

## Cash Disbursement and Procurement Policy

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### A. Legal Authority/Requirement

- R277-113 LEA Fiscal and Auditing Policies
- R277-515 Utah Educator Standards
- UCA 63G-6a Utah Procurement Code
- UCA 63G-27-201 Prohibitions on Contracting
- UCA 67-16 Utah Public Officers' and Employees' Ethics Act

### B. Purpose

1. This policy has been adopted to enable InTech to carry out procurement functions in a manner that follows the Utah State Procurement Code (63G-6a).

### C. Scope of Policy

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

### D. 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 InTech' 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.

## E. Definitions

1. "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 InTech) [Utah Code 51-7-3(26)].

## F. 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. The Executive Director is authorized to purchase or supervise the purchasing of all supplies and materials for the school in accordance with this policy.
  - b. The Executive Director may delegate authority for authorizing/supervising purchases if the designee has sufficient knowledge to evaluate the transaction for reasonableness and appropriateness.
3. Maintenance of Documentation
  - a. All expenditures made shall be recorded in InTech's accounting system.
  - b. All disbursement activity shall be substantiated by supporting documents and shall demonstrate that proper controls are in place.
    - i. e.g. 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 \$10,000 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 InTech bank and credit/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 listing, 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 InTech governing board.

## 7. General Procurement Ethics

- a. Purchase of goods/services with InTech funds for personal use/gain is prohibited.
- b. InTech'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 InTech, these expenses shall not also be submitted to InTech 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 of 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).

## G. 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 both the executive director and an additional board-appointed signer.
- 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.
- d. In situations where payment constraints do not allow for a second signature prior to issuance of a check, the additional board signer may ratify the expenditure by initialing the check stub or cancelled check.
- e. "VOID" should be written on voided checks, and the actual check should be retained.

### 2. Credit/Purchase Cards

- a. Lost or stolen cards shall be immediately reported to the front/accounting office for cancellation.
- b. A checkout log for a shared card shall be kept by the appointed card 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 are 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 Executive Director (or board chair in the case of the Executive Director).
- c. Stipends for additional work shall be substantiated by time records, meeting agendas, or work products.
- d. Payroll shall be distributed via direct deposit.
- 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.

## H. Decision Chart for Purchasing Thresholds

1. Authorized personnel may use the following options to complete procurement:
  - a. Purchases from Public Entities or State Contracts
    - i. If an item/service is available and purchased from a public entity or a state cooperative contract, bids or RFPs are not required.
    - ii. Purchases from public entities or state contracts must still have appropriate approvals and verification of public entity or documented contract status.
  - b. Utilize "Direct Award Limits for Small Purchases" (within limit authority).
  - c. Use approved vendor lists.
    - i. In accordance with R33-5
  - d. Create an invitation for bid.
    - ii. Only for items (not services)
    - iii. Awarded to lowest cost bidder meeting specifications.
  - e. Develop competitive solicitation.
    - i. Should use Utah Division of Purchasing's "Courtesy Posting Service."
    - ii. If developed independently, must follow all requirements of the Utah Procurement Code.
2. Sole Source Procurement
  - a. Only the governing board may approve sole source procurement of 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.

## H. Procurement Thresholds

### 1. Limits for Small, Non-Recurring Purchases

Direct Award Limits for Small Purchases				
	Threshold	Policy	Approval	Backup Documentation
Individual Item Direct Award Limit	\$1,000	Max that can be expended to obtain a single item/service from one vendor at one time without requiring competitive purchasing.	Executive Director (Verbal, Signature, email, PO or Credit Card)	
Single Procurement Event Direct Award Limit	\$5,000	Max amount that can be expended on any combination of items/services procured from one vendor at one time without requiring competitive purchasing.	Executive Director (Signature, email, PO, or Credit Card)	
Annual Procurement Direct Award Vendor Limit	\$50,000	*Single Vendor Annual Cumulative Limit of Direct Awards		FIS Report

### 3. Purchasing Thresholds

Purchase Thresholds for Items				
	Threshold	Policy	Approval	Backup Documentation
	\$0-\$1,000*	Direct award to best source meeting specifications (so long as procurement event is within direct award limits).	Executive Director (Verbal, Signature, email, PO or Credit Card)	
	\$1,001-\$5,000	2 Competitive Quotes (Must select lowest-cost "responsible" quote meeting specifications)	Executive Director (Signature, email, PO, or Credit Card)	Specifications, 3 Quotes
	\$5,000-\$50,000	3 Competitive Quotes (Must select lowest-cost "responsible" quote meeting specifications)		
	\$50,000+	Use competitive bid process meeting solicitation requirements of state procurement law. This could be done by using the Utah Division of Purchasing's "Courtesy Posting Service."	Executive Director (Signature, PO)	As required by law or Utah Division of Purchasing

