

FISCAL MANAGEMENT GOALS

The Board of Education recognizes excellent fiscal planning as a key factor in attaining the district's educational goals and priorities. The Board seeks to engage in thorough advance planning of budgets and to devise expenditures which achieve the greatest educational returns given the district's available resources.

The Board's establishment of sound fiscal management policies are based on the following tenets.

1. All laws and regulations governing the use of public funds shall be strictly adhered to.
2. All district monies shall be expended in an efficient and judicious manner, bring the greatest benefit to the district.
3. Funds for which the district has no immediate need shall be legally invested where they can bring the greatest return.
4. All receipts and expenditures shall be recorded fully and in the proper manner.
5. The district shall seek and receive all state and federal funds for which it qualifies.
6. All funds, including cash in buildings, extra-classroom account funds, gifts, and bequests shall be provided maximum protection from misappropriation.
7. A formal process shall be developed linking fiscal resources and program priorities to the budget.
8. The budget shall reflect the views of administrators, teachers, students, and taxpayers in translating the educational needs and aspirations of the community in a composite financial plan.
9. To the extent possible, program evaluation shall be used to assess the effectiveness of all educational programs provided to district students, and future appropriations shall be adjusted accordingly.

Adoption date: June 27, 2011

BUDGET PLANNING

The Superintendent of Schools, with the assistance of the School Business Official, shall be responsible for preparation of the budget. This shall include developing a budget calendar in accordance with regulation 6110-R, and adhering to that calendar. The budget calendar shall be approved by the Board of Education in advance of the preparation of the district's annual budget.

In developing the budget, the Superintendent shall seek advice and suggestions from the Board, staff, students and the community. He/She shall prepare a proposed budget and submit it together with appropriate supporting information, for the Board to review. After a tentative budget is developed it shall be disseminated to the public, and budget hearings shall be held at which the budget can be explained and input received from the community. The budget may be revised based on the budget hearing and then presented to the voters of the district for approval. The Board may use district monies to present its annual budget and related information to the voters. It shall not, however, use these funds to promote the budget or to ask for a "yes" vote.

The budget shall be designed to reflect the Board's objectives for the education of the children of the district. It shall be carefully organized and planned to provide adequate accounting for each program expenditure, understanding of the financial needs of anticipated program developments, and be within the financial limitations of the district. To assist in budget and long-range planning, ongoing studies of the district's educational programs will include estimates of the fiscal implications of each program.

The budget for the ensuing school year shall be thoroughly reviewed by the Board before its presentation to the voters for final adoption.

Cross-ref: 1050, Annual District Election and Budget Vote
2260, Citizens Advisory Committees

Ref: Education Law §§1608(2)-(4); 1716(2)-(4); 1804(4); 1906(1); 2002(1);
2003(1); 2004(1); 2022(2); 2601-a
Fiscal Management (NYSSBA, 1997)

Adoption date: June 27, 2011

BUDGET PLANNING REGULATION

The budget calendar prepared by the Superintendent of Schools shall include:

- a schedule which sets forth all important meetings and dates, including deadlines for budget proposals from within the district;
- commencement dates and deadlines for certain budgetary tasks such as the estimation of all revenues and income expected to be received by the district;
- events such as the preliminary dates for the Board of Education's consideration of the tentative budget.

As part of the budget planning process, the Superintendent or School Business Official will evaluate:

- the educational philosophy, goals and objectives of the district and their modification where required;
- the district education program and support systems such as transportation and business affairs;
- census and enrollment projections;
- the condition of the physical plant for operation and maintenance needs and new construction;
- debt service schedules;
- estimated revenue from sources other than the property tax, such as state and federal aid.

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BUDGET TRANSFERS

The transfer of funds between and within functional unit appropriations of the General Fund is commonly required during the school year. The Superintendent of Schools, in accordance with the Regulations of the Commissioner of Education, is authorized to make budget transfers between line item accounts, so long as the transfer for any one item does not exceed \$5,000. All transfers in excess of \$5,000 require prior Board of Education approval. The Superintendent will report any transfers to the Board as an information item at its next meeting.

Ref: Education Law §1718
8 NYCRR §170.2(1)

Adoption date: June 27, 2011

FEDERAL FUNDS

The Board of Education shall consider whether to apply for any federal aid for which it is eligible. The administrative staff has the responsibility to evaluate federally funded programs, including their possible benefits to the children and youth in the school district, apprise the Board of the value of each, and make recommendations accordingly. A separate federal aid fund shall be maintained to record all financial transactions in federally aided programs and projects. A separate checking account, distinct from all other district accounts, shall be maintained for federal funds.

Ref: 8 NYCRR Parts 114; 167; 200

Adoption date: June 27, 2011

INVESTMENTS

The objectives of the district's investment policy are to safeguard district funds and to minimize risk, to ensure that investments mature when cash is required to finance operations and to ensure a competitive rate of return. In accordance with this policy, the Treasurer is authorized to invest and/or deposit all funds, including proceeds of obligations and reserve funds, in time-deposit accounts, certificates of deposit, short-term government securities, repurchase agreements or other investment instruments permitted by law, subject to the investment regulations approved by the Board of Education.

To the extent feasible, investments and deposits shall be made in and through local or regional financial institutions. Concentration of investments in a single financial institution should be avoided. Diversification of investments and deposits is encouraged.

This policy will be annually reviewed by the Board and may be amended from time to time in accordance with the provisions of section 39 of the General Municipal Law.

