



Gateway Preparatory Academy Fiscal and HR Procedures

INTRODUCTION

These written financial and human resource procedures, associated forms, and controls are adopted by GATEWAY PREPARATORY ACADEMY'S director and administration under the direction of the governing board of GATEWAY PREPARATORY ACADEMY. These procedures fall within board adopted policies governing the financial operations of the school and must be followed.

The accompanying financial procedures, coupled with establishing sound processes, practices, training, use of forms, and ongoing monitoring are the foundation for the school's internal control system. This system helps to consistently meet financial standards set through state and federal laws and rules, as well as GATEWAY PREPARATORY ACADEMY board policy. These resources comprise the school's *internal controls* and are designed to safeguard public funds, ensure the school's fiscal activities comply with requirements, and are performed without malfeasance. These internal controls shall provide the required checks and balances to ensure that the school and its staff properly spend and account for public funds for which the school is entrusted.

The director and administration of the school shall model compliance with board finance policies and these finance procedures. The director and administration shall provide annual training on the use of these procedures and associated forms relevant to employee's job duties in order to support understanding and utilization of these procedures and associated forms (as required by USBE board rule).

1100 GENERAL ACCOUNTING PROCEDURES

General Ledger Activity

Control Objective

To ensure that all General Ledger entries are current, accurate, and complete.

Major Controls

A. Timeliness of Entries

All entries are made soon after the transaction, activity or underlying accounting event occurs to ensure the financial records and reporting are current.

B. Support Documentation

All entries are supported by adequate written documentation retained per Utah State Archives guidelines that clearly indicates the justification and authorization for the transaction.

C. Segregation of Duties

Wherever possible, duties such as collecting funds, maintaining documentation, preparing deposits, procurement processes, payroll processes, reconciling records, etc. should be segregated among different individuals. When full segregation of duties is not possible due to the small size and limited staffing of the school, compensating controls such as management supervision or review of financial records by independent parties must be implemented and documented.

Procedures

1. Financial data on source documentation is verified against original documents (e.g., invoice, purchase order, etc.) by the business office assistant before entering into the accounting system.
2. All original entries in the accounting systems (e.g., cash receipts, disbursements, personnel allocations) are made soon after the accounting event from authorized forms and are prepared by the business office assistant **and/or the front desk staff** and reviewed afterwards by a qualified business administrator.
3. Non-recurring entries, such as for correcting entries, recording accruals, and recording non-cash transactions, are prepared as circumstances warrant and on an as needed basis.
4. Source documentation will include required quote or bid documentation; appropriate approval signatures by authorizers; date of bid, order or purchase; sufficient detail to determine item(s) purchased and quantity; and identification of the program or activity for which the goods or services were procured.
5. All journal entries shall have supported documentation that is reviewed and approved by a representative of the board (generally the finance or audit committee) or director/principal of the school.
6. Business office personnel shall perform monthly, quarterly, and annual reviews of financial data for accuracy and proper coding (allocation) to object, function and program.
7. Business office personnel shall prepare financial reports for administration and the board on a monthly basis as required by board rule.
8. School director and other authorized signers shall review supporting documentation for transactions to ensure validity and completeness prior to signing and dating for approval.
9. The director/principal and business office shall provide requested documents timely to the audit committee upon request.

1200 CASH MANAGEMENT PROCEDURES

Cash Receipts

Control Objective

To record cash receipts including currency, coin, checks, electronic funds, ACH transactions, and credit card transactions completely and accurately and to prevent misuse, theft, or diversion of cash assets.

Major Controls

A. Cash Receipts Procedures

GATEWAY PREPARATORY ACADEMY has internal control systems in place to monitor cash receipts, and ensure that deposits are made in a timely manner (within 3 banking business days per Utah Code). The school also uses electronic fund transfers where possible to accelerate deposits.

B. Internal Accounting Controls

1. All school personnel and volunteers with cash receipting job duties, will receive annual training on Cash Receipts Procedures relevant to their duties.
2. The business office and director/principal shall monitor compliance with cash receipt procedures, address non-compliance and provide retraining where needed.
3. Whenever feasible, receipting of funds at the school should be done at the front office in the presence of two staff members at the time of the receipt. Except upon prior approval by the board or the director, receipting may not be performed in other offices, classrooms or in unapproved locations. Cash receipting in the lunchroom may be allowed upon director/principal approval.
4. All cash shall be secured, and access limited to those authorized for access.
5. Employees shall instruct payers to take all cash, checks, and credit card transactions to the front desk for receipt.
6. Provisions shall be made for cash receipt/collection at approved activities or functions for which front office cash collection is unreasonable.
7. Opening and sorting of mail is assigned to a front office employee with responsibilities independent of access to accounts receivable or cash accounts.
8. Listed receipts and credits are compared to accounts receivable and bank deposits by the business office.
9. All checks received must be exclusively made payable to the school (no two-party checks) and restrictively endorsed immediately. Checks written to other parties may not be signed over to the school.
10. The school shall not cash a check for any individual, accept IOUs nor loan money in any form to any person or entity, including employees.

Front Office Cash Procedures

Credit Card Receipting Procedures

1. Credit card merchant account(s) for receipt of funds shall be approved by the board.
2. Only front office personnel and the director shall have the authority and access to reverse credit card transactions (issue refunds or credits). No other outgoing transactions shall be permitted through any merchant account.

3. Credit Card payments may only be made through the school's website, a director approved contracted third-party merchant processor website, or at the front office.
4. Credit Card payments may be made outside of regular school hours (e.g. at after school activities) only if authorized school personnel is present to properly process payments.
5. All credit card receipts shall be recorded in the accounting system by office personnel and shall include transaction details identifying the specific fee or activity being paid for, by payee, and by item paid (line item detail).
6. Front office staff shall forward the reconciled credit card receipt register to the business office for periodic reconciliation with deposit records.

Cash and Check Handling Procedures

1. Cash receipts (cash and checks) are received and sorted by front office personnel only. Business office personnel or individual teachers cannot receive cash or checks.
2. Receipting should take place late enough into the day to accommodate the majority of students and parents but not so late that receipts cannot be prepared in time to get to the bank that day.
3. All funds given to the school for any reason, including cash collected at school-sponsored activities, will be recorded in the appropriate Payment code in Pelorus and reflected on the *Pelorus Payment Register* and posted to student accounts by separate front office personnel where possible.
4. All checks received must be made payable to the school and endorsed immediately by front office personnel with a "Deposit Only to the Gateway Account" stamp. No checks may be accepted that have been "signed over" to the school. All checks must be originally made payable to the school.
5. Cash and checks shall be counted separately by two independent front office personnel and reconciled with the *Pelorus Payment Register*. Both personnel must sign the *Pelorus Payment Register* certifying that the cash/checks received match register. Any discrepancies shall be resolved or reported to the director and business office in the event they cannot be resolved.
6. All cash must be securely stored onsite until taken to the bank for deposit. Cash shall never be kept in unsecured locations (unlocked drawers, vehicles, etc.).
7. Deposits are made at least every 3 banking days (72 hours) in compliance with Utah Code 51-4-2(2)(a). Funds shall be deposited daily when funds exceed \$5,000. If deposits are made other than daily, pending deposits shall be maintained in a secure location with limited access at all times.
8. Deposit receipts, deposit slips and other internal records, including the *Pelorus Payment Register* tracked by office or lunch personnel, are forwarded to the business office.

Business Office Cash Procedures

1. Business office personnel reviews the *Pelorus Payment Register against the Receipts register* comparing it to the student account records provided by front office or lunch personnel for accuracy, noting any discrepancies. The Receipts Register includes all payments (cash and electronic) received. Any discrepancy should be researched and/or returned to the front office for re-processing and any resolution documented within the deposit records. Frequent or recurring discrepancies shall be reported to the director/principal and the business administrator.
2. Reconciliation of payment receipt register to deposit slips are done by business office personnel prior to transaction entry review into the accounting system.
3. Cash deposits accounting shall be reviewed by business office personnel (within the proper period), with receipt numbers assigned by the accounting system. The business office personnel shall attach the final and reviewed receipt accounting register to the original register submitted by the front office personnel.
4. Reconciliation of cash receipts to bank statements will be performed by business office personnel on a monthly basis.
5. Records for credit card and EFT deposits will be utilized by the business office for deposit entry and deposit entry reviews in the accounting system G/L. Where possible the front office personnel will enter student EFT credit card payments and lunchroom personnel will enter student and adults lunch EFT payments.
6. The business office personnel will reconcile credit card and EFT deposit entries against bank statements and student account reports provided by the merchant account system and front office personnel.

