



Finance Policies

I. THRESHOLD

- A. The Board of Trustees (Board) set the threshold of approval at the Board level to be \$10,000 for non-routine expenditures.
- B. Items over \$10,000 must be run by the board before purchase/expenditure.
- C. No vote needed, just an e-mailed "FYI" and a return "acknowledgement." *May 8, 2014*

II. NOTIFICATION

- A. Providence Hall Charter School (PHCS) shall make these policies available in the business office and on the PHCS website.
- B. This delegated authority requires checks and balances (internal controls) to ensure that the Board of Trustees (Board) properly accounts for and spends public funds for which it is entrusted within the law, and without malfeasance.

III. INTERNAL CONTROLS

- A. Internal Controls are an integral part of a school's "control environment" to ensure the school's assets are safeguarded and to minimize risk. They consist of well-crafted policies, procedures, guidelines, and forms, which include implementation and practices modeled by leadership and school staff and should be the same in almost all circumstances.
- B. Internal Controls are developed for the purpose of
 1. Protecting against waste of resources through inefficiencies
 2. Protecting resources against embezzlement, bribes, theft or other types of fraud
 3. Protecting against poor management, carelessness and unintentional errors
 4. Securing compliance with both law and rules of the state, policies of the school and the audit requirements of the State of Utah pertaining to "public funds"
 5. Protecting against loss or destruction of records
 6. Ensuring data reliability and accuracy
 7. Evaluating the level of performance of the school's operations.
- C. Under the direction of the Board, PHCS is required to establish and maintain adequate accounting records and implement internal control policies & procedures.
- D. Internal control consists of six components
 1. control environment
 2. risk assessment
 3. control activities
 4. information and communication
 5. segregation of duties
 6. monitoring
- E. The objectives of internal control relate to
 1. financial reporting
 2. operations
 3. compliance
- F. The Board, the Executive Director, administration, and instructional staff are responsible for preventing and detecting instances of fraud and related misconduct and for establishing and maintaining proper internal controls that provide security and accountability.



- G. The Board, the Executive Director, and administration are also responsible for recognizing risks and exposures inherent to these areas of responsibility and for being aware of indications of fraud or related misconduct.
- H. Any PHCS employee with reasonable basis for believing fraudulent or related misconduct has occurred should report such incidents to the designated authorities within PHCS or to the State Office of Education.
- I. Internal controls provide PHCS with the foundation to properly safeguard assets, implement policies, provide compliance with state and federal laws and regulations and produce timely and accurate financial information.
- J. Board members should review available internal control guides to further understand the need for internal controls and their role in their implementation and oversight.

IV. REVIEW & TRAINING

- A. The policies outlined herein will be reviewed at least annually.
- B. PHCS employees involved in the processes and procedures associated with these policies will be trained at least annually in their duties.

V. GOVERNING BOARD AUTHORITY

- A. The Board is responsible for the operation of school in accordance with state and federal laws.
- B. The Board is also responsible for operating the school in accordance with the representations made in the PHCS charter.
- C. Specifically, the Board shall have the sole authority to approve and will incorporate into its own minutes such matters as:
 - 1. Change of the school's name, with the authorizer and other entities
 - 2. Adoption and amendment of the annual budget
 - 3. Selection or termination of key employees
 - 4. Key employees' salary and benefits changes
 - 5. Incur debt, mortgages or other encumbrances and their covenants and restrictions, within the terms of the charter
 - 6. Investment policies, depository and investment banks
 - 7. Purchase or sale of real property
 - 8. Review and acceptance of interim monthly financial statements
 - 9. Selection of the school's auditor (CPA firm)
 - 10. Service on the school's audit committee
 - 11. Review of any transaction or account of the school at its discretion.

VI. ADMINISTRATIVE AUTHORITY

- A. The Executive Director, and under his/her direction, business office staff, are authorized by the Board to execute all legal transactions for PHCS (with exceptions for certain capital purchases and indebtedness, etc. noted herein) and to make all purchases and disbursements necessary according to policy for the operation of PHCS.
- B. The Executive Director and business office staff independently report all financial transactions directly to the Board periodically in a public board meeting.
- C. Both the Executive Director and business office staff may report to the Board independently if requested, or if they deem appropriate on certain matters, or in any case where mismanagement or fraud is suspected.



