

3A.04.01 Financial Policy Manual

EXCELSIOR ACADEMY

Introduction

The bar has been raised. Since about 2015, the regulatory environment (as applicable to public schools in Utah) has been rapidly changing. As such, a school's policies and procedures must be updated from time to time to ensure ongoing compliance.

The policies contained herein (and the accompanying processes, procedures and forms) are a robust *template*—a template that must be customized for each school that uses it. There are numerous sections below that are expressly called for in law or rule. Many references to law and rule are included, but not all requirements include a reference within this document. Care should be taken to minimally edit this document before use. Significantly altering, omitting or even adding sections, or inadvertently including procedures in policies; and having a policy or procedure that is not followed, may cause detrimental consequences including significant additional legal liability costs.

It is also important that these policies align with the school's bylaws and charter. It is important that these are compared prior to adoption of these policies.

Please take care in preparing policies (this template) for formal board approval. Ensure:

The school can and will comply with its own policies.

Administration has a plan and [human] resources to create or update processes, procedures and forms necessary for compliance to policy.

Administration has a training plan to ensure appropriate employees are trained at least annually on relevant fiscal policies and procedures (required by R277-113).

The Board has a review plan to ensure these policies are reviewed at least annually; and ongoing compliance with adopted policies are verified (required by R277-113).

The school performs initial and ongoing competent legal review to ensure ongoing compliance.

Directors and administration may review the accompanying *Internal Controls Guide* to further understand internal controls and their role. A

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Purpose

The purpose of the financial operations of Excelsior Academy are to fulfill the mission and charter of the school efficiently while being accountable to its stakeholders, including students, parents, tax payers, the Utah State Charter School Board (USCSB), the Utah State Board of Education (USBE) and the State Legislature. Excelsior Academy shall establish and maintain financial policies and procedures with adequate internal controls to:

- Ensure smooth fiscal operations.
- Safeguard assets.
- Document financial processes.
- Provide timely, complete and accurate financial data to its stakeholders.
- Comply with laws, rules and governmental reporting requirements.

These policies and procedures will guide all employees and volunteers of the school to perform financial operations within their responsibilities.

Board Authority

Excelsior Academy Board of Trustees, (Board) is responsible for the operation of the school in accordance with all applicable state and federal laws. The Board is also responsible for operating the school in accordance with the representations made in its charter and bylaws. Specifically, the Board (collectively through Board action) shall have the sole responsibility and authority to authorize and/or approve (and will incorporate into its own official minutes) such matters as:

- The development and documentation of Board policies including fiscal and operational policies.
- Review the fiscal policies annually, monitoring compliance and effectiveness.
- Requiring school administration to develop a written system of internal control procedures supporting Board policies.
- Changing the school's name (as approved by the authorizer).
- Approval and formal engagement of all contracts (Board signature, especially if required by charter or bylaws).
- Manage procurement process and determine the appropriate scope of contracts with management companies that provide business or student services (as required in R277-113 (6)(1)(e)(i).
- Assess the performance of management companies and ensure administration implements sufficient internal controls over the function of management companies.
- Monitor procurement and use of systems and software applications for compliance with financial and student privacy laws.
- Monitor LEA expenditure of restricted funds to ensure compliance with applicable laws and grant terms and conditions.
- The adoption and amendment of the annual budget.
- The selection and termination of key administrative staff (including the business administrator).
- The establishment of key administrative staff salary and benefits (including ongoing changes).
- Incurring debt, mortgages or other encumbrances, including acceptance of loan or bond covenants and restrictions (as the charter and bylaws allow).
- The purchase or sale of real property.
- Overseeing legal matters, with delegation to the director as determined by the Board.
- Monthly review of interim financial reports.

- Appointments of Board members and other persons (non-administrative) for service on the school's audit/finance committee.
- Selection of the school's independent auditor (or delegate authority to the audit committee).

Administrative Authority

The school director or principal may be authorized by the Board to operate the school and execute all legal transactions for the school (with exceptions noted herein) and to make all purchases and disbursements necessary according to policy for the operation of the school. The director, and the business administrator shall report to the Board independently. Specifically, the director shall have the sole responsibility and authority to authorize and/or approve such matters as:

- Establishment of sound internal controls within the parameters of Board policy, mitigating risk of fraud or gross errors, and comply with state and federal laws and rules.
- Review established internal controls and fiscal policies annually, monitoring compliance and effectiveness.
- Ensure all staff and volunteers are provided annual training on financial policies and procedures that are relevant to their job or volunteer duties.
- Provide oversight of the day to day financial operations, monitoring staff compliance with state and federal laws and rules, Board policy and administrative procedures.
- Monitor the financial performance and outlook of the school, making sound decisions to further the mission and charter of the school and report financial data to the Board per the schedule established in this policy.
- The selection, compensation, and termination of all personnel, with the exception of the business administrator who formally reports to the Board; but also works under the direction of the director/principal.
- Oversee procurement process, providing approvals as required in this policy and administrative written internal controls and monitoring staff compliance with state and federal procurement laws and rules, Board policy and administrative procedures.
- Monitor LEA expenditure of restricted funds to ensure compliance with all applicable laws, rules, regulatory guidance, and grant terms and conditions.
- Assess the performance of all contract services providers and ensure sufficient implementation of internal controls over contracted service providers.
- Preparation of the annual budget (with the assistance of the business administrator) for approval by the Board.
- Make policies and procedures available to school staff and to the public in the school's main office or business office, and on the school's website.

General Policies

Compliance with Laws

The school shall follow all applicable state and federal laws and regulations in the United States of America and the State of Utah such as (but not limited to):

- Title IX (and shall not discriminate on the basis of sex in education programs).
- Department of Labor regulations, including the Fair Labor Standards Act.
- The Family and Medical Leave Act (FMLA).
- The Consolidated Omnibus Budget Reconciliation Act (COBRA).
- The Immigration Reform and Control Act.
- The Employee Retirement Income Security Act (ERISA).
- Internal Revenue Service and Social Security Administration Regulations.
- The Americans with Disabilities Act (ADA).
- Utah Constitution Article X, Section 3.
- Title 63G, Chapter 6a, Utah Procurement Code.
- Title 51, Chapter 4, Deposit of Funds Due State.
- Title 67, Chapter 16, Utah Public Officers' and Employees' Ethics Act.
- Family Educational Rights and Privacy Act, 20 U.S.C. 1232g.
- Title 63G, Chapter 2, Government Records Access and Management Act.
- Title 53G, Chapter 7, Fees and Textbooks.
- Section 53E-3-403, Establishment of Public Education Foundations; Title 53G, Chapter 7, Part 7, Student Clubs Act.
- Title 51, Chapter 2a, Accounting Reports from Political Subdivisions, Interlocal Organizations, and Other Local Entities Act.
- Additional state legal compliance guides for operating LEAs and non-operating LEAs as published by the office of the state Auditor.
- Subsection 51-7-3(26), Definition of Public Funds.
- Title 53G, Chapter 7, Part 4, Internal Audits.
- Rule R277-107, Educational Services Outside of Educator's Regular Employment.
- Rule R277-113, LEA Fiscal and Auditing Policies.
- Rule R123-5 Audit Requirements for Audits of Political Subdivisions and Governmental Nonprofit Corporations.
- Rule R277-217, Utah Educator Standards and LEA Reporting.
- Rule R277-407, School Fees.
- Rule R277-605, Coaching Standards and Athletic Clinics.
- 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- Other applicable state and federal laws and regulations will be adopted and followed by the school as program funds and grant funding is accepted and received.

