

**GLOUCESTER CITY PUBLIC SCHOOLS**  
**GLOUCESTER CITY, NEW JERSEY**



**GUIDE FOR**  
**STANDARD OPERATING PROCEDURES**  
**AND**  
**INTERNAL CONTROLS**

Prepared by: Business Administrator/ Board Secretary

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## PREFACE

The **Guide for Standard Operating Procedures and Internal Controls** is a document that outlines the business practices that are authorized by the **Gloucester City Board of Education** and administered by the Business Office. It is intended to be used as a reference manual by administrators, support staff and any staff members that have budgetary/financial responsibilities. Its purpose is to provide an efficient control and accountability system that will help assure appropriate use of public funds. It must be understood that the principles of this manual are based on Generally Accepted Accounting Principles, and rely on an assumption that individuals have a general understanding of the financial process of a school system. For this program to operate at optimum efficiency there must be a spirit of cooperation, and communication between the school staff and the Business Office.

**SECTION 1: INTERNAL CONTROLS**

**1000 OVERVIEW:**

Internal controls are not separate systems of the school district. Controls are not an isolated activity but integral part of each activity used to guide the district.

Establishment, maintenance and evaluation of the internal controls are the responsibility of the administration. The evaluation of internal controls includes identifying the framework used by the administration to determine the effectiveness of the internal controls.

Controls are in place to detect or prevent errors and fraud. An error is an unintentional mistake that has the potential to affect the financial statements and fraud is the intentional misuse or misappropriation of district's assets.

**OBJECTIVES OF INTERNAL CONTROL:**

The three objectives of internal control are:

1. Efficiency and effectiveness of operations,
2. Reliability of financial reporting,
3. Compliance with applicable laws and regulations.

The safeguarding of assets is a subset of all of these objectives.

Continuous monitoring and testing is needed to help to identify poorly designed or ineffective controls. The administration is also responsible for communicating the objectives of internal controls and ensuring the organization is committed to sustaining an effective internal control environment.

**COMPONENTS OF INTERNAL CONTROLS:**

The five components of internal controls are:

1. Control environment
2. Administration's risk assessment
3. Administration's communication of the controls
4. Control activities
5. Monitoring controls

**CONTROL ENVIRONMENT:**

The internal control environment includes the organizational structure, the internal control framework, the district's policies and procedures and internal and external influences. The tone set by the school district's board and administration determines the attitude toward the internal controls of the district.

**1. ORGANIZATIONAL STRUCTURE:**

The organizational structure determines the administration's responsibilities and the relationship with the board, which sets the policies.

## 2. CONTROL FRAMEWORK:

Elements of an internal control framework include the following:

- A) Segregation of duties to help ensure the reliability of the organization's internal controls, one person should not have access to all stages of a process. If there is not proper segregation, errors or irregularities could occur and go undetected.
- B) Integrity and competence of the personnel performing the duties are crucial to achieving the desired controls. This includes hiring the proper personnel and continual training. It is important to ensure that employees who perform financial tasks have the knowledge and skill to perform their duties.
- C) Communication by the administration of the controls and the employee's responsibilities are as important as ensuring that employees know how to communicate irregularities that may arise. Proper supervision of employees is needed to ensure proper execution of control activities.

## 3. DISTRICT'S POLICIES AND PROCEDURES:

District policies set the overall direction of the district. Procedures for all areas of financial preparation, reporting, operations, transportation, maintenance, personnel and payroll are needed. These policies and procedures will become the basis for the determination of compliance.

## ADMINISTRATION'S RISK ASSESSMENT:

The administration has to conduct an assessment of risks relevant to the financial statements. This includes the identification of potential risks, the analysis of the potential impact of those risks on the ability to properly report the financial statements and the overall management of risk. Items to consider in the risk assessment of the district include, but are not limited to:

- 1. New personnel or new duties for existing personnel
- 2. How a change in accounting information system impact controls and how effectively the training of personnel on new system was conducted
- 3. Changes in the regulations and laws that may affect the control environment
- 4. Record storage is appropriate and secure (fireproof cabinets when needed for manual documents and proper passwords and access limitations for electronic information)
- 5. District limits access to computers and data files
- 6. Segregation of duties
- 7. Transactions are recorded in a timely manner
- 8. Cash is deposited in a timely manner
- 9. Assets are physically safeguarded
- 10. Transactions are performed by only authorized personnel
- 11. Reconciliations are properly and promptly completed
- 12. Occurrences of management override

## INFORMATION AND COMMUNICATION:

The administration needs to determine if the information systems utilized in the district are adequate and relevant for their intended purpose.

The district's administration is responsible for communicating the controls of the district and the responsibilities of each employee in the control system.

The administration is also charged with reviewing information that may indicate a flaw in the controls that would not allow the detection of an error in a timely fashion.

## CONTROL ACTIVITIES:

Control activities include the policies and procedures that are in place to achieve the control environment desired. Documentation of the control activities is vital and includes but is not limited to:

1. Segregation of duties
2. Transactions are recorded on a timely basis
3. Cash is deposited on a timely basis
4. Assets are physically safeguarded
5. Transactions are performed only by authorized personnel
6. Reconciliations are properly and promptly completed

## CONTROL ASSERTIONS:

Control activities can be categorized into one or more assertions. All assertions should be addressed for each process (payroll, cash disbursements, etc).

1. Existence (E) /Occurrence (O) – Existence is whether the assets or liabilities of the district exist at any given point in time (cash, state aid receivable). Occurrence is the whether the transaction took place (goods were received before the PO was moved to accounts payable from encumbrances)
2. Valuation (V) or Allocation (A) – Valuation is whether the asset or liability is included on the board secretary’s report at the proper value (the amount of a cash or state aid receivable). Allocation is whether the revenue and expenditures were recorded in the proper amounts.
3. Accuracy/ Classification (A/CL) – transactions are recorded accurately and the classifications of the transactions are proper.
4. Completeness (CO) – all necessary transactions are included (unrecorded purchase orders).
5. Cutoff (C) – Transactions are recorded at the proper time (purchase orders established in the proper year).

## MONITORING:

The administration is responsible for reviewing internal controls on an ongoing basis. Monitoring can include responding to the recommendation of the auditor to changes in the controls. Reviewing correspondence from outside sources such as banks and vendors for unusual items is part of monitoring.

Standard operating procedures and internal controls will be reviewed with appropriate staff on an ongoing basis. Employees should be required to “sign off” indicating their understanding of the control activities and their responsibilities in those activities.

## AFTER CONTROLS ARE ESTABLISHED:

Once the district establishes controls, they need to be evaluated at least annually and anytime circumstances dictate such as when changes in personnel or regulations occur.

Ongoing evaluation of the established control will determine the effectiveness of the proposed control. Controls are effective when no material weaknesses are identified in the financial reports. Ineffective controls could result in at least one material weakness. If a control is determined to be ineffective, then the deficiency needs to be evaluated.

## CONTROL DEFICIENCIES:

A control deficiency exists when the design or operation of a control does not allow the administration to prevent or detect misstatements on a timely basis. A design deficiency exists when a necessary control is missing or is not designed to enable the control objective to be met. An operational deficiency exists when control is designed properly, but does not operate as designed or the person performing the control is not qualified to perform the control.

A deficiency may exist that is unavoidable (in ability to fully segregate the duties in a small office). For these, compensating procedures should be put in place to address the deficiency.

## REASONABLE ASSURANCE AND LIMITATIONS ON CONTROLS:

Reasonable assurance is a high level of assurance, but is not absolute. The district should understand that potential fraud could exist and not be detected on a timely basis in the following circumstances:

- a.) when the district has poorly designed or poorly operating internal controls
- b.) when there are too many overrides of controls
- c.) when there is collusion between employees or between an employee and a third party.

## REVIEW OF DISTRICT PROCESSES:

When reviewing processes in the district, it may help to consider incorporating the “5 Ws”.

1. Who performs each activity? Who receives the outcome of the activities?
2. What activities are performed? What forms and reports are used? What computer systems and files are used?
3. When are activities performed? What is the sequence of activities? What is the timing of the activities? What is the frequency of the activities?
4. Where are activities performed (i.e., board office, school, etc.)?
5. Why are activities performed (i.e., what risks are controlled, what control assertion does process/step serve, etc.)

One final consideration should be whether any changes to the process will increase the efficiency of the process or firm up the controls.

## CONTROLS LISTED:

The controls listed here are not intended to be a complete list of controls. These items should be used as a starting point for the review of internal controls.

**1100 Evaluating Internal Control**

**Purpose:** To ensure controls are evaluated on a periodic basis to ensure their continued effectiveness.

**Procedure:**

1. The business administrator will establish a process to evaluate internal controls over all areas of financial and operational procedures in the district.
2. These internal controls are to be evaluated at least annually and every time one of the following conditions exists:
  - A. Change in personnel performing a control function
  - B. Change in accounting system
  - C. Change in regulations
  - D. When deficiencies are identified
3. When controls are evaluated, a determination is to be made that designates the control as either effective or ineffective. Ineffective controls are to be modified to achieve the proper level of effectiveness required.
4. Written documentation is to be kept of each review of the existing controls.
5. Annual Review of Internal Controls is to be completed each year by September 1.

**1200 Communication of staff members' roles in Internal Controls**

**Purpose:** To ensure that everyone in the district who performs or should perform a control function understands the control and its purpose.

**Procedure:**

The business administrator will establish a procedure to ensure the all employees who are charged with a control understand the importance of the control and their role in the control environment function.

- A. Controls that are performed without an understanding of the control will not be effective.
- B. A review of the controls and the staff members' role is to be conducted at least annually and anytime there is a change in the control, the personnel or the laws and regulations affecting the control.
- C. Documentation of these reviews is to be maintained.

**SECTION 2: ACCOUNTING**

**2000 Cash controls**

**Purpose:** To identify the controls over cash and the personnel responsible.

**Procedure:**

1. The business administrator will establish controls that help ensure that any errors and/or fraud in cash controls can be detected in a timely manner.
2. Monies received at the school buildings must be kept in a fireproof safe, when possible, until forwarded to the business office.
3. Monies must be forwarded to the business office in a timely manner, recommended within 48 hours.
4. All receipts from the schools must have supporting documentation with totals.
5. Mail must be opened promptly at the business office.
6. Deposits are prepared, using correct slips for the various accounts.
7. Deposits are taken to the bank daily in a locked deposit bag by authorized personnel only; any monies that must be held in the business office until the next business day are kept in a fireproof safe.
8. Receipts are posted to the accounting system when deposited.
9. Receipts are reconciled to the bank statement monthly.
10. The responsibilities of preparing the deposit slips, posting receipts and reconciling receipts to bank statement are segregated.

