Financial Management Policies and Procedures

2026-2027*

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I. FINANCIAL MANAGEMENT

POLICY:
The School maintains a financial management system that includes fiscal control and fund accounting procedures to ensure proper disbursement of and accounting for all funds.

PROCEDURES:

Responsibility of the School

The School is responsible for the following to ensure that best practice and procedures are met:

- Maintains files on all purchase orders for the School
- Enters all accounts payable information in the School's accounting software
- Writes checks for the School, including special services, and maintains all information in the School's accounting software
- Provides expenditure records monthly
- Maintains accurate account ledgers
- Prepares monthly financial statements
- Maintains files on accounting data
- Reconciles accounts payable and bank statements monthly

In addition, the School will contract an external auditor to complete an audit each year to ensure that we are following established practices for making disbursements and all required financial policies and procedures.

Financial Management Standards

The School's financial management system meets the following requirements under 2 C.F.R. § 200.302:

- ***Identification:*** The School identifies, in its records, all federal/state awards received and expended and the programs under which they were received.
    - This information includes, as applicable, the Assistance Listings (formerly referred to as the CFDA) title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity as provided by the authorizer.

- ***Financial Reporting****:* The School maintains accurate, current, and complete disclosure of the financial results of each federal award or program which must be made in

accordance with applicable financial reporting requirements.

- ***Accounting Records*:** The School maintains records which adequately identify the source and application of funds provided for federally-assisted activities.
    - These records contain information pertaining to grant or subgrant awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income, and interest and must be supported by source documentation.

- ***Internal Controls:*** "Internal controls" are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved:

    - Effectiveness and efficiency of operations;
    - Adequate safeguarding of property;
    - Assurance property and money is spent in accordance with grant program and to further the Selected objectives; and
    - Compliance with applicable laws and regulations.

The School maintains effective control and accountability for all funds, real and personal property, and other assets. The School adequately safeguards all such property and assures that it is used solely for authorized purposes. See Inventory and Fixed Assets Procedures. In addition, the School ensures proper segregation of duties. For example, all School expenditures must be approved in writing by the Head of School or designee. The designee is the alternate signatory on the School bank accounts.

- ***Budget Control:*** The School ensures actual expenditures or outlays are compared with budgeted amounts and obtains amendments as required.
- ***Cash Management*:** The School maintains written procedures to implement the cash management requirements.
- ***Allowable Costs*:** The School maintains written procedures for determining allowability of costs.

Cash Management

The School will establish the basic structure for receiving payments for SCVCS. SCVCS deposits are made in accordance with SCVCS procedures outlined below.

Cash Receipts

SCVCS receives payments from the Institute via ACH and through an online bank payment system. Payees using the bank system must choose from a payment reason list. The bank provides a daily summary of credit card payments, and the details are downloaded from the

bank accordingly. Detailed reports are generated to post the payments and reconcile to the bank statement.

Upon receipt of a check from another source, the payment is deposited online within 48 hours of receiving it and the check is retained for record. After making the deposit, the deposit support is filed with the bank reconciliation and the Cash Receipt posting number is notated.

The School is responsible for ensuring that best practices and procedures are met through:

- Maintains files on all funding for SCVCS for timely posting
- SCVCS records all revenue and maintains all information in the accounting software
- SCVCS reconciles the bank statements monthly and provides monthly reporting

Accounts Payable

Only valid accounts payable transactions based on documented vendor invoices, receiving reports, or other approved documentation are recorded as accounts payable.

Vendors and suppliers are paid as their payment terms require, taking advantage of any discounts offered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis.

Invoices

All invoices must be submitted to the Business Office for processing. Invoices must contain the date of purchase, name and address of vendor, quantity and description of goods or services rendered, and the amount. The Head of School or designee must review and sign the invoice(s) confirming that the goods or services outlined on the invoice have been received and are approved for payment by SCVCS.

Recurring Monthly Invoices

Any recurring monthly invoices can be processed without signatures. Only the vendors that have active contracts or agreements on file with the Business Office can be considered recurring. The Business Office must review all recurring monthly invoices to ensure that the invoice matches the cost outlined in the contract.

Fund Balance Requirements

The School shall maintain a minimum sixty-day operating cash reserve.

School Appropriation and Bank Account

The School must operate a depository account with a financial institution approved by the

board. The signatories on the account shall include the Head of School and an alternate as designated by the Head of School referred to as the designee. All state and federal funds allocated to the school will be deposited in the depository account in compliance with this requirement.

Contracted Services

Vendors and suppliers are paid as required under the applicable contract, including any discounts offered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis. These payments are taxable and an IRS Form W-9 should be completed by individuals or organizations performing the contracted services. Transactions for these services must be flagged in the accounting system as a 1099 invoice. This process will ensure that a 1099 is produced by the system for these vendors. The School must receive and review a copy of all contracts for the School prior to service engagement. Final contract approval by the Head of School or designee is required prior to service engagement.

Purchase Approval

All School expenditures must be approved in writing.

Expense Reimbursements

Employee expenditures are reimbursed as non-taxable payments via the 3rd party payroll system at month end. See applicable policy sections.... Appropriate documentation is required.

Employees must submit expenses within a reasonable timeframe from the day of the purchase as per the School employee handbook.

Travel Reimbursement

All School staff are to follow the guidelines outlined in the School employee handbook when conducting travel-related expenses.

Credit Card

Credit Card statements will be processed monthly. All School staff must follow the guidelines outlined in the School's *Credit Card Policy*. Each cardholder is responsible for submitting all receipts associated with the charges on the Credit Card. The Business Office will review all credit card statements to ensure that all receipts associated with the statement are on file.

II. SIGNATURE AND REQUISITION AUTHORITY

POLICY:

This Policy is intended to ensure that commitments of the School's resources are properly reviewed and approved by authorized employees. The Policy thus identifies which School employees are authorized to enter into transactions with external parties on behalf of the School and to approve purchases through the School's Procurement Policy.

PROCEDURES:

General Information

Authorized signers and requisitioners under this Policy are responsible for ensuring that:

- Where required, internal review and approval (including approval by the Board of Trustees or a Board committee, if required) have been obtained;
- The transaction and its terms are consistent with the School's program objectives and budgetary authorizations, legal requirements, procurement policies, and the terms of restricted funds (if applicable); and
- There is no real or perceived conflict of interest on the part of any individual or organization involved in the transaction or, where a real or perceived conflict of interest does exist, the issue has been resolved prior to entering into the transaction, as required by the Conflict-of-Interest Policy. Resolution of any real or perceived conflict should be documented in writing and kept on file by the department responsible.

Audit Trail

To create an adequate audit trail, approvals shall be memorialized in a memorandum, e-mail or other document concerning the transaction. Such documents should be stored and retained (whether in paper or electronic form) by the School.

Unauthorized Signers and Requisitioners

Individuals who purport to enter into contracts or financial commitments on behalf of the School without authority may be personally liable for such contracts or commitments, whether oral or written. Individuals who enter unauthorized contracts or commitments may also be subject to disciplinary action.

Delegations of Signature

Except as specified in this Policy, the Head of School and designee holds signature and requisition authority with respect to all educational, financial and administrative matters pertaining to the School and may delegate such authority to other administrators.

