Procurement & Expenditures Policy

A. Purpose:

To establish Greenwood Charter School’s (the “School”) policy governing the initiation, authorization and review of all expenditures of the School.

B. Scope:
These policies, guidelines, and procedures are applicable without exception to all funds owned or administered by the School. All expenditures of the School are to be consistent with applicable state and federal laws and regulations; any restrictions, rules, or regulations placed on the use of the funds by donors and granting agencies; and prudent management practices. In addition, all expenditures must be reasonable and necessary for carrying out the programs and activities of the School and are to be documented in a way which clearly substantiates such reasonableness and necessity. This policy applies to all School administration, licensed educators, staff, students, organizations, and individuals that initiate, authorize, or process cash disbursements on behalf of the School. The scope includes all activities at the School and in all locations where School activities and public funds are expended. It is expected that in all dealings, School employees will act in an ethical manner that is consistent with the School's code of ethics, the Utah Educators' Standards, the Public Officers' and Employees' Ethics Act, and State procurement law.

C. Segregation of Duties:

Wherever possible, duties such as custody of purchase cards and blank checks, initiating expenditures, approving expenditures, maintaining documentation, issuing checks and reconciling records should be segregated among different individuals. When segregation of duties is not possible due to the small size and limited staffing of the School, compensating controls such as management supervision and review of cash disbursement records by independent parties should be implemented.

D. Definition(s):

1. “Public funds” are defined as money, funds, and accounts, regardless of the source from which the funds are derived, that are owned, held, or administered by the state or any of its political subdivisions, including LEAs or other public bodies [Utah Code 51-7-3(26)].

2. “Small Purchase” is the procurement of goods or services for which the total cost is less than $50,000 and the total individual procurement items cost less than $1,000, professional services (including architectural or engineering) costing less than $100,001, and small construction projects costing less than $100,001 (Utah Code 63G-6a-506, Administrative Code R33-5 and R277-122).

E. General Expenditure Policies:

1. All checks or check stock, credit/purchase cards, access to bank accounts and statements, etc. shall be secured and controlled by the accounting/front office with limited access.
2. All disbursing of funds at the School should be done through the accounting/front office.

3. Expenditure transactions must be approved by an individual having sufficient knowledge and authority to evaluate the transaction for reasonableness and appropriateness. The School shall designate employees by title or job descriptions who are authorized to approve various dollar amount levels of disbursements and instructed never to sign blank checks.

4. All expenditures made using cash, checks, credit/purchase cards, electronic fund transfers, etc. shall be recorded in the school’s accounting records.

5. Passwords should be established on user access to the accounting system and changed periodically.

6. Checks should be made payable to specified payees and never to “cash” or “bearer.”

7. All disbursement activity should be substantiated by supporting documents. Documents should be available and should demonstrate that proper disbursement controls are in place (signatures for approval, purchase orders, receipts, invoices, bids or quotes, reimbursement forms, travel forms, journal entries, reconciliations, etc.).
   a. Quotes shall contain the following information:
      i. Date received or dates that the quoted price is valid and delivery date
      ii. Company name and address
      iii. Each item, description or specifications, unit, total price, and quantity listed
      iv. Shipping and freight charges
      v. Salesperson and contact information
      vi. Vendor, School employee name and position
   b. Quotes may be obtained and documented by printing pages from a website; however, all the quote elements must be documented. Better prices are usually obtained by contacting vendors directly. Telephone quotes must be documented and include all quote elements. Written quotes should be requested on the vendor’s letterhead.

8. Bank and credit card statements should be reviewed and accounts reconciled in a timely manner. Activity accounts should be reviewed quarterly by the custodian of the activity.

9. The school must comply with applicable LEA and state purchasing laws.

10. Expenditures will follow the guidelines outlined in the State Procurement Code (Utah Code 63G-6a) and federal purchasing laws.
11. Contracts must follow the guidelines outlined in the State Procurement Code, specifically regarding the length of multi-year contracts (Utah Code 63G-6a-1204).

12. Construction and improvements must comply with the provisions of the State Procurement Code (Utah Code 63G-6a), Utah Code concerning school construction, the Utah State Board of Administrative Rules, and Title IX.

