



THE COLLABORATIVE

Fiscal Control Policy: Purchasing

The Collaborative Charter Services Organization

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Policy Approved: August 10, 2021

Policy Revised: October 26, 2021

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PURCHASING FISCAL POLICY

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

1. The CEO or designee may authorize expenditures up to \$5,000, and may sign related contracts as outlined. The CEO or designee must approve all purchases. The Board of Directors must approve contracts or expenditures over \$5,000.
2. The Board of Directors must approve any expenditures, as outlined, that would result in a budget line item variance of \$10,000, whichever is higher.
3. All expenditures will be ratified by the Board of Directors at the subsequent board meeting.
4. When approving purchases, the Director of Fiscal Services 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 by attempting to secure multiple quotes for comparison. The determination and recommendation to the Board 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 entered into a financial system (Sage Intacct) for the purposes of tracking and documentation.
6. Using personal funds to make purchases on behalf of the CSO 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 the 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 for meetings with an agenda, 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.

The Chief Executive Officer and designated management 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

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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.

Under certain circumstances, such as for recurring monthly payments, where a debit card is required as a form of automatic payment by the vendor, the Chief Executive Officer will review and approve such usage of the debit card. The Director of Fiscal Services and fiscal staff will monitor the payments and conduct monthly reconciliations to ensure proper usage of the debit card. Internal fiscal controls are set by the Director of Fiscal Services to mitigate mal-use and prevent fraud.

Debit Card Use:

1. The debit card shall be issued from a bank account with a balance not to exceed \$15,000.
2. The debit card may never be used for:
 - a. the withdrawal of funds or cash advances;
 - b. personal or non-business purchases;
 - c. the purchase of alcoholic beverages.
3. The debit card may not be used for purchases greater than \$1,000 for any one point of sale transaction or more than \$1,000 per day.
4. The Chief Executive Officer must give prior approval before use of the debit card for any expense to exceed \$1,000.
5. Immediately after the transaction is executed, the Fiscal Services Department will be responsible for processing the debit card expenses in the financial system. Original receipts must be scanned and attached to the Debit Card Approval form. Receipts must be itemized.
6. The individual making the charge may be held responsible for the expense, if a receipt is lost. The employee must provide alternate documentation of the expense, and the expense must be approved by the CEO and Board of Directors.

The debit card account will be replenished from the main bank account to restore the \$15,000 balance when:

1. the card reaches a balance of \$3,000, or
2. at the end of each month following the bank reconciliation.

Contracts for Service

1. The Board of Directors must approve all contracts over \$5,000.
2. Consideration shall be taken of in-house capability and capacity to accomplish services

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- before contracting for them for purchase orders (PO's) over \$5,000.
3. 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.
 4. Contracts that must be signed outside of the schools online purchase order system must be approved and signed by the CEO.
 5. Contract service providers shall be paid in accordance with approved contracts after work is performed unless otherwise agreed upon in the contract.

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.