

## **CASH DISBURSEMENT/PROCUREMENT AND ETHICAL CODE OF CONDUCT**

### **I. Purpose**

To establish policy and procedures governing the initiation, authorization, and review of all expenditures of Valley Academy Charter School (“VAC” or “VACS”).

### **II. Scope**

- a.** These policies and procedures are applicable without exception to all funds owned or administered by VACS.
- b.** All expenditures of VACS are to be consistent with applicable state and federal laws and regulations; they must also be consistent with any legal restrictions, rules, or regulations placed on the use of the funds by donors and granting agencies; and prudent VAC administrative practices.
- c.** All expenditures must be reasonable and necessary for carrying out the programs and activities of VACS.
- d.** All expenditures must be documented in a way which clearly substantiates such reasonableness and necessity.
- e.** This policy applies to all VACS administration, licensed educators, staff, students, organizations, and individuals that initiate, authorize, or process cash disbursements on behalf of VACS.
- f.** The scope includes all activities at VACS and for all school-sponsored activities, despite the location, where VACS activities and public funds are expended.
- g.** All VACS employees will act in an ethical manner in all financial and money-related duties and assignment consistent with VACS’s Code of Ethics, the Utah Educators’ Standards (R277-217), the Public Officers’ and Employees’ Ethics Act UCA 67-14), Fiscal and Auditing Procedures (R277-113) and State procurement law.

### **III. Definitions**

- a.** “Public funds” means 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 VACS [UCA 51-7-3(26)].
- b.** “Small purchase” means 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).
- c.** All other definitions of R277-113 and State law apply.

#### **IV. Segregation of Duties**

Wherever possible, duties must be segregated to appropriate different employees. Fiscal duties include, but are not limited to:

- a) Custody of purchase cards and blank checks;
- b) Initiating expenditures;
- c) Approving expenditures;
- d) Maintaining documentation;
- e) Use of EIN numbers;
- f) Issuing checks;
- g) Reconciling records

When segregation of duties is not possible due to the small size of the school and limited staffing, compensating controls such as management supervision, dual signatures, increased review of individual expenditures by the VAC Board and review of cash disbursement records by independent parties will be implemented.

#### **V. General Provisions**

- a. All checks or check stock, credit/purchase cards, access to bank accounts and statements, etc. shall be secured and controlled by the accounting/front office with limited access.
- b. All disbursing of funds at the school should be done through the accounting/ front office.
- c. 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. Employees shall never and shall never be authorized or directed to sign blank checks.
- d. All expenditures made using cash, checks, credit/purchase cards, electronic fund transfers, etc. shall be recorded in VACS's accounting records.

- e. VAC administrators shall establish passwords on user access to the accounting system and changed periodically, consistent with best technology practices.
- f. Checks should be made payable to specified payees and never to “cash” or “bearer.”
- g. Funds shall be deposited daily or within three days after receipt, in compliance with Utah Code 51-4-2(2)(a).
- h. All incoming checks must be made payable to “Valley Academy” or “Valley Academy Charter School.”
- i. All disbursement activity must be substantiated by supporting documents. Documents will be available upon request by appropriate individuals, and must 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.).
- j. The school must comply with applicable VACS and state purchasing laws, including the Utah Procurement Code (Utah Code 63G-6a) and applicable administrative rules (R33-1 through 26).
- k. Contracts must follow guidelines outlined in the State Procurement Code, specifically regarding the length of multi-year contracts (Utah Code 63G-6a-1204(7)).
- l. School construction and improvements must comply with the provisions of the State Procurement Code (Utah Code 63G-6a), all other state and federal laws and Utah Administrative Code R277-454 and R277-471.
- m. Exclusive and sole source contracts must comply with the requirements of the State Procurement Code (Utah Code 63G-6a), VACS’s procurement policy, and the Utah Public Officers’ and Employees’ Ethics Act (Utah Code 67-16).
- n. The purchase of goods or services for personal use or personal gain using VAC funds or tax-exempt information is strictly prohibited.
- o. VAC personnel shall follow all State Procurement Code purchasing thresholds.
- p. Penalties for violating the State Procurement Code are established in Utah Code (63G-6a-2304.5 and -2306.) VACS will adhere to these penalties and report violations to the Utah Attorney General’s Office, as required by statute.