The Head of School designee is the alternate signatory on the bank accounts as evidenced by the relevant bank forms. Any other delegations of signature and requisition authority by the Head of School or designee must be in writing.

Emergency Delegations

To prevent delays in obtaining approvals when the School Head of School or designee is not available for extended periods, they may designate other administrators in writing to exercise their authority under this Policy during their temporary absence.

Provision

Anyone designated as having signature authority under this Policy are thereby authorized to execute, acknowledge and deliver to external parties, in the name and on behalf of the School, any and all agreements, documents or other instruments that they determine to be necessary or appropriate to carry out the transactions authorized thereby.

III. SCHOOL TRAVEL AND MEALS

POLICY:
Travel and transportation at the expense of the School will be authorized only when officially justified and by those means which are consistent with good management practices.

All School's travel expenses must have prior approval by the Head of School or designee as outlined in the employee handbook.

PROCEDURES:

General Information

The following procedures have been established for travel expenses. If federal funds are being used for travel expenses, additional measures will be taken as outlined in this document.

Travel Advances (Prior Trip Expenses):

Registration
The School will pay the registration fee in advance for attendance for all approved conference(s), seminar(s), or workshop(s). Any meal included in the registration fee cannot be claimed as an expense unless there are extenuating circumstances as authorized by the Head of School, provided federal funds are not being utilized.

Transportation
All flights should be booked in advance using a School credit card. If the traveler elects to book their flight expenses on their personal credit card, then the traveler may not be reimbursed for flight expenses until returning from travel.

Lodging
The School will pay for hotel lodging in advance for attendance at approved conference(s), seminar(s), or workshop(s). If the traveler books their lodging expenses on their personal credit card, then the traveler may not be reimbursed for the lodging expenses until the return from travel.

If the hotel/lodging is at the same place as the conference, seminar, or workshop, the total amount of the hotel/lodging will be allowed upon approval by the Head of School or designee.

Travel Expenses (Post Trip Reimbursements):

Meal Reimbursements

Meal reimbursement is allowed when employees are away from their normal work location or as directed by the Head of School or designee and meals are not provided during mealtimes as specified in the

employee handbook. See Credit Card policy for meals at the discretion of the Head of School or designee. Employees are required to submit itemized receipts for reimbursement.

Allowable meal and travel times as well as meal reimbursement limits (in accordance with the local GSA rates) are outlined in the employee handbook.

Mileage Reimbursement

Reimbursement for mileage is allowable at the IRS approved mileage rate and will be allowed for the use of an employee's personal vehicle while on approved SCVCS business as outlined in the employee handbook.

When possible, it is preferred that staff travel in a group when multiple members are traveling to the same destination.

Traveling Covered By Federal Funds

When travel expenses are funded through a federal grant, claim reimbursement shall be made in accordance with federal guidelines.

Driving in Lieu of Airline Travel

When the most economical means of transportation is an airline flight and the employee elects to travel by personal vehicle, mileage reimbursement that exceeds the price of airfare for a round-trip coach ticket and a rental car if applicable must be approved by the Head of School or designee.

Family/Friends Accompanying Employee

If an employee is accompanied by family or friends on an authorized business trip, only the authorized expenses directly attributed to the employee will be reimbursed.

Documentation of Expenses

When submitting expenses through the expense reimbursement portal, provide documentation as follows:

- For meetings, a program/agenda unless previously submitted
- Mileage requires street by street directions with total mileage listed
- Preapproval documentation if applicable
- Itemized receipts

Prohibited Reimbursements

Employees will not be reimbursed for the following expenses:

- Entertainment Expenses (i.e. in-room movies)
- Alcoholic beverages
- Tobacco Products

School Credit Card Usage During Travel

Allowable expenses that may be made with the School's Credit Card include gas for the rental car, baggage fees, transportation, and preapproved transaction(s). Food, alcohol, tobacco products, and luxury accommodations that are unnecessary or unjustified in the performance of the travel are not considered acceptable or allowable. Itemized receipts for all transactions made with the credit card during travel must be submitted to the School upon returning from the trip.

Staff Reimbursement Process

All School staff must follow the guidelines outlined in the School employee handbook when incurring and submitting travel expenses.

IV. CREDIT CARD USAGE

POLICY:
The School Board recognizes the value of credit cards and authorizes the use of credit cards for expenses that are for the benefit of the School and serve a valid and proper public purpose.

Any use of the credit card that violates policy or procedures or State statute shall result in disciplinary action up to and including termination, personal responsibility for any and all charges, including finance charges and fees assessed in connection with late payment resulting from such use, and / or possible referral to law enforcement authorities for prosecution.

The Head of School determines and specifies those employees authorized to use credit cards and is responsible for giving direction to and supervising such employees` use of credit cards.

A credit card shall be in the possession of Finance to be used for school purchases when a credit card is most feasible. This card is to be maintained in a secure location.

The Head of School or designee, to increase staff morale and retain highly skilled staff or to celebrate milestones, may conduct lunch meetings and on rare occasions have staff meet for dinner. These occasions are at the discretion of the Head of School and may not meet the usual meal limits. Federal funds will not be used for these expenses, nor will they contain any cost for entertainment, alcohol or tobacco. The Head of School may also provide lunch for staff who are involved in meetings which are conducted over the lunch period.

If credit cards are issued, they should be assigned to certain employees and should be used only for School-related expenditures. All charges must be supported by detailed invoices/receipts to be eligible for payment by the School.

PROCEDURES:

Prohibited Purchases

- No personal purchases of any kind (personal purchases are defined as purchases of goods intended for non-work-related use or use other than official School business).
- Cash advances including use of the card or card number at Automated Teller Machines (ATMs), inside bank branches or at cash advance, quasi-cash and money transfer locations such as Western Union, Telecheck, etc.
- No stored value cards, calling cards, pre-paid cards or similar products may be purchased with the School's Credit Cards.
- Alcoholic beverages

- Tobacco products
- Consultant and Contractor services

Limitations

- Splitting a single transaction into several transactions to avoid the prescribed spending limits is specifically forbidden.
- When returning or exchanging items purchased with School's Credit Cards, the cardholder may not receive cash back. Any credit balance after a return or exchange must be applied to the School's Credit Card account.

Security

Cardholders should always treat the School's Credit Card with at least the same level of care as one does their personal credit card. Cards are maintained in a secure location in Finance. When in the possession of the cardholder, the card should be in a secure location, and the card account number should be carefully guarded.

The assigned Cardholder should ensure that all credit card purchases are made in accordance with the School's credit card procedure and credit cards are properly secured.

Travel Credit Card Usage

When travel has been approved in compliance with the procedure, the credit card may be used for the following travel-related transactions on the School's Credit Cards:

- Registration
- Airline Ticket
- Hotel
- Parking
- Taxi/Shuttle/Ride Service
- Rental Car (if feasible)

Gratuities

Gratuities may not exceed 20%.

Reconciliation and Approval of Billing

Finance will print a monthly statement for each cardholder.to reconcile to credit card receipts and submit to Head of School or designee for payment approval. Two signatures are required on the reconciliation.

