

***Table of Contents***

***Section 6000 — Finances***

6000 Finances

6141 Equalization of Taxes .....

6142 Wire Transfers – Online Banking .....

6144 Investment.....

6145 Borrowing of Funds .....

6150 Tuition Pupils.....

6210 Budget Planning.....

6220 Budget Preparation.....

6320 Bidding.....

6420 Inventories/Capitalization .....

6421 Purchasing.....

6422 Purchasing in Excess of Apportionment.....

6460 Conflict of Interest .....

6470 Payment of Claims .....

6490 New York State Sales Tax .....

6510 Payroll Authorization.....

6511 Authorized Signatures.....

6520 Payroll Deductions.....

6610 Student Activity Fund .....

6620 Petty Cash .....

6650 Claims Auditor.....

6651 Internal Audit Function.....

6652 Independent (External) Audits .....

6653 Audit Committee.....

6654 Fiscal Accounting and Reporting.....

6800 Financial Management.....

6810 Fund Balance and Reserve Funds .....

6900 School Board Member Attendance at Conferences .....

6910 District-Owned Credit Cards .....

6920 Food Purchases for District Meetings and Functions .....

6930 Authorized Use of School-Owned Materials and Equipment

6940 Cellular Telephones .....

6950 Fraud, Waste and Abuse .....

6960 Medicaid Compliance/Regulation .....

***Equalization of Taxes***

The apportioning of taxes among the three towns and the city which comprise the Newburgh School District shall be done under the provisions of Section 1314 of the Real Property Tax Laws of the State of New York. This is necessary in a joint district made up of several municipalities in which the level of assessment varies in each unit of government to such a degree that the tax burden would not be fairly distributed if the assessed valuation was used in computing the tax rate. An equalization rate is, therefore, applied to distribute the tax burden equally regardless of the town or city level of assessment.

The Board of Education must, by law, accept the assessed tax roll as submitted by the assessors of the various municipalities. The New York State Board of Equalization and Assessment annually samples each roll and establishes an equalization rate which compensates for the differing levels of assessment that the local assessor utilizes. The rates established by the State Board of Equalization and Assessment must be used by the School District in apportioning taxes.

The following procedure is used in assessing individual taxes:

1. The assessed valuation is converted into what is commonly known as full or true valuation. This is done by dividing the assessed valuation of the various towns and the city by the ratio of assessment (Equalization Rate) which is published each year by the State Board of Equalization and Assessment.
2. The true valuation of each municipal unit is then divided by total true valuation of the School District to determine the share (ratio) that each unit must assume.
3. The actual number of tax dollars to be raised in each town and in the city is next determined by multiplying the proportion of the total tax to be levied in each town and the city by the total tax to be levied on the taxable property of the entire School District.
4. Next, to determine a tax rate on assessed valuation for each unit, the amount of tax to be levied in each town is computed by dividing the amount of tax to be levied in each town by the total valuation of each unit of government.
5. The final step is to multiply the individual property owner's assessment by the rate established.

***Wire Transfers – Online Banking***

It is the policy of the Newburgh Enlarged City School District to take advantage of online banking services offered by approved depositories. These services may include, but are not limited to, the ability to check account balances and check clearing activity, make transfers between bank accounts, reconcile accounts, closely monitor cash balances and initiate wire transfers.

At least two people, designated by the Assistant Superintendent for Finance, are required to initiate and approve all wire transfers. Journal entries to record such wire transfers will be prepared by the District Treasurer and approved by the Assistant Superintendent for Finance, and subsequently supported by the bank statement or confirmation notice to provide an audit trail.

***Investment***

**I. Scope**

This investment policy applies to all moneys and other financial resources available for investment by the Newburgh Enlarged City School District.

**II. Objectives**

The primary objectives of the Newburgh Enlarged City School District's investment activities are, in priority order:

- To conform with all applicable federal, state and other legal requirements[legal];
- To adequately safeguard principal [safety];
- To provide sufficient liquidity to meet all operating requirements [liquidity]; and
- To obtain a reasonable rate of return [yield].

**III. Delegation of Authority**

The School District's responsibility for administration of the investment program consistent with this policy is delegated to the Associate Superintendent for Business and District Treasurer who shall establish written procedures for the operation of the investment program consistent with this policy. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a database or records incorporating description and amounts of investments, transaction dates and other relevant information, and regulate the activities of subordinate employees.

**IV. Prudence**

All participants in the investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the School District to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal, as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity which could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

**V. Diversification**

It is the policy of the Newburgh Enlarged City School District to diversify its deposits and investments by financial institution, by investment instrument and by maturity scheduling.

**VI. Internal Controls**

It is the policy of the Newburgh Enlarged City School District for all moneys collected by any officer or employee of the School District to remit all moneys collected to the District Treasurer within a maximum period of two days of deposit or within the time period specified by law, whichever is shorter.

The District Treasurer shall be responsible for (1) establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition; and (2) that transactions are executed in accordance with the School District's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

**VII. Designation of Depositaries**

The banks and trust companies authorized for deposit of School District moneys are those stated in the minutes of the Board of Education's annual organizational meeting, held in July of each year and/or those added by resolution during the year.

**VIII. Collateralizing of Deposits**

In accordance with the provisions of Sections 10 and 11 of the General Municipal Law, all deposits of the School District, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, shall be secured:

1. By a pledge of "eligible securities" with an aggregate "market value" as provided by Section 10 of the General Municipal Law, equal to or greater than 102% of the aggregate amount of deposits from the categories designated in Appendix "A" to this policy.
2. By an eligible "irrevocable letter of credit" issued by a qualified bank, other than the bank with the deposits in favor of the School District, for a term not to exceed 90 days, with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
3. By an eligible surety bond payable to the School District for an amount at least equal to 102% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

**IX. Safekeeping and Collateralization**

Eligible securities used for collateralizing deposits shall be held by the depositary in a separate trust account and/or a third party bank or trust company, subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure School District deposits, together with agreed upon interest, if any, and any cost or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the School District to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the School District,

such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Newburgh Enlarged City School District or its custodial bank.

The custodial agreement shall provide the securities held by the bank or trust company, or agent of and custodian for the School District, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities with the School District. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the School District with a perfected interest in the securities.

**X. Permitted Investments**

As authorized by Section 11 of the General Municipal Law, the Newburgh Enlarged City School District authorizes the District Treasurer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs, in the following types of investments:

- Special time deposit accounts;
- Certificates of deposit;
- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York; Obligations issued pursuant to Sections 24.00 or 25.00 of the Local Finance Law (with approval of the State Comptroller) by any municipality, school district or district corporation other than this School District.
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies, where the State statutes governing such entities or whose specific enabling legislation authorizes such investment;
- Certificates of Participation (COP's) issued pursuant to Section 109-b of the General Municipal Law;
- Obligations of this School District, but only with any moneys in a reserve fund established pursuant to §§6-d, 6-j, 6-l, 6-m or 6-n of the General Municipal Law.

All investment obligations shall be payable or redeemable at the option of the School District within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable, at the option of the School District, within two years of the date of purchase.

**XI. Authorized Financial Institutions and Dealers**

The Newburgh Enlarged City School District shall maintain a list of financial institutions and dealers approved for investment purposes.

All financial institutions with which the School District conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at

the request of the School District. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The District Treasurer shall be responsible for evaluating the financial position and maintaining a list of proposed depositories, trading partners and custodians. Such list shall be evaluated at least annually.

**XII. Purchase of Investments**

The District Treasurer is authorized to contract for the purchase of investments, as follows:

1. Directly, including through a repurchase agreement from an authorized trading partner; provided, however, that repurchase agreements shall be with and/or through a commercial bank or trust company authorized to do business in New York State.
2. By participation in a cooperative investment program with another authorized governmental entity, pursuant to Article 5-G of the General Municipal Law, where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46 and the specific program has been authorized by the Board of Education.
3. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the Board of Education.

All purchased obligations, unless registered or inscribed in the name of the School District, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment, unless a written agreement or resolution otherwise provides. All such transactions shall be confirmed, in writing, to the School District by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement, as described in Section 10 of the General Municipal Law.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of the custodian for the School District, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the School District with a perfected interest in the securities or, in the case of a repurchase agreement, ownership of the underlying securities.

**XIII. Repurchase Agreements**

Repurchase agreements are authorized subject to the following restrictions:

- All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers through commercial banks or trust companies authorized to do business in New York State.

- Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- No substitution of securities will be allowed.
- The custodian shall be a party other than the trading partner.

