

Chelmsford Public Schools

MANUAL OF FINANCIAL PROCEDURES

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Part I
SUMMARY OF INTERNAL CONTROL POLICIES AND LAWS

INTRODUCTION

Internal control policies provide the Chelmsford Public Schools with the foundation to safeguard its assets properly, implement the CPS's School Committee's policies, provide compliance with state and federal laws and regulations, and produce timely and accurate financial information.

1. COMPLIANCE WITH LAWS

CPS will follow all of the relevant laws and regulations that govern the school districts within the Commonwealth of Massachusetts. Additionally, any Federal Government laws and regulations that relate to grant funding will be adopted as the grant funding is received. The following are specific policies and procedures of CPS.

1.1. Record Keeping

1.1.1. To provide an accurate and auditable record of all financial transactions, CPS records and accounts are maintained in conformity with generally accepted accounting principles as required by the Commonwealth's statutes applicable to school districts.

1.1.2. Further, CPS specifically requires that:

1.1.2.1. No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the records of CPS.

1.1.2.2. Receipts and disbursements must be fully and accurately described in the records.

1.1.2.3. No false entries may be made in the records.

1.1.2.4. No false or misleading reports shall be issued.

1.1.2.5. Payments may be made only to the contracting party and only for the actual services rendered or products delivered.

1.1.2.6. No false or fictitious invoices may be submitted or paid.

1.2. Organizational Conflict of Interest or Self-Dealing (Related Parties)

CPS will follow MGL, Chapter 268A conflict of interest law and disclosure. Additionally, it may not be operated for the benefit of an affiliated or unaffiliated organization or an individual in his or her own private capacity or individuals related to CPS or members of its management, unless the private benefit is considered merely incidental. This private benefit preclusion will extend to the following:

- 1.2.1. Sale or exchange, or leasing, of property between the district and an affiliated or unaffiliated organization or a private or related individual.
- 1.2.2. Lending of money or other extension of credit between an agency and an affiliated or unaffiliated organization or a private or related individual.
- 1.2.3. Furnishing of goods, services, or facilities between the district and an affiliated or unaffiliated organization or a private or related individual except for the rental of district facilities as specified in CPS Committee Policy Manual.
- 1.2.4. Payment of compensation, unless authorized by CPS School Committee, by the district to an affiliated or unaffiliated organization or a private or related individual.
- 1.2.5. Transfer to, use by, or for the benefit of a private or related individual of the income or assets of CPS unless specifically voted by the CPS School Committee.

Thus, CPS is guided by the principle of arms-length standards with all affiliated or unaffiliated organizations or with a private or related individual(s). Related party transactions shall include transactions between a school / district and members of the CPS School Committee, administration, employees, related individuals and affiliated companies. Related individuals within the scope of this definition include spouses, parents, and children, spouses of children, grandchildren, siblings, father-in-law, mother-in-law, sister-in-law, and brother-in-law of a School Committee member or school district employee.

1.3. Political Contributions

No funds or assets of CPS will be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office. The direct or indirect use of any funds or other assets of CPS political contributions in any form, whether in cash or other property, services, or the use of facilities, is strictly prohibited. CPS will not be involved with any committee or other organization that raises funds for political purposes.

- 1.3.1. The following are examples of prohibited activities include the following:
 - 1.3.1.1. Contributions by an employee that are reimbursed through expense accounts or in other ways.
 - 1.3.1.2. Purchase by the school district of tickets for political fundraising events.
 - 1.3.1.3. Contributions in kind, such as lending employees to political parties or using the assets of CPS political campaigns.

2. SECURITY OF FINANCIAL RECORDS AND DATA

2.1. Security of Financial Data

- 2.1.1. The district's accounting software should be reviewed regularly to ensure that only properly authorized individuals, utilizing a security password, can access or modify data.
- 2.1.2. The district's financial data must be backed up daily to ensure the recoverability of financial information in case of hardware failure. Off-site daily back up is provided by MUNIS.
- 2.1.3. The Principal and the Student Activity Secretary shall keep unused checks in a secure location.
- 2.1.4. The Principal shall keep unclaimed paychecks and unclaimed pay statements in a secure location.
- 2.1.5. The Superintendent of Schools or the Superintendent's designee shall secure all other financial data.

2.2. Security of School Documents

Originals of the following district documents are maintained and their presence is verified on a periodic basis.

- 2.2.1. Minutes of School Committee Meetings
- 2.2.2. Banking Agreements
- 2.2.3. Leases
- 2.2.4. Insurance Policies

- 2.2.5. Vendor Invoices
- 2.2.6. Grant and Contract Agreements
- 2.2.7. Fixed Asset Inventory List

2.3. Record Retention and Disposal

- 2.3.1. Records are maintained for the following indicated minimum periods:
 - 2.3.1.1. Records, documents, and other supporting evidence including paid, cancelled or voided checks, accounts payable records, vendors' invoices, payroll sheets and registers of salaries and wages, employees' timesheets and other public documents are retained for seven years after the original entry date.
- 2.3.2. The following records supporting Federal contracts, as required by the U. S. Office of Management and Budget are retained for the indicated minimum periods:
 - 2.3.2.1. For three years after submission of the final report of expenditures, all financial records including spreadsheets, salary information, invoices submitted and paid, and any other pertinent information, with the following exceptions:
 - 2.3.2.1.1. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
 - 2.3.2.1.2. Records of equipment acquired with Federal funds shall be retained for three years after final disposition.
 - 2.3.2.2. Permanently: Audit reports, annual district reports, School Committee minutes, tax and legal correspondence, labor contracts, insurance claims and policies, and retirement / pension records.
- 2.3.3. The disposal date determined under this procedure is the end of the fiscal year, or the date of final payment of government grants.
- 2.3.4. All records not supporting government grants or otherwise covered by rules of the Internal Revenue Service are retained for three years from the end of the fiscal year in which the records were originally prepared.
- 2.3.5. All financial records are maintained, by category, in chronological order and fiscal year.

3. PROPERTY MANAGEMENT GUIDELINES

3.1. Use of School Assets

- 3.1.1. No employee may use any of the School property, equipment, material or supplies for personal use without the prior approval of the Superintendent.