V. PROCUREMENT POLICY

POLICY:
To obtain the maximum value for each dollar expended so that all equipment, materials, and services are procured in a systematic manner. Therefore, SCVCS employs selective competitive solicitation from qualified manufacturers and suppliers consistent with applicable law.

PROCEDURES:

Objectives

The School adheres to the following objectives:

- Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable related considerations such as delivery, quantity, etc.
- Make all purchases in the best interests of the School and its funding sources.
- Obtain quality supplies/services needed for delivery at the time and place required.
- Buy from responsible and dependable sources of supply.
- Obtain maximum value for all expenditures.
- Deal fairly and impartially with all vendors.
- Be above suspicion of unethical behavior; avoid any conflict of interest, related parties or even the appearance of a conflict of interest in the supplier relationships.

Conflict of Interest

It is the responsibility of each SCVCS employee and Board Member to take appropriate steps to ensure that SCVCS does not knowingly enter any purchase commitment that could result in a conflict of interest. Employees and Board Members are required by this Policy and the SCVCS Conflict of Interest Policy to bring any situations that may result in a conflict of interest to the attention of the Head of School and/or the Board, as appropriate and in accordance with the Conflict of Interest Policy.

Standards of Conduct

In accordance with 2 C.F.R. §200.318(c)(1), the School maintains the following standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest.

Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The officers, employees, and agents of the School may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value. See School's Conflict of Interest Policy and Procedures for definitions of "nominal value" and "anything of value."

Organizational Conflicts

If a school has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the school must include written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. 2 C.F.R §200.318(c)(2).

Mandatory Disclosure

Upon discovery of any potential conflict, the School will disclose in writing the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy. The School also discloses in writing to the federal awarding agency or pass-through all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the award. 2 C.F.R. §§ 200. 112- 200.113.

Small Purchases (not exceeding $25,000)

The School will provide a systematic and businesslike method of obtaining and supplying materials and equipment for the School. Any single procurement not exceeding twenty-five thousand dollars ($25,000.00) may be made in accordance with this paragraph; provided however that such procurement shall not be artificially divided to constitute a small purchase.

Micro-purchases not exceeding **ten thousand dollars ($10,000.00) in total value** may be accomplished with one quote if the price is reasonable. The School shall annotate the purchase as follows: "Price is fair and reasonable" and sign. The purchase must be approved by the Head of School or designee.

Small purchases from **ten thousand dollars ($10,000.01) to twenty-five thousand ($25,000.00) in total value** may be accomplished if written quotes from a minimum of three qualified sources of supply are made and it is documented that the procurement is to the advantage of the School, price and other factors considered, including administrative costs of

the purchase. Such documentation shall be attached to the purchase. The purchase must be approved by the Head of School or designee.

Purchases of twenty-five **thousand dollars ($25,000.00) and above** must be accomplished with a written Request for Proposal. The purchase must be documented that the procurement is to the advantage of the School, price and other factors considered, including the administrative costs of the purchase. The selection must be approved by the Head of School or designee and the School Board.

For awards with a renewal provision, agreement modifications and pricing changes may be amended upon the approval of the Head of School and Business Office.

Request for Proposal

The request for proposal shall be the document used to initiate purchases over $25,000.01 and shall include the following:

- Instructions and information to vendors concerning the proposal submission requirements, including the time and date set for receipt of the proposal, the individual to whom the proposal is to be submitted, the address of the office to which proposal is to be delivered, and any other special information
- The purchase description, specifications, delivery and performance schedule, and such inspection and acceptance requirements as are not included in the purchase descriptions
- All contract terms and conditions, including warranty and bonding or other security requirements as applicable
- Instructions to vendors to visibly mark as confidential each part of their proposal which they consider to be proprietary information
- A statement of a vendor's rights

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds $250,000. 2 C.F.R. § 200.324(a). A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements. The method and degree of analysis is dependent on the facts surrounding the procurement situation. 2 C.F.R. § 200.323(a).

Exceptions to the Procurement Code (Non-Federal Funds Only)

The School may exempt specific supplies or services from this Policy. The following supplies and services are exempted from this Policy:

a. Copyrighted Educational Materials to include, but not limited to: Books,

dictionaries, textbooks, newspapers, diplomas, sheet music; professional journals, technical pamphlets, periodicals, subscriptions; educational films, filmstrips, slides and transparencies; video tapes, cassettes, DVDs; standardized testing materials

b. Copyrighted Technology Materials to include, but not limited to: Computer- assisted instructional materials, interactive video programs; CD-ROM documents, databases; District-adopted instructional software, including site licenses or other support services or related information/materials only available or provided by the software provider

c. Medical and/or Psychological Services to include but not limited to: Licensed/certified medical doctors, physicians, nurses, psychiatrists, psychologists, school psychologists, behaviorists, counselors, optometrists, dentists, veterinarians, etc.; hospital and clinical services, occupational and physical therapy, orientation and mobility; speech, language and audiologist services

d. Governmental Services to include but not limited to services and supplies provided by the Federal government, State agencies, county, city or town governments, and special purpose Districts; payments of taxes, social security, annuities, credit unions; school resource officer services; professional artists utilized by SC Arts Commission

e. Educational Services to include, but not limited to: Contractual, cooperative agreements, services and supplies for provision of services to students; tuition paid to institutions of higher education; evaluation services such as visiting committees of a state or nationally recognized accrediting agencies; Academic performance evaluation and consulting services; executive search and recruitment services

f. Policy, Legal and Financial Services to include but not limited to: Attorney services (subject to Board or School Principal approval), court recorders, expert witness services; Bond rating services; Legislative consultant; Advertising; Primary and reinsurance coverage; Auditors (subject to Board or Head of School approval); Substitute Staffing services; Board Governance consultants and facilitators; Securities Underwriters, Financial Advisors, and similar services provided

g. Staff Development to include but not limited to: Professional Services, training provided by consultants, certified teachers / trainers or District personnel; Training materials secured or prepared for instructional purposes; workshop, conference, seminar registrations; travel

h. Student Services to include but not limited to: Pupil Activity Funds; test scoring services; canine drug and/or weapon detection services and related support services; homebound services; home visits; instruction provided by certified teachers

i. Professional dues and membership fees

j. Clergy
k. Travel
l. Other Materials and Services: Utilities and energy expenses to include, but not limited to fuel, propane, electric, telephone, cell phones, water/sewer; art reproductions; emergency repairs for buses and fleet vehicles; items purchased for resale (i.e., school store items, yearbooks); livestock, feed and veterinary supplies; mail and delivery services; purchases and sales between South Carolina public school districts or state agencies
m. Diplomas, Student Instruction Activities/Camps/Seminars, Yearbooks, Graduation Supplies, Class Rings, Fund Raisers and School Pictures
n. Advertisement Services
o. Perishable Foods (milk, fresh fruits, vegetables, meats, eggs, fish – any item with an expiration date)
p. Goods and services provided by the Division of General Services
q. Surplus items that are to be given/donated to other school districts, municipalities and governmental agencies

State Contract

Items on state contracts are not subject to competition or additional approval as these have been vetted and have competed at the State level. This applies to federal funds as well as other sources.