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

***APPENDIX A***

***SCHEDULE OF ELIGIBLE SECURITIES***

1. Obligations issued, or fully insured or guaranteed as to the payment of principal and interest by the United States of America, an agency thereof or a United States government sponsored corporation.
2. Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the Market Value of the obligation that represents the amount of the insurance or guaranty.
3. Obligations issued or fully insured or guaranteed by the State of New York; obligations issued by a municipal corporation, school district or district corporation of such State; or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.
4. Obligations of counties, cities and other governmental entities of a state, other than the State of New York, having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
5. Commercial paper and bankers' acceptances issued by a bank, other than the Bank, rated in the highest short-term category by at least one nationally recognized statistical rating organization and having maturities of no longer than 60 days from the date they are pledged.
6. Zero coupon obligations of the United States government marketed as "Treasury strips."

***Borrowing of Funds***

The Board of Education recognizes the necessity for the District to borrow cash in anticipation of revenues, and may authorize the President of the Board, Clerk, and Treasurer of the Board to issue notes in anticipation of revenues to the responsible organization offering the most favorable terms.

*Tuition Pupils*

Regulations established by the State Education Department require the School District to pay to another district tuition for those children whose parents reside in Newburgh and whose children, for official reasons, have been placed in a school(s) in another district. By the same token, children attending school in the Newburgh District whose parents reside in another district must pay tuition to the Newburgh District through the home district. It is, therefore, important that every school keep careful records and documentation concerning the legal residence of the children attending Newburgh schools.

It is the policy of this District to assess tuition charges for each pupil attending school in this District on a tuition basis in a manner that is fair and equitable to both sender and receiver. Tuition may only be assessed for those pupils whose attendance has been approved by the Board.

Tuition rates shall be set on a tentative basis based upon the estimated cost per pupil for the ensuing school year as determined from the budget for the current year, and adjusted subsequently to the actual cost per pupil for the completed school year. The tuition rates shall be made known to the sender prior to the start of the school year.

Tuition billings will be made twice annually immediately following the billing period. When a pupil attends less than a full month, tuition charges for that month shall be prorated. Individual tuition charges must be paid prior to the end of each semester in order that the pupil be continued for the next semester.

*Budget Planning*

Budget planning shall be an integral part of program planning so that the budget may effectively express and implement all programs and activities of the school system. The budget shall be designed to reflect the Board's objectives for the education of the children of the District.

The Board directs that the Superintendent include in all ongoing District plans, sufficient information to estimate their financial implications. The Board encourages the Superintendent to utilize committee advice from staff, students, and community in educational planning and budget studies in the manner permitted by Board policies.

Financial plans should be made for the three years in advance and shall serve as the source for preparation of the annual budget document. In addition, wherever changes or administrative emphasis may appear necessary in the near future, the educational plan statement can be used to inform the Board of such matters and to give some indication of future financial implications.

*Budget Preparation*

The Board considers the preparation of the budget to be one of its most important functions. The budget is designed to mesh the educational and financial programs of the District and should contain three major parts: the educational plan, the program of expenditure, and the income program.

The budget shall be formulated in a continuous manner by the Assistant Superintendent under the direction of the Superintendent using a cooperative budgeting system in which the principals develop throughout the year a list of items to be included in the next budget relative to the implementation of the instructional program and the day-to-day operations in their schools; while the central administrative staff estimates the costs of District-wide operations, such as: staff recruiting, building maintenance, transportation, capital improvements, etc.

The Superintendent shall recommend to the Board at least three months prior to the annual public hearing the tentative budget in the form requested by the Board. The Board remains responsible for the final budget proposal prior to its adoption. In general, the budget shall be presented in a manner which permits an understanding of the major educational program objectives the budget is designed to achieve, the changes in educational services anticipated to implement the budget, and the limitations (if any) to goals achievement dictated by economic constraints or other considerations.

The Assistant Superintendent shall assist the Board in the annual preparation of a formal budget calendar for completion by December 1. During the period of budget preparation, the Board shall report to the public on its deliberations through newsletters, releases to the news media, and public appearances of Board members in the community.

In arriving at the final form of the proposed budget, the Board shall apply any anticipated surplus from the current fiscal year to reduce the taxes to be raised for the following fiscal year, except such funds as estimated to be necessary to meet expenses during the first 120 days of the new fiscal year.

***Bidding***

All purchase contracts in excess of \$20,000 and all public works contracts in excess of \$35,000 shall be advertised, bid on and awarded to the lowest responsible bidder complying with the specifications, general conditions and other stipulated bidding conditions, in accordance with Section 103 of the General Municipal Law.

Bid specifications shall be prepared under the supervision of the Purchasing Agent. He/she may prepare bids in the alternative and is authorized to advertise for bids in accordance with statutory procedures without prior Board approval. Each such specification shall, however, indicate the Board's right to reject all bids and to readvertise, and to accept reasonable equivalents (unless the Board has properly adopted a resolution to standardize upon a certain product consistent with educational goals).

The Purchasing Agent or Clerk of the Board is authorized to open bids publicly before one or more witnesses at a time and place designated by him or her and to record bids. The Board has the sole authority to award or reject bids by resolution. The Board may also choose to readvertise or to purchase under a State or County contract.

With respect to contracts for the purchase of apparel and sports equipment the Board may determine that a bidder is not a responsible bidder based upon one or both of the following considerations:

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

An exception to this policy shall exist in cases of emergencies such as those recognized pursuant to Section 103(4) of the General Municipal Law. Under emergency conditions, the Board President, Superintendent of Schools, Assistant Superintendent for Business and an appropriate Board Member may authorize expenditures beyond the bidding limits set forth in Section 103 of the General Municipal Law. For purposes of this policy, an emergency is defined as an accident or unforeseen occurrence or condition which may affect the life, health or safety of children or staff of the District, or the property of the School District. In all other emergency cases, personnel shall be required to exercise their best judgment to secure the materials and/or services which are necessary. The Board shall take action in an open meeting to declare such emergency and transfer any funds necessary to cover the emergency purchase or service at its next meeting.

Pursuant to the requirements of Section 104-b of the General Municipal Law, when retaining professional and/or consultant services, the following criteria shall be considered in the decision-making: 1) special knowledge or expertise; 2) quality of services; 3) cost of services.

Any business dealings shall be consistent with the District's Code of Ethics.

***Inventories/Capitalization***

In order to provide for the proper control and conservation of District property, the Board of Education directs that the District maintain Inventory Records and account for Capital Expenditures in accordance with the following guidelines:

**Definitions**

**An Inventory** is defined as an itemized list for tracking and controlling property.

**Capitalization** is defined as an accounting treatment whereby an item is recorded as a long-term asset on the balance sheet rather than as a consumable expense of the current period.

**Property Control Manager** is defined as the individual appointed or assigned by the Board to have overall responsibility for tracking capital assets and for the accuracy of the asset records.

**Inventory Records**

- All equipment items costing in excess of \$1,000 shall be inventoried
- All non-equipment capital assets costing in excess of \$5,000 shall be inventoried

The following information must be maintained by the Property Control Manager on the equipment/fixed asset inventory:

- Name and description of the property by make and model
- Name of titleholder
- Serial Number or other identification number
- District assigned identification number
- Date of acquisition
- Vendor and claim number for the purchase
- Cost of the asset (amount paid or estimate, if unknown)
- Source of funds to acquire asset
- Purpose (note and justify any changes in use)
- Location of use indicating the department having custody
- Date and method of disposal and sale price
- For items acquired with federal funds:
  - funding source
  - use and percentage of property
  - percentage of federal participation in the cost

To the extent practicable, an inventory software program shall be utilized to facilitate the District's inventory tracking system.

**Receipt of Inventory**

- All equipment items costing more than \$1,000 shall be received at a central inventory receiving location

**Inventory Tags**

- All inventory received at the central inventory location shall be tagged with the District assigned identification number and the name of the School District.

**Capitalization of Assets**

- Equipment items that cost more than \$5,000 will be capitalized and depreciated for GASB 34 reporting purposes.
- Equipment items costing less than \$5,000 shall be expensed for GASB 34 reporting purposes.
- All non-equipment capital assets costing in excess of \$5,000 shall be capitalized and depreciated for GASB 34 reporting purposes.
- All non-equipment capital assets costing less than \$5,000 shall be expensed for GASB 34 reporting purposes.
- Donated items will be capitalized at fair market value on the date of the donation.
- Some assets individually may fall below the capitalization threshold but may be purchased in large quantities by the District (e.g., computers). The District may choose to capitalize these assets as a group.

