



## Fiscal Accountability and Procurement Policy

**UT Code Reference:** R277-113: LEA Fiscal and Auditing Policies; R277-407: School Fees

### **Definitions:**

Budgeting- designate a particular amount of money in a category.

Fiscal Accountability - a fiscal year is a period of time that is used for financial reporting and accounting purposes.

Procurement - the action of obtaining something.

Purchasing - to acquire something by paying for it.

Records - a piece of evidence kept in permanent form.

Reporting - to give an account of something.

### **Policy:**

#### Budgeting -

- The budget for the fiscal year is proposed to the Board by June 1 of each year. The budget is to be approved by the Board before July 1 of that year.
- The MCS Budget will contain enough detail to enable reasonably accurate projections of revenues and expenses, separation of capital and operational items, cash flow, and subsequent audit trails. Expenditures must be planned in a way so that they equal or are less than anticipated revenues. Additionally, the budget will be in line with board-stated priorities.

#### Cash Handling -

- MCS will not maintain a petty cash account. Lunch money, checks, or other incidental income will be deposited in the MCS bank account within three business days or less of receipt.

#### Donation & Gifts -

- Donations may be accepted, upon approval by the Director, providing the item(s) to be donated (cash, goods, services) are legal to possess by a public school, safe, unencumbered, usable by the school, and are generally not restricted in their use, or are not restricted for use by an individual employee. Donations for the purpose of compensating specific employees or positions may not be accepted (donors can donate for other purposes instead). The Donations, Gifts, and Sponsorships form is required to be completed for donations greater than \$100 in value. Donations and gifts over \$250 will be provided with an acknowledgment of the contribution from the school for IRS purposes. The acknowledgment will be in the form of a receipt issued by the Director.



## Fiscal Accountability and Procurement Policy

These receipts will be generated from the information provided on the Donations, Gifts, and Sponsorships form.

- Donations received by the Moab Charter School become public funds and may not be returned or expended except within the law as applicable to the appropriate use of public funds.
- Gifts to the Moab Charter School must be general in nature and may not be restricted such that they cannot be used for various purposes, except when those purposes are to a specific program such as the PE program, science department, art program, etc. Donations or gifts intended to benefit a specific student or teacher may not be accepted and could be considered a bribe. Donations, gifts, and sponsorships given by vendors to specific programs (e.g., drama, sports teams) or school employees shall be evaluated for compliance with Utah Code 63G-6a-2304.5, "Gratuities Kickbacks, Unlawful use of Position or Influence." As required by state law, donations will only be accepted where there is no expectation or promise, expressed or implied, of remuneration or any undue influence or special consideration. School employees are not permitted to accept personal payment or gratuities purchase forms from a vendor or potential vendor as a precondition for the purchase of any product or service.
- The value of a gift or donation to the school may not be assessed or assigned by the school. The value and tax deductibility of a donation or gift made by an individual or company are to be determined by the donor and their accountant, not the school. No dollar value may be assigned to a donation verbally or in writing. If a product or service is given in return for a donation or gift that is clearly defined, such as a \$250 advertising slot in the yearbook, that value can be disclosed by providing the school's advertising rates to the donor for them to assign a value.

### Expenditure -

- See *purchasing* within this policy.

### Fee Waiver -

- The director oversees the administration of fee waivers. MCS must comply with all fee approval and fee waiver provisions established in Utah law, administrative rules, and school policy. MCS is a free, public school that does not charge fees. Fines may be assessed as per state law and the MCS Student/Parent Handbook.

### Financial Records -



## **Fiscal Accountability and Procurement Policy**

- All records not supporting government grants or otherwise covered by rules of the Internal Revenue Service are retained for three years from the end of the fiscal year in which the records were originally prepared.

### Fiscal Accountability -

- The director and board treasurer will meet no less than monthly with the business manager to review expenditures and the budget. The director will submit amendments to the approved budget, if needed, at regularly scheduled board meetings.
- An annual independent financial audit of the school's records will be conducted in accordance with State law.