13. Exclusive contracts must comply with the guidelines outlined in the State Procurement Code (Utah Code 63G-6a), the School’s procurement policy, and the Utah Public Officers' and Employees' Ethics Act (Utah Code 67-16).

14. Purchases of goods or services with School funds for personal use or personal gain are strictly prohibited; see the Utah Public Officers' and Employees' Ethics Act (Utah Code 67-16).

15. Multi-year contracts must comply with Utah Code 63G-6a-1204.

F. Procurement Thresholds:

The School’s procurement policy shall be followed for all qualifying purchases of goods or services. The procurement policy should include the basic items:

1. Small Purchases
   a. The “individual procurement threshold” for the School is $1,000. This is the maximum amount that the School can expend to obtain a single item/service from one vendor at one time without requiring competitive purchasing (Utah Code 63G-6a-506, Administrative Code R33-5).
   b. The “single procurement aggregate threshold” for the School is $5,000. This is the maximum amount that the School 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. (Utah Code 63G-6a-506, Administrative Code R33-5).
   c. The “annual cumulative threshold” for the School is $50,000. This is the maximum total annual amount that the School 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 (Utah Code 63G-6a506 and Administrative Code R33-5).
   d. Professional services, such as architectural, engineering, accounting, legal, or consulting services costing less than $50,001 may be awarded by direct negotiation after the School has reviewed the qualifications of at least two
professional service providers. Services costing $50,001–$100,000 shall be acquired by obtaining a minimum of two quotes. Services costing greater than $100,000 shall be obtained using a competitive bidding or RFP process. The threshold for utilizing an approved vendor list for professional services is $100,000. A vendor is selected from a prequalification of potential bidders and approved potential vendor list created using an invitation for bids or an RFP under provisions in (Utah Code 63G-6a-506 and 63G-6a Part 15, Administrative Code R33-5 and R33-15).

e. **Small construction projects**

   i. 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.

   ii. 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). Utah Code 63G-6a-606, Administrative Code R33-5.

   iii. Costing more than $100,000 are not considered small construction projects and must follow the requirements outlined in (Utah Code 63G-6a-1302, Administrative Code R33-13).

2. **Reoccurring Purchase Over Annual Cumulative Threshold**

   a. If purchases from the same vendor are ongoing, continuous, and regularly scheduled, and exceed the annual cumulative threshold of $50,000 during the fiscal year, a contract shall be utilized if feasible [Utah Code 63G-6a-506(6)].

3. **Artificially Dividing a Purchase**

   a. Utah Code 63G-6a-506(8) makes it unlawful to intentionally divide a procurement purchase into one or more smaller purchases to divide an invoice or purchase order into two or more invoices or purchase orders, or to make smaller purchases over a period of time.

   i. This means that intentionally splitting a purchase of similar items that would typically be purchased at the same time from the same vendor to avoid requiring competitive quotes is unlawful (e.g., uniforms, club or athletic equipment, textbook orders, etc.). This includes dividing the purchases or invoices over a period of time or making separate purchases over a period of time. Purchase splitting often occurs when making purchases on a purchase card. Employees should not split
invoices to stay under daily purchase limits on purchase cards or the established purchasing thresholds.

ii. It may be determined after an order is placed or received that a large enough quantity was not ordered, or the correct sizes were not obtained, and that additional items must be ordered. If this occurs, the employee initiating the purchase must include a written explanation of the purpose of the purchase and justification as to why it is not considered splitting a purchase. This should be retained with the vendor invoice.

iii. Penalties for violating this statute are outlined in Utah Code 63G-6a-506(8). Penalties range from a class B misdemeanor to a second degree felony, depending on the total value of the divided procurements.

