



Foxborough Regional Charter School

Governance Committee Meeting

Published on September 12, 2025 at 11:30 AM EDT

Date and Time

Tuesday September 16, 2025 at 8:00 AM EDT

Meeting Format

Whether in person or online, the public is welcome to attend Board/Committee Meetings and have access to meeting minutes. Meetings are held once a month and additionally, as determined by the Board/Committee Chair. All meeting Agendas are posted on the school website at least 48 hours in advance of each public meeting.

During the meeting, the Board and its committees follow the published agenda. Gallery members are not part of the formal discussion or deliberations. Those wishing to speak at a meeting are asked to follow our [Privilege of the Floor Policy](#). Meetings start promptly on time as noted on the agenda.

Agenda

	Purpose	Presenter	Time
I. Opening Items			8:00 AM
A. Record Roll Call Attendance		Todd Tetreault	1 m
B. Call the Meeting to Order		Sergio Martin	2 m
C. Privilege of the Floor		Todd Tetreault	2 m

	Purpose	Presenter	Time
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II.	Governance Committee Business		8:05 AM
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|-----------|------------------------------------|---------|------------------------|
| A. | Student Board Representative Video | Discuss | |
| B. | Board Development | | 5 m |
| C. | Meeting Schedule Change | FYI | Heidi Berkowitz
2 m |

III.	Policy Review		8:12 AM
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|-----------|--------------------------------|---------|-----------------------|
| A. | Initial Policy Review | Discuss | Sergio Martin
45 m |
| | Fiscal Policies and Procedures | | |

IV.	Closing Items		8:57 AM
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|-----------|---------------------|------|------------------------|
| A. | Approval of Minutes | Vote | Todd Tetreault
10 m |
| B. | Vote to Adjourn | Vote | Todd Tetreault
1 m |
| C. | Adjourn Meeting | Vote | Sergio Martin
1 m |

The listed matters are those reasonably anticipated by the Chair to be discussed at the meeting. Not all items listed may in fact be discussed and other items not listed may be brought up for discussion to the extent permitted by law.

Coversheet

Initial Policy Review

Section: III. Policy Review

Item: A. Initial Policy Review

Purpose: Discuss

Submitted by:

Related Material:

FRCS_Fiscal_Policies_and_Procedures_final_09_08_2025_w_Changes.pdf

FRCS_Fiscal_Policies_and_Procedures_final_09_08_2025 (1).docx



Fiscal Policies & Procedures

Adopted By the Board of Trustees

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Foxborough Regional Charter School Policies & Procedures Manual

100 INTRODUCTION

In 1993, the Commonwealth of Massachusetts enacted Massachusetts General Laws (MGL) Chapter 71, Education Reform Act, Section 89, which authorized the establishment of charter schools within the Commonwealth. Additionally, Chapter 46 of the Acts of 1997 required each charter school to keep an accurate account of all its activities and provide for an annual independent audit of its financial statements. The Board of Trustees, acting as public agents authorized by the Commonwealth, are responsible for management of the school, which includes developing and adopting fiscal policies and procedures.

In an effort to achieve and ideally surpass these requirements, the Trustees of the Foxborough Regional Charter School have developed this Policies and Procedures manual.

The Board of Trustees acknowledges the guidance provided by the Massachusetts Department of Education during the development of this document. For further information please see ["Massachusetts Charter School Recommended Fiscal Policies and Procedures Guide"](#) (November 2005) issued by the Massachusetts Department of Education. ["Massachusetts Charter](#)

[School Recommended Fiscal Policies and Procedures Guide"](#) (November 2005) issued by the Massachusetts Department of Education.

101 Scope and Organization

This manual consists of three sections: Part I contains the recommended policies; Part II contains the recommended procedures; and the Appendices contain the Chart of Accounts and sample forms.

102 Purpose of ~~Policies~~ Policies and Procedures Manual

A.

A. The Policy and Procedures Manual is the official document for the accounting and administrative functions conducted by the Foxborough Regional Charter School.

B. The Policy and Procedures Manual provides standards and directives for sound management and promotes consistent, prudent financial and administrative practices. It also provides guidance to the school in the application of various federal and Massachusetts laws and regulations and the Department of Education's requirements for the administration of grants and contracts awarded by the U.S. Government and other funding sources.

C. The Policy and Procedures Manual is used in conjunction with and referenced to the Foxborough Regional Charter School's existing personnel policy manual, job descriptions and other policy manuals maintained by the school.

103 Amending the Guide

**Foxborough Regional Charter School
Policies & Procedures Manual**

This document contains the essential fiscal policies and procedures for the Foxborough Regional Charter School, as of the above date of promulgation. From time to time, as additional matters require changes to this document, the management of the Foxborough Regional Charter School shall amend this essential document.

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PART I – POLICIES

200. INTERNAL CONTROL POLICIES

The Foxborough Regional Charter School, under the direction of the Board of Trustees, is required to establish and maintain adequate accounting records and internal control procedures. Internal control consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring. The objectives of internal control relate to financial reporting, operations, and compliance.

The Foxborough Regional Charter School and all levels of management are responsible for preventing and detecting instances of fraud and related misconduct and for establishing and maintaining proper internal controls that provide security and accountability of the resources of the school. Management is also responsible for recognizing risks and exposures inherent to these areas of responsibility and for being aware of indications of fraud or related misconduct.

Any employee with a reasonable basis for believing fraudulent or related misconduct has occurred should report such incidents to the designated authorities within the school ([Executive Director, Director of Finance](#)) or the Office of the Inspector General as stated in M.G.L Chapter 12A, §14 'Complaints by public employees; investigation.' As such, in addition to this manual, the Trustees have promulgated and published a separate "*Fraud Detection and Mitigation Policy*" document. The reader is referred to this document for further information relative to the Trustees' specific policies and procedures pertaining to detecting and preventing episodes of fraud.

Internal control policies provide the Foxborough Regional Charter School with the foundation to properly safeguard its assets, implement management's internal policies, provide compliance with state and federal laws and regulations and produce timely and accurate financial information. The following policies highlight the areas of internal control that the Foxborough Regional Charter School has considered:

201. *Compliance with Laws*

The Foxborough Regional Charter School will follow all the relevant laws and regulations that govern Charter Schools within the Commonwealth of Massachusetts. Additionally, U.S. Government laws and regulations that relate to grant funding will be adopted as the grant funding is received. The following are specific policies of the Foxborough Regional Charter School:

A. Political Contributions

No funds or assets of the Foxborough Regional Charter School 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 Foxborough Regional Charter School for political contributions in any form—, whether in cash or other property, services, or the use of facilities—is strictly prohibited. The Foxborough Regional Charter School also cannot be involved with any committee or other organization that raises funds for political purposes.