## 2050 Cash Management Plan

**Purpose:** To establish a procedure for depositing and investing the various funds which are controlled by the District, and to identify the funds covered by the Plan, the person authorized to deposit/invest those funds, the depositories, and brokerage firms used by the District, the investments which are authorized, the procedure for safekeeping investment documents and reporting requirements.

### Procedure:

#### Statement of Purpose

This Cash Management Plan is prepared pursuant to the provisions of N.J.S.A. 40A:5-14 in order to set forth the basis for the deposits and investments of District funds, pending the use of such funds for the intended purposes. The Plan is intended to assure that funds are deposited in interest bearing Deposits or otherwise invested in Permitted Investments as listed below. It is intended to provide that investment decisions are made to insure the safety, liquidity (regarding its availability for the intended purposes), and maximum investment return. It is intended to insure that any Deposit or Permitted Investment matures within the time period that approximates the prospective need for the funds deposited or invested so that there is not a risk to the market value of such Deposits or Permitted Investments.

#### Funds Covered by the Plan

The Plan is intended to cover the deposit and/or investment of the following funds of the District:

- A. Operating Funds
- B. State Aid (all types)
- C. Grant Funds
- D. Capital Improvement Funds
- E. Debt Service Funds
- F. Proprietary/Food Service Funds
- G. Student Activity Funds
- H. Trust Funds

#### Person(s) Authorized to make Deposits and Investments

1. The Business Administrator/Board Secretary is authorized and directed to deposit or invest District Funds.
2. Prior to making deposits or investing funds, receipt of a copy of the Cash Management Plan must be acknowledged in writing by officials of the depositories, and a copy of that acknowledgement must be kept by the Business Administrator/Board Secretary.

#### Designation of Depositories

1. The following banks and financial institutions are designated as official depositories for the Deposit and Permitted Investment of district funds:
  - A. PNC Bank
  - B. Cash Management Fund – State of New Jersey
  - C. TD Bank
  - D. Bank of America
  - E. OceanFirst Bank
  - F. Republic Bank
2. Officials of these depositories will be supplied with a written copy of this Plan and they must acknowledge receipt of the Plan in writing to the Business Administrator/Board Secretary of the District.

Designation of Brokerage Firms and Dealers with whom the District may deal

1. The following brokerage firms and dealers are designated as firms with whom the District may deal for purposes of buying and selling securities identified in this Plan as Permitted Investments or Deposits:
  - A. Chase Manhattan Depository Trust Company/Cede and Company  
Depository Trust Company  
Dividend Deposit Account
2. Officials of these brokerage firms and dealers will be supplied with a written copy of this Plan and they must acknowledge receipt of the Plan in writing to the Business Administrator/Board Secretary of the District.

Authorized Investments

1. Except as otherwise specifically provided for herein, the Business Administrator/Board Secretary is authorized to invest District funds, to the extent not otherwise held in Deposits, in the following Permitted Investments:
  - A. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
  - B. Government money market mutual funds;
  - C. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
  - D. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the local Unit is a part or within which the school district is located;
  - E. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the division of Investment of the Department of the Treasury for investment by Local Units;
  - F. Local government investment pools;
  - G. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977 c. 281 (C.52:18A-90.4); or
  - H. Agreements for the repurchase of fully collateralized securities if:
    1. The underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
    2. The custody of collateral is transferred to a third party;
    3. The maturity of the agreement is not more than 30 days;
    4. The underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
    5. A master repurchase agreement providing for the custody and security of collateral is executed.

For purposes of the above language, the terms “government money market mutual fund” and “local government investment pool” shall have the following definitions:

Government Money Market Mutual Fund: An Investment Company or investment trust:

1. which is registered with the Securities and Exchange Commission under the “Investment Company Act of 1940,” 15 U.S.C. sec. 80a-1 et seq., and operated in accordance with 17 C.F.R. sec. 270.2a-7.
2. which is limited to U.S. Government securities that meet the definition of any eligible security pursuant to 17 C.F.R. sec. 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities; and
3. which has:

- A. attained the highest a ranking or the highest letter and numerical rating of a nationally recognized statistical rating organization; or
- B. retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission pursuant to the “Investment Advisors Act of 1940,” 15 U.S.C. sec. 80b-1 et seq., with experience investing in U.S. Government securities for at least the most recent past 60 months and with assets under management in excess of \$500 million.

#### Local Government Investment Pool: An Investment Pool

- 1. which is managed in accordance with 17 C.F.R. sec. 270.2a-7 and
- 2. which is rated in the highest category by a nationally recognized statistical rating organization;
- 3. which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. sec. 270,2a-7 and repurchase agreements that are collateralized by such U.S. Government securities;
- 4. which is in compliance with rules adopted pursuant to the “Administrative Procedure Act,” P.L. 1968, c.410 (c.52:14B-1 et seq.) by the Local Finance Board of the Division of Local Government Services in the Department of Community Affairs, which rules shall provide for disclosure and reporting requirements, and other provisions deemed necessary by the board to provide for the safety, liquidity and yield of the investments;
- 5. which does not permit investments in instruments that: are subject to high price volatility with changing market conditions; cannot reasonably be expected, at the time of interest rate adjustment, to have a market value that approximates their part value; or utilize an index that does not support a stable net asset value; and
- 6. which purchases and redeems investments directly from the issuer, government money market mutual fund, or the State of New Jersey Cash Management Fund, or through the use of a national or State bank located within this State, or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to section 9 of P.L. 1967 c.9 (C.49:3-56) and has at least \$25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities.

#### Safekeeping Investment Documents

- 1. To the extent that any Deposit or Permitted Investment involves a document or security which is not physically held by the District, then such instrument or security shall be covered by a custodial agreement with an independent third party, which shall be a bank or financial institution in the State of New Jersey. Such institution shall provide for the designation of such investments in the name of the District to assure that there is no unauthorized use of the funds or the Permitted Investments or Deposits. Purchase of any Permitted Investments that involve securities shall be executed by a “delivery versus payment” method to insure that such Permitted Investments are either received by the District or by a third party custodian prior to or upon the release of the District’s funds.
- 2. To assure that all parties with whom the District deals either by way of Deposits or Permitted Investments are aware of the authority and the limits set forth in this Plan, all such parties shall be supplied with a written copy of this Plan and they must acknowledge receipt of the Plan in writing to the Business Administrator/Board Secretary.

#### Reporting Requirements

The School Board shall receive and approve the monthly Board Secretary’s and Treasurer’s reports within 60 day of month end. The Business Administrator/Board Secretary shall supply the School Board a written report of any

Deposits or Permitted Investments made pursuant to this Plan, which shall include, at a minimum, the following information:

1. The name of any institution holding funds of the District as a Deposit or Permitted Investment.
2. The amount of securities or Deposits purchased or sold during the immediately preceding month.
3. The class or type of securities purchased or Deposits made.
4. The book value of such Deposits or Permitted Investments.
5. The earned income on such Deposits or Permitted Investments. To the extent that such amounts are actually earned at maturity, this report shall provide an accrual of such earnings during the immediately preceding month.
6. The fees incurred to undertake such Deposits or Permitted Investments.
7. The market value of all deposits or Permitted Investments as of the end of the immediately preceding month.
8. All other information which may be deemed reasonable from time to time by the School Board.

#### Term of the Plan

This Plan shall be in effect for 1 fiscal year. A resolution of the School Board is required to approve this Plan for such period of time. The Plan may be amended from time to time. The Business Administrator/Board Secretary is directed to supply copies of the amendments to all of the parties who otherwise have received the copy of the originally approved Plan, which amendment shall be acknowledged in writing in the same manner as the original Plan was so acknowledged.

**2075 Cash Management of Receipts and Disbursements**

**Purpose:** To establish a uniform method for recording receipts and disbursements and the verification of the availability of funds to meet financial obligations on an ongoing basis.

**Procedure:**

**Overview**

The Staff Accountant provides a daily analysis of cash flow for daily operational cash needs. The Staff Accountant reviews cash inflows to ensure tax levy and state aid revenues, etc. have been received and recorded and is the gate keeper for cash outflows. The Business Administrator periodically projects cash inflows are sufficient to cover cash outflows.

**Receipts**

1. When receipts, from any source (including, but not limited to, Tax, State Aid, Grants and Other Local Revenue), are received at the business office, they are logged in on a sheet, date stamped, initialed and coded for the appropriate bank account by the Staff Accountant.
2. Deposits are made within 48 hours of receipt at the business office, when possible.
3. City tax receipts are deposited the day they're received at the business office. If they're over a month past due, the appropriate City Treasurer is contacted by the Staff Accountant.
4. Billings for tuition, transportation, etc. and Use of Facilities are prepared by the Staff Accountant. The appropriate City/School/BOE, etc. is contacted when payment is past due.
5. Receipts are posted to the accounting system when deposited.

**Disbursements**

1. Disbursements aren't made until Accounts Payable is notified that the product/service is received or completed and recorded in the accounting system.
2. Accounts Payable confirms with the Staff Accountant that there are sufficient funds available in the bank account before any large payments (\$500,000 or more) are mailed
3. Recurring payments are managed by Accounts Payable.
4. Electronic transfers for Payroll from the General Fund bank account to the Payroll and/or Agency bank accounts are not completed until the Staff Accountant confirms that there are sufficient funds available in the General Fund account to cover all payroll expenses.
5. Capital project payments are approved by the Business Administrator/Board Secretary. Once approved, the Staff Accountant gives the bill to Accounts Payable for payment. Prior to payment, the Staff Accountant confirms that there are sufficient funds available in the Capital Projects Fund account to cover the payment. The staff accountant then transfers money from the Capital Projects Fund account to the Capital Projects checking account with the written authorization of the Business Administrator/Board Secretary.