## **VI. Cash Disbursements**

### **a. General Procedures**

- i.** VACS's tax exempt status number shall be used only in conformity with the Utah State Tax Commission's guidelines.
- ii.** VAC shall not disburse funds for activities at unapproved off-site activities or functions.
- iii.** Purchases of goods or services for personal use or personal benefit of any amount are strictly prohibited.
- iv.** All expenditures shall be equitable for both male and female students and comply with Title IX.
- v.** Purchase Cards
  - 1.** All purchase cards shall be kept secured and controlled by the accounting/front office with limited access. PIN numbers shall be kept secured.
  - 2.** Card users shall follow VACS and state purchasing policies and comply with the Utah State Tax Commission's guidelines regarding VACS's tax exempt status number.
  - 3.** Purchases exceeding \$1,000 made using the purchase card should be pre-approved, using an expenditure authorization form, prior to making the purchase.
  - 4.** If cards are assigned to specific employees, the card user shall retain all receipts for purchases made with public funds. The card user shall review and reconcile the card statement activity each month and attach all receipts to the card statement. The card user should sign the card statement certifying that all purchases have been made in accordance with VACS and state policy.
  - 5.** Administration (or designee) must review each card holder's statement, along with all receipts, for approval. Approval must be documented.

6. An employee with oversight over the card user(s) should be responsible for providing authorization.
7. Individual expenditures made on purchase cards shall be recorded in VACS's 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.
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. VACS will develop an internal review/auditing plan to periodically select purchase card statements to verify that VACS policies and procedures are being followed, and that purchases are appropriate, documented, and coded to the proper funding sources.
11. If the card is lost or stolen, the employee shall immediately contact the appropriate authority.

**b. Reimbursement Requests**

- i. Employees seeking reimbursement for VACS expenditures made with employee funds must complete a reimbursement request form, which is signed by the requestor and approved by the employee's immediate supervisor. An administrator's or board employee's immediate supervisor may be the director or board chair.
- ii. Supporting documentation, including detailed receipts and justification for departure from the standard purchase order process, is required.
- iii. Authorization must be documented by the immediate supervisor.

**c. Issuance of Checks**

- i. All checks, check stock, access to bank accounts, and bank statements shall be kept secured and controlled by the accounting/front office with

limited access.

- ii. 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
- iii. Each disbursement shall be substantiated with supporting documentation, such as an invoice, receipts, quotes (according to the procurement policy above), reimbursement forms, contracts, travel forms, etc. All expenditures shall be recorded in VACS's accounting records using the NCES chart of accounts, or under VACS's roll-up process to convert to the NCES chart of accounts.
- iv. If it is necessary to void a check, the word "VOID" should be written on the check, and the actual check shall be retained.

## **VII. Journal Entries/Electronic Funds Transfers**

- i. All electronic fund transfers and journal entries shall be kept secured and controlled by the accounting/front office with limited access. Passwords shall be kept secured and changed periodically.
- ii. Each journal entry or electronic fund transfer shall be substantiated by supporting documentation.
- iii. Each journal entry or electronic fund transfer shall be recorded in VACS's accounting records.
- iv. Administration or an individual without cash disbursement duties shall document approval of journal entries or electronic fund transfers.
- v. Periodically, VACS's finance committee or designee shall review and approve the journal entries and electronic fund transfers.

### **b. Review Process**

- i. Monthly, bank reconciliation(s) shall be performed on all VACS-approved accounts, including credit card transactions.
- ii. If the bank reconciliation is completed by someone who has access to the accounting system and the bank accounts, it shall be reviewed and approved by another person, such as the school leader or director, or a member of the finance committee or board.

- iii.** Monthly, administration shall review bank statements and bank reconciliations, as well as credit card statements, and document the review and approval. VACS' finance committee or VACS' management should ensure that monthly bank reconciliations and credit/purchase card statement reconciliations are occurring.
  
- iv.** Periodically, administration or designated members of management shall review cash disbursements to verify that all VACS and State policies and procedures are being followed.