School-Sponsored Activity Cash Procedures

1. All cash collected at school-sponsored activities (and not in the school office) must follow all procedures as outlined in this document.
2. Petty cash (a cash drawer) for use at school sponsored events may only be requested by school personnel by specifying the cash amount in the Activity Request form, with approval signature from the director/principal.
3. The school personnel requesting the cash drawer is responsible to ensure all policies and procedures of the school are maintained. The requestor shall ensure cash receipting procedures are followed in the event that non-school personnel assist with cash collection.
4. Money should be collected by at least two responsible persons at all times in a safe and secure environment, following all established procedures.

5. Cash collected at an event or activity should be counted by two or more non-related individuals with one individual being the school's personnel.
6. A *Cash Count log* must be completed and signed by both individuals.
7. All of the cash collected along with the *Cash Count log* should be returned to the front office to be logged for deposit the same day, or the next morning in the event of a late evening activity. For evening activities all money must be kept on site at the school and secured in a safe location.
8. Receipt of funds via credit card transactions at school sponsored activities shall follow the procedures in the credit card procedures section.

Fundraising

Fundraising is permitted by the board and administration to allow the school to raise additional local funds to supplement authorized school sponsored programs. The school shall not enter into fiscal agent agreements, cohorts or consortiums, etc. without board approval.

1. All fundraising at the school level shall be authorized and administered by the director/principal, within parameters of board policy. Fundraising at the school level includes activities of the school parent organization.
2. Optional individual fundraisers may be allowed but not required for student participation in school sponsored activities and programs.
3. Fundraisers associated with school sponsored activities that charge a fee for student participation shall comply with R277-407 School Fees rule and board policy.
4. Money raised for a charitable purpose is restricted for that purpose and should not be used to supplement other school programs or activities.
5. All fundraisers shall be submitted to the director/principal for approval.
6. The director/principal will review proposed fundraising activities to ensure alignment with the school's charter, applicable school policy, and state school fees requirements.
7. Cash receipting and petty cash policies and procedures will be followed for all fundraising activities where funds are collected.

Cash Disbursements

Control Objective

To disburse cash for authorized purposes only and record cash disbursements completely, accurately and within the correct period.

Major Controls

A. Cash Disbursements

All cash disbursements shall be made consistent with state law, administrative rules, and Gateway Preparatory Academy Fiscal Policies.

B. Internal Accounting Controls

1. All school personnel and volunteers will receive annual training on procurement processes relevant to their duties. In addition to those with ongoing procurement duties, this typically includes teachers making purchases with classroom funds or other approved budgets, parent organization members, activity leads or coaches, etc.
2. The business office and director/principal shall monitor compliance with procurement procedures, address non-compliance and provide retraining where needed.
3. No school employee is authorized to pay employees or vendors with cash, except (for vendors only) from properly authorized petty cash funds.
4. The school shall incorporate a banking system that requires approval on all ACH, Wire transfers, and electronic checks in order for the payments to be made.
5. Business office personnel will issue regular ongoing disbursement of funds by electronic payment or issuance of a check. Electronic payments are preferred and where an ACH or electronic payment option is not offered by the vendor the business office personnel may issue a paper check.
6. To ensure segregation of duties, no single employee and/or board member of the school can initiate and approve a single transaction. As such the bank master user account and login information resides with the bank personnel and no representative of the school can have access to such account.
7. The business office personnel shall be given authority to initiate electronic and /or paper check transactions, but they are not permitted to authorize or sign electronic transactions or paper checks.
8. **The director, board chair, and another onsite board authorized signer** can approve electronic transactions and are authorized signers on the school's bank account.
9. Recurring transactions for regular and approved charges (e.g., benefit payments, tax payments, utility bills etc.) can be approved once on the positive pay approved vendor list and not each time a transaction occurs. Signed invoice records are in place for such transactions.
10. The school shall use only special high security pre-numbered paper checks.
11. Check stock will be kept in a secured location by the business office.
12. All voided checks should be properly mutilated and retained in the business office.
13. Under no circumstance may the school issue a blank check, issue a check that is signed only (for completion of Payee and the Amount written in later), issue a check made out to "Cash" or otherwise fail to write a check to a specific Payee for authorized disbursement purposes.
14. Disbursements shall be recorded and issued directly from the accounting system. The director shall only issue disbursements in rare extreme circumstances necessary in order to avoid the interruption of programs and/or services.
15. Disbursement records shall be reconciled with accounts payable/open invoice files.
16. Bank statements shall be reconciled to cash accounts and verified by the business office on a monthly basis.

17. Purchasing Card (P-Card) or credit card statements shall be reconciled against credit/p-card accounts and any outstanding transactions verified by the business office on a monthly basis and reviewed by the audit committee and/or the director/principal. The person reviewing the P-Card statements, shall receive an original copy of the card statement not by business office personnel but by a school authorized signatory.
18. Payment verification documentation should be attached to the original source documentation for record keeping and to prevent resubmission for payment. Payment verification documentation must show an electronic signature of the school's authorized signers.
19. Detailed comparison of actual vs. budget disbursements should happen on a periodic basis and any discrepancies included in the monthly budget reports to the director and the board.
20. Separation of duties to the extent possible for an organization the size of the school.
21. Bank statements and reconciliations are reviewed and signed by audit committee representative(s) on a monthly basis. In the event that no member of the audit committee is present, the director/principal may review and sign such records in a given month. The person reviewing the statements, shall receive an original copy of the bank statement by a school authorized signatory
22. The school's banking system must allow access for positive pay services for all checks clearing the bank account.

Purchasing Procedures

1. The school utilizes procurement guidelines established in federal procurement standards (for applicable federal programs), state procurement code, state and USBE administrative rules and school policy.
2. The school selects the most responsive, responsible, and best overall value vendor to provide required materials and services and promotes open and fair competition in order to obtain the best value to the school.
3. After approval of the annual budget, the school reviews needs to discover opportunities for splitting or grouping orders to achieve maximum value to the School, including volume discounts; however, the School shall not violate the Utah Procurement Code when splitting or combining orders.
4. When approving *Requisition & Reimbursement Forms*, the school director(or designee) identifies minimum or appropriate needs and ensures that all required documentation is included (see below for list of requirements).
5. Reimbursements shall be submitted timely with all required documentation in order to be processed for reimbursement to employees or volunteers. Reimbursements submitted post 90 days from the date of the receipt may not be reimbursed and processed by the business office.

Processing Requisition & Reimbursement Forms

1. *Requisition & Reimbursement Forms* are generated by the person requesting permission to make a purchase.

2. The *Requisition & Reimbursement Form* must include the following:
 - a) The name and contact information of the person making the request.
 - b) A description and quantity of the items to be ordered.
 - c) A statement justifying the purchase (identify the need—the purpose of the procurement).
 - d) A cost estimate with supporting documentation attached (e.g. quote, phone quote sheet, Internet print out, etc.).
 - e) Supporting documentation for additional required quotes, bids, RFP as specified in school fiscal policy.
 - f) The required delivery information.
 - g) Identify the restricted or unrestricted program being utilized (e.g. IDEA, Land Trust etc.).
 - h) Identify the school level budget being utilized (e.g. SpEd, PTO, athletic clubs, classroom budget, etc.).
3. The requesting person presents the *Requisition & Reimbursement Form*, and all required supporting documentation to the director (or designee) for review and approval. Procurements of goods or services for a restricted program must be approved by either the program director or school director to ensure the expense is necessary, reasonable, and allowable under restricted program rules.
4. The approver reviews the *Requisition & Reimbursement Form* and confirms the presence of all required items and supporting documentation prior to approval.
5. Approved *Requisition & Reimbursement Forms* are forwarded to the business office or designated procurement staff.
6. Teachers are approved for and allocated teacher classroom supply funds per full-time equivalent (FTE) or classroom annually. These funds are appropriated and tracked for each qualifying teacher using the Class Wallet platform. The funds must be made available by August 15 of each school year. The school director shall approve all Class Wallet transactions prior to Class Wallet reimbursement. A *Requisition & Reimbursement Form* is not required in these cases, however, teacher receipts and request approval reports must be printed and filed with the accounting records.
7. Personnel ordering or purchasing items shall attach order confirmation and receipt of payment documentation and forward to the business office.