3.2. Property and Equipment

- 3.2.1. CPS maintains detailed records of all government-furnished property and equipment, with an identification and segregation of property and equipment that are acquired through federal grants.
- 3.2.2. CPS attempts to label all property and equipment acquired through government grants.

3.3. Identification of Property

- 3.3.1. Lists of grant-purchased materials shall be maintained by the accounting department.

3.4. Record and Report of Property

- 3.4.1. The School district maintains records for every item of property purchased for \$10,000 or more as follows:
 - 3.4.1.1. Name and description
 - 3.4.1.2. Serial number, model number, or other identification
 - 3.4.1.3. If title vests with any entity other than the school district, specific information relative to which specific entity
 - 3.4.1.4. Location and condition of the equipment
 - 3.4.1.5. Ultimate disposition data, including date of disposal, sales price, or method of disposal.

3.5. Physical Inventories

- 3.5.1. The school district performs a physical inventory of all property valued in excess of \$10,000 per unit on an annual basis.

- 3.5.2. The physical inventory records include each such asset, its identification number, its location, and a brief description of its condition.
- 3.5.3. The physical inventory is reconciled to the detailed fixed asset list. Any differences are investigated and reconciled.

3.6. Disposal of Property and Equipment

- 3.6.1. No item of property or equipment shall be removed from the premises without the prior approval of the Superintendent.
- 3.6.2. As previously approved by the School Committee, textbooks and materials, which are outdated or in poor condition may be discarded at the discretion of the building principal.
- 3.6.3. Any other items of value no longer needed by the school district shall be disposed of only per Business Manager if the item is worth less than \$1,000.
- 3.6.4. If equipment is no longer needed by the school district, such equipment shall first be offered to other town departments.
- 3.6.5. If items are not useful to other town departments, the Business Manager shall arrange for its disposal and shall ensure that any revenues obtained for the equipment shall be recorded as miscellaneous revenue.
- 3.6.6. If items are disposed of, appropriate adjustments shall be made of the physical inventory list.

4. PROCUREMENT GUIDELINES

- 4.1. CPS procures only those items and services that are required to perform and /or fill a bona fide need. Procurements are made using best value contracting, which includes assessing the best value considering quality, performance, and price.
- 4.2. MGL, Chapter 30B is required to be followed.
- 4.3. The district adheres to the following objectives:
 - 4.3.1. Goods & Services if feasible are to be purchased locally. We strive to support the businesses in Chelmsford. Procurement will be completely impartial based strictly on the merits of the supplier and contractor proposals and applicable related considerations such as delivery, quantity, etc.
 - 4.3.2. Make all purchases in the best interests of the district and its funding sources.

- 4.3.3. Obtain quality supplies / services needed for delivery at the time and place required.
- 4.3.4. Buy from responsible sources of supply. Use of the State Approved Vendor List is recommended.
- 4.3.5. Obtain maximum value for all expenditures.
- 4.3.6. Deal fairly and impartially with all vendors.
- 4.3.7. Maintain dependable sources of supply.
- 4.3.8. Be above suspicion of unethical behavior at all times; avoid any conflict of interest, related parties or even the appearance of a conflict of interest in the school district supplier relationships.
- 4.4. The Chief Procurement Officer (Business Manager) will execute a purchase order for all purchases.
 - 4.4.1. The appropriate building principal and or the Chief Procurement Officer must approve such purchase order.
- 4.5. All lease agreements will be evidenced by a signed agreement identifying all of the terms and conditions of the lease.
- 4.6. Any real estate agreement to rent or sell will require a beneficial interest disclosure as required in MGL Chapter 7, section 40J.

5. TRAVEL GUIDELINES

5.1. Employee Mileage Reimbursement

- 5.1.1. All employees are reimbursed at the standard mileage rate per mile as determined by the Internal Revenue Service for use of their own vehicle for business related travel or at the rate per mile negotiated through the collective bargaining process. In addition, parking fees and tolls paid are reimbursable if supported by receipts.
- 5.1.2. All employees requesting such mileage reimbursement are required to furnish an expense reimbursement form containing the destination of each trip, its purpose, and the miles driven,
- 5.1.3. Receipts for any parking fees or tolls paid must be attached to the travel report.

5.1.4. Reimbursement requests must be made within the fiscal year during which the expenses were incurred. Failure to submit reimbursement requests prior to the close of a given fiscal year will result in no reimbursement.

6. CONSULTANTS AND CONTRACTORS

6.1. Consultant Utilization

6.1.1. The utilization of all consultants and contract personnel are sufficiently evidenced by the following:

6.1.1.1. Details of all agreements e.g., work requirements, rate of compensation, and nature and amount of other expenses, if any, with the individuals or organizations providing the services and details of actual services performed.

6.1.1.2. Invoices or billings submitted by consultants, including sufficient detail as to the time expended and the nature of the actual services performed.

6.1.1.3. The use of a management contract for educational and administrative services will clearly identify the contractor's performance requirements, including student's academic achievement, contractor's compensation, and the district's rights to educational curricula and intellectual property developed.

6.2. Independent Contractors

6.2.1. The use of consultants is closely monitored so as not to vary from the rules of the Internal Revenue Code. In particular, consultants will:

6.2.1.1. Not be controlled as to what services will be performed and how these services will be performed. Consultants will not have set hours of work.

6.2.1.2. Adhere to a precise contract scope of services, recomputed or at least adjusted annually. This consultant agreement will specify the obligation of the consultant to pay his or her own self-employment taxes, if applicable.

6.2.1.3. Not receive any fringe benefits as such, although their fee may include provision for fringe benefits.

- 6.2.1.4. Make their services available or work for a number of firms or persons at the same time.
- 6.2.1.5. Use their own stationery or time sheet in billing for services.

Part II INTERNAL CONTROL PROCEDURES

INTRODUCTION

The following section of the Guide will provide procedures, which will support the policies and laws referenced in Part I of the Guide.

1. GENERAL ACCOUNTING PROCEDURES

1.1. In this section, procedures are described for the overall accounting system design, accounting activity, and closeout of the accounts at year-end.

1.2. Overall Accounting System Design

1.2.1. Control Objective

1.2.1.1.1. To establish a coding structure that supports financial reporting and decision-making.

1.2.2. Major Controls

1.2.2.1.1. The School Business Manager Involved in Designing the Chart of Accounts / Coding Structure.

1.2.2.1.2. To support the decision making, The School Business Manager shall be involved in ensuring that DOE guide lines, are used for recording and reporting purposes using the district's software.