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Following are examples of prohibited activities:

1. Contributions by an employee that are reimbursed through expense accounts or in other ways.
2. Purchase by the organization of tickets for political fundraising events.
3. Contributions in-kind, such as lending employees to political parties or using the school's assets in political campaigns.

B. Record Keeping

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

Further, the school specifically requires that:

1. No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the books and records of the school.
2. Receipts and disbursements must be fully and accurately described in the books and records.
3. No false entries may be made on the books or records nor any false or misleading reports issued.
4. Payments may be made only to the contracting party and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

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

The Foxborough Regional Charter School may not be operated for the benefit of an affiliated or unaffiliated organization or an individual in his or her own private capacity or individuals related to the Foxborough Regional Charter School or members of its management, unless the private benefit is considered merely ~~incidental~~incidental. The Foxborough Regional Charter School will follow M.G.L. Chapter 268A and M.G.L. Chapter 71, §89(v) conflict of interest laws and disclosures which restrict public officials and employees from taking advantage of their position to gain improper benefits for themselves, relatives, their associates, or their friends. The law also restricts board members from voting on matters affecting their financial interest and limits the circumstances under which they can receive anything of value because of their official position. A board member may not vote or enter into any discussion if one of the following groups will receive financial benefit:

- A. The Trustee, his/her immediate family, or his/her business partner;
- B. A business organization in which the Trustee is serving as an officer, director, trustee, partner or employee; or

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- C. Any person or organization with which the Trustee is negotiating or has any arrangement concerning prospective employment (M.G.L. Chapter 268a, §6).

The private benefit preclusion will extend to:

- A. Sale or exchange, or leasing, of property between the school and an affiliated or unaffiliated organization or a private or related individual.
- B. Lending of money or other extension of credit between the school and an affiliated organization (excluding component units) or unaffiliated organization or a private or related individual.
- C. Furnishing of goods, services or facilities between the school and an affiliated organization (excluding component units) or unaffiliated ~~organization~~ or a private or related individual.
- D. Payment of compensation, unless authorized by the Board of Trustees or its governing body, by the school to an affiliated or unaffiliated organization or a private or related individual.
- E. Transfer to, use by, or for the benefit of a private or related individual of the income or assets of the school.

Thus, the Foxborough Regional Charter School will be guided by the principle of arms-length standards with all affiliated or unaffiliated organizations or with a private or related individual(s). Annually, the Board of Trustees will file a financial disclosure form as required by M.G.L. Chapter 71, section 89(v).

Related party transactions shall include transactions between a school and members of the board, management, contracted management organization, employees, related individuals and affiliated companies. Related individuals within the scope of this definition include spouses, parents, children, spouses of children, grandchildren, siblings, father-in-law, mother-in-law, sister-in-law and brother-in-law of a board member or school employee.

203 Board of Trustees Authorities

The Board of Trustees is responsible for the operation of the Foxborough Regional Charter School in accordance with the provisions of M.G.L. c.71, §89 and all other state and federal laws and regulations and conditions as the Board or Commissioner of Education may establish from time to time. The Board of Trustees is also responsible for operating the school in accordance with the representations made in its charter school application submitted to and approved by the Board of Education.

Specifically, the Board of Trustees shall have the sole authority to approve and will incorporate into its own minutes such matters as (i) change of the School's name, with the Department of Education's Charter School office approval (ii) adoption of the annual operating and capital budgets, (iii) selection or termination of ~~key employees (iv) key employees~~ Executive Director (iv) Executive Director salary and

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salary changes, (v) incurrence of debt, mortgages or other encumbrances and their covenants and restrictions, within the terms of the charter (vi) investment policies, (vii) depository and investment banks, (viii) purchase or sale of property (ix) opening up or closing checking or savings accounts, and (x) selection of the Foxborough Regional Charter School's certified public accountants and (xi) other activities associated with the operations of the Foxborough Regional Charter School.

The Board of Trustees will meet regularly to ensure that its fiduciary duty is maintained. The Board will review the following: prior meeting minutes, business items, educational items, subcommittee reports, Executive Director report, new business and other items. For additional guidance on the regulatory and statutory obligations of a Board of Trustees, please refer to the Commonwealth of Massachusetts Department of Education's publication, *The Charter School Administrative and Governance Guide: An Overview of the Laws and Regulations that Boards of Trustees and Charter Schools Need to Know*, which can be found at

<http://www.doe.mass.edu/charter/governance>. <http://www.doe.mass.edu/charter/governance>.

204. *Signature Authorities*

To properly segregate duties within the Foxborough Regional Charter School, the Executive Director, the ~~Deputy Executive Director of~~, [Director of Finance](#), [Director of Teaching and Learning](#), ~~the Director of Students and Families and the Director of Operations~~ are the only individuals with signatory authority. Individual checks require dual signatures prior to check issuance. The Director of Finance, along with the approval of the Treasurer of the Board, is responsible for authorizing all cash transfers between bank accounts. Payroll is transacted ~~through~~ Harpers Payroll and checks are signed by a Harpers Payroll corporate officer.

205. *Government Access to Records*

The Director of Finance will provide access to the Foxborough Regional Charter School's records if requested to the Comptroller General of the Commonwealth of Massachusetts or his designee and provide supporting records, as requested by government auditors, to facilitate the completion of such audits or reviews in a timely manner.

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206 Security of Financial Data

- A. The school's accounting software should be reviewed to ensure that general and application controls to unauthorized access to data is precluded (i.e., proper password protection and authorizations for inquiry or browse only functions.)
- B. The system's accounting data is backed up daily by [cloud software](#) AccuFund Online Services to ensure the recoverability of financial information in case of hardware failure. Specifically, AccuFund provides daily backup of software, which is kept for five days. Weekly Friday data is kept for four weeks and the last day of month data is kept for twelve months.

C. _____

- C. All other financial data, petty cash box, unused checks and unclaimed checks are secured by the Director of Finance from unauthorized access.