Documenting Bids and Quotations

1. The purchasing employee may request bids or quotations verbally on transactions not expected to exceed \$5,000. These verbal bids must be documented using the *Phone Quotes Form* for audit purposes (the competitive verbal bids must be written down by the purchaser including the date, whom/what site(s) were contacted/visited, pertinent details such as the item

info and price, etc.) and in writing for transactions between \$5,000 and \$50,000. Purchases over \$50,000 may require an RFP and paperwork shall be consistent with school policy, state procurement code, and USBE admin rule requirements.

2. Purchase of a single item in excess of \$5,000 requires a minimum of two competitive quotes.
3. Purchase of a group of items in excess of \$10,000 requires a minimum of two competitive quotes
4. For all other purchases refer to board approved policy, state code, USBE administrative rules, and individual federal grant requirements. Program directors shall have an understanding of specific program requirements and ensure purchases are within those requirements when approving requisition forms.
5. Sole source determination letter, awards not awarded to the lowest quote and other selection criteria analysis shall be properly documented and attached to the approved procurement document package.
6. Phone quotes require the use of the *Phone Quotes Form*, documenting the date, vendor, person(s) providing quotes, contact information, delivery, etc. Attach the *Phone Quote Form*, to the final procurement documentation.

Negotiation and Award

1. Award may be made to other than the low bidder in circumstances where the higher bid demonstrates a best value to the school. In such situations, the requesting employee shall prepare a justification statement for any award that requires multiple bids or other procurement process, furnishing a brief explanation of the criteria leading to such a decision.

Receipt of procured items

1. All items procured must be delivered to the school's address.
2. Packages should be received and opened by staff who are independent from the ordering process.
3. All items should be accounted for and packing slips or shipping confirmations should be reviewed by the requesting employee. Any discrepancies should be addressed with the business office or purchasing employee.
4. All items purchased with restricted funds or other funds that require inventory tracking shall be labeled with asset tags and added to the school's inventory list as required by the grants that identify the grant source (Land Trust, Digital Teaching and Learning, Special Education, Title I, II, III, etc.).

School Lunch Program Procedures

The plan for procuring items for use in the Child Nutrition Program is as follows. These procurement procedures maximize full and open competition, transparency in transactions, comparability, and documentation of all procurement activities. Gateway Preparatory Academy assures that positive efforts will be made to involve small and minority businesses, women's business enterprises, and labor surplus area firms [2 CFR 200.321].

1. All procurement activities will be made in accordance with 2 CFR 200; the State of Utah Procurement Code 63G-6a; and Utah Administrative Code Title R33. The most restrictive principles will be applied when conflicts in requirements exist.
 - a. If the amount of the purchase is more than **50,000** formal procurement procedures will be used.
 - b. Informal procurement procedures (small purchase) will be required for purchases under the most restrictive small purchase threshold as defined in Title R33 or school fiscal policy approved threshold if less:
 - i. The "Individual Procurement Item" threshold is a maximum amount of **\$5,000** for a procurement item; a procurement unit may select the best source by direct award and without seeking competitive bids or quotes.
 - ii. The single procurement aggregate threshold is a maximum amount of **\$10,000** for multiple procurement item(s) (each item must be \$5,000 or less), that are purchased from one source at one time; and
 - iii. The annual cumulative threshold from the same source is a maximum amount of \$50,000
 2. It will be the responsibility of the lunchroom director to document the amounts to be purchased so the correct method of procurement will be followed. Cost analysis documentation will also be required for any amendments to resulting contracts when the amendment is expected to exceed **\$50,000**.
- B.** When a formal procurement method is required, the following ***COMPETITIVE SEALED BID in the form of an Invitation for Bid or COMPETITIVE PROPOSAL in the form of a Request for Proposal (RFP)*** procedures will apply:
1. An announcement of an **Invitation for Bid (IFB) or a Request for Proposal (RFP)** will be placed on the the_state website that is owned, managed by, or provided under contract with, the Division of Purchasing for posting a public procurement notice. Other places such as social media, or a local newspaper may be included in addition to publicize the intent of the school to purchase needed items.
 2. An advertisement is required for all purchases over the district's small purchase threshold of \$50,000. The announcement will contain a:
 - a. general description of items to be purchased.
 - b. deadline for submission of questions and the date written responses will be provided including addenda to bid specifications, terms and conditions as needed.
 - c. date of pre-bid meeting, if provided, and if attendance is a requirement for bid award.
 - d. deadline for submission of sealed bids or proposals, and
 - e. address of location where complete specifications and bid forms may be obtained.

3. The developer of written specifications or descriptions for procurements will be prohibited from submitting bids or proposals for such products or services.
4. The IFB or RFP will clearly define the purchase conditions. The following list includes requirements to be addressed in the procurement, as applicable:
 - a) Contract period
 - b) LEA is responsible for all contracts awarded (statement)
 - c) Date, time, and location of IFB/RFP opening
 - d) How vendor is to be informed of bid acceptance or rejection
 - e) Delivery schedule
 - f) Set forth requirements (terms and conditions) which bidder must fulfill in order for the bid to be evaluated
 - g) Buy American Provision requirements
 - h) Benefits to which the School Food Authority will be entitled if the contractor cannot or will not perform as required
 - i) Statement regarding the return of purchase incentives, discounts, rebates, and credits to the LEA's non-profit Child Nutrition account
 - j) Contract provisions as required in Appendix II to 2 CFR 200
 - k) Procuring instrument to be used are purchase orders from firm fixed prices after formal bidding
 - l) Price adjustment clause (tied to an appropriate) (Consumer price index, or other as stated in terms and conditions for pricing and price adjustments)
 - m) Specific bid protest procedures
 - n) Provision requiring access by duly authorized representatives of the school, State Agency, United State Department of Agriculture, or Comptroller General to any books, documents, papers and records of the contract which are directly pertinent to all negotiated contracts
 - o) Method of shipment or delivery upon contract award
 - p) Provision requiring contractor to maintain all required records for six years after final payment and all other pending matters (audits) are closed for all negotiated contracts
 - q) Description of process for enabling vendors to receive or pick up orders upon contract award
 - r) Provision requiring the contractor to recognize mandatory standards/policies related to energy efficiency contained in the State Energy Plan issued in compliance with the Energy Policy and Conservation Act (PL 94-165)
 - s) Signed statement of non-collusion
 - t) Signed Debarment/Suspension Certificate or statement included in contract or copy of Excluded Parties List System (EPLS).
5. Specifications and estimated quantities of products and services prepared by SFA and provided to potential contractors desiring to submit bids/proposals for the products or services requested. When specifying a "brand name" an "equal" product must be allowed to be offered [2 CFR 200.319(6)]

6. If any potential vendor is in doubt as to the true meaning of specifications or purchase conditions, interpretation will be provided in writing to all potential bidders by the lunchroom director and date specified.
 - a) The lunchroom director will be responsible for ensuring all SFA procurements are conducted in compliance with applicable Federal, State, and local procurement regulations.
 - b) The following criteria will be used in awarding contracts as a result of bids/proposals.
 - i. Price
 - ii. (Ex.: quality, delivery, service, etc.)
 - iii. Other criteria as applicable to the type of purchase

7. In awarding an RFP, a set of award criterion in the form of a weighted evaluation sheet will be provided to each bidder in the initial bid document materials. Price alone is not the sole basis for award but remains the primary consideration among all factors when awarding a contract. Following evaluation and negotiations a firm fixed price or cost reimbursable contract is awarded.
 - a) The contracts will be awarded to the responsible bidder/proposer whose bid or proposal is responsive to the invitation and is most advantageous to the school, price as the primary and other factors considered. Any and all bids or proposals may be rejected in accordance with law.
 - b) The food service director is required to sign on the bid tabulation of competitive sealed bids or the evaluation criterion score sheet of competitive proposals signifying a review and approval of the selections.
 - c) The food service director will be reviewing the procurement system to ensure compliance with applicable laws.
 - d) The food service director is responsible for documentation that the actual product specified is received.
 - e) Any time an accepted item is not available, the food service director will select the acceptable alternative. The contractor must inform the food service director when a product is not available. In the event a non-domestic agricultural product is to be provided to the school, the contractor must obtain, in advance, the written approval of the product. The food service director must comply with the Buy American Provision.
 - f) Full documentation as to the reason an accepted item was unavailable, and to the procedure used in determining acceptable alternatives, will be available for audit and review. The person responsible for this documentation is the food service director.
 - g) The food service director is responsible for maintaining all procurement documentation.
 - h) The food service director must supply a copy of the procurement documentation to the business office.