Ref: Education Law §§1604-a; 1723-a; 3651; 3652
Local Finance Law §§24.00, 25.00, 165.00
General Municipal Law §§6(d), 6(j); 6 (l-n, p, r); 10; 11; 39

Adoption date: June 27, 2011

INVESTMENTS REGULATION

Authorized Investments

- A. The Treasurer is authorized to invest all available district funds, including proceeds of obligations and Reserve Funds, in the following types of investment instruments:
 - 1. Savings Accounts or Money Market Accounts of designated banks;
 - 2. Certificates of Deposit issued by a bank or trust company located in and authorized to do business in New York State;
 - 3. Demand Deposit Accounts in a bank or trust company located in and authorized to do business in New York State; Obligations of New York State; Obligations of the United States Government (U.S. Treasury Bills and Notes);
 - 4. Repurchase Agreements involving the purchase and sale of direct obligations of the United States;
- B. All funds may be invested in Revenue Anticipation Notes or Tax Anticipation Notes of other school districts and municipalities, with the approval of the State Comptroller.
- C. Only Reserve Funds established by sections 6-d, 6-j, 6-l, 6-m and 6-n of General Municipal Law may be invested in obligations of the school district.

Conditions

All investments made pursuant to this investment policy will comply with the following conditions:

- A. Collateral
 - 1. Savings accounts, money market accounts, time deposit accounts and certificates of deposit will be fully secured by insurance of the Federal Deposit Insurance Corporation or by obligations of New York State, the United States, New York State school districts and federal agencies whose principal and interest are guaranteed by the United States. The market value of collateral will at all times exceed the principal amount of the certificate of deposit. Collateral will be monitored no less frequently than on a weekly basis.
 - 2. Collateral will not be required with respect to the direct purchase of obligations of New York State, the United States and federal agencies, the principal and interest of which are guaranteed by the United States Government.

B. Delivery of Securities

1. Payment of funds may only be made upon receipt of collateral or other acceptable form of security, or upon the delivery of government obligations whether such obligations are purchased outright, or pursuant to a repurchase agreement. Written confirmation of delivery shall be obtained from the custodial bank.
2. Every Repurchase Agreement will make payment to the seller contingent upon the seller's delivery of obligations of the United States to the Custodial Bank designated by the school district, which shall not be the repurchase, or in the case of a book-entry transaction, when the obligations of the United States are credited to the Custodian's Federal Reserve account. The seller will not be entitled to substitute securities. Repurchase agreements shall be for periods of 30 days or less. The Custodial Bank shall confirm all transactions in writing to insure that the school district's ownership of the securities is properly reflected in the records of the Custodial Bank.

C. Written Contracts

1. Written contracts are required for certificates of deposit and custodial undertakings and Repurchase Agreements. With respect to the purchase of direct obligations of U.S., New York State, or other governmental entities in which monies may be invested, the interests of the school district will be adequately protected by conditioning payment on the physical delivery of purchased securities to the school district or custodian, or in the case of book-entry transactions, on the crediting of purchased securities to the Custodian's Federal Reserve System account. All purchases will be confirmed promptly in writing to the school district.
2. The following written contracts are required:
 - a. Written agreements will be required for the purchase of all certificates of deposit.
 - b. A written contract will be required with the Custodial Bank(s).
 - c. Written contracts shall be required for all Repurchase Agreements. Only credit-worthy banks and primary reporting dealers shall be qualified to enter into a Repurchase Agreement with the school district.

The written contract will stipulate that only obligations of the United States may be purchased and that the school district shall make payment upon delivery of the securities or the appropriate book-entry of the purchased securities. No specific repurchase agreement will be entered into unless a master repurchase agreement has been executed between the school district and the trading partners. While the term of the master repurchase agreement may be for a reasonable length of time, a specific repurchase agreement will not exceed thirty (30) days.

D. Designation of Custodial Bank

1. The Board will designate a commercial bank or trust company authorized to do business in the State of New York to act as Custodial Bank of the school district's investments. However, securities may not be purchased through a Repurchase Agreement with the Custodial Bank.
2. When purchasing eligible securities, the seller will be required to transfer the securities to the district's Custodial Bank.

E. Selection of Financial Institutions

1. The Treasurer and/or Assistant Superintendent for Business will periodically monitor, to the extent practical but not less than annually, the financial strength, credit-worthiness, experience, size and any other criteria of importance to the district, of all institutions and trading partners through which the district's investments are made.
2. Investments in time deposits and certificates of deposit are to be made only with commercial banks or trust companies, as permitted by law.

F. Operations, Audit, and Reporting

1. The Treasurer or designee will authorize the purchase and sale of all securities and execute contracts for investments and deposits on behalf of the school district. Oral directions concerning the purchase or sale of securities will be confirmed in writing. The school district will pay for purchased securities upon the simultaneous delivery or book-entry thereof.
2. The district will encourage the purchase and sale of securities through a competitive process involving telephone solicitation for at least three quotations.
3. The independent auditors will audit the investment proceeds of the school district for compliance with the provisions of this Investment Regulation.
4. Monthly investment reports will be furnished to the Board of Education.

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GIFTS AND GRANTS

Only the Board of Education may accept for the school district any bequest or gift or money, property or goods.

The Board reserves the right to refuse to accept any gift which does not contribute towards the achievement of the district's goals or the ownership of which would tend to deplete the resources of the district.

Any gift accepted by the Board or the Superintendent shall become the property of the district, may not be returned without the approval of the Board, and is subject to the same controls and regulations as are other properties of the district.

The Board will attempt to honor the intent of the donor in its use of the gift, but reserves the right to use any gift it accepts in the best interest of the district's educational program.

It shall be the policy of the district to accept a gift, provided it is made within the statutory authority granted to school districts and has received the approval of the Board of Education.

