vista School is \$5,000. This is the maximum amount that the school can expend to obtain any combination of individual procurement items/services costing less than \$1,001 from one vendor at one time up to \$5,000. (Utah Code 63G-6a-408, Administrative Code R33-3).
- c. The “annual cumulative threshold” for Vista School is \$50,000. This is the maximum total annual amount that the school can expend to obtain individual procurement item(s) costing less than \$1,001 purchased from the same vendor during the fiscal year (July 1 – June 30) not to exceed \$50,000. 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 Administrative Code 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 (Administrative Code R33-3).
- e. Small construction projects:
 - (1) Costing less than \$25,001 may be procured by direct award without seeking competitive bids or quotes after documenting that all applicable building code approvals, licensing requirements, permitting and other construction related requirements are met.
 - (2) Costing between \$25,001 and \$80,000 may be procured by obtaining a minimum of two (2) competitive bids or quotes that include minimum specifications and be awarded to the contractor with the lowest bid or quote that meets the specification after documenting that the requirements are met from (1).
 - (3) Costing more than \$80,000 are not considered small construction projects and must follow the requirements outlined in Utah Code 53A-20.

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 short 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 Vista School, 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 Vista School (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. Vista School 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 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. Vista School 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. Vista School 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 subject to disciplinary action up to and including dismissal from employment.

Cash Disbursements Model Procedures

A. General Model Procedures

1. Vista School’s tax exempt status number should only be used in conformity with the Utah State Tax Commission’s guidelines.
2. Vista School has designated State Procurement Code as its purchasing policy.
3. If an outside entity reimburses employee expenses (meals, travel, etc.), these expenses should not also be submitted to the school for reimbursement.
4. No disbursing of funds is to be done outside the business office 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.

B. Procurement Decision Tree

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 signature of the business manager and principal are required on all purchase orders or check request forms. If the purchase is made using the state purchase card, the employee should follow the purchase card policy below.
 - b. **\$1,001-\$5,000**

The purchaser shall obtain at least two (2) competitive quotes and purchase item/service from supplier offering the lowest quote that meeting specifications. Quotes must be attached to the purchase documentation and maintained as part of the school's records. The signature of the business manager and principal are required on the purchase order or check request form.

c. **\$5,001-\$10,000**

The purchaser shall obtain at least two (2) competitive quotes and purchase item/service from supplier offering the lowest quote meeting specifications. Quotes must be attached to the purchase documentation and maintained as part of the school's records. **The signature of the business administrator, principal and board chair are all required on the purchase order or check request form on all purchases over \$5000.**

d. **\$10,001-\$50,000**

The purchaser shall obtain at least two (2) competitive quotes and purchase 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 school's records. Completed bids and an approved purchase order shall be sent to Vista School business manager for initiation and purchase. The signature requirements include: business manager, principal and board chair.

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 school 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 offer or with the highest total score. Supporting documents must be retained and maintained as part of the school's records. The signature requirements include: business manager, principal and board chair.

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. **Small construction projects**

(1) Costing less than \$25,001 may be procured by direct award without seeking competitive bids or quotes after documenting that all applicable building code approvals, licensing requirements, permitting and other construction related requirements are met. The signature requirements include: business manager, principal and board chair.

(2) Costing between \$25,001 and \$80,000 may be procured by obtaining a minimum of two (2) competitive bids or quotes that include minimum specifications and be awarded to the contractor with the lowest bid or quote that meets the specification after documenting that the requirements are met from (1). The signature requirements include: business manager, principal and board chair.

(3) Costing more than \$80,000 are not considered small construction projects and must follow the requirements outlined in Utah Code 53A-20, and the board shall advertise for bids at least 10 days before the bid due date. The signature requirements include: business manager, principal and board chair.

h. **Greater than \$100,000 for professional services**

Vista School 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 school 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 offer or with the highest total score. Supporting documents must be retained and maintained as part of the LEA's records. The signature requirements include: business manager, principal and board chair for the invitation to bid or RFP.