- C. If the amount of purchases for items is less than the school's small purchase threshold, the following, **small purchasing procedures, including quotes**, will be used **as outlined in Utah State Administrative Code Title R33**. Quotes from an adequate number of qualified sources will be required.

1. Product written and/or verbal detailed specifications will be prepared and provided to the vendor. When specifying a “brand name” an “equal” product must be allowed to be offered [2 CFR 200.319(6)].
 2. Each vendor will be contacted and given an opportunity to provide a price quote on the same specifications. A minimum of two vendors shall be contacted.
 3. The food service director will be responsible for contacting potential vendors when price quotes are needed.
 4. The price quotes will receive appropriate confidentiality before award.
 5. Quotes will be awarded by the food service director. Quotes awarded will be to the lowest and best quote based upon quality, service availability, price, Buy American Provision requirements, as applicable, and other specified criteria.
 6. The food service director and business administrator will be responsible for documentation of records to show selection of vendor, reasons for selection, names of all vendors contacted, price quotes from each vendor, and *written specifications*.
 7. The food service director will be responsible for documentation that the actual product specified is received.
 8. Any time an accepted item is not available, the food service director will select the acceptable alternate. Full documentation will be made available as to the selection of the acceptable item.
 9. Bids will be awarded on the following criteria:
 - a. *Price (must be Primary Factor)*
 - b. Ex.: quality, delivery, service, etc.)
 - c. Other criteria as necessary.
 10. The food service director is required to sign all quote tabulations, signifying a review and approval of the selections.
- D.** If items are available only from a single source or *when the award of a contract is not feasible under small purchase, sealed bid or competitive negotiation*, **NON-COMPETITIVE PROPOSAL** procedures will be used:
1. If the cost exceeds the school’s small purchase threshold the non-competitive proposal (sole source) must be publicly posted.
 2. Written Specifications will be prepared and provided to the vendor.

3. The food service director will be responsible for the documentation of records to fully explain the decision to use the non-competitive proposal. The records will be available for audit and review.
4. The food service director will be responsible for documentation that the actual product or service specified was received.
5. The food service director will be responsible for reviewing the procedures to be certain all requirements for using single source or non-competitive proposals are met.
6. A record of non-competitive negotiation purchase shall be maintained by food service director and business administrator. The record of non-competitive purchases shall include, at a minimum, the following:
 - a. item name
 - b. dollar amount
 - c. vendor, and
 - d. reason for non-competitive procurement
6. The food service director will approve, in advance, all procurements that result from non-competitive negotiations.

E. Emergency or “Pressing Need” Purchases

- 1). If it is necessary to make a one-time emergency procurement to continue service or obtain goods, the purchase must be authorized using a Requisition/Reimbursement form signed by the school director. The following emergency procedures shall be followed. All emergency procurements shall be approved by school director. At a minimum, the following emergency procurement procedures shall be documented:
 - a. item name
 - b. dollar amount
 - c. vendor, and
 - d. reason for emergency
- 3). The school shall retain all books, records and other documents relative to the award of the contract for six (6) years after final payment. Specifically, the school shall maintain, at a minimum, the following documents:
 - a) Written rationale for the method of procurement;
 - b) A copy of the original solicitation;
 - c) The selection of contract type;
 - d) The bidding and negotiation history and working papers;
 - e) The basis for contractor selection;
 - f) Approval from the State agency to support a lack of competition when competitive bids or offers are not obtained;

- g) The basis for award cost or price;
- h) The terms and conditions of the contract;
- i) Any changes to the contract and negotiation history;
- j) Billing and payment records;
- k) A history of any contractor claims; and
- l) A history of any contractor breaches.

G. In accordance with 63G-6a-2400, the following conduct will be expected of all persons who are engaged in the awarding and administration of contracts supported by School Food and Nutrition Program Funds. These written standards of conduct are:

1. No employee, officer or agent shall participate in the selection or in the award or administration of a contract supported by program funds if a conflict of interest, real or apparent, would be involved.

Conflicts of interest arise when one of the following has a financial or other interest in the firm selected for the award:

- a. The employee, officer or agent;
 - b. Any member of the immediate family;
 - c. His or her partner;
 - d. An organization which employs or is about to employ one of the above.
2. Employees, officers or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.
 3. Penalties for violation of the standards of code of conduct of the School Child Nutrition Program should be:
 - a. Reprimand by Board of Education;
 - b. Dismissal by Board of Education;
 - c. Any legal action necessary.

Petty Cash Purchasing Procedures

1. Gateway Preparatory Academy may maintain a petty cash fund with a balance of up to \$250, which will be maintained and secured in a locked safe in the school office.
2. Designated school personnel maintain a log of all disbursements made from the petty cash fund. No disbursements will be greater than \$150.
3. No more than two (2) petty cash funds may be established by the school, not to exceed \$500 in total.
4. All purchases made with petty cash funds are required to follow the purchasing procedures above.

5. A signed *Requisition & Reimbursement Form* and the related receipts for items procured with petty cash will be turned in to the business office.
6. When the fund needs to be replenished, designated school personnel must request the funds by submitting a signed *Requisition & Reimbursement Form* to the business office.
7. Petty cash accounts are listed (recorded) on the school's balance sheet as a cash account.
8. All petty cash funds are balanced periodically by the steward of the petty cash fund and the business office.
9. The business office must reconcile the petty cash fund to the general ledger account on a monthly basis.

School Sponsored Activity Purchasing Procedures

1. School personnel or volunteers overseeing activities will follow all school procurement procedures, including but not limited to properly identifying activity expenses on *Requisition and Reimbursement Forms*, obtaining required approvals prior to making purchases and submitting forms and documentation to the business office timely.
2. School personnel or volunteers overseeing activities at the school shall monitor their activity budget prior to making purchases to ensure funds are not spent in excess of the budget and/or raised funds.
3. Business office personnel shall allocate revenues and expenses to activities as reported on requisition forms, compensation agreements and other forms, and receipt of school fees and fundraising as documented on deposit and merchant account logs.

Purchasing Cards (P-Cards), Credit and Debit Cards

Purchase cards and school bus driver fuel credit cards may only be issued with board authorization. Employees who are approved for any credit account(s) are required to comply with all requirements of the purchasing procedures above, including but not limited to required approvals, requisitions forms, documentation, and procurement requirements.

1. The school shall utilize the State Purchasing Card program for purchasing where possible in order to take advantage of the associated rebate program. Federal programs may require allocation of the rebate back to the program when purchases were made with the P-Card. The business office shall ensure the allocation is made at the time of booking the rebate
2. The business office shall ensure that all account holders receive annual training on relevant procurement and card holder procedures.
3. Account holders shall sign agreement that states they have been trained on and will follow procurement and cardholder procedures and that not doing so will result in the revocation of the card.

4. The director/principal shall ensure that all account holders reconcile accounts monthly or as often as statements are made available.
5. Cardholders who have repeated occurrences of “missing receipts” or timeliness issues with monthly reconciliation may have their card revoked and may be subject to further disciplinary action. The director/principal (or others) may not authorize the continued use of cards by cardholders who do not follow this policy and established procedures.

