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## **FISCAL MANAGEMENT GOALS**

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

Adoption date: March 10, 2003

## BUDGET PLANNING

The Superintendent of Schools shall be responsible for the formulation of a tentative annual budget to be submitted to the Board of Education for its consideration and modification at least three months prior to the annual meeting. Budget planning for the district shall be an integral part of program planning so that the annual operating budget may effectively express and implement all programs and activities of the school system. Budget planning shall be a year-round process involving broad participation by administrators, director-coordinators, teachers, and other personnel throughout the school system.

The Superintendent, in cooperation with the Business Official, shall have overall responsibility for budget preparation. Principals and other designated administrators shall develop and submit budget requests for their particular schools after seeking the advice and suggestions of staff members.

The budget shall reflect the administrators' judgment as to the most effective way to use the resources in achieving progress toward educational objectives of the district. It shall be carefully organized and planned to provide adequate accounting for each program expenditure, understanding of the financial needs of anticipated program developments, and be within the financial limitations of the district. To assist in budget and long-range planning, ongoing studies of the district's educational programs will include estimates of the fiscal implications of each program.

The Board shall give careful consideration to budget requests and shall review allocations for fairness and for their consistency with educational priorities of the school system. The budget for the ensuing school year shall be thoroughly reviewed by the Board before its presentation to the voters for final adoption.

Cross-ref: 2260, Citizens Advisory Committees

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

Adoption date: March 10, 2003

## BUDGET HEARING

The Board of Education will hold an annual budget hearing at which it will present a detailed proposed budget for the following school year. The purpose of the budget hearing is to inform the public of the contents of the budget and to provide an explanation and justification for the decisions the proposed budget reflects.

The budget hearing will be held not less than seven nor more than 14 days prior to the annual district election, at which the district's voters will vote on the budget. The proposed budget will be completed at least seven days before the budget hearing. A copy of the proposed budget may be obtained by any district resident (not just district taxpayers) at each school, the school district offices, and any public library within the district, during certain designated hours on each day (other than a Saturday, Sunday or holiday) as well as on the school district's internet website during the 14 day period immediately preceding the annual district election.

Notice of the date, time and place of the annual budget hearing will be contained in the notice of the annual election and budget vote.

Cross-ref: 1050, Annual District Election and Budget Vote  
2120, School Board Elections  
2120.1, Candidates and Campaigning

Ref: Education Law §§1608; 1716; 1804(4); 1906(1); 2002(1); 2003(1);  
2004(1); 2601-a(2)

Adoption date: March 10, 2003  
Revised date: May 10, 2010

**BUDGET TRANSFERS**

In keeping with the need for periodic reconciliation of the district's budget, the Board of Education shall avail itself of the authority granted by the Regulations of the Commissioner of Education, which allows for transferring funds between and within functional unit appropriations of the General Fund. The Superintendent of Schools, in accordance with the Commissioner's Regulations, is authorized to make budget transfers between line item accounts, so long as the transfer for any one item does not exceed \$7,500. All transfers in excess of \$7,500 require prior Board of Education approval. The Superintendent will report any transfers to the Board in accordance with Commissioner's Regulations.

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

Adoption date: March 10, 2003

**FEDERAL FUNDS**

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

Ref: 8 NYCRR Parts 114; 167; 200

Adoption date: March 10, 2003

**TITLE I/PCEN PROGRAMS AND SERVICES***Title I*

The Board of Education may apply for Title I of the Elementary and Secondary Education Act (ESEA) funding for projects designed to meet the educational needs of educationally deprived children. Such funding shall be used to provide appropriate programs and services to participating students in basic and more advanced skills. In particular, funds may be used for the following:

1. year-round services and activities, including intensive summer school programs;
2. purchasing appropriate equipment and/or instructional materials;
3. employment of special instructional personnel, school counselors, and/or other pupil services personnel;
4. employment and training for NYS teaching assistants;
5. teacher bonuses in excess of regular salary schedules for service in such programs;
6. training of teachers, librarians, other instructional and pupil services personnel, and early childhood education professionals when appropriate;
7. construction, if necessary, of school facilities;
8. parental involvement activities;
9. planning for and evaluation of Title I programs; and
10. other activities permitted under federal regulations.

With the approval of the State Education Department, the district may use up to and including five percent (5%) of such funds for "innovation projects to promote quality" in the district's Title I program. Such projects may include the following:

1. continuation of services to those students who participated in the program in any previous year;
2. continuation of services for a period not to exceed two additional years to participating students who are transferred to areas/schools which are ineligible for such funding, as part of a desegregation plan;
3. incentive payments to schools that have demonstrated significant progress and success in attaining Title I goals;
4. training of teachers and librarians in the special educational needs of eligible students, and in the integration of Title I programs into regular classroom programs;
5. programs which encourage innovative approaches to parental involvement, or rewards to or expansion of exemplary parental involvement programs; and
6. encouraging community and business involvement in meeting the needs of eligible children.