Sole Source and Emergency Procurement

This method of procurement is the least competitive and, therefore, should have limited use. In those instances, however, where the School's needs can only be met by one method, means or item, sole source is an appropriate and necessary method of procurement. Such determination as to whether a procurement shall be made as a sole source shall be made by the School. Such determination and the basis thereof shall be in writing and shall include an explanation as to why no other source will be suitable or acceptable to meet the need.

A contract may be awarded for a supply, service or construction item without competition when the School determines in writing that there is only one source for the required supply, service or construction item.

The School may make or authorize others to make emergency procurements when there exists a threat to public health, welfare or safety under emergency conditions, or where normal daily operations are affected; provided that such emergency procurements shall be made with such competition as is practicable under the circumstances. If emergency considerations exist

after an unsuccessful attempt to use competitive sealed bidding, an emergency procurement may also be made. A written determination shall be made stating the basis for emergency procurement and for the selection of the particular vendor. Emergency procurements shall be limited to that of supplies, services or construction items necessary to meet the emergency. Such procurement shall be presented to the board at its next board meeting.

Noncompetitive Procurement (Federal Funds)

All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with 2 C.F.R §§ 200.319 and 200.320. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process.

There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:

- Micro-purchases
- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request; or
- After solicitation of a number of sources, competition is determined inadequate.

When using federal funds, the following must also be met to ensure adequate competition.

- **Geographical Preferences Prohibited:** The School must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or

tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

- **Domestic Preference for Procurement:** The School, to the greatest extent practicable, provides a preference for the purchase, or acquisition, of goods and products produced in the United States. The School includes this preference in all contracts and purchase orders for work or products using federal funds.

- **Prohibition on Certain Telecommunications Companies:** The School will not procure, enter into a contract to procure, or extend or renew a contract to procure covered telecommunications and video surveillance equipment or services described in Public Law 115-232, section 889. Covered telecommunications and video surveillance equipment or services are those produced by Huawei Technologies Company, ZTE Corporation, Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company, or any subsidiary or affiliate of such entities. 2 C.F.R. § 200.216. To ensure compliance, the School will check sam.gov and make certain the vendor for telecommunications and video surveillance equipment is not excluded under this prohibition.

- **Never Contract with the Enemy:** The School complies with the regulations implementing Never Contract with the Enemy in 2 CFR part 183 prohibiting contracts, grants and cooperative agreements that exceed $50,000, are performed outside the U.S. and its territories, and are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities. 2 C.F.R. §200.215.

- **Prequalified Lists:** The School must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the School must not preclude potential bidders from qualifying during the solicitation period.

Public Notice

Public notice of the invitation for proposal shall be given. Such notice may include publication on the School's website. Proposal time will be set to provide the vendors with a reasonable time to prepare their proposals. A minimum of ten (10) days shall be provided.

Bid Opening for Competitive Bids

When a competitive bid is used for procurement, proposals over $25,000 shall be publicly opened, but only the names of the offerors disclosed at the proposal opening. Contents of competing proposals shall not be disclosed during the process of opening or negotiation. All proposals shall be recorded at the time of opening and shall be opened for public inspection after the contract award. Proprietary or confidential information marked as such in each proposal shall not be disclosed without written consent of the offeror.

Request for Qualifications

Prior to soliciting proposals, and after giving adequate public notice, the School may issue a request for qualifications, experience, and ability to perform the requirements of the contract from prospective offerors. At a minimum, the request shall contain a description of the goods or services to be solicited by the invitation for proposal and the general scope of the work. The request shall also contain the deadline for submission of information and how prospective offerors may apply for consideration.

After the School receives the responses, it will rank prospective offerors from most qualified to least qualified on the basis of the information provided. The School shall then invite vendors from at least the top two prospective offerors.

Negotiations with responsible offerors and revisions to proposals

As provided in the request for proposals, negotiations may be conducted with any offeror submitting a proposal appearing to be eligible for contract award pursuant to the selection criteria set forth in the request for proposals. All apparently eligible offerors shall be afforded the opportunity to submit best and final proposals if negotiations with any other offeror result in a material alteration to the request for proposals and such an alteration has a cost consequence that may alter the order of offerors' price quotations contained in their initial proposals. In conducting negotiations, there shall be no disclosure of information derived from proposals submitted by any competing offerors.

Evaluation

The request for proposals shall state the evaluation factors in relative order of importance. Price may not be an initial evaluation factor. Each responsive and responsible offeror's proposal shall be evaluated. The proposal shall then be ranked in accordance with the results of such an evaluation.

Award

The award shall be made to the responsible offeror whose proposal is determined in writing to be most advantageous to the School, taking into consideration the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

Contracts

All contracts must be approved by the Head of School upon execution. Contracts may be amended upon the approval of the Head of School and Business Office. The School will maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders, including compliance with Davis-Bacon, should construction contract be in excess of $2,000.00. All vendors will be verified to be in good standing using Sam.Gov. Vendors not in good standing, who have been debarred, or who are in danger of debarment, will not be utilized.

VI. FIXED ASSETS

POLICY:
To establish a basic structure for the accurate inventory of property in the School, the School has established the following policy and procedure.

The School is responsible for setting up a system to maintain an accurate inventory of materials, equipment, and real estate in accordance with accounting standards and all state and federal laws governing such.

The School has developed a property management tracking system for items according to certain dollar limits and for the security of inventory.

PROCEDURES:

General Information

For purposes of the School, a fixed asset is defined as a building, property or equipment acquired by the School (whether purchased, donated, or traded) that is actively used in the operations, must have significant value, and provides benefit for a period exceeding one year. Fixed assets are reported and, with certain exceptions, depreciated in financial statements.

Items purchased at a cost up to the federal capitalization rate (currently $5,000) will be considered as supplies and expensed in the 400 series object code. However, single items costing $2,500 or more and having a life of at least one year or technology equipment and software, such as laptops, desktops, LCD projectors, IPADs, computers, etc., even though expensed as supplies, will be included in the School's inventory tracking system, but are not considered fixed assets and will not be capitalized or depreciated.

Items purchased with federal funds with a lifespan of more than one year over $2,500 ($500 for CTE Perkins and CTE EIA Funding) and any technology items regardless of cost purchased with federal funds will be indicated on an inventory document separated by federal award. Technology items will be depreciated in accordance with 2 CFR 200.453(a) and 2 CFR 200.313(e)(2).

Fixed Asset Classifications

The Fixed Assets will be divided into the following classifications: Land, Land Improvements, Buildings, Building Improvements, Machinery and Equipment, Licensed Vehicles, Textbooks and Library Books, Mobile Classrooms, Construction in Progress and Works of Art and Historical Treasures.

For single items purchased with federal funds with a cost of $2,500 or more ($500 for CTE

Perkins or CTE EIA funding) or technology of any cost, these items will be included as part of the school's inventory for that federal award as well as included on the school's fixed asset listing and reconciled annually.

Land

The land account includes all land purchased or otherwise acquired. It should be capitalized but not depreciated. Purchased land should be carried on the records at historical cost and should remain at that cost until disposal. Donated land should be recorded at its appraised value at the time of the donation. If land and a building are acquired as a single parcel, the value of the land should be determined separately from the building and only that amount carried in the land account; the value of the building should be recorded in the building account. Costs relating to the demolition of a structure on newly purchased land and other costs relating to the land are normally capitalized and included in the land account. A gain or loss on the sale of land is reported as a special item in the statement of activities.

