

LYON COUNTY SCHOOL DISTRICT

BOARD POLICY _____ DE

EXPENDITURE POLICY

This policy explains how District funds may be used to pay for the reasonable and necessary costs of the District's activities. This policy states the Districts minimum requirements with additional restrictions may be imposed by the Superintendent or person delegated by the Superintendent.

BUSINESS PURPOSE All expenditures must be considered reasonable in terms of price, purpose and necessity while being in the best interest of the District. No expenditures will break any state or federal law or regulation.

EXPENDITURE AUTHORITY All site administrators that have the responsibility for the site budget will have the authority to expend District funds for the operation of their site. Direct authority will be given by the Superintendent based on site and budget responsibilities.

EXPENDITURE PROCESS – Site Funds Approval by the site administrator must be obtained prior to obligating the District. Expenditures that have been budgeted and will not exceed the amount budgeted can be made at the site level. There will be a maximum amount set by the Superintendent for any item or service purchased. Any other expenditure will have the approval from the District (Superintendent or person delegated by the Superintendent) prior to purchase.

Routine, recurring expenditures may be approved on an annual basis. A receipt or invoice (originals expected) will be used to substantiate the business purpose. If a receipt or invoice is not available, then the transaction can be recorded on a memo by the person who incurred the expense. This should be a rare occurrence and all means to get a receipt or invoice should be exhausted prior to using a memo.

Emergency situations do occur and it is not the intent of this policy to restrict reactions to address events needing immediate attention. If the situation is deemed to be an emergency, then approval may be obtained after the situation has been controlled if the site administrator is not available to get prior approval. These are expected to be rare and will be documented as soon as possible after the event.

Approval is evidenced by a purchase order or other document that recaps the transaction, has the budget account to be charged and the signature of the approver.

CAPITAL PROJECTS PROCESS

The District will comply with NRS 338 regarding Advertising, Acceptance of Bids, and Awarding of Contracts for all Capital Project Expenditures less than \$100,000.

For purchase requirements up to \$25,000.00, the district will obtain at least one bid from a licensed contractor.

For purchase requirements exceeding \$25,000.00 but under \$100,000.00 the district will solicit in writing bids from at least three licensed contractors. To the extent possible, when the District is unable to obtain three bids, documentation will be provided to show the written solicitation to

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three licensed contractors and any correspondence received by contractors indicating their unwillingness to provide a bid.

Any contract under \$100,000 received as a result of solicitation of a bid will when possible be included in the Board's consent agenda for approval. In critical time situations the Superintendent may award a contract and include on the next regularly scheduled Board Meeting consent agenda the contract for ratification.

For contracts in excess of \$100,000 the District will advertise in accordance with NRS 338.1385. The contract will be awarded to the lowest responsive bidder. All proposed contracts will be submitted to the Board at a regularly scheduled meeting for the Board's approval.

For all Capital Projects exceeding \$25,000, there will be a quarterly report to the Board, which will include the name of the contractors, the amount of the contract awarded, a brief description of the work to be performed, and the names of all contractors from whom bids were solicited.

EXPENDITURE PROCESS – Grant Funds

The limit for Limited Purchase Orders (LPO) is currently up to \$2,500. Approval from the principal or Finance Department should be obtained for products or services up to that amount. LPOs cannot be used to purchase capital equipment. This \$2,500 limit does not include sales tax, use tax, or shipping and handling fees. Never split an order. It is a Class 4 felony to split an order in order to meet the LPO requirements and circumvent the requirements of competition over the \$2,500 threshold. Artificially dividing or fragmenting an order to stay below the threshold violates procurement rules. Splitting or dividing orders could result in an unfavorable audit.

Purchase requirements for amounts of \$2,501 -under \$10,000

The requisitioner must obtain two written quotes. You are required to take the lowest quote unless you can demonstrate that the quote was not responsive. The Project Director and Fiscal Agent must approve the requisition before it is sent to the vendor.

Purchase requirements for amounts of \$10,000- under \$50,000

Either the requisitioner or the Finance Department must obtain three written quotes. The written quotes must be forwarded to Purchasing before the requisition can be issued. Reference the requisition number on all copies of the quotes. The Project Director and Fiscal Agent approve the requisition before being sent electronically to the Purchasing Department.

Purchase requirements for amounts of \$50,000 or more:

This level requires a sealed bid process. Big budget items are purchased through Invitations for Bids. Plan on 4-6 weeks for this process to be completed, which includes the writing of specifications, solicitation of bids, and advertisement of a legal notice. The Finance Department conducts and/or assists in the process.

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Equipment Purchases, Transfers, and Off Premise Use

All anticipated equipment purchases must be itemized in the proposal budget agreement. Generally, prior written approval must be requested and obtained from the funding agency for any equipment acquisition not itemized. Before purchasing equipment, always check with your Grants Department to identify restrictions. Always keep in mind that proposed purchases must be justified in terms of benefit to the project. Therefore, large, last minute purchases at the end of the program are generally unallowable. The cost of equipment not used during the project can be disallowed and the funding agency may ask for reimbursement from your school or department. Some equipment can be purchased at a significant savings if it is part of a State Contract or other cooperative arrangement.

Equipment purchased with grant funds is intended for the purposes outlined in your grant proposal. Therefore, it must be reserved for use in the grant-funded activity or project during the entire life of the grant. All equipment and computers are tagged and tracked by Property in the Finance Department. It is also a good practice to have some tags made up with your grant title and number that are placed on the equipment and computers paid for with grant funds. This may prevent someone from later moving it to another location in the college without realizing that it was originally a grant funded purchase. (Although most computers purchased with grant funds are less than \$5,000, Property still tracks their use.) Sometimes it is necessary to utilize grant-purchased property off-campus to accomplish the objectives of a grant. For example, your project may involve faculty use of laptops to provide workshops and make presentations at other locations off-campus or at conferences. The district has administrative regulations governing the off-premise use of district assets.

Procurement procedures for Grant Funds are located in the Grants Department Handbook. All procedures must be followed based on the type of expenditure.

PAYMENT PROCESS All District payments will be made from the Business Office in a manner that is timely and efficient. Appropriate approval of payments will be verified prior to payment. All payments issued will be reported to the Board of Trustees.

DEFINITIONS Expenditure – includes materials, supplies, repairs or services purchased from vendors or other third parties.

Site Administrator – includes Principals, Managers, Supervisors or others that have budget responsibilities (for example, Mechanical Supervisor or Project Supervisor).

Receipt/Invoice – any document issued from the vendor that includes merchant name, item description, quantity, cost, date and other details that describes the transaction.

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Emergency – any event or action that places students, staff or others in immediate jeopardy or may cause substantial damage to District property. Accounting Records of Funds, Property and other Assets

Policy #DE
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