For financial reporting purposes, fixed assets with a service life of more than two years following the date of acquisition will be capitalized. Useful lives will be determined in the year of purchase based on general guidelines obtained from professional organizations and the asset's present condition. The District will use the straight-line method of depreciation and residual value will be considered. Depreciation expense will be calculated beginning in the year the asset is placed in service.

**This policy shall supercede any inconsistent provisions set forth in other Board policies adopted prior to the date hereof.**

***Purchasing***

It is the policy of the Board to insure that each item purchased represents the best possible value to the District and its taxpayers. In furtherance of this objective, the acquisition of services, equipment and supplies will be centralized in the purchasing department, which will function under the supervision of the Purchasing Agent. The Purchasing Agent will be responsible for developing and administering the purchasing program of the School District. The purchasing procedures employed shall comply with all applicable laws and regulations of the State and the Board's policies and procedures. The Purchasing Agent shall provide equal opportunity to each responsible vendor to furnish supplies, equipment and services, as needed, at the best possible prices. Records shall be kept in sufficient detail to show that this was done.

The budget adopted by the Board represents the annual spending plan for the District. The Purchasing Agent designated by the Board is authorized to issue purchase orders for all items upon the receipt of a requisition, properly approved in compliance with District regulations, and without prior approval of the Board, provided each such purchase order is issued in accordance with the budget and is not subject to formal bidding requirements. Adequate records shall be kept to show that these requirements have been met.

Any employee desiring to purchase any item must first have the purchase approved by the Department Chairperson or immediate supervisor. However, no purchase shall be made without the final authorization of the District's Purchasing Agent. Any purchase made without such prior approval shall be a personal charge against the individual making the purchase.

Where formal bidding procedures are not required by law, but the estimated purchase price is between \$3,000 and \$20,000, the requestor shall solicit at least three written quotations from independent sources for the supplies, equipment or services desired, when possible, and when deemed in the best interests of the District. All quotations received shall be attached to and kept with a copy of the purchase order. Quotes will be awarded to the lowest responsible and responsive vendor submitting a quote, as determined by the Purchasing Agent. Proper written documentation shall be given when the quote is not awarded to the vendor submitting the lowest price. Proper written documentation of vendors solicited shall be retained as well as when at least three written quotations cannot be provided. Under no circumstances can a quote that exceeds the bid limit be awarded without competitive bidding.

**Purchase of Apparel and Sports Equipment**

The Board prohibits the purchase of apparel and sports equipment from any vendor based upon one or both of the following considerations, even if such vendor's quote is the lowest price:

- the labor standards applicable to the manufacture of the apparel or sports equipment, including but not limited to employee compensation, working conditions, employee rights to form unions and the use of child labor;

- the bidder's failure to provide information sufficient for the Board of Education to determine the labor standards applicable to the manufacture of the apparel or sports equipment.

**Purchase of Instructional Materials in Alternative Formats**

The District shall give a preference in the purchase of instructional materials to vendors who agree to provide materials in alternative formats, meaning any medium or format for the presentation of instructional materials, other than a traditional print textbook, that is needed as an accommodation for a disabled student enrolled in the school district, including but not limited to Braille, large print, open and closed captioned audio, or an electronic file in a format compatible with alternative format conversion software that is appropriate to meet the needs of the individual student. The District will establish procedures to ensure that every student with a disability who needs instructional materials in an alternative format will receive those materials at the same time that they are available to non-disabled students.

**E-Rate Procurement**

In selecting service providers for all eligible goods and/or services for which Universal Service Fund ("E-rate") support is requested, the district shall:

1. receive and document requests for competitive bids and comply with applicable state procurement processes and Board policies and procedures,
2. wait a minimum of 28 days after the posting date of the FCC Form 470 on the USAC Schools and Libraries website before making commitments with the selected service providers. All contracts shall be signed after the first allowable contract date and before submission of Form 471,
3. review and discuss all bids submitted and select the most cost-effective service offering, with price being the primary factor considered,
4. maintain control of the competitive bidding process by not surrendering control to a service provider who is participating in the bidding process and not including service provider contact information on the FCC Form 470.

Purchases should be made through available cooperative BOCES bids, State contracts of the Office of General Services or under County contracts pursuant to Section 409-a of the County Law, whenever such purchases are in the best interests of the School District.

In the interests of economy, fairness and efficiency in its business dealings, the Board requires that items commonly used in the various schools or units thereof be standardized whenever consistency with educational goals can be maintained and an opportunity be provided to as many responsible suppliers as possible to do business with the School District. To this end, the Purchasing Agent shall develop and maintain lists of potential suppliers for various types of supplies, equipment and services. Such list shall be used in the development of a mailing list for

distribution of specifications and invitations to bid. Any supplier may be included on the list, upon request.

Fair competition among vendors should be encouraged, whenever practicable, and purchases should be planned and organized to facilitate competitive purchasing. Purchases shall not be split to avoid bid thresholds.

Prior to placement of a purchase order, the Purchasing Agent shall determine that unencumbered balances of budgetary appropriations are adequate to cover such obligations and shall then encumber the expenditures against a specific budget line item to guard against the creation of liabilities in excess of appropriations.

It is the policy of the Board that when an account is not available within the budget allocation for a purchase and the equipment or supplies are required for educational purposes during the current school year, the Assistant Superintendent for Business may authorize budget transfers between and within functional unit appropriations, as necessary.

The Board authorizes the Superintendent, with the assistance of the Purchasing Agent and the Treasurer, to establish and maintain an internal control structure to ensure, to the best of their ability, that the District's assets will be safeguarded against loss from unauthorized use or disposition, that transactions will be executed in accordance with the law and Board policies and regulations, and recorded properly in the financial records of the District.

The Purchasing Agent in collaboration with the Executive Director of Technology shall be responsible for the establishment and implementation of the procedures and standard forms for use in all purchasing and related activities in the District. Such procedures shall comply with all applicable laws and regulations of the state and Commissioner of Education.

No Board member, officer or employee of the school district shall have an interest in any contract entered into by the Board or the school district, as provided in Article 18 of the General Municipal Law. Any business dealings shall be consistent with the District's Code of Ethics.

The Board shall review this policy and any implementing regulations annually.

***Purchasing in Excess of Apportionment***

It is the policy of the Board that when an amount is not available within the budget allocation for a purchase and the equipment or supplies are required in the current school year, the following conditions shall be met:

1. The Assistant Superintendent for Business may authorize budget transfers between and within functions - object appropriations as necessary.
2. The Board of Education will be informed of any such transfers in excess of \$2,000 at each regular monthly meeting.
3. Under emergency conditions the Board President, Superintendent, Assistant Superintendent for Business, and an appropriate Board member may authorize expenditures beyond the bidding limits stipulated in General Municipal Law Section 103. An emergency is defined for purposes of this policy as a situation in which the life, health or safety of children or staff could be affected, or an imminent danger exists to District property. It is not intended that "emergencies" be permitted to occur as a result of inadequate planning, delay, etc. The Board shall take action to transfer the funds necessary to cover the emergency purchase at its next meeting.

***Conflict of Interest***

No School District officer or employee may have an interest, direct or indirect, in any contract with the School District when he/she has the power to prepare or approve the contract or any payment growing out of it. Nor may the treasurer have any interest in a bank or trust company designated as a District depository.

Any Board member or employee may be suspended or removed from office:

1. if he/she accepts gifts which could be inferred as intending to influence him/her in assigned duties;
2. if he/she discloses confidential information or uses it for his/her own interests;
3. if he/she receives compensation for services as a member of the Board or in addition to his/her salary as an employee of the Board;
4. if he/she enters into any contingent fee agreement for services rendered.

***Payment of Claims***

It is the policy of the Board that only claims submitted on an approved voucher form and verified by the Purchasing Agent that materials have been received or services rendered may be paid subsequent to approval by the Internal Claims Auditor. All payments shall be noticed to the Board. Claims will be audited and certified for payment to the District Treasurer by the Internal Claims Auditor appointed by the Board.

Every effort shall be made to obtain a discount for early payment on bills rendered.

The warrants for payments of claims and payroll shall be approved by the Purchasing Agent and the Treasurer. All checks will be signed with the facsimile signature of the District Treasurer as produced by a check-signing machine.

