



ADULT EDUCATION

Fiscal Control Policy: Purchasing

Pathways Academy Adult Education

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PURCHASING FISCAL POLICY

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PURCHASING FISCAL POLICY**PURCHASING****Purchases**

1. The Executive Director or designee must approve all purchases. The Executive Director or designee may authorize expenditures up to \$5,000. For Special Education purchases related to a student's Individual Education Plan (IEP), the Executive Director may authorize purchases that exceed \$5,000 with ratification by the Board of Directors. The Board of Directors must pre-approve contracts over \$5,000, except as related to materials or services outlined in a student's IEP.
2. The Board of Directors must approve any expenditures, that would result in a budget line item variance of \$10,000, whichever is higher.
3. For materials or services outlined in a student's IEP, the Executive Director or designee may authorize materials and/or service expenditures recommended by the IEP team without limit. The Executive Director or designee will confirm the need for the purchase. These expenditures will be ratified by the Board of Directors at the subsequent board meeting.
4. When approving purchases, the Executive Director or designee shall:
 - a. Determine if the expenditure is budgeted
 - b. Determine if funds are currently available for expenditures (i.e. cash flow)
 - c. Determine if the expenditure is allowable under the appropriate revenue source
 - d. Determine if the price is competitive and prudent for all purchases. The determination must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services for purchases over \$5,000.
5. All purchases will be made through the online purchasing system for the purposes of tracking and documentation.
6. Using personal funds to make purchases on behalf of the School shall be avoided. Employees who use personal funds to make unauthorized purchases shall not be reimbursed. Authorized purchases shall be promptly reimbursed upon submission of the receipts and approval of the supervisor through the approved online system or by use of an expense reimbursement form.

Debit Cards

The use of the debit card is intended for emergencies or for legitimate purchases where there is no other option, such as conference reservations, group meals, hotel reservations, or flights, and may not be used to circumvent the standard process of accounts payable for routine or planned purchases for business purposes. Additionally, strict enforcement of these procedures must be adhered to in order to operate in compliance with audit requirements in regard to debit card usage and receipt documentation, and to prevent misuse, fraud, or potential embezzlement of funds.

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The Executive Director and designated staff will be issued a debit card in their name in order to purchase items that cannot be purchased by check request. The individual will be trained in the procedures for use of the card, be provided a copy of the policy, and sign an acknowledgment form upon receipt of the debit card. The employee will be responsible for the use and charges made to the card, and for coding, preparing and submitting the appropriate forms and documentation for each purchase. The CEO must ensure that all debit card purchases are in compliance with state and federal laws.

PURCHASE CARDS

All purchases made using the School's Purchase Card must be for official school business and in accordance with the School's fiscal purchasing policy. The card must not be used for personal expenditures regardless of the reason. Unauthorized purchases or misuse of the card may render the individual purchaser liable for the goods or services and corrective action up to and including termination and/or possible criminal charges.

Failure to provide adequate documentation for a purchase will constitute misuse of the card. Adequate documentation consists of at least one of the following documents (referred to hereafter in this policy as the receipt) signed by the cardholder:

1. Original itemized invoice on company letterhead
2. Cash register receipt (itemized)
3. Printed on-line order form (itemized)
4. Facsimiles of itemized order form (faxed from company)
5. Handwritten itemized voucher from vendor describing items purchased and including original signature, phone number, address and tax identification number
6. Signed affidavit from purchaser itemizing purchase. This option is reserved as a last resort in the case of a lost or stolen original itemized receipt. Abuse of this option will result in reprimand and corrective action.

Note: The customer copy of the charge slip showing only the total charge is not sufficient documentation. The receipt **must** list specific items purchased.

If an original sales slip/invoice is not available at the time of statement reconciliation, the School is not liable for the purchase and will invoice the cardholder for reimbursement of the charge.

When the purchasing card is issued, the cardholder must sign the Purchase Card Receipt Acknowledgement Form. This form states that the cardholder accepts the responsibility for the protection and proper use of the card. If the procedures are not followed leading to unauthorized use of the card, the cardholder will be held responsible for any cost to the School.

The use of the purchase card is intended for legitimate purchases, such as conference reservations, group meals for meetings with an agenda, hotel reservations, and/or flights, and may be used for routine or

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planned purchases for business purposes. Additionally, strict enforcement of these procedures must be adhered to in order to operate in compliance with audit requirements in regard to purchase card usage and receipt documentation, and to prevent misuse, fraud, or potential embezzlement of funds.

Contracts for Service

1. Consideration shall be taken of in-house capability and capacity to accomplish services before contracting for them for purchase orders (PO's) over \$5,000.
2. Written contracts clearly describing the scope of work to be performed shall be maintained for contract service providers that pass the greater than \$5,000 threshold (e.g. consultants, independent contractors, subcontractors).
 - a. Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability and worker's compensation insurance currently in effect. Contract service providers will list the School as an additional insured.
 - b. Contract service providers who engage students will be required to submit to fingerprinting requirements via LiveScan in order to comply with Education Code Section 45125.1
 - c. Contract service providers who have frequent or prolonged contact with students will be assessed and examined (if necessary) for tuberculosis prior to working with students.
3. Contracts that must be signed outside of the schools online purchase order system must be approved and signed by the CEO.
4. Contract service providers shall be paid in accordance with approved contracts after work is performed unless otherwise agreed upon in the contract.
5. The Board of Directors must approve all contracts over \$5,000.

Debt

When applicable, short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements. Long-term debt consists of financing that is not expected to be repaid within one year and is recorded in the Enterprise Fund.

Loan agreements approved by the Board of Directors should be in writing and should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule. A fully-executed Memorandum of Understanding (MOU) qualifies.

If long-term financial obligations are necessary, the Board will be given a summary of the necessity for the debt, debt collection details, and full debt statements as provided by the debtor.