State Purchasing Cards (P-Cards)

1. State purchasing card (P-Card) holders will follow all rules established by the state P-Card Agreement, as well as school fiscal policies and procedures, including but not limited to purchasing and tax-exempt policies and procedures.
2. P-Cards are issued to individual employees, who are the only authorized users of the card per state purchasing card agreement.
3. Account holders may make approved purchases on behalf of other school employees or volunteers, but P-Cards may not be checked out for use by other staff members.
4. P-Card holders must log all transactions as they take place on a *P-Card Log*. An electronic log from the accounting system is acceptable and has been considered acceptable by both USBE internal audit and Division of purchasing, however, each card holder must sign and review the accounting system P Card log on a monthly basis.
5. Requisition forms, receipts and other required documentation for purchases made with the P-Card shall be turned in to the business office as the order or purchase occurs and after being listed on the log to facilitate accurate timely recording of transactions in the accounting system.
6. The cardholder shall reconcile the log to the statement each month and have supervisor review and sign these documents prior to turning both into the business office.

Bus Fuel Credit Cards

1. The school shall issue fuel cards for each bus driver to use and upon board approval.
2. The school shall establish card accounts with the State of Utah fuel program.
3. The business office shall review and pay the fuel invoices on a timely basis and review these invoices for accuracy.

Accounts Payable

1. Invoices are received by mail shall be opened by the front office or business office. Mail opened by the front office shall be promptly forwarded to the business office for processing. Any past due invoices shall be reported to the director/principal.

2. The business office compares invoices to approved Requisition & Reimbursement Forms and supporting documentation confirming invoice accuracy.
3. The invoice is reviewed for:
 - (i) The nature, quality, and quantity of goods ordered and the related price.
 - (ii) Accuracy of all arithmetic calculations and extensions.
 - (iii) Proper general ledger account coding.
4. All invoices are recorded and processed for payment on a timely basis for authorized purchases.
5. The individual assigned to record invoices in the system is the business office assistant. The business manager shall perform a regular review all invoices for accuracy of payment and proper chart of account coding.
6. When a transaction is complete and payment is approved as due by the purchaser, a pre-numbered check or authorized electronic payment is prepared by the business office who attaches all supporting documentation: (e.g. vendor invoice, purchase order, *Requisition & Reimbursement Form*, quotes, etc.) and submits the package to the check signer (Signer) for approval.
7. All invoices submitted for signature will include approvals for payment, expense account(s) charged, check number and date of payment, which may be documented on the check stub prepared by the accounting system.
8. Two signers sign physical checks, after examining and verifying the supporting documentation.
9. All check/ach payment processing procedures listed above apply to this section.
10. All supporting documents including the check stub or check summary indicating payment are attached to the package and filed by business office or assistant.
11. On a periodic basis, cash disbursement records are matched against accounts payable/open invoice files for any discrepancies or outstanding transactions.
12. Debit balances in the account's ledger are resolved appropriately (e.g., an offset against other amounts due the vendor, requesting payment from the vendor, etc.)
13. Reconciliation of source data and general ledger accounts is performed periodically to ascertain the accuracy of accounts payable entries.

Documenting Purchases (Vendor Documentation)

The business office establishes all vendors within the accounting system upon initial use of the vendor. The director and business office shall approve all new vendors. An approved Requisition & Reimbursement Form prior to purchase suffices as an approval of the vendor where an agreement with the vendor is not available. Proper vendor documentation (e.g., W-9, proof of insurance, service contract, vendor discounts, etc. as applicable) must be maintained in the active vendor files. Required documents shall be on file prior to vendor payments being made to the vendor.

Travel Expense Reimbursement Procedures

1. Gateway Preparatory Academy pays only for authorized travel expenses as approved by the school director or designated employee.
2. A *Requisition & Reimbursement Form* must be completed and approved prior to travel. The form must include a statement about the purpose of the travel, details on the date and time of travel, and other travel arrangement needs.
3. When feasible a travel or a meeting agenda or registration email must be attached to the requisition form. If not available in advance, this should be submitted after attending the meeting.
4. Mileage reimbursements for travel over 45 miles roundtrip will be paid at the board approved rate as specified in the employee handbook and/or fiscal policy.
5. When traveling over 100 miles roundtrip, renting a car is typically more economical and is preferred. For travel exceeding 150 miles, car rental is required, and mileage reimbursement may not otherwise be made.
6. Reimbursement for meals shall follow the school's policy for per meal limits as outlined in the Employee Handbook. Meal reimbursement will not be paid for meals that are otherwise included in the registration cost of any conference, meeting, travel accommodation, or event associated with approved travel.
7. Parking fees and required tolls paid for travel are allowable for reimbursement with receipts.
8. Upon the completion of the travel, the employee must submit all related travel receipts and documentation to the business office.
9. The business office issues reimbursement for travel after reviewing the submitted travel requests and in accordance with approved travel allowances for mileage, meals and lodging consistent with this policy. The business office issues travel reimbursement only after a copy of the meeting agenda has been provided with the reimbursement forms.
10. The school shall not reimburse employees or volunteers for moving violations or parking tickets.
11. The board, administration, and other authorized department employees may on occasion have business lunches or dinners for school-related purposes. These business meals are not travel and as such are not considered a travel expense. Non-travel-related meals must be made within board approved budget and authorized in advance by the school director. A meeting summary or agenda should accompany the purchasing records.

Prepaid Items

1. Vendor invoices are reviewed by the business office to identify all required prepayments.
2. For recording of prepaid items, the transaction is coded to reflect the appropriate portion of the payment representing the prepaid portion.
3. For prepaid items with a long-term payment schedule, an amortization schedule is prepared to reflect the incurring of an expense for prepaid items.
4. A standard journal entry or invoice is prepared by the business office, if applicable to record the expense periodically (monthly, quarterly, annually etc.).



5. The business office shall review the general ledger prepaid accounts on a regular basis.

1300 HR & PAYROLL PROCEDURES

Personnel Requirements

Control Objective

To ensure that the School hires only those employees—full or part-time—that meet a bona fide need and exerts tight control over authorization for hiring and onboarding of new employees.

Major Controls

Payroll Policies

The School has adopted payroll policies for entering new employees into the payroll system and removing terminated employees from the system, as well as monitoring vacation and sick pay.

New Employee Procedures

1. The school director or designee shall obtain a signed *Release and Reference Check Form* from prospective employees to perform the legally required reference check on all employees with significant unsupervised access to students. The director/principal shall complete the *Reference Check Form*, calling the previous employer(s) and documenting required questions and answers.
2. Requests for new employees are initiated by the director and compared with the approved annual personnel budget prior to hire.
3. An *Offer Letter* form is initiated when hiring a new employee. Included on this form are the job title, start date, approved pay rate, title, restricted program allocation and department. Information on this form is reviewed by the business office and entered into the payroll software.
4. The director shall ensure that new hires are provided with a job description and all training relevant to their job duties.
5. Using information provided by the director or administration, the business office shall ensure proper program allocation for employees working in restricted programs by selecting the appropriate program codes available for the employee to allocate time.
6. New employees receive and complete a *New Hire Packet*, including required legal notices, *Application for Employment*, W-4, I-9, and other forms deemed necessary. The *New Hire Packet* shall include notification of pay period and pay dates as follows:
 - 24th – 23rd of the following month, 1st of the month payday
7. New employees receive a copy of the *Employee Handbook, Agreements & Acknowledgments, Educator Code of Conduct Notice, Technology Use Policy* and other policies/notices upon hire and annually thereafter. Employees are required to sign certifications of receipt of and agree to follow all school policies and procedures.
8. Human Resource and Employee Benefit documents may be distributed and signed electronically or via hard copy. Employees will sign an annual *Notice of Electronic Disclosure* indicating their acceptance of electronic delivery. The school uses

Employee Navigator as an onboarding tool for new employees and for the management of its benefits.

9. A criminal background check is conducted on new employees prior to working according to policy and state requirements.
10. New employees are provided with information and enrollment forms for benefit programs, if eligible. Returned forms are forwarded to benefit providers and appropriate entries made into payroll software. Forms may be distributed and collected electronically.
11. The business office and administration will complete *New Team Member Checklist and/or New Hire Passport* to ensure new employees complete all required paperwork, receive orientation to the school, policies and procedures, and necessary equipment and training needed for their assigned role.
12. The business office shall complete employment reporting within the required reporting deadlines. E-Verify will be performed within 3 days of hire and State of Utah New Hire Reporting within 20 days of hire.

