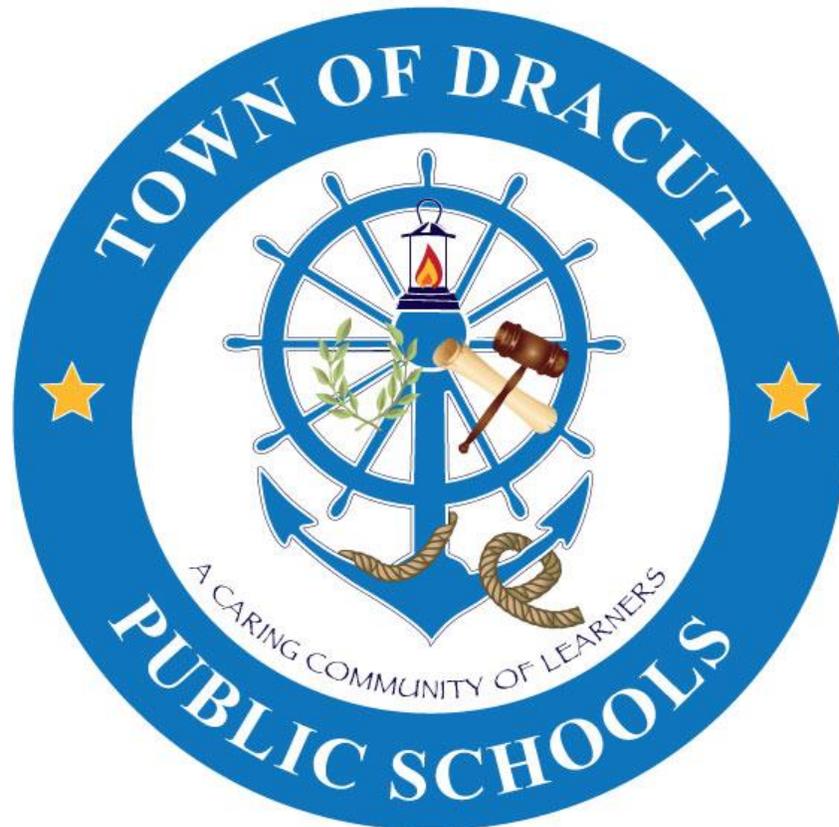


# Dracut Public Schools



## General School Financial Procedures

January 2020

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# **Part I: General Financial Procedures:**

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## **I. Introduction**

These general financial procedures are intended to provide the Dracut Public Schools with internal control procedures that adequately safeguard its assets, implement the Dracut School Committee's policies, provide compliance with state and federal laws and regulations, and produce timely and accurate financial information.

## II. Compliance with Laws

The Dracut Public Schools will follow all of the relevant laws and regulations that govern the school districts within the Commonwealth of Massachusetts and the United States, including the specific policies of the Dracut School Committee. The following are specific procedures of the Dracut Public Schools.

### **Financial Record Keeping**

To provide an accurate and auditable record of all financial transactions, the Dracut Public Schools will maintain its records and accounts in conformity with Generally Accepted Accounting Principles (GAAP), as required by the Commonwealth's statutes applicable to school districts.

Further, the Dracut Public Schools specifically requires that:

- a) No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the records of the Dracut Public Schools.
- b) Separate, auditable accounting records will be maintained that adequately document the source and use of funds.
- c) Source documents are maintained for all transactions (including time and attendance records, purchase orders, invoices, contracts, etc.)
- d) Receipts and disbursements must be fully and accurately described in the records.
- e) No false entries may be made in the records.
- f) No false or misleading reports shall be issued.
- g) Payments may be made only to the contracting party and only for the actual services rendered or products delivered.
- h) No false or fictitious invoices may be submitted or paid.

### **Organizational Conflict of Interest or Self-Dealing (Related Parties)**

The Dracut Public Schools will follow MGL, Chapter 268A, the "Conflict of Interest Law" which is covered in Part III of this document.

### **Whistleblower Protection**

In compliance with M.G.L. Ch. 149 s. 185, Dracut Public Schools will not take retaliatory action against any employee who:

- a) reports violations of law or risks to public health, safety or the environment; or who

- b) refuses to participate in activities, policies or practices which the employee reasonably believes to be a violation of law or a risk to public health, safety or the environment.

### **“Open Door” Policy to Prevent Fraud**

Dracut Public Schools will maintain an “Open Door” policy to employees who wish to talk about the pressures, problems and rationalizations that they face, which could lead them to consider engaging in fraudulent actions.

Counsel will be provided about the appropriateness of actions and the consequences of wrongdoing, in a ‘safe space’ environment, provided that wrongdoing has not already been committed.

### **Non-Discrimination Policy**

It is the policy of the Dracut Public Schools not to discriminate on the basis of race, age, color, national origin, sex, sexual orientation, gender identity, disability, pregnancy status, or religion in its education programs, services, activities or employment practices.

### **Political Contributions**

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

The following are examples of prohibited activities include the following:

- a) Contributions by an employee that are reimbursed through expense accounts or in other ways.
- b) Purchase by the School District of tickets for political fundraising events.
- c) Contributions in kind, such as lending employees to political parties or using the assets of the Dracut Public Schools in political campaigns.

### **Security of Financial Data, Records and School Assets**

#### **Security of Financial Data**

- a) The District’s accounting software will be reviewed regularly to ensure that only properly authorized individuals, utilizing a security password, can access or modify data.

- b) The District's financial data shall be backed up daily to ensure the recoverability of financial information in case of hardware failure. Such back-up shall be stored in a fire safe area that is properly secured.
- c) Unused checks will be kept in a secure location.
- d) The Principal shall keep unclaimed paychecks and unclaimed pay statements in a secure location.
- e) The Superintendent of Schools or the Superintendent's designee shall secure all other financial data.

### **Security of School Documents**

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

- (a) Minutes of School Committee Meetings
- (b) Personnel and Payroll Records
- (c) Insurance Policies
- (d) Vendor Invoices and other Payment Records (Original invoices maintained by Town)
- (e) Grant and Contract Agreements
- (f) Fixed Asset Inventory List (Maintained by Town Accountant)
- (g) Student Records

### **Security of Physical Assets**

The Superintendent or Superintendent's designee(s) will ensure the security of physical assets, including, but not limited to, cash and other receivables, equipment, and technology.

### **Record Retention and Disposal**

School records are maintained and documents disposed of according to the current Document Retention Schedules and disposal procedures published by the Secretary of the Commonwealth.

The disposal date determined under this procedure is the end of the fiscal year, or the date of final payment of government grants.

All financial records are maintained, by category, in chronological order and fiscal year.

### III. Asset Management Guidelines

#### **Use of School Assets**

No employee may use school property, equipment, material or supplies for personal use.

#### **Use of School Credit Cards**

Two general use credit cards are authorized to be used. The Superintendent and the Business Office will each maintain a card to be used in extenuating circumstances only. They will be used when a vendor does not accept purchase orders and for some travel expenses.

A purchase requisition needs to be submitted and approved. A credit card will be used to execute the purchase after the requisition is fully approved.

#### **Property and Equipment**

The Dracut Public Schools will develop and maintain detailed records of all capital equipment purchased from federal funding sources, and will perform a physical inventory of the equipment every two years.

The Town Accountant maintains an updated record of school fixed assets.

#### **Record and Report of Property**

The Town Accountant will maintain records for every item of property purchased for \$5,000 or more as follows:

- a) Name and description.
- b) Serial number, model number, or other identification.
- c) If title vests with any entity other than the school district, specific information relative to which specific entity.
- d) Location and condition of the equipment.
- e) Ultimate disposition data, including date of disposal, sales price, or method of disposal.

#### **Physical Inventories**

The School District will perform a physical inventory of all property valued in excess of \$5,000 per unit on an annual basis.

The physical inventory records include each such asset, its identification number, its location, and a brief description of its condition.

The physical inventory is reconciled to the detailed fixed asset list. Any differences will be investigated and reconciled.

### **Disposal of Property and Equipment**

No item of property or equipment shall be removed from the premises without the prior approval of the Superintendent.

The disposal of surplus property or equipment shall be conducted in conformity with M.G.L. Chapter 30B and School Committee Policy #DJA-1.

- a) Authority for the disposal of surplus materials, equipment and supplies is extended to the Superintendent through the detailed listing of such items compiled by the School Business Administrator. The disposal of surplus materials and supplies will be in accordance with M.G.L. Chapter 30b, Sec. 15.
- b) Items with a value of less than \$10,000, the School Business Administrator will use best business judgement.
- c) Items with a value of between \$10,000 and \$50,000, the School Business Administrator will seek at least 3 written quotes from reputable vendors to purchase surplus materials and supplies.
- d) Items with a value in excess of \$50,000, the School Business Administrator will advertise for a sealed bid process to sell the surplus materials and supplies. The disposal of items on such lists requires no further committee approval.