In granting or withholding its consent, the Board will review the following factors:

1. The terms of the gift must identify:
 - a. the subject of the gift
 - b. the purpose of the gift
 - c. the beneficiary or beneficiaries if any
 - d. all conditions or restrictions that may apply.
2. The gift must not benefit a particular or named individual or individuals.
3. If the purpose of the gift is an award to a single student, the determination of the recipient of such award shall be made on the basis that all students shall have an equal opportunity to qualify for it and shall not be denied its receipt on the basis of race, religion, sex, or disability.
4. If the gift is in trust, the obligation of the investment and reinvestment of the principal shall be clearly specified and the application of the income or investment proceeds shall be clearly set forth.
5. No gift or trust will be accepted by the Board unless:
 - a. it is in support of and a benefit to all or to a particular public school in the district, or
 - b. it is for a purpose for which the school district could legally expend its own funds, or
 - c. it is for the purpose of awarding scholarships to students graduating from the district.

Any gift rejected by the Board shall be returned to the donor or his/her estate within 60 days together with a statement indicating the reasons for the rejection of such gift.

Ref: Education Law §1709(12)

Adoption date: June 27, 2011

DEPOSITORIES OF FUNDS

District funds shall be deposited only in depositories duly designated by the Board of Education. The deposit shall be made as soon as possible after the collection of such funds. In the event that funds cannot be deposited in a bank after collection, they must be stored in a safe or vault regardless of the day or hour. The designated depositories are required to collateralize all deposits fully. It shall be the duty of the Assistant Superintendent for Business, under the discretion of the Superintendent of Schools, to insure that funds are properly safeguarded through-out the district.

No money other than petty cash shall be kept in any school building overnight. The Superintendent of Schools shall inform all employees of this requirement and enforce this policy.

Ref: Education Law §§2129; 2130(4)
8 NYCRR §§170.1; 170.2
General Municipal Law §§800 et seq.

Adoption date: June 27, 2011

AUTHORIZED SIGNATURES

The Board of Education authorizes the signature on checks issued against all accounts of the school district to be that of the Treasurer or, in his/her absence, the President of the Board of Education.

The Board hereby authorizes the use of check signing machines and or stamp with safeguards for the school district's protection and with facsimile signatures of the Treasurer and President of the Board of Education. Said machines and/or stamp shall be maintained in the exclusive and secured possession of the Treasurer and President of the Board of Education.

The Treasurer or, in his/her absence, the President of the Board of Education shall be present and shall control the affixing of his/her signature when checks are run. He or she shall maintain a log of checks signed and shall verify the sequence of check numbers that are used. The signing of blank checks is expressly forbidden.

Contracts authorized by Board resolution shall be signed by the Board President or in his/her absence the Vice-President, unless a different signatory is identified in the Board resolution. Purchase orders for goods and/or services identified in the various budget codes of the school district budget may be executed by the Purchasing Agent responsible for the procurement of such goods and/or services.

The Board authorizes the payment in advance of audit of claims for all public utility services, postage, freight and express charges, in accordance with law.

Ref: Education Law §§1720; 1724; 2523
8 NYCRR §§170.1(c)(d); 172

Adoption date: June 27, 2011

FISCAL ACCOUNTING AND REPORTING

The Board of Education insists on clear, complete, and detailed accounting of all financial transactions for which the Board is held accountable.

Accounting and Reporting Systems

The system of accounts will conform to the Uniform System of Accounts for School Districts, as defined by the State Comptroller's Office. In addition, accounting and reporting will adhere to generally accepted governmental accounting standards. The accounting system will yield information necessary for the Board to make policy decisions and perform its oversight function.

The Board directs the Superintendent of Schools or his/her designee to keep informed of changes in state and/or Government Accounting Standards Board (GASB) accounting requirements and implement changes, as appropriate. The Board expects that the Superintendent of Schools or his/her designee will communicate new standards and/or requirements to the Board, as necessary, so that the Board can carry out its responsibilities.

Proposed expenditures will be budgeted under and the actual expenditures will be charged to categories that most accurately describe the purpose for which monies are to be spent.

The Board directs the Treasurer to keep it informed of the financial status of the district through monthly cash reconciliation and budget status reports and annual fiscal reports, including periodic projections of the end of year fund balance. The Treasurer should highlight any deviation in actual fiscal conditions from planned fiscal conditions and offer recommendations to the Board to remedy the situation. The Assistant Superintendent for Business will prepare and submit, through the Superintendent, to the Board and the Commissioner of Education, such reports as are prescribed by law. These shall be filed with appropriate governmental bodies as required under law or regulation. The district will cooperate with governmental agencies and research organizations as required by law for data concerning the fiscal operations of the district.

The district shall be audited annually by an independent certified public accountant or a public accountant. The auditor's report shall be adopted by resolution and a copy shall be filed with the Commissioner of Education.

The Superintendent is hereby directed to respond to all audit findings and recommendations. Such response is to include a statement of the corrective actions taken or proposed to be taken, or if action is not taken or proposed, an explanation of reasons, as well as a statement on the status of corrective actions taken on findings or

recommendations contained in any previous report of examination or external audit, or any management letter for which a response was required.

The Superintendent shall also ensure that the provisions contained in the General Municipal Law in regard to audit reports are followed.

Cross-ref: 1120, School District Records
6660, Independent/External Audit

Ref: Education Law §§1610; 1721; 2117; 2528; 2577; 2590-i
General Municipal Law §§33; 34
8 NYCRR §§155.1; 170.1; 170.2

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CLAIMS AUDITOR

The Board of Education will designate and appoint a claims auditor for the district. The claims auditor shall serve at the pleasure of the Board. The claims auditor shall report directly to the Board. The claims auditor may not be a member of the Board of Education; the clerk or treasurer of the Board; the Superintendent of Schools or other official of the district responsible for business management; the person designated as purchasing agent; and/or clerical or professional personnel directly involved in accounting and purchasing functions of the district.

