

Cash Disbursement Policy

A. PURPOSE

To establish policy governing the initiation, authorization, and review of all expenditures of Promontory School of Expeditionary Learning.

B. SCOPE

These policies, guidelines, and procedures are applicable without exception to all funds owned or administered by Promontory School. All expenditures of the school 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 Promontory School administration, licensed educators, staff, students, organizations, and individuals that initiate, authorize, or process cash disbursements on behalf of the school. The scope includes all activities at the school and in all locations where school activities and public funds are expended.

It is expected that in all dealings, Promontory 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.

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. When segregation of duties is not possible due to the small size and limited staffing, 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 Promontory School 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, and the total individual procurement items cost less than \$3,000, or \$1,000 for non-bid procurement thresholds, professional services (including architectural or engineering) costing less than \$100,001, and small construction projects costing less than \$80,001 (Utah Code 63G-6a-506, 53E-3-703, Administrative Code R27-122-5 and -6, R850-11-400).

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 accounting office with limited access.
2. All disbursing of funds at the school should be done through the business manager.
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.
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.
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
 3. Each item, description or specifications, unit, total price, and quantity listed
 4. Shipping and freight charges
 - 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 school 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.
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), Utah Code concerning school construction (Utah Code 53E-3 Part 7), 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), Promontory School'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.

F. PROCUREMENT THRESHOLDS

Promontory School's procurement policy shall be followed for all qualifying purchases of goods or services. The procurement policy includes the following items:

1. Small Purchases

- a. The "individual procurement threshold" for the 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-506, Administrative Code R33-5-104).
- b. The "single procurement aggregate threshold" for the 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-506, Administrative Code R33-5-104, R33-5-107).
- c. The "annual cumulative threshold" for the 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 Rule R33-5-104).
- 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-409 and 410 (Administrative Code R227-122-5 and -6).
- 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 (Administrative Code R33-5-106(4)).
 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 53E-3-703.

2. Recurring 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-506(6), Administrative Code R33-5-104)).

3. Artificially Dividing a Purchase

- a. Utah Code 63G-6a-506 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-2404.3. 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 the 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 the 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”** 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. **“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 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”** 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 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. The 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 individuals are subject to disciplinary action up to and including dismissal from employment.