VII. COMPLIANCE WITH LAWS

- A. PHCS will follow all applicable laws and regulations that govern charter schools within the State of Utah.
- B. PHCS shall comply with Title IX and shall not discriminate on the basis of sex in education programs.
- C. Applicable federal laws and regulations will be adopted as federal program funds and grant funding is received.
- D. PHCS will provide access to school records if requested by a person or entity under the Government Records Access Management Act (GRAMA). Additionally, records will be available to the Utah State Office of Education (USOE), State Charter School Board or other governmental entity as needed.



General Policies

I. POLITICAL CONTRIBUTIONS

No funds or assets of PHCS may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office. Following are examples of prohibited activities:

- A. Contributions by an employee that are reimbursed through expense accounts or in other ways;
- B. Purchase of tickets for political fundraising events;
- C. Contributions in-kind, such as lending employees to political parties or using the PHCS' assets in political campaigns.

II. RECORD KEEPING

- A. To provide an accurate record of all financial transactions (a good audit trail), PHCS' books, records, and accounts are maintained in conformity with generally accepted accounting principles as required by state law applicable to charter schools.
- B. This includes recordkeeping in both the modified and full-accrual basis of accounting.
- C. Audited financial statements certified by an independent auditor will be prepared annually using the accrual basis of accounting.
- D. Further, PHCS specifically requires that
 1. No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the books and records of PHCS
 2. Receipts and disbursements must be fully and accurately described in the books and records
 3. No false or fictitious vendors, invoices or entries may be made on the books or records nor any false or misleading reports issued.

III. RECORD DETENTION AND DISPOSAL

- A. Records are maintained for the minimum period according to state law and the guidelines of the Utah State Archives.
- B. The following records supporting federal contracts, as required by the U.S. Office of Management and Budget, are retained for the indicated minimum periods or consistent with state law
 1. For three years after submission of the final report of expenditures
 - a. general ledger
 - b. trial balance
 - c. accounts payable and accounts receivable ledger
 - d. payroll register
 - e. petty cash book
 - f. check register and checks
 - g. invoices
 - h. Except for
 - i. 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.
 2. Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.



3. Permanently
 - a. audit reports
 - b. annual corporate reports
 - c. charter board minutes
 - d. tax and legal correspondence
 - e. labor contracts
 - f. insurance claims and policies
 - g. retirement and pension records
- C. The disposal date determined under this policy is the end of the fiscal year, or the date of final payment of government grants.
- D. All records not supporting government grants or otherwise covered by rules of the Internal Revenue Service are retained according to state law.



Asset Protection Policies

I. SIGNATURE AUTHORITY

- A. To properly segregate duties, the Board Chair, Board Treasurer, the Executive Director, and administrators of PHCS school, or others as expressly authorized, are the only individuals with signatory authority and are responsible for authorizing all cash transactions.
- B. Each disbursement shall require two signatures to be authorized.

II. SECURITY OF FINANCIAL DATA

- A. PHCS' accounting software will be maintained to ensure that adequate internal controls and security measures are established to minimize unauthorized access to school data (i.e., proper password protection).
- B. The system's accounting data shall be backed up periodically to ensure the recoverability of financial information in case of failure.
- C. The backup file(s) must be stored separately in a fire safe area and properly secured.
- D. All other financial data, petty cash box(es), check stock, etc. will be secured from unauthorized access.

III. SECURITY OF SCHOOL DOCUMENT

- A. Originals of the following corporate documents are maintained and their presence shall be verified on a periodic basis
 - 1. Charter and all related amendments
 - 2. Articles of Incorporation and By-laws
 - 3. Minutes of the Board and subcommittees
 - 4. Corporate and payroll tax registrations
 - 5. Banking & financial agreements
 - 6. Leases
 - 7. Insurance policies
 - 8. Grant and contract agreements
 - 9. Fixed asset inventory list.
- B. All checks received must be made out to PHCS.
- C. We cannot accept checks made out to anyone else.

IV. USE OF SCHOOL ASSETS

PHCS employees should not use any of the PHCS' assets for personal use without prior approval of the PHCS administration and with proper justification.

