

El Monte Union High School District

School Business Ethics

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Topics For Today

1. Workplace Ethics
2. Purchasing, Bidding and Quotes
3. Cash Management: General Cash Control, Accounts Payable & Payroll

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PART I

WORKPLACE ETHICS

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WORKPLACE ETHICS

Ethics Matter

A study of reflective choice, standards of right and wrong, and/or the values inherent in ethical decisions in the workplace.



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GENERAL ETHICS ~ The Spirit

- Management toward employees
- Employee toward Employer, Co-workers, Customers
- Demonstrate high integrity and principles
- Promote a culture of ethical conduct



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PROFESSIONAL ETHICS ~ The Rules

- Rules of professional conduct
- Standards of integrity, professionalism and confidentiality



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TYPES OF ABUSE

Business Abuse

*Can be any act done
against the District...*

- Illegal,
- Unethical, and/or
- Irresponsible

- *Calling in sick when well.*
- *Not speaking up when you see misconduct.*
- *Stealing, or seeing a co-worker steal and keeping quiet.*
- *Taking bribes or kickbacks.*
- *Conflict of interest.*

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So, What's the Big Deal?

- Higher cost of business
- Budget cuts
- Fewer Jobs
- Unpleasant Working Conditions



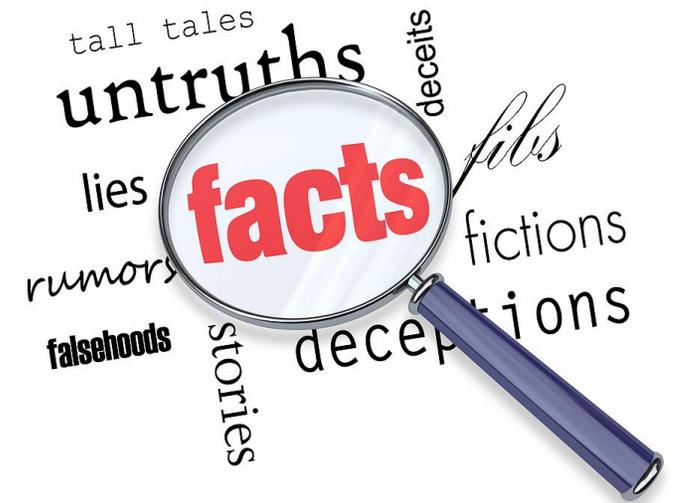
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The Tone At The Top

➤ Myths, Fallacies & Justification

- “Everyone does it.”
- “I’m worth it.”
- “The District won’t miss it.”
- “I work hard and haven’t had a raise in 5 years!”



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GIFTS, HONORARIA & DONATIONS

Employee should refrain from accepting any personal gifts, gratuity, or thing(s) of value that could impair their professional judgment, give any kind of special advantage or personal benefit.

Districts may accept gifts from vendors. This is outlined in EMUHSD (Board Policy 3290)



So, What Can I Do?

Choices, choices.....

- ❖ *Ignore it*
- ❖ *Rationalize it*
- ❖ *Discuss it with supervisor*
- ❖ *Blow the Whistle!*

Wrong is always wrong...



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Let's Test Your Skills

Question #1: Is it against State law to receive without restriction as a public official a trophy or plaque as long as the value is nominal?

Question #2: You have a skilled trades worker under your supervision. Is it unethical to hire this person to do private work for you at your home after hours?

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Board Policies

Ethics

Professional Standards/Unauthorized Release of Confidential or Privileged Information

- 4119.21 & 4119.23 Certificated
- 4219.21 & 4219.23 Classified
- 4319.21 & 4319.23 Administrative & Supervisory



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PART II

PURCHASING, BIDDING & QUOTES

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Purchasing, Bidding & Quotes

- ❖ Bid Limits – Goods & Supplies

Responsibilities

- ❖ Informal Quotes – RFP & RFQ

Exceptions

Bid Splitting

- ❖ Bid Limits - Construction

Documentation

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Purchasing, Bidding & Quotes

Types of Contracts and Bid Limits:

1. Goods and Services - \$83,400 – adjusted annually
 - ✓ Equipment, materials and supplies
 - ✓ Services, except construction services
 - ✓ Repairs, including maintenance - PCC 20115

Purchasing, Bidding & Quotes

Types of Contracts and Bid Limits:

Professional Services – although school districts are not required to follow formal procedures to secure professional services outlined in GC 4525 – 4529.5, participation in State funded projects may be jeopardized if formal qualifications-based process has not been followed.

Purchasing, Bidding & Quotes

Types of Contracts and Bid Limits:

Professional Services – continued

Requirements for SAB/OPSC State Facility Projects:

- ✓ Architectural, structural engineer, or other design professional services require a competitive selection process if hired on or after November 4, 1998.
- ✓ Competitive process does not mean a formal bidding process but rather a formal qualifications-based process based on demonstrated competence and professional qualifications.