***New York State Sales Tax***

Even though the Newburgh School District is classed as an exempt organization, it may be subject to some aspects of the state sales tax law. This exemption does not exclude retail sales of tangible personal property by any shop or store operated by the school or school related activity from tax liability. Basically, the school as a consumer is exempt but as a vendor (when such entity sells services or property of a kind ordinarily sold by private citizens) is obliged to collect the sales tax at the rate established by New York State.

Textbooks (except for exemption explained below) and all other books, supplies and materials sold from the school store are subject to tax. In addition, sales of all items purchased by children of a kind ordinarily sold by private persons are taxable regardless of whether they originate in the school store or not. This concept applies to industrial arts, home economics, workbooks and other similar supplies often sold within individual classrooms.

The following are not taxable sales:

1. Newspapers and such periodicals as Junior Scholastic and Weekly Reader.
2. Admission to games, athletic events and other activities where the proceeds inure exclusively to the benefit of an elementary or secondary school. However, if the benefits inure to a class or club or society a tax might be required.
3. Textbooks are exempt under certain conditions. The Sales Tax Bureau has stated that textbooks purchased directly from the publisher sold immediately to the student (wherein the student is restricted in his/her purchase to a particular book) are not subject to the sales tax because such books are not ordinarily sold by private persons.

There is on file in each school office, the procedure for handling sales tax reporting to the Board of Education Office.

*Payroll Authorization*

The most substantial payment of public funds for the operation of the School District is that which is made to the employees of the Board for services rendered. To insure that each person so compensated is validly employed by this District and that the compensation remitted fairly represents the services rendered, this policy is promulgated.

One voucher-order check may be drawn by the Treasurer for the total amount of each payroll and credited to the payroll account for disbursement by the Treasurer, upon the certification as to the accuracy of the payroll by the Superintendent or his/her designee. A copy of the classified payroll journal will be sent to the Civil Service Commission.

***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 Deputy Treasurer.

The Board hereby authorizes the use of a check signing machine and computers with safeguards, including confidential passwords for the School District's protection and with facsimile signatures of the Treasurer and Deputy Treasurer. Said machines shall be maintained in the exclusive and secured possession of the Treasurer and Deputy Treasurer, respectively.

Extra-classroom activity fund checks shall be signed by the Board-appointed Treasurer of the extra-classroom activity accounts.

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, provided the purchase of such items does not exceed the approved budget appropriation.

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

***Payroll Deductions***

The Board may in its discretion act in behalf of individual employees to deduct a certain amount from the employee's paycheck and remit an equal amount to an agent designated by the employee. It is the purpose of this policy to designate those purposes not otherwise mandated by law for which the Board is willing to act in behalf of an employee.

No deduction may be made from the wages of an employee except for federal income tax, social security and New York Income Tax without proper authorization. Pension deductions are authorized by the Division of Pensions; all other deductions are authorized only by the employee.

The Board has authorized in accordance with the below cited legislation that deductions may be made from an employee's paycheck upon proper authorization on the appropriate form, as prepared by the District, for the following purposes:

- a. Contributions to United Fund Charities
- b. Bona fide organizational dues
- c. Tax sheltered annuities
- d. Employee Credit Union

***Student Activity Fund***

**Definition and Handling Procedure**

Any funds raised other than by taxation or through charges of a Board of Education for, by, or in the name of the School District, student body, or any subdivision thereof, shall be known as extra-classroom activity funds and must be handled through the school activities account. All other funds for which the Board is directly responsible must be given to the Treasurer of the School District and deposited in the General Fund or other appropriate accounts. Principals and teachers are cautioned to be very careful to ensure that all such funds go through the school account - even classroom or group activities. The money collected must be deposited in the school activities account and all expenses and bills paid out of this account by voucher or check.

The Commissioner's Regulations mandate that the Board make rules and regulations for the establishment, conduct, operation and maintenance of extra-classroom activities, and for the safeguarding, accounting and auditing of all monies received. It shall be the responsibility of the Assistant Superintendent for Finance to prepare and maintain rules and regulations which establish:

1. The method to be followed in establishing an organization (i.e., students interested in a club or organization would need a certain minimum register and submit forms to the Building Principal);
2. The records of receipts and expenditures to be maintained and that reports shall be made at least quarterly to the Board;
3. That the authority to expend money shall be distinct and separate from the custody of those monies (i.e., the person in charge of deposits may not be the authority with the right to direct expenditures);
4. That an independent and impartial audit of the account shall be made at least annually in conjunction with the audit of District records;
5. The method of disposing of funds of defunct organizations must be clearly stated;
6. The Board must direct that the monies received from the conduct, operation or maintenance of any extra-classroom activity be deposited with an official designated by the Board who, in such event, shall be the treasurer of such fund; and
7. The Board may assign any of its officers or employees to perform such duties as it may prescribe in connection with any extra-classroom activity and shall designate such of its officers and employees from whom an official undertaking shall be required, and shall fix the sum thereof.

**Deposit of Moneys**

It is imperative that all moneys be turned in promptly to the Board Office or deposited in the bank, as the case may be. All funds collected by the teachers from children for any purpose must be turned in to the school office daily and not left overnight in the classroom.

Except for established petty cash accounts, no other moneys are to be left in the classrooms, cafeterias, activities rooms or the school vaults over weekends or during vacation periods.

Failure to observe these precautions and regulations may result in the persons responsible for the custody of funds being held personally liable for any moneys which may be mislaid or stolen from the school or schools involved.

Members of the staff may not ask to have checks cashed from school funds. There shall be no exceptions.

***Petty Cash***

The Board of Education recognizes the convenience a petty cash fund affords in the day-to-day operation of a school district, the Board is also aware of the abuses that can result from the establishment of such funds unless proper controls are promulgated.

The Board authorizes the establishment of imprest (revolving type) petty cash funds in the case of the following persons to be handled in the following manner:

1. Responsible Person — The Board shall designate each principal as the persons responsible for cash funds.
2. Location — Cash funds shall be maintained at each school.
3. Authorized Amounts — The petty cash funds shall not exceed \$100.00 each.
4. Records — The person responsible for each petty cash fund shall keep a record book which shall include receipts for every expenditure.
5. Authorized Use — Payment from petty cash funds may be made for materials, supplies, or services only when payment is required upon delivery.
6. Other Applicable Rules — Petty cash funds shall be maintained and used in accordance with the provisions of Section 170.4 of the Regulations of the Commissioner of Education, as those may be amended from time to time.
7. Termination — All petty cash funds established hereunder for activities which will not operate during July or August will be closed out by June 30 of each year.

***Claims Auditor***

The Board of Education will annually designate and appoint a claims auditor for the District. The claims auditor shall serve at the pleasure of the Board. The claims auditor shall be bonded in accordance with Board policy. The claims auditor shall report directly to the Board the results of audits of claims. The claims auditor may not be a member of the Board of Education; the District Clerk, the District Treasurer, the Superintendent of Schools or other official of the district responsible for business management; a close or immediate family member of an employee, officer or contractor providing services to the District as defined in the Commissioner's Regulations; the person designated as purchasing agent; and/or clerical or professional personnel directly involved in accounting and purchasing functions of the District; the internal audit function designee; or the independent auditor. The individual claims auditor and/or organization through which the claims auditor is to be engaged must meet the test of independence as described in the Commissioner's Regulations.

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 or employee;
3. that the items for which payment is claimed were in fact received or, in the case of services, were actually rendered;
4. that the obligation does not exceed the available appropriation;
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.
6. that reimbursements for expenses authorized by law or Board policy are determined to be just and necessary.
7. that all payments for which there is a prerequisite for competitive bidding or a request for proposals are in accordance with legal and Board policy mandates.

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

The claims auditor shall be supervised by the Superintendent of Schools for the purposes of time, attendance and location.

***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 be performed by an individual or entity appointed as the “internal auditor.” The internal auditor shall be appointed annually and shall serve at the pleasure of the Board. The internal auditor shall report directly to the Board and shall be supervised by the Superintendent of Schools

The internal auditor shall perform the following tasks as the internal audit function in accordance with generally accepted accounting standards:

1. Develop an annual risk assessment of district fiscal operations which shall include but not be limited to:
  - a. review of financial policies and procedures, and
  - b. testing and evaluation of the District’s internal controls, taking into account risk, control weaknesses, size and complexity of operations.
2. Review and update such risk assessment annually;
3. 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 time frames for implementation of such recommendations.

To fulfill this function, the District may use municipal cooperative agreements, BOCES shared services, or independent contractors as long as such personnel or entities performing the internal audit function comply with the Commissioner’s Regulations. The District may also use existing personnel to fulfill this function but only if such persons do not have any responsibilities for other business operations of the District while performing such function. The individual or entity engaged as the internal auditor must meet the test of independence as described in the Commissioner’s Regulations.