*PCEN*

The Board must submit for approval a plan for the expenditure of its Pupils with Compensatory Educational Needs (PCEN) funds, which are state funds which must be expended only for project activities for eligible students in the school year for which funds are appropriated. PCEN serves as a funding source for all school districts based upon the number of educationally deficient students in each district.

The Board directs the administration to follow all applicable State Education Department guidelines for completing budget forms for the operation of Title I/PCEN projects.

Ref: 8 NYCRR Part 149  
34 CFR Part 75; §200.34(c)(1)(i) (ESEA Title I Program in Local Educational Agencies)  
*Applicant's Guide and Instructions for Consolidated Application and the Program Information Report*, The University of the State of New York (1989)  
*Pupils With Compensatory Educational Needs: Questions and Answers July 1987*, The University of the State of New York (1987)  
*Chapter 1 Policy Manual*, The University of the State of New York (1990)

Adoption date: March 10, 2003

## INVESTMENTS

The objectives of the district's investment policy are to safeguard district funds and to minimize risk, to ensure that investments mature when cash is required to finance operations and to ensure a competitive rate of return.

In accordance with this policy, the Treasurer or his/her designee is authorized to invest and/or deposit all funds, including proceeds of obligations and reserve funds, in time-deposit accounts, certificates of deposit, short-term government securities, repurchase agreements or other investment instruments permitted by law, subject to the investment regulations approved by the Board of Education.

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

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

Ref: Education Law §§1604-a; 1723-a; 3651; 3652  
Local Finance Law §165.00  
General Municipal Law §§6-c-6-e; 6-j-6-n; 10; 11; 39

Adoption date: March 10, 2003

## INVESTMENTS REGULATION

### *Authorized Investments*

- A. The Treasurer is authorized to invest all available district funds, including proceeds of obligations and Reserve Funds, in the following types of investment instruments:

Savings Accounts or Money Market Accounts of designated banks;

Certificates of Deposit issued by a bank or trust company located in and authorized to do business in New York State;

Demand Deposit Accounts in a bank or trust company located in and authorized to do business in New York State; Obligations of New York State; Obligations of the United States Government (U.S. Treasury Bills and Notes);

Repurchase Agreements involving the purchase and sale of direct obligations of the United States;

- B. All funds except Reserve Funds may be invested in Revenue Anticipation Notes or Tax Anticipation Notes of other school districts and municipalities, with the approval of the State Comptroller.
- C. Only Reserve Funds may be invested in obligations of the school district.

### *Conditions*

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

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

B. Delivery of Securities

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

C. Written Contracts

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

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

D. Designation of Custodial Bank

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

E. Selection of Financial Institutions

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

F. Operations, Audit, and Reporting

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

Ref: Education Law §§1604-a; 1723-a; 3651; 3652  
Local Finance Law §165.00  
General Municipal Law §§6-c-6-e; 6-j-6-n; 10; 11; 39

Adoption date: March 10, 2003

## **GATE RECEIPTS AND ADMISSIONS**

The Superintendent of Schools shall be responsible for approving fees for athletic events and other district activities.

### *Senior Citizens Courtesy Card*

Residents of the district who are 60 years of age or older are entitled to free admission to all district sponsored athletic, dramatic, and musical programs. Persons wishing to take advantage of this privilege may make application at the district office to obtain the necessary courtesy card.

Adoption date: March 10, 2003

**AUTHORIZED SIGNATURES**

The Board of Education authorizes the signature of the District Treasurer and/or Board of Education President on all district checks for the payment of all salaries, bills, expenses, obligations, and liabilities of the district. Student activity account checks shall be signed by the District Treasurer for the extracurricular activity fund.

The Board authorizes the District Clerk, Superintendent, Treasurer and President of the Board to sign such contracts, documents, papers, agreements, writings and other instruments in writing as are authorized by the Board or required by law to be executed.

In the absence or inability of the President of the Board to sign any of the above documents, the Vice President of the Board is authorized to sign in his/her place and stead.

The Board authorizes the use of computer generated signature software for school district checks with the required signature. The District Treasurer has the responsibility of preventing unauthorized use of this software.

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

Adoption date: May 9, 2005

## FISCAL ACCOUNTING AND REPORTING

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

### *Accounting and Reporting Systems*

The system of accounts will conform to the Uniform System of Accounts for School Districts. 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 cash reconciliation quarterly budget status reports and annual fiscal reports. The Assistant Superintendent for Business will prepare and submit, through the Superintendent, to the Board and the Commissioner of Education, such reports as are prescribed by law. These shall be filed with appropriate governmental bodies as required under law or regulation. The district will cooperate with governmental agencies as required by law for data concerning the fiscal operations of the district.