Personnel Change Procedures

1. Changes to personnel data are initiated by the director or designated supervisor with an *Employee Status Change Form* to make changes in position, FTE status, pay rate, or department/program.
2. The director or designated supervisor authorizes any change to payroll data.
3. Authorized *Employee Status Change Forms* are routed to the business office and needed information entered into in-house payroll software.
4. A copy of the *Employee Status Change Form* is retained in the employee's personnel file.

Personal Time Off, Leave, Vacation and Sick Pay (PTO)

1. Employees accrue PTO based on the policy of GATEWAY PREPARATORY ACADEMY.
2. Employees' earned PTO balances are adjusted monthly to reflect PTO time earned and used. PTO balances are reviewed by the business office.
3. *Leave Request* forms will be submitted by the employee in accordance with the school's leave policy.
4. PTO taken is monitored against each employee's available PTO balance on an electronic ledger or spreadsheet and reviewed by the director/principal or designated personnel.
5. Before PTO is paid, a Leave Request form is prepared by the employee, reviewed and approved by the director.
6. The designated front office personnel logs any PTO not requested and reviews PTO log on a daily basis.
7. The business office uses the PTO log to record requested time in payroll.

8. The business office monitors PTO by maintaining a record within the payroll system for each individual.
9. At the end of each school year, the business office requests from eligible employees a final review of their time to ensure that PTO is accurately reflected for each employee.

Employees may not use PTO before it is earned; however, at the director's discretion, employees may use the annual leave balance in advance when extenuating circumstances occur (as deemed appropriate by the director). The director shall ensure that advanced use of PTO is a rare exception. If employment is terminated by the employee or the school before PTO has been earned, but used, the school will deduct funds to properly reimburse the school for any PTO used but not yet earned.

Employee Evaluation Procedures

1. Employees will receive at least one annual evaluation providing feedback regarding job performance and a plan for any needed improvement or support.
2. Employee improvement plans will have clear criteria and timelines for any employee actions deemed necessary and subsequent follow-up with the director or supervisor.
3. The director or supervisor will follow up with the employee within the timeframe outlined in the improvement plan.

Progressive Discipline

1. The principal/director and supervisors will utilize progressive discipline when dealing with personnel performance issues.
2. Progressive discipline is typically a three or four step process including verbal notice, written notice, possible suspension, and termination of employment.
3. Verbal notice may be provided formally or informally and should be followed up with a date and time stamped email documenting what was discussed and agreed to by the employee and supervisor.
4. Written notices are done utilizing an *Action Notice* form and shall document personnel issue at hand, policy or procedure that has been violated, and a detailed plan for improvement.
5. Plans for improvement shall include clear measurable expectations, any follow up support or training to be provided, deadlines for completion and any subsequent follow up needed with the supervisor.
6. More than one written notice may be provided on the same personnel issue, or a suspension may occur prior to any termination action, if deemed prudent by the principal/director.
7. Employment may be terminated at any time without the use of progressive discipline for more egregious personnel issues such as but not limited to assault, drug, or alcohol use at the school, or at school functions, etc.

Terminations

1. When an employee is terminated, a *Termination Form* documenting the reason(s) for the termination of each employee will be completed by the director and routed to the business office.
2. A resignation letter is obtained from employee terminating employment of their own will whenever possible.
3. The termination of employment is communicated to benefits providers timely by the business office.
4. If applicable, COBRA procedures are followed. The approved *Termination Form* and any resignation letters are maintained in the terminated employee's personnel file.
5. Business office and other designated personnel will complete the *Termination Checklist*, meeting with the employee to discuss final paycheck, date benefits will terminate and address any employee questions or concerns.
6. The business office or other designated personnel will collect all school assets and keys from terminated employees prior to final paycheck being distributed to the employee. Final paychecks will be distributed on the next regularly occurring payroll. Exceptions may be made at the director's discretion.

Timekeeping

Control Objective

To ensure that payment for salaries and wages is made in accordance with documented time records.

Major Controls

A. Timekeeping Policies

Employees are instructed on the proper charging of time to assure the accuracy of recorded time and allocation to appropriate department and program.

B. Time Record

Labor hours are accurately recorded and any corrections to timekeeping records, including the appropriate authorizations and approvals, are documented. Time worked in restricted programs may be estimated based on work schedule and reviewed on an after-the-fact *Time and Effort* or *Personnel Activity Report*.

C. Internal Reviews

The school personnel monitor the overall integrity of timekeeping. Prior to processing payroll, on-site supervisory review and approval of time records is sent to the business office.

Procedures

Approval and Collection of Hourly Time Sheets

1. All hourly and/or non-exempt employees' clock in and out, allocating hours worked to department and program in the timekeeping system on a daily basis, which ensures all the timesheets are submitted in a timely manner.
2. Employee reviews hours worked and allocation to department and program before submitting for supervisor approval.
3. Supervisors review timesheets for accuracy of hours, budgeted hours worked and program allocations prior to approval.
4. Employee and/or Supervisor electronic approval of timesheet allocation to programs is an electronic signature for the *Time and Effort* or *Personnel Activity Reports* generated by the Timekeeping and Payroll software.
5. Approved timesheets are reviewed by the business office prior to payroll processing to assure hours worked by employee have been allocated to the proper programs and submitted for payroll.
6. In the event reallocation of time to programs needs to occur, the employee and/or supervisor will review, and sign updated *Time and Effort* or *Personnel Activity Reports*. The updated document is attached to the original document with documentation as to why the update was necessary and filed by the business office.

Approval and Collection of Salary Time and Effort or Personnel Activity Report

1. Budget estimates for personnel allocation to programs may be used to allocate salary personnel time to programs.
2. All time allocated to programs must be necessary, reasonable, and allocable as required by 2CFR 200.430.
3. Each Personnel Activity Report must accurately and reasonably reflect the total compensated activities of the employee and not exceed 100% of the total compensated activities.
4. Employees and supervisor perform an after-the-fact review and approval of salaried employee compensation allocated to programs. A variance of less than 5% from estimated allocation is allowable per federal standards. When a variance in actual work in programs exceeds the 5% allowed, the employee and supervisor shall report the variance to the business office to update the *Time and Effort* or *Personnel Activity Report*.
5. Employees who work more than 80% of their time in a program may allocate 100% of their time to that program per state guidelines. Some restricted programs, like state special education, which only allows allocation of time spent working directly with special education students, may not allow this allocation method. The business office will consult with program directors and/or state program coordinators to confirm allowability prior to using this allocation method.
6. Personnel Activity Reports for employees working in a single Federal award (State Special Education included) will be prepared at a minimum twice a year. These reports can be signed by either the employee or their supervisor.
7. Employees that split their time between more than one federal program (state special education included) must sign a Personnel Activity report at a minimum twice a year.
8. In the event reallocation of time to programs needs to occur, the employee and/or supervisor will review, and sign updated *Time and Effort* or *Personnel Activity*

Reports. The updated document is attached to the original document with documentation as to why the update was necessary and filed by the business office.

9. *Time and Effort or Personnel Activity Reports* are scanned and filed electronically by program by the business office.
10. Compensation reported in Personnel Activity report is to be reported on a payment/cash basis and must reconcile with relevant payroll reports and/or reimbursement records submitted to the Utah State Board of Education or other outside funding sources.

Payroll Withholdings

Control Objective

To ensure that payment withholdings are correctly reflected and paid to the appropriate third parties.

Major Controls

A. Reconciliation of Payment and Payroll Withholdings

Payroll withholdings are recorded in the appropriate General Ledger control accounts and reconciled with payments made to third parties.

B. Internal Accounting Controls

The payroll software calculates payroll tax withholdings, which are reviewed and verified by the business office periodically.

Procedures

1. Payroll withholding or benefit election form shall be completed for all withholdings that are not court ordered or required tax withholdings.
2. Business office staff enter all benefit elections into the payroll system for timely processing of withholdings.
3. Payroll withholdings are reconciled with election forms and the amounts recorded in the general ledger control accounts by the business office.
4. The business office reviews the accuracy and timeliness of payments made to third parties for payroll withholdings at the time of monthly or per pay period payment to benefit service providers.

