



## **GREAT LAKES OBSERVING SYTEM**

### **STANDARD PRACTICE GUIDE**

**SECTION:** Fiscal Responsibilities

**Number:** FIS-1

**SUBJECT:** Fiscal Responsibilities

**Revised:**

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#### **Purpose**

This policy delineates, in one place, many of the fiscal responsibilities required by GLOS. It is the responsibility of every staff member who is involved in any financial activity on behalf of GLOS to be fiscally responsible and to exercise appropriate financial controls, as outlined in this document and as is relevant to their role. This document defines the five guiding principles for financial control that are required by GLOS (at a minimum) at each level of the organization.

#### **Guiding Principles for Financial Controls**

- 1) An optimal control environment calls for clearly defined roles and responsibilities, policies based on principles rather than procedures, and a minimal number of exceptions to those policies.
- 2) The use of management reporting as a control method reduces emphasis on individual transactions and allows management to monitor trends. Standard, unit-specific and Internal Audit reports will be available as management tools.
- 3) Review and approvals provide controls by utilizing clear definitions of what the approvals mean, and also by establishing materiality levels for consistent and meaningful approvals.
- 4) Appropriate documentation standards will assure compliance with various internal and outside oversight agencies' requirements, and also eliminate non-essential documentation.
- 5) The role of Internal Audit will be to focus on high risk or high exposure areas, and through the use of internal control self-assessment programs and horizontal audits, help units to implement best practices in establishing unit control policies and procedures.

#### **Essential Requirements for Financial Controls**

1. Preparation of a Budget Plan (including anticipated revenues and expenses)
2. Processing of Financial Transactions
3. Financial Review

#### 4. Internal Controls and Management Responsibilities

##### 1. Preparation of a Budget Plan (including anticipated revenues and expenses)

Budgets should reflect the operational plans for a period of at least one year and ideally represent those plans over several years. Budgets are typically formally adopted and approved on an annual basis and budgets are administered from an annual budget perspective. Once a budget is approved, it should not change unless it goes through a rebudgeting process. The budget plan should include all funds available, including operating and non-operating funds.

The review, approval and endorsement of the budget require an understanding of the major budget components by the Executive Director. Since budgets live in details, responsibilities for budget details are typically delegated to the Business Manager, who has operational decision-making authority. Preparation of a budget requires involvement of the Executive Director and financial management staff.

##### 2. Processing of Financial Transactions

Individuals with responsibility for processing financial transactions may have the full range of responsibility or have duties associated with a specific activity (e.g. staff appointments; timecards and gross pay registers; purchasing). Individuals with responsibility for processing any financial transaction must ensure proper approvals have been obtained from individuals with delegated budgetary authority to support the expenditure of GLOS funds. Appropriate written documentation of these approvals should be kept on file.

The most important part of the approval process is the determination of whether the expenditure is appropriate. As such, individuals designated with approval responsibility should be in a position to determine that the financial activity is appropriate. Appropriateness refers to two things: 1) management review – whether the expenditure would be considered within the intended use of the budget (or if the expenditure is not planned for, is it considered a good use of unit resources) and 2) compliance review – whether it is consistent with the relevant policies of GLOS, donor intent or sponsor guidelines. It is important to note that GLOS policy must be met at a minimum even if the donor intent or sponsor guidelines (e.g., OMB Circular A-133) allow a more lenient approach. In other words, GLOS policies are the presiding determinant over all other guidance unless donor or sponsor policies are stricter.

Individuals who authorize commitments must be aware of the relevant policies (including donor intent and sponsor guidelines) that guide expenditure decisions. In the event that one individual may not be in a position to review both aspects of appropriateness as defined above, a two-step approval process may be necessary. In that case, a clear definition of the roles of each approver should be developed. In no case should financial activity exist which cannot successfully pass both management and compliance review.

No one individual should control a financial transaction from start to finish. This point is covered in more detail later in this document under the separation of duties requirement.

### 3. Financial Review

Individuals with delegated budgetary responsibility should regularly review budget versus actual activity; budget variances need to be adequately explained. In other words, financial reviews should include the identification of budget variances and the review of financial activity to ensure all financial activity is appropriate and correct. This activity is sometimes described as reconciling the financial statements of activity but reconciliation is only part of the financial review process.

Verifying that required approvals were obtained and adequate documentation exists to support each financial transaction should be part of the review. Management reporting should also include exception and trend reports about the overall operation of the unit and reviews should focus on activity levels and unusual trends. Management reports should be reviewed with the Executive Director on a regular basis. Although individuals may use supplemental systems to monitor selected trends and activities, the financial review is also necessary to validate that GLOS centrally maintained financial data (e.g. statements of activity, gross pay registers, and project grant balances) is complete and accurate. The integrity of the financial data maintained in the GLOS central system, including the accuracy of revenue and expenditure functional classification, is critical for GLOS-wide reporting, including consolidated financial reporting and state and federal regulatory filings.

### 4. Internal Controls and Management Responsibilities

All managers should use internal controls to help assure that GLOS operate according to a plan. The methods used are: policies, procedures, organizational structures and physical barriers. Most internal controls can be classified as preventive or detective. Preventive controls are designed to discourage errors or irregularities (e.g., requiring supervisory sign-off before an item is purchased). Detective controls are designed to identify an error or irregularity after it has occurred (e.g., reconciling financial statements of activity to ensure all charges are appropriate and correct). The existence of detective controls can also serve to prevent irregularities. For example, an individual tempted to use GLOS funds inappropriately may be deterred by the knowledge that financial statements are regularly reviewed. Through careful design, the system of internal controls can help units operate more efficiently and effectively and provide a reasonable level of assurance that the processes and products for which you are responsible are adequately protected.

All managers are responsible for ensuring that internal controls are established and functioning to achieve the mission and objectives of GLOS. Adequate internal controls allow managers to delegate responsibilities with reasonable assurance that what they expect to happen, actually does.

### **Financial Oversight Responsibilities by Level**

GLOS organization structure, in particular the administrative structure, establishes many of the roles and responsibilities for financial management. For example, financial controls are strengthened when separation of duties exists. Financial controls are weakened when one person

handles a financial transaction from start to finish. The adequate separation of duties requirement is essential in order to maintain an appropriate system of checks and balances. GLOS must ensure that adequate separation of duties exists and the Executive Director must provide regular and timely review of staff duties to confirm that separation of duties are maintained.

GLOS ensures separation of financial duties through the following financial review process. All reimbursements and/or invoices are reviewed for accuracy and content by the Business Manager who forwards them to the Executive Director. The Executive Director reviews the reimbursement and/or invoice before forwarding, with a recommendation for approval, to the GLOS Treasurer for review and approval. Once approved, the Business Manager makes arrangement for payment. Reimbursements and/or invoices for the Business Manager and/or the Executive Director require a third approval, from the Chairman of the Board, prior to processing for payment.



## **GREAT LAKES OBSERVING SYTEM**

### **STANDARD PRACTICE GUIDE**

**SECTION:** Purchasing

**Number:** FIS-2

**SUBJECT:** Travel and Business Hosting Expense  
Policies and Procedures

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#### **I. Introduction**

GLOS reimburses staff and others for reasonable and necessary expenses incurred in connection with approved travel or business hosting on behalf of GLOS. GLOS encourages staff to take advantage of GLOS arranged travel discounts whenever possible.

GLOS reimbursement is allowed only when reimbursement has not been, and will not be, received from any other source. Reimbursement is also permissible for necessary and reasonable travel and business hosting expenses of sub-contractors, members and partners. A necessary expense is one for which there exists a clear business purpose and is within GLOS expense policy limitations. A clear business purpose contains all information necessary to substantiate the expenditure including a list of attendees and their purpose for attending, business topics discussed, or how the expenditure benefited GLOS.

Establishing policies and procedures for travel and business hosting expenses enables GLOS to effectively comply with federal and state regulations. These policies and procedures apply to reimbursements from all GLOS funding sources. On occasion, due to sponsored research contracts or other administrative purposes, more restrictive Travel and Business Hosting Expense policies and procedures may be mandated by specific programs or offices. Staff and others whose expenses are funded by a grant or contract must adhere to the terms of that grant or contract for verification of allowable expenditures.

GLOS reserves the right to amend or revise policies at any time. Changes in policies and procedures will be readily distributed throughout the GLOS community and are to be considered effective on their date of issuance unless otherwise stated. These policies are intended to be guidelines for the reimbursement of all GLOS approved travel and business hosting expenses.

There are several key points to remember when incurring expenses on behalf of GLOS:

- Under no circumstances may an individual approve his/her own expense report or that of a person to whom he/she functionally or administratively reports.
- GLOS will not pay for personal expenses.

- A large number of exceptions or policy violations will increase the likelihood of expense report audits.

## **II. POLICIES APPLYING TO ALL TRAVEL AND BUSINESS HOSTING EXPENSES**

### **A. APPROVAL AND AUTHORIZATION**

The GLOS Business Manager, must approve a Travel and Business Hosting Expense submission before reimbursement will be issued.

### **B. ROLE OF THE APPROVER**

By approving travel and/or hosting expenses the Business Manager is attesting that s/he has thoroughly reviewed each transaction and the supporting documentation, and has verified that all transactions are allowable expenses. This individual is a “check” in the expense reporting process to identify potential or actual errors in expense reporting and is equally accountable for all expenditures.

Each transaction must be consistent with budgetary and project/grant guidelines. The Business Manager must be sure the correct funding sources are charged, in keeping with proper fiscal stewardship. Under no circumstances, may an individual approve his/her own expenses or that of a person to whom he/she reports functionally or administratively. Should expenses not meet approval guidelines, the Business Manager may deny the expenses. Denied expenses will be considered a personal expense to the individual seeking reimbursement, and will be processed in accordance with the policies herein as a per diem allowance.

Upon granting approval of expense submissions, the Business Manager is certifying:

- Appropriateness of the expenditure and reasonableness of the amount.
- Availability of funds.
- Compliance with funding agency regulations and GLOS reimbursement policies.
- Completeness of documentation and accuracy.
- Compliance with Policy on Indirect Cost Recover Excluded (ICRX) Expenditures.