Purchases Thresholds for Services				
Type	Threshold	Policy	Approval	Form
Construction Projects	\$0-\$25,000	Direct award to best source meeting specifications	Executive Director (Contract Signature)	
	\$25,000-\$100,000+	3 Competitive Quotes (Must select lowest-cost "responsible" quote meeting specifications)		Specifications, 3 Quotes
Design Professionals	\$0-\$100,000	Direct Negotiation w/ Best Source (Must review qualifications of 3 design professional firms)		Specifications, 3 Qualifications
Professional Services	\$0-\$100,000	Direct Negotiation w/ Best Source (Must review qualifications of 3 design professional firms)		
Design/Professional Services	\$100,000+	Use competitive bid process meeting solicitation requirements of state procurement law. This could be done by using the Utah Division of Purchasing's "Courtesy Posting Service."		Board Approval (Signature or Minutes)

2. Reoccurring Purchase Over Single Vendor 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. 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].
- b. Occasionally, the division of purchases is unintentional (e.g. a large enough quantity was not ordered, or the correct sizes 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.

## I. Hospitality Gifts, Gratuities, Kickbacks, or Position and Influence

### 1. Definitions:

- a. Hospitality Gift -- a token gift of minimal value (e.g. pen, pencil, stationery, toy, pin, trinket, snack, nonalcoholic beverage, or appetizer).
    - i. Does not include money, a meal, admittance to an event, entertainment for which a charge is normally made, travel, or lodging.
    - ii. Any gift exceeding the \$10 is considered a "gratuity".
  - b. Gratuity -- anything of value given without anything provided in exchange.
    - i. 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.
    - ii. A gratuity does not include, an item that is included in a contract or grant, provided in the proper performance of a requirement of a contract or grant, a rebate, coupon or discount etc. include in the price of the procurement item, a meal provided by an organization that does not -- as an organization -- respond to solicitations, a product sample, political campaign contributions, or an item generally available to the public.
  - c. Kickback -- a negotiated bribe provided in connection with a 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.
  3. Individuals acting on InTech' behalf in contract administration or otherwise participating in procurement on behalf of InTech shall not:
    - a. Ask, receive, offer to receive, accept, or ask for a promise to receive a gratuity or kickback from a person interested in any way in the sale of a procurement item or insurance to InTech.
    - b. Use his/her position or influence to obtain a personal benefit or benefit for a family member from an interested person.
  4. 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.
  5. InTech employees shall report any instance where gratuities or kickbacks are requested, offered, accepted or given, to the Utah State Attorney General's Office.
  6. InTech 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.

## K. Reimbursement Requests

### 1. General Reimbursements

- a. Those seeking reimbursement for InTech expenditures made with personal funds must complete a reimbursement request form, which is signed by the requestor and approved by the Executive Director.
  - i. Or by administrative staff if the Executive Director 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 Executive Director.
- d. Out-of-state travel by non-employees or the Executive Director must be approved by the Board Chair.
- e. Mileage is reimbursed at \$0.50 per mile.
- f. Travel reimbursement forms must be submitted within 30 days of return from travel.

## L. Purchase Orders

1. A purchase order, expenditure authorization form (along with documentation of any required quotes), or direct approval from the Executive Director 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 InTech 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.

## M. Legally Prohibited Procurements

1. InTech shall not enter into a contract with a company to acquire or dispose of a good or service, including supplies, information technology, or construction services without written certification that the company is not engaged in
  - a. a boycott of the State of IsraelAn economic boycott

## Document History:

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- 23 Jan 2025 Changed cap threshold from \$5000 to \$10,000
- 23 May 2024 Updated threshold charts, included prohibited procurements.
- 18 Nov 2021 Change capitalization threshold from \$1000 to \$5000
- 21 Nov 2019 Changed capitalization threshold from \$500 to \$1000.
- 20 Nov 2014 Updated definitions.
- 23 Aug 2013 Replaced former "Purchasing Procedure", "Credit Card", and "Accounting Procedures" policies.  
Provided greater definition of accounting controls.  
Provided greater definition of procurement/purchasing thresholds.  
Provided greater definition of procurement/purchasing ethics.