



CASH DISBURSEMENT AND PROCUREMENT POLICY

Legal Authority/Requirement

R277-459	Materials Appropriate
R277-515	Utah Educator Standards
R277-417	Third Party Providers Standards

Purpose

This policy has been adopted to enable AMES to purchase, establish contracts, and generally carry on its procurement functions in a manner that deals equitably with all vendors and provides for efficient management and proper expenditure of public monies.

Scope of Policy

1. This policy and related procedures are applicable without exception to any and all individuals that initiate, authorize, or process cash disbursements on behalf of AMES; to any and all funds administered by AMES; to any and all AMES activities; and in all locations where AMES (public) funds are expended.
2. All AMES expenditures shall be consistent with applicable laws/ regulations; consistent with any restrictions, rules, or regulations placed on the use of the funds by donors and granting agencies; consistent with prudent management practices; reasonable and necessary for carrying out AMES programs and activities; and documented to substantiate such reasonableness and necessity.
3. In all financial dealings, AMES employees will act in an ethical manner that is consistent with AMES policy, Utah Educators' Standards, and the Public Officers' and Employees' Ethics Act; Cash Disbursement and Procurement Policy

Segregation of Duties

1. Whenever possible; custody of purchase cards and blank checks, initiating expenditures, approving expenditures, maintaining documentation, issuing disbursements, and reconciling records should be segregated among different individuals.
2. When segregation of duties is not possible due to AMES' small size and limited staffing, the compensating controls of a) management/board supervision and b) review of financial records by board-appointed independent parties shall be implemented.

Definitions

"Public funds" --Money, funds, and accounts, regardless of the source from which the funds are derived, owned, held, or administered by the state or any of its political subdivisions (including AMES) [Utah Code 517-3(26)].

General Procurement & Cash Disbursement

1. Custody and Security
 - a. All checks, check stock, credit/purchase cards, bank statements, and other procurement/purchasing records, etc. shall be secured and controlled by the accounting/front office with limited access.
 - b. Passwords shall be established on user access to the accounting system, online banking systems, and other electronic procurement systems and changed periodically.
2. Approving and Initiating Expenditures
 - a. Expenditures must be approved by an individual (not the requestor) Having sufficient knowledge and authority to evaluate the transaction for reasonableness and appropriateness.
 - b. The Principal/CEO is authorized to purchase or supervise the purchasing of all supplies and materials for the school in accordance with this policy.
3. Maintenance of Documentation
 - a. All expenditures made shall be recorded in AMES's accounting systems.
 - b. All disbursement activity shall be substantiated by supporting documents and shall demonstrate that proper controls are in place. i.e. signatures for approval, POs, receipts, invoices, bids or quotes, RFPs, reimbursements, travel forms, journal entries, reconciliations, etc.

- c. Necessary documentation shall be kept according to Utah State Archive Rules
- d. Individual durable assets with a purchase price greater than \$500 shall be added to the fixed asset inventory and tracked accordingly.

4. Issuing/Disbursing Funds

- a. All disbursement of funds shall be done through the accounting/front office

5. Reconciling Records

- a. Monthly reconciliations shall be performed on each AMES bank and edit/purchase card accounts
- b. Activity accounts should be reviewed quarterly by both an administrator and assigned activity sponsor to ensure accuracy and allowable use.

6. Supervision/Review

- a. The board shall appoint a reviewer that is independent of the procurement process to regularly review (typically monthly) procurement and cash disbursement activities to verify that policies and procedures are being followed.
- b. The board reviewer, or designee, should present his/her findings at regularly scheduled board meetings
- c. In conjunction with the reviewer's report, the full board shall receive monthly financial statements (P&L, balance sheet, transaction listings, etc.) to allow the board an additional level of oversight.
- d. All expenditures are subject to at least annual audits conducted by an auditing firm hired by the AMES Board of Trustees.

7. General Procurement Ethics

- a. Purchase of goods/services with AMES funds for personal use/gain is prohibited.
- b. AMES's tax-exempt number shall never be used for personal purposes and may only be used in conformity within Utah State Tax Commission guidelines.
- c. If an outside entity reimburses expenditures that an individual made on behalf of AMES, these expenses shall not also be submitted to AMES for reimbursement.

8. Quotes for Goods/Services

- a. Quotes should contain the following information (regardless of quote type)
 - i. Dates that the quoted price is valid and estimated delivery date
 - ii. Vendor name, salesperson, and contact information
 - iii. Each item, description or specifications, unit, total price, and quantity listed
 - iv. Shipping and freight charges
- b. Written quotes should be requested on the vendor's letterhead.
- c. Telephone/verbal quotes shall be documented.
- d. Website quotes may be documented by printing pages from a website.