V. FACILITIES USE BY OUTSIDE PERSONS OR ENTITIES

- A. In accordance with state law, the Board authorizes, on condition, the use of PHCS facilities for other than school purposes.
- B. It is understood that PHCS shall by law assume no expense as a result of the leasing of school properties, facilities, including grounds, furnishings and equipment.
- C. It is further understood that restraint must be exercised in leasing facilities for purposes other than school functions, to the extent that such leasing shall not interfere with the school curriculum, program and standards.
- D. The Board may refuse the use of school facilities by outside entities if it determines the use inadvisable.
- E. The Board authorizes the Executive Director and the Director of Operations to establish



rules, guidelines, procedures and fees for the rental and use of school facilities for other than school purposes.

- F. The Board will review and approve procedures as needed.
- G. The Executive Director and the Director of Operations shall administer the rules and guidelines and see that all entities follow established procedures.

VI. AUDIT

- A. The Board contracts annually with a qualified independent certified public accounting firm to conduct a fiscal audit of the school's financial records and statements.
- B. The audit is performed in accordance with auditing standards 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 Circular A-87 and A-122.
- C. The selected firm must be familiar with these standards and related state regulations in order to properly conduct the fiscal audit.

VII. AUDIT COMMITTEE

The Board shall establish an audit committee per Administrative Rule R277-113, comprised exclusively of Board members, which shall:

- A. Seek to understand its role and duties as outlined in the GFOA Audit Committees guide.
- B. Review, audit and initial original bank statements and account reconciliations from the accounting system for each period reconciled.
- C. Review, in a public meeting, audit reports provided to the Committee directly by outside firms.
- D. Review PHCS' risk assessment processes and procedures to ensure adequate internal controls are maintained.
- E. Ensure timely resolution of matters reported by internal audits or by outside firms.
- F. Ensure that outside firms are selected through a competitive-bid process.
- G. Be responsible for the appointment, compensation, retention, and oversight of the work of any independent accountants engaged for the purpose of preparing or issuing an independent audit report or performing other independent audit, review, or attest services.
- H. Periodically review this policy, no less than once every five years, to assess its continued adequacy.
- I. Possess knowledge of and experience in finance, auditing, or accounting if possible.
- J. Review the annual audit, and any other work performed by a contracted auditor, prior to its submission to any outside party or authority, and report to the Board that it has discussed the financial statements with management, with the independent auditors in private, and privately among committee members, and believes that they are fairly presented, to the extent such a determination can be made solely on the basis of such conversations.

VIII. INSURANCE AND BONDING

- A. PHCS maintains minimum levels of coverage, as deemed appropriate by the Board, for the following policies:
 - 1. General liability (earthquake coverage not included without express inclusion)
 - 2. Automobile insurance (as necessary)
 - 3. Workers' compensation
 - 4. Unemployment (tax)



5. Directors and Officers
 6. Errors & Omissions/Professional Liability
 7. Employment Practices Liability Insurance
 8. Treasurers' (fidelity) Bond
 9. ERISA bond (as applicable for retirement plan)
 10. Other insurance as requested
- B. A Treasurer's Bond (fidelity bond or Public Official Bond) is required on the person who has investment control over PHCS' public funds, typically the business manager, per UCA 51-7-15.
1. This insurance coverage is not included in the PHCS' other insurance policies and must be purchased separately.
- C. PHCS requires proof of adequate insurance coverage from all prospective sub-contractors, as deemed applicable by the Board.



Banking and Financial Management Policies

I. GENERAL

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

II. BUDGETING

- A. The Executive Director and administrators prepares an annual operating budget of revenues and expenses (forecast or budget) for approval.
- B. The Board approves a final budget for the operation of PHCS for the prior twelve months. The Board adjusts both the income and expenses, based on all information available at the time, to be within a 5% variance from estimated Actuals.
- C. Both of these budgets are approved no later than June 30th of each school year. Budgets are reviewed and modified as necessary.
- D. These forward-looking budgets and projections are reviewed and approved by the Board at an open and public meeting.
- E. The fiscal year (budget year) of the school is July 1st through June 30th.
- F. The appropriate accounting period is used for all adjusting entries and accruals.
- G. Financial statements displaying budget vs. actual results are prepared by the business office and reviewed by the Superintendent and Treasurer and are presented to the Board at each board meeting (with limited exceptions).
- H. The Executive Director and administrators shall follow the Board approved budget with exceptions approved by the Board.