1.3. General Accounting Activity

1.3.1. Control Objective

1.3.1.1.1. To ensure that all accounting entries are current, accurate, and complete.

1.3.2. Major Controls- Munis Accounting Software is used for all transactions in the General Ledger

1.3.2.1. Timeliness of Entries

1.3.2.1.1. All entries are made soon after the underlying accounting event to ensure the financial record and reporting are accurate.

1.3.2.2. Support Documentation

1.3.2.2.1. All entries are supported by adequate documentation that clearly shows the justification and authorization for the transaction.

1.3.2.3. Audit Trail

1.3.2.3.1. A complete electronic trail should be kept so that the auditors will be able to reconstruct and / or justify all entries.

1.3.3. Procedures

1.3.3.1.1. Financial data on source documentation is verified against original documents (e.g., invoice, purchase order, etc.) by The School Business Manager and or District Accountant before entering into the software system.

1.3.3.1.2. Each entry in the accounting software is reviewed and approved by The School Business Manager and or the District Accountant.

1.3.3.1.3. Non-recurring entries, such as for correcting entries, are prepared as circumstances warrant. Documentation shall be attached to all such correcting entries.

1.4. Account Reconciliation and Close-out

1.4.1. Control Objective

1.4.1.1.1. To ensure the accuracy of financial records and reports.

1.4.2. Major Controls

1.4.2.1.1. Reconciliation of All Accounts and Sub-accounts

1.4.3. Procedures

1.4.3.1.1. Reconciliation of CPS records is performed monthly.

- 1.4.3.1.2. The School Business Manager and or the District Accountant shall reconcile all accounts on a monthly basis.
- 1.4.3.1.3. CPS Student Activity Accounts shall be reconciled to the balances carried by the District Treasurer on an annual basis, sending a copy to The School Business Manager.
- 1.4.3.1.4. The revolving fund balances are available for review at any time via MUNIS software. Both the School Business Manager and the District Accountant actively review the fund balances monthly.
- 1.4.3.1.5. At fiscal year -end all general fund accounts are closed out and the balances of revolving funds and grants are agreed to the Town Accountant.

2. CASH MANAGEMENT PROCEDURES

2.1. In this section, procedures are described for cash receipts.

2.2. Cash Receipts

2.2.1. Control Objective

- 2.2.1.1.1. To record receipts completely and accurately and to prevent the diversion of cash assets.

2.2.2. Major Controls

2.2.2.1. Cash Receipts Procedures

- 2.2.2.1.1. CPS has internal control systems in place to monitor cash receipts and to ensure that deposits are made in a timely manner.

2.2.2.2. Internal Accounting Controls

- 2.2.2.2.1. Opening of mail assigned to an employee with responsibilities independent of access to files or documents pertaining to accounts receivable or cash accounts.
- 2.2.2.2.2. Listed receipts and credits compared to accounts receivable and bank deposits.
- 2.2.2.2.3. Accounts are reconciled with balances carried by the District Accountant and or Treasurer.

3. GRANT RECEIVABLE PROCEDURES

3.1. Grant Writing

3.1.1. Control Objective

3.1.1.1.1. To ensure that grant funding is pursued to the greatest extent possible.

3.1.2. Major Controls

3.1.2.1.1. The Assistant Superintendent has been assigned as the point person on all grants except special education. The Special Education Director oversees all Special Education Grants.

3.1.3. Procedures

3.1.3.1.1. All information relative to grant opportunities is funneled to the Assistant Superintendent.

3.1.3.1.2. Entitlement Grants

3.1.3.1.2.1.1. The Assistant Superintendent distributes the applications for entitlement grants to the appropriate administrator.

3.1.3.1.2.1.2. The administrator will consult with the Assistant Superintendent to ensure that the proposed application is appropriate, given the requirements of the grant and the fiscal needs of the district.

3.1.3.1.2.1.3. Care will be taken to ensure that any application prepared for submission will adhere to all laws and regulations, paying particular attention to the requirements relative to non-supplanting.

3.1.3.1.2.1.4. The administrator will complete the grant application, ensuring that any positions within such grant application are specified at salary rates listed in collective bargaining agreements, if appropriate.

3.1.3.1.2.1.5. When the grant application has been completed, the administrator completing the application will meet with

the Assistant Superintendent and the Superintendent to review.

3.1.3.1.2.1.6. The Superintendent will review the application and sign three copies in ink.

3.1.3.1.2.1.7. The secretary to the Asst. Superintendent will make the required copies of the grant and arrange to have the needed copies submitted via mail and digital drop off box.

3.1.3.1.2.1.8. The Secretary to the Asst. Superintendent will send a copy of the signed grant application to the Assistant Superintendent, the grant author, and The School Business Manager.

3.1.3.1.2.1.9. The Secretary to the Asst. Superintendent will file a copy of the grant in a file labeled FY Year Grants in the Central Office.

3.1.3.1.2.1.10. Time and Effort Reporting. All grant employees will sign a document attesting to their work on the grant semi annually.

3.1.3.1.3. Competitive Grants

3.1.3.1.3.1.1. The Assistant Superintendent shares information relative to competitive grants with appropriate members of the professional staff.

3.1.3.1.3.1.2. Any professional staff member interested in pursuing a competitive grant must consult with the Assistant Superintendent to ensure that the proposed grant application concept is compatible with the district-wide goals of the CPS.

3.1.3.1.3.1.3. After the above consultation with the Assistant Superintendent, the member of the professional staff will complete the grant application, ensuring that any positions within such a grant are specified at salary rates listed in collective bargaining agreements, if appropriate.

3.1.3.1.3.1.4. When the competitive grant application has been completed, the Assistant Superintendent will review it

for completeness, accuracy, and consistency with district-wide goals.