## IV. Procurement Guidelines

### **Procurement of Goods and Services**

The Dracut Public Schools shall procure only those items and services that are required to perform its mission and/or fill a bona fide need. Procurements are made using best value contracting, which includes assessing the best value considering quality, performance, and price.

M.G.L. Chapter 30B shall govern all procurements of supplies and services, unless specifically exempted or covered by other state or federal laws.

The Superintendent or designee, shall function as Chief Procurement Officer for the District.

### **The District adheres to the following objectives:**

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

### **Purchase Orders**

The District will execute a Purchase Order for each purchase, in advance of an order being placed with a vendor to purchase goods or services. This requirement does not apply to student activity expenditures or in circumstances where an out of pocket expenditure has been permitted because a vendor does not accept purchase orders.

Expenditure approvals are required at the following levels:

- a) Principal or Department Administrator
- b) School Business Administrator
- c) Superintendent

Requisition requests will be reviewed by the School Business Administrator for compliance with Chapter 30B requirements and funds sufficiency.

A purchase order will not be valid until and unless it has been signed by the School Business Administrator and Superintendent, or designee.

Out of pocket expenses will be reimbursed only in the following circumstances: conference/travel, emergencies and extenuating circumstances (approved in advance by the Superintendent), and when purchase orders are not accepted by a vendor.

### **Real Estate**

All lease agreements will be evidenced by a signed agreement identifying all of the terms and conditions of the lease.

Any real estate agreement to rent or sell will require a beneficial interest disclosure as required in MGL Chapter 7, section 40J.

## V. Expense Reimbursements

Expense reimbursements are governed by School Committee Policy #DKC:

School personnel, who have received approval for attendance at conferences or meetings, may be reimbursed for related expenses such as registration fees, travel expenses, lodging, meals, gratuities and parking fees.

The rate for reimbursement for travel by personal automobile is established by the School Committee, and customarily follows the rate issued by the Internal Revenue Service.

The amount of reimbursement for attendance at conferences and meetings within the State shall be established in advance by the administrator responsible for the account to which the expense is charged.

Reimbursement for attendance at conferences or meetings out of state shall be established in advance by the Superintendent.

The School Department authorizes reimbursement for work-related out-of-pocket expenses associated with conferences/travel, in emergencies or extenuating circumstances (approved in advance by the Superintendent), and when purchase orders are not accepted by a vendor.

All expense reimbursement requests must be signed by the employee and accompanied by original, itemized receipts, showing proof of payment. A credit card statement does not suffice as an invoice, because it is not itemized. If original receipts are unavailable, a signed affidavit must be submitted by the supervisor attesting to the work-related expense. If goods have been shipped to a non-school address, the supervisor must submit a signed affidavit that the items are in the possession of Dracut Public Schools. Conference reimbursements must be accompanied by a flyer, which describes the conference and identifies relevant dates. Receipts will be matched to the conference dates. The School Business Administrator reserves the right to request any additional documentation required to substantiate the legitimate, work-related nature of the reimbursement request, or compliance with Dracut Public Schools policy and procedures.

All reimbursement requests must be signed by the employee's supervisor and/or Superintendent. Expense reimbursement requests of the Superintendent shall be approved either by the School Committee or the School Business Administrator.

Only staff expenses will be reimbursed; the School District will not reimburse the expenses of non-school personnel, such as parents and volunteers, unless so directed by a court order or legal settlement.

The Town reimburses means tax and hotel excise tax, but not sales tax, unless the same item cannot be procured tax free through the Town's regular reimbursement process.

Dracut will not reimburse for employee purchases of alcohol, tobacco or gifts.

Students may be reimbursed for out of pocket expenses incurred in connection with legitimate student activities, upon recommendation of the Principal.

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

Employees will not be reimbursed for their travel between home and designated place of work. These are considered to be commuting expenses

## VI. Consultants and Contractors

### **Consultant Utilization**

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

- a) Details of all agreements (e.g., work requirements, rate of compensation, and nature and amount of other expenses, if any), with the individuals or organizations providing the services and details of actual services performed.
- b) Invoices or billings submitted by consultants, including sufficient detail as to the time expended and the nature of the actual services performed.
- c) The use of a management contract for educational and administrative services that clearly identifies the contractor's performance requirements, including student's academic achievement, contractor's compensation, and the District's rights to educational curricula and intellectual property developed.

### **Independent Contractors**

The Dracut Public Schools will closely monitor and regulate the use of consultants, so as to comply with the Independent Contractor Law (M.G.L. Chapter 149, s. 148B.) In particular, consultants:

- a) Are free from control and direction in the performance of these duties, both under the contract for the performance of service and in fact;
- b) Are customarily engaged in an independently established trade, occupation, profession or business of the same nature as that involved in the service performed; and
- c) Can perform services which are outside the usual course of business of the District.

In addition, consultants will:

- d) Be procured in accordance with the Uniform Procurement Act (M.G.L. Chapter 30 b.)
- e) Adhere to a precise contract scope of services, which is periodically reviewed. The consultant agreement will specify the obligation of the consultant to pay his or her own self-employment taxes, if applicable.
- f) Not receive any fringe benefits as such, although their fee may include provision for fringe benefits.
- g) Not be assigned a permanent workstation.

- h) Are allowed to make their services available or work for a number of firms or persons at the same time.
- i) Use their own stationery or time sheet in billing for services.
- j) Recognize that while retained by the Dracut Public Schools, they will be subject to the Conflict of Interest provisions of M.G.L. Chapter 268A.

## VII. Fund Structure & Financial Organization

### School Fund Structure

The accounts of the School Department are organized on the basis of fund and account groups.

Funds are the control structures that ensure public monies are spent only for those purposes authorized and within the amounts authorized.

The use of funds and the budgeting, accounting and auditing that are associated with this fund structure are governed by the Massachusetts General Law and Generally Accepted Accounting Principles, as determined by the Governmental Accounting Standards Board.

The following school funds are utilized:

- a) School Operating Budget, which is the principle financing plan for school operations. The School Operating Budget is appropriated annually by Town Meeting, as part of the Town's larger General Fund budget (under fund codes 50, 60, 70). Major funding sources include state Chapter 70 Education Funds and local revenues. At year end, operating budget appropriation balances lapse.
- b) School Capital Budget, which is the basic financing plan for capital needs, including school facilities. The School Capital Budget is appropriated by Town Meeting, under separate project-based funds and accounts. The Capital Budget addresses the current year's needs, while the Capital Improvement Program plans capital projects over a five-year period. Major funding sources include: local revenues from taxation and reserves, other local funds, debt and debt exclusions. Capital budget balances are available until expended.
- c) School Special Revenue Revolving Funds, which are extracurricular programs of the School Department which are self-funded through fee revenues and are authorized by specific statutes of either Massachusetts General Law, or Federal Law. Once established, school revolving funds may be expended without further appropriation, with the exception of departmental revolving funds established under MGL Ch44 Sect. 53E1/2, which must be annually reauthorized by Town Meeting. School revolving balances are available until expended. School revolving funds are organized as separate accounts within the following fund codes:

<b>Fund</b>	<b>Program</b>	<b>Authorizing Legislation</b>	<b>Appropriated</b>
13	Food Service	MGL Ch 548, Acts of 1948	No
16	Circuit Breaker	MGL Ch 71 Sect. 37A	No
20	Transportation Fees	MGL Ch 44 Sect. 53E1/2	Yes
23	Athletics	MGL Ch 71 Sect. 47	No
24	Music Fees	MGL Ch 71 Sect. 47	No
28	Summer Programs	MGL Ch 71 Sect. 71E	No
29	Tuition	MGL Ch 71 Sect. 71F	No
34	JHS Show Production	MGL Ch 71 Sect. 47	No
35	Broadway Productions	MGL Ch 71 Sect. 47	No
41	Outside Detail	MGL Ch 40 Sect. 3	No
44	Chapter 44 Revolving	MGL Ch 44 Sect. 53A	No
45	Rental of School Building	MGL Ch 40 Sect. 3	No
46	Parker Avenue Rental	MGL Ch 40 Sect. 3	No
49	Private Donations	MGL Ch 71 Sect. 47	No
51	School Choice	MGL Ch 76 Sect. 12B	No
53	Insurance Settlement	MGL Ch 71 Sect. 47	No

School Special Revenue Grant Funds, consist of funds received for educational purposes from federal, state and local sources. These funds are held in separate accounts, and once accepted (by vote of the Committee), may be expended without further appropriation. School Committee Policy #JJE governs the acceptance of gifts/grants, fundraising, student/parent gift giving to staff members, and solicitations by students on school grounds. Typically, unexpended grant balances, which remain at the end of the grant period, will be returned to the granting agency.