**2100 Petty Cash Fund**

**Purpose:** To establish a uniform method of accounting for the petty cash funds.

**Procedure:**

1. The Board of Education recognizes the convenience of an imprest cash fund in the day to day operation of a school district, but the Board is also aware of the need to establish the proper controls over such funds to prevent abuses.
2. At the annual organization meeting of the Board, petty cash funds are established as follows:

Superintendent	\$ 500	Business Office	\$ 300
Principals	\$ 500	Curriculum	\$ 300
Athletics	\$ 500	Facilities	\$ 300
Life Skills	\$ 800	Child Study Team	\$ 300
3. In accordance with District Practice, no single payment from petty cash will exceed \$100.00. The Business Administrator shall insure that petty cash funds are spent only for stamps, delivery charges, office supplies and miscellaneous purchases. Funds shall not be used to subvert the regular purchasing procedure. The petty cash for athletics is used for change for the cash boxes/ticket sales/gate receipts at athletic events.
4. A **Petty Cash Voucher** must indicate the reason for the petty cash purchase and the account(s) to be charged. It must include all applicable invoices and receipts. They are turned in to the Business Office periodically throughout the year as additional cash is needed. A check is then issued to reimburse the petty cash fund. It is made payable to the person responsible for the petty cash, who must sign and date the voucher upon receipt of the payment.
5. All funds are to be closed out on June 30. Any cash left in petty cash boxes must be returned to the Business Office along with vouchers including applicable invoices and receipts. Checks issued for petty cash reimbursement at this time are made payable to the district and deposited to the general fund. All Board approved funds will be reissued/reestablished on July 1.

References:

*N.J.A.C. 6:20-2.10 and N.J.S.A. 18A19-13*

**Form # - Petty Cash Request Form**

**2150 Revenue/Accounts Receivable**

**Purpose:** To establish a uniform method for recording revenues and receivables.

**Procedure:**

1. Revenues to the District include:
  - A. Tax payments for general fund and debt service funds
  - B. State aid for general fund, capital projects, debt service, FICA reimbursements, and grant dollars
  - C. Tuition payments
  - D. Transportation payments
  - E. Reimbursements from Food Service for payroll
  - F. Reimbursements from Student Activities for various expenses
  - G. Use of Facility payments
  - H. Monthly interest
  - I. Miscellaneous receipts
2. Revenues are posted to the accounting system using the date of deposit.
3. A receivable from Food Service, representing reimbursement due for payroll is posted monthly.
4. A receivable from Student Activities will be posted when the District incurs payroll or other expenses which should be reimbursed from Student Activities.
5. Other receivables are posted at year end if applicable.

**2200 Financial Reporting/Reconciling**

**Purpose:** To ensure accuracy of financial reports and to establish a uniform method for reconciling funds with their respective bank statements.

**Procedure:**

1. Entries to the accounting system occur when receipts, accounts payable checks, void checks, wire transfers, payroll, or journal entries are posted.
2. The Board Secretary's Report is system generated. It shows all budgeted revenue and expenditure accounts by fund, summarizes the entries into those accounts, and calculates remaining balances per the budget for those accounts.
3. At month end, the entries in the various funds are summarized.
4. The fund balances are reconciled to their respective bank statements.
5. Separate bank reconciliations are done for the general fund, payroll, agency and trust accounts.
6. A monthly summary of receipts, a monthly accounts payable check register, a void check register, payroll registers, and all journal entries are given to the District's Treasurer who in turn generates a Treasurer's Report, which includes outstanding check lists for the various funds.
7. The Treasurer's Report is reconciled with the Board Secretary's Report.
8. The School Board receives and approves the monthly Board Secretary's and Treasurer's reports within 60 days of month end.
9. A financial audit is performed annually to attest to the credibility of all financial statements and reports.

**2250 Fixed Asset Acquisition and Disposal**

**Subtitle: Equipment Identification and Accountability**

**Purpose: To establish a uniform method for accounting for fixed assets and depreciation.**

**Procedure:**

**Newly Purchased Items**

1. When equipment items costing \$2,000.00 or more are received, each department/recipient must complete a **Fixed Asset Form (FAF)**. All information can be obtained from the Receiving Slip and the Purchase Order.
2. When completing the FAF provide the location of the item. Also provide a description of the item e.g., “one tan four drawer legal size locking file cabinet” or “one gray secretarial chair, upholstered back and seat.”
3. Forward this form together with a copy of the purchase order to the Business Office. An asset number will be assigned. A bar coded tag and a copy of the asset form will be returned to the principal/department for filing. It is the responsibility of the principal/supervisor to ensure the tag is attached to the equipment.
4. A Fixed Asset Ledger will be maintained and continually updated by the Business Office.
5. The Fixed Asset Ledger is a system generated report. Yearly depreciation figures can be ascertained from this report. It is reconciled yearly to asset totals per the financial audit.

**Transfers and Disposal of Equipment**

1. When equipment is moved on a permanent basis the school/department initiating the movement fills out **the bottom only** of the **Fixed Asset Form** (obtain online or from the Business Office) and passes it on to the Business Office for completion. It is the responsibility of the principal/supervisor to ensure the equipment is at the proper location.
2. When requesting disposal of equipment, submit the **Fixed Asset Form** with all appropriate information (check the top for “disposal”) to the Business Office. Requests to dispose of outdated books and obsolete equipment must be made to the Board Secretary. The type and remaining life of the equipment will be considered. The sale of any item requires Board approval. Items must be publicly advertised.
3. The Business Office will use above copies to update fixed assets.
4. All proceeds from the disposition of equipment or supplies will be deposited in the general fund of the Board of Education and credited to miscellaneous income.

**Appraisals**

1. An appraisal/physical inventory of assets must be conducted every 5 to 7 years.

**Legal Reference N.J.S.A. 18A:18A-4S**

**Form - Fixed Asset Form**

**2300 Federal and State Grant Application Procedure**

**Purpose:** To establish a uniform method for controlling federal and state grant dollars.

**Procedure:**

1. Grant applications must receive the approval of the Business Administrator, the Superintendent, and the Board of Education before being submitted to the Granting Authority.
2. The structure of grants varies. Some grant dollars are received prior to expending those dollars; others require that dollars be expended and subsequently reimbursed. Those that are reimbursed typically require a needs analysis, as well as a budget for expenditures, based on allowable uses of the funds as outlined by the State, before the grant is confirmed. The administrators responsible for those grants will be responsible for the needs analysis and budget.
3. After receiving confirmation of the grant, a copy of the letter confirming the grant and/or budget for expenditures is given to the Staff Accountant who will enter the budget for both revenue and expenditures in the appropriate accounts. Files with all the paperwork are maintained by the Staff Accountant.
4. The grant administrators are responsible for generating purchase orders for expenditures. If grant money is to be used for payroll, they will complete pay vouchers with appropriate account numbers and submit to the Business Administrator for approval.
5. Grant dollars must be expended before reimbursement can be requested from the federal/state government.
6. Payments are made through Accounts Payable and Payroll.
7. For grants which are reimbursed, the Staff Accountant will submit reimbursement requests to the State based on the report of expenditures.
8. The Staff Accountant will post receipt of grant monies to the appropriate accounts, when monies are wired from the State, and will notify the grant administrators of receipt of the monies.
9. The Staff Accountant will generate a monthly report of cash transactions in all of the grant funds for the Treasurer of the Board of Education.
10. Grant monies which are not expended may be carried over for one additional year. Monies not expended by that time must be returned to the State. Money due the State is paid back via reduction of state aid payments.

**2325 Private Grant Application Procedure**

**Purpose:** To establish a uniform method for controlling private grant dollars.

**Procedure:**

1. Private grant applications must receive the approval of the Business Administrator, the Superintendent, and the Board of Education before being submitted to the Granting Authority.
2. The structure of grants varies. These grant dollars are received prior to expending these dollars. Before these dollars can be expended, a needs analysis is required. The administrators responsible for these grants will be responsible for the needs analysis and budget.
3. After receiving confirmation of the grant, a copy of the letter confirming the grant and/or budget for expenditures is given to the Staff Accountant who will enter the budget for both revenue and expenditures in the appropriate accounts. Files with all the paperwork are maintained by the Staff Accountant.
4. The grant administrators are responsible for generating purchase orders for expenditures. If grant money is to be used for payroll, they will complete pay vouchers with appropriate account numbers and submit to the Business Administrator for approval.
5. Payments are made through Accounts Payable and Payroll.
6. The Staff Accountant will generate a monthly report of cash transactions in all of the private grant funds for the Treasurer of the Board of Education.
7. Grant monies which are not expended will be carried over to the next year and from year to year until expended.

**2350 Acceptance of Gifts**

**Purpose:** To establish a procedure for accepting gifts.

**Procedure:**

1. Acceptance of gifts or donations from individuals or community groups requires the approval of the superintendent.
2. No gift or donation will be accepted which, in the opinion of the superintendent, is inappropriate for use by the district.
3. Monetary donations which have a designated purpose and which are to be used within the fiscal year (with a possible carryover to the next fiscal year) will be deposited in the Special Revenue Fund (Fund 20), and will be given a specific account number.
4. Donations which will be expended over multiple fiscal years will be held in trust, and deposited to the Trust Fund.
5. Our District is a subdivision of the State of New Jersey. As such, donations to the District (which are for public use, and which are to be used for purposes for which the school exists) are tax deductible. For any individual donation over \$250.00 the donor will receive a letter substantiating the donation.
6. All gifts and donations require final approval by the Board of Education.

**[Board Policy # 7230](#)**

**2400 Student Activity Funds**

**Purpose:** To establish financial controls for the administration of the various student activity funds which are operated for the benefit of students and managed by student advisors. They are not part of the regular instructional program and are not funded by district resources.