- 3.1.3.1.3.1.5. After the Assistant Superintendent has determined that the competitive grant is ready for submission; he/she shall bring it to the Superintendent for signature and submission.
- 3.1.3.1.3.1.6. The Superintendent will review the application with the Assistant Superintendent and sign three copies in blue ink.
- 3.1.3.1.3.1.7. The Secretary to the Asst. Superintendent will make the required copies of the grant and arrange to have the needed copies submitted via mail or its equivalent.
- 3.1.3.1.3.1.8. The Secretary to the Asst. Superintendent will send a copy of the signed grant application to the grant author.
- 3.1.3.1.3.1.9. The Secretary to the Asst. Superintendent will file a copy of the grant in a notebook containing pending grant applications.

3.1.3.1.4. Grant Amendments

- 3.1.3.1.4.1.1. Any proposed amendments to grants, either entitlement or competitive, must be discussed with the Superintendent prior to preparation.
- 3.1.3.1.4.1.2. After consultation with the Superintendent, the grant administrator may prepare a draft of the amendment.
- 3.1.3.1.4.1.3. The grant administrator must then meet with The School Business Manager and or District Accountant to ensure that the proposed amendment can be accomplished within the remaining fund balances.
- 3.1.3.1.4.1.4. After The School Business Manager and or District Accountant has cleared the amendment, the form shall be submitted to the Superintendent for signature.
- 3.1.3.1.4.1.5. The Superintendent shall sign three copies of the proposed amendment in ink.

- 3.1.3.1.4.1.6. The Secretary to the Asst. Superintendent will make the required copies of the amendment and arrange to have the needed copies submitted via mail or its equivalent.
- 3.1.3.1.4.1.7. The Secretary to the Asst. Superintendent will send a copy of the signed amendment request form to the grant author / administrator, and The School Business Manager.
- 3.1.3.1.4.1.8. The Secretary to the Asst. Superintendent will file a copy of the amendment request in the FY Year Grant File containing pending grant applications.
- 3.1.3.1.4.1.9. The Secretary to the Asst. Superintendent will file a copy of the amendment request form for any entitlement grant in the FY Year Grant File in the Central Office. Such form shall be clipped to the appropriate grant material.
- 3.1.3.1.4.1.10. When approval of a grant amendment arrives, the Secretary to the Asst. Superintendent shall make copies of it and distribute those copies to the Assistant Superintendent, the grant author/administrator, and The School Business Manager.
- 3.1.3.1.4.1.11. The Secretary to the Asst. Superintendent shall file an additional copy of the approval in the FY Year Grant File in the Central Office. This copy shall be stapled to the copy of the amendment application in the FY Year Grant File.

3.1.3.1.5. Requesting Grant Payments

- 3.1.3.1.5.1.1. The District Accountant will submit through the DESE Portal all reimbursable grants expenses based upon the monthly reports generated by the Business Office.
- 3.1.3.1.5.1.2. The School Business Manager together with the District Accountant shall ensure that the final grant payment is requested in a timely manner so that the Treasurer prior to the close of the fiscal year will have received all funds.

3.1.3.1.5.1.3. The grant administrator will work with the District Accountant to ensure proper reconciliation of spending based upon the monthly reports. The District Accountant will submit actual revenue and expense Reports to all grant administrators monthly.

3.1.3.1.5.1.4. The district accountant will alert all grant administrators concerns on expenses when the grant is close to the end date. It's Chelmsford Public Schools goal to spend the entire amount of the grant during the grants duration.

3.1.3.1.5.1.5. The grant administrator will draft and submit to The School Business Manager and or the District Accountant a final report within 45 days of the end of the grant.

3.1.3.1.5.2. The School Business Manager and or the District Accountant shall submit the final report on the grant within 60 days after the end of the project.

4. PAYROLL PROCEDURES

Payroll procedures are organized under six categories: personnel requirements, personnel data, timekeeping, preparation of payroll, submission of payroll, distribution of checks or statements.

4.1. Personnel Requirements

4.1.1. Control Objective

4.1.1.1.1. To ensure that the CPS hires only those employees, full or part-time, it absolutely needs and exerts tight control over hiring new employees.

4.1.2. Major Controls

4.1.2.1. Payroll Procedures

4.1.2.1.1. The CPS has adopted payroll procedures for installing new employees on the payroll system and flagging terminated employees as inactive in the system, as well as monitoring vacation and sick pay.

4.1.3. Procedures

4.1.3.1. New Employees

- 4.1.3.1.1. Request for new employees are initiated by the building principal or supervisor and submitted to the Superintendent of Schools.
- 4.1.3.1.2. The Superintendent shall review the request to ensure that it falls within the approved School Committee budget.
- 4.1.3.1.3. A CORI is completed prior to the hiring of any new employee.
- 4.1.3.1.4. Any individual being considered for a position shall ensure that there is a complete application packet on file. That packet shall include the following:
 - 4.1.3.1.4.1. Letter of Application
 - 4.1.3.1.4.2. Resume
 - 4.1.3.1.4.3. Letters of Reference
 - 4.1.3.1.4.4. Certification / License (when appropriate)
- 4.1.3.1.5. References shall be checked prior to hiring.
- 4.1.3.1.6. Any individual being hired shall receive a letter of hire detailing position, salary step, pertinent collective bargaining agreement or individual contract, actual salary, and date of hire.
- 4.1.3.1.7. The individual being hired shall sign the letter of hire accepting the position and return the signed copy to the Human Resource Administrator
- 4.1.3.1.8. The individual being hired shall be given, and shall acknowledge receipt of (in writing), copies of the following:
 - 4.1.3.1.8.1. Harassment Policies; (Sexual, Racial, Disability, Gender, Sexual Preference)
 - 4.1.3.1.8.2. Internet Acceptable Use Policy;
 - 4.1.3.1.8.3. E-mail Policy;
 - 4.1.3.1.8.4. Restraint Policy.
 - 4.1.3.1.8.5. Appropriate Work Place Conduct;

- 4.1.3.1.9. The individual being hired shall complete an IRS W-4 Form and a Massachusetts Form M-4. Copies of a social security card, driver's license, and/or passport shall be provided to the payroll department.
- 4.1.3.1.10. The individual being hired shall complete all necessary paperwork with regard to retirement.
- 4.1.3.1.11. The individual being hired shall complete all necessary paperwork with regard to insurance, if it is appropriate.
- 4.1.3.1.12. An individual will be entered onto the payroll only after all of the above steps have been completed.
- 4.1.3.1.13. The Human Resource Administrator shall notify the Technology Director so that an e-mail account can be established and a computer assigned.
- 4.1.3.1.14. Technology shall notify the [employee](#) of the [badge creation procedures for security](#).

