1570 INTERNAL CONTROLS

As a condition of receiving State aid, the school district shall establish specific policies and procedures on internal controls designed to provide management with reasonable assurance that the district's goals and objectives will be met and meet the requirements at N.J.A.C. 6A:23A-6.5 through N.J.A.C. 6A:23A-6.13. Internal controls shall promote operational efficiency and effectiveness, provide reliable financial information, safeguard assets and records, encourage adherence to prescribed policies, and comply with law and regulation in accordance with N.J.A.C. 6A:23A-6.4(a).

The specific internal controls contained in N.J.A.C. 6A:23A-6 shall be established together with other internal controls contained in N.J.A.C. 6A and other law and regulations, required by professional standards, and as deemed necessary and appropriate by district management. The district may submit to the Commissioner of Education a written request to approve an alternative system, approach, or process for implementing the internal controls required in N.J.A.C. 6A:23A-6. The application shall include documented evidence, including, but not limited to, an independent, third-party written assessment that the alternative system, approach, or process will achieve the same safeguards, efficiency, and other purposes as the specified internal control requirement(s) in accordance with N.J.A.C. 6A:23A-6.4(b).

The district shall evaluate business processes annually and allocate available resources appropriately in an effort to establish a strong control environment pursuant to N.J.A.C. 6A:23A-6.5. In accordance with the provisions of N.J.A.C. 6A:23A-6.5(b), the School Business Administrator/Board Secretary shall identify processes that are a violation of sound segregation of duties when performed by the same individuals. The School Business Administrator/Board Secretary shall segregate the duties of all such processes among Business Office staff based on available district resources, assessed vulnerability, and the associated cost-benefit, except as required at N.J.A.C. 6A:23A-6.5(b)1. and 2. The district shall include in the Annual Comprehensive Financial Report (ACFR) detailed organizational charts for the Central Office that tie to the district's position control logs, including, but not limited to, the business, human resources, and information management functions.

The district shall establish Standard Operating Procedures (SOP) for each task or function of the business operations of the district. The SOP manual shall include sections on each routine task or function as outlined in N.J.A.C. 6A:23A-6.6(b). The district shall establish a SOP that ensures office supplies are ordered in appropriate quantities, maintained in appropriate storage facilities, and monitored to keep track of inventory in accordance with N.J.A.C. 6A:23A-6.6(c).

If the district has a budget in excess of $25,000,000 or more than three hundred employees, the district shall maintain an Enterprise Resource Planning (ERP) System that integrates all data and processes of the district into a unified system. An ERP system uses multiple components of computer software and hardware and a unified database to store data for the various system modules to achieve the integration. Whenever considering financial systems or the automation of other services or functions, the Superintendent or School Business Administrator/Board Secretary shall notify the Executive County Superintendent in writing to see if opportunities for a shared service system exist. Access controls shall be established for key elements of financial systems to ensure a single person does not have the ability to make system edits that would violate segregation of duties controls in accordance with N.J.A.C. 6A:23A-6.7(c).

The district shall maintain an accurate, complete, and up-to-date automated position control roster to track the actual number and category of employees and the detailed information for each in accordance with N.J.A.C. 6A:23A-6.8(a). The position control roster shall share a common database and be integrated with the district's payroll system, agree to the account codes in the budget software, and ensure the data within the position control roster system includes, at a minimum, the information as outlined in N.J.A.C. 6A:23A-6.8(a)3.

N.J.A.C. 6A:23A-6.4; 6A:23A-6.5; 6A:23A-6.6;
6A:23A-6.7; 6A:23A-6.8

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