The Board is committed to legal, ethical and proper administration of the resources the school receives in the course of providing education to students. Employees or others who are aware of or suspect waste or misuse of public funds or property, violation of a law, rule, Board policy or gross mismanagement, are requested to promptly report it to the business administrator, director and/or the Board. Employees who report such matters are protected by Section 3 of the Utah Protection of Public Employees Act (see Utah Code 67-21). In the event an employee reports a concern to the Board and the concern is not adequately addressed, the employee may contact the Utah State Board of Education.

In compliance with R277-113 the Excelsior Academy Board shall:

Post a link on the school's website (in a readily accessible location) with contact information for the USBE's hotline.

Contracts

All contracts shall be reviewed and approved by the Board, unless otherwise delegated to the director or principal of the school. Arm's length contracts are preferred, and any related party contracts must be properly disclosed in writing prior to Board approval. All contracts shall:

- Be in compliance with R277-113 and 63G-6A-12 and must not exceed five (5) years, unless the procurement officer determines (in writing) that a longer period is necessary in order to procure the item, customary for industry standards, or is in the best interest of the school.
- Include specific scope of work and pricing language.
- Include language for any federal requirements.
- Include language regarding data privacy and use, if applicable.
- Follow procurement code bidding requirements.
- Have a legal review prior to LEA approval per R277-113.

The school shall follow sound procedures and maintain documentation in the event the school enters into exclusive contracts or arrangements, or enters into "sole source" procurements.

Record Keeping

To provide an accurate record of all financial transactions (a good audit trail), the school's books, records, and accounts are maintained in conformity with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) standards as expressly required by state law or administrative rules applicable to charter schools. Audited financial statements certified by an independent auditor will be prepared annually. Further, the school specifically requires that:

- No funds or accounts may be established or maintained at the school or at any financial institution without authorization and for purposes that are not fully and accurately described within the books and records of the school.
- Receipts and disbursements must be adequately described and reflected in the school's books and records to accurately record the transaction detail.
- No false, embellished or fictitious entries may be made on the books or records nor any false or misleading reports issued.
- School accounts, books and records shall from time to time be adjusted, in accordance with GAAP and GASB standards, to reflect actual results when the need for adjustment is identified.
- School records shall be maintained at or under control of the school and may not be kept at personal residences, unless authorized by the Board.

Program Accounting and Accounting Requirements

The school shall record transactions when they occur in the accounting system utilizing the following codes as established by the uniform Utah State Board of Education approved chart of accounts (COA):

- Fund
- Function

- Location
- Program
- Object or revenue code as applicable

The school shall follow state accounting standards and minimum requirements consistent with R277-113(5). Periodic reallocation of program expenses is allowable and required as state approved plans are adjusted and program implementation between related programs that share the same cost center may require. The school shall document all reallocations with the original source documents as well as updated documentation.

It is the responsibility of the Board to ensure expenditures are permitted and made within program rules, guidance and regulations, that proper approvals are obtained, and that compliance is monitored. The Board may delegate such authority to the school director or principal; however, responsibility for such compliance ultimately rests with the Board.

Any good or service booked to a restricted program (IDEA, Title, LAND Trust, etc.) shall be approved by a program-level supervisor or school-level administrator to ensure they are necessary, reasonable, and allowable (per program rules), for the restricted program. Only goods or services legally permitted in a restricted program shall be approved and allocated to the restricted program.

Measurability of Revenues

Excelsior Academy recognizes funds as measurable and recorded in the accounting records if the revenues are collected within ninety days of year end. A receivable may be recorded on the books if it is anticipated that the funds will be received within this timeline. In the event the funds are not received, an adjustment will be entered on the books before issuing the audited financial statements.

Journal Entries

In accordance with law, rules and applicable accounting standards, the school may from time to time need to adjust the books to reflect transactions as they actually occurred using journal entries. Each journal entry shall be:

- Substantiated by supporting documentation detailing the need for the change.
- Recorded in the accounting system.
- Reviewed and approved by both the business administrator and the director.

Frequent use of journal entries may indicate recordkeeping or other deficiencies. The business office is encouraged by the Board to properly enter and correct transactions at the transactional level to avoid unnecessary or frequent journal entries.

Record Retention and Disposal

The school shall appoint a Records Officer. Records are maintained for the minimum period according to state law and the guidelines of the Utah State Archives. As the school exhausts storage space in the school building, the school's Records Officer may establish an account and transfer school records to the Utah State Archives. Generally, records are maintained as follows (subject to current regulations of Archives):

- Board Governance Records: permanent retention.
- Procurement Records: at least 7 years.

- Personnel Records: 65 years.
- Student Records: permanent retention.
- Bank, Finance, Facility and Insurance Records: at least 10 years.

The following records supporting federal contracts, as required by U.S. Office of Management and Budget, are retained for the indicated minimum periods, or consistent with state law, for three years after submission of the final report of expenditures: general ledger, trial balance, accounts payable and accounts receivable ledger, payroll register, and petty cash book, check register and checks, invoices except for:

- If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
- Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.

Audit

The Board (after receiving a recommendation from the school's audit committee) contracts with a qualified independent certified public accounting firm to conduct an independent fiscal audit of the school's financial records annually. The Board or audit committee should distribute a request for proposal (RFP) (at minimum every 5 years) as required in R123-5-4, following RFP requirements in 63G-6a.

The audit shall be performed in accordance with Generally Accepted Auditing Standards (GAAS) generally accepted in the United States of America, Government Auditing Standards issued by the Comptroller General of the United States, 2003 Revision (GAS) and, if applicable, the U.S Office of Management and Budget's relevant circulars. The selected firm must be properly licensed to perform the audit and certify the school's financial statements. Furthermore, they must be familiar with all relevant standards and related state and federal regulations in order to properly conduct and certify the school's fiscal audit.

Audit Committee

The Board is responsible for mandating procedure development to school administration and must review both policies and procedures on an ongoing (periodic) basis. The Board, typically through the audit committee, shall periodically review written procedures and forms.

The Board shall ensure that all board members and audit committee members complete training on the requirements of 53G-7-4, Internal Audits and their completion of mandatory annual training modules provided by the USBE Internal Audit section on their website, as required in R277-113 LEA Fiscal and Auditing Policies.