### Financial Reporting -

- MCS will issue financial reports in accordance with Generally Accepted Accounting Principles ("GAAP") and the State Office of Education guidelines for Budgeting, Accounting, and Auditing for Utah School Districts. An independent accounting firm, which is retained by the board, will conduct the annual audit after the fiscal year ends and the results will be reported to the Board. At its discretion, the board will appoint an audit committee or contract with a third-party firm.
- If the board chooses to appoint an audit committee it should include:
  1. Board Member appointed by the Chair,
  2. A parent or other volunteer with accounting or auditing experience appointed by the board,
  3. A parent or other volunteer with accounting or business operation experience appointed by the board,
  4. A member of the retained independent accounting firm may be appointed as an advisor to the committee at the discretion of the board.
- Employees of Moab Charter School are not eligible to serve on the audit committee. The audit committee stands as the specially-qualified group that can better understand, monitor, coordinate, and interprets all the financial activities of the entire board. On a monthly basis, the committee will conduct a spot audit or review of the following:
  1. Cash processes
  2. Receivable processes
  3. Payable processes
  4. Payrolls
  5. General procedures
  6. Internal operations



## Fiscal Accountability and Procurement Policy

### 7. Handling of deviations

- The audit committee will create a summary report and a corrective action report as necessary. The committee will submit the summary report for the monthly board meeting.

### Fundraising -

- Fundraising is generally permitted within the Moab Charter School to allow the school to raise additional funds to supplement school-sponsored academic and co-curricular programs. Fundraising at the school level is only authorized and administered by the director. The board shall annually review the fundraising activities of the school and of all activities that support or subsidize the school. The board shall ensure that revenues raised during fundraising activities or through activities that support the school (local funds) are raised within established this policy. All expenditures shall be made in accordance with this policy. The board shall ensure that all activities of fundraising and parent organizations are adequately reviewed and considered by the school's insurer to evaluate and manage risks associated with such activities.
- Fundraising guidelines are:
  - All monies raised through fundraisers for school-sponsored activities are considered public funds. This includes all donations to the school, regardless of whether or not such donations are part of any fundraising activity or event;
  - Relationships with non-school employees in relation to fundraising activities are managed by the director;
  - Conflict of interest forms must be completed when persons employed by or affiliated with the school are also involved in fundraising organizations or hold funds that will benefit the school;
  - "School-sponsored" means activities, fundraising events, clubs, camps, clinics, programs, sports, etc. or events, or activities that are authorized by the board, the director, or board committees, including the authorized parent organization of authorized curricular school clubs, activities, sports, classes, or programs that also satisfy one or more of the following criteria:
    - The activity:
      - Is managed or supervised by the director, staff or authorized volunteers;
      - Uses the school's facilities, equipment, or other school resources;



## **Fiscal Accountability and Procurement Policy**

- Is supported or subsidized, more than inconsequentially, by public funds, including the public school's activity funds or minimum school program dollars.
- Properly approved school-sponsored activities:
  - May use the school's name, facilities, and equipment;
  - May utilize school employees and other resources to supervise, promote, and otherwise staff the activity or fundraiser;
  - May be eligible to be insured under the school's liability insurance policy (subject to the insurer);
  - May provide additional compensation or stipends for school employees with the approval of the director under school Compensation Schedule Policy and consistent with the school's budget;
  - Must comply with all fee approval and fee waiver provisions established by Utah law, administrative rules and school policies.
- No fundraisers will be conducted for individual benefit. All funds collected are for the greater intent of raising funds.
- No fundraiser will be mandatory.
- All participants will receive credit for time and effort.
- Qualified applicants for fee waivers are exempt from fundraising.
- Fundraising activities or activities of outside organizations of any kind that are not school-sponsored activities must be conducted at arm's length so that revenues and expenditures are not commingled with the public funds of the school.