### **C. BUSINESS PURPOSE JUSTIFICATION AND EXPLANATION STATEMENTS**

In cases where a submitted expense does not conform to stated GLOS policy, or if a receipt is lost or missing, an explanation is required when submitting the expense. The individual’s immediate supervisor or higher administrative authority must approve these statements. In addition, where noted in this policy, certain policy exceptions require approval by the Chairman of the Board of Directors.

### **D. SEGREGATION OF CERTAIN COSTS – POLICY ON ICRX EXPENDITURES**

Sponsors such as the federal government, state government, foundations, and corporations fund direct costs for GLOS mission. Sponsors also reimburse GLOS for a portion of facilities and administrative costs (indirect costs).

Indirect costs are necessary for the general operation of GLOS and for the performance of sponsored projects. Most general operating expenses of GLOS become part of the

indirect cost rate calculations. Some costs identified as Indirect Cost Recovery Excluded (ICRX) Expenditures, must be flagged to segregate the costs to ensure that they are not charged to sponsored projects as direct or indirect costs. ICRX expenditures are flagged by assigning the appropriate Class ending in X.

### **III. TRAVEL POLICY**

#### **A. INTERNAL REVENUE SERVICE REQUIREMENTS**

- Travelers must submit the Travel and Business Hosting Expense Report form, substantiating the amount, date, and use and **business purpose** of expenses, ideally within ten days of the completion of the trip or date of hosted event but no later than 45 calendar days. *Expenses submitted in excess of 45 calendar days may not be reimbursed.* Required receipts must be attached to the expense submission as required in Section B.
- Employees must return any advance amount in excess of allowable substantiated expenses within 45 calendar days after the completion of the trip or date of hosted event.

#### **B. DOCUMENTATION AND RECEIPT REQUIREMENTS**

IRS requirements are met by the submission of approved expenses to GLOS Business Office. The overall, specific business purpose of the trip should be clearly stated on expense submissions. Business purpose should include information such as:

- People involved
- Organizational affiliation
- Business topics covered

Required receipts must be attached to the Travel and Business Hosting Expense Report. Receipts must contain appropriate detail, including starting and ending destinations, hotel charges, and detailed item charges. A specific business purpose for the expenditure must be noted on every expense submitted. Receipts are required for the following:

- Lodging, air, rail, all non-taxi transportation, and rental cars
- Conference registration fees unless paid for on the GLOS DEBIT/VISA card
- All single expenditures

#### **C. TRAVELING BY AIR**

GLOS will reimburse for the cost of coach airfare. Travelers should always select the lowest price airfare within the bounds of the most logical schedule. All flights should be booked *at least* 14 days in advance. Flights booked with less than 14 days advanced purchase require a written explanation for the booking delay for the Business Manager. The Business Manager may deny charges that result from last minute airline booking.

Federal regulations prohibit the use of federal funds for purchase of business or first class air travel for domestic flights. Business class is reimbursable for international flights when the portion of the flight that is nonstop exceeds 8 hours in duration. Pre-trip approval from the Executive Director or, in the case the Executive Director is traveling, the Chairman of the Board of Directors is required. In addition, federal regulations require that U.S. carriers be used for both foreign and domestic travel, unless one is not

available. In the event travelers require a flight change, explanation of flight changes that incur additional costs are required. Travelers must state business reason for the need to alter the flight reservation and the total cost of the flight should be evaluated and approved as reasonable by the approver when completing the final expense report submission.

#### **D. TRAVELING BY RAIL**

GLOS will reimburse the cost of train fare when it is less than the cost of coach airfare and airport transportation costs.

#### **E. RENTAL VEHICLES**

When a rental car is necessary, travelers should inquire about any available discount rental rates. This will ensure that proper waivers are met and GLOS rates are acquired. However, when traveling to destinations outside the Continental U.S. (OCONUS) with the exception of Canada, GLOS recommends that travelers accept collision insurance.

Reimbursement will be made for reasonable charges for gasoline. Maintenance and oil changes are the responsibility of the rental company and will not be reimbursed by GLOS.

#### **F. USE OF PRIVATE VEHICLES**

At times, a personal vehicle may be used in order to save time, transport equipment or reduce costs when several people are traveling together. Reimbursement is calculated per-mile based on the current reimbursement rate. This reimbursement may not exceed the maximum allowable rate for federally sponsored programs, and is limited to the amount of coach airfare. Tolls and reasonable parking charges will be reimbursed in addition to the mileage allowance. GLOS generally does not reimburse local in-town mileage (i.e., travel between GLOS and other partner offices for meetings, or within the city of the employee's primary work location), parking/tolls or commuting costs (i.e., the costs associated with driving a car between home and the normal place of work or business).

Note that fuel costs are included in the per-mile reimbursement rate. If you request reimbursement for mileage you will not be reimbursed for fuel costs.

GLOS does not assume liability for damage to personal automobiles used on GLOS business and does not assume liability for deductibles or any other uninsured loss to the vehicle. Liability insurance protection will be provided as excess coverage only after the private owner's personal liability insurance limits are exhausted when the vehicle is used for business purposes. Cost of repairs to a vehicle, whether or not they result from the traveler's acts or not, are not reimbursable.

Under no circumstances will GLOS reimburse parking fines or moving violations.

#### **G. OTHER TRANSPORTATION**

Expenses for memberships in travel/airline clubs and/or daily club use are not



reimbursable.

Most airlines are now charging for checked luggage and for curbside check-in. In the event there is a charge for checking luggage, GLOS will reimburse for a maximum of two (2) pieces of checked luggage. Baggage charges incurred for excess weight will not be reimbursed, unless an appropriate business purpose explanation is provided.

#### **H. PER DIEMS/TRAVEL ALLOWANCE**

Travelers will be provided a per diem rate for travel days in accordance with the United States General Service Administration (GSA) rate tables ([www.gsa.gov](http://www.gsa.gov)).

Per diem rates include both the cost of meals and incidental expenses. Incidental expenses include: fees and tips given to porters, baggage carriers, bellhops, hotel housekeeping, stewards or stewardesses, and hotel staff, transportation between places of lodging or business and restaurants, and mailing cost associated with filing expense reports and reimbursements due to GLOS. Incidental expenses cannot be reimbursed separately as they are included in the per diem rate. As referred to in Section III-H (Other Transportation), ground transportation (e.g., taxi, shuttle) to and from airports and railroad stations, and between business meetings while on travel status, is not included in the per diem incidentals. Additionally, the Reimbursable Miscellaneous Expenses referenced in Section III-L are not included in the per diem incidentals. While it is permissible for GLOS Debit/VISA Card to be used to pay for travel meals, it is not the recommended approach when collecting per diem because of the extensive accounting and reconciliation work it creates. ATM withdrawals are not permitted for the use of advance payment of per diems.

Travelers are eligible for 75 percent of the total per diem rate on the first and last day of travel and on single day trips where continuous travel is equal to or greater than 12 hours. GLOS is not permitted to reimburse at rates higher than federal per diems for meals on travel status. Per diem meals and incidental expenses do require receipts. For a complete listing of the federal per diem tables visit the GSA per diem website at: [http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA\\_BASIC&contentId=17943](http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_BASIC&contentId=17943)

Meal and incidental expenses in excess of the per diem are not reimbursable. When meals are offered as part of a conference fee or when the traveler hosts or is hosted by another party while on travel status, the traveler must acknowledge these meals while completing the Travel Allowance portion of the expense report.

#### **I. LODGING**

GLOS will reimburse lodging expense at a reasonable single occupancy, standard business room rate, which would be incurred routinely by a regular business traveler. The traveler should select the least expensive option available, taking into consideration proximity to the business destination and safety. The traveler or the travel arranger must inquire about the government rate available or the conference lodging rate and select the lowest available rate. When the hotel or motel is the conference or convention site,

reimbursement will be limited to the conference rate, if available.

**J. MISCELLANEOUS EXPENSES**

Reimbursable expenses include, but are not limited to the following:

- Business office expenses (copy services, postage) and business related phone calls/faxes/internet fees
- Calls home that are reasonable in duration and amount
- Conference fees
- Costs related to travel visas when necessary to accomplish the official business purpose of the trip
- Currency conversion fees
- Laundry or cleaning expenses on trips lasting seven (7) days or more
- International travel health insurance
- Flowers provided in instances of bereavement or during times of illness

Non-reimbursable expenses include, but are not limited to the following:

- Clothing or toiletry items
- Commuting between home and office
- Country Club dues
- Expenses related to vacation or personal days taken before, during or after a business trip
- Loss or theft of cash advance money or airline tickets
- Loss or theft of personal funds or property
- Lost baggage
- Luggage or briefcases
- Personal reading materials (magazines, newspapers, etc.)
- Medical expenses while traveling
- Movies
- Personal entertainment
- Pet care
- Recreational expenses
- Saunas, massages,
- Shoe shines
- Souvenirs or personal gifts
- Travel accident insurance premiums
- Laundry, cleaning, pressing costs for trips of less than seven days
- Traffic citations (moving violations), parking tickets, court fees and other fines
- Mini-bar charges
- Airline, car, and card membership dues and club fees; travel upgrade fee (air, rail, car)
- Childcare costs
- No-show/cancellation fees of fees related to hotel late check-out

**K. . SPOUSAL OR DEPENDENT TRAVEL AND BUSINESS HOSTING EXPENSES**

Reimbursement for a spouse's or dependent's transportation, lodging or meal expenses

requires approval by the Executive Director or, in the case of request by the Executive Director, Chairman of the Board of Directors explaining why an exception is warranted. Expenses that do not have a clear GLOS business purpose are not allowable.

#### **IV. BUSINESS MEALS AND BUSINESS HOSTING POLICY**

##### **A. BUSINESS MEALS**

Business meals are those taken with guests, colleagues, or donors, during which focused business discussions take place. Business meals with vague, unfocused purposes (such as “foster collaboration between partners”) are not permitted.

