
Financial Policies and Procedures Addendum

Effective July 2015

Facilitated by:



This document serves as an addendum to the School's existing Financial Policies and Procedures Manual (FPPM) effective July 1, 2015 to comply with OMNI regulations for recipients of federal funding. These procedures must be followed in conjunction with those outlined in the School's current FPPM

Annual Audit

If total federal expenditures for the fiscal year should exceed \$750,000 (or current federal guidelines), an additional audit under the guidance of OMB Circular A-133¹ will be also conducted by the independent audit firm.

Revenue Compliance

The School's accounting and documentation system must be capable of meeting the specific requirements imposed by grant agreements. Source documentation must be maintained for all authorized awards, expenditures and interest earned. Expenses cannot be charged over 100% against multiple grants. The School must ensure that all reporting requirements and deadlines are met.

For all federal grants an official authorized to legally bind the School will be required to certify all reports and payment requests by signing and agreeing to the following:

"By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject me to criminal civil or administrative penalties for fraud, false statements, false claims, or otherwise."

Grant Receipts

Drawdowns/advances must be disbursed within the grant's specified time and maintained in insured account. The funds must also be in interest bearing account, if:

- Aggregate federal awards are over \$120,000; and
- Account expected to earn in excess of \$500 in interest per year; and
- Bank required minimum balance is feasible for the School to maintain.

Interest amounts earned up to \$500 may be retained by the School for administrative purposes.

See the link below for A-133 requirements related to each grant:

http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2014

Purchases and Cash Disbursements

Allowability Procedures

Before any grant funds are budgeted and expended staff are required to determine the cost eligibility based on the following factors:

- Necessary, reasonable and allocable
- Conform with federal law and grant terms

¹ OMB Circular A-133 Revised 2007; http://www.whitehouse.gov/omb/assets/a133/a133_revised_2007.pdf ; accessed on 07/2010

- Consistent with state and local policies
- Consistently treated
- In accordance with GAAP
- Not included as a match
- Net of applicable credits
- Adequately documented

The following link must be used to determine specific cost eligibility:

http://www.whitehouse.gov/omb/circulars_a122_2004#atta

Payments made for costs determined to be unallowable by either the Federal awarding agency or pass-through must be refunded (including interest) to the Federal government in accordance with instructions from the Federal agency that determined the costs are unallowable.

The School adheres to the following purchasing objectives:

- Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable considerations such as delivery, quantity, quality.
- The School will make all purchases in the best interests of the School and its funding sources and in accordance with any grant restrictions as applicable.
- The School will buy from reliable vendors.
- The School will not contract with vendor who has been suspended or debarred.
www.sam.gov
- The School will obtain maximum value for all expenditures.
- The School will be above suspicion of unethical behavior at all times and avoid any conflict of interest, transactions with related parties, or even the appearance of a conflict of interest in the School supplier relationships. The School's conflict of interest policies are described in its By-laws.
- The contractor must possess financial and technical resources necessary to provide service/goods.
- Competitive quotes are required for goods and services over \$3,000 (followed by bidding requirements stated above.)
- Competitive bidding must be based on the procedures outlined in the School's Fiscal Policies and Procedures Manual.

Payroll (Time and Effort Documentation)

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

See link for suggested example:

<http://www.p12.nysed.gov/accountability/consolidatedappupdate/employeecertifications.html>

Property & Equipment

The School must adhere to the established capitalization policy as outlined in the Fiscal Policies and Procedures Manual. Federal award purchases of \$5,000 or more per unit and useful life greater

than one year must be capitalized.

Asset Tracking Process

Upon receiving any property that qualifies as a fixed asset, the School is responsible for recording the following into the Fixed Asset Tracking List:

- Asset tracking number as designated by the School;
- Asset name, use, condition and description;
- Classification (i.e. land, building, equipment, betterment, leasehold improvements, furniture, computer hardware and software);
- Serial number, model number, or other identification;
- Indicate if the title vests with the governmental agency, if required;
- Vendor name and acquisition date or date placed in service;
- Location of the equipment;
- Purchase Value;
- Disposal Date and Reason; and
- Specify dollar amount of any asset purchased with grant fund

Physical inventory for assets purchased with federal funds must be performed at least every two years.