### **Chart of Accounts**

A Chart of Accounts will be maintained that reflects:

- a) the District's organizational structure (School/Dept),
- b) DESE reporting categories (DOE Function),
- c) Town Meeting expenditure categories (Activity, Category),
- d) Uniform Municipal Accounting System (UMAS) guidelines (Fund, Object) and
- e) Department of Revenue "Schedule A" reporting classifications.

### **The Account Code Structure**

## Fund-Function-Location-Object-Program-Account

- A. Fund - 00xx (Grants utilize four digits)
- B. Function – 0000
- C. Location – 00
- D. Object – 00
- E. Program – 00
- F. Account - 0000

### **Basis of Accounting & Budgeting**

The Town's accounting principles conform to Generally Accepted Accounting Principles (GAAP), as applicable to governmental units.

The 'basis of accounting' for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Funds is the modified accrual basis.

The 'basis of budgeting' is the form of accounting used to describe revenues and expenditures in the budget document. Generally, the basis of budgeting and accounting are the same for Governmental Funds.

Encumbrance accounting will be used for all general fund types.

### **Budgetary Oversight**

The School Committee has legal responsibility for all School Accounts.

The Superintendent is charged by the School Committee with developing and overseeing school budgets and accounts on their behalf. The Superintendent is assisted by the School Business Administrator.

Each program budget is managed by a District administrator, who is responsible for operating their programs within the limits of their approved budgets, and for managing the financial accounts assigned to their program.

Expenditure requests (Requisitions) are prepared by Principals and Directors, at the school-level, under the general oversight of the School Business Administrator.

### **Expenditure Authorization**

Under MGL Ch 41 Sect. 56, the School Committee approves all school bills, drafts, orders and payrolls, and stipulates that approval may only be given after an examination to determine that the charges were correct and that the goods, materials or services charged for were actually had been ordered, delivered and/or rendered.

School Committee Policy #DK requires a majority of the School Committee to review and approve warrants for goods and services, but authorizes the Superintendent (or designee) to approve payroll warrants.

## **Fund Balance**

Operating budget balances lapse at year's end; as a dependent entity, the School Department is not allowed to retain fund balance within the School Operating Budget.

Capital budget balances are available until expended and are retained within each fund/account, and are restricted to the specific purpose of the appropriation.

Special revenue revolving fund programs are permitted to retain unexpended balances within each fund/account, with the exception of those programs established under MGL Ch40 Sect. 3, for which unexpended balances laps to the General Fund at year end.

As a general guideline, expended balances within special revenue revolving fund accounts may not exceed three months operating expenses, unless special conditions apply.

Special revenue grant funds lapse at the end of the applicable grant period, which is typically July 1-June 30 for state and local grants, and September 1 – August 31 for federal grants. For these grant funds, unexpended balances typically must be returned to the granting agency.

## VIII. Budgeting

### **Budget Development Process**

- a) Article 6, Section 2 of the Town's Charter requires that the School Committee submit an adopted budget to the Town Manager in sufficient time to enable him/her to prepare the total Town budget he/she is required to submit by Section 3.
- b) Article 6, Section 3 requires the Town Manager to submit to the Finance Committee a proposed budget no later than four months prior to the start of the fiscal year (March 1).
- c) The Commonwealth of Massachusetts further requires that the final, recommended budget be submitted to the Finance Committee no less than 10 days before the end of the calendar year, or not less than 90 days prior to the date of the start of annual Town Meeting, whichever is later. (MGL Ch 41, Sect. 59)
- d) The Town Manager's budget recommendation is not binding on the Finance Committee; the Finance Committee is responsible for recommending a balanced budget to Town Meeting for its consideration and vote. (In Dracut, the annual Town Meeting is held during the first week in June.)
- e) The School Committee in each city and town also is required to review and approve the budget for public education in the District. (MGL Ch 71 Sect. 37) A public hearing on the proposed school budget is required, and must be advertised at least one week prior in a newspaper of general circulation. (MGL Ch 71, Sect. 38N)
- f) School Committee Policies #DB and #DBD further stipulate that, the School Committee delegates responsibility for budget preparation to the Superintendent, who is to be assisted by the School Business Administrator.
- g) A hearing on the proposed budget is required no later than March, prior to which citizens are to be informed of the budget contents.

### **Budget Appropriation & Amendments**

- a) The operating budget, as enacted by Town Meeting establishes the overall School Department appropriation.
- b) Although the School Committee has the legal authority to move funds within its appropriation, the total school appropriation may only be amended by Town Meetings that occur during the year.
- c) At year-end, operating budget appropriation balances lapse. Capital budget balances are available until expended.

## **Capital Budget Process**

The capital budget process closely follows the operating budget process, and is described under Article 6 Section 7 of the Town Charter.

- a) Town Boards, including the School Committee, prepare capital budget requests, which are submitted to the Town Manager for the ensuing fiscal year and subsequent four-year period.
- b) The Capital Planning Committee develops a preliminary funding recommendation, after consultation with the Town Manager.
- c) The Town Manager shall submit the recommended capital budget to the Finance Committee, at least 30 days before the date fixed for submission of the proposed budget.
- d) Capital improvements are defined as the acquisition, construction, renovation, betterment or improvement, involving land, public buildings and facilities; water and sewer system laterals, mains and appurtenances; and equipment or vehicles; provided the total cost is \$5,000 or more, and the improvement will have a useful life of five years or more, or any planning, feasibility, engineering or design study, in preparation for such capital expenditures.
- e) The first year of the Capital Improvements Program shall constitute the proposed Capital Improvements Budget for the coming year, and the ensuing four years of the plan are included for planning purposes

## **Capital Improvement Plan**

The Capital Improvement Plan shall include:

- (a) a list of all capital improvements proposed to be undertaken during the next five years, together with supporting data;
- (b) cost estimates, methods of financing, and recommended time schedule; and
- (c) the estimated annual cost of operating and maintaining any facility to be constructed or acquired.

## **Fiscal Year**

The fiscal year for all towns in the Commonwealth begins on July 1st and ends the following June 30th. (MGL Ch 44, Sect. 56)

## **Special Revenue Grant & Revolving Funds:**

### **Revolving Funds**

- a) State law allows the School Committee to charge fees or receive monies in connection with certain other school activities, the receipts of which also are held separately (in revolving funds.) Of these revolving funds, only the School Transportation Revolving Fund (a departmental revolving fund established under MGL C44 Sect. 53E1/2) requires annual appropriation by Town Meeting; all others may be spent without further appropriation, once the fund is established. (MGL Ch 40 Sect. 3; Ch 44 Sect. 53; Ch 44 Sect.17A; Ch 71 Sect. 26C; Ch 71 Sect. 47; Ch 71 Sect. 71C; Ch 71 Sect. 71E; Ch 71 Sect. 71F; Ch 71B Sect. 12; Ch 548 of Acts of 1948.)
- b) Revolving Fund operational budgets are prepared and approved for all fee-based revolving fund programs in the winter and spring of each year, for the upcoming school year.
- c) Departmental revolving funds, including the Transportation Revolving Fund, are reauthorized each year at Annual Town Meeting, which sets the limit on the total amount which may be spent from each fund at that time. The aggregate for all departmental revolving funds may not exceed 10% of the amount raised by taxation by the City or Town in the most recent fiscal year, and no more than 1% of the amount raised by taxation may be administered by a single fund. (MGL C44 Sect. 53E1/2.)
- d) The School Committee approves all revolving fund fees for the ensuing fiscal year, based on the approved operating budget of each activity.

### **Gifts & Grants**

- a) Under state law, School Committees may receive grants or gifts for educational purposes, which are held in separate accounts, and, once accepted (by vote of the Committee), may be expended without further appropriation. (MGL Ch 71 Sect. 37A, MGL Ch 44 Sect. 53A.)
- b) The School Department reviews and approves the budgets of all state and federal grants, as well as the budgets of significant local grants.
- c) The School Department does not budget donations or miscellaneous local grants.

# Part II Internal Control Procedures

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## IX. General Accounting Procedures:

### Overall Accounting System Design

#### Control Objective

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

#### Major Controls

- a) A Chart of Accounts/Coding Structure will be used that is compliant with Department of Elementary and Secondary Education requirements, Uniform Massachusetts Accounting Standards (UMAS), and Town of Dracut reporting requirements.
- b) Expenditures will be correctly categorized within the Chart of Accounts, upon initial posting.