**Procedure:**

1. Funds include, but are not limited to, student government, student clubs, student publications, school classes, class trips, athletic clubs, and other co-curricular and extracurricular activities.
2. All funds must be approved by the BOE.
3. All funds must be self-sustaining.
4. The business administrator (or designee) is responsible for financial transactions, maintaining, and reporting on these funds.
5. Receipt of Funds:
  - A. All funds will be collected by the Building Principal or his/her designee. If checks or currency must be held overnight, these monies must be kept in a fireproof safe on the school premises. All funds received will be forwarded to the Business Office, with appropriate supporting documentation, and must be deposited within 48 hours into the established bank checking account. No disbursements should be made from cash received.
  - B. The deposit will be prepared by the designee of the Business Administrator.
  - C. All deposits will be posted to the proper accounts on a timely basis by the Staff Accountant.
  - D. Some Student Activity Funds have their own bank accounts. All others are held in a single bank account. The interest earned in that account is allocated monthly to various funds based on fund balances at month end.
6. Disbursement of Funds:
  - A. Purchases through Student Activity Funds must be done in the same manner as purchases through District Funds. (Please see Procedure # 4250 – Requisition Processing.) Requisitions are initiated by the Student Activity Advisor, and must be approved by the Principal and Business Administrator, before they are converted to a printed purchase order and sent to the vendor. The purchase order must be completed and dated prior to the event and must precede the invoice date.
  - B. Contracts for materials or supplies may be negotiated by the Building Principal, with Business Administrator approval, only for a one-year period, following adherence to applicable Board bidding policies and state statutes, with the exception of the yearbook which requires Board approval.
  - C. No educational materials, staff development or professional development services may be purchased from these funds.
  - D. A list of all checks written in a given month will be submitted to the Board of Education for approval.
  - E. The bank reconciliation is completed monthly by the Staff Accountant.

- F. A report showing starting balances, receipts, expenditures, and open encumbrances to date, which reconciles to the Board Secretary Report for Student Activity Funds, will be generated monthly by the Staff Accountant and given to the Student Activity Advisors.
7. Remaining balances in class accounts: The following procedure pertains to balances remaining in the various graduating class accounts at year end.
- A. The account balance of each graduating class will be maintained with the Business Office by the Staff Accountant for a maximum of five years.
  - B. A class may liquidate its account prior to the five-year period if it so desires, but the account cannot be liquidated prior to September 30th following June graduation (to cover financial responsibilities of the class during the summer). If a class wishes to liquidate its account, 2 class officers must send a request in writing specifying what is to be done with the remaining funds.
  - C. If funds are not fully liquidated after 5 years an officer of the class will be contacted, if possible, to determine what should be done with the remaining funds. If a response is not received by the end of the next fiscal year, the principal will designate how the funds are to be used for the students. The designation must be approved by the Board of Education.
  - D. The names of the Class Officers will be sent to the Staff Accountant at the end of each school year (prior to graduation) so that he/she knows who to contact if funds are not fully liquidated after 5 years.
8. Remaining balances in all other accounts: The following procedure pertains to balances remaining in all other accounts at year end.
- A. After all encumbrances are processed and payments are made, a final report (see 6. F above) will be generated by the Staff Accountant, and given to both the Student Activity Advisors and Principals. It is common to have residual balances, including interest, in the various accounts. Large balances, however, will be highlighted, and recommendations will be made regarding how best to utilize the balance in the coming year. Any transfers of balances to other Student Activity fund(s) must be approved by the Board of Education.
9. Fund Raising:
- A. Fund raising activities must be conducted in accordance with district policies.
  - B. Some fund raisers directly benefit student activities. Other funds raised are ultimately used to offset district costs. These funds are held in the student activity account; when purchase is made by the district, the funds are then transferred to the district's general fund. They are posted as a credit to the district expenditure account, as a refund would be.

***Form - Purchase Order***

**2450 Trust Funds**

**Purpose:** To establish financial controls for the administration of the various trust funds which are established by individuals to be used for a specific purpose within the District. Most of these funds have been established for the purpose of granting scholarships. They are funded by donations.

**Procedure:**

1. A Request for Trust Fund form must be completed by an initiator/administrator of the fund indicating the purpose of the fund and amounts to be expended.
2. All funds must be approved by the Board of Education.
3. All funds must be self-sustaining.
4. The business administrator (or designee) is responsible for financial transactions, maintaining, and reporting on these funds.
5. All trust funds are held in a single bank account. The interest earned is allocated monthly to the various funds based on fund balances at month end.
6. Bank reconciliations and financial statements are prepared monthly.
7. Bank statements are given to the District's Treasurer, who in turn prepares a Treasurer's Report on the Trust Fund.
8. Our school district is a subdivision of the State of New Jersey. As such, donations to the District's Trust Fund, or to the District (which are for public use, and which are to be used for purposes for which the school exists) are tax deductible. For any individual donation over \$250.00, the donor will receive a letter substantiating the donation.
9. Each year the Business Administrator (or designee) notifies the Guidance department at each school of the scholarships to be granted, the criteria for the scholarships, and the dollar amount of each. Voucher forms are provided for each scholarship. The recipient's name is indicated on the form and it must be approved by the Principal, the Business Administrator, and the Superintendent.
10. Any requests for changes to trust fund agreements must be submitted in writing by the initiator/administrator of the fund to the Business Office, and must be approved by the Board of Education, before changes will be implemented.
11. If there is not enough in a fund to grant the designated scholarship amount, the initiator will be contacted to determine how the fund should be administered. If it is not possible to contact the initiator, or the initiator does not respond to written notification within 90 days, the Business Administrator will determine how best to reallocate the remaining balance to/among other active Trust Funds. The reallocation should be aligned as closely as possible to the intent of the original fund. The reallocation must be approved by the Board of Education.
12. If there has been no activity in a fund for a period of 5 years, the initiator will be contacted, if possible, to determine how the fund should be administered. If it is not possible to contact the initiator, or the initiator

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does not respond to written notification within 90 days, the Business Administrator will determine how best to reallocate the remaining balance to/among other active Trust Funds. The reallocation should be aligned as closely as possible to the intent of the original fund. The reallocation must be approved by the Board of Education

**2500 Billing for Use of Facilities**

**Purpose:** To establish a uniform procedure for billing for Use of Facilities, and to ensure that costs incurred by the District for Use of Facilities are properly controlled and billed.

**Procedure:**

1. The Facility Manger processes applications for facility use. He/she will record charges that will need to be billed for facility use. Hourly charges vary according to whether custodial personnel are required, cafeteria personnel are required, or no additional personnel are required.
2. Charges for the use of school facilities shall be waived for those organizations only that have been approved by the Board.
3. Supervisors must indicate on Extra Pay Sheet if payroll was incurred because of use of facilities and forward a copy to the Director of Facilities or of Facility Use. He/she will verify the hours worked with the hours of use requested. If the number of hours worked exceed the hours of use requested (as in set up time or clean up time), the organization using the facilities will be billed for the additional hours worked.
4. Monthly, the Facility Manager of Facility Use will forward a list to the Staff Accountant of the organizations and the appropriate amounts that should be billed for facility use.
5. The Staff Accountant generates and mails all bills accordingly.
6. When payments are received for use of facilities, for which cafeteria personnel were required, the portion representing payment for personnel is forwarded to Food Service.

**2550 Gate Receipts**

**Purpose:** To establish financial controls for receipts generated from athletic events.

**Procedure:**

1. All monies collected at entrances to athletic events must be forwarded to the Business Office within 48 hours of the event or the next school day.
2. The person responsible for the money must sign off on the total amount collected before it is sent to the Business Office.
3. Cash **may not** be given to officials, time keepers, ticket takers, etc. for their services. Payment must be made using proper procedure through Accounts Payable or Payroll (for employees of the District).
4. The Business Administrator (or designee) is responsible for depositing money and posting to the proper revenue account.
5. Monies collected at New Jersey State Interscholastic Athletic Association (NJSIAA) playoff games or tournaments are forwarded to the NJSIAA. The NJSIAA is responsible for paying police, officials, time keepers, etc. for NJSIAA events.
6. The NJSIAA pays officials, time keepers, etc. a specific rate. If officials, time keepers, etc. are employees of the district, that amount may be deducted from monies collected, and then forwarded to the Business Office. Those employees will be paid their contracted rate for officiating, etc. through the Payroll Department.

**2600 Compensated Absences**

**Purpose:** To establish a procedure for recording compensated absences.

**Procedure:**

1. If it is stipulated in their contracts, employees of the district may receive payment for unused, accumulated personal and/or sick time up to a maximum, after criteria for age and number of years worked are met.
2. In July, following the close of payroll for the fiscal year, the Business Administrator or his/her designee compiles pertinent data for all employees who are eligible, or may become eligible, for compensation, using information gathered from Payroll and Personnel.
3. The Business Administrator or his/her designee calculates the total liability to the District at that point in time.
4. As part of the annual financial audit, the calculation is reviewed, and the liability account for compensated absences payable is adjusted accordingly. 35

**2650 Stale Dated Checks**

**Purpose:** To establish a procedure for writing off stale dated checks.

**Procedure:**

1. The Treasurer's report, which is generated monthly, contains separate reconciliations for the operating account, capital projects account, payroll account, agency account, and trust fund. Lists of outstanding checks are generated accordingly. At year end the Staff Accountant reviews the lists of outstanding checks. Any check with an issue date which is 6 months old or older is transferred to the State of New Jersey, Department of Treasury, Unclaimed Property Administration.
2. The Staff Accountant will post the sum of the stale dated checks to the appropriate miscellaneous income account.
3. The Staff Accountant will inform the Treasurer of all checks that were written off, so they can be removed from the Treasurer's lists of outstanding checks.

**2700 E-Rate Program**

**Purpose:** To explain what the E-Rate Program is, and to establish a procedure for utilizing the Program.

**Overview:**

The E-Rate Schools and Libraries program provides funding to school districts and libraries to help offset the cost of safe and consistent internet access and the internal connections necessary to provide end user access. USAC (Universal Service Administrative Company) is the administrator of E-Rate. The district uses a liaison to administer the application ensuring the district maximizes available funding.

**Procedure:**

1. GCSD will apply to USAC for E-Rate funding. Several factors are used to determine the amount of E-Rate funding including enrollment numbers, free and reduced lunch numbers, vendor contracts and infrastructure needs. The district will comply with all requirements
2. The district can elect to apply for Category One funding which covers broadband access and/or Category Two funding which covers Internal Connections. On occasion e-rate will issue special Categories that the district will take full advantage of when available.
3. The District will determine on a contract by contract basis the method of re-imburement. The District may elect to pay the full amount and accept reimbursement from USAC or pay the discount rate and allow the vendor to apply to USAS for reimbursement.
4. The District will comply with all E-Rate requirements including compliance with CIPA and any other student safety and security guidelines as stated on the USAC portal.

**3000 Budget Development Process**

**Purpose:** To establish a procedure for developing the annual budget, including the sequence of tasks to be completed and the timeline for each.