9. Contracts and Construction

- a. Cost-plus-a-percentage-of-cost contracts are prohibited.
- b. 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)].
- c. Construction and improvements must comply with the provisions of the State Procurement Code (Utah Code 63G-6a), the Utah State Board Administrative Rules, and Title IX.
- d. 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).

Appropriate Use of Cash Disbursement Instruments

1. Checks
 - a. Use of a signature stamp, the signing of blank checks, and making checks payable to "cash" or "bearer" is prohibited.
 - b. All checks should be signed by the Principal or Assistant Principal and the office manager.
 - c. Signers shall review the issued check and accompanying supporting documentation to ensure all policies and procedures have been followed prior to signing the check
2. Credit/Purchase Cards
 - a. Lost or stolen cards shall be immediately reported to the front office for cancellation.
 - b. A checkout log for a shared card shall be kept by the appointed custodian documenting the period of time the card was checked out and by whom.
 - c. Receipts shall be retained for all purchases made on credit or purchase cards and turned into the accounting/front office.
 - d. ATM transactions, cash advances, or personal use of a card is prohibited.
3. Journal Entries/Electronic Funds Transfers
 - a. Each journal entry or electronic fund transfer shall be substantiated by supporting documentation.
 - b. A board appointed individual without cash disbursement duties shall document approval of journal entries or electronic fund transfers.
4. Payroll
 - a. The governing board shall approve base salary/wage rates.
 - b. Stipends paid for additional work shall be pre-authorized by the Principal.
 - c. Stipends for additional work shall be substantiated by time records, meeting agendas, or work products.
 - d. Payroll shall be distributed via direct deposits

- e. Deductions for each absence (above those allowed by leave policy) shall be determined by dividing an employee's annualized salary by the number of standard days of employment.
- f. Deductions for State and Federal taxes shall be made in accordance with Federal schedules and based on exemption certificates filed with the Business Manager by individual employees.
- g. Requests for deductions or to discontinue deductions (e.g. insurance, retirement) shall be made in writing by each employee and filed with the Business Manager.

Procurement Thresholds

1. Thresholds for Small, Non-Recurring Purchases

\$1,000 - Individual

Item Procurement Threshold The maximum amount AMES can expend to obtain a single item/service from one vendor at one time without requiring competitive purchasing is \$1,000.

\$5,000 -Single Transaction Procurement Aggregate Threshold

The maximum amount that AMES can expend to obtain multiple procurement items/services from one vendor at one time is \$5,000. This includes any combination of individual procurement items costing less than \$1,001 purchased from one vendor at one time.

\$50,000 -Single Vendor Annual Cumulative Threshold

The maximum total annual amount that AMES can expend to obtain procurement item(s) from the same vendor during the fiscal year is \$50,000.

2. Reoccurring Purchase Over Single Vendor Annual Cumulative Threshold

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. Prohibition of Artificial Division of Purchases

a. UC 63G-6a-408 prohibits 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 and provides legal penalties (up to a second degree felony) for violations [63G-6a-2305 and 2306].

c. Occasionally, division of purchases is unintentional (e.g. a large enough quantity was not ordered, or the correct size were not obtained); but nevertheless would have created the necessity of competitive quotes had they been included in an original purchase. In such circumstances, the employee initiating the purchase must include a written justification as to why this transaction is not considered an

intentional division of a purchase. This justification shall be retained with the vendor invoice.

Hospitality Gifts, Gratuities, Kickbacks, or Position and Influence

1. Definitions:

Hospitality Gift--a token gift of minimal value (e.g. pen, pencil, stationery, toy, pin, trinket, snack, nonalcoholic beverage, or appetizer).

Does not include money, a meal, admittance to an event, entertainment for which a charge is normally made, travel, or lodging.

Any gift exceeding the \$10 is considered a "gratuity".

Gratuity--anything of value given without anything provided in exchange including a gift/favor, 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, anything of value given with an award other than a plaque etc. employment, admission to an event, a meal, lodging, travel, or entertainment for which a charge is normally made, a raffle, drawing for prize, or a lottery.

A gratuity does not include an item that is included in a contract or grant, provided in the proper performance of a requirement .Kickback -- a negotiated bribe provided in connection with procurement or the administration of a contract or grant.

