***Summary of Proposed Changes:***

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| **Page No.**  | **Original language** | **Proposed changes** | **Rationale for the proposed changes** |
| 4. | N/A | No one person should have sole control over the lifespan of a transaction, such as:• Initiate the transaction• Approve the transaction• Record the transaction• Reconcile the transaction• Handle the related asset• Review reportsAll Business Services personnel are cross-trained. Where possible, assignment rotations are implemented and employees are expected to take at least one two-week holiday a year. | To ensure the basic principal of the segregation of duties is explicitly spelled out. |
| 4. | All proposed expenditures must be approved by the CEO or designee and CFO or designee who will review each proposed expenditure to determine whether it is consistent with the MWA Board-adopted budget and, if so, sign the check request or purchase order form. | All proposed expenditures must be approved by the CEO or designee. The CFO or designee will review each proposed expenditure to determine whether it is consistent with the MWA Board-adopted budget and, if so, sign the check request or purchase order form. | In our current practice, all expenditures are first approved by “budget managers”, who are designated by the CEO, as long as the amount is in the board approved budget and does not trigger board pre-approval threshold. The CEO is also the final approver of all invoices before checks are cut. The CFO, or a CFO designee has to review each proposed expenditure to determine it is in budget and then sign off on the check request or PO form.  |
| 4 | Any purchase or transaction involving an expenditure of funds either (I) not included in the Academy’s approved budget or (ii) included in the Academy’s approved budget but exceeding the sum of **$ 50,000**, shall additionally require prior approval by the MWA/MWF Finance Committee. | Any purchase or transaction involving an expenditure of funds that either (i) causes a line item to exceed the approved budget or (ii) is of **$25,000** or more, shall additionally require approval by the MWA Board, unless the associated contract for the expenditure has already been approved by the Board. Any purchase or transaction involving an expenditure of funds less than **$25,000** shall be approved by the CEO, CFO or Business Services designee, except that expenditures of **$10,000** or less may be, in the alternative, approved by budget managers. The Finance Advisory Committee will monitor income and expenditures against projections and make inquiries into and understand the causes of any meaningful variance from the school’s projected budget.Additionally, A chart of approvals and a chart showing separation of duties for approvals are added. | Currently we need pre-approval from the board for contract service that is over $5k. The amount is relatively small as compared with our annual budget; also, sometimes it is confusing as to what constitutes a “contract service”. $25K is the threshold for capitalizing the asset, and it is also about one thousandth of our annual budget, so we think it is a reasonable threshold. Language also added to address approval authorities below $25,000.  |
| 4 | N/A | The MWA Board, in its regular board meetings, shall ratify all bill payments since the previous board meeting. Business Services will conduct an internal audit annually to ensure all purchases have obtained appropriate approvals. | The proposed language would reflect our current practice. |
| 6. | All funds received shall be deposited or transferred into MWA’s accounts at the earliest possible convenience and in no event later than **five (5) business days** after receipt. | All funds received shall be deposited into MWA’s accounts at the earliest possible convenience and in no event later than the **following business day** after receipt. | To ensure the timeliness of depositing funds. |
| 6. | All purchases over $5,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services by soliciting two, and preferably three, competitive bids from qualified providers where practical. The CEO or designee shall not approve purchase orders or check requests lacking such documentation. Documentation shall be attached to all check and purchase order requests showing that at least three vendors were contacted and such documentation shall be maintained for three years. | Notwithstanding any provision of MWA’s fiscal policies, MWA will follow all applicable bidding processes under state and federal law in procuring products and services.Where there is no legal requirement for a formal bid process to seek multiple bids before a purchase can be made and there is no legal requirement that a formal bid process be followed, the following internal MWA policy shall apply. For all purchases over $25,000, MWA staff shall make a good faith effort to secure the lowest possible cost for comparable goods or services by soliciting two, and preferably three, competitive bids from qualified providers, and shall include documentation of such effort in the purchase record. When obtaining competitive bids is not possible due to lack of competitors offering comparable products/services or other factors, the requesting MWA employee shall include with the purchase order or check request a statement indicating why obtaining at least two bids was not possible. The CEO or designee shall only approve purchase orders or check requests that include 1) a statement explaining why at least two bids was not possible or 2) documentation showing that at least two, and preferably three, vendors were contacted and such documentation shall be maintained for three years. | Currently we don’t usually have documentations for purchase over $5,000, so the original policy is not being enforced. One of the main challenges regarding the bidding requirements is that we oftentimes find it is practically impossible to find even two vendors who would be able to provide the same services or products we need, not to mention three. This is due to the nature of our business – many of the services/products are highly specialized and there is often a lack of competitors who could offer comparable products or services. One example is CharterSAFE for liability insurance.The proposed language would strike a balance of allowing either quotes from multiple vendors or a statement explaining why this was not possible.  |
| 7. | Food equipment over **$500** with a useful life of more than one year shall also be inventoried. | Food equipment over **$2,000** with a useful life of more than one year shall also be inventoried. | Increased the threshold to $2,000 so the amount is more aligned with the inventory threshold for other equipment. The original threshold of $500 is too low. |
| 8. | If the Academy receives over **$500,000** from federal sources, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars. | If MWA receives federal income over the threshold for a single audit as determined by the Office of Management and Budget, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars. | The threshold has been increased by the federal Office of Management and Budget to $750,000. Change the language so we don’t have to update the policy whenever the threshold changes. |
| 10. | N/A | G. Notification Responsibilities The CEO or CFO shall notify both the Finance Advisory Committee and the Audit Advisory Committee of any material liabilities that are discovered or significant changes in the proposed treatment of any assets or liabilities from those reflected in prior year financial statements. | Added to ensure both the finance advisory committee and the audit committee are kept abreast of any potential audit exceptions. |
| 11. | N/A | Appendix A: Board-Approved Bank Signers | To reflect the policies related to the banking arrangement on page 6: “*The MWA Board of Directors must appoint and approve all individuals authorized to sign checks or warrants in accordance with these policies”* |