207 Security of School Documents

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

- A. Charter and all related amendments
- B. Foxborough Regional Charter School by-laws
- C. Minutes of the Board of Trustees and subcommittees
- D. Banking agreements
- E. Leases
- F. Insurance policies
- G. Vendor invoices
- H. Grant and contract agreements
- I. Fixed asset inventory list
- J. Contracts

208 Use of School Assets

School employees should not use any of the school's assets for personal use without prior approval of the Board of Trustees and with proper justification.

209 Use Of School Credit Cards

Foxborough Regional Charter School credit cards should only be used following the formal FRCS Credit Card Use Policy and with proper justification and approval by the Director of Finance. The cost/benefit to the Foxborough Regional Charter School should be fully reviewed to ensure that no other method is

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appropriate. A credit card is assigned to the Director of Finance and should be used only for school-related expenditures. All charges must be supported by invoices or travel reports to be eligible for payment by the Foxborough Regional Charter School.

Monthly credit card statements are reconciled to invoices and travel reports and are approved by the Foxborough Regional Charter School ~~Executive Director, unless not deemed independent; then the approval would be performed by the~~ Director of Finance.

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300 FINANCIAL MANAGEMENT POLICIES

Charter schools are granted a charter by the Board of Education of the Commonwealth of Massachusetts under MGL Chapter 71, §89. Charter schools are considered *special purpose government entities* that engage in *business type activities*, and all of the financial activity of the school is recorded in an enterprise fund within the proprietary fund group. As such, the accounting policies and financial reporting adopted by the school should be consistent with a special purpose governmental entity that engages in business type activities. The Board of Trustees has oversight of the management of a charter school inclusive of establishing the governance structure and the financial management policies as set forth in the charter school application.

301 *Basis of Accounting*

The Foxborough Regional Charter School will maintain its accounting records and related financial reports on the accrual basis of accounting.

302 *Accounting Policies*

The accounting policies and financial reporting adopted are consistent with the special purpose governmental entity requirements of the Governmental Accounting Standards Board (GASB), including Statement of Governmental Accounting Standards No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. GASB is the recognized standard setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the school has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

303 *Basis of Presentation*

The accounts of the Foxborough Regional Charter School are organized as a special purpose governmental entity that engages in *Business-type Activity*, which is considered to be a separate accounting entity. The operations are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, net assets, revenues and expenditures. The Foxborough Regional Charter School uses the following fund:

Enterprise Fund - This fund of the Foxborough Regional Charter School is used to account for all financial resources associated with the operation of the school.

Note on Component Units: All non-profit agencies associated with the Foxborough Regional Charter School should be evaluated during the planning stage of the audit to determine if they should be included as a component unit of the school. If they are considered a component unit, then all of their financial

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information should be reported in conjunction with the Foxborough Regional Charter School's financial statements and accounted for in accordance with *GASB No. 's 14 and 39*. If they do not meet the criteria of a component unit, then all the transactions incurred between the non-profit and the School should be evaluated as related party transactions and disclosed in accordance with GAAP and the *Guide*. DOE requires that all related party transactions, whether material or immaterial, be disclosed in the notes to the financial statements.

304 **Revenues**

Under the accrual basis of accounting, revenues are recognized when earned, consistent with generally accepted accounting principles applicable to special purpose governmental units.

305 **Expenditures**

Under the accrual basis of accounting, expenses are recognized when services are incurred or goods are received.

306 **In-Kind Expenses**

The school recognizes services that are donated, if these services would have been purchased by the school if not donated (e.g., transportation). These expenses are recorded when incurred.

307 **Incurred Costs**

For the purpose of invoicing funding sources for allowable costs under cost reimbursement grants or contracts, the term "costs incurred" is defined as follows: costs related to items or services incurred directly for the grant or contract and received at the time of the request for reimbursement and not specifically disallowed by the funding source.

308 **Cash Management**

A.

A. The school maintains cash accounts at the following banks:

1. ~~Payroll – Harpers Payroll~~

2.1. Operating – Eastern Bank

3.2. Investment – Eastern Bank

4.3. Depository – ~~Foxboro Federal Savings Bank~~ One Local

5.4. Money Market – Rockland

B.

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B. A schedule of aged accounts and grants receivable is prepared monthly and reviewed by the Director of Finance for collection. Appropriate collection procedures are initiated, if necessary.

309 ***Accounts Receivable Aging Criteria***

Accounts receivable outstanding are aged on a thirty, sixty, ninety, and over-ninety day basis.

310 ***Grant/Contract Invoicing***

In accordance with state finance regulation 815 CMR 2:00, section 2.05 (4)(b), *Grant Effective Start Date*, grant recipients may expend state, federal, and other grant funds only as of the date their grant (the Standard Contract Form) was executed by the authorized signatory of the Department of Education. In the case of the Department of Education, this means the date that the grant is entered as **approved** into the Department of Education's grants management system: (GEMS).

A.

A. All invoices are submitted to the funding sources by dates specified in the grant or contract agreement.

B.

B. The invoicing format is that specified by the funding source.

311 ***Investments***

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The Foxborough Regional Charter School shall follow, to the extent possible, M.G.L. Chapter 44 *Municipal Finance* in regards to purchasing investments.

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312. ***Budgets***

- A. The Foxborough Regional Charter School shall prepare an annual operating budget of revenues and expenses, a cash flow projection, and a capital budget. These budgets and projections shall be reviewed and approved by the Board of Trustees at the annual meeting and modified, as necessary.
- B. In the event that budgets need to be adjusted, the Director of Finance will initiate a request for a budget transfer with the appropriate Director following Foxborough Regional Charter School's Budget Transfer Request Policy and using the Budget Transfer Request Form.
- C. Financial statements displaying budget vs. actual results shall be prepared by the Director of Finance and reviewed by the Treasurer and presented to the Board of Trustees at each monthly board meeting.

313. ***Insurance and Bonding***

A.

- A. The school maintains minimum levels of coverage, as deemed appropriate by the Board of Trustees for the follow policies:

- 1. _____ 1. _____ General liability _____
- 2. _____ 2. _____ Business & personal property (including auto/bus) _____
- 3. _____ 3. _____ Computer equipment _____
- 4. _____ 4. _____ Workers' compensation _____
- 5. _____ Personal injury liability _____
- 6. _____ Unemployment _____
- 7. _____ Fidelity bond _____
- 8. _____ Board Insurance- _____

- B. The school requires proof of adequate insurance coverage from all prospective contractors, as deemed applicable by the Board of Trustees.