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Purchasing, Bidding & Quotes

Types of Contracts and Bid Limits:

2. Public Projects – Uniform Public Construction Cost Accounting Act (UPCCAA) - \$45,000 *or less*
 - ✓ Work that can be performed by district employees by force account
 - ✓ Without bid up to \$45,000 – PCC 22032(a)

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Policies, Bidding & Quotes

Types of Contracts and Bid Limits:

3. Construction – Informal Bid Procedure–
Uniform Public Construction Cost Accounting
Act (UPCCAA) - \$175,000 or less
 - ✓ Locally adopted informal bidding procedures
 - ✓ Must maintain a list of qualified contractors according to categories of work
 - ✓ Without formal bid up to \$175,000 – PCC 22032(b)

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Policies, Bidding & Quotes

Types of Contracts and Bid Limits:

4. Construction – Formal Bid Procedure–
Uniform Public Construction Cost Accounting
Act (UPCCAA) - \$175,000 or more
- ✓ Formal bidding procedures are required
 - ✓ With formal bid more than \$175,000 to the lowest responsible bidder – PCC 22032(c)

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Policies, Bidding & Quotes

Types of Contracts and Bid Limits:

5. Exceptions:

- Computers, software, telecommunications equipment and other related electronic equipment and apparatus
- Educational materials including supplementary textbooks, library books, educational films, audio visual materials, test materials, workbooks, instructional computer software

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Types of Contracts and Bid Limits:

6. Exceptions:

- Perishable foods and seasonal commodities
- Surplus Federal property
- Energy service and conservation contracts
- Piggybacking on other public agency contracts
– but NOT service contracts

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Types of Contracts and Bid Limits:

7. Exceptions:

- CA Multiple Award Schedules – CMAS – procurement from CA Department of General Services
- Emergency Repair Contracts
- Joint Powers Agencies to purchase equipment, materials and supplies

Policies, Bidding & Quotes

Types of Contracts and Bid Limits:

8. Exceptions:

- Sole Source – the competitive bidding is waived in certain cases where it does not produce any advantage or it practically impossible to obtain

Board Policies

➤ 3311 – Bids

➤ 3312 - Contracts

➤ 3512 - Purchasing of supplies and equipment

➤ 6161 – Equipment, books, textbooks and selection of instructional materials



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PART III

CASH MANAGEMENT: GENERAL CASH CONTROL ACCOUNTS PAYABLE PAYROLL

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CASH MANAGEMENT

Types of Controls:

- General Controls
- Security Controls
- Management Controls
- Monitoring Controls



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CASH MANAGEMENT

General Controls

- The use of automated systems to record and document transactions
- Segregation of duties between collection, recordation, reconciliation and deposit processes
- Timeliness of deposits and bank reconciliations
- Review and verification of documents

CASH MANAGEMENT

Security Controls

- Restriction of physical access to assets
- Segregation of duties and responsibilities
- Internal audits
- Internal control review and monitoring
- Security of assets

CASH MANAGEMENT

Management Controls

- Management verification – reconciliations and oversight
- Monitor, track and follow up discrepancies
- Trend analysis with performance reviews
- Sample test supporting documentation
- Internal control review

CASH MANAGEMENT

Monitoring Controls

- Management verification – deposits
- Investigation of discrepancies – follow up
- Review reconciliations – outstanding items review
- Mandatory vacations
- Cross-training

CASH MANAGEMENT

Accounts Payable

➤ Vendor Invoices

- Original invoices – no copies
- Supporting documentation – itemized with purchase order number/contract number

CASH MANAGEMENT

Accounts Payable

- Payment Verification
 - Cancel invoice in financial system and mark it ”
 - Review for duplicate payments

CASH MANAGEMENT

Accounts Payable

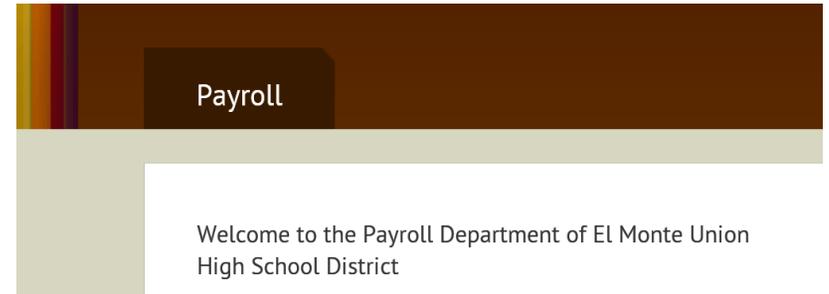
➤ File Maintenance

- Attach warrant copy with original invoice and receiving documents
- Records retention – Education Code
 - Class 1 – Permanent Records (EC 35253 & CCR 16023)
 - Class 2 – Optional Records (EC 35253 & CCR 16024)
 - Class 3 – Disposable (EC 35253 & CCR 16025) – 3rd year following any legally required audit or retention period required by another agency (OPSC, Federal, etc.)

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CASH MANAGEMENT



Payroll

- Position Control
- Segregation of Duties
- Internal Control Elements
 - Authorization
 - Segregation of Duties
 - Interface position control with budget and human resource records

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CASH MANAGEMENT

Payroll

- Position Control
 - The management of board authorized positions
 - Business department roles & responsibilities
 - Human Resources roles & responsibilities

CASH MANAGEMENT

Payroll

- Segregation of Duties
 - Approving, authorizing and paying
 - Reconciliation and management oversight
 - Internal Controls and internal audits

CASH MANAGEMENT

Payroll

- **Internal Controls**
 - **Control Environment** – Code of conduct, ethics and investigation of reportable incidents
 - **Fraud Risk Assessment** – Establishes fraud risks in defined areas of the organization
 - **Control Activities** – Actions by management to prevent misuse of district assets and prevention of overriding system controls
 - **Information and Communication** – Establish a fraud hotline or methods for employees to report concerns
 - **Monitoring** – Ongoing periodic assessments and reevaluation of fraud deterrence methodologies

Questions



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