4.1.3.2. Vacation and Sick Pay

- 4.1.3.2.1. Employees accrue vacation time based on either their collective bargaining agreement or his/her individual contract.
- 4.1.3.2.2. Employees must secure the approval of their supervisors in advance. Under usual circumstances, this approval should be secured two weeks in advance.
- 4.1.3.2.3. Regular part-time employees will earn vacation time as detailed in the applicable collective bargaining agreement or in his/her individual employment contract. Usually this vacation time is on a pro-rated basis.
- 4.1.3.2.4. Employees' vacation balances are adjusted bi-weekly to reflect vacation time taken.
- 4.1.3.2.5. Sick leave taken is monitored against each employee's available time and is recorded on a bi-weekly basis.
- 4.1.3.2.6. The School Business Manager monitors vacation and sick time by maintaining individual records for each individual in payroll.

4.1.3.2.7. Unused vacation time is based on collective bargaining agreements, individual contracts, and state law.

4.2. Personnel Data

4.2.1. Control Objective

4.2.1.1.1. To calculate and record payroll data accurately and completely for all employees.

4.2.2. Major Controls

4.2.2.1.1. Internal Accounting Controls

4.2.2.1.2. A precise paper and or electronic trail covering all transactions is required.

4.2.2.1.3. The Superintendent approves changes in personnel data.

4.2.2.1.4. Separate payroll and personnel files periodically reviewed and reconciled.

4.2.3. Procedures

4.2.3.1.1. Changes to personnel data are initiated with a "Change of Status Form". The Business Manager assigns the accounting code for payroll.

4.2.3.1.2. The original is sent to the Payroll Administrator whenever a change is made and then placed in the employees personnel file.

4.3. Timekeeping

4.3.1. Control Objective

4.3.1.1.1. To ensure that payment for salaries and wages is made in accordance with documented time records.

4.3.2. Major Controls

4.3.2.1.1. Timekeeping Procedures

4.3.2.1.2. Employees are instructed on the proper charging of time to assure the accuracy of recorded time to cost objectives.

4.3.2.2. Time Sheet

- 4.3.2.2.1. Labor hours are accurately recorded and any corrections to timekeeping records, including the appropriate authorizations and approvals, are documented through the use of an automated Kronos time system.

4.3.2.3. Internal Reviews

- 4.3.2.3.1. The School Business Manager monitors the overall integrity of timekeeping.

4.3.3. Procedures

4.3.3.1. Time Sheet Preparation

- 4.3.3.2. In preparing time sheets, the Building Principals and or the Building Secretary's will:

- 4.3.3.2.1. Enter hours into X2 Student and Staff Record Management System.

- 4.3.3.3. In preparing attendance sheets for salaried personnel, the Building Principals and or the Building Secretary's will:

- 4.3.3.3.1. Enter attendance in X2.

- 4.3.3.3.2. Submit the completed attendance sheet to the appropriate supervisor for approval.

4.3.3.4. Approval and Collection of Time Sheets

- 4.3.3.4.1. Labor hours are accurately recorded and any corrections to timekeeping records, including the appropriate authorizations and approvals, are documented through the use of an automated Kronos time system.

- 4.3.3.4.2. Attendance is recorded in the individual record of each salaried employee after verification that personal days and sick days fall within the number available for each.

4.3.3.5. Reconciliation of Payroll to Time Sheets

4.3.3.5.1. The Payroll Administrator will reconcile Timesheets submitted for substitutes to the attendance forms submitted for salaried employees.

4.4. Preparation of Payroll

4.4.1. Control Objective

4.4.1.1. To ensure that payment of salaries and wages is accurately calculated.

4.4.2. Major Controls

4.4.2.1. Internal Accounting Controls

4.4.2.1.1. Quarterly audits by the accountant will be performed to check payroll accuracy.

4.4.2.1.2. The responsibility for checking the accuracy of payroll calculations is separated from the responsibility for payroll preparation by the Business Manager.

4.4.3. Procedures

4.4.3.1. The school or department secretary or department supervisor forwards approved time sheets to the Central Office. The Kronos System electronically records time to the Payroll Department.

4.4.3.2. All calculations of total prepared by the individual school or department are checked and verified by the Payroll Administrator.

4.4.3.3. The payroll documents are reviewed and approved for submission to the Payroll Administrator for processing.

4.5. Payroll Payment

4.5.1. Control Objective

4.5.1.1. To ensure payment for salaries and wages by check or direct deposit is made only to employees entitled to receive payment.

4.5.2. Major Controls

4.5.2.1. Internal Accounting Controls

4.5.2.1.1. All payroll checks and direct deposit are handled through the Payroll Administrator's office.

4.6. Payroll Withholdings

4.6.1. Control Objective

4.6.1.1.1. To ensure that payment withholdings are correctly reflected and paid to the appropriate third parties.

4.6.2. Major Controls

4.6.2.1. Reconciliation of Payment and Payroll Withholdings

4.6.3. Procedures

4.6.3.1.1. All payroll withholdings are handled through the Payroll Administrator.

4.6.3.1.2. Copies of the original withholding and benefit election forms shall be maintained in the individual employee's personnel file.

4.6.3.1.3. The Human Resource Administrator in the Central Office shall serve as an "ombudsman" in assisting school district employees in making changes.

4.7. Payroll Payment

4.7.1. Control Objective

4.7.1.1. To ensure payment for salaries and wages by check or direct deposit is made only to employees entitled to receive payment.

4.7.2. Major Controls

4.7.2.1. Internal Accounting Controls

4.7.2.1.1. All payroll checks and direct deposit are handled through the Business Office.

4.7.3. Procedures

4.7.3.1.1. After the Payroll Administrator has cut payroll checks or direct deposit statements, these are delivered to the schools by the Business Office personnel.

4.7.3.1.2. Each school administrator will monitor those checks or statements, which cannot be delivered to the individual employee and will mail the check or statement to those employees who cannot pick up the check or statement.

5. PROPERTY AND EQUIPMENT PROCEDURES

This section is organized into six parts” P & E acquisitions, record keeping over P & E, depreciation, inventory of P & E, disposal of P & E, and Government-furnished and School-acquired P & E.