314. ***Massachusetts Teacher Retirement System***

The Massachusetts Teacher Retirement System (MTRS) is a contributory retirement system designed to provide benefits to Massachusetts teachers and administrators per MGL Chapter 32. Staff members employed by the school who are eligible for membership are required to join the system. See <http://www.mass.gov/mtrb/> <http://www.mass.gov/mtrb/> for full details about eligibility, required payroll deductions and reporting deadlines.

315. ***Record Retention and Disposal***

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 A.

 A. Records are maintained for the following minimum periods:

1. Books, records, documents, and other supporting evidence including paid, cancelled, or voided checks, accounts payable records, vendors' invoices, payroll sheets and registers of salaries and wages, tax withholding statements, employee timesheets and other public documents are retained for seven years after the original entry date.

 B. B. The following records supporting federal contracts, as required by U.S. Office of Management and Budget, are retained for the indicated minimum periods:

1. For three years after submission of the final report of expenditures: general ledger, trial balance, accounts payable and accounts receivable ledger, payroll register, and petty cash book, check register and checks, invoices. Except for:
 - a) a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
 - b) b) Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.
2. 2. Permanently:- Audit reports, annual corporate reports, charter, board minutes, tax and legal correspondence, labor contracts, insurance claims and policies, and retirement and pension records.

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

 D.

 D. All records not supporting government grants or otherwise covered by rules of the Internal Revenue Service are retained for three years from the end of the fiscal year in which the records were originally prepared.

E. All financial records are maintained in chronological order, organized by fiscal year.

F. In connection with the disposal of any records, a memorandum of record disposal shall be prepared by the Director of Finance or designee listing the record or the class of records disposed of. The Board of Trustees shall certify this memorandum of records disposal.

316. **Financial Reporting**

The Director of Finance maintains supporting records in sufficient detail to prepare the School's financial reports, including:

 A.

 A. Annually:

1. 1. Financial statements for audit
2. 2. Annual budget

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B.

B. Monthly:

1. Trial balance
2. Internally generated budget vs. actual financial statements with explanations for significant variances
3. Billing invoices to funding sources
4. ~~Updating of the cash flow projection~~
5. ~~4.~~ Accounts receivable aging report
6. ~~5.~~ Accounts payable listing

C.

C. Quarterly:

1. ~~1.~~ IRS Form 941 and payroll tax returns and comparable state taxing authority returns
2. ~~2.~~ Other reports upon request

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317 **Audit**

The Board of Trustees shall contract annually with a qualified independent certified public accounting firm to conduct an audit of the Foxborough Regional Charter School's financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, 2003 Revision (GAS) and, if applicable, the *U.S. Office of Management and Budget's Circular A-133*. The selected audit firm must be familiar with these standards, related Commonwealth of Massachusetts and Charter School regulations, and the *Massachusetts Charter School Audit Guide* (which can be found at <http://finance1.doe.mass.edu/charter>), in order to properly conduct the audit engagement.

318 **Audit/Finance Committee**

The Board of Trustees shall appoint an audit/finance subcommittee. This subcommittee will nominate the independent auditor and review the scope and results of the audit. The audit/finance subcommittee also receives notice of any consequential irregularities and management letter comments that the auditor noted during the engagement. Additionally, the subcommittee will develop a corrective action plan to address all relevant weaknesses noted by the auditor. The audit/finance subcommittee will also review all financial information of the Foxborough Regional Charter School and provide recommendations to the Board of Trustees.

319 **Chart Of Accounts**

The chart of accounts of the Foxborough Regional Charter School are noted in *Appendix A*. The chart of accounts will assist schools in managing their operations, preparing financial statements and also facilitating their preparation of the *End of Year Financial Report* as required by the *Massachusetts Charter School Audit Guide*.

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400 POLICIES RELATED TO ASSETS, LIABILITIES, AND NET ASSETS

401 Assets

Economic resources that are recognized and measured in conformity with generally accepted accounting principles. Assets also include certain deferred charges that are not resources, but are recognized and measured in conformity with generally accepted accounting principles. The following sections describe policies related to the recognition of assets.

402 Bank Accounts

Bank accounts for the indicated purpose(s) and limitation(s) have been authorized by the Board of Trustees of the School at the indicated Federal Deposit Insurance Corporation (FDIC) or Depository Insurance Fund of Massachusetts (DIFM) insured banks:

	Name of Bank	Purpose/Limitation of Account
	Eastern Bank	Savings and Checking
Accounts/Unlimited (FDIC/DIFM)	Foxboro Federal	One Local Savings/\$250,000
(FDIC)	Rockland Money Market (Parent Payment)	

403 Petty Cash Payments

A. Currently, no Petty Cash ~~account exists~~ accounts exist. However, in the event that a Petty Cash account is ever put into place, ~~the following~~ procedures shall be instituted. Petty Cash payments shall be made from a fund not to exceed \$150, and should be for cash advances, local expense ~~reimbursement~~ reimbursement, and small-dollar vendor purchases, provided proper documentation is furnished with each request. No individual payment shall be greater than \$75.

B. ~~The Petty Cash account shall be balanced on a monthly basis by the Petty Cash custodian. The replenishment check is made out to “(Custodian’s name) Petty Cash Custodian” on an as needed basis.~~

404 *Criteria for Capitalizing and Depreciating for Property and Equipment*

All tangible personal property with a useful life equal to or more than three years and a unit acquisition cost of \$58,000 or more is capitalized and recorded in the statement of net assets. Depreciation associated with the fixed asset will be calculated based on its useful life and straight-line depreciation method. The depreciation expense will be recorded in the statement of revenues, expenses, and changes in net assets.

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405 *Impairment of Assets*

A recognized impairment of an asset is reflected when circumstances warrant. The appropriate adjustment is made for any impaired assets, accompanied by a description of the impaired asset and the measurement assumptions used in determining the impairment. All impairments shall be reported to the Board of Trustees for approval of the adjustment to the fixed asset subsidiary ledger.

406 *Betterments*

Expenditures for significant betterments of existing leased/owned properties are recorded in fixed assets at cost. Maintenance and repairs are expensed as incurred. Depreciation associated with the betterment will be calculated based on its useful life and straight-line depreciation method. The depreciation expense will be recorded in the statement of revenues, expenses, and changes in net assets.