**Procedure:**

**School and Department Budgets**

Budgets are the responsibility of the Building Principals or Department Managers. It is also the responsibility of the Principal/Managers to justify proposed expenditures in each of the line item accounts. Principal/Managers track their school accounts during the year making the necessary transfers needed to ensure no accounts are over-expended. If during the budget development process there is a need to reduce the school budgets, the Principal/Managers will be notified of the amount and are responsible for re-submitting the changes to the revised budget.

**All Other Budget items**

District level and Payroll budgeting is the responsibility of the Superintendent, Business Administrator.

**Finance Committee**

It is the responsibility of the Finance Committee to oversee the district budget development process and submission to the voters. The budget submission requires full Board approval. Below is a breakdown of the budget process.

**November 15**

1. Board budget goals finalized
2. Individual school/ departments instructed to begin line item budget

**December**

1. Beginning of December - meeting held with the Superintendent of Schools, School Business Administrator, and individual School Principal or Supervisor to review additional needs and resources for the following year.
2. Budget submission by all departments due to Business office including personnel/payroll requests.

**January**

1. Finance Committee review of department budgets

**February**

1. First draft of budget complete
2. Tentative budget approved

**March**

1. Submission of tentative budget for Department of Education review
2. Prepare for public presentation
3. Approve finalized budget

**May**

1. Public Hearing is held
2. Tax certification filed as indicated in Department of Education budget guidelines

**3100 Budget Account Number Coding**

**Purpose:** To outline the account numbers that must be used within the District

**Procedure:**

When completing purchase orders for materials, supplies, equipment and /or services, it is important to use the correct budget account number as outlined by the New Jersey Chart of Accounts.

To assist administrators, supervisors and staff members who complete purchase orders, an example of how accounts are displayed has been developed.

[Uniform Minimum Chart of Accounts](#)

**3200 Budget Transfers**

**Purpose:** To establish a uniform procedure for making transfers from any budget line item after the budget has been established and approved.

**Procedure:**

1. Individual budget line item transfer requests can be done electronically by those who are responsible for submitting purchase order requisitions.
2. When transferring money from one account to another, the "from" account must have sufficient funds to cover the transfer; if not, the transfer cannot be completed.
3. The account numbers utilized must be indicated, as well as descriptions of the accounts, and justification for the transfer.
4. The Business Administrator must approve all budget transfer requests. Approval is done electronically.
5. Once approved, the Staff Accountant posts transfers.
6. The Staff Accountant prepares a summary of transfers for Board approval on a monthly basis.
7. A summary of transfers is prepared for submission to the County Office twice a year (December and June) at a minimum and whenever county office approval is required.

**GCS D**

**SECTION 4: PURCHASING**

Procedure 4000

**4000 Authority to Purchase, Bidding and Quotations, Awarding Contracts**

**Purpose:** To identify who has the authority to make purchases, what purchases are authorized, and the thresholds for quotations and bidding.

**Overview and Definitions:**

**Purchase Order Definition:**

According to New Jersey State Statute 18A:18A-2(v), a purchase order is a legal document issued by the Purchasing Agent (School Business Administrator) authorizing a purchasing transaction with a vendor to perform or provide goods or services to the Board of Education.

**ONLY THE PURCHASING AGENT IS AUTHORIZED BY LAW TO PURCHASE GOODS AND SERVICES FOR THE SCHOOL DISTRICT.**

**Authority to Purchase:**

According to New Jersey State Statute 18A:18A-2(b), the Purchasing Agent/School Business Administrator is the only individual in the school district that has the authority to make purchases for the Board of Education.

**Authorized Purchases**

All requests for the purchase of goods and /or services must be made through an approved purchase order signed by the Board Secretary. This applies to all purchasing, including student activities. No goods or materials may be ordered or work/service be authorized to begin by any other individual in the school district other than the School Business Administrator. Any goods or services supplied without a purchase order will be considered a donation to the district.

**Unauthorized Purchases**

Any Board of Education employee who orders and/or receives any materials, supplies or services without going through the approved purchase order process has made an unauthorized purchase that may be subject to disciplinary action. Vendors supplying goods and services without an authorized purchase order will not be paid.

**Procedure:**

**Quotations:**

1. When the cost of a single item or service, or group of like items, falls between 15% of the bid threshold and the total bid threshold (on an annual basis), two quotations are required; three quotations are preferred. (Please reference the most recent Local Finance Notice, found on the District website, with the current public bidding threshold amounts.)
2. Digital or written quotations must be forwarded to the Business Office to be attached to the Purchase Order.
3. Telephone quotations must be sufficiently documented. A Telephone Quotation Form is used for this purpose. (See Appendix II) All sections of the form must be completed. The contact person's name is extremely important. This form must be forwarded to the Business Office to be attached to the Purchase Order. The Business Administrator/Board Secretary reserves the right to request written quotes from vendors as a result of a telephone quotation or to solicit a bid in lieu of the telephone quotations.

**Bidding Process:**

1. When a single item or service or a group of like items are at **\$32,000** or greater, the formal bidding process through the Business Office is required (July 1, changes to the threshold amount will be provided). Building Principals or Facilities Managers are responsible for providing the Business Office with detailed specifications and a list of vendors (if requested) for each item or service being purchased. The legal process takes approximately four to eight weeks, depending on the complexity of the bid, from the date the Business Office receives the request and specifications. After award of the bid the Business Administrator will notify the appropriate party of the award and the person requesting will submit a purchase order.
2. In awarding contracts to vendors (goods, services and professional services) and/or construction contractors, the District must comply with N.J.S.A. 10:5-31 et seq. and N.J.A.C. 17:27 in order to ensure equal employment opportunity in public contracting.  
(See Appendix II).
3. If the vendor has a State Contract Number, no quotes or bids are necessary, however the State Contract Number must appear on the purchase order. State statute allows awarding contracts that are 10% below the state contract price provided three quotes are obtained.

**Other items:**

The purchase of any single item or service not falling into one of the above categories must be processed on a purchase order which will be approved by the School Business Administrator prior to the purchase. This means **no purchase orders will be authorized by a telephone call from a Principal, Supervisor, Teacher or other staff member.** Board members/staff members attending conventions or workshops cannot make purchases in the name of the school district without following the purchasing process. All purchases of goods and services require a purchase order to be generated with approval from the Business Administrator.

**Preview of materials:**

All staff members must receive permission from Principals or Supervisors to preview materials. After the preview process has been completed, the item must be returned. If there is a desire to purchase the previewed item, then a purchase order must be originated for a new item. All purchases must go through the Business Office.

**Reimbursements of employees:**

The Board of Education recognizes an employee reimbursement purchase order when it pertains to pre-approved travel, meal and conferences. The Board **is not obligated to reimburse employees for items and goods personally purchased by an employee.** Such items are required to be purchased from a vendor through the purchase order system. When an item is not available through a vendor that accepts purchase orders, an employee may make a request to use their personal credit card and be reimbursed. The purchase **cannot** be made until a purchase order to reimburse the employee has been entered and approved.

**Student Activity Accounts:**

Purchases made through Student Activity Accounts may not be reimbursed with Board funds.

**LEGAL REFERENCE:**

***Bidding requirements N.J.S.A. 18A:18A 3 and 4, quotation requirements N.J.S.A. 18A:18A-37. Guidelines for administering EEO in public contracts N.J.S.A. 10:5-31 et. seq., And N.J.S.C. 17:2 43***

**4050 Contributions to Board Members and Contract Awards**

**Purpose:** To ensure the school district maintains honest and ethical relations with vendors and shall guard against favoritism, improvidence, extravagance and corruption in its contracting processes and practices.

**Procedure:**

1. The Board will not vote upon or award any contract in the amount of \$17,500 or greater to any business entity which has made a contribution reportable by the recipient under P.L. 1973, c.83 (N.J.S.A. 19:44-1 et seq.) to a member of the Board during the preceding one-year period.
2. Contributions reportable by the recipient under P.L. 1973, c.83 (N.J.S.A. 19:44-1 et seq.) to any Board member from any business entity doing business with the school district are prohibited during the term of the contract.
3. When a business entity referred to in 2. above is a natural person, a contribution by that person's spouse or child that resides in the same household, shall be deemed to be a contribution by the business entity. Where a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity.
4. The disclosure requirement set forth in section 2 of P.L. 2005, c. 271 (N.J.S.A. 19:44A-20.26) also shall apply when the contract is required by law to be publicly advertised for bids.
5. The requirements of N.J.A.C. 6A:23A-6.3 shall not apply to a contract when a district emergency requires the immediate delivery of goods or services.

***References***

***N.J.A.C. 6A:23A-6.3***

***N.J.S.A. 19 :44-1 et seq.***

***P.L. 1973, c.83 44***

**4100 Emergency Orders or Extraordinary Conditions**

**Purpose:** To outline a procedure that should be followed in the event of an emergency or extraordinary situation.

**Overview and Definitions:**

**Emergency situations** are defined as situations in which the operation of a school or program would be seriously hampered.

**Extraordinary conditions** are defined as conditions which are not known until after an operation has begun, which required unanticipated parts, equipment or materials to be obtained in order for the operation to be completed.

**Procedure:**

1. The appropriate administrator may request an emergency purchase order by contacting the Business Office immediately with all correct information.
2. There must be enough unencumbered balance in the account to cover the amount of the purchase order.
3. The Business Office will make all necessary contacts with vendors.
4. This type of purchase order will be reviewed immediately for approval and processing.
5. **Confirming purchase orders**, where the vendor is given the PO number prior to the PO being processed and approved by the Board of Education, **are not allowed and are a violation of state law.**

**References:**

*18A:18A-3(A)40a:11-9(b)* 45

**4150 Emergency Contracts**

**Purpose:** To be able to deal with emergency situations involving the health and safety of occupants of school buildings by forgoing the bidding process.