GLOS representatives may be reimbursed for approved, necessary, and reasonable business meal expenditures. Business meal expenses, including non-alcoholic beverages, and tips should not exceed the maximum allowances. Reimbursement for alcoholic beverages is limited to \$20 per person, per event. Alcohol expense must be flagged with an “X” Class covered by personal funds.

An explanation must accompany all expense submissions for business and hosting meals. Any business meal costs that exceed the maximum allowances must be accompanied by a detailed explanation and have approval from a supervisor or higher level administrative authority. The expenses including tips that exceed the amounts must be segregated and cannot be charged to General or Federal funds.

##### **B. BUSINESS HOSTING**

GLOS representatives may be reimbursed for approved, necessary, and reasonable business hosting meal expenditures. Business hosting meal expenses, including beverages and tips, should not exceed the maximum allowances listed. Reimbursement for alcoholic beverages is limited to \$20 per person, per event. GLOS will reimburse staff for approved, necessary, and reasonable business meals and other business hosting expenses if such activities are directly related to GLOS business. Alcohol expense must be flagged with an “X” Class and charged to non-General, non-Federal, non-Sponsored funds or alternately may be covered with personal funds.

GLOS funds may be used to cover non-food related costs of a hosted event. Care must be taken to select the most reasonable options available when planning a hosted event. The following are representative samples of reimbursable hosting expenses, which are permitted in excess of the meal limits per guest/employee:

- Venue deposit/rental
- Linens, glassware, place settings
- Centerpieces (flowers, etc.)
- Wait staff
- Parking staff
- Staging, podium rental
- AV equipment and materials

#### **V. REIMBURSEMENT POLICY**

#### **A. GLOS TRAVEL AND EXPENSE SUBMISSION**

Employees must submit all expenses for reimbursement and reconciliation ideally within 10 days of the completion of the event or trip but no later than 45 calendar days.

#### **B. EXPENSE REIMBURSEMENT TIMING**

In general, expense reimbursement should occur after the trip has concluded. For instances where expenses are incurred in advance of the trip (airfare, conference fees, and deposits) travelers may request reimbursement in advance of trip completion. Travelers may not request payment of per diems in advance by filing an expense report before the travel actually occurs.

#### **C. EXPENSE REIMBURSEMENT SUBMISSION**

Employees must submit their own expense reports to the Business Manager.



## GREAT LAKES OBSERVING SYSTEM

### STANDARD PRACTICE GUIDE

**SECTION:** Controller's Office

**Number:** FIS-3

**SUBJECT:** Payroll Controls

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#### I. Purpose

This Standard Practice Guide outlines the proper procedures and internal controls that must be exercised by GLOS for paying staff.

#### II. Overview of Payroll Controls

GLOS responsibility includes maintaining an effective system of monitoring and oversight to ensure the accuracy and validity of its payroll.

##### A. Control Steps

There are a series of high-level steps for controlling payroll payments. Each step must be evaluated for proper controls based on the type of time/attendance data collection system that is used in GLOS and for payroll transactions for individuals who are not required to report time data.

The steps are:

- Collecting time worked and exception time for non-exempt staff and exception time for exempt staff
- Approving collected time data

Regardless of the method used to collect time data, time data must be approved prior to the hours being used in the payroll process. Individuals approving the time data must have direct knowledge that hours reported by the staff member are true and accurate or receive some form of assurance from the person who can verify or attest that the hours reported are true and accurate.

- Submitting time data
- Verifying payroll transactions

The Business Manager is responsible for verifying that payroll transactions are accurate. Regardless of the method of time data collection, the Business Manager must verify the accuracy of payroll amounts and General Ledger transactions by comparing the payroll transaction to the appointment and funding information in the PNC Online Payroll system.

Monitoring payroll - Guidance is provided regarding the monitoring of payroll activity at a management level rather than at a transaction level review. This monitoring includes review of annual compensation across all forms of pay, use and level of overtime, use of leave (PTO), and volume of hours worked by temporary staff

### **B. Key Department Payroll Roles and Separation of Duties**

Regardless of the type of time collection system, GLOS is responsible for maintaining adequate internal controls for processing payroll. This includes establishing an appropriate separation of duties to ensure that one individual is not responsible for recording, approving, and reviewing payroll transactions. Important roles in a department for which there should be separation of duties include:

- Business Manager – responsible for ensuring that collected time is accurate and complete and approved in a timely manner. Also, responsible for notifying staff member that changes were made to the time data that was entered.
- Executive Director – responsible for ensuring that time is submitted in a timely manner.
- Treasurer/Chairman of the Board – responsible for verifying the accuracy of the payroll transactions, including payments to staff, General Ledger transactions and time reporting data. It is important to reconcile all payroll transactions.

### **C. Time Data Differences for Non-exempt and Exempt Staff**

Non-exempt staff members are full-time or part-time regular staff members and temporary staff members who do not meet the exemption standards of the federal Fair Labor Standards Act. A record of daily time worked must be generated for each non-exempt staff member. Time data is reported to the half hour and all hours of the staff member's schedule must be reported with the appropriate Time Reporting Code.

Non-exempt staff members report overtime hours in the same manner as they report hours worked. Overtime hours must go through the signature and approval process prior to being submitted for payment.

Exempt staff members are those professional and administrative staff members who meet the exemption standards of the federal Fair Labor Standards Act. Exempt staff members, who participate in leave accrual plans must report their exception time but do not need to report hours worked. Only absences from normal work schedules must be reported.

### **D. GLOS personnel activity reports**

GLOS requires each employee to provide his/her activity on a monthly or bi-weekly basis. This record is used to determine charges to the award/contract. GLOS also requires compensation distribution for employees whose work involves multiple functions or activities in order to determine the indirect cost rate. GLOS monthly report is:

- An after-the-fact determination of the actual activity of each employee.
- An account of all activities for which employees are compensated and that are required to fulfill their obligation to GLOS.
- Signed by the individual employee, or by a responsible supervisory official, who has firsthand knowledge of the activities the employee performed.

Records indicating total number of hours worked daily are used by GLOS to comply with Department of Labor regulations under the Fair Labor Standards Act (FLSA) and support charges to projects/grants/contracts that pay salaries and wages of non-professional employees.

These records will also serve as documentation of wages used to provide a component of non-federal match to federal grants.

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## **GREAT LAKES OBSERVING SYSTEM**

### **STANDARD PRACTICE GUIDE**

**SECTION:** Purchasing

**SUBJECT:** General Policy and Procedures

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#### **I. PURPOSE OF PURCHASING SERVICES**

GLOS is organized to serve the community in the selection, acquisition and utilization of materials and services in a manner that provides essential accountability for GLOS expenditures. All purchases of goods and services must be done in an open and competitive environment to ensure that prices paid by GLOS are 'fair and reasonable'. As a 501(c) 3, GLOS is committed to an environment that fosters open decision-making, practices and policies. Our business objective is to select vendors and suppliers on the basis of the quality of their respective products and services, in accordance with our stated principles in order to obtain the best value for GLOS.

#### **II. DELEGATION OF AUTHORITY**

The competitive procurement of goods and services necessary for the operation of GLOS is the responsibility of the Treasurer, who has delegated that responsibility to the Executive Director, who in turn has delegated this function to the Business Manager. The Executive Director and Business Manager are the agents authorized to make commitments against GLOS funds for these purposes.

On all purchase orders awarded by the Executive Director and Business Manager, it is GLOS policy that all contracts or correspondence pertaining to negotiations affecting purchases or prospective purchases which involve pricing, terms, conditions, and delivery shall be initiated by the Executive Director and/or the Business Manager. Additionally, the Business Manager shall coordinate all correspondence pertaining to a purchase order which has been placed and which involves pricing, terms, conditions, delivery, quantity, substitution, or complaint.

The Executive Director/Business Manager are charged with the responsibility of maintaining an open and competitive process for procurement of goods and services all items of \$5,000 or more. Bids and proposals from competing vendors are to be evaluated by the Executive Director/Business Manager, and contracts awarded. The solicitation of formal, sealed bids may be appropriate. An open and competitive purchasing environment requires that information pertinent to the bidding process be kept confidential until the conclusion of that process.



The Executive Director/Business Manager are required to compare prices between vendors even when purchase amounts do not require a formal bidding process. All items of \$1,000 to \$4,999 will be purchased only after a comparison of at least three vendor prices is conducted. For items for which there is only one vendor see non-competitive purchase awards below. Records will be retained for auditing purposes.

### **III. PROCUREMENT METHODS AND APPROVALS**

Various methods are available to GLOS staff to facilitate the purchase of goods and services and to ensure that the best value has been obtained. It is GLOS policy that the purchase approval process be consistent among the various procurement methods, based on materiality levels and other relevant criteria.

The methods approved for purchasing functions are as follows:

#### **A. GLOS PURCHASING CARD**

The GLOS Purchasing Card (VISA debit Card) is a debit card issued by GLOS through a banking institution, and is paid directly by GLOS. Certain types of purchases are prohibited on the card see Appendix to this document. **The cardholder is accountable for purchases made on the card.** It is to be used for purchasing supplies, services, and other items that are of relatively low-dollar amounts.

### **IV. ETHICS, CONFIDENTIALITY AND CONFLICT OF INTEREST**

It is the responsibility of staff member of GLOS as well as the Executive Director/Business Manager to assure that GLOS does not knowingly enter into any purchase commitment that could result in a conflict of interest situation, see HR-3 Conflict of Interest. Care must be taken to avoid the intent and appearance of unethical or compromising practice in relationships, actions and communications.

All procurement activities conducted on behalf of GLOS must be in compliance with the following ethical standards:

1. Follow lawful instructions, use reasonable care and do not exceed the authority granted.
2. Do not engage in any private business or professional activity that would create a conflict between personal interests and the interests of GLOS.
3. Do not solicit or accept money, loans, credits, preferential discounts, gifts, gratuities, entertainment, favors or services from present or potential suppliers. Unsolicited gifts of a promotional nature and nominal value may be accepted, provided that they do not involve a commitment to do business or influence business. It is not permitted for GLOS employees to accept either site visits or training from vendors.
4. Handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications and governmental regulations.
5. Do not enter into reciprocal agreements that restrain competition.