The Board shall establish an audit committee per Administrative Rule R277-113, comprised of board members (not a quorum) and community members (optional). The names of governing board members who serve on the audit committee shall be listed on the school's website.

The Audit Committee shall develop processes and/or procedures to:

- Seek to understand its role and duties as outlined in the GFOA Audit Committees guide.
- Be responsible for the scope, procurement, appointment, compensation, retention, review and oversight of independent accounting firm(s) engaged for the purpose of preparing or issuing an independent audit report or performing other independent audit, review, or attest services.

- Ensure the school obtains and retains copies of all audits, agreed-upon procedures, engagements, and financial reports required by 52-2a-201.
- Review external audit reports prior to submission to any outside party or authority, ensuring direct communication with the audit committee is provided to audit firm representatives.
- Report to the Board information and reports from the audit committee's meetings, and any relevant discussions with management, internal auditors, external auditors, and among committee members, and assessment of the reports fair and accurate representation to the extent such a determination can be made by the committee.
- Provide an independent forum for internal auditors, internal audit contractors, and other regulatory bodies to report findings of fraud, waste, abuse, non-compliance, or control weaknesses, particularly if administration is involved.
- Ensure corrective action on findings, concerns, issues and exceptions reported by independent external auditors, internal auditors, or other regulatory bodies are resolved in a timely manner by administration.
- Review and sign off on original bank statements and account reconciliations from the accounting system for each reconciled period, or delegate to the director in writing.
- Review the school's processes, procedures and forms to ensure adequate internal controls are in place and consistently used.
- Ensure completion and submittal of the annual *Fraud Risk Assessment* as required.
- Ensure all audit committee members complete the required annual training provided by the State Auditor and the USBE Internal Audit department and documentation of such completion is retained.
- Annual review the school's finance policies (per R277-113) and periodic review of associated procedures.
- When possible, committee members should possess knowledge of and experience in finance, accounting or auditing.
- Perform periodic internal audits of school fiscal records using the Transaction Audit Report or other resources.

Political Contributions

No funds or assets of the school may be used by or contributed to any political party, organization (e.g. PAC) or to any individual who either holds public office or is a candidate for public office. Following are examples of prohibited activities:

- Donations made by the school to political campaigns or PACs.
- Purchase of tickets by the school for political fundraising events.
- Political contributions or expenses made by an employee that are then submitted for reimbursement to the school (or any other type of submission).
- In-kind contributions, such as lending employees to political parties or using the school's assets in political campaigns. School Facilities may be used to host "town hall" or other meetings where all candidates are invited/eligible to attend and participate fully in the meeting.

Special Purpose Governmental Entity

Accounting policies and financial reporting adopted by the Board (and school) should be consistent with a special purpose governmental entity that engages in business-type activities. The Board has oversight of the management of the school inclusive of establishing the governance structure and the financial management policies as set forth in the school's charter.

Budgeting

To ensure compliance with state budget deadlines, school administration and business office personnel shall prepare an annual operating budget of revenues and expenses (forecast, or budget) for the upcoming year and a final draft budget compared to actual expenses for the year ending. These tentative annual budgets shall:

- Be presented to the Board in a budget hearing prior to June 1st, with adoption at least 10 days after the hearing.
- Be available for public inspection at the school for at least 15 days before the date of proposed adoption to the Board.
- Be approved by the Board no later than June 30th.
- Once approved, filed with the State Auditor and USBE within 30 days of approval.

The Board, administration, department heads and the business office shall use reasonable enrollment and other forecasts and make their best good-faith effort to estimate income and expenses to ensure reasonable accuracy in budgeting for revenues and expenses. The final (Board approved) budget shall be adhered to by administration at all times—administration does not have the authority to amend the budget or spend outside of the approved budget without prior Board approval. Administration may propose and the Board may approve budget amendments at any time during a fiscal year.

Key budgeting information:

- The fiscal year of the school is July 1 through June 30 and is the budget year.
- The appropriate accounting period is used for all accruals and adjusting entries when needed.
- At the close of the fiscal year, the accounting records (including the school's books) shall be accurate, properly reflecting all transactions (reflecting what actually happened).
- Financial statements displaying budget vs. actual results are prepared by the business office and reviewed by the director and treasurer and are presented to the Board each month.
- Budgets and interim actual reports shall be maintained in the modified accrual basis of accounting.
- Year-end financial statement reporting shall be presented in both the full accrual basis and the modified accrual basis (based on GASB standards) for Entity Wide and Fund level reporting.

Net Assets

Net assets are recorded in accordance with GAAP applicable to special purpose governmental units. Net assets include the following:

- Unrestricted assets.
- Restricted assets.
- Investment in Capital Assets, net of related debt.

Consistency in Cost Accounting

Practices used by the school in estimating costs in grant/contract proposals are consistent with its accounting practices used in accumulating and reporting costs. Accounting practices used by the school in accumulating and reporting actual costs are consistent with its practices used in estimating costs in its grant and contract proposals.

Financial Statement Reporting

As required by USBE administrative rule R277-113, the LEA shall ensure the LEA Board is provided fiscal reports on a monthly basis, regardless of the occurrence of an official Board meeting. The business administrator is required to provide reports to the Board or audit committee as delegated by the Board on the following schedule.

Monthly

- Internally generated interim income statement, including Board approved budget vs. actual data.
- Interim balance sheet.
- A transaction register may be submitted to audit committee only, as determined by the Board.
- Reconciliation of all bank, purchasing or credit cards, and other loan or investment accounts, may be submitted to audit committee only, as determined by the Board.

Quarterly

- Program level reporting, including prior year(s) restricted program fund balances, year to date revenue and expenses in comparison to approved program budgets for all individual restricted programs.

Annually

- Financial statements for audit, with supporting statements as needed.
- Annual budget(s).

Capitalization of Property

Tangible personal property, land, capital improvements, and buildings have to meet specific criteria to be recorded and capitalized on the property schedule. This includes having a useful life extending beyond a single annual reporting period. They must also meet one of two conditions: either having a unit acquisition cost exceeding \$5,000 or belonging to a combined group of assets where each individual asset falls below the \$5,000 threshold, but the combined total cost exceeds \$20,000.

The asset capitalized cost includes actual costs, tax, shipping/handling, and other expenses incurred to bring the asset ready for its intended use.

Additionally, these policies apply to capital assets:

- All capitalized assets will be depreciated using the straight-line method of depreciation in accordance with such asset's useful life and governmental & financial accounting standards.
- The depreciation expense will be recorded in the year end statement of revenues, expenses, and changes in net assets.
- The school shall maintain records of all federal and state government-furnished capital assets (where required), including those in restricted programs, with proper program identification and segregation of property and equipment acquired through government contracts, funds or programs. For restricted programs, ensure these assets are only used for allowable purposes per program regulations and dispose of these assets in a manner consistent with program rules (there are limitations on asset disposal in certain federal programs).
- Procedures for asset disposal must comply with state or federal law or regulation where appropriate.
- No item on the property schedule shall be disposed of or removed from the premises without prior approval of the director.
- All Assets shall be disposed consistent with applicable regulations, including any regulations applicable to restricted funds with which they were purchased, according to state or federal regulations.