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407 ***Liabilities***

Economic obligations that are recognized and measured in conformity with generally accepted accounting principles. Liabilities also include certain deferred amounts that are not obligated, but are recognized and measured in conformity with generally accepted accounting principles. The following sections describe policies related to the recognition of liabilities.

408 ***Accounts Payable***

Only valid accounts payable transactions based on documented vendor invoices, receiving reports, or other approved documentation are recorded as accounts payable.

409 ***Accounts Payable Payment Policy***

Vendors and suppliers are paid after goods and/or services are delivered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis.

410 ***Accrued Liabilities***

Salaries, wages earned, and payroll taxes, together with professional fees, rent, and insurance costs incurred, but unpaid, are reflected as a liability when entitlement to payment occurs.

411 ***Liability for Compensated Absences***

A.

Compensated absences arise from employees' absences from employment due to vacation leave or other school-designated circumstances. When the Foxborough Regional Charter School expects to pay an employee for such compensated absences, a liability for the estimated probable future payments is accrued if all of the following conditions are met:

- i 1. The employee's right to receive compensation for the future absences is attributable to services already performed by the employee.
- ii 2. The employee's right to receive the compensation for the future absences is vested or accumulates.
- iii 3. It is probable that the compensation will be paid.
- iv 4. The amount of compensation is reasonably estimable.

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- B.
B. Compensated absences not required to be paid upon employee termination are only recorded when paid.

412. *Accrued Teachers' Salary*

~~The Teachers who are compensated over a 12-month period but earn their salary and benefits based on the school year (August XX to June XX) will have their earned compensation accrued for at the end of the fiscal year. Specifically, any portion of any teachers' salaries and benefits attributable to services rendered in the current fiscal year but paid for a school year that extends into the next in the subsequent fiscal year (e.g., a twelve-month salary schedule from August 16th to August 15th of the following year) shall be accrued at the end of the fiscal year for which services were rendered. at fiscal year-end.~~

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413. Debt

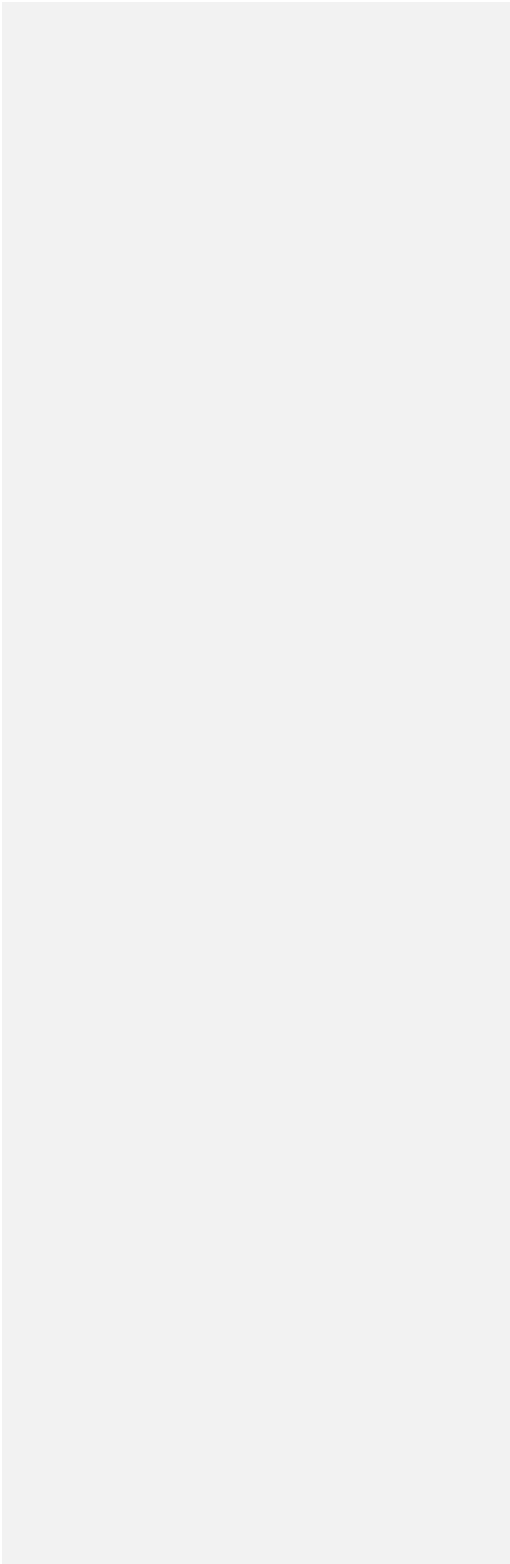
- A. When applicable, short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements. Long-term debt consists of financing that is not expected to be repaid within one year.
- B. All short-term and long-term debt is approved by the Board of Trustees and may not exceed the duration of the charter without the consent of the Board of Education.
- C. Loan agreements approved by the Board of Trustees should be in writing and should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.

414. Net Assets

Net assets are recorded in accordance with generally accepted accounting principles applicable to special purpose governmental units. Net assets include the following:

- A. Unrestricted
- B. Restricted
- C. Investment in Capital Assets, net of related debt

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500 **COST ACCOUNTING POLICIES**

501 ***Consistency in Cost Accounting***

Practices used by the Foxborough Regional Charter School in estimating costs in grant/contract proposals shall be consistent with its accounting practices used in accumulating and reporting costs. Accounting practices used by the Foxborough Regional Charter School in accumulating and reporting actual costs shall be consistent with its practices used in estimating costs in its grant and contract proposals.

502 ***Unallowable Costs***

Costs expressly unallowable or mutually agreed to be unallowable, shall be identified in separate general ledger accounts and excluded from billings to a grant or contract with the respective funding source. Available guidance includes, but is not limited to, OMB Circular A-87 - *Cost Principles for State, Local and Indian Tribal Governments*, OMB Circular A-102 - *Grant and Cooperative Agreements with State and Local Governments*, OMB Circular A-133 - *Audits of State and Local Governments and Nonprofit Organizations*.

503 ***Separate Records of Unallowable Costs***

The Foxborough Regional Charter School shall maintain separate records of all expressly and mutually agreed upon unallowable costs.