### General Accounting Activity

#### Control Objective

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

#### Major Controls

##### Timeliness of Entries

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

##### Internal Consistency

An integrated financial management system is used.

##### Support Documentation

- (a) All accounting entries are supported by adequate documentation that clearly shows the justification and authorization for the transaction.
- (b) Forms are properly designed, to be pre-numbered and in duplicate.

## **Audit Trail**

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

## **Procedures**

Payment requests are verified against original source documentation (e.g., invoice, purchase order, etc.) by the School Business Administrator, or designee(s), before payment is made.

Each entry in the accounting software is reviewed and approved by the School Business Administrator, or designee.

Non-recurring entries, such as for correcting entries, are prepared as circumstances warrant and submitted to the Town Accountant on a timely basis. Documentation shall be attached to all such correcting entries.

## **Account Reconciliation and Close-out**

### **Control Objective**

To ensure the accuracy of financial records and reports.

### **Major Controls**

Reconciliation of all accounts and sub-accounts.

### **Procedures**

Cost Center managers, including fee-based program managers, are responsible for reconciling all accounts and sub-accounts within their budgetary control on a monthly basis, and for requesting correcting entries as needed on a timely basis.

The Principals, supported by the Student Activity Bookkeepers, shall maintain a revenue and expenditure ledger for each student activity and are responsible for reconciling that activity against the balances carried by the Town Accountant and in the bank checking account on a monthly basis. A copy of the monthly reconciliations shall be sent to the School Business Administrator.

At fiscal year end and after the annual audit, all accounts are closed out and final grant reports are agreed to the audited general ledger.

## **Municipal Charges (aka: Chargebacks)**

### **Control Objective**

To ensure the accuracy of expenses incurred by the Town on behalf of the School Department.

### **Major Controls**

Reconciliation of all charges.

### **Procedures**

The Town of Dracut incurs expenses that are not included in the school appropriations commonly referred to as “chargebacks.” Examples of these expenses include employee health insurance, medicare, and prorated charges for town staff that have responsibilities that include school department expenses.

Chargebacks are provided by the town to the school department twice each year. The first are estimated charges for budgeting purposes. The second is at the close of the fiscal year and includes actual charges. The final version is used to complete the DESE End of Year Report (EOYR).

The School Business Administrator is responsible for reviewing the provided supporting documentation and ensuring the accuracy of all included charges.

# X. Cash Receipts Procedures

## Cash Receipts

### Control Objective

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

### Major Controls

#### Cash Receipts Procedures

The Dracut Public Schools has internal control systems in place to monitor cash receipts and to ensure that deposits are made in a timely manner.

#### Internal Accounting Controls

To the extent feasible, the following duties shall be segregated in each location where cash is received: opening mail, collecting funds, preparing funds for deposit, making deposits, preparing the accounting record.

Only active employees of the School Department and students involved in approved student activities may receive funds for deposit. Volunteers and other non-school personnel may not handle or receive school funds.

Checks and money orders are to be made payable to Dracut Public Schools, or to a specific school program, and not to a specific employee. Checks must be written in the correct amounts, have an original signature, require include the payee's name and address, and be correctly dated.

Cash and other receivables should be turned over upon receipt to the School Bookkeeper for processing. If immediate turnover is not possible, funds must be safeguarded in a safe or locked cash box and turned over on the next business day.

Funds collected after hours should be deposited same day to the Night Depository Box, or returned to school for safeguarding in a school safe/locked cash box until the next business day.

Under no circumstances should cash or other receivables be stored in a classroom, a desk drawer, or other unsecured location. Similarly, funds should not be brought home, be left in a vehicle, be given to a third party for safekeeping, or be deposited into an employee's personal bank account.

All funds must be deposited, upon receipt. School staff may not retain undeposited funds as petty cash balances or to make change.

Listed receipts and credits are compared to accounts receivable and bank deposits.

Accounts are reconciled with balances carried by the Town of Dracut  
Treasurer/Collector.

# XI. Grant Receivable Procedures

## **Grant Writing**

### **Control Objective**

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

### **Procedures**

The District shall pursue grant funding opportunities that are consistent with District goals and objectives.

## **Grant Management**

### **Control Objective**

To ensure that grants are managed according to applicable state, federal and local laws, regulations, by-laws and ordinances, including the Federal Cost Principles.

### **Major Controls**

Grants will be assigned to a specific administrator, who will act as Grant Manager, and who will be responsible for supervising grant activities and ensuring that grant expenditures are consistent with programmatic objectives, the overall grant budget, and applicable funding restrictions.

The Superintendent is responsible for approving/signing grant applications and standard contract forms on behalf of the District.

The Dracut Public Schools shall retain management control of all state, federal and local grants involving Dracut Public Schools pupils or school operations. Except in the case of multi-community grants, which are administered by another entity on Dracut's behalf, oversight of school grants may not be delegated to third parties.

The School Business Administrator is responsible for developing fiscal controls and procedures which ensure proper disbursement of, accounting for, and reporting of grant funds.

The Business Office will provide the following information to each Grant Manager: grant application, contract terms and conditions, line item budget, and grant management procedures.

## XII. Payroll Procedures

### Personnel Requirements

#### Control Objective

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

#### Major Controls

##### Payroll Procedures

The School has adopted payroll procedures for installing new employees on the payroll system and removing terminated employees from the system, as well as monitoring vacation and sick pay.

A position control file is maintained, which assign unique authorization and sequence numbers to ensure that the number of staff members hired do not exceed the total number of budgeted authorizations and that salary expenditures remain within budgeted amounts.

#### Procedures

##### New Employees

All new positions and position adjustments are subject to School Committee approval, either as part of the annual operating budget appropriation or the budget amendment cycle.

For each budget year, schools are staffed based on projected enrollment, as well as specific student needs articulated by Individualized Education Programs (IEPs). Starting with the prior year's staffing levels; staff are added or subtracted based on the aforementioned factors.

Request for new employees are initiated by the building principal or supervisor and submitted to the Superintendent.

The Superintendent and Central Office Administrators will review each request to ensure that it falls within the approved School Committee budget.

Personnel shall be assigned to a specific position managed by the School Business Administrator.

The School Business Administrator shall maintain budgetary estimates to ensure that the aggregate funding of the positions being vacated is greater than the cost of the new hires.

A CORI and Applicant Fingerprinting are completed prior to the hiring of any new employee.

Any individual being considered for a position shall ensure that there is a complete application packet on file. That packet shall include the following:

- (a) Letter of Application
- (b) Resume
- (c) Letters of Reference
- (d) Certification / License (when appropriate)
- (e) Employment Application
- (f) Other Information, as required
- (g) College Transcripts

References shall be checked prior to hiring.

Any individual being hired shall receive a letter of hire detailing position, salary step, pertinent collective bargaining agreement or individual contract, actual salary, and date of hire.

The individual being hired shall sign the letter of hire accepting the position and return the signed copy to the Superintendent's Office.

The individual being hired shall be given mandated information about school policies and shall undergo all mandatory training.

The individual being hired shall complete an IRS W-4 Form and a Massachusetts Form M-4. Copies of a social security card, driver's license, and/or passport shall be provided to Human Resources to properly complete an I-9 Form..

The individual being hired shall complete all necessary paperwork with regard to retirement.

The individual being hired shall complete all necessary paperwork with regard to insurance, if it is applicable.

An individual will be entered onto the payroll only after all of the above steps have been completed.

Human Resources shall notify the Technology Dept. so that an e-mail account can be created and computer access assigned. The Human Resource Dept. will notify the Business Office so a security badge can be prepared.

### **Vacation and Sick Pay**

Employees accrue vacation time based on either their collective bargaining agreement or his/her individual contract.

Employees must secure the approval of their supervisors in advance. Under usual circumstances, this approval should be secured two weeks in advance.

Regular part-time employees will earn vacation time as detailed in the applicable collective bargaining agreement or in his/her individual employment contract. Usually this vacation time is on a pro-rated basis.

Employees' vacation balances are adjusted continuously to reflect vacation time taken.

Sick leave taken is monitored against each employee's available time and is recorded on a weekly basis.

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

### **Non-Renewals**

The Principal will sign letters of non-renewal. The Superintendent will sign letters of non-renewal for employees who do not report to a Principal or report to multiple schools.

Such letters will be given to the non-renewed individual by June 15th of any given year. The letter will be handed to the individual personally.