Liabilities

Encumbrances, debt or other non-payroll-related liabilities may only be executed (typically by the director) when authorized by the Board. Encumbrances, debt, liabilities or other obligations are recognized and measured in conformity with GAAP and GASB standards in both the modified and full accrual basis of accounting. Liabilities also include certain other deferred amounts that are not obligated, but are recognized and measured in conformity with GAAP and GASB standards.

Accrued Liabilities

Salaries (earned wages), certain employee benefits and payroll tax liabilities, together with professional fees, rent, and insurance costs incurred, but unpaid, are reflected as a liability when entitlement to payment occurs. The accrued wages of any teacher (or other employee) whose salary is paid over a period different than during which work was performed (teachers earning wages/working 9 months but being paid for those earnings over 12 months) shall be properly accounted for at the time the wages are earned and reflected on the school's balance sheet. Employees whose employment is terminated (either voluntarily or involuntarily) prior to the end of a school year will be paid all accrued wages either on the next regular pay period subsequent to termination or as per an agreement with said employee.

Debt

Short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements and shall not be recorded as a liability on the balance sheet. Long-term debt consists of financing that is not expected to be repaid within one year and shall be recorded as a liability on the balance sheet. All short-term and long-term debt must be approved by the Board. Loan agreements approved by the Board shall be in writing and specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule. School administration may not enter into loan agreements without Board approval.

Emergency Purchases

An "emergency purchase" is defined by the Board as the purchase of goods or services that are so badly needed that the school will suffer financial or operational damage if they are not procured immediately, or if there is a gravely unsafe condition. A decision to purchase may be declared at the director's discretion only in an emergency, but after consultation with the business office and/or the Board chair (or designee) when possible. "Best value" procurement guidelines must be followed. Supporting documentation for purchases made under an emergency shall include a written explanation of the emergency condition.

Sales Tax

The school is exempt from sales tax as both a governmental entity and as a charitable organization. The Board and the director/principal shall ensure the school's tax-exempt status is not compromised and is properly maintained by complying with government regulations at all times. The school shall follow the law and the policies of vendor (when properly administered) relating to sales tax exemption. As authorized and when allowed by law, school employees or volunteers may only use the school's non-profit tax exemption registration number (and exemption form) for bona fide school purchases made utilizing school funds at the point of sale. Authorization granted to employees or others for the use of the school's tax exempt status for school-related purposes may be revoked by the school at any time. Based on regulations, employees or volunteers may not be reimbursed for sales tax except under certain conditions defined in regulations. If

sales tax is paid by the school (school employees or volunteers utilizing school funds at the point of sale) as allowed by law, the school shall seek reimbursement of sales tax consistent with the law, and the procedures of the Utah State Tax Commission.

Ethics

All Board members, employees and approved volunteers shall comply with UCA 67-16 The Utah Public Officers' and Employees' Ethics Act. The Act provides standards of conduct for officers and employees of the school (as a political subdivision) when there are actual or potential conflicts of interest between public duties and private interests

Asset Protection

Security of Key School Documents

Originals of the following key corporate documents must be permanently maintained. To ensure continuity, their location shall be verified on a periodic basis:

- Charter and all related amendments shall be retained by the Board and director.
- Articles of Incorporation and By-laws shall be retained by the Board, director and business office.
- Minutes of the Board of Trustees and subcommittees shall be retained by the Board and director.
- Corporate and payroll tax registrations shall be retained by the business office.
- Banking & financial agreements shall be retained by the business office.
- Copies of executed lease documents shall be retained by the business office.
- Insurance policy documents shall be retained by the Board and the business office.
- Grant and contract agreements shall be retained by the business office.
- Fixed asset inventory list shall be retained by the SpEd director, the IT manager and the business office (depreciable fixed assets in the accounting system) and/or others responsible for the oversight of restricted programs.

Security of Financial Records

To minimize unauthorized access to school data, the school's accounting software will be maintained properly to ensure adequate internal controls and security measures are established/functioning. (e.g. encryption where appropriate, user maintenance, secure password protection, etc.). To ensure adequate segregation of duties and to maintain the integrity of financial data, only the business office will have administrative rights (Edit access) to the financial accounting software. The business administrator shall provide the minimum level of access to the accounting software required to perform the duties of individual roles within the school (typically Read Only). To maintain the integrity of fiscal data and proper internal controls, the Board and the director may be authorized to have Read-Only access to non-sensitive data in the accounting software (as allowed by the software).

The system's accounting data shall be backed up periodically to ensure the recoverability of financial information in case of disaster or other failure. The backup file(s) must be properly secured and stored in a separate location, or in a fireproof safe (if on-site). All other financial data, petty cash box(es), check stock, etc. must be secured from unauthorized access.

The school's physical fiscal records shall be maintained in an organized system ordered by period (month/fiscal year, etc.), numerically or alphabetically as appropriate. Any fiscal record(s) shall be produced upon request (within a reasonable time frame) for active authorized individuals (chair, treasurer, director). Fiscal records shall be retained on site or at the Utah State Archives according to established retention schedules.

Use of School Assets

Except for incidental use of school-issued personal equipment (laptop, iPad, mobile phone, etc.) and authorized rentals per policy, school employees, Board members or others may not use any of the school's assets for personal use without prior approval from both the Board and the director.

Facilities Use by Outside Persons or Entities

In accordance with state law and this policy, the Board authorizes, on conditions as allowed by law, the use of school facilities (the campus—building, grounds, permanent equipment) for other than school purposes. This may be accomplished with the school facilities being utilized at no-charge as a “community center” for activities benefiting the community (whereby individual(s) or other entities are not receiving any profit or remuneration) or on a fee-based rental arrangement, consistent with this policy and Facilities Use Policy or established procedures. A formal agreement must be signed for either community center or fee-based arrangements.

When school facilities are used by outside parties, by law the school shall assume no expense as a result of renting/leasing. Renting/leasing facilities for purposes other than school functions shall not interfere with the school, its programs, instructional setting, curriculum, and standards. Consistent with the law, the school reserves the right to decline use of the facility by an outside party when it is an undue burden on the school or adequate school supervision cannot be provided. The school may refuse the use of school facilities by outside parties if it determines the use is illegal or not in the best interest of the school.

The Board authorizes school administration to establish rules, guidelines, procedures, standard agreements and fees for the rental and use of school facilities for other than school purposes. The Board will review the procedures as needed. The director shall ensure that all parties follow established policies and procedures for facility use.