6. Do not use GLOS systems for procurement of personal purchases or use GLOS buying power for personal benefit.
7. GLOS, as a general rule, does not enter into purchasing contracts with staff or Board of Directors or their family members. Procurement transactions between GLOS and businesses in which these individuals hold a financial interest are prohibited by State of Michigan statute without full and prior factual disclosure to and approval from GLOS Board of Directors per Article 11 Conflict of Interest GLOS RA Bylaws.
8. Any arrangements wherein individuals or entities knowingly and willfully offer, pay, solicit or receive remuneration in order to induce business must be reported to the Executive Director/Business Manager.
9. No GLOS staff or officer with real or apparent conflict of interest can participate in the selection, award, or administration of a contract supported by Federal funds.
10. A conflict of interest is when an employee or officer, any member of their immediate family, their partner, or an organization which employs or is about to employ any of these people, has a financial or other interest in the firm selected for an award. (See HR-3 Conflict of Interest)
11. GLOS staff or officer cannot ask for or accept gifts, favors, or anything of monetary value from contractors, or subcontractors.
12. Disciplinary actions for officers/employees will be determined for violations of conflict of interest policy and guidelines as set out in those documents.

## **V. Vendor Diversity, Socially Responsible Purchasing and Environment Sustainability**

GLOS program assists in locating and establishing relationships with vendors who represent diversity, socially responsible purchasing and environmental sustainability. These ideals are central to our research and outreach excellence. GLOS will provide every reasonable business opportunity to minority-owned, women owned, small disadvantaged, HUBZone, veteran owned and service-disabled-veteran owned businesses.

- Purchases of goods and services from such concerns, shall be made to the fullest extent possible, consistent with this policy and the efficient performance of operations.
- Every employee who is delegated the responsibility to directly commit the expenditure of funds for the purchase of goods and services shall encourage meaningful participation of these business enterprises.

## **VI. FISCAL STEWARDSHIP, RESPONSIBILITIES AND ACCOUNTABILITY**

GLOS end users who purchase and/or authorize purchases of goods and services on behalf of GLOS are responsible and accountable for those transactions.

GLOS will only use contractors who are able to perform successfully and GLOS must consider contractor integrity, record of past performance, financial and technical resources, and access to other necessary resources in selecting contractors. Contracts may also be restricted by Executive Orders 12549 and 12689, "Debarment and Suspension."

### **A. SEGREGATION OF DUTIES**

GLOS system of internal controls requires that different individuals perform the various functions of the procurement process. For example, persons who are authorized to procure goods and services may not approve those transactions or be connected to the payment of those transactions.

## **B. VERIFICATION OF RECEIPT OF GOODS AND/OR SERVICES**

It is GLOS practice to have vendors' direct shipments to GLOS offices. It is the responsibility of the receiver to immediately inspect the shipment. Verification of receipt of goods and/or services must be made in a timely manner.

## **C. NON-COMPETITIVE PURCHASE AWARDS**

A Non-Competitive Purchase Award is defined as the purchase of a product or service that is available from only one source, thereby exempting the purchase from the otherwise required competitive bidding policy of GLOS. This is done under exceptional and limited circumstances. In order to qualify for a non-competitive exemption, staff member requesting the exemption must provide GLOS Treasurer with detailed written documentation explaining why bidding the product or service would be impracticable and assurance that the cost charged by the vendor is reasonable and customary. Any necessary attachments must accompany the purchase requisition when it is sent to GLOS Treasurer. Such documentation should include specific technical requirements of the product or service, supportable evidence that due diligence has been performed in an objective market analysis and proof of fair and reasonable pricing. GLOS Treasurer reserves the right to negotiate pricing or to solicit additional information and remains the final authority on all procurement issues.

## **D. DONATIONS AND CONTRIBUTIONS**

Most donations and contributions of GLOS funds are not permitted under the State of Michigan Constitution.

## **E. CONSISTENCY OF PRICING TO AGREEMENT**

It is GLOS policy to price transactions whenever practicable. Therefore end users must obtain pricing from the vendor before purchasing.

## **F. ADMINISTRATION OF PURCHASE ORDERS**

The Business Manager is responsible for verifying that:

1. Pricing is consistent from the purchase order to the invoice, including line item pricing,
2. Goods and/or services have been received in acceptable form, and
3. The transaction is correctly recorded in the financial system (Statement of Activity).

If materials are to be returned to the vendor, the end user must arrange for the return. It is the responsibility of the Business Manager to verify that proper credit is made to the affected account and reported on the Statement of Activity.

## **G. COMPLIANCE RESPONSIBILITIES AND ACCOUNTABILITY**

### **1. Report to GLOS Board of Directors**

The Business Manager is required to submit a monthly report to the GLOS Treasurer and Executive Director detailing non-competitively bid purchases exceeding \$5,000.

### **2. Oversight agency requirements**

a) Purchases on Federally Sponsored Funds must be made in accordance with Circular A-122; Cost Principles for Non-Profit Organizations (See US Government web site [http://www.whitehouse.gov/sites/default/files/omb/assets/a122/a122\\_revised\\_2007.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/a122/a122_revised_2007.pdf)) Purchases for sponsored projects must also comply with the specific project's requirements.

b) Foreign Vendors must be designated as such as part of the Vendor Certification process. United States income tax may be required to be withheld.

## **H. TAXES**

GLOS purchases are exempt from the payment of Michigan sales and use tax. Several other states also allow this exemption. For copies of the Michigan tax exemption certificate, or for information concerning sales and use taxes of other states, contact the Business Manager.

## **I. CONTRACTS AND AGREEMENTS**

The Executive Director maintains signature authority for all procurement contracts and agreements. Contracts and agreements requiring a GLOS signature should be forwarded to the Business Manager for processing. All information pertaining to the contract or agreement must be included. Note that license agreements and maintenance contracts are specifically included with other types of contracts. These contracts or agreements are then forwarded to the Executive Director for approval and may also require approval from the GLOS Treasurer. Only those with specifically delegated authority may sign contracts on GLOS behalf; therefore end users who sign contracts or agreements may incur a personal liability.

## **J. RESTRICTED COMMODITIES**

End users must not purchase restricted items, e.g., laboratory animals, furniture, radioactive materials, etc., unless prior written approval is received from GLOS Treasurer or Executive Director. See the list of restricted/special commodities in Appendix following.

## **K. PURCHASING WITH SPONSORED FUNDS**

Purchases using sponsored funds must be made in accordance with the A-122 Guidelines, Cost Principles for Non-Profit Organizations. The A-122 Guidelines require certain expenses to be reviewed to determine if they are allowable. The purpose of these federal guidelines is to verify that all expenses charged to a research project have a “direct benefit” and should be charged as “direct costs” to the project.

Transactions with sponsored funds and meeting the criteria below are reviewed by Executive Director and Business Manager prior to the approval of the purchase:

- All equipment (defined as individual items costing \$5,000, or greater and having a useful life of two years or more)
- Other capital expenditures – renovations; alterations; land; building; construction cost
- Foreign travel
- Sub-contracts or sub-grants not initiated by the Board of Directors
- Rental, lease, or maintenance agreements covering a period after the ending date of a project/grant
- Conference expenses
- All single transactions in excess of \$10,000

## **L. LEASING VS. PURCHASING OF EQUIPMENT**

It is in GLOS best interest to complete a lease-versus-purchase analysis for equipment in all cases where equipment is available for lease. The outcome of a lease-versus-purchase analysis is affected by a number of variables, including the price of the property; rate of appreciation and costs of sale; the anticipated holding period and lease terms; financing terms; and more. Therefore lease-versus-purchase analysis requires a thorough comparison and should solicit input from the Executive Director and GLOS Treasurer to identify the option that provides the best economies and support for program needs, e.g., facilities support, while also meeting program/project objectives.

## **APPENDIX**

### **Glossary**

#### **(1) Consultant:**

An independent consultant relationship exists between GLOS and an individual when that individual is independent of GLOS supervision and control with respect to the manner of performance.

#### **(2) Employee:**

An employer/employee relationship exists when the GLOS has a right, whether exercised or not, to supervise and control the manner of performance as well as the result of the service.

#### **(3) Gifts, Gratuities and Entertainment**

Gifts, gratuities, and entertainment are defined as anything given as a result of a business relationship for which the recipient does not pay fair market value. This includes such things as meals, material goods, travel and accommodations, tickets to sporting or cultural events, golf outings, and any other merchandise or services.

#### **(4) Non-competitive Procurement:**

Non-competitive procurement is defined as the purchasing of a product or service that is available from only one source, thereby exempting the purchase from the otherwise required competitive bid policy of GLOS.

### **Restricted Commodities**

The purchase of the following products and services requires specific GLOS Treasurer and Executive Director approval and/or procurement processes. They cannot be purchased directly by staff. Contact the Business Manager for more information.

- All building renovations/alterations (including items such as air conditioners)
- Architectural & Related Engineering Services
- Auditors
- Compressed Gases, Demurrage, Cylinder Deposits
- Consultants
- Donations
- Equipment Lease Agreements
- Ethyl Alcohol, Research Grade 190- and 200- proof (Ethanol)
- Firearms and Ammunition
- Furniture, Draperies and Carpet
- Interior Design Services

- Legal Services
- License Agreements
- Maintenance Agreements
- Personal Protective Devices
- Pest Control Services
- Pharmaceuticals
- Property Rental/Lease Agreements/Real Property Purchases
- Recruitment Advertising
- Security Systems
- Vehicles
- Waste handling, Containerization & Disposal

Related Standard Practice Guide sections:

Fiscal Responsibilities of FIS-1

Travel and Business Hosting Expense – Policy and Procedures FIS-2

Conflict of Interest HR-3



## **GREAT LAKES OBSERVING SYSTEM**

### **STANDARD PRACTICE GUIDE**

**SECTION:** Property: Acquisition, Use, Disposition

**SUBJECT:** General Policy and Procedures

**APPLIES TO:** All

**Number:** FIS-5

**Revised:**

**Date Issued:** 8/10

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**Attachment(s)** 0

**ISSUED BY:** GLOS Board of Directors

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#### **I. Overview**

Personal property is acquired and used by GLOS staff for the support of GLOS activities and may not be used for personal, for-profit activities or illegal purposes. All personal property owned by GLOS (either through direct purchase or transfer) must be controlled within the following policies of acquisition, use and disposal. This property is ultimately under the control of the Board of Directors, through authority exercised by the Treasurer and delegated to the Business Manager.