### *Independent/External Audits*

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

The Superintendent is hereby directed to respond to all audit findings and recommendations. Such response is to include a statement of the corrective actions taken or proposed to be taken, or if action is not taken or proposed, an explanation of reasons, as well as a statement on the status of corrective actions taken on findings or recommendations contained in any previous report of examination or external audit, or any management letter for which a response was required.

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

Cross-ref: 1120, School District Records

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

Adoption date: May 9, 2005

## INTERNAL CLAIMS AUDITOR

The Board of Education will designate and appoint an internal claims auditor for the district. The internal claims auditor shall report directly to the Board.

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

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

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

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

Adoption date: May 9, 2005

Revised date: February 9, 2009

### INTERNAL AUDITOR FUNCTION

In accordance with Chapter 263 of the laws of 2005 and with Commissioner's Regulations 170.12(B), the Babylon UFSD has established an internal audit function. The function shall be completed by an individual, firm or through a BOCES as designated annually by the Board of Education. Completion of the internal audit function shall include the following activities:

6. Review of the District's business and personnel operations.
7. Verification of strict adherence to District policies and regulations.
8. Testing of all areas of the District's internal controls.
9. Periodic testing of the District's administrative data processing systems, including verification of user access, view and edit authority and review of user logs.
10. Review of certification of payroll and appropriate segregation of duties with respect to payroll and personnel functions.
11. Review of bank reconciliations and Treasurer's Reports.
12. Review of fixed assets to be certain that all assets added or deleted in the prior accounting period have been properly accounted for.
13. Testing of design of internal controls to detect deficiencies.

The Internal Auditor shall meet no less than four (4) times annually with the Board of Education to review activities and to make recommendations for improvement. In the event the Internal Auditor suspects fraud and/or theft has been committed by any District employee, he/she shall immediately notify the President of the Board of Education, who in turn will advise the entire Board. The Board will then review the information and take appropriate action. Quarterly reports to the Board of Education shall include no less than the following information:

1. Item tested.
2. Discovered condition, indicating whether there is no contravention of policy or procedure, the policy or procedure is contravened occasionally or on a regular basis, or whether a new policy or procedure is recommended.
3. The corrective action plan suggested to remediate the discovered condition.
4. Results of any corrective action plan.

Copies of the Internal Audit report shall be shared with the Superintendent of Schools, Assistant Superintendent for Business, District Treasurer, Claims Auditor, and Independent Auditor.

Statutory Authority: Chapter 263 of the Laws of 2005; Commissioner's Regulations 170.12(b)

Adoption: July 6, 2006

## PETTY CASH/PETTY CASH ACCOUNTS

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

The amount of each fund will not exceed \$100.00. At the annual reorganization meeting the Board of Education shall appoint the custodians for each petty cash fund who shall administer and be responsible for such fund.

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

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

The district shall reimburse uses of petty cash funds up to the extent of expenditures, with appropriate documentary support and as approved by the claims auditor.

Cross-ref: 6700, Purchasing

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

Adoption date: March 13, 2006

## PETTY CASH ACCOUNTS REGULATION

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

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

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

Adoption date: March 13, 2006

**CASH IN SCHOOL BUILDINGS**

It shall be mandatory that all money collected by any school personnel shall be placed in the vault of the respective school office at the close of the school each day. The storage of money in a desk, on top of a desk, in a bookcase, or in a locked or unlocked cabinet or in any other hiding place is prohibited. All individuals charged with the responsibility of collecting and safeguarding funds will be held personally liable for any loss that may occur.

Adoption date: March 10, 2003

## AUDIT COMMITTEE

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

The Audit Committee shall:

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

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

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

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

Adoption date: January 11, 2010

## AUDIT COMMITTEE CHARTER TEMPLATE

### **Audit Committee Authority**

The Board of Education of the Babylon Union Free School District has established an audit committee to assist the Board of Education in the oversight of both the internal and external audit functions. The requirement to create an audit committee was established by Education Law §2116-c. According to §2116-c(4), the role of an audit committee shall be advisory and any recommendations it provides to the Board shall not be substituted for any required review and acceptance by the Board of Education.

### **Mission**

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

1. Assist the Board in providing oversight of the internal and external audit functions, including the appointment of the internal and external auditors.
2. Oversee the competitive Request for Proposal Process (RFP) used to solicit quotations for the District's annual external audit.
3. Review the scope, plan and coordination of the external audit.
4. Provide a communications link between the external and internal auditors and the Board.

### **Composition and Requisite Skills**

The District's Audit Committee is comprised of three members. The committee shall include: The President of the Board of Education and two members of the Board of Education.

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

1. Possess the requisite skills and experience necessary to understand technical and complex financial reporting issues.
2. Have the ability to communicate with, and offer advice and assistance to, public finance officers and auditors.
3. Be knowledgeable about internal controls, financial statement audits and management/operational audits.