**Procedure:**

Any contract may be negotiated or awarded by the Board without public advertising for bids even if the price exceeds the bid threshold when an emergency affecting the health or safety of occupants of school buildings exists, provided that the contracts are awarded in the following manner:

1. The principal or other designee in charge of the building, facility or equipment where the emergency occurs notifies the Business Administrator of the need for the performance of the contract, the nature of the emergency, the time of the occurrence and the need to utilize the emergency provision.
2. This notification must be submitted in writing to the Business Administrator.
3. If the Business Administrator is satisfied that an emergency exists, he/she shall be authorized to award a contract or contracts for such purposes as may be necessary to respond to the emergent needs.
4. If conditions permit, the Business Administrator will seek at least two quotes if the bid is below the bid threshold. If the expenditures are expected to be in excess of the bid threshold, the Business Administrator shall attempt to obtain at least three quotes.
5. Upon furnishing the goods or services under the terms of this emergency contract provision, the contractor shall be entitled to payment and the Board shall be obligated to take action needed to authorize the payment of the bill.
6. This procedure will only be enacted in an emergency situation. All other contracts for goods and services will proceed using the regular purchasing process.
7. At the conclusion of the contract the Business Administrator shall submit a final report to the Board for any contract under the provisions of an emergency contract in accordance with N.J.S.A. 18A:18A-7. The report shall describe:
  - A. The nature of the emergency
  - B. The time of the occurrence
  - C. The need for invoking this regulation
  - D. The action taken
  - E. The costs of the action
  - F. The accounts to be charged
  - G. The plan for preventing a similar situation in the future

**Reference N.J.S.A. 18A:18A-7 46**

**4200 Ordering of Materials**

**Purpose:** To establish a uniform method of purchasing goods, materials and services.

**Procedure:**

1. All persons responsible for the ordering of goods, materials and services will use the purchase requisition system utilized by the District.
2. When a desired item is not within the budget, the employee responsible for submitting the purchase requisition must attach a **Purchase Order Rationale Form** to the purchase requisition, explaining why the purchase is essential to the school district. Non-essential items will not be ordered.

**Exceptions for the Purchase Order Rationale Form:**

- A. After School Supplementary Service Providers (regulated state law),
  - B. Emergency purchases (rationale already provided),
  - C. Field trips, student transportation, & athletic trips (not required),
  - D. Travel reimbursement for employees (state code and board policy),
  - E. Tuition contracts (state regulated) and tuition reimbursement for employees (contractual).
3. It is the responsibility of the Building Principals and Supervisors to notify all staff members under their supervision that orders for goods, services or materials will be made by strict adherence to the procedure for issuing a purchase order.
  4. Emergency Requisitions: Should it be necessary that goods, services or materials are needed quickly; an order must be placed in the prescribed way. The Building Principal/Supervisor and all others responsible for approving orders will call the Business Office for approval and will submit immediately all necessary information needed for the Business Office to process. The following procedure must be followed:
    - A. The Business Office must be notified of a purchase requisition needing immediate attention with **"EMERGENCY PURCHASE REQUISITION"** on the top right hand corner of the purchase order.
    - B. The purchase order will be reviewed immediately for approval and processing.
    - C. Upon receipt of the goods (see page VI-6.1)

**References: 18A:18A-7 Form - Order Information Form 47**

**4250 Requisition Processing**

**Purpose:** To establish a uniform procedure for processing requisitions.

**Procedure:**

1. The initiator completes the following information in the Requisition Entry/Approval menu:
  - A. Click on Req #; then Order Header tab.
  - B. Vendor’s name/check PO mailing address is correct.
  - C. Locations: choose correct ship to address.
  - D. Requestor: name of person who placed the order and lead teacher. Ex: person’s last name/lead teacher last name
  - E. Choose Order Type
  - F. Special Instructions comment area:
    - i. Internal area: rationale that justifies the need for the purchase
    - ii. PO area: to alert Business Office of special instructions, example – attachment
    - iii. Header: to alert vendor of special instructions, examples - Bid items with Bid #, State contract #s
    - iv. Footer: optional use.
  - G. All orders from \$6,000 to \$40,000, unless purchased under a State contract or a cooperative purchasing agency, require two additional quotes as attachments to the requisition.
  - H. Items Tab: quantity, description, unit price and total should be clearly stated. It is essential that current prices are used and shipping costs are included in the total. Put any discount on a final line and enter shipping on the last line. When purchasing 9 items or fewer, **all** items must be listed in the description section. When purchasing 10 or more items, a shopping cart may be attached in lieu of listing all items separately. However, a general listing of items must be included in the description section (i.e. – tape, pencils, etc.).
  - I. Account Tab: use correct account number to be charged and amount. Item total and Account total (top right of page) should match. Click on Finish and confirm in Requisition Status Field that the requisition is pending approval.
  - J. Incomplete or improper requisitions will be rejected electronically with an electronic memo explaining the deficiencies.
  - K. Once entered, it is the responsibility of the initiator to track the progress of the requisition. This is done at the main menu of the Accounting Program at the bottom of the screen – click the “Details” button for more information.
2. All requisitions will be approved and dated by the following:
  - A. Curriculum/Technology Coordinator – determines if requisition is appropriate for the curriculum.
  - B. Superintendent – determines educational value of each order.
  - C. School Business Administrator – reviews the technical aspect to compliance with State law and Board policy.
3. The electronic requisition entry will be converted to a printed purchase order once electronically approved by all concerned, then mailed to the vendor.
4. The purchase order has two parts once printed:
  - A. Vendor’s Copy (original)
  - B. Voucher (payment copy)

5. Approval of amounts paid in excess of approved purchase: As per 6A:23A-6.10 the Board will permit the Business Administrator to approve adjustments to purchase orders without issuing a new purchase order when the amount reasonably exceeds the original amount provided that the changes do not change the purpose or vendor or bid award price of the original purchase order. It is important to use current catalog pricing and include shipping.
6. Computers/Hardware – All purchases of computers/hardware require that the Technology Coordinator be contacted to assist employees with the technical aspect and the State Contract requirements of purchasing computers. After the requisition is signed by the Principal/ Supervisor, it must be signed/approved by the Technology Coordinator before it is sent to the Superintendent.
7. Copiers – If a copier needs to be replaced or a new one purchased the Business Administrator must be contacted. All purchases or replacements must be pre-approved by the Business Administrator. Contracts must accompany the requisition.
8. Furniture – If furniture replacement is necessary the Facility Manager must be contacted and assist in the purchasing process. All purchases or replacements must be pre-approved by the Business Administrator.
9. Cooperative Purchasing – The Board of Education has joined several purchasing cooperatives to bid on items in the following categories on an as needed basis.
  - A. Office Supplies
  - B. School Supplies
  - C. Custodial Supplies
  - D. Art Supplies
  - E. Science Supplies
  - F. Industrial Arts
  - G. Athletics
  - H. Technology

Please review Educational Services Commission, State of New Jersey, Camden County and Hunterdon county Purchasing Cooperatives for quotes.

**4300 Receipt of Goods**

**Purpose:** To facilitate the receipt of goods and to make prompt payment to vendors.

**Procedure:**

1. Upon receipt of the goods/services, it is the recipient's responsibility to check for damaged materials, incorrect materials or an incorrect quantity. It is the responsibility of the person who ordered the items to correct the problem or return the items to the vendor within 30 days.
2. Should it be necessary to cancel any back ordered items, the originator must contact the vendor and then call the Business Office to cancel the order as recorded in our system.
3. The Business Office will send copies of any item cancellation notices to the originator/lead teacher.
4. The Business Office can not authorize the payment to the vendor until the Purchase Order Receiving is completed electronically. Send any invoices/packing slips must be sent to the Business Office.
5. Electronic Purchase Order Receiving must be completed when goods have been received and are properly functioning. The person who initiated the Purchase order is responsible for electronic receiving.
6. Electronic Purchase Order Receiving must be done within 30 days after returning to school for all items delivered during the summer months.

**4350 End of Year Procedure**

**Purpose:** To assure delivery prior to June 30 for budgeted goods and services.

**Procedure:**

The deadline for ordering items from the current operating budget is **April 1**, unless an earlier date is set by the Superintendent. **Exceptions** to this will be as follows:

- A. Miscellaneous Principals/ Supervisors Account
- B. Emergency end of the year supplies
- C. End of year activities such as field trips, graduation, after school programs, assemblies and workshop / in services
- D. Contractual responsibilities
- E. Special State and Federally Funded Programs
- F. Perishable goods for curriculum programs

**4400 Professional Affiliations**

**Purpose:** To establish a uniform procedure for processing fees for professional affiliations or organizations.

**Procedure:**

The requisition process for payments for professional affiliations or organizations is the same as it is for the purchase of goods or services, with the exception that all original bills, membership forms, etc. must be attached to the Purchase Requisition for verification of the account to be charged.

**4450 Workshops/Conferences/Expense Reimbursement**

**Purpose:** To establish a uniform procedure for attending workshops or conferences; for receiving credit for professional development hours; and for reimbursing travel expenses.

**Procedure:**

1. All travel requests for workshops and conferences must be submitted through the Curriculum Office. The request shall outline the primary purpose for the travel and key issues that will be addressed and their relevance to improving instruction or the operation of the district. Additionally, the documentation must include the type of travel; location, date(s) of travel; and all related costs including registration fees, transportation expenses, parking, tolls, lodging, meals, and other expenses.
2. Travel costs must be ordinary and necessary. For teacher workshops/conferences, costs for lodging and meals must comply with their contracts. For all other workshops/conferences/events, costs for lodging and meals must comply with the federal per diem rate. Lodging cost may exceed the federal per diem rate **if** the hotel is the site of the workshop, conference, convention, seminar or meeting. The prevailing room rate is reimbursable when available rooms are above the GSA limit. Meal reimbursement is for the employee only. When more than one meal is shown on a receipt, employee must identify their meal. Under no circumstances will the district reimburse for the purchase of alcohol. The staff member attending the workshop/conference/event must assume financial responsibility for non-compliant expenses.
3. The Principal and the Assistant Superintendent review/approve all travel requests. If the registration fee is in excess of \$150.00, the travel request must also be signed by the Superintendent and presented to the BOE for approval.
4. When the travel request has been reviewed and approved, the Administrative Assistant to the Assistant Superintendent will generate the purchase order for the registration fee for the workshop or conference.
5. Costs for transportation, lodging, and meals are reimbursed after the fact if not able to obtain costs in advance. It is the responsibility of the staff member attending the workshop/conference to search online for the best airfare, if applicable, and to make all transportation and lodging reservations. Car rentals and/or limousine services are ineligible for reimbursement. Flight insurance fees are reimbursable.
6. The Administrative Assistant to the Assistant Superintendent will generate the purchase order for reimbursement **prior to the event**. The purchase order is submitted to the Assistant Superintendent, Superintendent, and the Business Administrator for approval.
7. After the workshop/conference the staff member must complete an evaluation through the Curriculum Office in order to receive credit for professional development hours. The evaluation shall outline what was learned, what can be used in the district, and how information will be communicated to colleagues, recommendations, etc. The evaluation is reviewed by the Board.
  - i. Pursuant to N.J.S.A.18A:11-12, out of state travel shall be limited to the fewest number of board members or affected employees needed to acquire and present the content offered to all board members or staff, as applicable, at the conclusion of the event. Lodging may only be provided if the event occurs on two or more consecutive days and where home to event commute exceeds 50 miles.