Insurance and Bonding

The Board is responsible for procuring and renewing all commercial insurance. The Board may delegate clerical and administrative tasks to school administrators; however, all decision-making authority rests with the Board and the Board always retains responsibility to ensure insurance is adequate and in force. This may not be delegated, either formally or informally to others. The school must maintain at least the minimum levels required of appropriate commercial coverage, as deemed appropriate by the Board or per state law or rule, for the following insurance products or policies:

- General liability.
- Business & personal property.
- Property (building/facilities—earthquake coverage not included without express inclusion for a fee).
- Directors and Officers.
- Errors and Omissions/Professional Liability.
- Sexual Abuse and Molestation.
- Employment Practices Liability Insurance.
- Automobile insurance (as necessary).
- Workers' Compensation.
- Unemployment Insurance (a tax).
- Treasurers' Bond (Public Official Bond).
- ERISA Bond (as applicable for retirement plan).

- Other insurance as needed.

A Treasurer's Bond (fidelity bond or Public Official Bond) is required on the person who has investment control over the school's public funds, typically the business administrator, director or the board treasurer (UCA 51-7-15). The school requires proof of adequate insurance coverage from all prospective service providers performing work on behalf of the school on-site (sub-contractors).

Student Medical Insurance Coverage

The school does not provide health insurance or medical insurance coverage for students. The responsibility for ensuring students have medical insurance rests with students' parents/guardians. Insurance policies may be purchased by parents/guardians for students in the private insurance market place. The director shall ensure that proper notice of this policy is published annual in the registration packet and on the school's website.

Banking, Cash Management & Expenditures (Disbursements)

Deposit and Loan Accounts, Signature Authority

The Board authorizes deposit and loan accounts for general or specific purposes. School fiscal assets may only be kept at any bank or financial institution that is currently on the approved list of institutions by the Utah Money Management Council.

The Board shall ensure that at least two the following three *active* individuals (currently serving in good standing) are Account Owners (and signers) on all accounts at all financial institutions or mortgage/loan providers (as permitted by the financial institution):

- The board chair.
- The treasurer.
- The principal/director.

The Board shall ensure that current signature cards are on file at financial institutions. The Board may authorize other active individuals to be additional signers on the school's financial accounts who are Board members or employees of the school, serving in a necessarily related fiscal role. The minimum number of signers necessary to meet the administrative fiscal responsibilities of the school shall be maintained; however, the number of signers shall not be less than two. To properly segregate duties, the Board chair/president, treasurer, director/principal or others authorized by the Board, are the only individuals with signature authority and are responsible for reviewing and authorizing all fiscal transactions in writing.

Business office staff shall not be signers on financial accounts, but may be granted limited online access to financial accounts to view reports, download statements, and view account balances for convenience as authorized by the Board.

Board members or employees who are given signature authority over bank accounts must act in an ethical and responsible manner, consistent with the law; and shall cooperate freely when their service ends and they must be removed from bank accounts. The Board shall ensure these expectations are properly disclosed to account signers when these individuals are added to the school's bank accounts.

Account Reconciliations

The Board agrees that financial account (bank) reconciliations (deposit, investment, loan, purchasing card, school activity funds, petty cash, etc.) are one of the most important procedures for proper internal controls. The business administrator shall perform all reconciliations for all banking or investment accounts monthly, or as often as account statements are made available

Segregation of Duties

The Board recognizes the role of segregation of duties in protecting the assets of the school. The director shall ensure that internal control procedures maintain appropriate segregation of duties for the size and operations of the school.

Investments

The school shall follow state law and rule, including those of the Utah Money Management Council (MMC) regarding investing the school's fiscal assets. By law, the school shall not deposit fiscal assets into brokerage accounts and are limited to institutions approved by the MMC.

While ensuring sufficient cash balances are maintained in the school's general operating account to cover all regular monthly expenditures, the school shall consider the deposit interest rates of the Public Treasurers Investment Fund (PTIF) compared to other approved institutions and propose to the Board investment plans consistent with this policy. All transfers of cash between school accounts must be made within Board policy and upon approval of the Board or Treasurer as authorized by the Board. The order of investment objectives are safety, liquidity and return.

In accordance with law, the school may not deposit school funds for investment ("public funds" as defined below) into brokerage accounts of any kind.

Petty Cash

Small petty cash funds, not to exceed \$500, may be established for incidental, non-recurring cash needs, incidental local expense reimbursement, and small-dollar vendor purchases. The director may authorize a person(s) to be a petty cash manager (steward of a petty cash fund) on an as-needed basis to oversee a petty cash fund. The director shall ensure written procedures are developed for treatment of petty cash. All petty cash managers shall be properly trained in school policy and procedures. A reconciliation between petty cash funds on hand and petty cash general ledger accounts shall be performed monthly.

Cash Handling and Cash Receipts

Wherever possible, duties such as collecting funds, maintaining documentation, preparing deposits and reconciling records and general ledger accounts should be segregated among different individuals. When segregation of duties is not possible (due to the small size and limited staffing of the school), compensating controls such as direct management supervision, periodic and unscheduled (random) review of cash receipting records by independent parties shall be implemented or performed. Except for lunch payments (collected in the lunchroom) or upon approval from the director in limited circumstances, all cash receipts must occur at the front office. The Director shall be responsible for the establishment of the *Cash Handling & Receipts Procedures*. The director shall provide for annual training of *Cash Handling & Receipts Procedures* for all staff with relevant job duties. All school staff shall follow established procedures (internal controls) for the handling of cash receipts as outlined in the *Cash Handling & Receipts Procedures*.

The director shall be responsible for collecting past due balances owed to the school and may delegate this authority to lunchroom or front office staff. The director shall ensure that the school provide a notice in the registration packet annually and on the school's website that clearly states the school's policy to collect past due balances, with the use of collection agencies when appropriate and necessary.

All funds received (cash and checks) must be receipted or logged upon receipt and shall be kept in a central, secure location until they are deposited in the school's financial institution within 3 banking days in compliance with Utah Code 51-4-2(2)a. Periodic and unscheduled (random) audits or reviews shall be performed for all cash activity.

All payments of school fees shall correspond with the approved fee schedule, as required by State Board Administrative Rule 277-407 and shall be properly posted to a student's account. The director is

responsible to oversee all fee waivers (including granting fee waivers) consistent with the school's approved Fee Policy and Schedule, with attention to student and family confidentiality.

Public Funds

All funds (from any source) received and deposit by the school are defined as public funds as soon as they are received by the school (whether deposited or not). Public funds shall only be spent according to the law as applicable to K-12 educational institutions in Utah and are governed by various laws and rules, including those of the Utah MMC.

Electronic Funds Transfer

Electronic fund transfer, wire transfer or any other electronic transfers (EFTs) (*not including* direct deposit for payroll-related payments) may occasionally occur. Authorized account signers may initiate EFT transactions as needed for approved procurement transactions only, following all applicable policies and procedures. The Board may restrict EFTs upon its discretion.