5.1. Property and Equipment (P & E) Acquisitions

5.1.1. Control Objective

5.1.1.1.1. To control the acquisition of P & E and completely and accurately record fixed asset acquisitions in order to safeguard fixed assets from loss.

5.1.2. Major Controls

5.1.2.1.P & E Acquisitions Tied to Budget

5.1.2.1.1. All acquisitions of property and capital equipment are either designated in the approved budget or subsequently approved by the School Committee.

5.1.2.2. P & E Acquisitions Based on Approved Requests

5.1.2.2.1. Official approval is obtained before a P & E purchase is made. This is performed by reviewing the purchase order prepared for the item.

5.1.2.3. Internal Accounting Controls

5.1.2.3.1. Reconcile fixed assets acquisitions with capital expenditure authorizations.

5.1.3. Procedures

- 5.1.3.1. The School Committee submits capital budget requests annually for review and approval.
- 5.1.3.2. Authorization requests for the acquisition of fixed assets are reviewed and approved by the Business Manager.
- 5.1.3.3. Each item of property and equipment received is identified and tagged in a visible area on the asset.
- 5.1.3.4. A copy of purchase orders for capital expenditures is entered into the record for proper identification of all fixed assets to be included in the accounting records.
- 5.1.3.5. Information on each tagged asset is entered in the fixed asset inventory.

5.2. Recordkeeping Over Property and Equipment

5.2.1. Control Objective

- 5.2.1.1.1. To record fixed asset acquisitions, transfers and dispositions completely and accurately on a current basis.

5.2.2. Major Controls

5.2.2.1. Capitalization Policies

- 5.2.2.1.1. The district follows the policy of capitalizing all fixed assets purchased greater than \$10,000.

5.2.2.2. Fixed Asset Classification

- 5.2.2.2.1. Fixed assets are accounted for by the following classifications: land, building, betterments, furniture, and computer hardware/software.

5.2.2.3. Complete Record of P & E Acquisition Costs

- 5.2.2.3.1. The fixed asset inventory list contains the full history of each capital asset acquired, original acquisition cost, and any costs incurred to prepare the asset for use.

5.2.3. Procedures

- 5.2.3.1.1. Asset acquisitions, transfers, and dispositions are entered in the fixed asset inventory list on a periodic basis.

5.2.3.1.2. The fixed asset inventory list is reconciled with the financial accounts on a periodic basis. Any differences are analyzed and resolved by the Business Manager.

5.3. DEPRECIATION

5.3.1. Procedures

5.3.2. The district records assets when acquired and records the historical cost of these items.

5.3.3. The estimated useful life of district assets are as follows:

5.3.3.1. Computers	3 years
5.3.3.2. Office Equipment	5 years
5.3.3.3. Vehicles	5 years
5.3.3.4. Office Furniture	7 years
5.3.3.5. Leasehold Improvements	Life of lease or 5 years, whichever is greater
5.3.3.6. Building Improvements	20 years
5.3.3.7. Building	30 years

5.3.4. When calculating the current value of an asset, straight-line depreciation over the above estimated useful life shall be utilized.

5.4. INVENTORY OF PROPERTY AND EQUIPMENT

5.4.1. Control Objective

5.4.1.1.1. To ensure that all recorded assets exist and are in use.

5.4.2. Major Controls

5.4.2.1. Internal Accounting Controls

5.4.2.1.1. All property and equipment is tagged when received.

5.4.2.1.2. Physical inventories are performed annually.

5.4.2.1.3. Differences between physical inventories and amounts recorded on the fixed asset inventory list are analyzed and reconciled monthly.

5.4.3. Procedures

5.4.3.1.1. The School Business Administrator secures a printout of the fixed asset inventory list by asset classification.

5.4.3.1.2. An inventory of fixed assets is taken annually.

5.4.3.1.3. The physical inventory of fixed assets is compared to the figures recorded on the fixed asset inventory list.

5.4.3.1.4. Differences are investigated and resolved by the Superintendent.

5.5. DISPOSAL OF PROPERTY AND EQUIPMENT

5.5.1. Control Objective

5.5.1.1.1. To ensure that assets no longer in use are disposed of in accordance with existing policies.

5.5.2. Major Controls

5.5.2.1. Disposal Policies

5.5.2.1.1. The School Committee has adopted policies on the disposition of property and equipment.

5.5.2.2. Internal Accounting Control

5.5.2.2.1. Use of fixed asset disposal authorization forms.

5.5.2.2.2. Disposal or transfer of fixed assets only with proper authorization.

5.5.2.2.3. Periodic count of fixed assets that is reconciled with the fixed asset inventory list.

5.5.3. Procedures

5.5.3.1.1. A determination is made by school personnel as to the usefulness of a fixed asset.

- 5.5.3.1.2. An asset disposal form is prepared with proper written authorization by the appropriate administrator.
- 5.5.3.1.3. The asset disposal form is reviewed and signed by the Superintendent.
- 5.5.3.1.4. A copy of the asset disposal form is routed to The School Business Administrator who enters the dollar amount of the disposed fixed asset as a reduction in the fixed asset inventory list. Any proceeds realized from the disposition of these assets are turned over to the Town unless otherwise specified by Town Meeting.

5.6. GOVERNMENT-FURNISHED AND SCHOOL-ACQUIRED PROPERTY AND EQUIPMENT

5.6.1. Control Objective

- 5.6.1.1.1. To ensure that Government-furnished and School-acquired property and equipment are properly obtained, used, and managed during the life of a federal or state grant.

5.6.2. Major Controls

5.6.2.1. Record Keeping

- 5.6.2.1.1. The district maintains detailed records on all property and equipment.

5.6.2.2. Custody

- 5.6.2.2.1. All Government-furnished and School-acquired property and equipment, when not in use, is stored in a secure area.

5.6.2.3. Inventory

- 5.6.2.3.1. All Government-furnished and School-acquired property and equipment is inventoried.

5.6.3. Procedures

- 5.6.3.1.1. All Government-furnished and School-acquired property and equipment on Government grants are assigned tag numbers and properly identified with this number in the fixed asset inventory list.