4. Hospitality Gifts, Gratuities, Kickbacks, or Position and Influence

a. “Contract administration professional” means an individual who is directly under contract with a LEA or employed by a person under contract with a LEA and has responsibility in developing a solicitation or grant, or conducting the procurement process; or supervising or overseeing the administration or management of a contract or grant. This does not include an employee of the LEA. (Utah Code 63G-6a-2402).

b. “Procurement professional” means an individual who is an employee, and not an independent contractor, of a LEA, and who, by title or primary responsibility has procurement decision making authority and is assigned to be engaged in or is engaged in the procurement process or the process of administering a contract or grant, including enforcing contract or grant compliance, approving contract or grant payments, or approving contract or grant change orders or amendments. Procurement professional excludes:
   i. Any individual who, by title or primary responsibility, does not have procurement decision making authority;
   ii. The director, business administrator, director, or vice director of the LEA, or the chief assistant or deputy of the director, business administrator, director, or vice director. (Utah Code 63G-6a-2402).

c. “Hospitality gift” means a token gift of minimal value, including a pen, pencil, stationery, toy, pin, trinket, snack, beverage, or appetizer, given for promotional or hospitality purposes. This does not include money, a meal, admission to an event for which a charge is normally made, entertainment for which a charge is normally made, travel, or lodging. (Utah Code 63G-6a-2402).
   i. Utah Code 63G-6a-2404 states that it is not unlawful for a person to give or receive, offer to give or receive, or promise or pledge to give or ask for a promise or pledge of, a hospitality gift if: 1. The total value of the hospitality gift is less than $10; and 2. The aggregate value of all hospitality gifts from the person to the recipient in a calendar year is less than $50.
ii. Any hospitality gift exceeding the $10 and $50 threshold is considered a gratuity, and the provisions below apply.

d. “Gratuity” means anything of value given without anything provided in exchange or in excess of the market value of that which is provided in exchange, including a gift or favor, money, a loan at an interest rate below the market value or with terms that are more advantageous to the borrower than terms offered generally on the market, anything of value provided with an award (other than a certificate, plaque, or trophy), employment, admission to an event, a meal, lodging, travel, entertainment for which a charge is normally made, and a raffle, drawing for a prize, or lottery.

i. Gratuity does not include:

1. An item, including a meal in association with a training seminar, that is: a. Included in a contract or grant; or b. Provided in the proper performance of a requirement of a contract or grant;
2. An item requested to evaluate properly the award of a contract or grant;
3. A rebate, coupon, discount, airline travel award, dividend, or other offering included in the price of a procurement item;
4. A meal provided by an organization or association, including a professional or educational association, an association of vendors, or an association composed of public agencies or public entities, that does not, as an organization or association, respond to solicitations;
5. A product sample submitted to a public entity to assist the public entity to evaluate a solicitation;
6. A political campaign contribution;
7. An item generally available to the public; or
8. Anything of value that one public agency provides to another public agency (Utah Code 63G-6a-2402).

ii. Utah Code 63G-6a-2404 makes it unlawful:

1. For a person who has or is seeking a contract with or a grant from a public entity knowingly to give, or offer, promise, or pledge to give, a gratuity to the LEA, a procurement professional or contract administration professional, or an individual who the person knows is a family member of an individual.
2. For a “procurement professional” or “contract administration professional,” or a family member of either, knowingly to receive or accept, offer or agree to receive or accept, or ask for a promise or pledge of, a gratuity from a person who has or is seeking a contract with or a grant from a public entity.
3. Penalties for violating this statute are established in Utah Code 63G-6a-2404 and 2407. Individuals will adhere to these penalties
and report violations to the attorney general’s office, as required by statute.

a. Penalties range from a class B misdemeanor to a second degree felony and individuals are subject to disciplinary action up to and including dismissal from public employment or return the value of the unlawful gratuity.

e. “Kickback” means a negotiated bribe in connection with a procurement or the administration of a contract or grant; and does not include items in subsection 4.d.i. (Utah Code 63G-6a-2402).

i. Utah Code 63G-6a-2404 makes it unlawful:

1. For a person who has or is seeking a contract with or a grant from a public entity knowingly to give, or offer, promise, or pledge to give, a kickback to the LEA, a procurement professional or contract administration professional, or an individual who the person knows is a family member of an individual.