***Independent (External) Audits***

The District shall obtain an annual audit of its records by an independent certified public accountant or an independent public accountant. The annual audit report shall be presented to the Board of Education by such accountant.

The District shall, within 90 days of 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 of Education 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 engage the independent (external) auditor through a competitive request for proposals (RFP) for a term of no longer than five consecutive years. The District, however in its discretion, may permit the 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.

The Independent Auditor shall be appointed annually.

***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 Audit Committee shall be comprised of at least three Board members. District employees and their spouses 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 audit reports and make recommendations to the Board for necessary and appropriate action;
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, as well as make recommendations to the Board for necessary and appropriate action;
4. Oversee the selection of the internal auditor and the external auditor pursuant to relevant Board policies, as well as make recommendations to the Board for appointment to those positions;
5. Perform any other responsibilities determined by the Board and/or as set forth in the Charter of the Audit Committee.

The Audit Committee shall not participate in or be responsible for the day-to-day operations of the District or in the decisions that are the responsibility of the Superintendent of Schools, Business Official or other District administrators.

***Fiscal Accounting and Reporting***

The Board of Education recognizes excellent fiscal planning as a key factor in attaining the District's educational goals and priorities. The Board insists on clear, complete, detailed and accurate accounting of all financial transactions for which the Board is held accountable.

The system of accounts will conform to the Uniform System of Accounts for School Districts. The accounting system will yield information necessary for the Board to make policy decisions.

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 Superintendent of Schools to keep it informed of the financial status of the District through monthly and annual reports. The Superintendent should highlight any deviation in actual fiscal conditions from planned fiscal conditions and offer recommendations to the Board to remedy the situation. The Business Official 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. The auditor's report shall be adopted by resolution and a copy shall be filed with the Commissioner of Education.

The Superintendent is directed to respond to all audit findings and recommendations, including 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.

*Financial Management*

The responsibility for the financial management of the District rests with the Assistant Superintendent who in turn is responsible to the Superintendent of Schools and the Board of Education.

Fiscal control and fund accounting shall be in strict conformance with the Uniform Systems of Accounts for School Districts as issued by the Department of Audit and Control, Division of Municipal Affairs of the State of New York.

***Fund Balance and Reserve Funds***

**FUND BALANCE**

The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the District and is fiscally advantageous for both the District and its taxpayers. Fund balance provides a degree of stability and the resources to weather fluctuations in revenues and expenditures without severely impacting real property tax rates. Fund balance also serves as a cushion to enable the operation of the District without interruption in the event of an emergency that affects the health and safety of students and staff.

Fund balance is the measurement of available financial resources, the difference between total assets and total liabilities in each fund. Fund balance is classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Fund balance amounts will be reported in the following classifications<sup>1</sup>, starting with the most binding constraints:

**Nonspendable** - amounts that cannot be spent because they are in a nonspendable form (e.g., inventory) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

**Restricted** - amounts limited by external parties or legislation (e.g., grants or donations).

**Committed** - amounts limited by Board policy (e.g., future anticipated costs).

**Assigned** - amounts that are intended for a particular purpose (e.g., tax certiorari reserve fund and other reserve funds established pursuant to Education Law and General Municipal Law).

**Unassigned** - amounts available for consumption or not restricted in any manner.

**Guidelines**

The District will strive to maintain an unassigned general fund balance at the maximum level permitted by Section 1318, Real Property Tax Law, currently four percent of the budget. The total fund balance, consisting of several portions including Committed, Assigned and Unassigned may exceed four percent of the budget. If the unassigned portion of the fund balance falls below the threshold of two percent, the Board may pursue variations of increasing revenues and decreasing expenditures or a combination of both until two percent is attained. If the Assigned and Unassigned portions of the fund balance exceed fifteen percent of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for nonrecurring expenditures only. The Superintendent and Assistant Superintendent for Finance shall be responsible for the enforcement of this policy.

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<sup>1</sup> Effective beginning for financial statements for period ending June 30, 2011 per GASB Statement 54

**RESERVE FUNDS**

Reserve funds are legally authorized savings accounts designated for a specific purpose as permitted by law. They are an important component of the District's financial planning for future projects, acquisitions and other lawful purposes and are considered Assigned fund balance. The District shall follow applicable laws, regulations and opinions of the New York State Comptroller in establishing, maintaining and funding reserve funds. The District shall also comply with the reporting requirements of Article 3 of the General Municipal Law and the Governmental Accounting Standards Board (GASB) Statement Number 54.

The Board shall review all reserve funds periodically, at least two times per year. The Assistant Superintendent for Finance will prepare and submit an annual report of all reserve funds to the Board of Education to enable the Board to make necessary decisions regarding maintenance and management of such reserve funds. The annual report shall include:

- The type and description of the reserve fund;
- The date the reserve fund was established and the amount of each sum paid into the fund;
- The interest earned by the reserve fund;
- Capital gains or losses resulting from the sale of investments of the reserve fund;
- The total amount and date of each withdrawal from the reserve fund;
- The total assets of the reserve fund showing cash balance and a schedule of investments;
- and
- An analysis of the projected needs for the reserve fund in the upcoming fiscal year and a recommendation regarding funding those projected needs.

This annual report will be presented to the public as well as posted on the District's website.

**School Board Member Attendance at Conferences**

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***School Board Member Attendance at Conferences, Conventions, Workshops,  
Meetings, Events and Activities***

The participation of the Board of Education at appropriate conferences, conventions, workshops, meetings, events and activities (“conference”) is encouraged in recognition of the necessity for continuous development and in-service training for its members. Among those conferences at which attendance may be considered are those sponsored by area, regional, state or national school boards associations as well as other appropriate educational and school-related functions.

When the anticipated cost is more than \$100, the Board of Education must formally authorize any of its members to attend a conference in order to be eligible for reimbursement of expenses. Prior to such attendance, a resolution must be adopted and entered into the official minutes indicating the specific purpose and the Board members authorized to attend. The District Clerk will forward the resolution to the Purchasing Agent in the Business Office, who will then encumber the appropriate designated account for the estimated cost of the trip. Authorization must be within budgetary appropriations.

State law authorizes attendance and reimbursement for expenses for the purpose of continuing development and in-service training for Board members. Appropriate expenses will be paid directly by the District through purchase orders whenever possible. The District will reimburse Board attendees for all reasonable, necessary and actual expense not paid for directly by the District including registration fees and materials, transportation, meals, lodging, communications, including telephone usage for school-related business, and incidental expenses such as baggage handling and customary gratuities and taxes where applicable. Board members must account in full on appropriate District forms, with itemized receipts and documentation attached, for all expenditures resulting from participation at conferences. The Claims Auditor will review all claims for possible payment in accordance with Board Policy.

Board members should report back to the Board of Education and share information, recommendations and/or material acquired at the function.

***District-Owned Credit Cards***

Each year at the Annual Organizational Meeting in July, the Board of Education will approve the use of District-owned credit cards, including the specific types of credits cards, the number of credit cards, each employee to whom a credit card is assigned, and the maximum credit limit on each card. Only those District personnel designated by the Board of Education shall be authorized to use a District credit card.

**Gas Credit Cards:**

It may be necessary for specific District employees to be issued gas credit cards to pay for actual and necessary school business expenses incurred in the performance of work-related duties. For example, the Buildings and Grounds and Transportation Departments may be issued gas credit cards to use on long bus trips outside of regular District runs.

The Assistant Superintendent for Finance shall monitor all gas credit card usage. An analysis and written report shall be prepared on an annual basis. The list of employees and the gas credit cards issued shall be maintained in the Business Office and included in the annual report to the Internal Claims Auditor.

The Business Office shall reconcile gas credit card invoices with itemized receipts containing license plate numbers to insure that amounts charged are correct and for a legitimate purpose. Receipts with explanation should be submitted as soon after purchase as is practicable.

**Multi-Purpose Credit Cards:**

The Board of Education permits the use of multi-purpose District credit cards (i.e., American Express) by certain salaried school officials to pay for actual and necessary expenses incurred in the performance of work-related duties and to purchase goods for the District. A list of those individuals issued a multi-purpose District credit card will be maintained in the Business Office and reported each year with a written analysis to the Internal Claims Auditor.