III. BANK ACCOUNTS

- A. The Board may authorize bank accounts for general or specific purposes.
- B. PHCS assets shall be kept at any bank or financial institution that is approved by the Utah Money Management Council.
- C. All bank accounts shall be reconciled as often as statements are available, typically monthly.

IV. INVESTMENTS

PHCS shall follow state law and rule as outlined by statute, Administrative Rule and the rules of the Utah Money Management Council in investing school cash assets.

V. PETTY CASH

- A. Petty cash funds may be established for incidental, non-recurring cash advances, local expense reimbursement, and small-dollar vendor purchases, provided proper documentation is furnished with each request.
- B. No fund shall exceed \$500 or individual payment shall be greater than \$100.
- C. Petty cash funds are recorded on the balance sheet as a cash account.
- D. The petty cash account is balanced periodically by the business office.

VI. CASH HANDLING AND RECEIPTS

- A. Wherever possible, duties such as collecting funds, maintaining documentation, preparing deposits and reconciling records should be segregated among different individuals.



- B. 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 receipting records by independent parties should be implemented.
- C. PHCS staff shall follow established procedures (internal controls) for the handling of cash receipts as outlined in the *Cash Handling & Receipts Procedures*.
- D. PHCS will comply with all applicable state and federal laws.
- E. All funds shall be kept in a central, secure location until they are deposited in a school-approved fiduciary institution.
- F. Funds should be deposited daily or within three days after receipt, in compliance with Utah Code 51-4-2(2)(a).
- G. Unauthorized PHCS employees should never hold funds in any unapproved location for any reason.
- H. Periodic and unscheduled audits or reviews should be performed for all cash activity.
- I. All payments of PHCS fees shall correspond with the approved fee schedule, as required by State Board Administrative Rule 277-407.

VII. FUNDRAISING

- A. Fundraising is generally permitted within PHCS to allow PHCS to raise additional funds to supplement school-sponsored academic and co-curricular programs.
- B. Fundraising at PHCS is only authorized and administered by PHCS administrators, as overseen by the Board.
 - 1. The Board shall annually review the fundraising activities of PHCS and of all activities that support or subsidize PHCS.
 - 2. The Board shall ensure that revenues raised during fundraising activities or through activities that support PHCS (local funds) are raised within established cash handling policies.
 - 3. All expenditures shall be made in accordance with established PHCS policies and procedures.
 - 4. The Board shall ensure that all activities of fundraising and parent organizations are adequately reviewed and considered with PHCS' insurer to evaluate and manage risks associated with such activities.
- C. Fundraising guidelines are
 - 1. All monies raised through fundraisers for PHCS-sponsored activities are considered public funds. This includes all donations to PHCS, regardless of whether or not such donations are part of any fundraising activity or event.
 - 2. Cash Handling and Cash Receipt procedures of PHCS apply to all PHCS-sponsored fundraising activities.
 - 3. Relationships with non-PHCS employees in relation to fundraising activities are managed by PHCS administrators or appropriate individual, as referenced above.
 - 4. Conflict of Interest forms must be completed when persons employed by or affiliated with PHCS are also involved in fundraising organizations or hold funds that will benefit PHCS.
 - 5. Fundraising activities may be subject to fee waiver laws.
 - 6. PHCS administrators oversee the administration of fee waivers.
- D. "School-sponsored" means activities, fundraising events, clubs, camps, clinics, programs, sports, etc., or events, or activities that are authorized by PHCS, the Board, PHCS administration, or Board committees, including the authorized PHCS parent organization, or PHCS authorized curricular school clubs, activities, sports, classes or programs that also satisfy one or more of the following criteria. The activity



1. Is managed or supervised by PHCS administration, staff, or authorized volunteers.
 2. Uses the PHCS' facilities, equipment, or other school resources.
 3. Is supported or subsidized, more than inconsequently, by public funds, including the PHCS' activity funds or minimum school program dollars.
- E. Properly approved PHCS-sponsored activities
1. May use PHCS' name, facilities, and equipment.
 2. May utilize PHCS employees and other resources to supervise, promote, and otherwise staff the activity or fundraiser.
 3. May be eligible to be insured under PHCS' liability insurance policy (subject to insurer).
 4. May provide additional compensation or stipends for PHCS employees with the approval of PHCS administration and under PHCS payroll policies and consistent with the PHCS' budget.
 5. Must comply with all fee approval and fee waiver provisions established in Utah law, administrative rules and school policies.
- F. Fundraising activities, or activities of outside organizations of any kind that are not PHCS-sponsored activities must be conducted at arm's length so that revenues and expenditures are not commingled with the public funds of PHCS.