2. For a “procurement professional” or “contract administration professional,” or a family member of either, knowingly to receive or accept, offer or agree to receive or accept, or ask for a promise or pledge of, a kickback from a person who has or is seeking a contract with or a grant from a public entity.

ii. Penalties for violating this statute are established in Utah Code 63G-6a-2404 and 2407. Individuals will adhere to these penalties and report violations to the attorney general’s office, as required by statute.

1. Penalties range from a class B misdemeanor to a second degree felony and individuals are subject to disciplinary action up to and including dismissal from public employment or return the value of the unlawful kickback.

G. General Expenditure Procedures:

1. The School’s tax-exempt status number should only be used in conformity with the Utah State Tax Commission’s guidelines.

2. The School has designated the State Procurement Code as its purchasing policy.

3. If an outside entity reimburses employee expenses (meals, travel, etc.), these expenses should not be submitted to the School for reimbursement.

4. No disbursing of funds is to be done in other offices or at unapproved off-site activities or functions.

5. Purchases of goods or services for personal use or personal benefit of any amount are strictly prohibited.
6. Any purchases should be equitable for both male and female students and comply with Title IX.

H. Decision Chart for Purchasing Thresholds:

How does an employee initiate a purchase?
1. Is the purchase available from a state agency or a state cooperative contract? If so, you are encouraged to purchase the item from the agency or state contract. If not, follow the decision chart below.

2. If the total purchase is between:
   a. $0–$1,000
      i. The purchaser may select the best source without seeking competitive quotes. The signatures of the requestor and immediate supervisor (or authorized business officer for the department or administration) are required on the purchase order or check request form. If the purchase is made using a School credit/purchase card, the employee should follow the credit/purchase card policy below.
   b. $1,001–$10,000
      i. The purchaser shall obtain at least two (2) competitive quotes and purchase the item/service from the supplier offering the lowest quote meeting the specifications. Quotes must be attached to the purchase documentation and maintained as part of the School’s records. The signatures of the requestor, immediate supervisor (or authorized business officer for the department), and business administrator are required on the purchase order or check request form.
   c. $10,001–$50,000
      i. The purchaser shall obtain at least two (2) competitive quotes and purchase the item/service from the supplier offering the lowest quote meeting the specifications. Quotes must be attached to the purchase documentation and maintained as part of the School’s records. Completed bids and an approved purchase order shall be sent to School purchasing for initiation and purchase. The signatures of the requestor, immediate supervisor (or authorized business officer for the department), and business administrator for the School are required on the purchase order or check request form.
   d. Greater than $50,001
      i. The School Shall enter into a competitive bid process or RFP in compliance with Utah Code 63G-6a sections 601–612 and 701–711 and Administrative Code R33-6 and R33-7, or use a prequalification of potential vendors and an approved vendor list with an invitation for bids or an RFP in compliance with Utah Code 63G-6a-410 and 507. The bid or
RFP process shall be managed by School purchasing. If a bid process is utilized, select the lowest responsive and responsible bidder that meets the objective criteria described in the invitation to bid. If an RFP process is utilized, select the responsive and responsible offer or with the highest total score. Supporting documents must be retained and maintained as part of the School’s records. The signatures of the requestor, immediate supervisor (or authorized business officer for the department), business administrator, and director of the School are required for final approval. If the purchase is greater than $99,999, the signature of the School’s board is also required for final approval.

e. Less than $100,001 for professional services
   i. When acquiring professional services such as accounting, legal, consulting, architectural, or engineering goods or services valued less than $100,001; the School shall follow the associated small purchasing thresholds as outlined in R33-5. The School must review the qualifications of a minimum of two professional service providers or consultants and direct negotiate for up to $50,000. A minimum of two quotes must be obtained for services $50,001–$100,000. Contracts or purchases from an approved vendor list may not exceed $100,000.

f. Small construction projects
   i. 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. The signature of the requestor, immediate supervisor (or authorized business officer for the department), business administrator, and director of the School are required for final approval.
   ii. 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). The signature of the business administrator and director of the School are required for final approval.
   iii. Costing more than $100,000 are not considered small construction projects and must follow the requirements outlined in Utah Code 63G-6a-1302, Administrative Code R33-13, and the board shall advertise for bids at least 10 days before the bid due date. The signature of the business administrator, director of the School, and the School's board are required for final approval.

g. Greater than $100,000 for professional services
   i. The School Shall enter into a competitive bid process or RFP in compliance with Utah Code 63G-6a sections 601-612 and 701-711. The bid or RFP process shall be managed by School purchasing. If a bid
process is utilized, select the lowest responsive and responsible bidder that meets the objective criteria described in the invitation to bid. If an RFP process is utilized, select the responsive and responsible offer or with the highest total score. Supporting documents must be retained and maintained as part of the School’s records. The signatures of the business administrator, director, and the School’s board are required for the invitation to bid or RFP.