Land Improvements

Land improvements include permanent improvements that add value to land. It would include such items as site improvements (e.g. excavation, fencing, and retaining walls) and some infrastructures (e.g. driveways, roads, sidewalks, bridges, parking lots, and outdoor lighting). If items categorized as infrastructure are purchased during the construction of a new building, they will be included in the cost of the building. Items *not included* in land improvements are landscaping, demolition, and land acquisition. These would be included in the land account. Other items not included in land improvements are picnic tables and stadium bleachers. These are included in machinery and equipment.

Buildings

The buildings account normally includes the value of all buildings at their acquisition costs or construction costs. The cost should include all charges applicable to the building, including broker fees, architect's fees, permits, and interest on borrowed money during construction. For a donated building, appraised fair market value at the date of donation should be used. In addition, buildings include components (e.g. roof, air conditioning system) that should be recorded separately when they have significant values because these building components have different useful lives. The value of each component should be determined and placed within its own category. A building will be added to fixed assets inventory after all costs have been calculated and final payment has been made to the contractors.

Building Improvements

Improvements that extend the useful life of the building should be classified as building improvements and should be capitalized. They are recorded at either acquisition cost or appraised fair market value in cases of donated assets. Examples of building improvements include roofing projects, remodeling, additions to buildings and replacing major building

components. Major maintenance projects should be evaluated periodically to determine if they should be included in this account.

Machinery and Equipment

Machinery and equipment include a wide range of assets. A few examples are as follows: furniture, computer equipment, office machinery, athletic equipment, uniforms, etc. The property should be recorded at acquisition cost, including freight, installation and other charges incurred to place the asset into use. If acquired through donation, fair market value should be determined and assigned to the asset. The assets' materiality and significance should be considered when determining how it is reported.

Licensed Vehicles

Licensed vehicles include aircraft, watercraft and other motorized forms of transportation (e.g. buses, vans, cars, trucks, etc.). All licensed vehicles should be recorded at acquisition cost or fair market value if donated.

Textbooks and Library Books

Textbooks and library books will not be classified as fixed assets due to the capitalization policy.

Mobile Classrooms

Mobile classrooms are temporary structures added to the building site. They are of significant value and should be recorded as a fixed asset and depreciated over their useful lives.

Construction in Progress

The account should be used when reporting amounts expended on an uncompleted building or other capital construction project. Construction in progress should not be depreciated. Three subclasses, such as building, improvements and equipment, might be used. When the project is complete, the cumulative costs are transferred to another appropriate fixed asset account. Unspent debt proceeds from capital assets related debt should be reported in the net assets section of the statement of net assets as "restricted for capital projects."

Works of Art and Historical Treasures

Works of art and historical treasures should be recorded at historical costs or, if donated, fair market value. Depreciation is not required for collections or works of art that are inexhaustible. An example of a work of art might be an original painting.

Capitalization Policy

Capitalization is an accounting method used to delay the recognition of expenses by recording the expense as long-term assets. The capitalization of assets acquired by the School shall equal the Federal capitalization rate (currently $5,000). All additions to fixed assets with an

individual value greater than or equal to the capitalization rate will be capitalized and depreciated, if applicable. An exception to this is as follows and will be capitalized when applicable to a single location:

- Group capitalization will be applied to assets with an initial, individual cost of more than $5,000 (amount not rounded) or groupings for similar items with individual costs is less than $5,000, but when purchased together the total is greater than $75,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if not purchased or constructed.

Items purchased at a cost up to the federal capitalization rate will be considered as supplies and expensed in the 400 series object code. However, single items costing $2,500 or more and having a life expectancy of at least one year or technology equipment and software, such as laptops, desktops, LCD projectors, IPADs, computers, etc., even though expensed as supplies, will be included in the School's inventory tracking system, but are not considered fixed assets and will not be capitalized or depreciated.

- Regular non-technology equipment costing less than $5,000 per unit should be recorded under the 400 series object code.
- Regular non-technology equipment costing $5,000 or more per unit should be recorded under object code 540.
- Any technology equipment costing less than $5,000 per unit including shipping, handling, tax, etc. should be recorded under object code 445.
- Any technology equipment costing $5,000 or more per unit including shipping, handling, tax, etc. should be recorded under object code 545.

Depreciation

All fixed assets, with the exception of land, will be depreciated. Depreciation is the process of allocating the cost of tangible property over a period of time, rather than deducting the cost as an expense in the year of acquisition. The decline in the value of fixed assets must be considered if the School's net assets are to be correctly stated. It shall be the policy of the School to depreciate fixed assets in excess of the federal capitalization rate (currently $5,000) over their useful lives. Additionally, if technology is purchased with federal funds, it will also be depreciated per requirements in 2 CFR 200.453(a) and 2 CFR 200.313(e)(2). Factors which must be known in order to calculate depreciation: the date the asset was placed in service, the asset's cost or acquisition value, estimated useful life, and the depreciation method.

Date Placed into Service

When acquiring a new asset, the date placed into service will be easily determined. When adding an asset to the School's records which was already placed into service but omitted from

the Fixed Assets Inventory, this date may not be readily available. Inquiring to the appropriate department to assign an estimated date will be sufficient.

Cost or Acquisition Value

Fixed assets should be reported at historical cost and should include the cost of freight, site preparation, architect and engineering fees, etc. If something other than cash is used to pay for the asset, then the fair market value of the non-cash payment or consideration determines the asset's cost or acquisition value. If the asset is of significant value (e.g. land or building), an appraisal will be needed to determine its value. In situations where assets are identified that have been omitted from the Fixed Assets Inventory, the historical cost may be researched. If there is no information available on the original cost of the asset, the amount will then be estimated based on the values of similar assets.

Estimated Useful Life

The estimated useful life of an asset is the number of months or years that an asset will be able to be used for the purpose for which it was intended. Appendix B provides the useful lives of the School's assets by Equipment Categories.

Depreciation Method

The straight-line method of depreciation will be used to calculate depreciation on the School's fixed assets. The annual depreciation will be calculated by dividing by the estimated useful life. Under this method, the asset is written off evenly over its useful life (i.e. the depreciation is the same every year). The total amount depreciated can never exceed the asset's historic cost. An asset placed in service at any time during a given month is treated as if it had been placed in service on the first day of that month (depreciation taken for the entire month in which the asset is placed in service). If disposed of before the end of the month, no depreciation is taken for the month of disposition.

Fixed Assets Inventory Procedures

It is the ultimate responsibility of the School to maintain the accuracy of the fixed assets inventory for their school. All stolen items must be reported to the appropriate police agency, and a copy of the police report kept on file. Donated or purchased used equipment meeting the definition of a capital asset or inventory item must be operational. All fixed assets and items identified in physical inventories that are donated and/or purchased through grants or donations given in the school's name must be approved by the Head of School or designee.