The person to whom the multi-purpose credit card is issued must provide to the Claims Auditor for each expenditure itemized receipts and the reasons for the costs incurred, such as who went to a dinner and its purpose. Unauthorized expenditures shall be subject to recoupment from salary or from other monies due and owing to the school official once notice is given to the individual and the individual fails to justify the expense in accordance with policy within a 10 calendar day period of time.

**General:**

All required receipts and documentation for credit card expenditures shall be submitted promptly so that the District may avoid any interest charges.

The District reserves its right to refuse to pay a claim that is not authorized. Credit cards shall be used prudently and only for legitimate school business expenditures. The use of a credit card is not intended to circumvent the District Policy on purchasing.

Purchases that are unauthorized, illegal, personal in nature, represent a conflict of interest or violate the intent of this policy, will require repayment or deduction from salary and may result in credit card revocation and employee discipline.

Individuals authorized to use District credit cards shall agree, in writing, to accept financial responsibility for any inappropriate usage by that individual.

Employees must take proper care of District-owned credit cards and take all reasonable security precautions against damage, loss or theft. Any damage, loss or theft must be reported immediately to the Business Office and the appropriate financial institution.

The Claims Auditor shall audit all credit card claims and along with the Assistant Superintendent for Finance, monitor compliance with this policy.

**Food Purchases for District Meetings and Functions**

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***Food Purchases for District Meetings and Functions***

The Board of Education recognizes that on certain occasions it is appropriate to provide refreshments and/or meals at District expense, such as events which are being held for a District or educational purpose. Any expenditure on such refreshments and/or meals must be approved in advance by the Superintendent of Schools or his or her designated Central Office Administrator and falls within budgetary appropriations. Meal requests may be approved when:

Officers and/or employees of the District will be prevented from taking time off for food consumption due to a pressing need to complete the business at hand;

The District is faced with business of an immediate nature and meetings of District employees and/or officers are essential at meal time;

The District wishes to recognize the services provided by volunteers (in such cases, however, only the meals of those being recognized may be paid for and the cost of the meals must be reasonable).

Staff members are participating in day long grading of standardized tests or orientation sessions overlapping meal periods.

All requests for food, refreshments and/or meal expenditures submitted for approval must include: the purpose of the meeting, meeting date and time, the group in attendance, the number of people in attendance, and why attendees required food and refreshments to conduct school business.

The actual expenditures for food refreshments and/or meals must be appropriately documented with itemized receipts and submitted to the Claims Auditor for purposes of pre-payment audit. Costs shall be reasonable and prudent.

Funding for approved functions shall come from the operating budget, grants or donated funds.

***Authorized Use of School-Owned Materials and Equipment***

The Board of Education permits the use of District-owned materials and equipment (e.g., laptop computers, cell phones, audio-visual equipment, etc.) by Board members, officers, and employees of the District when such material and equipment is needed for District-related purposes.

The Superintendent of Schools, in consultation with the Assistant Superintendent for Finance shall establish regulations governing the loan and use of such equipment, including the individuals who may properly authorize the use of such material and/or equipment;

- that such materials or equipment may not be used by the borrower for private, non-business purposes;
- the responsibilities of the borrower for proper use, care and maintenance;
- that all loaned equipment must be returned to the District;
- that no loaned equipment may be sold to or purchased by borrower except in accordance with the District's policies on disposal of equipment.

All equipment shall be inventoried and a list shall be maintained of the date such equipment was loaned, to whom it was loaned, and the date of expected and actual return.

Individuals borrowing District-owned equipment shall be fully liable for any damage or loss occurring to the equipment during the period of its use, and shall be responsible for its safe return. Community members may only use District equipment when on campus for an authorized facilities use.

The Business Office shall maintain records of all equipment that is loaned for long-term use (e.g., school year, term of office, etc.) and shall review such list annually.

***Cellular Telephones***

The Board of Education recognizes the need for certain employees to carry cellular telephones to effectively perform their duties both during and beyond regular business hours. A District-owned cellular telephone will be issued to select District personnel as determined and authorized by the Superintendent of Schools or designee. A list of employees authorized to have a District-owned cellular telephone and the level of service contract shall be maintained in the Business Office.

The District shall establish the level of service contract for each specific employee. The number of monthly “plan” minutes assigned to each cellular telephone shall be determined by the Business Office based on anticipated business usage.

The Business Office shall evaluate annually the cost effectiveness of the cellular telephone plans and seek quotes, bids or RFPs when appropriate. The Business Officer shall also evaluate the appropriateness of cellular telephone alternatives such as walkie-talkies for some cellular telephone users.

The Business Administrator shall monitor all cell phone usage. The use of District-owned cellular telephones shall be for District-related business. In the event there are overages caused by personal use, the user shall reimburse the District for such use. All employees issued District-owned cellular telephones shall agree, in writing, to accept financial responsibility for plan overages caused by personal usage and for reconnection charges as a result of their failure to follow this policy. Failure to reimburse the District may result in revocation of the cellular telephone and discipline of an employee. The District-owned cellular telephone should not be used by anyone other than the individual to whom the cellular telephone was issued.

As with any District owned equipment, employees provided with cellular telephones must take proper care of their such telephones and take all reasonable precautions against damage, loss or theft. Any damage, loss or theft must be reported immediately to the Business Office.

Cellular telephones will be returned to the Business Office at the end of the employee’s service to the District or upon demand by the Business Administrator.

***Fraud, Waste and Abuse***

The Board of Education acknowledges that fraud, waste and abuse of District resources are unacceptable and intolerable in carrying out the District's mission. As the governing body of the School District charged with the public trust and entrusted with the public fisc, the Board of Education will not tolerate fraud, waste and/or abuse of District resources and shall establish financial controls to deter such actions.

In the event that fraud, waste or abuse of District resources is suspected, the Superintendent and/or Board President shall consult with the School Attorney. The School Attorney shall be authorized to engage and compensate forensic auditors for investigation of allegations of fiscal impropriety upon approval of the Superintendent of Schools, the Board President or by Board resolution. The maximum charge to the District for said audit services shall be submitted to the Board and Superintendent of Schools before the School Attorney may engage such services.

In the event that fraud or other improprieties are determined to have occurred, the Board of Education shall contact all appropriate legal authorities, prosecute any such individual to the fullest extent of the law and seek restitution on behalf of the School District.

***Medicaid Compliance***

It is the policy of the Newburgh Enlarged City School District that all claims for reimbursement by the New York Medicaid Program for services, supplies or equipment provided through school supportive health services programs (SSHSPs) meet all requirements for federal financial participation established by federal statutes and regulations. Failure to comply with such federal requirements may result in the loss of federal Medicaid financial participation for these services.

All employees, contractors and agents of the school district involved in the provision of, or claiming federal Medicaid financial participation for, SSHSPs shall conform their conduct to the standards and requirements established by applicable federal and state statutes and regulations designed to prevent fraud, abuse and waste in federal and state health care programs.

The school district's Medicaid Compliance Officer shall develop a comprehensive program to: (1) detect and correct payment and billing mistakes; (2) advise employees, contractors and agents of the school district when and how to report suspected noncompliance; and (3) advise employees, contractors and agents of the school district of their protection against reprisal or retaliation for reporting.

A subcommittee of the full Board shall be appointed to monitor the implementation of this policy and coordinate compliance activities with the school district's Medicaid Compliance Officer.

***Medicaid Compliance Regulations***

**I. Medicaid Compliance Officer**

- A. The Board hereby appoints the Assistant Superintendent, Student Intervention and Support Services, to serve as the school district's Medicaid Compliance Officer.
- B. Responsibilities. The Medicaid Compliance Officer shall:
  - (1) monitor the day-to-day operation of school supportive health services programs (SSHSPs) for compliance with mandatory reporting and credentialing requirements;
  - (2) receive, investigate and respond to any and all reports of non-compliance;
  - (3) develop a method by which he/she may receive anonymous and confidential reports of suspected violations;
  - (4) supervise all internal and external audits of the school district's SSHSPs;
  - (5) develop and provide compliance training to the Board as well as to all school district employees, contractors and agents who provide or oversee the provision of SSHSPs to students;
  - (6) recommend modifications to the plan on an as needed basis to the Board; and
  - (7) report quarterly to the Board's Medicaid Compliance Subcommittee, which in turn will report to the full Board on the school district's Medicaid compliance activities.