Donations, Gifts and Incentives

The director may approve donations providing the item(s) to be donated (monetary, gifts, goods, materials, equipment, or services) are in acceptable condition, legal to possess by a public school, safe, unencumbered, free of liens or claims, usable by the school, are generally not restricted in their use, or are not restricted for use by a specific school employee. Donations for the purpose of compensating specific employees or positions may not be accepted, rather donations may be accepted without specific purposes delineated. Donations received by the school become public funds and may not be returned or expended except within the law as applicable to the appropriate use of public funds. All policies and procedures of the school are applicable to donations, including Cash Receipt and Disbursement policies and procedures, and all other internal controls.

Gifts to the 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 or art program, etc. Donations or gifts intended to benefit a specific student or may not be accepted and as defined in law could be considered a bribe.

Actions to name buildings, teams, fields, schools, departments, etc. are solely within the power of the Board and shall not be authorized when unreasonable or restrictive encumbrances exist, and limitations put upon the school by a donor would limit or hamper the school to achieve its mission and comply with all regulations. This authority may not be delegated by the Board.

Donors may be recognized through print materials, announcements, and other advertising as determined by the director. Donors shall be provided equitable recognition for like donations provided to the school.

The value of a gift or donation to the school may not be assessed or assigned a monetary value by the school and provided to the donor either verbally or in writing. The value and tax deductibility of a donation or gift made by an individual or company is to be determined by the donor and their tax advisor, not the school. The donor may provide and the school may sign a Form 8283 Noncash Charitable Contributions form (available from the IRS) upon request. 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.

The school nor its employees or approved volunteers (including board members) shall ensure that incentives of any kind to any party are not bribes, or quid-pro-quo (this-for-that) arrangements. Enrollment, employment or doing business with the school shall never be contingent upon gifts or incentives from the school to other parties or to the school from other parties. A few examples of prohibited activities include:

- A parent making a donation to the school if the school enrolls their child.
- The school giving a free iPad to any student that enrolls before October 1.
- A vendor giving a free trip to Hawaii to the director when the school signs a service agreement.
- The parent organization president receiving a free case of hot dogs personally from a vendor because the school placed an order with them.
- A parent making a donation to a teacher (or simply a cash payment) for an “A” grade for their student.

Fundraising

Within the law, including fee waiver laws, fundraising is generally permitted by the Board or by school administration to allow the school to raise additional “local funds” to supplement authorized school-sponsored programs. Local funds are defined as funds received by the school that are not state or federal program funds, or funds from state or federal sources as established in law. Fundraising at the board level is only authorized after consultation with the director and by an affirmative Board vote. The Board shall at least annually review the local fundraising activities of the school and all local activities that support or subsidize the school. The Board shall ensure that revenues raised during fundraising activities or through activities that support the school are raised within all established regulations and policies; and that they support the school’s mission and vision. The school shall not enter into fiscal agent agreements, cohorts or consortiums, etc. without Board approval.

Fundraising at the school level is only authorized and administered by the director, within the parameters of Board policy. Fundraising at the school level includes fundraising activities of the school’s own parent organization (regardless of what it is called) and is also authorized by and under the direction of the director.

Grants not provided by state or federal sources in the regular operation of the school are also defined as fundraising and must be approved by the director and the business administrator, and where encumbrances are present or strings are attached, the Board. It is the responsibility of the director to ensure proper compliance with all grant requirements applicable to grantees, including state or federal regulations and guidance where applicable.

The Board and the director shall not circumvent established school fee regulations by calling what is ordinarily a “fee” a “donation” to avoid fee waiver regulation. Funds requested voluntarily from school patrons for fundraising activities must always be voluntary contributions. The school shall comply with UCA R277-407 School Fees fundraising requirements and restrictions, including the implications on school fees and fee waivers by:

- Not requiring or allowing required individual fundraising, but may provide for optional individual fundraising opportunities for students to raise money to offset the cost of the student’s fees.
- Ensuring individual student fundraisers are included as part of the maximum fee amount per student and total aggregate fee amount per student.
- Allowing for group fundraisers.

- Not denying a student membership on a team or group if the student does not participate in a fundraiser.
- Complying with R277-113 when using alternative methods of raising revenue that do not include students.
- Notifying parents of required group fundraising, providing specific details including the nature of the required fundraiser, and the estimated participation time required of the parent or student.

All local funds are public funds once the school receives the award, including before the award is deposited in the school's financial institution. All expenditures of the school, including expenditures with local funds raised during fundraising activities shall be made in accordance with the law and established school policies and procedures. All items purchased with funds gained through fundraising activities are the property of the school, with the exception of supplies, clothing or other materials provided through school programs for student consumption or ownership (co-curricular or extracurricular activity uniforms, completed project work, etc.)

Activities of approved volunteers (non-school employees) in relation to fundraising activities of any kind must be overseen by the director or other staff as delegated by the director. The director shall ensure that all activities of fundraising activities and parent organizations are adequately reviewed and considered with the school's insurer to evaluate and manage risks associated with such activities. Conflict of Interest forms must be completed annually when persons employed by or affiliated with the school are also involved in fundraising organizations working on behalf of for the benefit of the school or who temporarily hold funds that that will benefit the school. The director shall develop procedures for all local fundraising activities.

"School-sponsored" means programs, activities, fundraising events, clubs, camps, clinics, sports, and any other event, or activity that are authorized by the school director, Board, and/or Board committees, including the authorized parent organization or authorized curricular school clubs, activities, sports, classes or programs, etc. satisfying one or more of the following criteria:

- The activity is managed or supervised by school administration, staff, or approved (authorized) volunteers.
- The activity is not managed, supervised or provided by another authorized and properly insured entity.
- The activity uses the school's facilities, equipment, or other school resources.
- The activity is supported or subsidized, more than inconsequently, by public funds, including the public school's activity funds or Minimum School Program or federal 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 policies of the school's insurer).
- May provide additional compensation or stipends for school employees with the approval of the director and under school payroll policies and consistent with the school's budget.

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.

School Athletics and Local Revenues for Specific Programs

The school shall follow all regulations related to local revenue associated with “activities”, such as high school activities regulations and various “Association” standards that follow the law. Examples of specific programs include programs such as athletics, art, science, performing arts, music, ROTC, etc. High school athletic programs have unique aspects that present challenges for principals, athletic directors, coaches, etc. If outside entities, etc. (booster clubs) desire to promote, raise funds for or provide support to school activities or programs, they may only do so with the approval of the Board. Booster clubs may not use the school’s name, mascot, logo or likeness. They must operate at arms-length and their activities may not encumber or obligate the school. Booster clubs shall not intentionally or unintentionally imply that they are “the school” nor imply that funds raised go directly to the school. Booster clubs may not use the school facilities except under a formal Facilities Use Agreement consistent with school policy.

The director is responsible to ensure all school programs and booster club arrangements comply with all fiscal policies.

Vending Machines

Use of vending machines may be allowed, consistent with the law, and authorized by the Board (or by the director when authorized). School staff shall follow school procedures for cash receipts, including the Cash Handling & Receipts Procedures. Accurate inventories of goods stocked and sold from vending machines are to be maintained. Vending machine stock shall be stored securely to minimize shrinkage (theft) and the vending program should be reviewed at least annually.