The School should complete a physical inventory at the beginning and end of each school year. This inventory does not include items captured during an authorizer contracted fixed asset visit. Such items not included would be printers, computers, iPads, tablets, laptops, digital cameras, LCD projectors, or any asset that received a barcode label. Reviewing inventory is a vital part of the fixed asset system. Without proper maintenance and monitoring of the Fixed Asset Inventory Tracking System, the accuracy of the fixed assets and inventory will deteriorate quickly requiring inventory to be re-created.

Disposals, Transfers, And Stolen Assets

Disposals and transfers of unserviceable equipment and fixed assets should only occur after proper authorization by the principal/director of the school(s). This procedure is to maintain the accuracy of the records, ensure the assets are properly safeguarded and to obtain the best possible terms upon disposal. In many cases, parts from an asset to be disposed of may be salvaged and used with an existing asset or saved for future utilization. Any computer tape, disk (hard drive, CD or floppy), tablets, laptops, servers or other storage medium used to store the school's and students' data must be totally erased or rendered unreadable before it is disposed. This is the sole responsibility of the School Principal. ***No asset should be disposed of or transferred without proper authorization by the principal/director of the school (s).***

Surplus supplies, property purchased with ***state and/or federal funding, and donated items*** shall be disposed of through competitive sealed bids and public auction. The School requires that all schools dispose of fixed assets through South Carolina's State Surplus Property Management Office. If the State Surplus Property Management Office screen the item(s) and finds that the assets are not salvage items, then it is required of the school to auction off the items on www.govdeals.com. In the event some types and classes of items can be sold or disposed of more readily and advantageously by other means, the School may employ such other means including, but not limited to, barter or appraisal.

The School is required to complete the Fixed Assets Disposals form at the time of disposal. In the case that assets are misplaced or stolen from the school's property, it is the School's responsibility to provide written justification for removal of the inventory out of the School's Masterfile. If item(s) are reported stolen, local authorities should be contacted immediately and a police report should be filed with a copy being attached to the Fixed Assets Disposals form.

If a School decides to transfer item(s) to another school for further use, a mass email will be sent to all school leaders with the item information, location, and whom should be contacted if interested. At that time, the school leaders should then work with one another to create arrangements. The school that is transferring the assets should remove the item(s) from their inventory records and the school that will be receiving the items should then add the item(s) to their inventory records. If the asset falls within the $2,500 threshold and/or technology items(s), then during the contracted fixed asset visit the asset will be automatically transferred within the School's Masterfile.

VII. CONFLICT OF INTEREST

POLICY:
The purpose of the Conflict-of-Interest Policy is to establish the basic structure for ethical conduct and avoidance of conflicts of interest on the part of the School employees, officers, and agents (collectively referred to as "employees") and its Board members. The Policy also outlines standards of conduct governing the actions of the School's employees engaged in the selection, award and administration of contracts, in accordance with 2 C.F.R. §200.318(c)(1).

School employees will not engage in any activity that conflicts or raises a reasonable question of conflict with their responsibilities in the School. This includes using information, data, or School resources for any purpose outside the employees' responsibilities. In addition, employees are not permitted to sell instructional supplies or equipment (including reference books) within communities served or schools authorized by the School. In accordance with the Federal Education Rights to Privacy Act (FERPA) and other applicable privacy laws, employees are not permitted to furnish the names of students or parents/legal guardians to any vendors or individuals unless an allowable exclusion applies.

PROCEDURES:
All School employees are under the jurisdiction of the S.C. Code Ann. Title 8, Ethical Conduct of Public Officials and Employees, and subject to the rules of conduct of the statute, incorporated here. Such rules include the following:

Section 8-13-750. No Board member or School employee may cause the employment, appointment, promotion, transfer or advancement of a family member to a state or local office or position in which the Board member or School employee supervises or manages. Similarly, no Board member or School employee may participate in an action related to the discipline of a family member of a Board member or School employee.

"Family member" includes the Board member or employee's spouse, parent, brother, sister, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparent, or grandchild. Any individual claimed by a Board member or employee or their spouse as a dependent for income tax purposes is also considered a "family member" under this policy.

Section 8-13-705. A School employee or Board member may not, directly or indirectly, knowingly ask, demand, exact, solicit, seek, accept, assign, receive or agree to receive anything of value (defined below) for him/herself or for another person in return for being:

- Influenced in the discharge of his/her official responsibilities;

- Influenced to commit, aid in committing, collude in, allow fraud, or make an opportunity for the commission of fraud on a government entity; or
- Induced to perform or fail to perform an act in violation of his/her official responsibility.

Section 8-13-100. "Anything of value" is defined as (i) a pecuniary item, including money, a bank bill, or a bank note; (ii) a promissory note, bill of exchange, an order, a draft, warrant, check, or bond given for the payment of money; (iii) a contract, agreement, promise, or other obligation for an advance, a conveyance, forgiveness of indebtedness, deposit, distribution, loan, payment, gift, pledge, or transfer of money; (iv) a stock, bond, note, or other investment interest in an entity; (v) a receipt given for the payment of money or other property; (vi) a chose-in- action; (vii) a gift, tangible good, chattel, or an interest in a gift, tangible good, or chattel; (viii) a loan or forgiveness of indebtedness; (ix) a work of art, an antique, or a collectible; (x) an automobile or other means of personal transportation; (xi) real property or an interest in real property, including title to realty, a fee simple or partial interest in realty including present, future, contingent, or vested interests in realty, a leasehold interest, or other beneficial interest in realty; (xii) an honorarium or compensation for services; (xiii) a promise or offer of employment; (xiv) any other item that is of pecuniary or compensatory worth to a person.

"Anything of value" does ***not*** mean:

- Printed informational or promotional material, not to exceed $10 in monetary value
- Items of nominal value, not to exceed $10, containing or displaying promotional material
- A personalized plaque or trophy with a value that does not exceed $150
- Educational material of nominal value directly related to the School employee's official responsibilities
- An honorary degree bestowed upon a School employee by a public or private university or college
- Promotional or marketing items offered to the general public on the same terms as the School employee

Section 8-13-715. A School employee or Board member acting in an official capacity may not receive anything of value for speaking before a public or private group. However, a

School employees are not prohibited from accepting a meal provided in conjunction with a speaking engagement where all participants are entitled to the same meal and the meal is incidental to the speaking engagement.

Section 8-13-700. A School employee or Board member may not knowingly use his/her official office, membership, or employment to obtain an economic interest of him/herself, a member of his/her immediate family or an individual or business associate. If the employee is required to make a decision or take an action which benefits the aforementioned, he/she

must prepare a written statement describing the matter and the nature of the potential conflict of interest and submit it to his/her superior, who will assign the matter to another employee.

Section 8-13-725. A School employee or Board member may not use or disclose confidential information gained in the course of or by reason of his/her official responsibilities in a way that would affect an economic interest held by him/her, a member of his/her immediate family, an individual with whom he/she is associated, or a business with which he/she is associated.

Section 8-13-720. A School employee or Board member may not solicit or receive money in addition to that received in his/her official capacity for advice or assistance given in the course of his/her employment as a School employee or Board member.

Section 8-13-765. A School employee or Board member may not use governmental personnel, equipment or materials in an election campaign.

Section 8-13-730. A School employee or Board member may not serve as a member or employee of a government regulatory commission that regulates any business with which the employee is associated.