**II. Code of Conduct**

- A. Scope. This Code applies to all school district employees providing Medicaid eligible services, supplies or equipment to students as part of SSHSPs. This Code also applies to all contractors and agents of the school district who furnish or authorize the furnishing of Medicaid eligible services, supplies or equipment, or perform billing or coding functions or are involved in monitoring the care provided to students as part of SSHSPs.
- B. Ethical Standards
  - (1) Each employee, contractor and agent of the school district will strive to act in accordance with the provision of all applicable federal, state and local laws, the Board's Medicaid Compliance Policy and Regulation and this Code of Conduct, and will encourage other employees, contractors and agents to do the same.
  - (2) No employee, contractor or agent of the school district shall act contrary to the provisions of any applicable federal, state and local laws, the Board's Medicaid Compliance Policy and Regulation or this Code of Conduct or authorize, direct or condone such action by any other employee, contractor or agent of the school district.
- C. Billing and Coding Standards. Only employees, contractors or agents of the school district who are not otherwise excluded under federal law from providing Medicaid eligible services shall be authorized to provide such services to students as part of SSHSPs.

Each employee, contractor or agent of the school district involved with providing or obtaining reimbursement for Medicaid eligible services, supplies or equipment to students as part of SSHSPs is responsible for submitting honest and accurate bills to Medicaid and other federal and state health care programs.

- (1) Completeness and Accuracy in Medical Records and Billing.
  - i. All services, equipment and supplies billed for will be reasonable and fully documented.

- ii. All bills will be for services provided by properly credentialed and licensed providers furnishing services within their respective scope of practice.
- iii. Documentation will be in sufficient detail so that an accurate bill can be submitted for each treatment or procedure performed.
- iv. Provider numbers will be accurate and will not be shared.
- v. Services provided by therapists that require supervision will be billed only in compliance with federal and state laws and regulations, including the presence of a supervising licensed professional.
- vi. Bills submitted for services performed shall describe the services in sufficient detail, be based on proper documentation, not duplicate bills for the similar services, be accurate, be based on the correct provider number, and be in compliance with federal and state law.
- vii. Billing and coding staff will comply with instructions and policies of the Center for Medicare and Medicaid Services.

(a) The above-referenced practices shall also be utilized in the district's submission of bills to the county for any Preschool Supportive Health Services Programs (PSHSPs).

(2) Impermissible Billing Practices. The following billing practices are not permitted:

- i. billing for services performed by an unlicensed provider or one who has been excluded from a federal health care program;
- ii. billing for services that were not performed at all or not performed as described;
- iii. billing for services on days when a child was absent from school;
- iv. submitting claims for medical equipment, supplies or services that were not necessary;
- v. double billing;
- vi. upcoding or assigning a code that secures a higher reimbursement, rather than the code that matches the services performed;
- vii. unbundling or billing the parts of a global fee separately;
- viii. knowingly misusing provider numbers;
- ix. failing to use coding modifiers accurately or appropriately; or
- x. preparing or submitting false cost reports.

(a) The above-referenced billing practices shall also be impermissible for the district's submission of bills to the county for any PSHSPs.

**D. Other Duties.**

- (1) All employees, contractors and agents of the school district will comply with all applicable federal and state laws and regulations concerning fraud and abuse in federal health care programs.
- (2) No employee, contractor or agent of the school district is permitted to give cash, gifts, favors, payment, services, entertainment, tips or any other items of value to anyone in exchange for their signing a contract or reporting services to be billed to Medicaid or any other government or private health care program.

- (3) All reports required to be submitted to state or federal health care programs must be truthful and accurate. No manager, officer or employee shall attest to the accuracy of a submitted report unless he or she has been able to satisfy himself or herself that the data submitted or representations made are truthful and accurate.
- (4) All cost report data, schedules and worksheets must be truthful, accurate and complete.
- (5) No employee, contractor or agent of the school district will attempt to improperly influence the actions or decisions made by government bodies, officials, employees or contractors.
- (6) All employees, contractors and agents of the school district will cooperate and be truthful in responding to government inquires, requests and investigations, including audits, surveys and certification reviews.

**E. Duty to Report**

- (1) Any employee, contractor or agent of the school district who believes that any practice or billing procedure related to Medicaid reimbursement of SSHSPs is inappropriate has an obligation, promptly after learning of such activities, to report the matter to the Medicaid Compliance Officer. Reports may be made anonymously and employees, contractors and agents of the school district will not be penalized for reports made in good faith. Reports made by employees, contractors and/or agents to the Medicaid Compliance Officer shall remain confidential to the maximum extent permitted by law.
- (2) Any employee, contractor or agent of the school district who believes that any practice or billing procedure related to Medicaid reimbursement of SSHSPs or is inappropriate, may send information concerning such practice or billing procedure in writing to the State Compliance Officer by U.S. mail, courier service, e-mail or facsimile transmission.

Disclosure may be made anonymously and such disclosures will remain confidential pursuant to the New York State Confidential Disclosure Policy, a copy of which is annexed to this regulation as Appendix A.

- i. The contact information for the New York State Compliance Officer is:

Rose Firestein  
Compliance Officer  
New York State Department of Health  
Office of General Counsel  
90 Church Street, 4th Floor  
New York, New York 10007  
Telephone: (212) 417-4393  
Facsimile: (212) 417-4392  
Email: [ref01@health.state.ny.us](mailto:ref01@health.state.ny.us)

- (3) Failure to report known or suspected violations, failure to detect violations due to negligence or reckless conduct, or intentionally, maliciously, or making false reports in bad faith shall be grounds for disciplinary action of employees, including termination; or immediate nullification of the contract with the applicable contractor or agent of the school district. The appropriate form of discipline will be case specific, and in accordance with the New York Education Law, the New York Civil Service Law and/or existing collective bargaining agreements.

- F. Certification.** Every employee, contractor or agent of the school district providing Medicaid eligible services, supplies and equipment as part of SSHSPs shall certify in writing that he/she has received and reviewed this Code of Conduct.

**III. Response to Reported Violations**

A. Investigation. After a suspected violation has been reported, the Medicaid Compliance Officer will conduct an investigation into the allegations to determine the nature, scope and duration of the alleged violation, if any, and identify individuals who may have knowingly or inadvertently violated the law or the school district's Medicaid Compliance Policy and Regulations.

(1) Process. Upon receipt of information, concerning an alleged violation, the Medicaid Compliance Officer will:

- i. prepare a preliminary report which includes, if known, the name of the employee who made the report, the date of the report, and a detailed narrative of the employee's concern;
- ii. ensure that the investigation is initiated as soon as reasonably possible, which shall include, as applicable, but need not be limited to:
  - (a) interviews of all persons who may have knowledge of the alleged conduct and a review of the applicable laws, regulations and standards to determine whether or not a violation has occurred;
  - (b) identification and review of relevant documentation, including, where applicable, representative bills or claims submitted, to determine the specific nature and scope of the violation and its frequency, duration and potential financial magnitude; and
  - (c) interviews of persons who appeared to play a role in the suspected activity or conduct. The purpose of the interview is to determine the facts surrounding the conduct, and may include, but shall not be limited to:
    1. the person's understanding of the applicable laws, rules and standards;
    2. identification of relevant supervisors or managers;
    3. training that the person received; and
    4. the extent to which the person may have acted knowingly or with reckless disregard or intentional indifference of applicable laws.
  - (d) prepare a summary report which:
    1. defines the nature of the alleged violation;
    2. summarizes the investigation process;
    3. identifies any person who is believed to have acted deliberately or with reckless disregard or intentional indifference of applicable laws; and
    4. where applicable, estimates the extent of any resulting overpayment by the government.

B. Remediation. Where an alleged violation is confirmed by the Medicaid Compliance Officer, he/she shall take reasonable steps to correct the violation and prevent further similar violations, including, but not limited to:

- (1) as quickly as possible, cease the offending practice;
- (2) if the conduct involves the improper submission of claims for payment, cease all billing potentially affected by the offending practice;
- (3) if applicable, calculate and process adjustments for any improper payments made by a federal or state government program as a result of the violation;
- (4) promptly undertake appropriate training and education to prevent a recurrence of the violation;

- (5) conduct a review of policies and procedures to determine whether modification(s) of the school district's Medicaid Compliance Policy, Regulation and/or Code of Conduct is warranted to prevent recurrence of the violation and detect similar violations of law in the future;
- (6) conduct, as appropriate, follow-up monitoring and auditing to ensure effective resolution of the offending practice.
- C. Discipline. Where an alleged violation is confirmed by the compliance officer, he/she shall refer the matter to the Superintendent of Schools for possible discipline, subject to any applicable contractual or statutory disciplinary procedures, where the violation is committed by an employee; or contract nullification, where the violation is committed by a contractor or agent of the school district. Discipline of an employee, subject to any applicable contractual or statutory disciplinary procedures, or contract nullification for a contractor or agent of the school district, may ensue upon the finding that an individual engaged in non-compliant behavior and/or that an individual encouraged, directed, facilitated and/or permitted non-compliant behavior.