- 5.6.3.1.2. On an annual basis, administrators inventory all property and equipment and ensure that fixed assets are being used for the purpose intended.
- 5.6.3.1.3. The disposition of Government furnished and School-acquired property and equipment is authorized by the Superintendent and reported to the proper Government Agency as required by that agency.

6. ACCOUNTS PAYABLE PROCEDURES

This section is organized into three major parts: accounts payable, purchasing, and expense reimbursement.

6.1. ACCOUNTS PAYABLE

6.1.1. Control Objective

- 6.1.1.1.1. To ensure that invoices are accurately recorded on a timely basis for authorized purchases.

6.1.2. Major Controls

- 6.1.2.1.1. Reconciliation of Accounts Payable Records
- 6.1.2.1.2. Reconciliation of source data is performed periodically to ascertain the accuracy of accounts payable entries.
- 6.1.2.2. Internal Reviews
 - 6.1.2.2.1. Internal reviews are conducted to determine if duplicate payments or overpayments exist.

6.1.3. Procedures

- 6.1.3.1.1. Authorization of Payment for Purchases and Preparation of Warrants for Payment
- 6.1.3.1.2. Invoices are received by the Central Office.
- 6.1.3.1.3. Approved invoices are forwarded to the Central Office.
- 6.1.3.1.4. Invoices are compared to the Purchase Order and the packing list.
- 6.1.3.1.5. The invoice is reviewed for the following:

6.1.3.1.5.1.1. The nature, quality, and quantity of goods ordered and the related price.

6.1.3.1.5.1.2. Accuracy of all arithmetic calculations and extensions.

6.1.3.1.5.1.3. Completed 30B form if applicable.

6.1.3.1.6. The AP Administrator reviews the above and enters the amounts into the software program.

6.1.3.1.7. Completed warrants, with supporting documents attached are prepared for the Signatures of the Superintendent and three School Committee members.

6.1.4. Purchase Discounts

6.1.4.1.1. The School Business Administrator established all vendors within the accounting system upon initial use of the vendor. All vendors should provide verified street address and valid federal tax ID or social security number.

6.1.4.1.2. The School Business Administrator reviews the invoice for any purchase discount date and ensures that the vendor file is established and properly capturing the discount period.

6.1.5. Reconciliation of Accounts Payable Records

6.1.5.1.1. The Accounts Payable Clerk balances with each warrant with the Town Accountant.

6.1.5.1.2. Debit balances are resolved appropriately (e.g., an offset against other amounts due the vendor, requesting payment from the vendor, etc.)

6.2. PURCHASING

6.2.1. Control Objective

6.2.1.1.1. To ensure that goods and services are required at fair and reasonable prices and the highest personal standards of conduct are maintained in all relationships with vendors, suppliers, and subcontractors.

6.2.1.1.2. To ensure that transactions are accurately classified and recorded in the financial records.

6.2.2. Major Controls

6.2.2.1. Purchase Requirements

6.2.2.1.1. The district has developed cost-effective and efficient purchase requirements in order to achieve full and open competition, meeting delivery schedules, controlling inventory and material, and expediting and following up on purchases.

6.2.3. Goods & Services if feasible are to be purchased locally. We strive to support the businesses in Chelmsford. Procurement will be completely impartial based strictly on the merits of the supplier and contractor proposals and applicable related considerations such as delivery, quantity, etc.

6.2.3.1.1.

6.2.3.2. Required Competition

6.2.3.2.1. The district utilizes the following procurement guidelines:

6.2.3.2.1.1.1. Contracts under \$5,000 – The district uses sound business practices when procuring goods and services for amounts less than \$5,000.

6.2.3.2.1.1.2. Contracts from \$5,000 to \$25,000 – The district seeks price quotes from at least three vendors and awards the contract to the responsible vendor offering the supply or service needed for the lowest price.

6.2.3.2.1.1.3. Contracts greater than \$25,000 – With the assistance of the Town Administrator, the district conducts a formal advertised competition using sealed bids or proposals. An award is offered to the qualified bidder who meets the district's specifications and offers the lowest price.

6.2.3.2.1.1.4. Where possible, the district utilizes the Commonwealth of Massachusetts – state contract, or the cooperative bids solicited by area collaborative's.

6.2.3.3. Selecting the Vendor

6.2.3.3.1. The district selects the most responsive and responsible vendor to provide required materials and services, and promotes competition in order to obtain fair and reasonable prices.

6.2.3.4. Internal Accounting Controls

6.2.3.4.1. Approval by the Business Manager of purchases equal to or exceeding \$25,000 prior to purchase order finalization.

6.2.3.4.2. Implementation of procedures that require the reporting of unethical conduct to the Superintendent and the subsequent restitution of any gain resulting from such conduct.

6.2.4. Procedures

6.2.4.1. Purchase Requirements

6.2.4.1.1. After approval of the annual budget, the Business Manager allows purchasing once the Munis Budget is created and active.

6.2.4.1.2. In preparing a purchase requisition, the requestor identifies only minimum needs.

6.2.4.2. Processing Purchase Requisitions

6.2.4.2.1. Purchase orders are approved by the appropriate principal or other supervisor and electronically forwarded to the Central Office using Munis.

6.2.4.2.2. Purchase orders must include the following:

6.2.4.2.2.1.1. A description of items ordered;

6.2.4.2.2.1.2. A cost estimate;

6.2.4.2.2.1.3. The required delivery information;

6.2.4.2.2.1.4. The account to be charged; (DOE guidelines should be used to determine appropriate function and object codes.)

6.2.4.2.2.1.5. Signed approval of the building principal or other comparable supervisor.

6.2.4.3. Processing Purchase Orders

- 6.2.4.3.1. Purchase orders, after having been approved by the building principal or other comparable supervisor, are electronically sent to the Central Office.
- 6.2.4.3.2. Before a purchase order is sent to a supplier, it is reviewed by The School Business Administrator for accuracy the dates, account coding, quantities listed, and arithmetic extensions.
- 6.2.4.3.3. The School Business Administrator and or District Accountant in the Business managers absence approves purchase orders.
- 6.2.4.3.4. Vendors are faxed the purchase order.
- 6.2.4.3.5. Two copies are returned to the administrator submitting the purchase order. That administrator will retain one of these copies and the other shall be forwarded to the vendor.