The Principal shall require the individual to sign the bottom of the letter acknowledging receipt of the letter. If the individual refuses to sign the letter, the principal shall bring in a witness to document the fact that the individual has refused to sign the letter acknowledging receipt. The witness shall sign and date a statement verifying the fact that the Principal has delivered the non-renewal letter and that the recipient has refused to sign acknowledging its receipt.

The Principal shall return the non-renewal letter (signed by the recipient or documented by a witness as having been given to the recipient) to the Human Resources Office immediately.

Human Resources personnel shall notify the School Business Administrator that the individual has been non-renewed.

Human Resources personnel shall ensure that the individual is removed from Payroll, prior to the effective start date of the next contract period.

The Payroll Dept will provide the separating employee with forms relative to insurance, COBRA, pension, etc. for an individual who has not been renewed. The Town Human Resources Dept will handle subsequent communications with the non-renewed employee.

## **Terminations**

Any time an administrator or supervisor is considering terminating an employee, the Superintendent shall be notified immediately.

The Human Resources Dept shall arrange for a final check to be cut in compliance with state law, and notify the School Business Administrator of the termination, and shall ensure that the individual is removed from Payroll.

## **Personnel Data**

### **Control Objective**

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

### **Major Controls**

#### **Internal Accounting Controls**

A precise paper trail covering all transactions is required.

The Human Resources Dept approves changes in personnel data.

Separate payroll and personnel files periodically reviewed and reconciled.

Contracts are in place for all school employees, including collective bargaining and independently contracted employees. These contracts communicate salary step, longevity, cost of living and all other increases to which the employee is entitled for at least the current school year.

### **Procedures**

Changes to personnel data are initiated with written notification from the employee with supporting documentation (if required).

The School Business Administrator approves the authorized changes to the payroll data.

Copies of this documentation are retained in the employee's personnel file.

## **Timekeeping**

### **Control Objective**

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

## **Major Controls**

### **Timekeeping Procedures**

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

### **Time Sheet**

Labor hours are accurately recorded and any corrections to timekeeping records, including the appropriate authorizations and approvals, are documented.

### **Internal Reviews**

The Payroll Dept monitors the overall integrity of timekeeping.

### **Internal Accounting Controls**

Reconciliations of hours charged on time sheets to attendance records are made on a bi-weekly basis.

### **Time Sheet Preparation**

Time sheets for hourly employees are prepared on a weekly basis.

In preparing time sheets, clerical personnel will:

- (i) Enter hours in ink.
- (ii) Make all corrections in ink by crossing out the error and initialing the change. No correction fluid or tape is to be used.
- (iii) Submit the completed time sheet to the appropriate supervisor for approval.

In preparing attendance sheets for salaried personnel, the clerical personnel will:

- (iv) Enter attendance in ink.
- (v) Make all corrections in ink by crossing out the error and initialing the change.
- (vi) Submit the completed attendance sheet to the appropriate supervisor for approval.

### **Approval and Collection of Time Sheets**

Timesheets for all personnel are signed by the Building Principal/Director and are forwarded to the Payroll on a weekly basis. The time frame ensures that all timesheets are submitted in a timely manner.

- (a) The authorized forms are submitted to the Payroll dept. for processing.
- (b) Attendance is recorded in the individual record of each salaried employee after verification that personal days and sick days fall within the number available for each.

### **Reconciliation of Payroll to Time Sheets**

- (a) Hours shown on time sheets are reconciled to the hours recorded on the Payroll forms by the Payroll Clerks.
- (b) The Payroll Clerks will reconcile timesheets submitted for substitutes to the attendance forms submitted for salaried employees.

### **Preparation of Payroll**

#### **Control Objective**

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

#### **Major Controls**

Time records are reconciled with payroll records on a weekly basis.

#### **Procedures**

The school or department secretary or department supervisor forwards approved time sheets to the Central Office.

The total time recorded on time sheets and the Payroll Clerks verify the number of employees.

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

The payroll documents are reviewed and approved for submission to the Town Accountant for processing.

## **Payroll Payment**

### **Control Objective**

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

### **Major Controls**

All payroll checks and direct deposits are handled through the Payroll Dept.

### **Procedures**

After the Town Accountant's office and the Town Treasurer's office have printed payroll checks, they are returned to the school district's Central Office for distribution.

Direct Deposit is required for all employees.

## **Payroll Withholdings**

### **Control Objective**

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

### **Major Controls**

Reconciliation of Payment and Payroll Withholdings

### **Procedures**

All payroll withholdings are handled through the Town Accountant and Town Treasurer.

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

The Clerk in the Central Office shall provide employees seeking to change their withholding or benefit elections with the appropriate forms to request these changes from Town Hall.

The Payroll Clerk in the Central Office shall serve as an “ombudsman” is assisting school district employees in making changes with Town Hall.

# XIII. Property and Equipment Procedures

## Property and Equipment (P & E) Acquisitions

### Control Objective

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

### Major Controls

#### P & E Acquisitions Tied to Budget

All acquisitions of property and capital equipment are either designated in the approved budget.

#### P & E Acquisitions Based on Approved Requests

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

### Internal Accounting Controls

Reconcile fixed assets acquisitions with capital expenditure authorizations.

The Fixed Asset Inventory is maintained by the Town Accountant.

### Procedures

The School Committee submits capital budget requests annually for review and approval.

Authorization requests for the acquisition of fixed assets are reviewed and approved by the Superintendent.

Each item of property and equipment received is entered into the Fixed Asset Inventory.

A copy of purchase orders for capital expenditures is entered into the record for proper identification of all fixed assets to be included in the accounting records.

## Recordkeeping Of Property and Equipment

### Control Objective

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

## Major Controls

### Capitalization Policies

The Town follows the policy of capitalizing school fixed assets at the following dollar values:

Land	\$0.00
Land Improvements	\$5,000
Buildings and Facilities	\$5,000
Building Improvements	\$5,000
Furniture/Fixtures/Equipment	\$5,000

The District records assets with a unit cost of \$5,000 and a useful life of five years or more as a capital (fixed asset) expenditure of the General Ledger, in compliance with Department of Elementary and Secondary Education accounting requirements.

### Fixed Asset Classification

Fixed assets are accounted for by the following classifications: land, building, equipment, motor vehicles, capital technology, replacement technology.

### Complete Record of P & E Acquisition Costs

A fixed asset inventory list is maintained by the Town Accountant, which contains the full history of each capital asset acquired, including: original acquisition cost and any costs incurred to prepare the asset for use.

### Procedures

Asset acquisitions, transfers, and dispositions are entered in the fixed asset inventory list on a periodic basis, as assets are recorded on the General Ledger.

The fixed asset inventory list is reconciled with the financial accounts on a periodic basis.

## Disposal Of Property And Equipment

### Control Objective

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

## Major Controls

## **Disposal Policies**

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

## **Internal Accounting Controls**

Use of fixed asset/surplus property disposal authorization forms.

Disposal or transfer of fixed assets only with proper authorization.

## **Procedures**

A Principal or other school official will forward a disposal request to the School Business Administrator, which includes a description and itemized value of items to be disposed of.

The School Business Administrator or designee, will verify the condition, reuse possibility and general value of items for disposal.

Textbooks and materials, which are outdated or in poor donation, may be discarded with the prior approval of the School Business Administrator.

If equipment is no longer needed by the school district, such equipment shall first be offered to other town departments.

If items are not useful to other Town departments, the School Business Administrator will recommend to the Superintendent that he/she seek School Committee approval (as required). Upon receipt of approval, the School Business Administrator will arrange for the disposal, and shall ensure that any revenues obtained for the equipment shall be returned to the Town's general fund unless other arrangements have been previously made at Town Meeting.

Textbooks and materials, which are outdated or in poor condition, may be discarded with the prior approval of the School Business Administrator.

If items are disposed of, appropriate adjustments shall be made of the physical inventory list.

## **Government-Furnished And School-Acquired Property And Equipment**

### **Control Objective**

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

## **Major Controls**

### **Record Keeping**

The district maintains detailed records on all property and equipment.

### **Custody**

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

### **Inventory**

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

### **Procedures**

Detailed records are maintained of all government-furnished and school acquired property and equipment on Government grants.

On a biennial basis, administrators inventory all property and equipment and ensure that fixed assets are being used for the purpose intended.

The disposition of Government furnished and School-acquired property and equipment is authorized by the Superintendent and reported to the proper Government Agency as required by that agency.

## **Acceptable Use of Property and Equipment**

Users of Dracut Public School Technology must adhere to acceptable use policies as published in the following documents (available separately):

“Acceptable Technology Use Policy”

# XIV. Accounts Payable Procedures

## Accounts Payable

### Control Objective

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

### Major Controls

#### Reconciliation of Accounts Payable Records

Central Office Account Payable clerks reconcile accounts payable requests to source data, to ascertain the accuracy of accounts payable entries.