## **Duties and Responsibilities**

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

### **1. External Audit Focus**

- a. Provide recommendations regarding the selection of the external auditor to the Board of Education.
- b. Meet with the external auditor prior to commencement of the audit to review the engagement letter.
- c. Review and discuss with the external auditor any risk assessment of the district's fiscal operations developed as part of the auditor's responsibilities under governmental auditing standards for a financial statement audit and federal single audit standards, if applicable.
- d. Review the external auditor's assessment of the district's system of internal controls.
- e. Receive and review the draft annual audit report and accompanying draft management letter and, working directly with the external auditor, assist the Board of Education in interpreting such documents.
- f. Make a recommendation to the Board of Education on accepting the annual audit report.
- g. Review every corrective action plan developed by the school district and assist the Board of Education in the implementation of such plans.

### **2. Internal Audit Focus**

- a. Make recommendations to the Board of Education regarding the appointment of the internal auditor.
- b. Assist in the oversight of the internal audit function.
- c. Review the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested.
- d. Review the results of internal audit activities and significant recommendations and findings of the internal auditor.
- e. Monitor implementation of the internal auditor's recommendations by management.
- f. Provide input on the performance evaluation of the internal auditor.

### **3. Administrative Matters**

- a. Hold scheduled meetings as needed.
- b. Administer other related duties as prescribed by the Board of Education.
- c. Review and revise the Audit Committee Charter.

#### 4. **Membership**

The membership duties of the Babylon Union Free School District Audit Committee includes the following:

- a. **Good Faith** - Members of the Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Committee and the District with such care as a generally prudent person in a similar position would use under similar circumstances.
- b. **Independence** - The following individuals are precluded from being an Audit Committee member:
  1. Someone currently employed by the District
  2. Someone currently or previously providing goods or services to the District during the past two years.
  3. Someone of the immediate family (spouse, spouse equivalent or dependent, whether or not related) or close family member (parent, sibling or nondependent child) of an individual who is an employee, officer or contractor providing goods or services to the district.
  4. Someone who is the owner of or has a direct and material interest in a company providing goods or services to the district.
- c. **Confidentiality** - During the exercise of duties and responsibilities, the Committee members may have access to confidential information. The Committee shall have an obligation to the district to maintain the confidentiality of such information.

#### **Meetings and Notification**

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

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

1. Copies of the meeting agenda

2. Date, attendance and location of the meeting
3. As appropriate, brief summary of the topics discussed
4. Except as otherwise provided by law in connection with executive session, copies of materials discussed or presented at the meeting
5. A record of all actions or recommendations agreed to by the committee

### **Decision-Making Process**

A quorum constitutes a simple majority of the total membership and meetings will not be conducted unless a quorum is present. All decisions shall be reached by vote of a simple majority of the total membership.

### **Reporting Requirements**

The Babylon UFSD Audit Committee has the duty and responsibility to report its activities to the Board of Education. The Audit Committee's reporting requirements are to:

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

### **Review of the Charter**

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

Adoption date: January 11, 2010

## PURCHASING

The Board of Education views purchasing as serving the educational program by providing necessary supplies, equipment and related services. Purchasing will be centralized in the Business Office under the general supervision of the Purchasing Agent designated by the Board.

It is the goal of the Board to purchase competitively, without prejudice or favoritism, and to seek the maximum educational value for every dollar expended. Competitive bids or quotations shall be solicited in connection with purchases pursuant to law. The General Municipal Law requires that purchase contracts for materials, equipment and supplies involving an estimated annual expenditure exceeding \$10,000 and public work contracts involving an expenditure of more than \$20,000 will be awarded only after responsible bids have been received in response to a public advertisement soliciting formal bids. Similar procurements to be made in a fiscal year will be grouped together for the purpose of determining whether a particular item must be bid.

In accordance with law, the district shall give a preference in the purchase of instructional materials to vendors who agree to provide materials in alternative formats. The term "alternative format" shall mean 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 district (or program of a BOCES), 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.

Goods and services which are not required by law to be procured by the district through competitive bidding will be procured in a manner so as to ensure the prudent and economical use of public monies, in the best interests of the taxpayers, to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost under the circumstances, and to guard against favoritism, improvidence, extravagance, fraud and corruption.

Alternative proposals or quotations will be secured by requests for proposals, written or verbal quotations or any other appropriate method of procurement, except for procurements:

1. under a county contract;
2. under a state contract;
3. of articles manufactured in state correctional institutions; or
4. from agencies for the blind and severely disabled.