VIII. DONATIONS AND GIFTS

- A. Donations and gifts may be accepted, upon approval by the Executive Director or administration, providing the item(s) to be donated (cash, goods, services) are legal to possess by a public school, safe, unencumbered, usable by PHCS and are generally not restricted in their use, or are not restricted for use by an individual PHCS employee.
- B. Donations and gifts for the purpose of compensating specific PHCS employees or positions may not be accepted (donors can donate for other purposes instead).
- C. Donations and gifts received by PHCS become public funds and may not be returned or expended except within the law as applicable to the appropriate use of public funds.
- D. All policies and procedures of PHCS are applicable to donations and gifts, including cash receipt and disbursement policies and procedures, and all other internal controls.
- E. Donations and gifts to PHCS 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.
- F. Donations and gifts intended to benefit a specific student, teacher or classroom may not be accepted.
- G. The value of donations and gifts to PHCS may not be assessed or assigned by PHCS. The value and tax deductibility of donations or gifts made by an individual or company is to be determined by the donor and their accountant, not PHCS. No dollar value may be assigned to a donation verbally or in writing.
- H. If a product or service is given in return for donations or gifts that are clearly defined, such as a \$250 advertising slot in the yearbook, that value can be disclosed by providing PHCS' advertising rates to the donor for them to assign a value.

IX. VENDING MACHINES

- A. Vending machines are to be administered by administration (or designee) with the assistance of the business office.
- B. Two persons shall be present when removing cash from vending machines and delivering it to the PHCS office for recording using the cash handling and receipts procedures.



- C. Accurate inventories of goods stocked and sold from vending machines are to be kept.
- D. Vending machine stock shall be stored adequately to minimize shrinkage and the program should be reviewed at least annually.

X. FINANCIAL STATEMENT REPORTING

- A. The PHCS business office is required to maintain supporting records in sufficient detail to prepare the school's financial statements, including
 - 1. Monthly
 - a. Internally generated Income Statement, including budget vs. actual comparison and adequate notes & explanations
 - b. Balance Sheet
 - c. Cash Flow Statement
 - d. Transaction Register
 - 2. Annually
 - a. Financial statements for audit, with supporting statements as needed
 - b. Annual budget

XI. CAPITALIZATION OF PROPERTY

- A. All tangible personal property, land, capital improvements or buildings with a useful life of more than one year and a unit acquisition cost that exceeds the Board-authorized capitalization threshold of \$5,000 are recorded and capitalized on the property schedule.
- B. The Board shall establish the capitalization threshold.
- C. The asset capitalized cost includes actual tax, shipping/handling, and other expenses incurred to bring the asset ready for its intended use.
- D. Additionally, these policies apply to capital assets
 - 1. All capitalized assets will be depreciated using the straight-line method of depreciation in accordance with such asset's useful life and governmental and financial accounting standards.
 - 2. The depreciation expense will be recorded in the statement of revenues, expenses, and changes in net assets.
 - 3. PHCS maintains records of all government-furnished property and equipment, with an identification and segregation of property and equipment acquired through government contracts.
 - 4. Upon receipt, all property that qualifies as necessary to include on the property schedule, or has reasonable possibility of theft, or is required by law, must be properly labeled with asset ID tags.
 - 5. Assets purchased or received that cost less than the depreciation threshold will be expensed in the period purchased.
 - 6. No item on the property schedule shall be removed from PHCS premises without prior approval from the Board.
 - a. Procedures for asset disposal must comply with state or federal law or regulation where appropriate.
 - b. All assets shall be disposed consistent with applicable regulations of any restricted funds with which they were purchased, according to state or US Department of Education General Administrative Regulations.
 - 7. Gains and losses from the sale or other disposition of property are recorded as revenue in the year in which they occur, and are reflected as such on applicable financial statements.