504 ***Cost Accounting Period***

The fiscal year of the Foxborough Regional Charter School shall be July 1st through June 30th. The same accounting period is used for all adjusting entries and accruals.

505 ***Gain or Loss on Disposition of Assets***

Gains and losses from the sale or other ~~disposition~~[disposition](#) of property shall be recorded as revenue in the year in which they occur, and shall be reflected as such on the *Statement of Revenue, Expenditures, and Changes in Net Assets*.

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600 **PROPERTY MANAGEMENT POLICIES**

601 ***Property and Equipment***

The Foxborough Regional Charter School shall maintain detailed records of all government-furnished property and equipment, with an identification and segregation of property and equipment acquired through government contracts.

602 ***Identification of Property***

The Foxborough Regional Charter School shall tag ~~all~~ property upon receipt and shall assign an identification number to the property and all applicable documents.

603 ***Recording and Reporting of Property***

A. The Foxborough Regional Charter School shall maintain a log identifying all property~~fixed assets~~ in its possession, as follows:

1. 1. Name and description
2. 2. Serial number, model number, or other identification when possible
3. Whether title vests with the Foxborough Regional Charter School or a governmental entity
3. 4. Vendor name, acquisition date, and cost
5. ~~Location and condition of the equipment~~
4. 6. Ultimate disposition data, including date of disposal and sales price or method of disposal

604 ~~***Physical Inventories***~~

A. ~~The Foxborough Regional Charter School shall perform a physical inventory of all property in its possession or control on an annual basis.~~

B. ~~The physical inventory records shall include at a minimum each asset, the related control number, location, and a brief description of its condition.~~

C. ~~The physical inventory shall be reconciled to the detailed fixed asset subsidiary ledger, and differences, if any, shall be investigated and reconciled.~~

605 ***Disposal of Property and Equipment***

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A. No item of property or equipment shall be removed from the premises without prior approval from the [Executive Director](#), Director of Finance and/or the Board of Trustees.

[B.](#)

The Foxborough Regional Charter School has adopted standard disposition procedures for the school staff to follow, which include an *Asset Disposal Form*, which identifies the asset, the reason for disposition, and signature of the requester. The form also allows for an identification of the asset's book value, condition of the asset, and supervisory approval or denial.

[C.](#)

When ~~property~~the [fixed asset](#) is retired, the appropriate asset in the fixed asset subsidiary shall be adjusted and properly reflected in the general ledger.

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700 PROCUREMENT POLICIES

701 Procurement – Goods and Services

The Foxborough Regional Charter School shall procure only those items and services that are required in order to perform the mission and/or fill a bona fide need. The Foxborough Regional Charter School is required to designate a procurement officer who must participate in the public purchasing official certification program conducted by the Office of the Inspector General.

Procurements shall be made using best value contracting which includes assessing the best value considering quality, performance and price. MGL, Chapter 30B is not required to be followed by Commonwealth Charter Schools, based on DOE *Technical Advisory 98-1: Procurement Guidelines for Commonwealth Charter Schools*. However, the school shall use a competitive procurement process, which requires sound business practices for purchases of less than \$510,000. The school will also select the best value by obtaining three written quotes for items greater than \$510,000 and less than \$2550,000. Finally, a formal bid process will be used for items greater than \$2550,000+, in which bids will be received and evaluated using a formal evaluation process. The School shall adhere to the following objectives:

A. The School shall adhere to the following objectives:

1. Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable related considerations such as delivery, quantity, etc.
2. Make all purchases in the best interests of the school and its funding sources.
3. Obtain quality supplies/services needed for delivery at the time and place required.
4. Buy from responsible and dependable sources of supply.
5. Obtain maximum value for all expenditures.
6. Deal fairly and impartially with all vendors.
7. 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 Foxborough Regional Charter School supplier relationships.

A. B. The Foxborough Regional Charter School shall execute a Purchase Order for all purchases and it. Purchases over \$5,000 shall be approved by the Division Director, the Executive Director or Division Director, and the Director of Finance.

B. C. All lease agreements shall be evidenced by a lease or sublease agreement approved by the Board of Trustees and signed by the Executive Director. The agreement will identify all 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, §40J and Board approval.

D. Only the following personnel are authorized to sign Contracts and/or Agreements on behalf of the School under the following circumstances:

1. Executive Director — may sign any contract and/or agreement.
2. Deputy Director — may sign contracts and/or agreements directly related to Education activities, such as Field Trips, Assurances/
Grants and Special Education needs.
3. Director of Operations — may sign contracts and/or agreements directly related to Facilities, Food Service, Technology and Building Utilities.

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~~4. Director of Outreach & Development—may sign contracts and/or agreements directly related to the Foundation.~~

~~5. Director of Finance—may sign contracts and/or agreements directly related to School Insurances; Credit Applications; Student Council purchases and any other business related contracts and/or agreements.~~

~~Copies of all contracts and/or agreements must be forwarded to the Business Office, where they will be maintained.~~

702 Emergency Purchases

An “emergency purchase” is the purchase of goods or services that are so badly needed that the school will suffer financial or operational damage if they are not secured immediately. A decision to purchase may be declared in an emergency at the school’s discretion and “best value” procurement guidelines must be followed. In addition, the purchase must be authorized by the Treasurer or the Chairperson of the Board of Trustees.

703 Procurement – Construction

The School is required to comply with certain laws while constructing a new facility or performing construction on its current facility. These laws include numerous federal and state laws inclusive of the Commonwealth’s public bidding and prevailing wage laws. When undertaking construction or renovation projects, the school shall seek advice from the Commonwealth of Massachusetts Office of the Attorney General and the Commonwealth of Massachusetts Division of Occupational Safety regarding the applicability of these laws and also the advice of legal counsel regarding the specific construction project.

Public Bidding Laws - This law applies to the “construction, reconstruction, installation, demolition, maintenance or repair of any building by a public agency estimated to cost more than \$25,000” (M.G.L. c. 149, § 44A(2)). Charter Schools are considered public agencies under the statutes of the Commonwealth.

Prevailing Wage Statute - This law requires payment of a minimum hourly wage rate for certain classifications of labor performed on state and local construction projects. (M.G.L. c. 149, §§ ~~26-27D~~2627D). The Division of Occupational Safety issues prevailing wage schedules for construction ~~projects~~pro/kyjects covered by the prevailing wage statute and determines whether the prevailing wage statute applies to certain construction projects.