6.2.4.4. Obtaining Bids and Quotations

- 6.2.4.4.1. The School Business Administrator ensures that the requesting administrator has obtained and documented the required quotations on transactions not expected to exceed \$5,000, and has obtained these in writing for transactions between \$5,000 and \$25,000. All of these require the completion of the Town's "Compliance with 30B form" and the attachment of the required documentation. Items greater than \$25,000 will require formal bid requests and evaluation before the purchase order is issued.
- 6.2.4.4.2. In evaluating bids received, the recommending administrator performs and documents a cost or price analysis for submission to the Superintendent.

6.2.4.5. Negotiation and Award

- 6.2.4.5.1. Awards may be made to other than the low bidder in circumstances where the higher bid demonstrates best value contracting procedures to the district (can use MGL c30B as guide). In such situations, the Superintendent shall prepare a justification statement for such awards, furnishing a brief explanation of the factors leading to such a decision.

6.3. EXPENSE REIMBURSEMENT

6.3.1. Control Objective

6.3.1.1.1. To ensure the district pays for only authorized business expenses.

6.3.2. Major Controls

6.3.2.1. Travel Policies

6.3.2.1.1. Collective bargaining agreements and individual contracts address the issue of travel reimbursement.

6.3.2.2. Employee Expense Reimbursement Documentation

6.3.2.2.1. Employees are required to obtain and furnish documentation for all individual expenses.

6.3.2.3. Internal Accounting Controls

6.3.2.3.1. Justification for travel approved by The School Business Administrator or the Superintendent.

6.3.2.3.2. Documentation for incurred employee expenses.

6.3.2.3.3. Prohibition against the issuance of district credit cards.

6.3.2.4. Expense Reimbursement

6.3.2.4.1. An employee who seeks reimbursement for authorized travel expenses completes a travel report detailing the expenses incurred, attaching copies of supporting documentation.

6.3.2.4.2. If payment was made by check, copies of both the front and back of the cancelled check must be provided.

6.3.2.4.3. The employee's travel report reimbursement request is reviewed and approved by the Superintendent.

6.3.2.4.4. All reimbursement requests must be submitted within the fiscal year in which the expenditure was made.

7. MANAGEMENT REPORTING PROCEDURES

In this section, procedures are covered for supporting the annual budget and financial reporting.

7.1. ANNUAL BUDGET

7.1.1. Control Objective

7.1.1.1.1. To support effectively the preparation of the annual budget and its periodic review.

7.1.2. Major Controls

7.1.2.1. Budget Process

7.1.2.1.1. The building administrators develop budget requests utilizing input from their faculties and School Councils. These requests shall include requests for operating budgets and for warrant articles. The budgets are submitted to the Superintendent. After compilation of the requests, the Superintendent shall forward them to the School Committee for initial approval.

7.1.2.2. Internal Accounting Controls

7.1.2.2.1. Accuracy and completeness of the budget and projections.

7.1.3. Procedures

7.1.3.1.1. In preparation of the annual operating and capital budgets, the building administrators consult with faculty members and his/her School Council. Requests for additional resources and / or significant programmatic changes shall be submitted in priority order.

7.1.3.1.2. Building administrators shall meet with the Superintendent to discuss the initial requests.

7.1.3.1.3. The Superintendent shall prepare the initial budget request, compiling the requests from the district administrators.

7.1.3.1.4. The Superintendent shall submit this preliminary budget request to the School Committee for its consideration.

7.1.3.1.5. After consultation with the Finance Committee, the School Committee will adopt a final budget request to be submitted to Town Meeting for approval.

7.1.3.1.6. The District Accountant will enter the budget approved by Town Meeting into the software.

7.2. FINANCIAL REPORTING

7.2.1. Control Objective

7.2.1.1.1. To ensure the accuracy, completeness, and timeliness of financial reporting to support decision-making.

7.2.2. Major Controls

7.2.2.1. Schedule

7.2.2.1.1. Monthly managerial reports are prepared.

7.2.2.2. Review and Approval

7.2.2.2.1. Financial reports are reviewed for accuracy and completeness.

7.2.3. Audit

7.2.3.1.1. A certified public accounting firm audits the annual financial reports of the district.

7.2.4. Procedures

7.2.4.1.1. The School Business Administrator shall prepare periodic financial reports for the building principals and other administrators.

7.2.4.1.2. The administrators will review the reports for accuracy.

7.2.4.1.3. The Business Manager shall report any significant trends to the School Committee.

7.2.4.1.4. If necessary, the School Committee will approve transfers from one account to another.

7.2.4.1.5. The district submits to an audit of its financial statements by a qualified certified public accounting firm as required by law.

Appendix A
Student Activity Accounts

Please see supplemental Student Activity Policy and Procedures.

Appendix B

Athletic Program

Athletic Monies

Procedures for Handling Athletic Monies

1. The Athletic Director will secure two-part coupon tickets on rolls for utilization at games.
2. The Athletic Director will write and initial the starting ticket number (s) on a copy of one of the attached sheets.
3. The Athletic Director will assign one (or more if necessary) ticket seller and provide the seller with the roll of two-part tickets and the sheet described in #2 above, plus a duplicate sheet for reconciliation purposes.
4. The Ticket Seller will sell tickets by giving one part of the coupon in exchange for the approved price and retaining (attached to the roll) the other half of the ticket.
5. After ticket sales have been completed, the ticket seller will record the number of the final ticket sold on the reconciliation sheet and initial that number. The Ticket Seller will then enter both starting and ending numbers on the duplicate reconciliation sheet.
6. The Ticket Taker will give the original reconciliation sheet to the Athletic Director and bring the duplicate reconciliation sheet and the money home to complete the total cash reconciliation.
7. On the next school day, the Ticket Taker will give the Athletic Director the money, the completed reconciliation sheet, and the ticket roll. If there are any discrepancies, they will be identified and addressed at this time.
8. Within two business days of the function, the Athletic Director will make the deposit at the bank.
9. The Athletic Director will provide copies of the reconciliation sheet and the deposit slip to the District Accountant.
10. The District Accountant will verify the ticket coupon / receipt numbers with the reconciliation sheet.
12. The District Accountant will file the reconciliation sheets until the end of the school year and create a turnover for the deposit and bring it to Town Hall.