8. A physical inventory of property included on the PHCS' property schedule is performed on an annual or every two-year basis and is reconciled to the property schedule and general ledger of PHCS.

XIII. LIABILITIES

- A. Encumbrances, debt or other obligations are recognized and measured in conformity with generally accepted accounting principles in both the modified and full accrual basis of accounting.
- B. Liabilities also include certain other deferred amounts that are not obligated, but are recognized and measured in conformity with generally accepted accounting principles.
- C. The Board and PHCS administration, in consultation with accounting firms, will determine liabilities as needed for financial statements.

XIV. ACCOUNTS PAYABLE

- A. Only valid accounts payable transactions based on documented vendor invoices, receiving reports, or other approved documentation are recorded as accounts payable.
- B. Vendors and suppliers are paid as their payment terms require, taking advantage of any discounts offered.
- C. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis, considering critical disbursements, including payroll and tax obligations, etc.
- D. **Program Accounting and Accounting Requirements**
PHCS shall record transactions when they occur in the accounting system utilizing the following codes as established by the Utah State Board of Education approved chart of accounts
 1. Fund
 2. Function
 3. Location
 4. Program
 5. Object or revenue code as applicable
- E. PHCS shall follow state accounting standards and minimum requirements consistent with R277-113(6).
- F. Any good or service booked to a restricted program shall be approved by a PHCS program-level or PHCS school-level administrator. Only goods or services legally appropriate to each program shall be approved and allocated to a restricted program.

XV. CASH DISBURSEMENTS AND EXPENDITURES

All non-payroll and non-credit card cash disbursements shall be made consistent with state and PHCS purchasing policies. Prior to disbursement, PHCS shall ensure that administrative procedures, including proper internal controls, have been followed.

XVI. USE OF PHCS CREDIT AND DEBIT CARDS

- A. PHCS debit cards are only authorized with Board approval.
- B. PHCS credit cards and purchase cards shall only be issued with the formal approval of PHCS administrators.
 1. The cost/benefit of credit cards to PHCS should be fully reviewed to ensure that no other method is appropriate.
 2. If credit cards are issued, they should be assigned to specific PHCS school employees and should be used only for related PHCS expenditures.
 3. All credit card charges must be supported by transaction-level invoices



- (point-of-sale receipts) or travel reports to be eligible for payment by PHCS.
4. Monthly credit card statements are reconciled by cardholders to point-of-sale receipts and travel reports and are reviewed and approved monthly by appropriate PHCS supervisors.

XVII. ACCRUED LIABILITIES

Salaries, wages earned, and payroll taxes, together with professional fees, rent, and insurance costs incurred, but unpaid, are reflected as a liability when entitlement to payment occurs. The portion of any PHCS teacher, or other PHCS employee whose salaries are paid over a period different than during which work was performed, are accrued at the end of the fiscal year for which services were rendered.

XVIII. DEBT

- A. Short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements.
- B. Long-term debt consists of financing that is not expected to be repaid within one year.
- C. All short-term and long-term debt must be approved by the Board.
- D. 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.
- E. PHC administration may not enter into loan agreements without Board approval.

XIX. NET ASSETS

- A. Net assets are recorded in accordance with generally accepted accounting principles applicable to special purpose governmental units.
- B. Net assets include the following
 1. Unrestricted
 2. Restricted
 3. Investment in Capital Assets, net of related debt

XX. CONSISTENCY IN COST ACCOUNTING

- A. Practices used by PHCS in estimating costs in grant/contract proposals are consistent with its accounting practices used in accumulating and reporting costs.
- B. Accounting practices used by PHCS in accumulating and reporting actual costs are consistent with its practices used in estimating costs in its grant and contract proposals.