Cash Disbursement and Expenditures

Each disbursement shall require two signatures to be authorized for payment, which includes two signatures on the Requisition/Reimbursement Form and the transmittal instrument (wire transfer, check, etc.). Signature stamps for employees’ signatures may not be used to sign checks or other legal instruments (contracts, etc.). Signers (or anyone else) may not sign a blank check or prepare a check with the Payee as “Cash” or “Bearer”. Except as approved by the director and business office, handwritten checks must be avoided except in extreme circumstances for unique functional purposes. Voided checks shall immediately be mutilated/disabled by writing VOID prominently across the front of the check and must be retained for audit purposes. The Board shall receive a Check Register at each Board meeting or upon request for review and spot-audit activities using the Transaction Audit Report.

All cash disbursements shall be made consistent with regulations and school policies. The Director shall ensure the establishment of *Cash Disbursement Procedures* with strong internal controls over:

- Credit, debit, or purchase card transactions.
- Employee reimbursements.
- Travel.
- Payroll.

The director, with the assistance of the business office, shall provide for annual training of *Cash Disbursement Procedures* for all staff with relevant job duties. Prior to disbursement, the school shall ensure that the *Cash Disbursement Procedures* have been followed.

Use of School Credit & Debit Cards

School credit cards and purchase cards (P-Cards) shall only be issued with the formal approval of the Board and with proper justification. If credit cards are issued they should be assigned to specific school employees (cardholder), used only by the cardholder, and should be used only for school-related expenditures. Debit cards issued to school staff are discouraged and are only authorized after formal Board approval.

All charges must follow all procurement laws, school policy and administrative procedures. Cardholders are required, at least monthly, to reconcile their credit card accounts and provide documentation to the business office to substantiate charges. This may not be delegated and may not be delayed. The Board authorizes the director and/or business office to revoke cardholder privileges of any cardholders who do not comply with this policy.

Accounts Payable

Only valid transactions based on approved, documented vendor invoices, receiving reports, or other approved documentation are recorded as accounts payable. All disbursements, including accounts payable must be made consistent with Cash Disbursement Procedures. Vendors and suppliers are paid as their payment terms require (and which the school agrees), taking advantage of any discounts offered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis, considering critical disbursements, including payroll and tax obligations, etc. Payroll (wages earned by employees) and all tax liabilities (including payroll) must always be paid. The director shall not allow liquidity levels to be such that payroll and tax liabilities and obligations cannot be made—the director must act before liquidity levels fall to extreme levels and must ensure liquidity is sufficient for wages earned and related taxes to be paid.

Employee Reimbursement

Employees who use personal funds to purchase approved supplies or otherwise approved expenses on the school's behalf, may receive reimbursement for the amount of approved documented expenses consistent with policies for all other school expenditures and cash disbursements. Such reimbursement may or may not include reimbursement for sales taxes paid, consistent with the law.

Procurement (Purchasing)

Procurement of Goods and Services

The school shall establish and follow procurement (purchasing) procedures and the state procurement code (UCA 63G-6a), and federal procurement standards 2 CFR 200.318 for federal programs, including ethical provisions. Purchasing ethics for employees and board members include:

- Following the law and ethical standards.
- Not purchasing goods or services for the school unless pre-approved by authorized persons consistent with this policy and established procurement procedures.
- Not using their positions to acquire goods or services for private economic benefit.
- Not use school contracts or vendor accounts to make personal purchases.
- Not use the school's tax exemption certificate to make personal purchases.

All procurement activities are under the direction of the director. The school shall procure only those items and services that are required to perform the mission and/or fill a bona fide need. The school shall acquire goods and services with integrity in a fair, open (as appropriate to the procurement), ethical, efficient and cost effective manner. Segregation of duties is required for procurement activities where possible, from the quotation process through to the payment of invoices. Procurements are made using best value contracting which includes assessing the best value considering quality, performance, timing, and price.

Additionally:

- Administration or other school personnel shall not 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 in order to circumvent any aspect of this policy or of state law.
- Exclusive contracts (requiring the purchase of needed goods or services from a single, specified seller) are not authorized except as outlined in the state procurement code (UCA 63G-6a).
- Construction and improvements shall comply with the law and administrative rules of the State of Utah and its departments or agencies, the Utah State Board of Education, and differing rules, forms or reports, not in accordance with state law and administrative rules, may not be produced by school staff or outside service providers without Board authorization.
- Leases will be provided to the USBE, USCSB and to outside counsel as required or appropriate for review as required in 53G-5-404 and USCSB procedures.
- Administration or any agent of the school may not accept hospitality gifts, gratuities, kickbacks, or any other unlawful consideration under 63G-6a-2304.5.

Thresholds

- The "individual procurement threshold" for the LEA is \$1,000. This is the maximum amount that the LEA can expend to obtain a single item/service from one vendor at one time without requiring competitive purchasing. It is recommended that all purchases require competitive quotes.
- The "single procurement aggregate threshold" for the LEA is \$5,000. This is the maximum amount that the LEA 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, without requiring competitive purchasing. Example: You can purchase 4 laptops from a single vendor when those laptops, individually, cost \$1,000.99 or less each. You can purchase five if they cost

\$999.99 or less each. In the event any single item on an order is over the \$1,000 single item threshold, ALL items on the order required competitive purchasing.

- Any single item with a cost exceeding \$5,000 funded by federal dollars must receive pre-approval from the USBE prior to procurement.
- The “annual cumulative threshold” for the LEA is \$50,000. This is the maximum total annual amount that the LEA 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.

Purchases Requiring Quotes

- For procurement item(s) costing between \$1,001 and \$5,000, obtain a minimum of two competitive quotes that include minimum specifications and shall purchase the procurement item from the responsible vendor offering the lowest quote that meets the specifications. The school shall retain documentation per Utah State Archives regulations.
- For procurement item(s) costing between \$5,001 and \$50,000, obtain a minimum of two competitive quotes that include minimum specifications and shall purchase the procurement item from the responsible vendor offering the lowest quote that meets the specification. The school shall retain documentation per Utah State Archives regulations.
- For procurement item(s) costing over \$50,000, conduct an invitation for bids or other procurement process outlined in the Utah Procurement Code 63G-6a. The school shall retain documentation per Utah State Archives regulations.

Professional Services

“Professional service” means labor, effort, or work that requires an elevated degree of specialized knowledge and discretion, including labor, effort, or work in the field of: accounting; administrative law judge service; architecture; construction design and management; engineering; financial services; information technology; the law; medicine; psychiatry; or underwriting.

All third-party vendors contracting with Excelsior Academy must be compliant with Utah’s Student Data Protection Act (SDPA), U.C.A §53E-9-300. Vendors determined not to be compliant may not be allowed to enter into future contracts with LEA without third-party verification that they are compliant with federal and state law and board rule.