The district's purchasing activity will strive to meet the following objectives:

1. to effectively supply all administrative units in the school system with needed materials, supplies, and contracted services;
2. to obtain materials, supplies and contracted services at the lowest prices possible consistent with the quality and standards needed as determined by the Purchasing Agent in cooperation with the requisitioning authority. The

- educational welfare of the students is the foremost consideration in making any purchase;
3. to ensure that all purchases fall within the framework of budgetary limitations and that they are consistent with the educational goals and programs of the district;
  4. to maintain an appropriate and comprehensive accounting and reporting system to record and document all purchasing transactions; and
  5. to ensure, through the use of proper internal controls, that loss and/or diversion of district property is prevented.

Opportunities shall be provided to all responsible suppliers to do business with the school district. Suppliers whose place of business is situated within the district may be given preferential consideration only when bids or quotations on an item or service are identical as to price, quality and other factors. Purchases will be made through available cooperative BOCES bids, state contracts of the Office of General Services or county contracts whenever such purchases are in the best interests of the district. In addition, the district will make purchases from correctional institutions and severely disabled persons through charitable or non-profit-making agencies, as provided by law.

The district will provide justification and documentation of any contract awarded to an offeror other than the lowest responsible dollar offeror, setting forth the reasons why such award is in the best interests of the district and otherwise furthers the purposes of section 104-b of the General Municipal Law.

The Purchasing Agent will not be required to secure alternative proposals or quotations for:

1. emergencies where time is a crucial factor;
2. procurements for which there is no possibility of competition (sole source items);
3. procurements of professional services, which, because of the confidential nature of the services, do not lend themselves to procurement through solicitation; or
4. very small procurements when solicitations of competition would not be cost-effective.

The following procedures shall be used for purchases or contracts below the bid limits of Section 103 of the General Municipal Law for all non-bid items:

1. State Contracts, County Contracts, Municipal Agreements, BOCES Cooperative Purchasing Agreements, Corcraft (New York Prison System), Industries for the Blind, or Industries for the Disabled may be used whenever feasible for purchases below the state bid limit.
2. The school district may elect to bid items even though they fall below the bid limit.
3. **GUIDELINES** for all other purchases – the following procedures will be utilized for non-single source items:

**For Purchases under \$1,000** – When not feasible to purchase as per paragraph “1” above, no quotations shall be required.

**For Purchases Between \$1,000 and \$5, 000** – When not feasible to purchase as per paragraph “1” above, a minimum of three (3) telephone, FAX or written quotations must be solicited for each such purchase and

attached to the purchase requisition when it is submitted to the Business Office for approval. Verbal quotations shall be written on the district form provided for this purpose. Written quotations shall be on the district's forms. In either case, the following information shall be provided:

1. The name, address, and telephone number of the vendor;
2. The name of the contract person at the company;
3. A description of the item(s) to be purchased;
4. Amount of the price quote.

**For Purchases Greater than \$5,000** – When not feasible to purchase as per paragraph “1” above, a minimum of three (3) written or FAX quotations shall be solicited and attached to the purchase requisition.

No Board member, officer or employee of the school district shall have an interest in any contract entered into the Board or the district, as provided in Article 18 of the General Municipal Law.

Cross-ref: 2160, School Board Member Ethics

Ref: Education Law §§305(14); 1604(29-a); 1709(4-a)(9)(14)(22); 2503(7-a); 2554(7-a)  
General Municipal Law §§102; 103; 104-b; 109-a; 800 et seq.

Adoption date: March 10, 2003

## PURCHASING REGULATION

The following sets forth the procedures for the procurement of goods and services by the district:

### I. *Definitions*

Purchase Contract: a contract involving the acquisition of commodities, materials, supplies or equipment

Public Work Contract: a contract involving services, labor or construction

### II. *General Municipal Law*

The General Municipal Law requires that purchase contracts for materials, equipment and supplies involving an estimated annual expenditure exceeding \$10,000 and public work contracts involving an expenditure of more than \$20,000 will be awarded only after responsible bids have been received in response to a public advertisement soliciting formal bids. Similar procurements to be made in a fiscal year will be grouped together for the purpose of determining whether a particular item must be bid.

### III. *Competitive Bidding Required*

#### A. *Method of Determining Whether Procurement is Subject to Competitive Bidding*

1. The district will first determine if the proposed procurement is a purchase contract or a contract for public work.
2. If the procurement is either a purchase contract or a contract for public work, the district will then determine whether the amount of the procurement is above the applicable monetary threshold as set forth above.
3. The district will also determine whether any exceptions to the competitive bidding requirements (as set forth below) exist.

#### B. *Contract Combining Professional Services and Purchase*

In the event that a contract combines the provision of professional services and a purchase, the district, in determining the appropriate monetary threshold criteria to apply to the contract, will determine whether the professional service or the purchase is the predominant part of the transaction.

#### C. *Opening and Recording Bids; Awarding Contracts*

The Assistant to the Superintendent will be authorized to open and record bids. Contracts will be awarded to the lowest responsible bidder (as recommended by the Assistant to the Superintendent), who has furnished the required security after responding to an advertisement for sealed bids.