### Internal Reviews

Internal reviews are conducted to determine if duplicate payments or overpayments exist.

### Procedures

Receiving schools/departments review invoices and packing slips for accuracy and completeness. Invoices are approved for payment only after goods are rendered and services are delivered.

Approved invoices and packing slips are forwarded to the Central Office for payment.

Invoices are compared to the purchase order and the packing list.

The invoice is reviewed for the following:

- (a) The nature, quality, and quantity of goods ordered and the related price.
- (b) Accuracy of all arithmetic calculations and extensions.
- (c) Services performed/ goods delivered.
- (d) Compliance with M.G.L. Chapter 30B procurement requirements (e.g., to ensure that prior procurement was conducted.)

Central Office Accounting reviews the invoices and enters the amounts for payment on the bi-weekly warrant.

Completed warrants, with supporting documents attached, are forwarded to School Committee for signature.

## **Vendors**

The Accounts Payable Clerk establishes all vendors within the accounting system upon initial use of the vendor. All vendors must provide verified street address and valid federal tax ID or social security number using a proper IRS W-9 Form.

## **Purchasing**

### **Control Objective**

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

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

### **Major Controls**

#### **Purchase Requirements**

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

### **Required Competition**

The district utilizes the following procurement guidelines:

- (a) Contracts under \$10,000 – The District uses sound business practices when procuring goods and services for amounts less than \$10,000.
- (b) Contracts from \$10,000 to \$49,999 – The District seeks price quotes from at least three vendors and awards the contract to the responsible vendor offering the supply or service needed for the lowest price.
- (c) Contracts greater than \$50,000 – The District conducts a formal advertised competition using sealed bids or proposals, or procures from state-wide/national contracts in which the District is eligible to participate and which met M.G.L. Chapter 30 B Uniform Procurement Act requirements. An award is offered to the qualified bidder who meets the district's specifications and offers the lowest price.
- (d) Where possible, the District utilizes Commonwealth of Massachusetts procurement contracts, national contracts, and cooperative bids solicited by area collaborative groups or other groups of Districts.

## **Selecting the Vendor**

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

## **Internal Accounting Controls**

A prior approved purchase order is required for all purchases, which complies with M.G.L. Uniform Procurement Act requirements. This requirement does not apply to student activity expenditures, or in circumstances where an out of pocket expenditure has been permitted because a vendor does not accept purchase orders.

Purchase orders are generated electronically by the District Financial Management System and are assigned a uniquely-defined control number of tracking purposes.

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

## **Procedures**

### **Processing Purchase Requisitions**

Requisition requests are submitted by Principal/ Cost Center Manager to the Central Office.

In instances of multiple requests for similar items, the Central Office prepares a combined order for the vendor.

Requisition requests must include the following:

A description of items ordered;

Quantity;

A cost estimate;

The required delivery information;

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

Date of order

Procurement backup, including an contract signed by the vendor, where required.

### **Processing Purchase Orders**

Central Office reviews each requisition request for accuracy and completeness, including procurement backup.

Central Office accounting creates a purchase order for all requisition requests that are complete and for which sufficient funds are available to undertake the purchase. In the event of insufficient funds, the purchase order is liquidated or the department requests a budget allocation transfer to cover the purchase cost.

The School Business Administrator reviews each purchase order for fair representation within the account ledger and compliance with procurement requirements. Incomplete purchase requests are returned to the requesting department for more information. Rejected purchase orders are returned to Central Office Accounting for liquidation.

### **Obtaining Bids and Quotations**

The School Business Administrator ensures that the requesting administrator has obtained and documented the required quotations on transactions not expected to exceed \$9,999, and has obtained these in writing for transactions between \$10,000 and \$49,999. All of these require attachment of the required documentation. Items greater than \$50,000 will require formal bid requests and evaluation before the purchase order is issued.

### **Negotiation and Award**

Awards of less than \$10,000 are made using best business practices by the School Business Administrator.

Awards of between \$10,000 - \$49,999 are made to the responsive and responsible low bidder, based on price quotations submitted or relevant sole source documentation.

Awards in excess of \$50,000 are made to the responsible and responsible low bidder following a competitive sealed bid process. A bid may be awarded to other than the low bidder in circumstances where the higher bid demonstrates best value contracting procedures to the District, following M.G.L. Chapter 30B procedures for competitive sealed proposals. In such situations, the School Procurement Officer shall include the justification for making an award based on factors in addition to price within the proposal specifications.

The School Procurement Officer/Superintendent can sign contracts for goods and services on behalf of the School Committee with the exception of procurements made through sealed bids.

An original, signed purchase order (and contract copy) is faxed or mailed to the vendor.

A copy of the purchase order, accompanied by original procurement backup, is filed alphabetically by procurement transaction and retained for seven years. An additional copy is returned to the requisitioning department for their records.

## **Expense Reimbursement**

### **Control Objective**

To ensure the district pays for only authorized business expenses.

### **Major Controls**

#### **Travel Policies**

Dracut School Committee Policy #DKC and individual employment contracts address the issue of travel reimbursement.

### **Employee Expense Reimbursement Documentation**

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

### **Internal Accounting Controls**

All requests to reimburse out-of-pocket attendance at conferences or meetings within the state of Massachusetts, or for in-state travel require the prior approval of the employee's supervisor.

The Superintendent's prior approval is required for all out-of-state travel or conference reimbursements.

Only staff expenses will be reimbursed. The District will not reimburse the expenses non-school personnel, such as parents and volunteers.

Students may be reimbursed for out of pocket expenses incurred in connection with legitimate student activities, upon recommendation of the Principal.

Reimbursements to itinerant personnel for inter-school travel should be submitted monthly, and no less frequently than quarterly.

Reimbursements should be made on the Dracut Public Schools Reimbursement Form.

## **Procedures**

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

Requests for reimbursement must be accompanied by the following documentation:

Original signatures of the employee and the employee's supervisor.

Original, itemized receipts showing proof of payment. A credit card statement alone does not suffice as an invoice because it is not itemized. If original receipts are unavailable, an affidavit signed by the supervisor is required, which attests to the work-related expense. If goods have been shipped to a non-school address, the supervisor must submit a signed affidavit that the items are in the possession of the Dracut Public Schools.

Conference reimbursements must be accompanied by a flyer, which describes the event and identifies relevant dates. Receipts will be matched to conference dates.

# XV. Budgeting & Reporting Procedures

## Annual Budgets

### Annual Operating Budget

#### **Budget Guidelines & Priorities.**

The School Committee annually votes guidelines for the development of the school operating budget, which articulate the assumptions and priorities that will guide the budget development process.

These guidelines should include:

- (a) The School Department's approved Goals and Objectives,
- (b) Budget roles and responsibilities,
- (c) The calendar for budget development,
- (d) Assumptions and priorities that will guide budget development,
- (e) Structure for the budget

The School Committee's budget includes two levels of funding requests:

Base Budget requests to maintain service levels. These requests include:

- (i) the total current year budget appropriation (net of turnover savings);
  - (ii) statutory or regulatory mandates;
  - (iii) personnel step, longevity and collective bargaining increases (including cost of living);
  - (iv) increases under other existing contracts;
  - (v) significant inflationary or enrollment increases (inflationary increase in the cost of student supplies, additional teachers needed to maintain student-teacher ratios, etc); and
  - (vi) other items considered necessary and recommended by the Superintendent.
- (f) Program Improvement requests program enhancements and improved service to the students of the Dracut Public Schools. The Program Improvement

Budget is the budget mechanism the School Committee will use to invest in service and program improvements for the Dracut Public Schools.

### **Budget Development Procedures**

Principals, department heads and staff submit annual budget requests to the Superintendent for review, which are based on the School Committee's budget guidelines.

In preparing their annual operating and capital budgets, the building administrators consult with faculty members and his/her School Council.

Building administrators shall meet with the Superintendent and Central Office to discuss the initial requests.

The Superintendent shall prepare the initial budget request, assisted by the School Business Administrator, compiling the requests from the district administrators.

The Superintendent submits this preliminary budget request to the School Committee for its consideration.

After consultation with the Town Manager, the School Committee will adopt a final budget request to be submitted to the Town Manager by March 1.

Town Meeting appropriates a final budget for the School Committee in early June.

The District Accountant will enter the budget approved by Town Meeting into the Financial Management System, by July 1.

### **Budget Salaries & Positions (FTE's)**

All new full-time equivalent (FTE) positions and position adjustments are subject to School Committee approval, either as part of the annual operating budget appropriation or the budget amendment cycle.