I. Sole Source Expenditure Procedures:

1. Sole source procurement shall only be used if a product or service is unique and can be easily proven as one of a kind, offered by only one vendor. If there is more than one potential bidder or offer for a particular item, sole source does not apply. All sole source determinations must be completed through the School purchasing department.

2. All sole source requests estimated to be $50,000 and above must be posted for public comment, in accordance with Utah Code 63G-6a-802.

3. Sole source justification should be documented according to Utah Code 63G-6a-802 and be approved by administration.

J. Credit/Purchase Cards Expenditure Procedures:

1. All credit/purchase cards shall be kept secured and controlled by the accounting/front office with limited access. PIN numbers should be kept secured.

2. Card users shall follow School and state purchasing policies and comply with the Utah State Tax Commission’s guidelines regarding the School’s tax-exempt status number.

3. Purchases exceeding $1,000 made using the credit or purchase card should be pre-approved, using an expenditure authorization form, prior to making the purchase.

4. If a card is issued to the School as a whole, a log should be kept documenting which employee checked out the card and the period of time the card was checked out. Receipts shall be retained for all purchases and turned into the accounting/front office. Card reconciliations should be performed monthly to ensure all receipts are present and all purchases have been made in accordance with School and state policy.

5. If cards are assigned to specific employees, the card user shall retain all receipts for purchases made with public funds. The card user shall review and reconcile the card statement activity each month and attach all receipts to the card statement. The card user should sign their card statement certifying that all purchases have been made in accordance with School and state policy.
6. Administration (or designee) must review each card holder’s statement, along with all receipts, for approval. Approval should be documented.

7. An employee with oversight over the card user(s) should be responsible for providing authorization.

8. Individual expenditures made on purchase or credit cards shall be recorded in the school’s accounting records. The issuance of a check or an electronic funds transfer to pay the monthly card statement balance shall be documented and approved by administration prior to issuance.

9. ATM transactions, cash advances, or personal use are strictly prohibited.

10. Violation of purchase card policy, including not retaining documentation of purchases or making personal purchases, may result in card cancellation, disciplinary action, or criminal prosecution.

11. Transaction, daily, or monthly limits will be established based on purchasing authority.

12. Administration or employees designated by the School will develop an internal review plan to periodically select credit/purchase card statements to verify that School policies and procedures are being followed and that purchases are appropriate, documented, and coded to the proper funding sources.

13. If the card is lost or stolen, immediately contact the appropriate authority.

K. Reimbursement Requests Procedures:

1. Employees seeking reimbursement for School expenditures made with employee funds must complete a reimbursement request form, which is signed by the requestor and approved by the employee’s immediate supervisor. An administrator’s or board employee’s immediate supervisor may be the director or board chair.

2. Supporting documentation, including detailed receipts and justification for departure from the standard purchase order process, is required. Authorization must be documented by the immediate supervisor.

L. Purchase Orders Procedures:

1. An expenditure authorization form (purchase order or requisition) is required for all purchases. Employees initiating an expenditure shall complete the authorization form,
including documentation of any required quotes, before a purchase is initiated. The completed form and documentation shall be submitted to the immediate supervisor or designated business officer for the department.

2. The designated business officer for the department will review completed expenditure authorization forms and any supporting quotes and approve the purchase. This approval signature is required prior to the initiation of a purchase.

3. Shipment of goods should be addressed and delivered to the School.

4. Invoices and complete packing slips should be initiated by the receiver of the goods, indicating that all goods were received and that payment should be processed.