D. *Documentation of Competitive Bids*

The district will maintain proper written documentation which will set forth the method in which it determined whether the procurement is a purchase or a public work contract. Proper written documentation will also be required when a contract is not awarded to the vendor submitting the lowest quote, setting forth the reasons therefore. A quote which exceeds the bid limit will be awarded only when such award is in the best interests of the district and otherwise furthers the purposes of section 104-b of the General Municipal Law. The district will provide justification and documentation of any such contract awarded.

E. *Purchase of Instructional Materials*

In accordance with Education Law the district shall give a preference in the purchase of instructional materials to vendors who agree to provide materials in alternative formats (i.e., any medium or format for the presentation of instructional materials, other than a traditional print textbook, that is needed as a accommodation for a disabled student enrolled in the district, including but not limited to Braille, large print, open and closed captioned, audio or an electronic file in an approved format.)

The district will establish and follow a plan to ensure that every student with a disability who needs his or her instructional materials in an alternative format will receive those materials at the same time that they are available to non-disabled students.

F. *Leases of Personal Property*

In addition to the above-mentioned competitive bidding requirements, section 1725 of the Education Law requires that the district will be subject to competitive bidding requirements for purchase contracts when it enters into a lease of personal property. Documentation: The district will maintain written documentation such as quotes, cost-benefit analysis of leasing versus purchasing, etc.

Any legal issues regarding the applicability of competitive bidding requirements will be presented to the school attorney for review.

IV. *Exceptions to Competitive Bidding Requirements*

The district will not be subject to competitive bidding requirements when the Board of Education, in its discretion, determines that one of the following situations exists:

1. emergency situations where:
  - a. the situation arises out of an accident or unforeseen occurrence or condition;
  - b. a district building, property, or the life, health, or safety of an individual on district property is affected; or

- c. the situation requires immediate action which cannot await competitive bidding.

However, when the Board passes a resolution that an emergency situation exists, the district will make purchases at the lowest possible costs, seeking competition by informal solicitation of quotes or otherwise, to the extent practicable under the circumstances.

Documentation: The district will maintain records of verbal (or written) quotes;

2. when the district purchases surplus or second-hand supplies, materials or equipment from the federal or state governments or from any other political subdivision or public benefit corporation within the state.

Documentation: The district will maintain market price comparisons (verbal or written quotes) and the name of the government entity;

3. when the Board separately purchases eggs, livestock, fish and dairy products (other than milk), juice, grains and species of fresh fruits and vegetables directly from producers or growers. The amount expended in any fiscal year by the district may not exceed an amount equal to fifteen cents multiplied by the number of days in the school year multiplied by the total enrollment of the district.

Documentation: The district will maintain documentation consistent with sections 114.3 of the Regulations of the Commissioner of Education;

4. when the Board separately purchases milk directly from licensed milk processors employing less than forty (40) people. The amount expended in any fiscal year by the district may not exceed an amount equal to twenty-five cents multiplied by the number of days in the school year multiplied by the total enrollment of the district or exceed the current market price.

Documentation: The district will maintain documentation consistent with section 114.4 of the Regulations of the Commissioner of Education;

5. when the district purchases goods, supplies and services from municipal hospitals under joint contracts and arrangements entered into pursuant to section 2803-a of the Public Health Law.

Documentation: The district will maintain the legal authorization, Board authorization and market price comparisons; or

6. when there is only one possible source from which to procure goods or services required in the public interest.

Documentation: The district will maintain written documentation of the unique benefits of the item or service purchased as compared to other items or services available in the marketplace; that no other item or service provides substantially equivalent or similar benefits; and that, considering the benefits received, the cost of the item or service is reasonable, when compared to conventional methods. In addition, the documentation will provide that there is no possibility of competition for the procurement of the goods.

V. *Quotes When Competitive Bidding Not Required*

Goods and services which are not required by law to be procured by the district through competitive bidding will be procured in a manner so as to ensure the prudent and economical use of public monies in the best interests of the taxpayers. Alternative proposals or quotations will be secured by requests for proposals, written or verbal quotations or any other appropriate method of procurement, as set forth below.

A. *Methods of Documentation*

1. Verbal Quotations: the telephone log or other record will set forth, at a minimum, the date, item or service desired, price quoted, name of vendor, name of vendor's representative;
2. Written Quotations: vendors will provide, at a minimum, the date, description of the item or details of service to be provided, price quoted, name of contact. For example, with regard to insurance, the district will maintain documentation that will include bid advertisements, specifications and the awarding resolution. Alternatively, written or verbal quotation forms will serve as documentation if formal bidding is not required. Requests for Proposals" (RFPs), documented in the same manner as described herein, may also be used;
3. Requests for Proposals: the district will contact a number of professionals (e.g., architects, engineers, accountants, lawyers, underwriters, fiscal consultants, etc.) and request that they submit written proposals. The RFPs may include negotiations on a fair and equal basis. The RFPs and evaluation of such proposals will consider price plus other factors such as:
  - a. the special knowledge or expertise of the professional or consultant service;
  - b. the quality of the service to be provided;
  - c. the staffing of the service; and
  - d. the suitability for the district's needs.

