

## A. PURPOSE

To establish George Washington Academy (“GWA”) policy and procedure governing the initiation, authorization, and review of all expenditures of GWA.

## B. SCOPE

These policies, guidelines, and procedures are applicable without exception to all funds owned or administered by GWA. All expenditures of GWA 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 GWA, and are to be documented in a way which clearly substantiates such reasonableness and necessity. This policy applies to all GWA administration, licensed educators, staff, students, organizations, and individuals that initiate, authorize, or process cash disbursements on behalf of GWA. The scope includes all activities at GWA and in all locations where GWA activities and public funds are expended. It is expected that in all dealings, GWA employees will act in an ethical manner that is consistent with GWA’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 of GWA, 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 GWA [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.

## 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 Administrator with limited access.
2. All disbursing of funds at GWA should be done through the Business Administrator.
3. Expenditure transactions must be approved by an individual having sufficient knowledge and authority to evaluate the transaction for reasonableness and appropriateness. GWA shall designate employees by title or job descriptions, which 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 GWA’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,

## 715 – Cash Disbursement Policy (cont.)

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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. GWA must comply with applicable GWA and state purchasing laws.
  10. Expenditures will follow the guidelines outlined in the State Procurement Code (Utah Code 63G6a) and federal purchasing laws, or GWA 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), 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), GWA's procurement policy, and the Utah Public Officers' and Employees' Ethics Act (Utah Code 67-16).
  14. Purchases of goods or services with GWA 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. GWA PROCUREMENT THRESHOLDS**

GWA's 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 GWA is \$1,000. This is the maximum amount that GWA 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 GWA is \$5,000. This is the maximum amount that GWA 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 63G6a-408).
  - c) The "annual cumulative threshold" for GWA is \$50,000. This is the maximum total annual amount that GWA 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.
- 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 GWA, 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 GWA (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. GWA 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 of 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. GWA 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.