- ii. Where a travel event has a total cost that exceeds \$5,000, regardless of the number of attendees, or where more than three individuals from the district are to attend, the district shall obtain the prior written approval of the Executive County Superintendent.
8. Costs are reimbursed by submitting an Expense Reimbursement Request to the Administrative Assistant to the Assistant Superintendent. All expenses must be substantiated. Itemized receipts for travel, lodging, and meals must be submitted along with the evaluation form. It is then submitted to the Business Office for payment.
9. Board members, officers and all employees of the school District who register for conferences, workshops, or other professional growth and development activities but fail to attend without proper notification shall be responsible for reimbursing the district for all incurred expenses. Exceptions caused by extenuating circumstances may be granted at the Board's discretion.
10. School district travel expenditures **shall not include** costs for the following:
  - A. Subsistence reimbursement for one day–trips, except for meals expressly authorized by and in accordance with the provisions of N.J.A.C. 6A:XX-8.20
  - B. Subsistence reimbursement for overnight travel within the State, except where authorized by the Commissioner in accordance with the procedure set forth in N.J.A.C. 6A:XX-8.19(b).
  - C. Attendance by the appropriate people at NJSA, NJADA or NJASBO shall only be permitted for reimbursement for lodging when the convention has received a waiver pursuant to N.J.A.C. 6A:XX-8.19(b) and where home to convention commutation exceeds 50 miles and the event occurs on two or more consecutive days.
  - D. Lunch or refreshments for training sessions and retreats held within the school district including in-service days and for employee participants traveling from other locations within the district.
  - E. Car rentals, limousine services, reverse telephone charges or entertainment costs.

### **Out of State Travel**

#### **Reimbursement for Mileage only:**

When travel is authorized in the employee's or board member's own automobile on a mileage basis, the points between which travel was made and the distance traveled between each place must be shown.

1. All staff members must use the Expense Reimbursement Request Form to be reimbursed for all appropriate travel.
2. This form is available on the Google Drive or on the district website.
3. Mileage reimbursement requests must be submitted when the reimbursement amount reaches \$25.00. If the \$25.00 is reached in the middle of the month, the request should be submitted at the end of that month. If the monthly expense does not meet the \$25.00 threshold, it should be carried forward from month to month until either \$25.00 is reached or submitted in June for payment at the end of the fiscal year. Per state regulations, reimbursement requests that are held for more than 45 days after reaching the \$25.00 limit, must be denied. (see [Policy #6471](#))
4. Mileage allowance in lieu of all actual expenses of transportation is allowed for an employee traveling by his own automobile on official business at the rate authorized by the State Appropriations Act.
5. Normal commutation expense must be deducted when calculating mileage allowance.
6. Parking and toll charges are allowed in addition to mileage allowance. If an employee chooses to be dropped off/picked up at the airport or train station rather than park in a lot, they can submit round trip mileage x 2 instead of parking fees.

7. Reimbursement for travel to points outside the State by automobile shall be permitted when such arrangements prove to be more efficient and economical than other means of transportation.
8. In determining the relative costs of private and public transportation, all associated costs (i.e., tolls, taxicabs, airport or station transfers, etc.) should be considered.
9. All employees using privately-owned cars in the performance of their duties for the district must present a valid Vehicle Registration Card and a valid Insurance Identification Card indicating that insurance coverage is in full force and effect. The cards must be made available to Accounts Payable before reimbursement is made.
10. For one day trips involving tolls and parking, all receipts must be attached to the Expense Reimbursement Request Form.
11. Staff members who travel between schools may be compensated for mileage. If a staff member is assigned to one school on a certain day(s) of the week and the other school on the other day(s) of the week, he or she is not eligible for mileage reimbursement because this is considered their normal commute. For travel between schools, mileage will be reimbursed based on the Standard District-Wide Mileage Schedules. Use the Expense Reimbursement Request Form to keep the daily mileage (submit monthly).
12. Final travel and mileage forms for June will be turned into the Business Office no later than the last day of the school year/fiscal year.

***References N.J.S.18A:19-1et seq N.J.S.A. 18A:11-12 N.J.A.C. 6A:XX-8.19(b)***

***N.J.A.C. 6A:XX-8.20 N.J.S.A. 18A:11-12***

***Form Professional Development Request Form***

***Form Conference Travel Expense Report***

***Form Post Professional Development (PD) Report***

***Form Reimbursement Expense Report Form***

***Form Standard District-Wide Mileage Schedule***

**4500 Legal Services**

**Purpose:** To establish a uniform procedure for contracting legal services.

**Procedure:**

1. In order to help minimize the cost of legal services, the Board will authorize the Superintendent of Schools, the Business Administrator or the Special Education Director to contact legal counsel. The designated persons shall ensure that legal counsel is not contacted unnecessarily for management decisions or readily available information contained in district materials such as Board policies, administrative regulations, or guidance available through professional source materials.
2. If legal advice is requested by anyone other than the three designated persons listed, a request for legal advice shall be made in writing and shall be maintained on file in the business office. The designated person(s) will determine whether the request warrants legal advice or if the information can be obtained elsewhere.
3. A log of all legal counsel contacts will be maintained by the designated person(s) and will include: the name of legal counsel contacted, date of contact, issue discussed and length of contact. Legal bills shall be compared to the contact log and any variances shall be investigated and resolved.
4. Payments for legal services will comply with payment requirements and restrictions pursuant to N.J.S.A.18A-19-1 et seq. as follows:
  - A. Advance payments are prohibited
  - B. Services to be provided shall be described in detail in the contact
  - C. Invoices for payment shall itemize the services provided for the billing period
  - D. Payment shall only be for services actually provided
5. The Board of Education will annually establish, prior to the budget preparation, a maximum dollar limit for each type of professional service, including legal services. In the event it becomes necessary to exceed the established maximum dollar limit for the professional service, the Superintendent shall recommend to the Board of Education an increase in the maximum dollar amount. Any increase shall require formal Board approval.
6. Contracts for legal services will be issued by the Board. The Business Administrator will request competitive quotes. The Board will consider cost and other specified factors to ensure that the district receives the highest quality services at a fair and competitive price or through a shared service arrangement. Contracts for legal services shall be limited to non-recurring or specialized work for which the district does not possess adequate in-house resources or in-house expertise to conduct.
7. Nothing in this manual or N.J.A.C. 6A:23A-5.2 shall preclude the Board from complying with the requirements of any statute, administrative code, or regulation for the award of professional service contracts.

**References:** *N.J.A.C. 6A:23-5.*

**Form # - Legal Counsel Contact Log 56**

**4550 Equipment Service Contracts**

**Purpose:** To establish a uniform procedure for requesting service on office machines or equipment.

**Procedure:**

1. Service contracts for continued maintenance and repair of office machines/typewriters are available for district-wide equipment.
2. The Business Office will provide each school office/department with the names(s) and phone numbers(s) of the successful bidders.
3. Whenever a repair is required, the school/department will notify the vendor and obtain an estimate of the cost of the repair. They will submit a requisition for the estimate. When the requisition is approved, a purchase order will be generated.
4. When the repair is made, **the service call form from the company** who serviced the machine must be signed by the staff member and the copy forwarded to the Business Office.
5. When the invoice for the repair is received, the Business Office will match it with the service call form and prepare it for payment using the appropriate PO. 57

**4600 Purchase of Goods at Local Markets (i.e. Shoprite, etc.)**

**Purpose:** To establish a uniform procedure for the purchasing of goods at Local Markets.

**Procedure:**

1. A purchase order must be in place prior to any purchases.
2. An account card will be distributed by Accounts Payable when needed
3. No more than two people in each department will have the rights to use the card.
4. The card will be kept in a central location in each department and must be returned to this location after each purchase.
5. Receipts for all purchases made with this card in any given month must be forwarded to Accounts Payable at the end of the month.

**GCSD**

**SECTION 5: ACCOUNTS PAYABLE**

Control 5000

**5000 Accounts Payable Controls**

**Purpose:** To identify the controls which exist over Accounts Payable related items.

**Controls:**

1. Checks are safeguarded until used. The system automatically assigns check numbers to checks.
2. Electronic signature devices are safe guarded; system report on electronic signatures is reviewed periodically.
3. All wire transfers are authorized by the Business Administrator.
4. Check amounts are reviewed for agreement with vouchers.
5. For payments to sports officials, social security numbers and W-9 forms must be provided by those officials; 1099 forms are system generated at calendar year end.
6. Appropriate signatures are affixed to all checks; signatures are verified periodically.
7. The Board of Education approves all checks.
8. The balances in the appropriate checking accounts are verified before releasing checks or requesting wire transfers.
9. Vendors are reviewed annually for legitimacy.
10. Recording of disbursements in the accounting system is automatically done when checks or wire transfers are posted.
11. The responsibilities of preparing/posting checks and reconciling the bank statement are segregated.
12. Disbursements are reconciled to bank statements monthly; outstanding check lists are generated (See Procedure # 2200 Financial Reporting/Reconciling).
13. Access to the Accounts Payable system is granted by the Business Administrator.