GLOS has sole responsibility for the disposition of property and any resulting proceeds.

Property is defined as all items of a capital nature such as fixtures, furniture, and moveable equipment over \$5,000 as well as non-capital purchases of equipment that is not generally considered disposable or consumable in nature (i.e. consumed as part of use).

#### **II. Acquisition of Property**

##### **A. Purchased Property**

Property acquired by GLOS must comply with all of the purchasing policies (re: FIS-4) and procedures of GLOS (FIS-1 through FIS-5, REC-1 and REC-2).

##### **B. Inventory Record and Tagging of Capital Equipment**

The Business Manager will ensure that all acquisitions of capital equipment are recorded into the GLOS inventory. The following data are collected: E-check number/e-invoice, Project/Grant, and description of the equipment. All movable equipment costing \$5,000 or more, whose useful life is two or more years is considered capital equipment and must be tagged by the Business Manager.

#### **III. Use of Property**

Property is provided by GLOS for the use of staff in pursuit of GLOS activities

##### **A. Off-site Use of GLOS Equipment**

Staff who hold regular appointments are permitted to use GLOS equipment at off-site locations whenever it will benefit GLOS activities. Requests for off-site use and return of equipment



require notification of the Business Manager who is responsible for tracking equipment over its operation lifetime.

#### B. Personal Use of Property

Property is purchased to support GLOS mission and is not intended to support the personal use of staff or Board members. Limited personal use of property may be deemed acceptable (such as essential personal calls, Internet used during off-hours) within the following principles:

1. Personal use of equipment does not reduce the effort or hours worked by the employee.
2. Personal use does not interfere with business usage.
3. Personal use does not result in material incremental cost to GLOS; permission may be given for personal use if individual reimburses GLOS for the cost (such as phone calls, copies).
4. GLOS-owned property is not to be used in any personal, for-profit activity by faculty or staff.
5. GLOS-owned property is not to be used for illegal purposes such as copying licensed or copyrighted software or other materials.

#### C. Management of Copyrighted Materials

GLOS Executive Director and Business Manager must be proactive in managing and monitoring the use of copyrighted materials such as computing software. Mismanagement of this resource may subject GLOS to a considerable liability. Copying copyrighted materials without the proper licensing or approvals also conflicts with GLOS fundamental values regarding intellectual property.

#### D. GLOS property management procedures include:

- Maintain equipment record(s) with description of the equipment including:
  - Serial number
  - Model number or other ID number
  - Source of the equipment, e.g., Sponsor and award number
  - Title holder
  - Acquisition date and cost
  - Location and condition of the equipment and last date reported
  - Identification as Federally-owned, if applicable.
- Business Manager will conduct a physical inventory and reconcile with equipment records at least once every two years, differences will be investigated to determine the causes and results reported to Executive Director.
- Ensure safeguards to prevent loss, damages, or theft.
  - Any loss, damage or theft of equipment is investigated and fully documented.
  - GLOS facilities insurance covers losses or damages to equipment as identified above to ensure limited interruption of GLOS business.

- Maintenance procedures to keep the equipment in good condition.
- Proper sales procedures to provide for competition and result in the highest possible return, if GLOS is authorized or required to sell the equipment.

#### **IV. Disposition of Property**

All GLOS property and scrap material must be sold or disposed of by concurrence of the Board Treasurer as a delegated authority to the Business Manager. No property may be sold or disposed of to buyers outside GLOS (employees purchasing property personally are considered “buyers outside GLOS”) without the concurrence of the Board Treasurer.

##### **A. Surplus Property**

Determination of final disposition and/or sale price of an item, once it has been declared surplus, is the sole prerogative of the Board Treasurer and will generally be determined in the following manner. The Business Manager will provide the Board Treasurer with a summary of the highest, median and lowest price found for all items fitting the description and wear of the particular item to be disposed, along with all price points discovered. The Board Treasurer is then able to select the price s/he believes is appropriate for the item.

##### **B. Sale of Property to GLOS Employees and Board Members**

Staff and Board members are eligible to purchase property from GLOS at the resale price plus Michigan Sales Tax. The purchaser may not be the employee who initially designated the property as surplus.

##### **C. Preparation of Equipment Prior to Disposal**

Any equipment which records or stores materials of a proprietary nature, material which is protected by federal or state statute (such as the Health Insurance Portability and Accountability Act which protects privacy of patient information or Human Subjects regulations), or which has material with separate copyright issues must have this material/data removed before disposition. Most notable are computer drives, which must be cleared of all software and files prior to disposition. It is the responsibility of the Business Manager to do this.

##### **D. Transfer and Sale of Research Property Purchased by Grants and Contracts**

In setting forth the procedure for requesting the transfer or sale to another institution of property purchased with funds from GLOS grants or contracts, several principles must be kept in mind. Specifically, the concerns of three separate institutions can influence the decision to transfer:

1. Sponsor – The sponsor may retain full title, in which case the sponsor decides whether the property may be transferred. The sponsor may give title to GLOS only after a certain time has elapsed following termination of the grant or contract. In this interim period, both the sponsor and GLOS may be involved in making the transfer decision.

2. GLOS – In the event that the sponsor has given title of the property to GLOS, either at the time of purchase or at a later date, the decision to transfer is a Board Treasurer decision.

3. Recipient Institution – If the sponsor and GLOS agree to the transfer of property to another institution, the proposed recipient institution must then also agree. The recipient institution must supply GLOS with a contact name, mailing address, telephone, email address and facsimile numbers. The recipient contact must check the equipment and sign and return the paperwork within two weeks (see FIS-5a Transfer of Property to Another Institution form).

Review Copy



## **GREAT LAKES OBSERVING SYSTEM**

### **STANDARD PRACTICE GUIDE**

**SECTION:** Business and Financial Services

**Number:** FIS-6

**SUBJECT:** Restricted Expenditures on Federal Projects

**Revised:**

**Date Issued:** 09/10

**APPLIED TO:** All

**ISSUED BY:** GLOS Board of Directors

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#### **I. Purpose**

OMB Circular A-122 guidelines require certain expenses to be reviewed to determine if they are allowable. These expenses include: clerical and administrative salaries, supplies (consumable and office supplies), postage, telephone line charges and local calls, memberships and dues, journals and other subscriptions, books and hosting and food expenses. The main purpose of these federal guidelines is to confirm that all expenses charged to a federally-sponsored project have a "Direct Benefit" and should be charged as "Direct Costs" to the project.

While some expenses may have a "Direct Benefit", they may be more appropriate as charges on a discretionary fund. Some of these expenses may already be included in indirect cost recovery under federal guidelines and therefore, are not appropriate to the federal project. For example, general postage and telephone charges are included in indirect cost recovery calculations and should not be charged as direct costs to a federal project, unless specifically requested and approved in the proposed budget submitted to the sponsor.

#### **II. Request of Funds in Original Budget Proposal & Post-award Requests**

When a proposal is submitted to the sponsor, specific funding should be requested for any category of expenses that may be questioned under OMB Circular A-133. Justification should be provided as to why these expenses are necessary to complete the scope of work. For example, it may be appropriate to request funds for general postage in conjunction with an anticipated survey that will be mailed out as part of the project.

#### **III. Annual and Final Review**

A review of certain restricted expenses is required for awards with activity beginning 07/01/08 or later. Business Manager will review all Federal Project/Grants on an annual basis. In addition to the annual review one will be completed when the final Financial Report and/or final bill is completed. The review may result in costs being identified that need to be addressed. In such cases an A-122 Report will be sent to the Executive Director detailing the costs to be reviewed.



## **GREAT LAKES OBSERVING SYSTEM**

### **STANDARD PRACTICE GUIDE**

**SECTION:** Business and Financial Services

**Number:** FIS-7

**SUBJECT:** Budgeting and Managing Fixed Price Contracts

**Revised:**

**Date Issued:** 09/10

**APPLIED TO:** All

**ISSUED BY:** GLOS Board of Directors

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#### **I. Budget Development**

1. All contracts will be negotiated through GLOS administrative office in order to ensure that appropriate guidelines are observed.
2. Timeframe: Every effort should be made to establish a realistic timeframe for the project. The end date established by the project manager should allow for sufficient time to complete the project, with allowances for delays. If adjustments are needed to the budget time period or scope of a project, the project manager, in consultation with the Executive Director, will determine whether or how a sponsor can be approached to negotiate such changes.
3. GLOS should develop a budget that realistically incorporates all related project costs. Fixed price funding does not mean that the budget is developed without regard to actual cost to GLOS.

#### **II. Financial Management**

1. The contract project/grant should be charged directly as costs are incurred. If costs must be incurred elsewhere, recharging to the contract should be done immediately after these costs have determined.
2. GLOS staff time related to the project should be charged directly to the contract through a split-appointment or through the time-keeping system.
3. Remaining unexpended project/grant balances of up to 20 percent of the total sponsor authorization will be transferred to a discretionary account supplied by the Business Manager, without indirect costs being withdrawn.
4. For contracts which end with more than 20 percent of the total sponsor authorization unspent, the entire balance will be proportionately distributed between direct costs and indirect costs, with the direct amount being transferred to the discretionary account supplied by the Business Manager.
5. If a contract is terminated as a partial study or is expanded, the same guidelines will apply to the revised budget amounts.