2. Utah Code 63G-6a-2304.5 prohibits the use of gratuities, kickbacks, and inappropriate influence in public procurement and provides legal penalties (up to a second –degree felony) for violations.
 1. Individuals acting on AMES' behalf in contract administration or otherwise participating in procurement on behalf of AMES shall not:
 - a. Ask, receive, offer to receive, accept, or ask for a promise to the receive a gratuity or kickback from a person interested in any way in sale of a procurement item or insurance to AMES.
 - b. Use his/her position or influence to obtain a personal benefit or benefit for a family member from an interested person.
3. Employees who violate the UC 63G-6a-2304.5 will be subject to disciplinary action up to and including termination, referral to the UPPAC, and referral to the Utah State Attorney General's Office.
4. AMES employees shall report any instance where gratuities or kickbacks are requested, offered, accepted or given, to the Utah State Attorney General's Office.
5. AMES employees may accept hospitality gifts valued in relation to a particular procurement or contract so long as the value of the gift is less than \$10; and so long as the total value of all hospitality gifts received from any one person or entity during a fiscal year is less than \$50.

Decision Chart for Purchasing Thresholds

1. State Contracts
 - a. If an item/service is available and purchased from a state agency or a state cooperative contract, bids or RFPs are not required.
 - b. Purchases from state agencies or state contracts must still have appropriate approvals and documentation verifying state agency or contract status.
2. Sole Source Procurement
 - a. Only the governing board may approve sole source procurement over \$1,000
 - i. Utilities and legal services (from the board retained firms) are approved for sole source procurement.
 - b. Sole sourcing can 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.
 - c. Justification shall be documented according to Utah Code 63G-6a-802.
 - d. 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. Purchasing Thresholds

\$0–\$1,000

Bidding:	No quotes required
Selection:	Best source
Authorization:	Requestor and Administrator (Principal or Office Manager)
Form:	Purchase Order or Check Request
Documentation:	PO/CR attached and maintained with purchase documentation

\$1,001–\$30,000 (or Small Construction < \$80,000) or Pro Services < \$100,001)

Bidding:	State Contract or at least three (3) competitive quotes
Selection:	Supplier offering the lowest quotes meeting the specifications
Authorization:	Requestor & Principal
Form:	Purchase Order or Check Request
Documentation:	PO /CR & contract/quotes attached and maintained with purchase documentation

Purchase of Good/Services >\$30,000; or Professional Service >\$100,001;
Or Construction > \$80,000

Bidding: Use one of the following: Competitive bid process or RFP in compliance with Utah Code 63G-6a sections 601–612 and 701–711; an approved vendor list with an invitation for bids; an RFP in compliance with Utah Code 63G-6a-403 and 404. Authorization to seek bids/RFPs must be approved by board treasurer.

Selection: If a bid process is utilized: 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.

Authorization: Requestor, Principal, & Board Chair
Form: Bid Invitation or Request for Proposal
Documentation: BI/RFP & responses attached and maintained with purchase documentation (Professional services include accounting, legal, consulting, architectural, or engineering goods/services)

Purchase of Professional Service >\$100,000; or Construction > \$2,500,000

Bidding: Use one of the following: Competitive bid process or RFP in compliance with Utah Code 63G-6a sections 601–612 and 701–711. Authorization to seek bids/RFPs must be approved by a vote of the board.

Selection: If a bid process is utilized: 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.

Authorization: Requestor, Principal, & Board Members
Form: Bid Invitation or Request for Proposal
Documentation: BI /RFP & responses attached and maintained with purchase documentation

Reimbursement Requests

1. General Reimbursements

- a. Those seeking reimbursement for AMES expenditures made with Personal funds must complete a reimbursement request form, this is signed by the requestor and approved by the Principal or by the Board Chair if the Principal is the requestor.
- b. Supporting documentation, including detailed receipts and justification for departure from the standard purchase order process, is required.

2. Travel Reimbursements

- a. A travel authorization form should be approved prior to making travel/event arrangements and should include dates and purpose of travel, destination, estimate of travel cost, lodging and per diem costs.
- b. In-state travel must be approved by the employee's immediate supervisor.
- c. Employee out-of-state travel must be approved by the Principal.
- d. Out-of-state travel by non-employees or the Principal must be approved by the Board Chair.
- e. Mileage is reimbursed at \$0.575 per mile.
- f. Travel reimbursement forms must be submitted within 30 days of return from travel

Purchase Orders

1. A purchase order or expenditure authorization form (along with documentation of any required quotes) should be used for all purchases.
2. POs must obtain appropriate authorization prior to the initiation of a purchase.
3. Shipment of goods should be addressed and delivered to AMES campus.
4. Invoices and complete packing slips should be initialed by the receiver of the goods, indicating that all goods were received and that payment should be processed.
5. The accounting/front office shall compare invoices and packing slips to the expenditure authorization form prior to processing payment.