Salary adjustments are generally part of the normal budget development process for the succeeding fiscal year. Contractual step, longevity and collective bargaining increases (including cost of living) are considered to be base budget requests for the upcoming school year.

For each budget year, schools are staffed based on established student/teacher ratios, applied to projected enrollment, as well as specific student needs articulated by Individualized Education Plans (IEPs). Starting with the prior year's staffing levels, staff is added or subtracted based on the aforementioned factors.

### **Budget Amendments**

Amendments to the overall School Committee appropriation are made at Special Town Meetings that may occur during the year.

The School Committee must approve budget allocation transfers between the Town-Meeting identified expenditure categories: Salary and Expense.

At year-end, operating budget appropriation balances lapse. Capital budget balances are available until expended.

## **Capital Improvement Plan & Budget**

### **Process**

The district prepares capital budget guidelines for preparing capital program requests for a five-year period.

Department Managers and Central Office staff prepare capital budget requests, in accordance with the Superintendent's guidelines, which are submitted to the School Committee for deliberation.

The School Committee votes a five-year capital improvement request, which are forwarded to the Town Manager, for consideration as part of the Town's overall capital improvement program.

The Capital Planning Committee approves a five-year capital improvement plan, the first year of which is the proposed capital budget for the successive fiscal year.

Town Meeting approves the final capital budget, based on the Capital Planning Committee's recommendation.

## **Financial Reporting**

### **Control Objective**

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

### **Major Controls**

A financial management system provides accessible and timely information about the uncommitted balance of appropriations and unrealized revenues.

### **Procedures**

Current financial status reports are available to all school administrators and bookkeepers from the Financial Management System, for the accounts for which they

have budgetary responsibility. The administrators should review reports for accuracy on a regular basis.

If necessary, the administrators will request transfers from one account to another to match revenues and expenditures and correct posting errors.

The School Business Administrator prepares periodic financial reports for the Superintendent and School Committee. School Committee Policy #DI requires that financial status reports are to be provided to the Committee periodically.

Year-end financial reports are prepared after the close of the fiscal year, and in accordance with state reporting timelines.

In addition, the Superintendent informs the Committee about changes in staffing levels prior to implementation, even if those changes have no financial impact on the budget.

Budgetary projections shall reflect all anticipated payrolls through the close of the fiscal year, and shall include information about major accounts, and accounts subject to (or potentially subject to) significant variation throughout the year.

### **Review and Approval**

Financial reports are reviewed for accuracy and completeness.

### **Audit**

School Committee Policy #DIE requires that all school accounts undergo an annual audit, by the firm selected by the Town of Dracut to perform general auditing of accounts.

Audits are additionally conducted of the following:

- (a) Annual compliance audit of the state-mandated End of Year Pupil and Financial Report to the DESE.
- (b) Bi-Annual audits of Student Accounts.
- (c) Annual Single Audit of federally-funded programs
- (d) Periodic audits of mandated programs or state funding sources (such as state Circuit Breaker audit)

## XVI. Student Activity Accounts

### **Control Objective**

To safeguard and effectively manage the student activity funds, which are held in a fiscal agent capacity by the School Committee, for students of Dracut Public Schools.

### **Major Controls**

- i) The School Principal acts as fiscal agent, on the Committee's behalf, in managing these student funds.
- ii) A Central Office bookkeeper, and bookkeeper at each school also are assigned responsibility for managing these funds.
- iii) Internal control guidelines exist for the receipt and expenditure of these funds.

### **Audits**

School Committee Policy #JJF-1 requires that all student activity accounts undergo a periodic audit, in accordance with DESE Guidelines.

# Part III Conflict of Interest & Code of Conduct

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## XVII. Conflict of Interest Law

### A. Introduction to Conflict of Interest Law:

Chapter 268A of the General Laws, the “Conflict of Interest Law” governs the conduct of public officials and employees. General provisions of this law are presented below, and represent rules all public officials and employees must follow. Any public employee who acts in contradiction to this law may be subject to civil and criminal penalties. Many aspects of the law are complicated and there are often exemptions to the general rules. The State Ethics Commission encourages all public employees to familiarize themselves with the law, and to seek legal advice from the Commission regarding how the law would apply to individuals in a particular situation.

### B. Definition of Public Employee

For the purposes of this law, a public employee is anyone who performs services for, or holds an office or position with, a state, county, or municipal agency. This is true whether the person is paid or unpaid, is a volunteer, works part-time, is employed only for part of the year or on a seasonal basis, or is a “special” employee. The law applies to these individuals, regardless of whether the employee is elected, appointed, or working under a contract. For example, a musician who contracts with a school department to instruct students in trumpet playing is a municipal employee for purposes of the conflict of interest law.

### C. General Provisions of Conflict of Interest Law:

- i) All public employees must be given a summary of the conflict of interest law prepared by the Ethics Commission and must complete an online training program every two years.
- ii) An employee may *not* ask for or accept anything worth \$50 or more from anyone with whom the employee has official dealings.
- iii) The employee may *not* hire, promote, supervise, or otherwise participate in the employment of his/her immediate family or your spouse's immediate family.
- iv) The employee may *not* take any type of official action that will affect the financial interests of his/her immediate family or his/her spouse's immediate family. For instance, the employee may not participate in a licensing or inspection process involving a family member's business.
- v) The employee may *not* take any official action affecting his/her own financial interest, or the financial interest of a business partner, private employer, or any organization for which the employee serves as an officer, director or trustee. For instance: the employee may not participate in licensing, inspection, zoning or other issues that affect a company owned by the employee.

- vi) Unless the employee qualifies for an exemption, he/she may *not* have more than one job with the same municipality or county, or more than one job with the state.
- vii) Except under special circumstances, the employee may *not* have a financial interest in a contract with his/her public employer. For example, if the employee is a full-time teacher, a company that the teacher owns may not be a vendor to that town unless the employee meets specific criteria, the contract is awarded by a bid process, and the employee publicly discloses his/her financial interest.
- viii) The employee may *not* represent anyone but his/her public employer in any matter in which your public employer has an interest. For instance, the employee may not contact other government agencies on behalf of a company, an association, a friend, or even a charitable organization.
- ix) The employee may *not ever* disclose confidential information, data or material which was gained or learned as a public employee.
- x) Unless the employee makes a proper, public disclosure in writing -- including all the relevant facts -- the employee may *not* take any action that could create an appearance of impropriety, or could cause an impartial observer to believe your official actions are tainted with bias or favoritism.
- xi) The employee may *not* use his/her official position to obtain unwarranted privileges, or any type of special treatment, for yourself or anyone else. For instance: you may not approach your subordinates, vendors whose contracts you oversee, or people who are subject to your official authority to propose private business dealings.
- xii) The employee may *not* use public resources for political or private purposes. Examples of "public resources" include: office computers, phones, fax machines, postage machines, copiers, official cars, staff time, sick time, uniforms, and official seals.
- xiii) The employee may *not*, after leaving public service, take a job involving public contracts or any other particular matter in which the employee had participated as a public employee.

## XVIII. Code of Conduct

### A. Introduction to Standards of Conduct for Dracut Public School Employees

The Conflict of Interest Law also imposes "Standards of Conduct" on all state, county and municipal employees, that are in addition to the other provisions of the Conflict of Interest Law. The Standards of Conduct contained in Section 23 of M.G.L. Ch. 268A provide a general code of ethics for all public employees, when faced with the overlap of private interests and official responsibilities. Conflict of interest law violations under Section 23 may result in civil penalties of up to \$2,000 per violation. A summary of these standards, as applied to Dracut employees, appears below:

### B. Code of Conduct Provisions

#### i) Incompatible Employment (M.G.L. Ch. 268A, s. 23(b)(1))

- a) DPS employees are prohibited from accepting other employment involving compensation of substantial value (\$50 or more), the responsibilities of which are inherently incompatible with the responsibilities of his public office.
- b) Example: a police officer would be prohibited from serving as a private security guard in his town because his duties as a law enforcement official are incompatible with the demands of his private employer.
- c) Example: a public employee who is acting as a mediator would violate the conflict of interest law by working privately for a union when he/she was simultaneously involved in mediating a labor dispute with the same union.