### Procurement -

- MCS will follow all state procurement regulations as outlined in Title R33:Administrative Services, Purchasing, and General Services. When available and reasonably priced, MCS will use state contracts for purchasing through approved vendors.
  - Purchases of an individual item or multiple items which, taken together, cost up to \$5,000:



## **Fiscal Accountability and Procurement Policy**

- If the purchase is not an ongoing, continuous and regularly scheduled procurement, the administration may select the best source without seeking competitive bids or quotes.
- If the individual purchase is an ongoing, continuous and regularly scheduled procurement, and those collective purchases will raise the total procurement amount above \$5,000, the administration will obtain a minimum of two competitive quotes, and will purchase the procurement from the vendor offering the lowest quote that meets the procurement's minimum requirements.
  - Purchases of \$5,000 - \$50,000: Written quotes, formal quotes (written down in a Summary of Decision - a description of which provider or provision was chosen and why.) The administration will prepare these quotes, subject to approval by the Finance Committee.
  - Purchases of \$50,000 or more: RFP required (along with Summary of Decision) in accordance with Utah State law and require full Board approval.
- For all procurement quotes, bids, and invoices receipts are to be kept.

### Purchasing -

- All purchases and reimbursements must have a pre-approval requisition form signed by the appropriate signatory. The director will purchase according to the approved budget. Due to the nature of price fluctuations, up to 5% of the cost of any program can be shifted from related programs, to meet costs. Purchase orders for local business accounts can be signed by the Director or designee. Staff may use business accounts with a purchase request signed by the Director. The school Administrative Assistant or Director will notify the business by phone or in writing that the specified employee is authorized for that specific purchase. All purchase receipts with school accounts will be turned in to the business manager within the week of the purchase with the purchase order.
- A debit card for Moab Charter School, in the Director's name, will be used for purchases where school accounts are not available. This card will only be used by the Director or other approved staff. Debit card purchase receipts will be turned in to the business manager within the week of the purchase with the purchase order or receipt, and purchase requisition noting approval. Both the Administrative Assistant and Director



## Fiscal Accountability and Procurement Policy

will have a state purchasing card in their name for online and other purchases where a purchase order or account is not used.

- Purchases made by the Director will be reviewed and approved by the business manager and board at the monthly board meetings. Purchases will be within the MCS operating budget for items necessary for MCS operations. Purchasing amounts will follow the thresholds noted above. Checks are issued by the business manager, but may be issued by the Director at times when the business manager is not available. Checks may only be signed by the Board Chair, the Board Treasurer, the Board Secretary, or the Director. No employee will sign any check made out to oneself.
- Reimbursement to employees is not the preferred method of payment. Reimbursed items must be pre-authorized by the Director, or if the Director is unavailable, the Board Treasurer or Board Chair. Failure to obtain appropriate pre-authorization will result in non-payment unless the Director or Board chooses to authorize the reimbursement. MCS will not reimburse for sales tax.
- MCS will not maintain a petty cash account. Lunch money, checks, or other incidental income will be deposited in the MCS bank account within three business days or less of receipt.
- When an employee is authorized to use a school purchasing card a "Financial Card Check-out" form shall be appropriately used.

### Supplement vs. Supplant -

- The provision known as a *supplement, not supplant* is common to many federal statutes authorizing education grant programs.
- Although the definition may change from statute to statute, supplement, not supplant provisions basically require that grantees use state or local funds for all services required by state law, Utah State Board of Education (USBE) rule, or local policy and prohibit those funds from being diverted for other purposes when federal funds are available. Federal funds must supplement - add to, enhance, expand, increase, and extend - the programs and services offered with state and local funds. Federal funds are not permitted to be used to supplant - take the place of, or replace - the state and local funds used to offer those programs and services.
- The purpose of a supplement, not supplant provision is to help ensure that federal grant funds are expended to benefit the intended population defined in the authorizing statute, rather than being diverted to cover expenses that the LEA would have paid out of other funds in the event the federal funds were not available. In this way, the federal



## **Fiscal Accountability and Procurement Policy**

government can ensure that the level of state and local support for a program remains at least constant and is not replaced by federal funds.

- The MCS Director, MCS School Board, and business managers at Moab Charter School periodically audit and review federal spending to assure compliance with the supplement, not supplant provision.

Compensation for Staff - See *Compensation Schedule Policy*

**Original Adoption Date:** 😊

**Updates:** 06/28/2016; 03/16/2021; 01/20/2023 (Combined: Donation & Gifts; Fee Waiver; Fundraising; Supplement vs. Supplant Policy)

**Current Approval Date:** 03/21/2023