The claims auditor is responsible for formally examining, allowing or rejecting all accounts, charges, claims or demands against the school district. The auditing process should determine:

1. that the proposed payment is for a valid and legal purpose;
2. that the obligation was incurred by an authorized district official;
3. that the items for which payment is claimed were in fact received or, in the case of services, that they were actually rendered;
4. that the obligation does not exceed the available appropriation; and
5. that the submitted voucher is in proper form, mathematically correct, does not include previously paid charges, and is in agreement with the purchase order or contract upon which it is based.

The claims auditor shall provide periodic written reports as may be requested by the Board.

Cross-ref: 6680, Internal Audit Function

Ref: Education Law §§1604 (35); 1709(20-a); 1724; 2509; 2526; 2554(b)
8 NYCRR §170.2
Matter of Levy, 22 EDR 550 (1983)

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INDEPENDENT/EXTERNAL AUDITS

As required by law, the school district shall obtain an annual audit of its records by an independent certified public accountant or an independent public accountant. The report of such annual audit shall be presented to the Board of Education by such accountant.

The district shall, within 90 days of the receipt of such report or letter, prepare a corrective action plan in response to any findings contained in the annual external audit report or management letter, or any final audit report issued by the state comptroller. This corrective action plan shall be presented to the Board for review. To the extent practicable, implementation of such corrective action plan shall begin no later than the end of the next fiscal year.

The district shall use a competitive request for proposals (RFP) process when contracting for such annual audit. In addition, pursuant to law, no audit engagement shall be for a term longer than five consecutive years; provided, however, that the district, in its discretion, may permit an independent certified public accountant or an independent public accountant engaged under an existing contract for such services to submit a proposal in response to an RFP or to be awarded a contract to provide such services under a RFP process.

Cross-ref: 6600, Fiscal Accounting and Reporting
6690, Audit Committees

Ref: Education Law §2116-a(3) and (b)

Adoption date: June 27, 2011

EXTERNAL AUDIT GUIDANCE FOR SCHOOL DISTRICT OFFICIALS

The Five Point Plan for increasing school district financial oversight and accountability includes a provision to enhance the effectiveness of external audits by:

- Requiring CPAs to present audit results directly to school boards.
- Require a formal school district response to the management letter and a corrective action plan for any reportable conditions.
- Provide guidance on internal controls and audit testing, including specific types of testing and suggested level of detail.

The following list provides some specific examples of the audit guidance that will be helpful to school districts in working with their CPAs in order to enhance the effectiveness of the audit process and help assure school district officials that their annual independent audit is providing effective accountability. The list may be helpful to school board members and district officials as they participate in the annual financial audit process.

► Prudent use of taxpayer dollars

Goods and services are procured in a manner so as to assure the prudent and economical use of public moneys in the best interest of the taxpayers.

- A comprehensive test of cash disbursements that includes sample testing of procurement for compliance with laws, rules, regulations and policies/procedures for competitive purchasing, bidding or use of state or county contracts. Controls designed to prevent purchasing from businesses owned or controlled by officers, employees or other related parties should also be reviewed and tested. Tests of transactions are expected to include verification that goods or services were properly authorized, received by the district, charged to the proper appropriation accounts and audited prior to payment. This testing should include review of requisitions, purchase orders, receiving slips, vouchers, invoices, cancelled checks, and postings to the accounting records.
- A review of the district's policies and procedures for procuring goods and services that are not subject to competitive bidding requirements, including sample testing of cash disbursements to ensure the district complied with its procurement policies and acquired goods and services of maximum quality at the lowest possible cost under the circumstances. This test will also help assure the district's procedures guard against favoritism, fraud and corruption.

- Expense reimbursements or other payments to board members, administrators and other district personnel should be tested to verify compliance with board policies, reasonableness, appropriateness of payment, and documentation of expenses.
- Expenditures for meals and refreshments at meetings, cell phones and purchases with credit cards should be reviewed for reasonableness.
- A comprehensive test of payroll disbursements that includes verification of the existence of the employee, authorization, time worked, accuracy of rates, overtime payments and distributions to appropriate expenditure categories by tracing from time records through the payroll records to the cancelled check. Testing of accounting records should also be performed such as payroll summaries and payments of taxes and other withholdings.

► **Sound internal control structure**

A sound internal control structure is in place and internal controls are appropriately designed and operating effectively.

- A sufficient understanding of the school district's system of internal controls including the district's control environment, control activities, system for risk assessment, information and communication, and monitoring. This audit procedure should also include a documented understanding of controls over the school district's computer systems that are significant to audit objectives.
- Testing of controls deemed significant to the audit's objectives. For example: observing district personnel actually performing the control procedures in the regular course of operations; examining documents and looking for evidence of approvals, sign-offs, etc.; and replicating a control procedure to test whether it was applied correctly.
- Analytical procedures should be performed to identify unusual trends, activities or transactions. Revenue and expenditure trends should be reviewed over a number of years, and significant budget variances investigated. Control and detail records for budget, revenue, payroll, procurement, capital project and capital asset activities should be scanned for questionable trends or entries, and unusual items investigated.
- A sample of budget amendments should be checked to verify they were completed before appropriations were over-expended to verify budget control over district expenditures.
- Documentation of how the evaluation of the district's control structure and the results of the analytical reviews will affect the audit approach for testing of controls and tests of transactions. This documentation should include the auditor's consideration of the risk of fraud, illegal acts, abuse, or violations of contract/grant provisions, and the impact these risks will have on audit testing.

► **Assets are safeguarded**

School district assets are safeguarded against loss, waste and abuse.

- Verification that a current asset inventory system is in place.
- Physical inspection of assets and personal property items, especially those items most susceptible to theft and abuse (e.g. computers, televisions, video equipment).
- Verification of adequacy of insurance coverage for assets and for employees with authorized access to those assets.

Adoption date: June 27, 2011

PETTY CASH/PETTY CASH ACCOUNTS

Petty cash funds shall be established at each school and the administrative office for the purchase of materials, supplies or services under conditions requiring immediate payment.