## **GREAT LAKES OBSERVING SYSTEM**

### **STANDARD PRACTICE GUIDE**

**SECTION:** Business and Financial Services

**Number:** FIS-8

**SUBJECT:** Sponsored Transfer Guidelines

**Revised:**

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#### **I. Transfers which are normally acceptable:**

- Error in transaction such as keypunch or transposition mistakes.
- Transfer between subprojects and parent project.
- Transfers when prior written approval has been received from the sponsor.
- Transfer to a continuation project within the same project period.
- Splitting expenditures, in an after the fact basis when an appropriate accounting technique is used to allocate cost in accordance with benefit. Such requests must be accomplished prior to the end of the project period, and within 120 days of the original charge.
- A transfer of expense when a recharge rate has been approved by the Executive Director and GLOS Treasurer. These types of recharges are strictly limited to transfers involving approved recharge rates.

#### **II. Transfers which may be allowable, but which raise serious questions:**

In all cases, these transfers must be accompanied by appropriate justification and, where possible, written permission of the Sponsor.

- Transfer of expense to a Sponsored Project/Grant from another set of accounts which is overdraft.
- Transfers that bring the balance in a Sponsored project accounts to zero.
- Transfers which reduce an unexpended balance after project period ending date.
- Transfer or correction of salary which has previously been certified on time sheets or effort reports, such as blanket appointments through the timekeeping system, or for temporary hourly employees.
- Transfer of an expense that has previously been transferred.
- When closely related work is supported by more than one funding source, a cost transfer may be made provided that the transfer meets all of the following conditions:
  - The cost is proper and allowable charge to the newly charged project account.
  - The transfer is supported by documentation which contains a full explanation and justification for the transfer and certification of the propriety of the transfer by the Executive Director/project manager.

- The cost transfer is made within 120 days of the original charge, and prior to the ending date of either project.

### **III. Transfers which are generally unallowable:**

- A transfer of revenue from Sponsored project account without authorization from the awarding agency.
- Transfer of an unidentified expense to Sponsored project account.
- Transfer of salary expense when only a dollar amount is given, and it is not related to a percent of effort or a specific number of hours or days work.
- Transfer of expense to Sponsored project account if the expense was incurred before or after the project period.
- Transfers which do not indicate how the expense is appropriate to the receiving account or do not explain why they were not correctly charged in the first place.
- Transfers where expenditures are split between accounts without a basis for determining whether the split is appropriate due to lack of documentation.
- Transfers of expense between award project periods.
- Transfers of expenditures which were recorded over 120 days previous to request date unless an extraordinary situation is adequately documented including justification for the delay.



## **GREAT LAKES OBSERVING SYSTEM**

### **STANDARD PRACTICE GUIDE**

**SECTION:** Audit Services

**Number:** FIS-9

**SUBJECT:** External Auditors

**Revised:**

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#### **I. Policy**

- No information will be provided to external auditors who have not established a working relationship with GLOS until they have been identified and their audit project has been authenticated by Executive Director or GLOS Board of Directors.
- The Executive Director will identify all external auditors who present themselves to GLOS office to request information, and will verify the propriety and scope of the proposed audit.
- The Business Manager will assist external auditors and coordinate their work with other audit activities to avoid duplication and minimize disruption to office operations.
- The Business Manager will make available all appropriate information requested by external auditors and will facilitate their work by all reasonable means. Questions about the propriety of information requested will be referred to Executive Director.

#### **II. Definition**

External auditors are those from outside GLOS. They include: the public accounting firm appointed by the GLOS Board of Directors; the State Auditor General; auditors from other State agencies such as sales tax auditors; auditors from all Federal agencies such as DH&HS, DOC, Social Security Administration, etc.; auditors representing contractors, foundations or other private organizations.

#### **III. Procedure**

- External auditors not having an established working relationship will be introduced to GLOS staff from whom audit information is requested. This will be done by telephone or in person by Executive Director/Board of Directors. The purpose and scope of the audit and the nature of the information needed will be described.
- An external auditor who has not been so introduced should be referred to GLOS Executive Director/Board of Directors.





## **GREAT LAKES OBSERVING SYSTEM**

### **STANDARD PRACTICE GUIDE**

**SECTION:** Cash Flow, Management and Deposits

**Number:** FIS-10

**SUBJECT:** Cash Flow / Management Policies

**Revised:**

**Date Issued:** 09/10

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**ISSUED BY:** GLOS Board of Directors

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**Purpose:**

GLOS is responsible for appropriate stewardship of federal funds allocated as a result of grants and contracts. It is important that the organization follow best practices to minimize the amount of time between receipt of funds from the US Treasury and their disbursement to meet GLOS expenses with the associated project.

GLOS faces multiple risks related to cash, cash equivalents, and checks that are received by various sources, the greatest of which is loss or theft of funds. The best way to mitigate this risk is to deposit the funds in a GLOS bank account as quickly as possible. It is also important that the proper internal controls are in place to reduce the risk and temptation of fraud and to ensure the deposits are recorded accurately in the GLOS general ledger.

**Policy:**

**Federal Cash Disbursements – Automated Standard Application for Payments (ASAP)**  
The basis of accounting for GLOS is accrual basis. Accrual basis of accounting refers to the accounting method in which expenses are recorded when incurred. GLOS ASAP draw is quarterly and based on anticipated expenditures / cash disbursements for direct charges for salaries, property and services. GLOS does not drawdown prematurely or incur excess cash flow for any other reason.

**Management of Cash Received:** All funds collected by GLOS must be deposited into a GLOS account on the date of collection. Where this is impractical and where the total deposit is less than \$500, the deposit may be made within one business day of collection. This policy will protect GLOS funds as well as facilitate proper cash management. All currency deposited must be U.S. or Canadian currency.

**I. Federal Cash Disbursements**

GLOS procedures require the Business Manager to estimate anticipated quarterly expenditures and provide a detailed (line item) request for Automated Standard Application for Payments (ASAP) draw to the Executive Director and Treasurer.

Executive Director and Treasurer review the ASAP request and request modifications or approve.

GLOS processes invoices as received with the goal of reviewing, approving and disbursing funds within 30 days. GLOS processes employee salary and travel/expense reimbursement requests monthly.

Business Manager provides a monthly Statement of Accounts to the Executive Director and Treasurer chronicling monthly activity in GLOS accounts.

## II. GLOS Cash Handling Controls

GLOS must follow proper procedures and exercise internal controls when handling the collection and deposit of cash and checks. A system of internal controls is designed to provide reasonable assurance that errors will be detected and corrected in the normal course of activities. Necessary components of this system are:

- Segregation of duties between personnel who issue billing/receivables, receive funds, deposit funds, and those who reconcile transactions;
- Written procedures and documented controls for issuing billing / receivables, receiving funds, depositing funds, and reconciling transactions;
- Controlled access to resources such as cash/checks, cash equivalents, deposit supplies, account information, and personal information;
- Verification and reconciliation of financial information;
- Approval of refunds / issuing refunds in like kind;

A series of high-level process steps is outlined below for controlling GLOS funds within three main cash handling activities: Receiving Funds; Depositing Funds; and Accounting and Reconciliation. The process steps are as follows:

### A. Receiving Funds

Determine who is authorized to receive funds, and ensure personnel are properly trained  
Ensure money is counted / verified and a pre-numbered receipt is issued  
Ensure funds and information are safeguarded

### B. Depositing Funds

Determine who is authorized to deposit funds, and ensure personnel are properly trained  
Deposit all funds into a GLOS approved bank account in a timely manner  
Ensure funds and information are safeguarded

### C. Accounting and Reconciliation

Ensure deposits post to the appropriate project account  
Reconcile receipts / deposits with Statement of Activity

## III. Foreign Check/Foreign Money Order Acceptance

GLOS does not accept checks of any kind issued from foreign banks located outside the U.S. or Canada. This includes payments from vendors and other affiliates, regardless of whether payment is issued in U.S. dollars or foreign currencies.

Purpose:

Accepting checks issued from foreign banks (non-U.S. / non-Canadian) presents unique challenges in the collection of the funds. Unlike domestic checks that are cleared through the United States Federal Reserve, foreign-issued checks must be presented and cleared through a variety of channels depending on the banking system associated with the country of origin. Impacts of the more complex foreign check clearing process include:

- Increased cost for clearing which can exceed the amount of small deposits. Some banks will not process foreign checks under \$250.00 USD. Each bank that is involved in the chain of clearing a foreign check can add service fees that reduce the amount of the deposit.
- Foreign checks must be handled through a separate labor intensive process from domestic checks.
- Delay in clearing (as much as 12 weeks) because check clearing laws vary per country.
- Foreign exchange risk can be encountered on some currencies.



## **GREAT LAKES OBSERVING SYSTEM**

### **STANDARD PRACTICE GUIDE**

**SECTION:** Policy on Indirect Cost

**Number:** FIS-11

**SUBJECT:** Indirect Cost Recovery Exclusions (ICRX)

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#### **Compliance and Responsibility**

Sponsors such as the federal government, state government, foundations, and corporations provide direct costs for GLOS missions. Sponsors also reimburse GLOS for a portion of facilities and administrative costs (indirect costs). Indirect costs are real costs to GLOS. Examples of indirect costs are:

- Utilities
- Depreciation
- Building maintenance
- Administration
- General office supplies

The federal Office of Management and Budget issued Circular A-122, Cost Principles for Non-Profit Organizations (A-122), to regulate cost accounting practices at non-profit organizations, and GLOS must comply with these regulations.

A 122 includes the rules for computing the GLOS Facilities and Administrative rates that are calculated by the Business Manager under the direction of the Executive Director.

A-122 defines certain expenditures as indirect cost recovery excluded (ICRX). Some ICRX expenditures are "necessary costs of doing business." However, ICRX expenditures must be segregated in the facilities and administrative rate calculations. For this reason, the Business Manager must be able to tell which expenditures are indirect cost recovery excluded.