Section 8-13-740. A School employee or Board member may not represent another person before a governmental entity.

Section 8-13-710. Any Chief Administrative Official, Deputy or Assistant of a Division, Chief Financial Official, or Chief Purchasing Official who receives, accepts, or takes, directly or indirectly, from a person, anything of value worth twenty-five dollars or more in a day and anything of value worth two hundred dollars or more in the aggregate in a calendar year must report the item of value on his/her statement of economic interests.

Conflicts of Interest in Federal Procurement Procedures

No School employees or Board member may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee or Board member or any member of his or her immediate family (as defined in "family member" above), his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The employees and Board members may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless the gift is an unsolicited item of nominal value.

Upon discovery of any potential conflict, the School will disclose in writing the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy. The School will also disclose in writing to the federal awarding agency or pass-through any violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the award.

Section 8-13-760. A School employee or Board member who is participating directly in procurement, as defined in Section 11-35-310(22), may not resign and accept employment with a person contracting with the governmental body if the contract falls or falls under the employee or Board member's official responsibilities.

VIII. FRAUD PREVENTION

SCOPE AND PURPOSE:

This Policy applies to any and all contractors, Education Management Organizations ("EMOs"), vendors, agents, intermediaries, and their respective employees, contractors, subcontractors, or agents (collectively "Relevant Parties") that are employed by, contracted, provide services to, or work with the School.

The purpose of this Policy and Procedure is to promote and guide the conduct of all Relevant Parties associated with the School, with a view to the avoidance of fraud and corruption and management of situations, which may be regarded as unethical conduct or behavior and to demonstrate that the School is committed to the detection and investigation of any such occurrences.

POLICY:

The School's authorizer, the Charter Institute at Erskine, as the Sponsor of charter schools, has the fiduciary duty and responsibility to comply with the South Carolina Charter Schools Act, S.C. Code §§ 59-40-10 et seq. (the "Act"), including the responsibility to regularly monitor the performance and legal and fiscal compliance of the School. Therefore, the School is committed to conducting oversight of and protecting state and federal dollars, its revenue, expenditure and assets from any attempt by Relevant Parties of the School to gain financial or other benefits by deceit, bias or dishonest conduct.

The Institute's, and therefore the School's, commitment to fraud and corruption control will be managed by ensuring that fraudulent or corrupt activity is prevented, conflicts of interest are avoided, and auditing systems are in place to deter and/or identify corrupt activities.

All information, including but not limited to third-party reports, of suspected fraudulent and/or corrupt activity by a Relevant Party will be fully investigated and appropriate action taken.

All Relevant Parties must be aware of the School's intention to (i) debar, suspend or dismiss a Relevant Party in the event of corruption or fraud on the School (ii) report internal and/or external fraudulent or corrupt activity to law enforcement; and/or
(iii) prosecute Relevant Parties found to be involved in fraudulent and/or corrupt behavior. The School will pursue recovery of any financial loss through civil proceedings and will recommend that its sponsored charter schools pursue same.

DEFINITIONS

Corruption can be defined as dishonest activity in which a Relevant Party acts contrary to the interests of the School and abuses his/her position of trust in order to achieve some personal gain or advantage.

Fraud can be defined as the use of deception or misrepresentation to obtain an unjust advantage or to cause a disadvantage or loss to the School including benefitting another, and includes theft or misappropriation of the Schools' assets or finances to the detriment of its employees, residents and tax payers.

Fraud can also involve misuse of confidential information, abuse of discretion, facilities or employment conditions, redirection of goods or services for personal use and inappropriate arrangements with contractors and other third parties.

Examples of fraud, for the purpose of this Policy, include but are not limited to:

- Theft and/or misappropriation of the School's revenue in the form of cash, checks, money order, electronic funds transfer or other negotiable instrument;
- Theft of equipment, parts, software, and office supplies from the School's premises;
- Deliberate over-ordering of materials or services to allow a proportion to be used for personal purposes;
- Submission of sham taxation arrangements for an employee or contractor to circumvent the Schools' procedures for engagement of employees and contractors;
- Intentional submission of fraudulent, false, or redundant applications or invoices for reimbursement;
- Unauthorized amendment or correction to previously authorized forms;
- Knowingly executing a contract without authorization and/or knowing payment of funds without authorization which does not align with the charter contract or the charter;
- Payment of fictitious employees or suppliers;
- Falsification of time, training, or attendance records;
- Damage, destruction or falsification of documents for the purpose of material gain; and

- Misrepresentation of qualifications in order to secure a position of employment.

Corrupt conduct includes asking for or receiving a financial or other benefit of any kind, undue influence of an officer, employee, or board member of the School for financial or other benefit of any kind, the acceptance of a bribe, in any form, which is punishable under federal or South Carolina law, including but not limited to S.C. Code of Laws § 59-40-75.

Authority to Investigate and Debar, Suspend or Terminate Contract

Upon receipt of a report, or upon discovery of information, of suspected fraudulent and/or corrupt conduct of a Relevant Party, the Head of School or designee has the authority to investigate the report and/or information of suspected fraudulent and/or corrupt conduct, to demand a third-party audit of the relevant records, and issue a report of findings. The School has absolute discretion to determine the scope of the investigation.

The School has the primary fiduciary duty to investigate reports or information of suspected fraudulent and/or corrupt conduct of its Relevant Parties. In the event that a School fails or refuses to conduct a sufficient investigation, as determined in the sole discretion of the Institute, and the Institute conducts a third-party investigation, upon the finding documented evidence of fraud or corrupt activity, the Institute may have the School pay for some or all of the reasonable costs of the third-party investigation; however, the School does not need to pay if there are no findings.

Any Relevant Party that the Institute has found documented evidence of fraud or corrupt activity within the scope of work performed for the Institute, and/or documented evidence of a refusal to provide evidence requested during the investigation of suspected fraud or corrupt activity, after consultation with the Institute Attorney, the Institute shall have authority to demand corrective action, debar, or suspend the vendor from further work and/or terminate the contract with the Relevant Party and suspend further payment of the contract. The Institute will work with the attorneys to decide if the contractor or vendor must be reported to the applicable law enforcement.

Any Relevant Party that the Institute has found documented evidence of fraud or corrupt activity within the scope of work performed for a sponsored South Carolina charter school of the Institute, and/or documented evidence of a refusal to provide evidence requested during the investigation of suspected fraud or corrupt activity, after consultation with the Institute Attorney, the Institute shall have authority to recommend the charter school demand corrective action, debar, suspend the vendor from further work, and/or terminate the contract with the Relevant Party and suspend further payment of the contract. A School's refusal to provide requested evidence during the Institute's investigation of suspected fraud or corrupt

activity of a Relevant Party is grounds for sanctions, including but not limited to revocation of a School's charter. The Institute will work with the attorneys to decide if the contractor or vendor must be reported to the applicable law enforcement.