The amount of each fund will not exceed \$100.00. The Board of Education shall appoint a custodian for each petty cash fund who shall administer and be responsible for such fund. The funds will be kept in a locked location.

To ensure that these funds are properly managed, the following guidelines shall be followed:

1. Receipts and cash-on-hand must always total the authorized fund amount. All disbursements from such funds are to be supported by receipted bills or other evidence documenting the expenditure.
2. Payments may be made from petty cash for materials, supplies, or services requiring immediate payment. Sales tax on purchases will not be paid by the school district from petty cash funds with the exception of an emergency situation.

The district shall reimburse uses of petty cash funds up to the extent of expenditures, with appropriate documentary support and as approved by the claims auditor. Petty cash funds provided for buildings or activities that do not operate during July/August must be closed out on June 30 and reestablished by Board of Education action at the reorganizational meeting of the Board in July.

Cross-ref: 6700, Purchasing

Ref: Education Law §§1604(26); 1709(29)
8 NYCRR §170.4

Adoption date: June 27, 2011

PETTY CASH ACCOUNTS REGULATION

The custodian appointed for each petty cash fund will be responsible for the following method of record keeping:

1. deposits to petty cash accounts will be made in amounts which shall not exceed payments made in cash from the fund;
2. payments made from the funds will be indicated by receipts, receipted bills or other evidence of payments in form available for audit;
3. disbursements will be acknowledged by the signature of the individual receiving payment;
4. each disbursement will be properly budget coded prior to the disbursement of funds; and
5. a request to replenish the petty cash fund will be accompanied by a summary sheet, signed by the custodian responsible for the fund, with all expenditures properly accounted.
6. The funds will be kept in a locked location.

The Bursar will disburse petty cash only for payment for materials, supplies and services, only when payment is required upon delivery.

Petty cash funds will be closed out on June 30 and reestablished by Board of Education action at the organization meeting of the Board in July.

Adoption date: June 27, 2011

INTERNAL AUDIT FUNCTION

The Board of Education recognizes its responsibility to ensure sound fiscal management of the district. To this end, the Board establishes an internal audit function to carry out the following tasks:

- Develop an annual risk assessment of district fiscal operations which shall include but not be limited to:
 - a. a review of financial policies and procedures,
 - b. the testing and evaluation of district internal controls;
- An annual review and update of such risk assessment; and
- Prepare reports, at least annually or more frequently as the Board may direct, which:
 - a. analyze significant risk assessment findings,
 - b. recommend changes for strengthening controls and reducing identified risks, and
 - c. specify timeframes for implementation of such recommendations.

To fulfill this function, the district may use inter-municipal cooperative agreements, BOCES shared services, or independent contractors as long as such personnel or entities performing the internal audit function comply with the Regulations of the Commissioner and meet professional auditing standards for independence between the auditor and the district. The district may also use existing personnel to fulfill this function but only if such persons shall not have any responsibilities for other business operations of the district while performing such function.

Personnel or entities performing this function shall report directly to the Board. The district's audit committee shall assist in the oversight of this internal audit function.

Cross-ref: 6690, Audit Committee

Ref: Education Law §2116-b

Adoption date: June 27, 2011

MEDICAID COMPLIANCE

The Board of Education recognizes its obligation to put a plan and program in place to prevent or otherwise detect fraud, waste and abuse in the Medicaid program. In general, the Board expects that its officers and employees will operate with integrity and in conformance with its adopted code of ethics (policy 2160). The Board directs the Superintendent and the internal auditor to ensure that the following program elements are in place and are implemented effectively:

1. Written procedures: Accompanying this policy, and the cross-referenced policies listed below, are more detailed procedures and descriptions of how each element of the compliance program will be implemented. Written procedures will address how the district will accomplish the following:
 - a. Keep informed regarding Medicaid coverage: The administrator for special education will keep abreast of services that are covered by Medicaid so that the district files compliant claims. The Board expects that district staff and/or contractors and agents will avoid filing false claims which would subject the district to civil and criminal liability.
 - b. Prohibit use of “excluded” providers: Ensure that the district doesn’t hire or contract with service providers who have been excluded from Medicare or the Medicaid program. The administrator for special education will check the credential of the provider before the district engages their services. District employees will be required to sign an agreement that said employee will inform the Compliance Officer and district human resource administrator upon receipt of any notification or knowledge that the individual’s license has been suspended, revoked or lapsed, or if they have been excluded from participation in the Medicaid program. Upon notice by the employee, the district will take remedial steps as soon as possible. Contracts with outside providers will include provisions to address this requirement.
 - c. Monthly review of providers: The administrator for special education will check the list of excluded providers monthly to determine if any district employees who deliver Medicaid-covered services, or if any contractors, have been added to the list or have been reinstated. If any have been excluded, it will be reported immediately to the Superintendent who will initiate remedial action.