GLOS staff must flag all indirect cost recovery excluded (ICRX) expenditures. The Business Manager can easily isolate flagged expenditures -- resulting in GLOS compliance with A-122 for ICRX expenditures.

This document describes how to recognize and flag indirect cost recovery excluded (ICRX) expenditures.

Why must GLOS comply with this policy?

Federal regulations require GLOS to identify indirect cost recovery excluded (ICRX) expenditures. At GLOS, indirect cost recovery excluded expenditures are identified by their use of the appropriate Class ending in "X".

When staff flag indirect cost recovery excluded expenditures as required by this policy:

1. The Business Manager can identify ICRX expenditures and isolate the transaction by assigning a class code that ends in "X".
- 2) GLOS is in compliance with A-122 regulations when appropriate class codes, ending in "X," are assigned to exclude transactions.

**Examples of indirect cost recovery excluded expenditures:**

1. Entertainment Costs (amusement, diversion, costs of shows or sports events, meals, lodging)
2. Development of Fund Raising Costs
3. Investment Management Costs
4. General Public Relations Costs, or advertising to promote the Regional Association
5. Flowers
6. Alcohol
7. Membership Costs of country, social or dining clubs
8. Membership Costs of civic or community organizations
9. Airfare in excess of lowest commercial fare available
10. Costs of Lobbying
11. Legal Costs associated with criminal or civil proceedings, unless they benefit the federal government.
12. Costs of special events that do not benefit research.

NOTE: This is not a complete, all-inclusive list, but it covers some of the largest dollar items. See Circular A-122 for a complete list.



## **GREAT LAKES OBSERVING SYTEM**

### **STANDARD PRACTICE GUIDE**

**SECTION:** Personnel

**Number:** HR-1

**Revised:**

**SUBJECT:** Personnel Records – Collection, Retention  
and Release

**Date Issued:** 9/10

**APPLIED TO:** Personnel Records for GLOS Staff

**Attachment(s)**

**ISSUED BY:** GLOS Board of Directors

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#### **I. Policy**

The collection, availability and disclosure of the contents of personnel files are governed by regulations established by GLOS and applicable laws.

#### **II. Regulations and Definitions:**

##### **A. Personnel Record**

1. A personnel record is considered to be any accumulation of documents relating to the terms and conditions of employment of staff members. Such documents include but are not limited to:
  - a. application,
  - b. supplemental information form,
  - c. publications lists,
  - d. changes in status form,
  - e. performance evaluations,
  - f. reference checks (see 2.a. below),
  - g. letters of recommendation,
  - h. position description,
  - i. position evaluation,
  - j. disciplinary letters.
2. Personnel Record does not include:
  - a. Reference letters or checks supplied to an employer if identity of the person making the reference would be disclosed.
  - b. Materials relating to the employer's staff planning with respect to more than one employee.
  - c. Medical reports and records made or obtained by the employer if the records or reports are available to the employee from the doctor or medical facility involved.
  - d. Information about a person other than the employee if disclosure of the information would constitute an unwarranted invasion of the other person's privacy.

- e. Information that is kept separately from other records and that relates to an investigation by the employer about a complaint or about criminal conduct by the employee.
- f. Records limited to grievance investigations.
- g. Records kept by an executive, administrative, or professional employee that are kept in the sole possession of the maker of the record, and are not accessible or shared with other persons. However, a record concerning the occurrence or fact about an employee kept pursuant to this paragraph may be entered into a personnel record if entered not more than six (6) months after the date of the occurrence or the date the fact becomes known.

**B. Other Personnel Information:** In addition to the File Folder, GLOS Personnel Office maintains:

- 1. Computer data base of appointment and address information for individual staff members
- 2. Grievance files
- 3. Job applicant files
- 4. Temporary hourly appointment files
- 5. Unemployment compensation claims files

**C. Retention of Personnel File Data**

- a. GLOS Personnel File Folder and data base information will be retained for the entire length of service of each staff member and for seven years following termination. Thereafter the personnel records on the data base will be removed and the file folder will be destroyed unless legal proceedings have been filed.
- b. A long term, permanent record of selected personnel information will be retained on a Personnel History Record, housed in the GLOS Office and on a segment of the Personnel data base.
- c. Job applicant files will be retained for three fiscal years following the fiscal year of the filling of the position.
- d. Temporary hourly appointment forms will be retained for two fiscal years following the fiscal year of appointment.
- e. Release of Information to Third Parties by Staff Records Office.
- f. Files or information from files will be made available to those outside GLOS only if such action legitimately serves the purposes of GLOS or with the consent of the staff member, or as required by law.
- g. Verifications of employment, current or past, will be limited to name, title, date of hire, current or final salary, and termination date, if any.
- h. When disclosure of a file is forced by subpoena or a Freedom of Information Act (FOIA) request, efforts will be made to notify currently employed staff members as quickly as possible so they will have an opportunity to react on their own behalf.
- i. When responding to a FOIA request, all materials exempt from disclosure under section 13 of public act 1976, No. 442 (MCLA 15.243) will be removed to preserve the privacy rights of individual staff members.

- j. Except for disclosure pursuant to a legal action or arbitration, disciplinary information more than four years old will not be released.
- k. Personnel files relating to an individual's employment history at GLOS remain the property of GLOS.

Review Copy





## GREAT LAKES OBSERVING SYTEM

### STANDARD PRACTICE GUIDE

**SECTION:** Human Resources and Affirmative Action

**Number:** HR-2

**Date Issued:** 10/2/12

**SUBJECT:** GLOS Leave Policies

**APPLIED TO:** ALL EMPLOYEES

**ISSUED BY:** GLOS Board of Directors

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#### **I. Regulations and Definitions**

To provide time off from work for rest, convenience and illness GLOS provides regular staff members with a leave package that includes vacation time, sick leave and funeral leave.

#### **Vacation Time**

##### **A. Accrual**

1. Full-time non-exempt and exempt staff members accrue vacation in accordance with the following schedule:

<b>Years of Service</b>	<b>Non-Exempt Employees</b>	<b>Exempt Employees</b>
0 to 2 years (to the second Anniversary)	6.7 hours/month 80 hours/year 10 days/year	8.7 hours/month 104 hours/year 13 days/year
<u>Bankable Vacation:</u>	<u>No more than 20 days at any time</u>	<u>no more than 26 days</u>
3-4 years (to the 4th Anniversary)	8.7 hours/month 104 hours/year 13 days/year	10 hours/month 120 hours/year 15 days/year
<u>Bankable Vacation:</u>	<u>No more than 26 days at any time</u>	<u>No more than 30 days</u>
5 years and up	10 hours/month 120 hours/year 15 days/year	16 hours/month 192 hours/year 24 days/year
<u>Bankable Vacation:</u>	<u>No more than 30 days at any time</u>	<u>No more than 48 days</u>

2. Vacation time is accrued on the first day of the month and available for use in the calendar month in which it was accrued.
3. Part-time staff members regularly scheduled to work 20% (8 hours or more) per week, accrue vacation time on a proportionate basis. Personnel regularly scheduled to work less than 20% (8 hours) per week do not accrue vacation time.
4. For non-exempt staff, time worked as overtime will not be counted when calculating accrual or rate of accrual.

5. Employees can accrue up to twice their annual vacation accrual at one time, once they have reached two times the annual accrual they do not accrue more until they have expended vacation.
6. Employees may borrow their full annual allocation of vacation in advance of new child leave (see related HR-4 New Child Leave) for the purpose of taking new child leave with recommendation of the employee's supervisor and agreement of the Executive Director. A contract stipulating the employee will pay vacation time back to GLOS at pro-rated amount should he/she leave GLOS employment during that year will be required before the employee begins his/her leave.

**B. Scheduling**

Staff members are responsible for scheduling vacation so as not to interfere with the operation of GLOS and so that all eligible staff members receive their vacation each year if desired. Vacation must, therefore, be scheduled to meet the System's work requirements but every effort shall be made to satisfy individual preferences as to dates. Program areas which experience "slack" or "down" periods, may require that vacation be taken during these times. When practicable, all staff members should be informed of such requirements in advance.

**C. Separation:**

Upon separation from GLOS for any reason, voluntary or otherwise, unpaid vacation balances will be paid to the employee in their cash equivalent. All deductions as required by law will be taken from vacation pay-out.

**Use for Sick Time**

If an employee is absent from work after having exhausted his or her allotted sick time, he or she may ask his or her supervisor to approve the use of vacation for this absence.

**Paid Sick Leave**

Paid sick leave is available to assist employees who are unable to work because of personal illness or injury (physical or psychological), pregnancy, childbirth, or absence for preventive medical and dental care for the employee or a family member; or to provide care for an incapacitated, ill, or injured family member. Paid sick leave is also available for employees who are unable to work because they are caring for their newly born, newly adopted or newly fostered child. Staff members may use paid sick leave for this purpose only during the year following the child's birth or arrival in the home.

**A. Eligibility:** To be eligible for paid sick leave, a staff member must meet the following requirements:

1. Have unused sick time available;
2. Comply with the reporting and approval procedures;
3. Be absent from regular work for one of the reasons identified above.