#### **IV. Routine Identification of Compliance Risk Areas**

- A. Records Management. The following procedures shall be observed when submitting records of Medicaid eligible services, supplies and equipment for reimbursement:
  - (1) only complete and accurate records will be submitted;
  - (2) no record shall be altered without the permission of the Medicaid Compliance Officer;
  - (3) where permission is granted for a record alteration, the record must include the date of the alteration, the signature of employee who altered the record and the signature of the Medicaid Compliance Officer;
  - (4) where a record requires a signature, the signing of another person's name is prohibited; and
  - (5) where a record requires a signature, the use of a signature stamp is prohibited.
- B. Audits
  - (1) Internal Audit. The Medicaid Compliance Officer shall conduct an internal audit of Medicaid eligible services, supplies and equipment provided to students as part of SSHSPs as appropriate, but in no event less than once every three (3) years.
  - (2) External Audit. An external audit of Medicaid eligible services, supplies and equipment provided to students as part of SSHSPs and shall be conducted as appropriate and/or upon recommendation by the Medicaid Compliance Officer or by the Board of Education or a subcommittee thereof.

#### **V. Training/Distribution**

- A. Training
  - (1) All current and new employees, administrators and board members shall receive no less than one hour of training annually on the practices and procedures contained in this Policy and Regulation.
  - (2) The Medicaid Compliance Officer shall maintain a written record of the participation of every individual who participates in training called for under this Policy and Regulation.
  - (3) Contractors and/or agents of the school district providing Medicaid eligible services, supplies and/or equipment to students as part of SSHSPs shall supply the District

annually with written documentation of training received in Medicaid billing and reporting requirements.

- (4) As required by New York State's Policy Regarding Its Commitment to Ensure Compliance with the Laws and Regulations Related to the Receipt of Federal Medicaid Financial Participation in The School and Preschool Supportive Health Service Programs, a copy of which is annexed hereto as Appendix B, the school district will provide its employees, agents and/or contractors that are directly or indirectly involved in providing SSHSPs the information that they need to conform their conduct to the standards and requirements set forth in federal statutes and regulations governing the availability of federal Medicaid financial participation for such services.

**B. Distribution**

- (1) The school district will take steps to communicate standards and procedures set forth in this Policy and Regulation to all school district employees, administrators, Board members, contractors and agents by disseminating information which explains in a practical manner conduct required by this Policy and Regulation. This will include distribution of this Policy and Regulation via the school district's web page.
- (2) In addition, hard copies of this Policy and Regulation will be provided to new employees during the orientation process and current employees who provide Medicaid eligible services, supplies and equipment to students as part of SSHSPs. All such employees will be required to sign a statement of certification that they have been informed of this Policy and Regulation.
- (3) Hard copies of this Policy and Regulation will be distributed to all contractors and agents of the school district who provide Medicaid eligible services, supplies and equipment to students as part of SSHSPs.

**VI. Non-Retaliation.**

- A. Retaliation or reprisal in any form against anyone who makes a good faith report of wrongdoing, cooperates in an investigation, or participates in this compliance program is strictly prohibited. If any school district employee, contractor or agent believes that an adverse action in the form of reprisal or retaliation has been taken against him or her as the result of making a report or cooperating in an investigation pursuant to this or any other compliance policy, he or she should report it to the Medicaid Compliance Officer immediately.
- B. In the event that a district employee, contractor or agent believes the Medicaid Compliance Officer has taken an adverse action in the form or reprisal or retaliation against him or her as the result of making a report or cooperating in an investigation pursuant to this or any other compliance policy, he or she should report it to the Board of Education.

**APPENDIX A**

**CONFIDENTIAL DISCLOSURE POLICY**

The New York State School Supportive Health Services Program Compliance Agreement, entered into on July 20, 2009, by the New York State Department of Health, the New York State Education Department and the New York Office of the Medicaid Inspector General (hereinafter “Compliance Agreement”) provides:

The State and local school districts shall establish a confidential disclosure mechanism enabling employees to disclose anonymously any practices or billing procedures, deemed by the employee to be inappropriate, to the State’s Compliance Officer. The State shall make the confidential disclosure mechanism known to each employee as part of his or her training. The State and local school district shall, as part of the confidential disclosure program, require the internal review of any such credible disclosure and ensure that proper follow-up is conducted. The State shall include in its annual compliance report to CMS a summary of communications concerning inappropriate billings or any other inappropriate conduct under the confidential disclosure program, and the results of any internal review and follow-up of such disclosures.

The Confidential Disclosure Policy required by the foregoing Compliance Agreement provision consists of the following:

1. An employee of the State Education Department, State Department of Health (“DOH”) (collectively “state agencies”), or any local school district, including New York City and, with respect to the Preschool Supportive Health Services Program, any county in the State (“local school district”), who believes that any practice or billing procedure related to Medicaid reimbursement of School or Preschool Supportive Health Services is inappropriate, may send information concerning such practice or billing procedure in writing to the State Compliance Officer by U.S. mail, courier service, e-mail or facsimile transmission. Disclosures may be made anonymously. An employee’s verbal communication of any such allegation will not be sufficient to require any further action to be initiated under the Confidential Disclosure Policy procedures set forth below.
2. The Compliance Officer will send any disclosures to the relevant state agency and to the implicated local school district, if any. If the Compliance Officer is aware of the employee’s identity, he/she will not reveal it to any other person without the employee’s written consent, provided by U.S. mail, courier service, e-mail or facsimile transmission.
3. The relevant state agencies and local school district shall undertake a review of the practice described in the employee’s disclosure without attempting to uncover the identity of the complaining employee and shall determine: (a) whether the employee’s allegations are credible, (b) whether any federal or state statute, regulation or policy pertaining to any practice or billing procedure related to Medicaid reimbursement of School or Preschool Supportive Health Services has been violated and (c) whether any such violation is systemic or was limited to one or a small number of cases.

4. The relevant state agencies and local school districts shall address any violation found during the review, whether systemic or limited, in a manner designed to avoid a similar violation in the future and to remedy the effect of the violation in the cases in which it was found to have occurred. If the review determines the violation was systemic, the relevant state agencies and local school district shall take all steps necessary to identify the cases in which the violation occurred and then to remedy the effect of the violation in those cases.
5. Within 90 days of receiving notice from the Compliance Officer of the information provided by an employee, the relevant state agencies and local school district shall: (a) complete the review of such allegations and any remedial plan required as a result of such review and (b) provide to the Compliance Officer a written description of the review, the remedial plan and all actions taken pursuant to such plan. In the event the relevant state agencies and local school district determine the employee's allegations are not credible, the written response shall describe the basis for such determination. The written document shall identify the individual(s) at the relevant state agencies and local school district who was (were) responsible for approving the review, the remedial plan and all actions taken pursuant to such plan, including the person's name, job title, telephone number, mailing address, e-mail address and fax number.
6. If the Compliance Officer is not satisfied with the review, the remedial plan, or the actions taken pursuant to such plan, he/she may discuss the matter with the relevant state agencies and local school district to resolve these concerns. In addition, the Compliance Officer may, if he/she considers it necessary to assure the State's compliance with the Compliance Agreement, request that the Audit Unit of DOH's Division of Administration undertake an audit to determine: (a) whether a violation occurred, (b) whether any such violation has been remedied and (c) whether the remedial action is sufficient to prevent similar violations in the future.
7. In the event the employee's identity becomes known to a relevant state agency or local school district or to an employee of such agency or district, no adverse employment action of any type shall be taken against such employee because he/she provided information to the Compliance Officer or to a person conducting a review of the disclosure.
8. The relevant state agencies and the local school districts shall include in every training any of them provides pursuant to the Compliance Agreement: (a) a description of the Confidential Disclosure Policy procedures described above, (b) the name, mailing address, e-mail address and fax number of the Compliance Officer, and (c) an assurance that no adverse employment action of any type will be taken against an employee because he/she provided information to the Compliance Officer or to a person conducting a review concerning alleged inappropriate practices or billing procedures related to Medicaid reimbursement of School or Preschool Supportive Health Services.

Approved By:

\_\_\_\_\_  
Deborah Bachrach, Deputy Commissioner  
Office of Health Insurance Programs  
New York State Department of Health

Date:

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