Preparation of Payroll

Control Objective

To ensure that payment of salaries and wages is accurately calculated.

Major Controls

Internal Accounting Controls

- A. Time records or contracts are periodically reconciled with payroll records.

- B. The responsibility for checking the accuracy of payroll calculations is separated from the responsibility for payroll preparation to the extent possible for the size of GATEWAY PREPARATORY ACADEMY.

Procedures

1. The business office must create a payroll checklist used during payroll processing to ensure all of the payroll steps have accurately been completed. Business office personnel must sign off on the payroll checklist attesting to the accuracy of the steps processed.
2. The total time recorded on time sheets and the number of employees is calculated by the timekeeping system and reviewed by the direct supervisor and the business office personnel.
3. The business office and direct supervisor review and approve hourly time sheets for appropriate allocation to programs as well as budgeted vs actual hours.
4. Recorded hours from the timekeeping system approved timesheets are pulled into in-house payroll software including program allocations.
5. Salaried personnel wages are pulled into the in-house payroll software based on salary and program allocation setup in the system.
6. Any pay in addition to salary or regular hourly compensation must be approved by the director and reported to the business office with the use of a *Status Change Form* or other written request.
7. Any manual adjustments such as PTO, garnishments, deduction adjustments are entered by the business office.
8. Deductions not documented via garnishment paperwork, benefit statements, PTO records etc. must be authorized in writing by the employee requesting the deduction.
9. The business office reviews preprocessed payroll reports verifying gross pay and payroll deductions.
10. The business office reviews the preprocessed payroll register to ensure all employees who have worked are paid compensation.
11. The preprocessed payroll register is submitted to director to be reviewed and approved prior to payroll being processed for payment. The director must check various random employees to identify any red flags in payroll processing.
12. The business office prepares direct deposit ACH file and prints checks for authorized signature. Direct deposit is the preferred method of payment for all employees. Check payment may be made on rare circumstances and as directed and approved by the school director.
13. The business office prepares a processed payroll summary for review and approval by the director/principal or board treasurer.
14. The business office initiates a payroll ach file to the school banking provider.

15. The director or other authorized signer electronically approves the ach file for processing and confirms that the processed payroll matches the preprocessed register that was approved for payment, signing the reports.
16. Any errors or other needed adjustments identified after payroll is processed shall be approved by the director prior to processing the correction.

1400 PROPERTY AND EQUIPMENT (P&E) PROCEDURES

Property & Equipment Acquisitions

Control Objective

To control the acquisition of P&E and completely and accurately record fixed asset acquisitions in order to safeguard fixed assets from loss.

Major Controls

A. P&E Acquisitions Tied to Budget

All acquisitions of property and capital equipment are either designated in the approved budget, or subsequently approved by the board.

B. P&E Acquisitions Based on Approved Requests

Official approval is obtained before a P & E purchase is made. This is performed by the authorized signer reviewing and approving the *Requisition & Reimbursement Form* prepared for the item.

C. Internal Accounting Controls

Fixed asset acquisitions are reconciled with capital expenditure authorizations.

Procedures

1. Capital budget requests are submitted annually for review and approval by the board
2. Authorization requests for the acquisition of fixed assets are reviewed against the capital budget and approved by the director.
3. Each item of property and equipment received is identified and tagged in a visible area on the asset.
4. Information on each tagged asset is entered in the fixed assets general ledger.

Recordkeeping Over Property & Equipment

Control Objective

To completely and accurately record fixed asset acquisitions, transfers, and dispositions on a current basis.

Major Controls

A. Capitalization Policies

The school follows generally accepted accounting principles (GAAP) as applicable to special purpose business-type activity government entities. All fixed assets purchased are capitalized in the year of purchase and recorded in the general ledger. The school follows the policy of capitalizing all fixed assets purchased greater than \$5,000 per unit.

In accordance with GASB guidance, assets whose individual acquisition costs are less than the threshold for an individual asset but are significant in aggregate should be capitalized. Computers, classroom furniture, and library books are examples of asset types that may not meet the capitalization policy individually but may be significant collectively.

Groups asset purchases are generally considered to be a group of assets at one point in time, or as part of a set initiative with multiple purchases. **The materiality threshold that the school has set for such group purchases is \$10,000.**

B. Fixed Asset Classification

Fixed assets are accounted for by the following classifications: land, building, betterment, leasehold improvements, equipment, furniture, **group assets** and computer hardware and software.

C. Complete Record of P&E Acquisition Costs

The Pelorus Property Analysis reports contain the full history of each capital asset acquired: original acquisition cost, including any costs incurred to prepare the asset for use.

Procedures

1. Asset acquisitions, transfers, and dispositions are entered in the fixed assets general ledger on a timely basis. **They are also entered in the school's inventory system including detailed information such as make, model, serial number and location or program in the school.**
2. The fixed assets general ledger & the inventory system must be reconciled and reviewed annually in preparation for the annual fiscal audit. Any differences are analyzed and resolved by the business office.
3. Repairs and maintenance of existing assets, even when over the capitalization threshold, are expensed as repairs and maintenance and not recorded as capital assets.
4. Improvements or betterments that increase the value or useful life of an asset(s) are capitalized and entered in the fixed assets subsidiary ledger.

Depreciation

The school capitalizes all fixed assets when acquired, and records the historical cost of these items in the G/L. In accordance with GAAP and GASB standards as they relate to Utah charter schools, depreciation expense must be recorded in the general ledger. GATEWAY PREPARATORY ACADEMY uses the straight-line method of depreciation over the asset's useful life per IRS guidelines.

1. The depreciation expense will be recorded in the year end statement of revenues, expenses, and changes in net assets.
2. The school shall maintain records of all federal and state government-furnished capital assets (where required) with proper program identification and segregation of property and equipment acquired through government contracts, funds or programs.
3. Program-specific capital assets are overseen and managed by program managers. For example, the special education director is responsible for oversight—labeling and periodically accounting for capital assets purchased with federal IDEA or state special education funds through disposal.
4. Capital assets that have been identified as lost, stolen, sold, inoperable, beyond reasonable repair, or destroyed shall be reported to the business office and the director. Capital assets are only properly disposed of physically and properly removed from the accounting system after approval from the director. Requests to remove lost or stolen fixed assets must be accompanied by a statement declaring the search activities undertaken for the missing item(s) as well as a police report when applicable.
5. Used capital assets (not new when purchased) may be depreciated on an accelerated schedule commensurate with the expected useful life of the used item; however, depreciation must be reasonable and fewer years than a similar item purchased new.
6. Procedures for asset disposal must comply with state or federal law or regulation where appropriate.
7. No item on the property schedule shall be disposed of or removed from the premises without prior approval from the director and a completed Asset Disposal form signed by the director.
8. All Assets shall be disposed consistent with applicable regulations of any restricted funds with which they were purchased, according to state or federal regulations.
9. 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 financial statements.
10. A physical inventory of property included on the school's property schedule shall be performed on an annual basis and is reconciled to the property schedule and general ledger of the school.
11. Assets purchased or received that cost less than the depreciation threshold will be expensed in the period purchased.

Inventory of Property & Equipment

Control Objective

To ensure that all recorded assets exist and are in use.

Major Controls

Internal Accounting Controls

1. All property and equipment are tagged when received in accordance with policy and restricted program or grant requirements with inventory logs maintained by department/program directors.
2. Each program director is required to perform at a minimum an annual physical inventory. Program director must check that inventory is being maintained and labeled according to any restricted program requirements.
3. Differences between physical inventories and amounts recorded in the control account in the accounting records are analyzed and reconciled annually.

Procedures

1. Each department (restricted programs, IT, facilities, etc.) shall maintain an inventory log of all equipment within their program or department.
2. All property and equipment acquired through government grants or contracts are assigned asset tags and logged by the program director. Program directors/coordinators update the log, including location of asset and personnel assets are checked out to.
3. Other inventory over \$100 that is not consumable within one year or at a higher risk of theft, shall be asset tagged and logged by the department.
4. The business office prepares a printout of recorded fixed assets by asset classification and provides it to departments, and program directors for review on an annual basis.
5. The program directors prepare a printout of recorded inventory assets and provide it to the business office and/or director for review on an annual basis.
3. The inventory of fixed assets is compared to the amounts recorded in the G/L control account. Differences are reviewed and resolved by the business office.