#### ii) Unwarranted Privileges (M.G.L. Ch. 268A, s. 23(b)(2))

- a) A DPS employee is prohibited from using or attempting to use his or her official position to solicit or receive for himself or others anything of substantial value (defined as \$50 or more), or to secure unwarranted privileges or exemptions of substantial value which are of substantial value and which are not properly available to similarly situated individuals;
  - (a) Example: A teacher may not accept a gift from a student of more than \$50.
  - (b) Example: principal may use his/her official time, or the supplies or equipment available to him in his office in order to write books.
  - (c) Example: An elected official may not invoke his position to seek preferential treatment from police officers during a traffic stop.
  - (d) Example: A public employee may not generally solicit donations for a private or charitable organization from individuals with whom he conducts official business.

b) People in supervisory positions may not ask their subordinates to work for them in a private capacity or to contribute to any private interest or organization. In such situations, the subordinate employee may feel coerced even if there is no such intent on the part of the supervisor, and it would be impossible to avoid the “appearance” of impropriety in such situations. The limitations of Section 23 also apply to a public employee dealing with vendors and other individuals that the employee regulates.

Example: A DPS administrator is doing substantial renovations on his home, and he knows that his administrative assistant and his brother do roofing work on the side. The public employee may not ask his assistant to re-shingle the roof, even if he is willing to pay a fair market wage for the work. If, however, the solicitation is made by the subordinate, either directly or through advertisement, rather than the superior, private employment of the subordinate by the superior may be permissible if the proper public disclosures are made to the superior’s appointing official. Individuals considering such arrangements should contact the Ethics Commission’s Legal Division for specific advice.

c) Municipal officials, such as School Committee members, should apply objective criteria to their official duties and that if, for example, a board member cannot be objective about a matter, he/she should abstain.

**iii) Appearance of Conflict (M.G.L. Ch. 268A, s. 23(b)(3))**

a) DPS employees must avoid conduct that creates a reasonable impression that any person may improperly influence them or unduly enjoy their official favor, or that they are likely to act (or fail to act) because of kinship, rank, position or undue influence of any party or person. A reasonable impression of favoritism or bias may arise when a public employee, knowingly or with reason to know, acts on matters affecting the interest, whether financial or non-financial, of a friend, a business associate or a relative other than an immediate family member or a non-financial interest of an immediate family member.

b) The conflict of interest law allows public employees to act on matters, even if it creates the appearance of a conflict, if they openly admit all the facts surrounding the appearance of bias prior to any official action. Such disclosure must be made in writing to the employee’s appointing authority, or if no appointing authority exists, publicly disclose the facts which would lead to such a conclusion. The Commission has advised that elected municipal officials should make such disclosures in writing and file them as public records with their municipal clerk. In some circumstances, it may also be prudent to reiterate the disclosure as part of the meeting minutes.

c) Example: The longtime friend of a department director applies for a job in the department. If the department head gets involved in the hiring process, it would appear to a reasonable person that he might be biased in favor of his friend. To dispel the appearance of favoritism, the department head must disclose his private friendship with the job applicant in writing to the Principal or Superintendent, his appointing official. The

Principal may then determine whether further steps should be taken to avoid the appearance of a conflict (e.g., instruct the department head not to participate in the hiring and delegate the matter to another employee).

**iv) False or Fraudulent Claims (M.G.L. Ch. 268A, s. 23(b)(4))**

- a) DPS employees may not present a false or fraudulent claim to his employer for any payment or benefit of substantial value.
- b) Example: A staff member may not submit a payroll voucher that intentionally misrepresents the amount of time worked, for the purpose of obtaining additional compensation.

**v) Confidential Information (M.G.L. Ch. 268A, s. 23(c)(1))**

- a) Current and former DPS employees may not, knowingly or with reason to know:
  - (a) accept employment or engage in any business or professional activity that will require disclosure of confidential information the employee has gained by reason of his or her position or authority; nor
  - (b) improperly disclose material or data that are not considered public records, when an employee acquired such information in the course of his or her official duties; nor
  - (c) use such confidential information to further his or her personal interests.

Example: A former employee of the school personnel office sets up her own employment placement service and uses confidential information from the school's personnel records to prepare a client list for use in her private business. This violates Section 23 because she would be using confidential information acquired in the course of her official duties to further her personal interests, and also because she would be using her official position to secure for herself an unwarranted privilege not properly available to similarly situated individuals (i.e., other placement services).

**vi) Gift Giving (M.G.L. Ch. 268A, s. 3)**

- a) A DPS employee may *not* ask for or accept anything worth \$50 or more from anyone with whom he/she has official dealings. Examples of prohibited "gifts" include: sports tickets, costs of drinks and meals, travel expenses, conference fees, gifts of appreciation, entertainment expenses, free use of vacation homes and complimentary tickets to charitable events. *If a prohibited gift is offered*: the employee may refuse or return it; you may donate it to a non-profit organization, provided that he/she does not take the tax write-off; the employee may pay the giver the full value of the gift; or, in the case of

certain types of gifts, it may be considered "a gift to the public employer", provided it remains in the office and does not ever go home with the employee.

(Accepting a gift as a 'gift to the Dracut Public Schools' requires that the School Committee vote to accept the donation as a gift under M.G.L. Chapter 44 s. 53A.

Contact the Business Office to request that the School Committee formally accept a gift.)

An employee may not accept honoraria for a speech that is in any way related to his/her official duties, unless the employee is a state legislator.

b) Employees may receive an unsolicited gift that is not of substantial value (of less than \$50), unless a reasonable person, having knowledge of the circumstances, would conclude that a public employee could unduly favor the giver or be influenced in the performance of his/her official actions. If a gift could create the appearance of a conflict of interest, the employee may accept the gift only if he/she makes a public disclosure to his/her appointing authority about the gift.

Example: A bus driver may not receive a gift of sports tickets valued at more than \$50 from a student who rides his bus.

c) Teachers may receive a class gift of up to \$150 in value, once per year; from the class as long as it is clear that the gift is from the entire class and not just a few students in the classroom. No disclosure is required, because the givers are not identified to the teacher. Any gift in excess of \$150 to the teacher is prohibited by law. Gifts not of substantial value received from individual students, parents and guardians, which are not class gifts, must be disclosed.

Example: A teacher has a class with 23 students. Parents of 20 of the students collect money and give the teacher a \$150 gift certificate to a book store, indicating that it is a class gift. One of the parents who did not contribute to the class gift gives the teacher a \$25 certificate to a spa. Another parent who did not contribute to the class gift gives the teacher a \$100 gift certificate to a restaurant. The teacher may accept the \$150 class gift certificate and no disclosure is required. The teacher may not accept any other gift from the parents who contributed to the class gift. The teacher may accept the \$25 spa certificate, but must file a disclosure. The teacher may not accept the \$100 restaurant certificate, because it is a gift of substantial value.

Example: A teacher has a class with 23 students. Parents of 13 of the students collect money and give the teacher a \$130 gift certificate to a book store, indicating that it is a class gift. Parents of the other ten students collect money and give the teacher a \$100 gift certificate to an office supply store, indicating that the gift is a gift to the classroom and that the teacher should use it to buy necessary classroom supplies. The teacher can accept the first gift on his own behalf and the second on behalf of the classroom, subject to School Committee approval. Once the School Committee has voted to accept the \$100 office supply gift certificate, he may spend it on classroom supplies and should keep receipts documenting those purchases. Items purchased with money that is a gift to the

classroom is the property of the school district. The teacher may not knowingly accept any additional gift from parents who participated in the class gift.

d) Staff members may receive personal gifts that are entirely unrelated to their official actions or position, such as gifts on holidays, on occasions of religious significance (bar mitzvahs, confirmations, etc.), on occasions of personal significance (birthdays, weddings, childbirth, illness, etc.) or on occasions of professional significance (hiring's, promotions, etc), with no dollar limit and no disclosure requirement.

e) A public employee may accept a public employee discount of substantial value, if the discount is available to a class consisting of all public employees, or to a class consisting of all public employees from a city or town, state or geographic region. Similarly, a public employee may accept a reduced or waived membership fee offered by a professional organization of substantial value, if a similar reduced or waived fee is available to a class of similarly situated public employees of that profession.

Example: A teacher may accept a discount available to teachers for the purchase of educational supplies.

f) A public employee may accept an unsolicited gift of perishable items, or items which are otherwise impractical to return (such as flowers, plants, fruit baskets, or candy), if such item is made generally accessible to other people in the employee's office, to the general public (to the extent possible), or given to charity.

Example: Staff members may receive perishable items (e.g., food, flowers) up to \$50 in value as long as the staff member shares the item(s) with members of the school community. These items do not need to be disclosed by the teacher.

Example: Parents may show their appreciation to individual teachers/staff members by making a donation to the school's PTO. In turn the PTO may provide funds for an educational gift to the classroom. These organizations have well-established procedures for the distribution of funds to schools and individual classrooms, and such donations are not affected by either School Committee policy or the State Ethics Commission rules. If you make a donation to the PTO in a staff member's name, that staff member does not need to file a disclosure.