The district will first locate prospective qualified firms by:

- a. advertising in trade journals;
- b. checking listings of professionals; or
- c. making inquiries of other districts or other appropriate sources.

The district will then prepare a well-planned RFP which will contain critical details of the engagement, including the methods which it will use in selecting the service.

B. *Purchases/Public Work: Methods of Competition to be Used for Non-Bid Procurements; Documentation to be Maintained*

The district will require the following methods of competition be used and sources of documentation maintained when soliciting non-bid procurements in the most cost-effective manner possible:

1. Purchase Contracts up to \$10,000
  - a. Contracts from \$100 to \$1,000: Verbal quotes  
Documentation will include notations of verbal quotes.
  - b. Contracts in excess of \$1,000 to \$10,000: Written quotes
2. Public Work Contracts up to \$20,000
  - a. Contracts from \$1,000 to \$5,000: Verbal quotes  
Documentation will include notations of verbal quotes.
  - b. Contracts in excess of \$10,000 to \$20,000: Written quotes
3. Emergencies: Verbal quotes  
Documentation will include notations of verbal quotes.
4. Insurance: Written quotes  
Documentation will include bid advertisements, specifications and the awarding resolution. Alternatively, written or verbal quotation forms will serve as documentation if formal bidding is not required. Requests for Proposals" (RFPs), documented in the same manner as described herein, may also be used.
5. Professional Services: RFP  
Documentation will include written proposals.
6. Leases of Personal Property: Written quotes  
Documentation will include written quotes, cost-benefit analysis of leasing versus purchasing, etc. The district will note that the contract is a true lease and not an installment purchase contract.
7. Second Hand Equipment from Other Governments:  
Written quotes  
Documentation will include market price comparisons (verbal or written quotes) and the name of the government.
8. Certain Food and Milk Purchases: Written quotes

Documentation will be consistent with sections 114.3 and 114.4 of the Regulations of the Commissioner of Education.

9. Certain Municipal Hospital Purchases: RFP  
Documentation will include the legal authorization, Board authorization, and market price comparisons.
10. Sole Source: Written or verbal quotes  
Documentation will include, among other things, the unique benefits of the patented item as compared to other items available in the marketplace; that no other item provides substantially equivalent or similar benefits; and that considering the benefits received, the cost of the item is reasonable, when compared to conventional methods. Notations of verbal quotes will be maintained by the district. In addition, the district will document that there is no possibility of competition for the procurement of the goods.

#### VI. *Quotes Not Required When Competitive Bidding Not Required*

The district will not be required to secure alternative proposals or quotations for those procurements:

1. under a county contract;
2. under a state contract;
3. of articles manufactured in state correctional institutions; or
4. from agencies for the blind and severely disabled.

In addition, the district will not be required to secure such alternative proposals or quotations for:

1. emergencies where time is a crucial factor;
2. procurements for which there is no possibility of competition (sole source items);
3. procurements of professional services, which, because of the confidential nature of the services, do not lend themselves to procurement through solicitation; or
4. very small procurements when solicitations of competition would not be cost-effective.

#### VII. *Procurements from Other than the Lowest Responsible Dollar Offeror*

The district will provide justification and documentation of any contract awarded to an offeror other than the lowest responsible dollar offeror, setting forth the reasons why such award is in the best interests of the district and otherwise furthers the purposes of section 104-b of the General Municipal Law.

#### VIII. *Internal Control*

The Board authorizes the Superintendent of Schools, with the assistance of the Assistant to the Superintendent, 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 district policies and regulations, and recorded properly in the financial records of the district.

All district regulations regarding the procurement processes will be reviewed by the Board at least annually.

The unintentional failure to fully comply with the provisions of section 104-b of the General Municipal Law or the district's regulations regarding procurement will not be grounds to void action taken or give rise to a cause of action against the district or any officer or employee of the district.

Ref: Education Law §§305(14); 1709(9)(14)(22)  
General Municipal Law §§102; 103; 104-b; 109-a; 800 et seq.  
8 NYCRR §§114.3; 114.4; 170.2

Adoption date: March 10, 2003

**PURCHASING EXHIBIT**

**BABYLON UFSD  
50 Railroad Avenue  
Babylon, New York**

**PRICE QUOTATION SHEET**

The information requested on this form is consistent with the requirements set forth by the Babylon School District’s Board of Education Purchasing Policy 6700.

- Purchases under \$ 1,000                      No quotation required.
  