2. Appoint a Compliance Officer, who is an employee, vested with responsibility for the day-to-day operation of the program: The Board will appoint a Medicaid Compliance Officer at its annual organization meeting. The role of the Compliance Officer shall be to oversee the compliance program, receive and promptly investigate reports of noncompliance and report findings as appropriate to the Medicaid Inspector General, as well as to the Board of Education and Superintendent. The Compliance Officer will report to the Board fraud, significant findings or patterns of noncompliance.
3. Training and education of officers and employees: All employees involved in Medicaid covered services, as well as those responsible for oversight, will receive annual training in accordance with state and federal requirements. Board members will also receive appropriate training so that they can fulfill their responsibilities. The district will keep appropriate records documenting the training program.
4. Lines of communication: The district will work towards ensuring that its culture encourages communication among all parties involved in the Medicaid compliance program. The New York State Education Department and Health Department outlined the requirements of a disclosure mechanism that enables employees to report anonymously any practice or billing procedure that the employee deems inappropriate to the district's Compliance Officer and/or the State's Compliance Officer. The district will inform employees of this mechanism in conformance with that policy.
5. Disciplinary consequences for school employees: Failure of district employees to comply with this policy, and the reporting requirements pursuant to policy 9645, may result in a range of disciplinary actions, up to and including termination, in conformance with applicable laws and collective bargaining agreements
6. A system to routinely identify compliance risk areas: Medicaid claims will be included as part of the district's risk assessment. The claims will be reviewed as part of the district's risk assessment at a minimum every two (2) years. or as directed by the Audit Committee or Board of Education. In addition, the Medicaid claims function will be tested and reviewed as part of the district's internal audit plan routinely, or as directed by the Audit Committee or Board of Education. When the internal audit reveals weaknesses, a corrective action plan will be initiated by the Superintendent.
7. A system for responding to compliance issues: The district's program will include mechanisms to ensure that compliance issues are responded to appropriately as they are raised. The compliance officer, as noted in number 2 above, is responsible for ensuring that the system for receiving reports and responding appropriately is implemented.

8. Non-Retaliation: The Compliance Officer and Board is charged with responsibility for enforcing district policy 9645, Disclosure of Wrongful Conduct, which protects individuals who, in good faith, report or investigate suspected cases of fraud, waste or abuse in the district's Medicaid program from retaliation or intimidation.

The Medicaid Compliance Program is part of a comprehensive effort to manage all of the district's resources and is in conformance with the Five Point Plan which was enacted by Chapter 263 of the Laws of 2005 and includes the following elements:

1. Claims Auditor – (policy 6650) – establishes that the Board will either act as claims auditor for the district, or appoint one. The claims auditor is responsible for examining, allowing or rejecting all charges, claims or demands against the district.
2. Independent External Audit – (policy 6660) – establishes that the district will obtain an annual audit of its records by an independent public accountant.
3. Internal Audit Function – (policy 6680) – establishes an internal audit function to develop an annual risk assessment and provide reports to the Board at least annually, or upon request.
4. Audit Committee – (policy 6690) – establishes the composition and charge of the audit committee. The committee shall recommend internal and external audit plans to the Board, as well as receive and review audit reports.
5. Board Member Training – (policy 2510) – Board members will be trained on their fiscal oversight, accountability and fiduciary responsibilities.

The ongoing review and implementation of these policies address Medicaid compliance, as well.

The Superintendent is responsible for developing regulations which will further detail the procedures associated with this policy. The Board will periodically review and update this policy and the associated plan.

Dissemination of Policy

The Board directs the Superintendent to ensure that this policy, as well as the cross-referenced policies, are disseminated to employees as well as those entities providing Medicaid covered services, with particular attention to those employees involved in administering the programs and services associated with Medicaid and their billing.

Cross-ref: 2160, School Board Officer and Employee Code of Ethics
2210, Board Organizational Meeting

2520, Board Member Training
6650, Claims Auditor
6660, Independent External Audit
6680, Internal Audit Function
6690, Audit Committee
9645, Disclosure of Wrongful Conduct
9700, Professional Development

Ref: False Claims Act, 31 U.S.C. §3729, et seq.
State Finance Law §§187 et seq. (New York False Claims Act)

Social Services Law §§145-b (False Statements); 145-c (Sanctions); 363-d
(Provider Compliance Program)
Labor Law §740 (Prohibits Retaliation)
18 NYCRR §§521.1 et seq. (Provider Compliance Program regulations)

Adoption date: June 27, 2011

AUDIT COMMITTEE

The Board of Education will designate and appoint an Audit Committee for purposes of overseeing and carrying out the Board's audit policies and the performance of related duties and responsibilities. The district's Audit Committee shall be comprised of at least three members with staggered terms. At least three members shall be appointed to serve on the committee on an annual basis. Employees of the school district are prohibited from serving on the committee.

The Audit Committee shall:

1. Recommend internal and external audit plans to the Board, specifying the areas of District operations to be reviewed for compliance with legal and regulatory requirements, operating efficiency and effectiveness;
2. Receive and review the resulting audit reports; and propose recommendations to the Board for action as may be necessary and appropriate;
3. Receive and review the report of the external auditor on any findings commented on during the annual audit report, and the management response thereto, and propose recommendations to the Board for action as may be necessary and appropriate;
4. Oversee the selection of the internal auditor and the external auditor, pursuant to the relevant Board policies, and make recommendations to the Board for appointment to said positions; and
5. Perform any other responsibilities outlined by the Board and/or as listed in the District's Audit Committee Charter (see attached exhibit, 6690-E).

The audit committee may conduct an executive session in accordance with law and Commissioner's regulation. Any member of the board of education who is not a member of the audit committee may be allowed to attend an executive session if authorized by a resolution of the board of education.

It is not the intent of the Board of Education that the Audit Committee participate in or be responsible for the day to day operations of the school district or in the decisions that are the responsibility of the Superintendent of Schools or Assistant Superintendent for Business, or the other district administrators.

Ref: Education Law §2116-c
8 NYCRR §170.12(d)

Adoption date: June 27, 2011

AUDIT COMMITTEE CHARTER

Audit Committee Authority

Pursuant to resolution number “k” under the Education Committee dated March 27, 2006, the Board of Education of the Valley Stream Union Free School District 30 has established an audit committee to assist the Board of Education in the oversight of both the internal and external audit functions. The requirement to create an audit committee was established by Education Law §2116-c. According to §2116-c(4), the role of an audit committee shall be advisory and any recommendations it provides to the Board shall not be substituted for any required review and acceptance by the Board of Education. The District’s resolution also states that on a motion by Trustee Fletcher, seconded by Trustee Gauger and unanimously carried, the Board of Education approved Exhibit 6690-E, Audit Committee Charter.

