R 1570 INTERNAL CONTROLS

A. Segregation of Duties; Organization Structure - N.J.A.C. 6A:23A-6.5

1. The school district shall evaluate business processes annually and allocate available resources appropriately in an effort to establish a strong control environment.

2. 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. and A.2.a. and A.2.b. below.

   a. The functions of human resources and payroll shall be segregated and completed by different employees in the district.

   b. The functions of purchasing and accounts payable shall be segregated and completed by different employees in the district.

3. 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.

B. Standard Operating Procedures (SOP) for Business Functions – N.J.A.C. 6A:23A-6.6

1. The school district shall establish SOPs for each task or function of the business operations of the district.

2. The SOP manual shall include sections on each routine task or function in the following areas:

   a. Accounting, including general ledger, accounts payable, accounts receivable, payroll and fixed assets, and year-end procedures for each;

   b. Cash management;

c. Budget development and administration, including tasks such as authorization of transfers and overtime;

d. Position control;

e. Purchasing, including tasks such as preparation of requisitions, approval of purchase orders and encumbering of funds, bid and quote requirements, and verification of receipt of goods and services;

f. Facilities, including administration of work, and health and safety;

g. Security;

h. Emergency preparedness;

i. Risk management;

j. Transportation;

k. Food service;

l. Technology systems; and

m. Information management.

3. The district shall establish SOPs that ensure office supplies are ordered in appropriate quantities, maintained in appropriate storage facilities, and monitored to keep track of inventory.

C. Financial and Human Resource Management Systems; Access Controls - N.J.A.C. 6A:23A-6.7

1. If the school 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 school 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.

2. 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.

3. 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.

   a. The process for creating, modifying, and deleting user accounts shall include the use of user access request forms.

   b. All requests for financial applications shall be approved and specified by the School Business Administrator/Board Secretary.

   c. All requests for network access shall be granted by the head of the technology department, if one exists.

   d. A review of user access shall be conducted yearly at a minimum by the relevant department managers and an audit trail should be maintained to verify the performance of this review.

   e. Access to the network and key applications within the district shall be restricted to authorized users through the use of unique user names and passwords.

   f. Proper protocols shall be implemented that appropriately address password expiration and complexity.

D. Personnel Tracking and Accounting – N.J.A.C. 6A:23A-6.8

1. The school 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. The position control roster shall:

   a. Share a common database and be integrated with the district's payroll system;

   b. Agree to the account codes in the budget software; and

c. Ensure the data within the position control roster system includes, at a minimum, the following information:

(1) The employee's name;

(2) The employee's date of hire;

(3) A permanent position tracking number for the employee, including:

(a) The expenditure account codes for the general fund consistent with the State prescribed budget, special revenue fund, and enterprise funds;

(b) The building(s) to which the position is assigned;

(c) The certificate(s) and endorsement(s) held, as applicable;

(d) The assignment position title as follows:

i. Superintendent or Chief School Administrator;

ii. Assistant Superintendent;

iii. School Business Administrator;

iv. Board Secretary (when other than N.J.A.C. 6A:23A-6.8(a)3.iii.(4)(A), (B), or (C) and D.1.c.(3)(d)i., D.1.c.(3)(d)ii., or D.1.c.(3)(d)iii. above);

v. Principal;

vi. Vice Principal;

vii. Director;

viii. Supervisor;

ix. Facilitator;

x. Instructional Coach by Subject Area;

xi. Department Chairperson by Subject Area;

xii. Certificated Administrator – Other;

xiii. Guidance;

xiv. Media Specialist/Librarian;

xv. School Nurse;

xvi. Social Worker;

xvii. Psychologist;

xviii. Therapist – Occupational (OT);

xix. Therapist – Physical (PT);

xx. Therapist – Speech;

xxi. Certificated Support Staff – Other;

xxii. Teacher by Subject Area;

xxiii. Instructional Assistants;

xxiv. Certificated Instructional – Other;

xxv. Aides supported by IEP;

xxvi. Other Aides;

xxvii. Maintenance Worker;

xxviii. Custodian;

xxix. Bus Driver;

xxx. Vehicle Mechanic;

xxxi. Food Service; and

xxxii. Other Non-certificated;

(4) A control number for substitute teachers;

(5) A control number for overtime;

(6) A control number for extra pay;

(7) The status of the position (filled, vacant, abolished, etc.);

(8) An indication, when available, of whether the employee is retiring in the budget year or not being renewed, including associated costs such as contractual buyouts, severance pay, paid vacation or sick days, etc.;

(9) Each of the following: base salary, step, longevity, guide, stipends by type, overtime, and other extra compensation;

(10) The benefits paid by the district, net of employee reimbursements or co-pays, by type of benefit and for FICA and Medicare;

(11) The position's full-time equivalent value by location;

(12) The date the position was filled; and

(13) The date the position was originally created by the Board of Education. If the date the position was originally created is not available, this item shall represent the date the person currently filling that position was approved by the Board.

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