704 Procurement – Educational Services

The Commonwealth of Massachusetts Board of Education must approve the terms of the contracts with individuals or organizations that provide “substantially all educational services” (M.G.L. 71, §89(j)(5)). These contracts are not valid or in effect prior to receiving final approval from the Board of Education.

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800 PAYROLL AND TRAVEL POLICIES

801 Payroll Policies

- A. Employee Types/Schedules:
 - 1. Year-Round Employees are paid on a 12-month, semi-monthly schedule from July 1st to the following June 30th.
 - 2. School Year Instructional Employees are paid on a 12-month, semi-monthly schedule from August 16th to the following August 15th. (Also see *Section 412: Accrued Teachers' Salary*.)
 - 3. School Year Non-Instructional Employees are paid on a 10-month semi-monthly schedule from late August to late June.
- B. Employee's time is properly approved by both the individual and the supervisor and reported to the Business Office.
- C. All employee payroll amounts are calculated based upon approved rates included in the ~~individual's~~ individual personnel file.
- D. Any changes to the pay rates or benefits are properly authorized.
- E. All payroll taxes—including MTRS deductions—and benefits, are properly calculated and any deposits made in a timely manner.
- F. Payroll liabilities and expenses are recorded in the general ledger by the Director of Finance after review and approval of the payroll register.
- G. All payroll tax reports are prepared by Harpers Payroll and reviewed by a designated individual.

802 Employee Mileage Reimbursement

- ~~A.~~
- A. All employees are reimbursed at ~~45~~state rate per mile, as established annually by the Board of Trustees during the annual budget process for use of their own vehicle for business-related travel. In addition, parking fees and tolls paid are reimbursable if properly supported.
- ~~B.~~
- B. All employees requesting such mileage reimbursement are required to furnish a *Travel Report* containing the destination of each trip, its purpose and the miles driven, parking fees and tolls, within one month after the travel date. Each employee is responsible for detailing the travel and related expenses and including the required supporting documentation.
- ~~C.~~
- C. The travel report must be signed by the employee and approved by their direct supervisor.

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900. ~~CONSULTANTS AND CONTRACTORS~~ CONTRACTORS' POLICIES

901. *Consultant Utilization*

The utilization of all consultants and contract personnel shall be sufficiently evidenced by:

A.

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.

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

C.

C. The use of a management contract for educational and administrative services will clearly identify the contractor's performance requirements, including students' academic achievement, contractor's compensation and the Foxborough Regional Charter School's rights to educational curricula and intellectual property developed. If the contract provides substantially all educational services, then the contract will be approved by the Commonwealth of Massachusetts Board of Education prior to signature by the Foxborough Regional Charter School. (Also see *Section 704: Procurement – Educational Services.*)

902. *Independent Contractors*

The use of consultants shall be closely monitored so as not to vary from the rules of the Internal Revenue Code and M.G.L Chapter 193. In particular, consultants will:

A.

A. Be free from the employer's control and direction in performing the service, both under a contract and in fact.

B.

B. Provide a service that is outside the employer's usual course of business.

C.

C. Must be engaged in an independent trade, occupation, profession, or business of the same type.

D.

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

E.

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E. Not be assigned a permanent workstation.

F.

E. Use his or her own stationery or time sheet in billing for services.

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PART II – PROCEDURES

The following section provides the procedures which will support the policies contained in Part I of this document.

1100 — GENERAL ACCOUNTING PROCEDURES

In this section, procedures are described for the overall accounting system design, General Ledger activity and General Ledger closeout for the Foxborough Regional Charter School.

1101 — Overall Accounting System Design

Control Objective

— To establish a coding structure that supports financial reporting and ~~management's~~management decision-making.

Major Controls

A. — A. — Director of Finance Involved in Designing the Chart of Accounts/Coding Structure

— To support decision-making, the Director of Finance, along with assistance from additional resources, including the Board of Trustees, management, and outside consultants, shall be involved from the outset in setting the chart of accounts/coding ~~structure~~structure. The coding generally follows a thirteen-digit general ledger account number with funding, division, object and grant/program designations. An example of the chart of accounts structure is included in *Appendix A*.

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B. ~~_____~~ **B. Establishment of Control Accounts**

~~_____~~ Control accounts for fixed assets, accounts receivable and accounts payable shall be established with subsidiary detail listings and will be reconciled monthly to these control accounts.

C. ~~_____~~ **C. Use of Contra Accounts**

~~_____~~ If necessary, the accounting structure shall provide for offsetting contra accounts (e.g. an allowance for doubtful accounts, accumulated depreciation) to adjust historical cost to current levels for financial reporting purposes.

D. ~~_____~~ **D. Segregation of Unallowable Costs**

~~_____~~ Accounts shall be established to capture and segregate unallowable costs.

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1102 — General Ledger Activity

Control Objective

_____ To ensure that all General Ledger entries are current, accurate, and complete.

Major Controls

A. — Timeliness of Entries

_____ All entries shall be made soon after the underlying accounting event to ensure the financial records and reporting ~~is~~are current.

B. — Support Documentation

_____ All entries shall be supported by adequate documentation that clearly indicates the justification and authorization for the transaction.

C. — Audit Trail

_____ A complete audit trail shall be maintained by the use of reference codes, from source documentation through the books of original entry and general ledger, to periodic reporting statements.

Procedures

1. Financial data on source documentation shall be verified against original documents (e.g., invoice, purchase order, etc.) by the Business Office before entering ~~into~~in the accounting system.
2. Each entry in the accounting system shall be reviewed and approved by the Director of Finance: ~~or~~designee.
3. Provisions shall be made for using recurring General Journal entries for certain transactions, such as recording the monthly portion of prepaid insurance.
4. _____ Non-recurring entries, such as for correcting entries, recording accruals, and recording non-cash transactions, shall be prepared as circumstances warrant and on an as needed basis.
5. _____ All entries in the books of original entry (e.g., cash receipts journal and disbursements) shall be made soon after the accounting event from authorized forms; and are prepared and reviewed by qualified accounting personnel.
6. All General Journal entries shall be supported by General Journal Vouchers that have supporting documentation attached; and are approved by the Director of Finance.

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1103 General Ledger Close-Out

Control Objective

To ensure the accuracy of financial records and reports.

Major Controls

A. Trial Balance

Monthly, a trial balance shall be prepared to ensure the accuracy of the general ledger account balances.