Paid Sick Leave is available to full-time employees as follows:

1. Regular staff members are eligible for up to 10 days (80 hours) of paid sick leave annually to cover time away from work due to illness, injury or for preventative appointments.
2. The 10 days of paid sick leave are renewed annually on the first of the month of the anniversary of employment and are available for use during that calendar year. Any unused sick time on the employee's anniversary date is banked for the employee's use specifically for long-term illness (illness over ten consecutive days, accompanied by appropriate medical documentation) or for new parent leave.
3. To receive paid sick leave employees must report the absence to their supervisor prior to the beginning of the work day, except when the failure to notify is due to circumstances beyond the control of the staff member. The notice will include the reason for and expected duration of the absence.
4. Evidence of illness or injury acceptable to GLOS may be required at any time as a condition for qualifying for paid sick leave, including absences due to family care responsibilities.
5. An employee who is absent from work due to illness or injury and has exhausted his or her short term sick time pay will, upon request, be paid from his/her accrued vacation pay, otherwise the time will be approved leave without pay.
6. Worker's Compensation: Full pay is reduced by worker's compensation benefits, if any, to provide not more than 100% of salary. The employee's paid sick leave record will be charged for the number of days equivalent to the amount of sick time pay received.
7. Failure to Follow Accepted Medical Practice: Arbitrary failure to follow accepted medical practice will be reason for discontinuing payment under this plan.
8. Regular or Frequent Absence Because of Illness or Injury: If illness or injury recurs frequently or regularly so as to raise a question about an employee's general state of health, or there is arbitrary failure to follow accepted medical practice, GLOS may require the employee to see a personal physician at the employee's expense. The physician will provide GLOS with a statement concerning the health problem, the treatment required and what can be expected. If GLOS determines that a second opinion is needed, the employee may be required to see a physician designated by GLOS at GLOS expense.
9. No sick time is payable if illness or injury results from or occurs as follows: war, insurrection, rebellion, participation in a riot or civil commotion, engaging in any criminal act, intentionally self-inflicting an injury for fraudulent purposes, or working for an employer other than GLOS . No sick time is payable for illness or injury occurring during a scheduled vacation or disciplinary layoff.
10. Holidays: Employees who are off work in accordance with this plan on a day observed by GLOS as a holiday will be considered observing that holiday. They will not be charged for paid sick leave on that day.
11. Termination and Layoffs: Eligibility for pay under this plan ceases on the effective date of a termination or layoff (i.e., the last day of work). An employee who is ill on, or immediately prior to, a previously determined termination or layoff date is eligible for pay under this plan only through that previously determined termination or layoff date.

**Accrual of Vacation Benefits:**

Vacation continues to accrue on time paid under the sick time plan.

**Funeral Time:**

In the case of death in an employee's immediate family, GLOS provides up to three days (a maximum of 24 hours) paid time off work for the employee to attend the funeral or memorial services and to make necessary arrangements. If additional time is needed, accrued vacation time or excused absence without pay may be requested.

Pay for funeral time off is at the employee's regular rate. When death of an immediate family member occurs while an employee is on a scheduled vacation, the employee's vacation will be converted to funeral leave for the period of time for which the employee would have otherwise qualified.

**Paid Holidays**

In addition to vacation, sick leave and funeral time, GLOS employees are eligible for the following paid holidays:

- Labor Day
- Thanksgiving Day and the day following
- December 25, or closest Friday/Monday
- January 1, or closest Friday/Monday
- Five working days between December 25 and January 1
- Memorial Day
- Fourth of July
- If employees have personal preference, and with supervisor's approval, they may substitute any of the days above.



## GREAT LAKES OBSERVING SYTEM

### STANDARD PRACTICE GUIDE

**SECTION:** Human Resources and Affirmative Action

**Number:** HR-2

**SUBJECT:** Paid Time Off (PTO)

**Date Issued:** 9/10

**Review Date:**

**APPLIED TO:** ALL

**ISSUED BY:** GLOS Board of Directors

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#### **I. Regulations and Definitions**

To provide time off from work for rest and convenience, GLOS provides regular staff members with paid PTO. PTO must be approved by the staff member's supervisor.

#### **II. Regulations and Definitions**

##### **A. Accrual**

1. Full-time non-exempt and exempt staff members accrue paid PTO in accordance with the following schedule:

<b>Years of Service</b>	<b>Non-Exempt Employees</b>	<b>Exempt Employees</b>
0 to 4.9 years	13.33 hours/month 160 hours/year 20 days/year 30 days maximum	17.33 hours/month 208 hours/year 26 days/year 39 days maximum
5 to 9.9 years	17.33 hours/month 208 hours/year 26 days/year 39 days maximum	21.33 hours/month 256 hours/year 32 days/year 48 days maximum
10 years and up	21.33 hours/month 256 hours/year 32 days/year 48 days maximum	21.33 hours/month 256 hours/year 32 days/year 48 days maximum

2. PTO is available for use during the calendar month in which it is accrued or during the bi-weekly pay period which includes the first of the month in which it is accrued.
3. PTO accrues during time worked.
4. Part-time staff members regularly scheduled to work 20% (8 hours or more) per week, accrue PTO on a proportionate basis. Personnel regularly scheduled to work less than 20% (8 hours) per week do not accrue PTO.

5. Time worked as overtime will not be counted when calculating accrual or rate of accrual.

**B. Scheduling**

Staff members are responsible for scheduling PTO so as not to interfere with the operation of GLOS and so that all eligible staff members receive their PTO each year if desired. PTO must, therefore, be scheduled to meet the work requirements of the activity but every effort shall be made to satisfy individual preferences as to dates. Activities which experience “slack” or “down” periods, may require that PTO be taken during these times. When practicable, all staff members should be informed of such requirements in advance.



## GREAT LAKES OBSERVING SYTEM

### STANDARD PRACTICE GUIDE

**SECTION:** Human Resources

**Number:** HR-3

**Date Issued:** 9/10

**SUBJECT:** Conflict of Interest and  
Conflicts of Commitment

**Review Date:**

**APPLIED TO:** All

**ISSUED BY:** GLOS Executive Director

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#### **I. Policy**

GLOS is committed to basic values of transparency and program integrity. All staff members are to act with honesty, integrity, and in the best interest of GLOS when performing their duties, and to abide by the highest standards of professional conduct. From time-to-time, potential conflicts of interest and commitment will occur for staff members who have partial appointments and/or undertake activities external to GLOS. Outside activities should not, however, interfere with an individual's GLOS obligations. Staff must not use their official GLOS positions or influence to further gain or advancement for themselves, parents, siblings, spouse or partner, children, dependent relatives, or other personal associates, at the expense of GLOS.

Staff members with 50% or more appointments owe their primary professional commitment to GLOS. Accordingly, a commensurate commitment of time and intellectual energy should be used to support and enhance the mission of GLOS. Other part-time staff members owe time and effort commitments to GLOS commensurate with their appointments.

All actual and potential conflicts of interest or commitment must be disclosed to the Executive Director and Chairman of the Board; evaluated; and, if found to be significant, eliminated or managed as described in section III. *Regulations* below.

This policy is consistent with and is in addition to relevant federal and state law and GLOS policies.

#### **II. Definitions**

##### **A. Conflict of Interest**

A **potential conflict of interest** exists whenever personal, professional, commercial, or financial interests or activities outside of GLOS have the possibility (either in actuality or in appearance) of (1) compromising a staff member's judgment; (2) biasing the nature or direction of GLOS implementation; (3) influencing a staff member's decision or behavior with respect to their activities, uses of GLOS resources, or other matters of interest to the GLOS; or (4) resulting in a personal or family member's gain or advancement at the expense

of GLOS. For purposes of subsection (4), family members include spouse, domestic partners and dependents.

#### B. Conflict of Commitment

A **potential conflict of commitment** exists when a staff member's external relationships or activities have the possibility (either in actuality or in appearance) of interfering or competing with GLOS missions, or with that individual's ability or willingness to perform the full range of responsibilities associated with his or her position.

### III. Regulations

Staff and Board of Directors share the institution's obligation to implement GLOS policies and practices related to conflict of interest and conflict of commitment. In meeting this obligation, each of these groups has specific roles and responsibilities, as described below.

#### **Rights and Responsibilities of GLOS Staff Members**

(Note that Board of Director conflict of interest policy is included in GLOS Bylaws, Article 11)

1. *Right to Outside Interests:* Staff members have the right to acquire and retain outside interests of a professional, personal, or economic nature that do not conflict with GLOS interests or with the individual employee's commitment to GLOS, to the sponsors or to other parties to whom GLOS has a duty.
2. *Professional Commitments:* Staff members must meet the specific responsibilities and professional activities that constitute their appropriate commitments to their respective other administrative programs.
3. *Requirement to Disclose:* All staff members must disclose all actual or potential conflicts of interest or conflicts of commitment to his or her appropriate supervisor (or his or her designate) as potential conflicts arise or are identified. A staff member must also provide additional relevant information concerning disclosed or undisclosed matters as may be requested by his or her supervising authority for the purpose of evaluating actual or potential conflicts of commitment or interest. All disclosures must be made promptly.
4. *Requirement to Abide by Plans to Resolve Conflicts:* When a staff member has disclosed a potential conflict of interest or conflict of commitment, and the Executive Director and/or Chairman of the Board, has determined that a conflict exists, the GLOS Board of Directors Executive Committee will also determine whether further management or elimination of the conflict is required. If required, The Executive Committee will develop a plan in consultation with the staff member and the staff member must abide by the terms of the plan.
5. *Prohibition Against Using Position or Influence for Personal Gain or Advancement:* It is not acceptable for any GLOS employee to use his or her official position or influence to further his or her personal gain or advancement, or that of family members or personal associates, at the expense of the GLOS and against GLOS policy.
6. *Use of GLOS Resources:* Except as authorized by the appropriate authority, staff members may make only incidental use of GLOS resources for purposes unrelated to the mission of GLOS. Such resources include but are not limited to facilities, personnel, equipment, and confidential information.



7. *Knowledge of Policies and Procedures:* Staff must know and abide by applicable GLOS policies and procedures.

#### **IV. Violations**

Violations of this policy as determined by the Executive Director and/or Chairman of the Board are considered misconduct on the part of a staff member and may be subject to institutional sanctions up to and including termination of appointment in accordance with applicable disciplinary procedures.

Violations include but are not limited to situations in which:

1. A staff member knows of a situation that places him or her in a potential or actual conflict of interest or conflict of commitment but fails to disclose it fully, according to the policies of his or her unit; and
2. A staff member discloses a potential or actual conflict of interest or commitment but fails to abide fully by the required plan for avoiding or managing the conflict.

#### **V. Disputes and Appeals**

When a staff member disputes any action or decision related to a potential conflict of interest or conflict of commitment, existing GLOS policies for disputes of staff will be used.

Disputes with decisions or actions taken by the GLOS Board Executive Committee for those projects for which the committee is responsible must be through the processes established by the committee.