Disposal of Property & Equipment

Control Objective

To ensure that assets no longer in use are disposed of in accordance with existing policies.

Major Controls

A. Disposal Policies

The school has adopted policies on the disposition of property and equipment.

B. Internal Accounting Controls

- (i) Use of fixed asset disposal authorization forms, *Asset Disposal Form*.
- (ii) Disposal or transfer of fixed assets only with proper authorization.
- (ii) Periodic count of fixed assets that is reconciled with fixed assets recorded in the control account in the general ledger.

Procedures

1. A determination is made by the school personnel as to the usefulness of a fixed asset. Note that the school is not a state agency for purposes of procurement and as such does not utilize the procedures expressly in law or rule for state agencies nor use the services of the State Division of Surplus Property.
2. The school shall dispose of surplus property in an open and fair process deemed appropriate.
3. An *Asset Disposal Form*, including a description of the asset, purpose for disposal, and methodology of disposal is prepared by the department requesting the disposal. Disposal may include the sale of the asset and require additional subsequent documentation.
4. The *Asset Disposal Form* is reviewed and signed by the director/principal prior to disposal. If necessary, the school obtains approval from the appropriate government agency for the disposition of property and equipment acquired through a government grant or contract; and for assets paid for with restricted funds as applicable prior to disposition.
5. The *Asset Disposal Form* is updated with the date of disposal, proceeds from sale (if applicable) and any supporting documentation for sale of the asset. A copy of the *Asset Disposal Form* is routed to the business office, who enters the dollar amount of the disposed fixed asset as a reduction in the fixed asset subsidiary ledger, and adjusts the control account in the G/L. The treatment of any proceeds from the disposition, and the recognition of any gain or loss on sale of the disposed asset, is recorded in the G/L.

1500 OTHER RECEIVABLE PROCEDURES

Accrued Receivables

Control Objective

To accurately control and record available and measurable receivables on the schools accounting records.

Major Controls

- A. The school will follow the board measurability policy, recording receivables at year end that will be received within ninety days of year end.
- B. The business office will validate receivable general ledger account balances periodically and at year end.

Procedures

1. The business office reviews program revenues at year end to reconcile revenues received for restricted programs to the state allotment memo reporting revenues paid under each restricted program, correcting any balance errors, and booking a

receivable for any restricted program funds that are earned, measurable and available.

2. At year end business office personnel records receivables for uncollected student fees that the front office has determined will be collected within the measurability period.
3. Business office personnel review all receivable general ledger account detail quarterly and at year end validating the account balance and following up on any un-received amounts.
4. Business office personnel write off any un-received amounts when it is determined by the business office that the funds will not be received. The director will review and approve all written off receivables.

1600 OTHER LIABILITIES PROCEDURES

Accrued Liabilities

Control Objective

To accurately control and record accrued liabilities.

Major Controls

A. Maintaining an Accrual Register

To properly set up and monitor accrued liabilities, accrual accounts, and deferred revenues.

Procedures

1. Payroll accruals are set up at the time of employee entry into the payroll system based on employee compensation and calendared workdays. The system calculates and expenses the employee's daily rate for each calendared workday.
2. Salaried instructional employees earn and accrue wages during the calendared school year as assigned workdays are worked, typically a 10-month work period. Wages are typically paid to salaried instructional employees over 12 months.
3. The business office reviews wage accruals, validating the accrued rate, amount paid and accrual balance for payment periodically, with a final review at year-end.
4. The business office reviews and determines any needed benefit accruals at year-end. A general journal entry is prepared at year-end to record any needed accrual adjustments deemed necessary by the business office. Necessary non-payroll related accruals are analyzed and entered periodically and reviewed annually to ensure expenditures are recorded accurately and in the proper period.
5. The business office will record deferred revenues for restricted program funds that have been received and not expended, according to state and/or federal requirements for the restricted program.

1700 MANAGEMENT REPORTING PROCEDURES

Annual Budget

Control Objective

To effectively support the preparation of the annual budget and its periodic review.

Major Controls

A. Budget Process

The business office works with the administration to prepare the annual operating and capital budgets. The budgets are submitted to the board for review and approval.

B. Internal Accounting Controls

Accuracy and completeness of the budgets and projection

Procedures

1. In preparation of the annual operating and capital budgets, the business office and school administration prepare preliminary budgets for review and adoption by the board.
2. To support the budgets and projection estimates, the business office prepares the prior year and current year-to-date financial data with projections of year-end totals.
3. Prepared budgets are made available in the school office for public review for at least 15 days prior to adoption in compliance with state rules.
3. The administration and the board review the budgets submitted for completeness and reasonableness and make any changes in an open budget hearing per state law and rule.
4. The board approves and adopts budgets prior to submission to state entities.
5. The adopted budget totals are entered in the general ledger by the business office for the new fiscal year, in order to prepare budget to actual reports.
6. Mid-year and year-end budget updates may be prepared by the business office and school administration and submitted for board approval as needed.
7. Budgets must be approved and submitted to state agencies prior to deadlines established by Utah law or USBE rule.

Financial Reporting

Control Objective

To ensure the accuracy, completeness, and timeliness of financial reporting to support decision-making.

Major Controls

- A. **Schedule**—Monthly finance board reports are prepared based on a pre-determined schedule in board policy.
- B. **Review and Approval**—Financial reports are reviewed for accuracy and completeness.
- C. **Audit**—The annual financial statements of the school are audited by a certified public accounting firm.

Financial Reporting Schedule

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 office is required to provide reports to the board or audit committee as delegated by the board on the following schedule.

Monthly

1. Internally generated interim income statement, including Board approved budget vs. actual data.
2. Interim balance sheet.
3. A transaction register may be submitted to audit committee only, as determined by the board.
4. Reconciliation of all bank, purchasing or credit cards, and other loan or investment accounts, shall be reviewed on a regular basis by the members of the audit committee.

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

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

General Procedures

1. The business office performs monthly and quarterly review processes to properly close each month as part of reconciling financial data prior to submitting board reports.
2. The business office prepares monthly budget vs. actual financial report, balance sheet, bank statement, and reconciliation report statement for the board or audit committee each month.
3. Monthly financial reports are submitted to the board each month regardless of board meeting occurrence. The monthly financial report must be posted on the school's governance page as well as made available on the Utah public notice website.

4. The business office reconciles restricted program accounting quarterly, ensuring expenses are within the restricted program plan.
5. Restricted program reports are submitted to the administration and board quarterly. These quarterly reports are interim and may have changes throughout the year, especially prior to and upon state approval of restricted program plans in the fall.
6. The school submits to an audit of its financial statements by a qualified certified public accounting firm.
7. The board and/or audit committee is responsible for procurement and selection processes for selecting an auditor.
8. The school shall submit the audited financial statements and other financial reports to state entities as required under state law.

Payroll Tax Compliance

Control Objective

To accurately prepare and file required tax documents on a timely basis.

Major Controls

A. Preparation

Obtain a payroll service provider or in-house payroll software to assist in the preparation of periodic payroll tax filings.

B. Approval of Tax Returns

Payroll tax documents are reviewed and approved by the business office.

Procedures

1. The School maintains a schedule of required filing due dates for:
 - (i) IRS Form W-2 - Wage and Tax Statement.
 - (ii) IRS Form W-3 - Transmittal of Income and Tax Statements.
 - (iii) IRS Form 941 - Employer's Quarterly Federal Tax Return for Federal Income Tax Withheld from Wages and FICA Taxes.
 - (iv) IRS Form 1099 MISC (also 1099-DIV, 1099-INT, 1099-OID) - U.S. Annual Information Return for Recipients of Miscellaneous Income.
 - (i) Quarterly and annual state(s) unemployment tax return(s).
 - (ii) Other required benefit filing (e.g. form 5500, form 720 etc.)
3. Before submission, all payroll tax documents, and the supporting schedules are reconciled with payroll data and approved by the business office for accuracy and completeness.
4. After payroll processing, all payroll taxes must be paid within three school days. This is very important to ensure that no payroll related penalties are imposed on the school. Late payroll tax processing by the business office may result in the termination of personnel in charge of processing these taxes.