Procurement (Purchasing) Policies

I. PROCUREMENT OF GOODS AND SERVICES

- A. PHCS shall follow outlined procurement (purchasing) procedures of PHCS and provisions of the state procurement code (UCA 63G-6a) and procure only those items and services that are required to perform the mission and/or fill a bona fide need.
- B. Procurements are made using best value contracting which includes assessing the best value considering quality, performance, timing, and price.
- C. Additionally
 - 1. No PHCS employee 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.
 - 2. 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).
 - 3. Multi-year contracts shall comply with UCA 63G-6a-1204.
 - 4. Construction and improvements shall comply with the law and administrative rules of the State of Utah and its departments or agencies and differing rules, forms or reports, not in accordance with state law and administrative rules, may not be produced by PHCS staff or outside service providers without Board authorization.
 - 5. Written records will be kept for all purchases, including competitive bids when applicable by law.
 - a. All lease agreements will be evidenced by a lease or sublease agreement approved by the Board and signed by the Board Chair (or designee).
 - b. The agreement will identify all the terms and conditions of the lease.
 - 6. Consistent with Utah Code 63G-6a-2304.5, PHCS administration or any designated agent of PHCS may not accept hospitality gifts, gratuities, kickbacks, or any other unlawful consideration.
 - 7. Satisfactory receipt of goods and services will be confirmed, as invoices are approved by buyers, before payment is made to a vendor.

II. THRESHOLDS

- A. The "individual procurement threshold" for PHCS is \$1,000.
 - 1. This is the maximum amount that PHCS can expend to obtain a single item/service from one vendor at one time without requiring competitive purchasing.
- B. The "single procurement aggregate threshold" for PHCS is \$5,000.
 - 1. This is the maximum amount that PHCS 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.
- C. The "annual cumulative threshold" for PHCS is \$50,000.
 - 1. This is the maximum total annual amount that PHCS 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.
 - 2. 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.



III. PURCHASE(S) REQUIRING QUOTES

- A. 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.
- B. For procurement item(s) costing between \$5,001 and \$50,000, obtain a minimum of two competitive quotes that include the minimum specifications and shall purchase the procurement item from the responsible vendor offering the lowest quote that meets the specification.
- C. For procurement item(s) costing over \$50,000, conduct an invitation for bids or other procurement process outlined in the Utah Procurement Code.

IV. PROFESSIONAL SERVICE(S)

- A. "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.
- B. All third-party vendors contracting with PHCS 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 PHCS without third-party verification that they are compliant with federal and state law and board rule.
- C. Professional services costing less than \$50,000 can be awarded through direct negotiation with the service provider.
- D. Professional services costing between \$50,000 and \$100,000 need a minimum of two competitive quotes.
- E. 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.

V. SMALL CONSTRUCTION PROJECTS

- A. 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.
- B. Construction projects 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 one.
- C. Construction projects costing more than \$100,000, require an IFB or RFP procurement process.
- D. Large construction projects over \$2.5 million must follow the requirements contained in Utah Code 53A-20.

VI. PROHIBITION AGAINST ARTIFICIAL DIVISION OF PROCUREMENTS AND INVOICES

- A. The Utah Procurement Code states that it is unlawful for a person to intentionally or knowingly divide a procurement into one or more smaller procurements with the intent to make a purchase
 - 1. qualify as a small purchase if, before dividing the procurement, it would not have



- qualified as a small purchase; or
- 2. meet a threshold established by rule if, before dividing the procurement, it would not have met the threshold.

- B. A prohibited division of a purchase includes any of the following with the intent or knowledge:
 - 1. making two or more separate purchases;
 - 2. dividing an invoice or purchase order into two or more invoices or purchase orders; or
 - 3. making smaller purchases over a period of time

VII. EMERGENCY PURCHASES

- A. An "emergency purchase" is the purchase of goods or services that are so badly needed that PHCS will suffer financial or operational damage if they are not secured immediately.
- B. A decision to purchase may be declared in an emergency at PHCS' discretion and "best value" procurement guidelines must be followed.
- C. In addition, the purchase must be authorized by PHCS administration, business manager, or the Board Chair or Treasurer when available.
- D. Sound business practices shall be used and documented in all cases.

VIII. SALES TAX

PHCS is exempt from sales tax as both a governmental entity and as a charitable organization.

- A. The Board and PHCS administration shall maintain PHCS' IRS (501c3) and public school tax exempt status by complying with government regulations at all times.
- B. PHCS administration shall follow vendor policies regarding sales tax exemption.
- C. As authorized, PHCS employees or volunteers may use PHCS' non-profit tax exemption registration number (and Tax Commission form) only for legitimate PHCS purchases. Authorization may be revoked when necessary.
- D. PHCS employees or volunteers may not be reimbursed for sales tax, except in specific authorized circumstances where payment of sales tax was unavoidable and reimbursement would be appropriate given practical considerations. Otherwise, if sales tax is paid at the point of sale, PHCS may seek reimbursement of sales tax consistent with applicable rules at its discretion.