**5100 Accounts Payable Procedures**

**Purpose: To establish a uniform procedure for processing payments to vendors.**

**Procedure:**

1. Purchase Orders are generated in the Business Office after requisitions are approved. (See Procedure # 4250 Requisition Processing)
2. The PO has two parts:
  - A. The vendor copy (white) is forwarded to the vendor.
  - B. The voucher copy (green) is used for payment; it must be forwarded to the vendor for signature if the total is over 15% of the bid threshold; it is filed numerically using the check number.
3. Electronic receiving is the responsibility of the person who submitted the requisition; it should be done in a timely manner when goods are received. Bid PO receiving must be done manually and sent to Accounts Payable. (See Procedure # 4300 Receipt of Goods)
4. When invoices are received, receipt of goods is verified and indicated on the invoice.
5. Invoices are compared with purchase orders/vouchers to verify amount to be paid.
6. The Business Administrator will carefully monitor payments for invoice amounts that are greater than the approved purchase order, in order to avoid over-payments. A new purchase order will be issued (and the original purchase order voided) when the adjusted amount reasonably exceeds the original purchase order amount. In no instance shall an adjustment be made to a purchase order that changes the purpose or vendor of the original purchase order or the bid award price. (See Procedure 4250 Requisition Processing) The availability of funds in the expenditure account must be verified before the additional payment can be made. If there are insufficient funds, a budget transfer must be completed. (See Procedure 3200 Budget Transfers)
7. Payment data is entered into the system; checks are generated; check numbers are written on the vouchers.
8. Date of checks, batch number, and total amount are recorded on a monthly control sheet.
9. Checks are posted in the accounting system; posting automatically generates entries to the expenditure and cash accounts.
10. Wire transfers are posted in accounting system by the Staff Accountant.
11. A list of checks is given to the Board for approval; the total must tie into the control sheet; checks are mailed after Board approval.
12. The balances in the appropriate checking accounts must be verified before checks are released or wire transfers are requested.
13. Disbursements are reconciled to the bank statements; outstanding check lists are generated. (See Procedure 2200 Financial Reporting/Reconciling.)

**5200 Direct Entry**

**Purpose:** To establish a uniform procedure for processing Direct Entry payments.

**Procedure:**

1. Direct entry is used to make payments in a timely manner when waiting for the processing of a purchase order (from requisition to Board approval of release of payment) would result in a negative impact to the students of the District, or when volume of purchase orders would be unmanageable.
2. Direct entry is used in place of a purchase order in the following instances:
  - A. To pay non-employees for working at sporting events (officials, ticket takers, clock operators, etc.).
  - B. To pay entry, registration and participation fees for events such as sports tournaments and music auditions. When a parent has initially paid a fee, reimbursement may be made directly to the parent.
  - C. To pay transportation aid-in-lieu to District parents whose children attend private schools.
3. Pay sheets are generated and signed by the appropriate School or District Administrator. They are then forwarded to Accounts Payable.
4. Accounts Payable generates the checks. No payments are ever generated without a pay sheet and appropriate back-up material.
5. The Business Administrator will review and approve requests for payment electronically.
6. Direct Entry checks are released after the digital approval of the Business Administrator as follows:
  - A. Officials checks are mailed.
  - B. Entry, registration and participation fee checks are returned to the requester unless other arrangements have been made.
7. Copies of the approved pay sheets are returned to the originator.
8. Direct Entry should not be used in the case of membership dues, either for a school or individual. These payments should be made using a traditional purchase order.

**5300 Sales Tax Exemption Qualifications**

**Purpose:** To establish a uniform procedure for claiming sales tax exemption.

**Procedure:**

1. Expenditures from the approved Board of Education operating budget, expenditures for student activities, and expenditures for food service are eligible for sales tax exemption.
2. Exemption letters are available through the Business Office.
3. Tax ID can only be utilized for district controlled accounts (those accounts which bear the district's tax ID number).
4. There are no exemptions for employees when they make payments by cash, check, money order, or credit card, even though the employee is subsequently reimbursed by the Board of Education.

**SECTION 6: PAYROLL**

**6000 Payroll controls**

**Purpose:** To identify the controls which exist over payroll related items.

**Controls:**

1. Pay rates are verified by obtaining a list of authorized pay rates and contractual amounts from the personnel department.
2. Checks are safeguarded until used. The system automatically assigns check numbers to checks.
3. Electronic signature devices are safe guarded; system report on electronic signatures is reviewed periodically.
4. Supervisors/lead teachers must sign all time sheets and extra pay sheets.
5. All deductions from pay are substantiated; a file is established for every employee which contains:
  - A. Proper tax forms including W-4s and I-9s
  - B. Health benefit forms or waiver of health benefits
  - C. Pension enrollment information
  - D. Direct deposit information, if applicable
  - E. Tax Sheltered Annuity deductions
    - i. Employees must agree not to contribute more than the Maximum Exclusion Allowance (MEA) or the total amount of contribution to the plan allowed by the Internal Revenue Service code each year.
    - ii. The Payroll/Benefits Coordinator must be advised in writing of any changes to the TSA plans at least two weeks prior to the pay period that the change is to take effect. In order to make changes the employee must fill out a TSA Change Form which may be obtained from the payroll office.
    - iii. Changes to the TSA plans are allowed only three times per year (in July, September and January). Exceptions will be allowed if the employee experiences a life changing event.
  - F. All other changes to be made for tax or voluntary deductions must be forwarded to the Payroll/Benefits Coordinator in writing at least two weeks prior to the pay period that these changes are to take effect.
6. Rates for federal and state tax deductions, as well as union dues, pension fund and health benefit contributions are verified annually.
7. Periodically employees must sign for paychecks to verify legitimacy of payroll.
  - A. At least every three years, during one pay period between September and May each employee will be required to provide to the payroll department in the Business Office, a picture identification and sign for release of his or her check or direct deposit voucher.
  - B. Picture identification shall be in the form of a district issued identification card, valid drivers' license, official passport or other picture identification issued by a state, county or other local government agency.
  - C. Where no appropriate identification can be produced, the School Business Administrator shall withhold paychecks or stop direct deposits until such time that the payee/district employee can produce appropriate identification or until an investigation and corrective action is concluded.

- D. Upon completion of the payroll check distribution verification procedures, the Superintendent shall submit a certification of compliance, to the Executive County Superintendent.
- 8. Recording of payroll in the accounting system is automatically done when payroll is posted.
- 9. The agency account is used to control all payroll deductions; it is a flow through account; each deduction has its own account number and balances are monitored monthly to assure that all deductions are properly paid..
- 10. The responsibilities of preparing/posting payroll and agency transactions are segregated from reconciling payroll and agency bank statements.
- 11. The balance in the general fund checking account is verified before making wire transfers to the payroll and agency accounts to cover payroll.
- 12. Payroll and agency disbursements are reconciled to their respective bank statements monthly; outstanding check lists are generated. (See Procedure 2200 Financial Reporting/ Reconciling)
- 13. Access to the payroll system is granted by the Business Administrator.
  - A. All ten month employees will receive equal payments that total their contract salary from September to June inclusive.
  - B. All twelve month employees will receive their contract salary, in equal payments, from July thru June inclusive.
  - C. All final checks for employees that are leaving the District will be live checks to ensure that all items are returned to the schools and all obligations are satisfied. If an employee will not be present on the final day of school and wishes to receive his/her live check, the Principal must notify the District Office Payroll Department by e-mail before the check will be released to the employee by the District Payroll Department. i. The appropriate district timesheets must indicate if the extra pay was incurred because of use of facilities. It must also indicate the organization that used the facility for billing purposes.

**6100 Pay Procedures**

**Purpose:** To establish a uniform procedure for processing payroll.

**Procedure:**

1. Regular Pay:
  - A. Employees will be paid on the 15th and the 30th of each month as per contract. If the 15th or 30th day of the month should fall on a school holiday or weekend employees will be paid on the first preceding day prior to the 15th or 30th day that is not a holiday or weekend. When the employee is scheduled to be off or out of the district on this day, then he/she may receive his/her pay on the working day prior to the pay day after 3:00 p.m.
2. Substitutes and Hourly Paid Employees:

All daily and hourly paid employees will submit, on the appropriate district time sheet their hours worked. This will be done for each pay period and will consist of time worked as of the prior pay date. Each timesheet will be approved by the appropriate supervisor. The Payroll/Benefits Coordinator will provide a schedule for when time sheets must be received in the payroll office.
3. Extra Pay:
  - A. Coaching contracts will be paid in 2 equal payments in accordance with the schedule established in the negotiated agreement. All uniforms and equipment are to be accounted for by the Athletic director and/or Vice Principal in charge of Athletics.
  - B. All annual stipends will be paid in three equal payments as established in the negotiated agreements.
  - C. All after school programs, workshops and teachers covering classes will be submitted on the appropriate district timesheets upon completion for payment. The timesheets must be authorized by the appropriate supervisors before payment will be made.
  - D. Overtime is also reported on the appropriate district timesheet and must be approved by a non-instructional supervisor or administrator. Payment of overtime will be based on negotiated contract provisions.
4. Accumulated Sick Leave Payout:

Payment for accumulated sick days owed an employee will be made in a timely manner following the start of the new fiscal year, provided written notice of retirement is received by January 15 of the current fiscal year and can be included in the budget for the new fiscal year. Otherwise, payment will be made in the fiscal year subsequent to the new fiscal year.
5. Termination of Health Benefits:

If an employee terminates before the 15th of the month benefits will terminate at the end of the month. If an employee terminates after the 15th of the month benefits will terminate at the end of the next month.
6. **Final Pay**

Final pay calculation of 10 month employees, for partial years, will be based on the percentage of days actually worked as indicated within the individual or group contract (days of unscheduled closing of schools are not work days).
7. After checks are generated, payroll is posted to the accounting system; this creates a receivable from the State for the State share of FICA.

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8. The balance in the general fund checking account is verified before making wire transfers to the payroll and agency accounts to cover payroll.
9. Wire transfers are made from the general fund checking account to the payroll and agency accounts to cover payroll.
10. The State is notified on line of their share of FICA.
11. Agency checks are generated and agency wire transfers are completed; all are posted to the accounting system and an agency fund balance sheet is generated.
12. Separate payroll and agency bank statements are reconciled; outstanding check lists are generated. (See Procedure 2200 Financial Reporting/Reconciling)

***References***

**6A:23A-5.7 Verification of payroll check distribution**

***Form District Payroll Timesheet***

***Form Tax Sheltered Account Salary Reduction Change Form***

**6150 Health Benefit Contributions**

**Purpose:** To establish a uniform procedure for health benefit deductions.

**Procedure:**

1. Health Benefits include medical, prescription and dental coverage. Employee contributions shall be based on NJ Statute Chapter 78 or Chapter 44 as applicable For 10 month employees, contributions will be deducted based on 20 pay periods. For 11 month employees and 12 month employees, contributions will be deducted based on 24 pay periods.