Mission

The Board of Education has established an audit committee to provide independent assistance to the Board in the oversight of the following matters:

- Assist the Board in providing oversight of the internal and external audit functions, including the appointment of the internal and external auditors.
- Oversee the competitive Request for Proposal Process (RFP) used to solicit quotations for the District’s annual external audit.
- Review the scope, plan and coordination of the external audit.
- Review corrective action plans and necessary improvements based on audit findings and recommendations received from external and internal auditors.
- Provide a communications link between the independent/external auditor, the claim and internal auditors and the Board.

Composition and Requisite Skills

The District’s Audit Committee is comprised of the whole of the Board of Education of the Valley Stream Union Free School District 30.

The Committee members collectively should possess the expertise and experience in accounting, auditing, financial reporting and school district finances needed to understand and evaluate the school district’s financial statements, the external audit of those statements and the district’s internal audit activities. Accordingly, the Audit Committee’s members should:

- Possess the requisite skills and experience necessary to understand technical and complex financial reporting issues.

- Have the ability to communicate with, and offer advice and assistance to, public finance officers and auditors.
- Be knowledgeable about internal controls, financial statement audits and management/operational audits.

Duties and Responsibilities

The duties and responsibilities of the District's Audit Committee include the following:

- External Audit Focus
 - o Provide recommendations regarding the selection of the external auditor to the Board of Education.
 - o Meet with the external auditor prior to commencement of the audit to review the engagement letter.
 - o Review and discuss with the external auditor any risk assessment of the district's fiscal operations developed as part of the auditor's responsibilities under governmental auditing standards for a financial statement audit and federal single audit standards, if applicable.
 - o Review the external auditor's assessment of the district's system of internal controls.
 - o Receive and review the draft annual audit report and accompanying draft management letter and, working directly with the external auditor, assist the Board of Education in interpreting such documents.
 - o Make a recommendation to the Board of Education on accepting the annual audit report.
 - o Review **every** corrective action plan developed by the school district and assist the Board of Education in the implementation of such plans.
- Internal Audit Focus
 - o Make recommendations to the Board of Education regarding the appointment of the internal auditor.
 - o Assist in the oversight of the internal audit function.
 - o Review the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested.
 - o Review the results of internal audit activities and significant recommendations and findings of the internal auditor.
 - o Monitor implementation of the internal auditor's recommendations by management.

- o Provide input on the performance evaluation of the internal auditor.
- Administrative Matters
 - o Hold regularly scheduled meetings.
 - o Administer other related duties as prescribed by the Board of Education.
 - o Review and revise the Audit Committee Charter.

Membership

The membership duties of the Valley Stream Union Free School District 30 Audit Committee include the following:

- Good Faith – Members of the Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Committee and the District with such care as a generally prudent person in a similar position would use under similar circumstances.
- Confidentiality – During the exercise of duties and responsibilities, the Committee members may have access to confidential information. The Committee shall have an obligation to the district to maintain the confidentiality of such information.

Meetings and Notification

The Valley Stream Union Free School District 30 Audit Committee shall meet a minimum of five (5) times each year. An agenda of each meeting should be clearly determined in advance and the Audit Committee should receive supporting documents in advance, for reasonable review and consideration. The audit committee may conduct an executive session in accordance with law and Commissioner's regulation. Any member of the board of education who is not a member of the audit committee may be allowed to attend an executive session if authorized by a resolution of the board of education.

The Audit Committee shall prepare minutes of each meeting. At a minimum, the minutes will include the following:

- Copies of the meeting agenda
- Date, attendance and location of the meeting
- Brief summary of the topics discussed
- Except as otherwise provided by law in connection with executive session, copies of materials discussed or presented at the meeting
- A record of all actions or recommendations agreed to by the committee

Decision-Making Process

All decisions shall be reached by consensus of those members present at the meeting. Consensus is defined as an acceptable solution that all can agree to support. If consensus cannot be reached, a polling of the voting membership will take place and simple majority will rule. A quorum constitutes a simple majority of the total membership and meetings will not be conducted unless a quorum is present.

Reporting Requirements

The Valley Stream Union Free School District 30 Audit Committee has the duty and responsibility to report its activities to the Board of Education. Periodic written reports of Audit Committee activities are an important communication link between the Audit Committee and the Board on key decisions and responsibilities. The Audit Committee's reporting requirements are to:

- Report on the scope and breadth of committee activities so that the Board of Education is kept informed of its work.
- Provide minutes of meetings which clearly record the actions and recommendations of the Committee.
- Report on their review of the District's draft annual audit report and accompanying management letter and their review of significant findings and recommendations of the internal auditor.
- Report on suspected fraud or abuse or material defects in the internal control systems.
- Report on indication of material or significant non-compliances with laws or District policies and regulations.
- Report on any other matters that should be disclosed to the Board of Education.

Review of the Charter

The Valley Stream Union Free School District 30 Audit Committee shall assess and report to the Board of Education on the adequacy of this Charter no less than an annual basis or as necessary. Charter modifications, as recommended by the Audit Committee, should be presented to the Board of Education in writing for their review and action.

Adoption date: June 27, 2011

SWEATSHOP-FREE PURCHASING

The Board of Education declares it to be the policy of the district to refrain from purchasing apparel produced or assembled in a sweatshop. To this end, the Board requires that information on labor standards including, but not limited to, employee compensation, working conditions, employee rights to form unions, and the use of child labor be considered in purchasing apparel.

Therefore, the Board authorizes the School Business Official to make a determination that a bidder on a contract for the purchase of apparel is not a responsible bidder based upon either:

1. the labor standards applicable to the manufacture of the apparel including, but not limited to, employee compensation, working conditions, employee rights to form unions, and the use of child labor; and/or
2. the bidder's failure to provide information sufficient for the Board to determine the labor standards applicable to the manufacture of the apparel.