Disposition of Assets

For assets purchased with federal funds the School must request disposition instructions from the federal awarding agency when required.

Otherwise, may be retained, sold or otherwise disposed as follows:

- Over \$5,000 – pay federal share
 - If equipment is sold: Federal awarding agency may permit non-Federal entity to deduct and retain \$500 or 10% of the proceeds for selling and handling instructions.
- Under \$5,000 – no accountability (still must formally dispose)

Conflict of Interest Policy

Interested Person

The General Municipal Law defines prohibited conflicts of interest for school trustees, officers and employees.

Under the General Municipal Law, no school officer or employee may have an interest, direct or indirect, in any contract with the School, when such officer, trustee, or employee, individually or as a member of the Board, has the power or duty to (a) negotiate, prepare, authorize or approve the contract, or authorize or approve payment under the contract; (b) audit bills or claims under the contract; or (c) appoint an officer or employee who has any of the powers or duties set forth above.

Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- An ownership or investment interest, other than de minimis, in any entity with which the School has a transaction or arrangement,
- A compensation arrangement with the School or with any entity or individual with which the School has a transaction or arrangement, or
- A potential ownership or investment interest, other than de minimis, in, or compensation arrangement with, any entity or individual with which the School is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors having a value of \$100.00 or more whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise or in any other form, under circumstances in which it could reasonably be inferred that the gift was intended to or could reasonably be expected to influence the performance of a trustee, official or employee in his/her official duties, or was intended as a reward for any official action.

Duty to Disclose

Any trustee, officer or employee who has, will have, or later acquires an interest in any actual or proposed contract with the Board must publicly disclose the nature and extent of such interest in writing to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

Determining Whether a Conflict of Interest Exists

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

Notwithstanding anything herein, the following contracts are exempt from this policy, including but not limited to, employment contracts between the school and a board member or employee's spouse, minor children or dependents; a contract between the school and a corporation of which the board member or employee is neither a director nor owns more than five percent of outstanding stock; a contract between the school and a board member or employee entered into preceding the election of the board member but not the renewal/renewal of that contract; a contract between the school and a board member or employee in which the total paid does not exceed \$750.00 during the fiscal year when added to the aggregate amount of consideration payable under all contracts pertaining to that individual; a contract between the school and a company that employs a board member or employee where the individual's compensation is not directly affected as a result of the contract and the duties of the individual's employment do not directly involve the procurement, preparation or performance of such a contract; and purchases, in the aggregate amount of Five Thousand Dollars (\$5,000) or less in any single calendar year. No review or action by any governing board or committee shall be necessary if an exception applies.

Procedures for Addressing a Conflict of Interest

An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the governing board or committee shall determine whether the School can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the School's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

Violations of the Conflicts of Interest Policy

If the governing board or committee has reasonable cause to believe a trustee, officer or employee has failed to disclose actual or possible conflicts of interest, it shall inform the trustee, officer or employee of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the trustee, officer or employee's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the trustee, officer or employee has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Any contract entered into with a prohibited interest is null, void and unenforceable. Further any trustee, officer, or employee who willfully and knowingly violates this policy shall be guilty of a misdemeanor.

Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing Board's or committee's decision as to whether a conflict of interest in fact existed.
- The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Compensation

A voting member of the governing board who receives compensation, directly or indirectly, from the School for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the School for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the School, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Annual Statements

Each trustee, officer, and employee shall annually sign a statement which affirms such person:

- Has received a copy of the Code of Ethics and Policy on Conflicts of Interest,
- Has read and understands the Code of Ethics and Policy,
- Has agreed to comply with the Code of Ethics and Policy, and
- Understands the School is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Periodic Reviews

To ensure the School operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- Whether partnerships, joint ventures, and arrangements with management organizations conform to the School's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.