- Professions services costing less than \$50,000 can be awarded through direct negotiation with the service provider.
- Professional services costing between 50,000 and 100,000 need a minimum of two competitive quotes.
- Professional services costing over \$100,000 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.

Small Construction Projects:

- 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.

- Costing between \$25,001 and \$100,000 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).
- Costing more than \$100,000 require an IFB or RFP procurement process. Large construction projects over 2.5 million must follow the requirements contained in Utah Code 53A-20.

Human Resource and Payroll

Payroll Related Expenditures

The Board, with authority delegated to the director, shall ensure that payroll-related expenditures are earned, accurate, and approved (authorized) before payment is made. Additionally, the following applies to payroll-related expenditures:

- Employees are paid on a 12-month schedule, with wages accrued as earned, and in accordance with pay periods and pay dates as authorized by the Board.
- The school shall communicate pay period and pay day information clearly and effectively to individual employees upon hire.
- The school shall communicate pay rate information clearly and effectively to individual employees upon hire and whenever a change occurs.
- Employees will be paid for all services (stipends, additional work, etc.) related to their position at the school through payroll and not as a 1099 employee or service provider.
- Pay advances are not authorized. All payments to employees are to be made only after wages are earned.
- All employee payroll amounts are calculated based upon approved rates included in the individual's personnel file. Any changes to pay rates or benefits must be properly authorized in writing by appropriate individuals or the Board where applicable.
- The director will ensure that employees whose compensation is paid in any portion from one or more restricted sources of revenue shall document their time and effort on a Personnel Activity Report consistent with 2 C.F.R. § 200.430 and applicable state law and rule. Personnel Activity Reports are mandatory to ensure ongoing compliance with program regulations and to ensure funds are not recalled from the school by the state or federal governments.
- The school Director or immediate supervisor (Supervisor) will accurately record and track all employees' accrued paid time off (PTO). PTO includes a variety of paid time off, including but not limited to Sick, Personal, Vacation time, etc.
- The Supervisor shall consider available PTO balance(s) and the needs of the school prior to approving PTO.
- The business office will add or deduct PTO for all employees as authorized by policy or the Supervisor when processing each payroll and will provide balance information to the Supervisor periodically.
- Overtime wages, while not formally against policy, are not authorized under normal circumstances and are only to be used in rare instances of emergency.
- Pay rates or employee benefit package changes may not be authorized exclusively by persons for whom the pay rate or benefits will affect.
- All payroll taxes and benefits are properly calculated and any deposits made in a timely manner.
- All payroll tax reports are prepared in a timely manner and reviewed for accuracy prior to filing.

Timesheets

Hourly employees will complete timesheets to accurately represent the time worked. The director shall cause that employees paid with restricted program funds complete required timesheets compliant with state and federal laws and restricted program rules (Personnel Activity Reports). Supervisors will review timesheets for accuracy prior to approval to be processed for payroll. Falsification of time will not be allowed and shall be reported to the director immediately.

Employee Retirement Plan

The school shall participate in a retirement plan as determined by the Board and administered by the director and the Trustee of the retirement plan. All retirement funds shall be deposited into retirement accounts timely and without delay.

Employee Travel

The director shall establish and maintain procedures for all travel and student transportation activities. Employees or volunteers (travelers) must follow the law, school policies and established procedures when operating a motor vehicle on school-related business. Travelers who travel for the school typically travel using their own personal motor vehicle or a school-rented vehicle. Travelers using their own personal vehicle for school-related travel may be reimbursed at the current federal standard mileage rate (per mile, at time of travel). In addition, parking fees and tolls paid are reimbursable if properly supported. Moving violations or parking violations may not be paid using school funds.

Employee Travel Out of State

Employees and other Travelers who travel out of state (or on overnight travel within the state) will do so with itineraries approved by or booked through school administration, except as otherwise approved. Employees may not use public funds to pay for (or submit for reimbursement) personal expenses while traveling for the school. In addition, parking fees and tolls paid are reimbursable if properly supported.

Meals

Travelers who travel may receive reimbursement for meals they purchase and document during approved travel that is more than 100 miles from the school's primary facility. Travelers will be reimbursed for actual expenses, including tax and gratuity, for the reasonable cost of meals or a per diem as outlined in administrative procedures.

Contracted Services

Outside Service Providers

Outside service providers may be used to provide services or management services under a service agreement. Service providers receive direction from the school and execute the decisions made by the school (the school retains major decision-making authority and autonomy for all aspects of operations) whereby management companies are delegated decision-making authority for major school policy, procedure and operational deployment. Thus, the school gives operational autonomy to the management company and proper internal controls must be in place to oversee the activities of management companies. The school shall ensure that outside service providers with access to student or staff information properly secure data (privacy). Service agreements must include prohibitive language in relation to data privacy.

Examples of service providers are lawn maintenance contractors, contracted speech therapy and business services, all of which are delegated certain tasks as assigned by the school. Examples of management companies include education service providers that provide curriculum, professional development, student assessments, management and supervision of employees, and overall operational management services, etc.

Consistent with UCA 63G-6a-1204 Multiyear Contracts, service agreements shall not exceed five years in term (with renewals) and all services shall be reviewed against performance objectives and bid at least every five years. The utilization of outside service providers (i.e. independent contractors) and contracted personnel must be sufficiently evidenced by:

- Service Agreements outlining the terms of the agreement (e.g., responsibilities work requirements, rate of compensation, and nature and amount of other expenses, if any) with the individuals or organizations providing services and details of actual services performed.
- Required IRS W-9 form, proof of authorization or licensure and liability insurance certification (among other things) are required before service is rendered or payment is made.
- Invoices or billings submitted by consultants, including sufficient detail as to the time expended and nature of the actual services performed.
- The use of a management contract for educational administrative services will clearly identify the contractor's performance requirements, including student academic achievement (if applicable), contractor's compensation and define the school's rights to educational curricula and intellectual property developed by or provided through the service agreement.
- The director shall cause that all contracts with educational service providers (as defined in R277-115) shall include language that allows the school to verify the provider is performing services consistent with the law.

The use of independent contractors is closely monitored so as not to vary from the rules of the Fair Labor Standards Act and Utah law. The contractor will:

- be free from the school's control and direction in scheduling and performing the service, both under a contract and in fact.
- provide a professional service, and/or a service that is outside the school's usual course of business or provide a service on a temporary basis.
- not receive any fringe benefits as such, although their fee may include provision for fringe benefits.
- use his or her own letterhead, supplies and materials when billing for services.

The Board reserves the right at its sole discretion to amend or change these policies at any time.

References:

Policy Review Schedule:

Policy Monitoring Schedule:

Document History:

Date Adopted:

Amended: Oct 25, 2019 Added sections 104 and 105

Amended: June 29, 2021 Deleted some old, made new polices, brought forward some, and combined into a manual.

Amended: May 26, 2023 to add 'group of assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant' under the Capitalization of Property.

Amended November 16, 2023