Causes for Debarment, Suspension, or Termination

The causes for debarment, suspension, or termination may include, but are not limited to, the following:

a. conviction for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract;

b. conviction under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as Relevant Party for Schools;

c. conviction under State or Federal antitrust statutes arising out of the submission of bids or proposals;

d. a determination by the Superintendent that a Relevant Party engaged in corruption or fraudulent conduct;

e. a determination by the Superintendent that a Relevant Party refused to cooperate in an investigation of suspected corrupt and/or fraudulent conduct, including refusal to produce requested evidence;

f. any other cause which constitutes extreme circumstances so serious and compelling as to affect responsibility as an Institute contractor, including debarment, suspension, or termination by another governmental entity for cause;

g. for violation of the ethical standards set forth in South Carolina State Ethics Act (S.C. Code of Laws §§ 30-4-10 thru 30-4-165).

Recovery of Losses

In each case where there is clear evidence of fraud or corruption, the School, in consultation

with its attorney, will consider all reasonable avenues available for recovering any funds lost or compensation for other fraud losses. Due consideration will be given to the likely benefits of recovery action exceeding the funds and/or resources required for the recovery action.

Right to Protest Decision

The suspended, debarred, or terminated Relevant Party that has been issued sanctions or investigation costs by the School pursuant to this Policy, has the right to protest the decision. The protest shall be submitted in writing to the Head of School, setting forth the grounds and facts applicable thereto for the protest, within fourteen (14) days after such suspended Relevant Party has received written notice of the School's decision to suspend, debar, or terminate the contract. The filing of a protest shall not stay the performance of the contract unless fraudulent.

Authority to Resolve Protests

The Head of School shall have the authority to settle and resolve a protest of an appealing Relevant Party who was suspended, debarred, or terminated.

Decision of Head of School

Decision – If the protest is not resolved by mutual agreement, the HOS shall issue a decision in writing within thirty (30) days. The decision shall:

a. State the reasons for the action taken, and
b. Inform the protestant of its right to administrative review as provided in Section 10 of this Policy

Notice of Decision – A copy of the decision shall be mailed or otherwise furnished immediately to the protestant and any other party intervening.

Finality of Decision – A decision shall be final and conclusive, unless any person adversely affected by the decision appeals administratively.

Failure to Render Timely Decision - If the written decision required under this Section is not entered within thirty (30) days after written request for said decision, or within such longer period as may be agreed upon, then the Relevant Party shall proceed as if an adverse decision had been received.

Right to Administrative Appeal

A. Head of School

Prior to commencing any other action at law or in equity, a party aggrieved from a determination by the Head of School which is authorized under this Policy and Procedure, shall seek review of such determination to the School Board of Trustees.

B. Procedures

Time Limit for Filing an Appeal - A determination by the Head of School shall be final and conclusive unless any person adversely affected by the decision requests a review by the Board of Trustees, in writing, setting forth the reasons for such review, to the Head of School within ten (10) days of its receipt of the decision.

Upon receipt of an appeal from an aggrieved party, the Head of School shall schedule a review of the appeal. The protestant may also request an appearance before the Board of Trustees. The Board of Trustees, within ten (10) days of completion of its review, shall, in writing, affirm, alter or deny the decision. Such decision shall include findings of fact and conclusions of law including a statement of the underlying facts supporting such findings. The decision shall also state whether the debarment or suspension being contested was in accordance with this Policy, and in the best interest of the School.

The administrative review by the Board of Trustees shall not be limited to any prior determination. Any prior School determination shall not be conclusive as to any findings and conclusions. Any person who is aggrieved by a final decision shall have exhausted all administrative remedies available within this Policy and Procedure prior to seeking judicial review pursuant to S.C. Code of Laws § 59-40-90. The decision of the Board of Trustees shall be presumed final and conclusive unless such proceedings for review are instituted by filing a petition in the Administrative Law Court within thirty (30) days after such final decision.

IX. PAYROLL/TIME AND EFFORT

A. PAYROLL

POLICY:
To establish the basic structure for payment of salary for the School under the direction of the Board of Directors. Payroll must be approved by the School Head of School or designee

PROCEDURES:

Pay Cycle

Employees are paid on a 12-month, semi-monthly schedule. The first pay date for 195-day employees is August 30 and the last is August 15. All other employees have a pay cycle of July 1to June 30 with the first paycheck on July 15. Details regarding pay are included in an employee's agreement or contract.

Payday

Pay is on the 15th and 30th of each month. Should the date fall on a weekend or a holiday, the pay date is the preceding business day.

Hourly Employee

Time for an hourly employee is submitted on an individual timesheet and properly approved by both the individual and the Head of School or designee for payroll processing.

Change in Payrate

All employee payroll amounts are calculated based upon approved rates included in the employee personnel file.

Payroll Taxes

All payroll taxes are processed through the third-party vendor. The Business Office maintains a record of the payroll tax reports.

School Accounting Software

After each payroll, the payroll is recorded in the accounting system.

B. TIME AND EFFORT POLICY:

The School maintains procedures that provide reasonable assurance that charges to federal grants for wages are accurate, allowable, and properly allocated. The School ensures all employees who are paid in full or in part with federal funds keep specific documents to demonstrate the amount of time they spend on grant activities.

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spend on grant activities. 2 C.F.R. §200.430(i)(1). In addition, employees who are paid from state and local funds, but whose salaries are used for cost sharing or matching, must also keep time and effort documentation.

PROCEDURES:
Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. In accordance with § 200.430(i)(1), these records must:

- Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally-assisted and all other activities compensated by the agency on an integrated basis;
- Comply with the established accounting policies and practices of the agency; and
- Support the distribution of the employee's salary or wages among specific activities or cost objectives.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards but, may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed. 2 C.F.R. § 200.430(i)(1)(viii).

Time and Effort Procedures

To meet the above requirements, all employees who must complete time and effort forms must submit either a semi-annual certification or a personnel activity report (PAR) as required below. The type of form depends on the number of cost objectives that an employee works on.

A cost objective is a program, function, activity, award, organizational subdivision,

contract, or work unit of which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. 2 C.F.R. § 200.1.

All employees whose work is funded fully (100%) by a single cost objective or grant award must complete a semi-annual certification. The semi-annual certification must be:

1. Completed at least every six (6) months (twice a year);
2. Be signed by the supervisor with direct knowledge of the work being performed;
3. Reflect an after-the-fact distribution of the actual activity; and
4. Account for the total activity for which each employee is compensated.
5. Completed semi- annual certification(s) must be submitted to the Federal Programs Office.

In addition to semi-annual certifications, a blanket certification may be maintained that incorporated the above information into a single document for multiple employees. For example, if a stipend is earned by multiple employees, the supervisor could certify a single document that the stipend was earned by the listed employees per the above requirements.

A PAR must be completed if an employee works on multiple cost objectives. A PAR must meet the following standards:

1. Reflect an after-the-fact distribution of the actual activity, not a budget estimate;
2. Account for the total work activity for which each employee is compensated;
3. Be prepared at least monthly (a separate PAR for each month) and coincide with one (1) or more pay periods; and
4. Be signed by the supervisor with direct knowledge of the work being performed;
5. Completed PAR documents must be submitted to the Federal Programs Office.

Reconciliation Procedures

It is critical for payroll charges to match the actual distribution of time recorded on the time and effort certification documents.
All Time and Effort certifications are collected, reviewed for accuracy, appropriate signatures, and dates.