Payroll Policies

I. PAYROLL RELATED EXPENDITURES

- A. The Board, with authority delegated to the Executive Director and administrators, shall ensure that payroll-related expenditures are earned, accurate and approved (authorized) before payment is made.
- B. Additionally, the following applies to payroll-related expenditures.
 - 1. Employees are paid on a 12-month schedule, as wages are earned, and in accordance with pay periods and pay dates as authorized by the Board.
 - 2. PHCS shall communicate pay rate information clearly and effectively to individual employees whenever a pay change occurs.
 - 3. Pay advances are not authorized. All payments to employees are to be made only after wages are earned.
 - 4. Employee's time is properly approved when submitted by an employee to a supervisor, authorized for payment, and reported to the business office for processing.
 - 5. 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.
 - 6. PHCS administrators 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.
 - 7. The Supervisor shall consider available PTO balance(s) and the needs of PHCS prior to approving PTO.
 - 8. 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.
 - 9. Overtime wages, while not formally against policy, are not authorized under normal circumstances and are only to be used in rare instances of emergency.
 - 10. Pay rates or employee benefit package changes may not be authorized exclusively by persons for whom the pay rate or benefits will affect.
 - 11. 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.
 - 12. Employees paid with restricted program funds are required to complete required documentation, with a supervisor's certification according to the administrative rules of applicable programs.

II. EMPLOYEE RETIREMENT PROGRAM

PHCS shall participate in a retirement program as determined by the Board and administered by the Board and the business office.

III. EMPLOYEE TRAVEL WITHIN STATE

- A. PHCS employees who travel within the state typically travel using their own personal motor vehicle or a school-rented vehicle.
- B. Employees may be reimbursed at the current (at time of travel) federal standard mileage rate (per mile), as authorized by the Board, for use of their own vehicle for business related travel. In addition, parking fees and tolls paid are reimbursable if properly



supported.

- C. Employees who rent vehicles for school use (and reimbursement) must purchase adequate insurance to cover the vehicle in case of theft or damage.
- D. Employees must refill the rental vehicle with fuel prior to return.
- E. PHCS shall not reimburse for moving violations or parking tickets.

IV. EMPLOYEE TRAVEL OUT OF STATE

- A. PHCS employees who travel out of state travel will travel with itineraries booked through PHCS administration, except as otherwise approved.
- B. Under certain circumstances, employees may be required to use a personal credit card for hotel and/or vehicle rental.
- C. Employees may not use public funds to pay for (or submit for reimbursement) personal expenses not related to their travel or business purpose while traveling for PHCS.

V. MEALS

- A. PHCS employees who travel (within or without the state) may receive reimbursement for meals they purchase and document during approved travel that is more than 100 miles from PHCS' primary facility.
- B. Employee's will be reimbursed for actual expenses, including tax and gratuity, for the reasonable cost of meals.

VI. EMPLOYEE REIMBURSEMENT

PHCS employees who use personal funds to purchase supplies or otherwise incur expenses on the PHCS' behalf, may receive reimbursement for the amount of documented expenses consistent with policies for all other PHCS expenditures and cash disbursements.



Contracted Services Policies

I. OUTSIDE SERVICE PROVIDERS

- A. The utilization of outside service providers (i.e. independent contractors) and contracted personnel are sufficiently evidenced by
 - 1. 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.
 - 2. 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.
 - 3. Invoices or billings submitted by consultants, including sufficient detail as to the time expended and nature of the actual services performed.
 - 4. The use of a management contract for educational administrative services will clearly identify the contractor's performance requirements, including students' academic achievement (if applicable), contractor's compensation and define the school's rights to educational curricula and intellectual property developed.
- B. 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
 - 1. Be free from the school's control and direction in scheduling and performing the service, both under a contract and in fact.
 - 2. Provide a service that is outside PHCS' usual course of business or provide a service on a temporary basis.
 - 3. Not receive any fringe benefits as such, although their fee may include provision for fringe benefits.
 - 4. Use his or her own letterhead, supplies and materials when billing for services.
- C. The policies contained in this document are subject to change at any time.
- D. The Board reserves the right to amend or change them at their sole discretion.