5. The accounting/front office shall compare invoices and packing slips to the expenditure authorization form prior to processing payment (see School Issuance of Checks).

M. School Issuance of Checks Procedures:

1. All checks, check stock, access to bank accounts, and bank statements shall be kept secured and controlled by the accounting/front office with limited access. Passwords should be kept secured and changed periodically.

2. An employee who does not have the ability to issue checks shall review the issued check and accompanying supporting documentation to ensure all policies and procedures are followed prior to signing the check.

3. Each disbursement shall be substantiated with supporting documentation, such as a purchase order, invoice, receipts, quotes (according to the procurement policy above), reimbursement forms, shipping documents, contracts, travel forms, etc. All expenditures shall be recorded in the School’s accounting records.

4. Signature stamps should not be utilized, and blank checks or checks made payable to “cash” or “bearer” should never be signed.

5. Endorsed checks should be mailed by an employee outside of the cash disbursement process, if possible.

6. It may be necessary to void a check. If this occurs, the word “VOID” should be written on the check, and the actual check shall be retained.

N. Journal Entries/Electronic Fund Transfers Procedures:
1. All electronic fund transfers and journal entries shall be kept secured and controlled by the accounting/front office with limited access. Passwords should be kept secured and changed periodically.

2. Each journal entry or electronic fund transfer should be substantiated by supporting documentation.

3. Each journal entry or electronic fund transfer should be recorded in the School’s accounting records.

4. Administration or an individual without cash disbursement duties shall document approval of journal entries or electronic fund transfers.

5. Monthly, the School’s audit committee or designee should review and approve the journal entries and electronic fund transfers.

O. Review Process:

1. Monthly, bank reconciliation(s) should be performed on all School approved accounts, including credit card transactions. If the bank reconciliation is completed by someone who has access to the accounting system and bank accounts, it should be reviewed and approved by another person, such as the director or director, business administrator, or a member of the audit committee or board.

2. Monthly, administration should review bank statements and bank reconciliations, as well as credit card statements, and document the review and approval. The School’s audit committee or School management should ensure that monthly bank reconciliations and credit/purchase card statement reconciliations are occurring.

3. A check register should be reviewed when signing checks to ensure all disbursements are reviewed and approved.

4. Periodically, administration or designated members of management shall review cash disbursements to verify that all School and State policies and procedures are being followed.

P. Training:

School employees that handle cash should receive training as established by Board Administrative Rule 277-113-4.
Q. Audit:

The financial books and accounts of the LEA shall be audited annually by an independent certified public accounting firm, in conformance with prescribed standards and legal requirements. The appointment of an independent auditor by the LEA will be open to any qualified certified public accounting firm.

The initial selection of an auditor will be completed by the following process:

1. Bids will be solicited by LEA Administration in conformance with applicable laws and regulations. These bids will include all necessary specifications as determined by the Board of Education's Audit Committee and LEA staff including determining the qualifications of the prospective auditing firm and proposed cost.
2. The Audit Committee will review all bid's received by the Administration and determine the best proposal. The technical ability and qualifications of the auditing firms considered for appointment would be determined as 70% of the selection criteria. The proposed cost of the audit would determine the other 30% of the selection criteria.

Auditor appointments will generally be for a four year period with the annual fee for each of the four years determined at the time of appointment. Annual fee increases in the three remaining years may be allowed in an amount not to exceed each year's inflation rate according to standard practice. Any increased fees for inflation or additional audit work required by new state or federal regulations may be approved by the Business Administrator. If the auditing firm does not agree with the fee proposed by the administration, any additional fee would be presented to the Audit Committee for their approval.

The Audit Committee will review the conduct of each annual audit and may recommend the new appointment of another auditor if they determine that an annual audit was not conducted in an acceptable manner. The new appointment would be conducted through the bidding process. The Audit Committee may also recommend to the Board the reappointment of an auditor for a subsequent four years. A bidding process must be solicited after the end of a second 4 year appointment. The Business Administrator shall be responsible for filing copies of the independent audit report with the proper authorities as prescribed by law.

R. Review of Policy:

This Policy is to be reviewed annually as set forth by Board Administrative Rule 277-113-4.