(Please see the Decision Chart for Purchasing Thresholds)

C. 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 offer or for a particular item, sole source does not apply. All sole source determinations must be completed through the school 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.

D. Purchase Cards

1. All purchase cards shall be kept secured and controlled by the business and director's offices with limited access. The PIN number for the operational account debit card should be kept secured.
2. Card users shall follow school and state purchasing policies and comply with the Utah State Tax Commission's guidelines regarding the school'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.
4. If a card is issued to the school as a whole, a log should be kept documenting which employee checked out the card and the period of time the card was checked out. Receipts shall be retained for all purchases and turned into the business office. Card reconciliations should be performed monthly to ensure all receipts are present and all purchases have been made in accordance with school and state policy.
5. Administration (or designee) must review each card holder's statement, along with all receipts, for approval. Approval should be documented.
6. The business manager and director should be responsible for providing authorization for purchases.
7. Individual expenditures made on purchase or credit cards shall be recorded in the school or school's accounting records according to approved NCES chart of accounts. The issuance of a check or an electronic funds transfer to pay the monthly card

statement balance shall be documented and approved by administration prior to issuance.

8. ATM transactions, cash advances, or personal use are strictly prohibited.
9. Violation of purchase card policy, including not retaining documentation of purchases or making personal purchases, may result in card cancellation, disciplinary action, or criminal prosecution.
10. Transaction, daily, or monthly limits will be established based on purchasing authority.
11. Administration or employees designated by the finance committee will develop an internal review plan to periodically select purchase card statements to verify that school policies and procedures are being followed, and that purchases are appropriate, documented, and coded to the proper funding sources.
12. If the card is lost or stolen, immediately contact the appropriate authority.

E. 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), and a verifiable mileage report, such as mapquest.
- 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. The director and business manager travel may be approved by the board chair.
- c. Out-of-state travel must be approved by immediate supervisor and applicable administrator. The director and business manager travel may be approved by the 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 Vista School to reimburse food by actual costs up to the per diem limits.

F. Reimbursement Requests

1. Employees seeking reimbursement for school expenditures made with employee funds must complete and sign a reimbursement request form. The form will be authorized by the director and business manager.
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.

G. Purchase Orders

1. An expenditure authorization form (purchase order or requisition) is required for all purchases with the exception of the board pre-approved monthly expenditures. Employees initiating an expenditure shall complete the authorization form, including documentation of any required quotes, **before** a purchase is initiated. The completed form and documentation shall be submitted to the business manager.
2. The business manager will review the completed expenditure forms and any supporting quotes and attain the proper signatures based on the purchase levels.
3. Shipment of goods should always be addressed and delivered to the school.
4. Invoices and complete packing slips should be marked by the receiver of the goods, indicating that all goods were received and that payment should be processed.
5. The business office shall compare invoices and packing slips to the expenditure authorization form prior to processing payment (see Issuance of checks).

H. Issuance of Checks

1. All checks, check stock, access to bank accounts, and bank statements shall be kept secured and controlled by the business office with limited access. Passwords should be kept secured and changed periodically.
2. The director 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 school's accounting records using the NCES chart of accounts, or under the school'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.

I. Journal Entries/Electronic Fund Transfers

1. All electronic fund transfers and journal entries shall be kept secured and controlled by the business office with limited access. Password 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 electronic fund transfer should be recorded in school's accounting records.
4. Administration or an individual without cash disbursement duties shall document approval of journal entries or electronic fund transfers.
5. Monthly, the school's audit committee or designee should review and approve the journal entries and electronic fund transfers.

J. Review process

1. Monthly, bank reconciliation(s) should be performed on all school-approved accounts, including purchase card transactions
2. Monthly, administration should review bank statements and bank reconciliations, as well as credit card statements, and document the review and approval. The school's audit committee or school management should ensure that monthly bank reconciliations and 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 school and State policies and procedures are being followed.