In addition, the Board requires the School Business Official to apply these same criteria, i.e., the evaluation of labor standards and/or the failure to provide information, to apparel purchases which are not required to be competitively bid.

The district will maintain justification and documentation of any determination that an apparel bidder or vendor is not a responsible bidder.

Cross-ref: 6700, Purchasing

Ref: General Municipal Law §§103(12); 104-b(6)

Adoption date: June 27, 2011

PURCHASING AUTHORITY

The Board of Education designates the Assistant Superintendent for Business as Purchasing Agent for the school district. The Board shall formally designate the individual named as purchasing agent at the annual organizational meeting, which will be recorded in the minutes of that meeting. If the individual so named becomes unable to fulfill the duties during the course of the year, the Board will designate another purchasing agent at the next Board meeting. Under the general supervision of the Superintendent of Schools, the Purchasing Agent will be responsible for administering all purchasing activities and ensuring the quality and quantity of purchases made by the district.

All purchases shall be made through the Business Office by the Purchasing Agent or his/her designee, subject to the approval of the Superintendent..

The Purchasing Agent is authorized to issue purchase orders without prior approval of the Board when formal bidding procedures are not required by law and budget appropriations are adequate to cover such obligations.

The Purchasing Agent shall be responsible for preparing all bid specifications and a statement of general bidding conditions to be included in every notice or invitation to bid. If there are questions concerning specifications, the Purchasing Agent will consult with the requisitioner to clarify the matter so as to ensure that the appropriate goods or services are obtained.

Cross-ref: 2210, Board Organizational Meeting
6700, Purchasing

Ref: Education Law §1709(20-a)
General Municipal Law §104-b(2)(f)

Adoption date: June 27, 2011

PURCHASING PROCEDURES

Only through the use of efficient purchasing procedures can the school district ensure that needed goods and services are acquired in the most economical manner. The Board of Education directs the Superintendent of Schools and the Purchasing Agent to develop administrative regulations on how purchasing is to be done in the district.

All purchasing is to be done by the Purchasing Agent on an official pre-pressed, pre-numbered purchase order. Checks are always to be voided manually and retained for audit.

The Purchasing Agent is authorized to issue purchase orders without prior approval of the Board when formal bidding procedures are not required by law and budget appropriations are adequate to cover such obligations.

Cross-ref: 6700, Purchasing
 6720, Bidding Requirements

Ref: Office of the State Comptroller-Financial Management Guide

Adoption date: June 27, 2011

PURCHASING PROCEDURES REGULATION

The purchasing of material, equipment, or supplies shall be governed by the following list of functions.

<u>Function</u>	<u>Performed by</u>
A. Requisition	Initiated by user Sent to proper official for approval Copy retained by school
B. Specifications	Prepared in detail by Purchasing Department after consultation with requisitioner and made available to prospective contractors or vendors.
C. Bids or Quotations	Checked and tabulated by Purchasing Department and after review with the requisitioner recommendations made to Board of Education on formal bids.
D. Contract or Purchase	Contracts signed by designated board officials; orders signed by Purchasing Agent Order.
E. Follow-Up	By Purchasing Department
F. Receipt of Goods	Person other than requisitioner signs receiving copy of Purchase Order and forwards same to Purchasing Department indicating the quantity and quality of materials or services which have been received and are satisfactory.
G. Invoice	Checked for price and quantity by Purchasing Department.
H. Invoice Approved	By officer giving rise to the claim and auditor after receipt of goods is acknowledged by requisitioner

Adoption date: June 27, 2011

CONTRACTING FOR PROFESSIONAL SERVICES

The Board of Education will make certain that professional services are secured in a manner that protects the integrity of the process, ensures the prudent use of taxpayer dollars and provides a high quality standard of service, in accordance with law and regulation. Professional services are defined as services requiring special skill and/or training, such as legal services, medical services, auditing services, property appraisals or insurance.

Purchasing professional services does not require competitive bidding. The Board directs the Superintendent of Schools or his/her designee to take measures to ensure that a highly qualified professional is secured through the prudent and economical use of public money, which may include:

1. reviewing trade journals;
2. checking professional listings; and/or
3. inquiring of other districts or other appropriate sources.

The designated district staff will prepare a comprehensive written request for proposals (RFP), which will contain critical details of the services sought. The RFP will specify that the proposal include the structure of the relationship between the district and the provider, including, if applicable, the terms of the retainer, the hourly fees and other associated costs.

In reviewing the RFPs, the district will consider, at a minimum, the following factors:

1. the suitability of the individual/firm for the district's needs;
2. the special knowledge or expertise of the individual/firm;
3. the credentials and applicable certifications of the individual/firm;
4. the quality of the service provided by the individual/firm;
5. cost;
6. the staffing available from the firm or the time available from the individual;

The district will periodically, but not less frequently than every three years (3), issue professional service RFPs and may conduct interviews as part of the RFP process. The written proposals submitted by applicants shall be maintained for at least six years.

The Superintendent, after a thorough review of the proposals, in consultation with his/her appropriate administrator will recommend the professional service provider best suited to the district to the Board of Education for its approval.

Regardless of when during the year the professional service provider was engaged by the Board, at the annual organizational meeting the Board will appoint the attorney, physician, external auditor, or other professional, as applicable. Professional service providers selected and appointed in this manner will not be considered employees of the district.

The Superintendent is charged with developing administrative procedures to implement this policy.

Cross-ref: 2210, Board Annual Organizational Meeting
9500, Compensation and Benefits

Ref: General Municipal Law § 104-b
2 NYCRR §§ 315.2, 315.3
Trane Co. v Broome County, 76 A.D.2d 1015
Appeal of Lombardo, 38 Educ. Dept. Rep. 730
Opn. St. Comp. 92-33

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