



Policy Number:	4020
Dated:	09/13/2013

Cash Disbursement Policy

A. Purpose

To establish policy and procedure governing the initiation, authorization, and review of all expenditures of American Leadership Academy

B. Scope

These policies, guidelines, and procedures are applicable without exception to all funds owned or administered by American Leadership Academy. 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 American Leadership Academy, and are to be documented in a way which clearly substantiates such reasonableness and necessity. This policy applies to all 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, American Leadership Academy 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.

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 and the total individual procurement items cost less than \$1,000, professional services (including architectural or engineering) costing less than \$100,001, and small construction projects costing less than \$80,001 (Utah Code 63G-6a-408, 53A-20-101, Administrative Code R33-3).

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 accounting office.
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.
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. 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 may 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, 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 vendor's letterhead.
7. Bank and credit card statements should be reviewed and accounts reconciled in a timely manner. Activity accounts should be reviewed quarterly by a board member.
8. The school must comply with applicable LEA and state purchasing laws.
9. Expenditures will follow the guidelines outlined in the State Procurement Code (Utah Code 63G-6a) and federal purchasing laws.
10. Contracts must follow guidelines outlined in the State Procurement Code, specifically regarding the length of multi-year contracts [Utah Code 63G-6a-1204(7)].
11. Construction and improvements must comply with the provisions of the State Procurement Code (Utah Code 63G-6a).
12. Exclusive contracts must comply with the guidelines outlined in the State Procurement Code (Utah Code 63G-6a), and the Utah Public Officers' and Employees' Ethics Act (Utah Code 67-16).
13. 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).
14. Multi-year contracts must comply with Utah Code 63G-6a-1204.

F. LEA Procurement Thresholds

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-408, Administrative Code R33-3).

- 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-408, Administrative Code R33-3).
- 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 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.
 - (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 public entity, 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 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 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 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 Procedures

1. If using state contracts three quotes are not necessary. If not then follow these procedures.
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 authorized officer for the department or administration are required on the purchase order or check request form. If the purchase is made using an school credit 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 item/service from supplier offering the lowest quote. Quotes must be attached to the purchase documentation and maintained as part of the school's records. The signature of the business administrator and director 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 and director are required on the purchase order or check request form.
 - d. **\$10,001-\$50,000**

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 business administrator, director and two board members are required on the purchase order.
 - 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. If a bid process is utilized, select the lowest responsive and responsible bidder that meets the objective criteria described in the invitation to bid. Supporting documents must be retained and maintained as part of the school's records. The signature of business administrator, director and two board members 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 school 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 of the business administrator, director and two board members are required for final approval.
- (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 of the business administrator, director and two board members are required for final approval.
- (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 of the business administrator, director of the school, and the school's board are required for final approval.

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

The 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 the school purchasing department. 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 officer with the highest total score. Supporting documents must be retained and maintained as part of the school's records. The signature of the business administrator, director, and school's board are required for the invitation to bid or RFP.

G. 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 for a particular item, sole source does not apply. All sole source determinations must be completed through the school's 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.

H. Credit/Purchase Cards

1. All credit/purchase cards shall be kept secured and controlled by the accounting office with limited access. PIN numbers 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. Original receipts shall be retained for all purchases and turned into the accounting office. Card reconciliations should be performed monthly to ensure all receipts are present.
5. An employee with oversight over the card user(s) should be responsible for providing authorization.
6. Individual expenditures made on purchase or credit cards shall be recorded in the school accounting records. 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.
7. ATM transactions, cash advances, or personal use are strictly prohibited.
8. 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.
9. Transaction, daily, or monthly limits will be established based on purchasing authority.
10. If the card is lost or stolen, immediately contact the appropriate authority.

I. 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 business administrator and director. 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 business administrator and director. The director's travel must be approved by the board.
- c. Out-of-state travel must be approved by the director and the board.

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 director 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.

J. Reimbursement Requests

1. Employees seeking reimbursement for school expenditures made with employee funds must complete a reimbursement request form and have signed by the business administrator.

K. Purchase Orders

1. An expenditure authorization form (purchase order or requisition) is required for all purchases. Employees initiating an expenditure shall complete the authorization form, including documentation of any required quotes, **before** a purchase is initiated.

2. The business administrator will review completed expenditure authorization forms and any supporting quotes and approve the purchase. This approval signature is required prior to the initiation of a purchase.
3. Shipment of goods should be addressed and delivered to the school.
4. Invoices and complete packing slips should be initiated by the receiver of the goods, indicating that all goods were received and that payment should be processed.

L. Issuance of Checks

1. All checks, check stock, access to bank accounts, and bank statements shall be kept secured and controlled by the accounting office with limited access. Password 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 school's accounting records.
4. Endorsed checks should be mailed by an employee outside of the cash disbursement process, if possible.
5. 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.

M. Journal Entries/Electronic Fund Transfers

1. All electronic fund transfers and journal entries shall be kept secured and controlled by the accounting 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.

N. Review process

1. Monthly, bank reconciliation(s) should be performed on all school-approved accounts, including credit card transactions. If the bank reconciliation is completed by someone who has access to the accounting system and the bank accounts, it should be reviewed and approved by another person, such as the principal or director, business administrator, or a member of the audit committee or board.
2. Periodically, administration or designated members of management shall review cash disbursements to verify that all school and State policies and procedures are being followed.