- Purchases of \$1,000 - \$5,000            Minimum of three (telephone, fax, or written) quotations
  
- Purchases \$5,000 +                          Minimum of three (written or fax) quotations.

Brief Description of Item(s) to be Purchased:

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Vendor Name	Address	Telephone	Contact Person	Price Quote

**COMPLETED QUOTATION FORM MUST BE ATTACHED TO ALL PURCHASE ORDERS GREATER THAN \$1, 000**

## **SALES CALLS AND DEMONSTRATIONS**

Sales representatives are not permitted to call on teachers or other school staff members without authorization from the school administration.

Building Principals may give permission to sales representatives of educational products to see members of the school staff at times that will not interfere with the educational program.

Adoption date: March 10, 2003

## EXPENSE REIMBURSEMENT

The Board of Education is authorized to reimburse district personnel for expenses reasonably incurred in the performance of their duties, provided they comply with required procedures.

The Board should reimburse all district personnel for pre-approved reasonable expenses incurred in carrying out their authorized duties. As a condition to payment, employees should provide proof of such expenses in the form of completed vouchers with supporting receipts. Except under extenuating circumstances, the school district will not reimburse employees for sales taxes. Payment may be made only after the vouchers have been approved by the Board.

Board and staff members attending conferences and conventions may be reimbursed for the expenses of attending such events if they submit a documented voucher with evidence of authorization to attend.

Persons authorized to attend conferences may be advanced money to defray estimated expenditures (e.g. registration, tuition fees). Anyone receiving an advance must subsequently submit a voucher reflecting actual expenses. Any excess funds advanced to the employee should be repaid promptly.

The Board may authorize a payment per mile of travel when an employee uses a private car on official school business. The per mile reimbursement rate will be the current rate established by the Internal Revenue Service.

The Board also may reimburse, at its discretion, any candidates for teaching or administrative positions, for expenses incurred in appearing before the Board, provided that they have been requested to so appear.

Adoption date: March 12, 2001

Revised Adoption date: March 13, 2006

**CELLULAR TELEPHONES AND MOBILE  
COMMUNICATION DEVICES**

It is recognized that specific district employees will be required to carry cellular telephones and/or mobile communication devices to meet their job responsibilities.

The District shall establish the level of service required for each specific employee. The employee shall make every attempt to use their cellular phones for only business purposes; however, in the event an employee uses a cellular phone for other than business purposes he/she shall reimburse the District for such non-business calls. Individuals authorized to use district cellular telephones shall agree to accept financial responsibility for any inappropriate usage by that individual.

At least once per year, the Business Office shall evaluate the effectiveness of the cellular telephone plan. A listing of authorized cellular phone users is attached.

Adoption date: May 9, 2005

## CELLULAR TELEPHONES REGULATION

Effective July 1, 2004, the following positions are authorized for district-owned cellular telephones:

- Superintendent (1)\*
- Assistant Superintendents (2)\*
- Athletic Director (1)\*
- Plant Facilities Administrator (1)\*
- Maintenance Foreman (1)
- Supervisor of Technology (1)\*
- Grounds Supervisor (1)
- Building Principals (3)\*
- Assistant Principal High School\*
- Field Trip Supervisors (3)\*
- Head Custodians Day (3)
- Head Custodians Night (3)

District cellular telephones are provided for business purposes. Employees will reimburse the district for cellular telephone charges incurred that are not of a business nature. Reimbursement will occur within fifteen (15) school days of notice.

\*Cellular Phone Capabilities

Adoption date: May 9, 2005

## DISPOSAL OF DISTRICT PROPERTY

Building administrators and support staff supervisors are responsible for identifying obsolete or surplus equipment and supplies within their area(s) of responsibility. Periodically, a determination shall be made of which equipment, supplies and/or materials are obsolete and cannot be salvaged or utilized effectively or economically by the school district. Such equipment, supplies, or materials shall be sold through bid procedures, if possible, for the highest possible price.

The School Business Official shall be authorized to dispose of obsolete or surplus equipment and supplies in the following manner:

1. reassign the items, as needed, to other locations within the school district;
2. centralize the storage of items of potential usefulness; and/or
3. discard or sell as surplus those items determined to be of no further use or worthless.

Following recommendation by the Superintendent of Schools and approval by the Board of Education, items may be sold in the following manner:

1. offer to sell the items to local municipalities or local non-profit organizations;
2. sell items at a public sale. In the event of a public sale, notice of availability of such equipment, supplies and materials and requests for bids shall be disseminated through announcements in local newspapers and such other appropriate means. The general public, as well as staff members who are not Board members, officers, or involved in the purchasing function, shall be eligible to bid on the equipment, supplies and/or materials; and
3. sell remaining items as scrap for the best obtainable amount or discard in the safest, least expensive manner.

Ref: General Municipal Law §§51; 800 et seq.

Adoption date: March 10, 2003