B. Reconciliation of General Ledger Control Accounts with Subsidiary Ledgers

Reconciliations shall be prepared on a monthly basis.

Procedures

1. At the end of each month, a trial balance of all general ledger accounts shall be prepared by the Director of Finance.
2. Reconciliation between the general ledger control accounts and the subsidiary ledgers shall be completed by the Director of Finance or designee.
3. At fiscal year-end and after the annual audit, all income and expense accounts shall be closed out, and the general ledger balances shall agree with the audited financial statements.

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1200 CASH MANAGEMENT PROCEDURES

In this section, procedures are described for cash receipts, cash disbursements, and petty cash funds and prepaid items.

1201 Cash Receipts

Control Objective

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

Major Controls

A. Cash Flow Projection

The Foxborough Regional Charter School shall annually prepare and update monthly a cash flow projection for operations and capital cash needs in order to monitor and ensure adequate cash flow.

B. Cash Receipts Policies

The Foxborough Regional Charter School shall have internal control systems in place to monitor cash receipts, and to ensure that deposits are made in a timely manner. The school shall also use electronic fund transfers to accelerate deposits.

C. Internal Accounting Controls

- (i) ~~(i)~~ Distribution of mail shall be assigned to an employee with responsibilities independent of access to files or documents pertaining to accounts receivable or cash accounts. Any mail not addressed to an individual or department shall be forwarded to the Business Office to be opened ~~thereby the Director of Finance~~ and redirected as necessary.
- (ii) Listed receipts and credits shall be compared to the accounts receivable and bank deposits.
- (iii) General Ledger control accounts shall be reconciled with the Accounts Receivable Subsidiary Ledger.

Procedures

1. All mail not addressed to a specific department or individual shall be opened only by the Director of Finance, Business Office ~~who~~ sorts the mail, invoices, checks, etc. and forwards them where applicable.
2. All checks shall be restrictively endorsed immediately by the Business Office, or applicable division.
3. The Director of Finance shall prepare all journal entries. The ~~Staff Accountant~~ Business Office shall prepare deposit slips.
4. A copy of each check to be deposited shall be made and attached to a copy of the deposit slip and filed to provide support for all deposits.
5. The Director of Finance shall review and sign off on all journal entries.
6. The ~~Director of Finance~~ accountant or designee shall input all journal entries.

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7. ~~Either the Staff Accountant, if applicable, or the Director of Finance~~The Business Office shall make deposits ~~on a~~ daily or no later than on a weekly basis. If deposits are made other than daily, the deposits shall be maintained in a secure area with limited access.
8. The ~~Director of Finance~~accountant shall perform reconciliation of cash receipts to deposit slips and bank statements on a monthly basis.

1202 ~~_____~~ Cash Disbursements

Control Objective

~~_____~~ To disburse cash for authorized purposes and record cash disbursements completely and accurately.

Major Controls

~~A. _____~~ A. _____ Cash Disbursement Policies

~~_____~~ Check preparation and signatures shall be delayed until the due date, consistent with discounts, if available.

~~B. _____~~ B. _____ Internal Accounting Controls

- (i) Checks shall be pre-numbered and printed on special check protective paper.
- (ii) The ~~Director of Finance or the Staff Accountant, if applicable~~Business Office shall match disbursement records against accounts payable/open invoice files on a monthly basis.
- (iii) Bank statements shall be reconciled to cash accounts and any outstanding checks verified by either ~~the Director of Finance or the Staff Accountant~~ or designee, if applicable on a monthly basis.
- (iv) Supporting documentation shall be provided by ~~to~~ the Director of Finance for all canceled invoices to prevent resubmission for payment.
- (v) The Director of Finance shall perform a detailed comparison of actual vs. budget disbursements on a periodic basis.
- (vi) Separation of duties shall be accomplished to the extent possible for an organization the size of the school.

Procedures

1. ~~All invoices submitted for signature will include approvals for payment, expense account(s) charged, grant account(s) charged, if applicable, check number and date of payment.~~
- ~~1.2.~~ When the transaction is complete and payment is due, a pre-numbered check is prepared by the Director of Finance ~~who, the business office~~ attaches all supporting documentation: (e.g. vendor invoice, purchase order, purchase requisition, etc.) ~~and submits the package to the Executive Director or the Treasurer for approval.~~
- ~~2. All invoices submitted for signature will include approvals for payment, expense account(s) charged, grant account(s) charged, if applicable, check number and date of payment.~~
3. The ~~Executive Director~~ of Finance and one of the designated Directors signs checks, after ~~examining the~~ supporting documentation: ~~has been examined.~~

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4. After having been signed, the checks shall be mailed directly to the payee by the business office [assistant.](#)
5. All supporting documents shall be attached to a section of the issued check.
6. On a monthly basis, cash disbursement records shall be matched against accounts payable/open invoice files for any discrepancies.
7. Bank statements shall be reconciled soon after [receiving](#) receipt by the [Director of Finance Accountant.](#)

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1203 *Prepaid Items*

Control Objective

To ensure proper accounting for prepaid expenses.

Major Controls

Internal Accounting Controls

- (i) ~~Preparation and updating of an amortization schedule to reflect the incurring of expenses for prepaid items (e.g., prepaid insurance).~~
- (ii) Detailed prepaid expenses reconciled with the general ledger control account.

Procedures

1. Vendor invoices shall be reviewed by the Director of Finance or designee to identify all required prepayments.
2. ~~For payment of prepaid items, the transaction shall be coded to reflect the appropriate portion of the payment representing the prepaid portion.~~
3. ~~An amortization schedule shall be prepared to reflect the incurring of an expense for of prepaid items.~~
4. A standard journal entry shall be prepared by the ~~Director of Finance~~ accountant, if applicable to record the monthly expense. Approved by the Director of Finance or designee.
5. A reconciliation shall be performed ~~on a monthly basis~~ between the subsidiary ledger and the prepaid expense General Ledger control account.

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1300 GRANTS MANAGEMENT PROCEDURES

In this section, the procedures are described that cover revenue recognition and invoicing, billing, accounts and contributions receivable.

1301 ~~Revenue Recognition and Invoicing~~

Control Objective

To ensure that grant and contract billings are adequately supported, recorded on a timely basis, and reflect the terms and conditions of the grant or contract.

Major Controls

A. Invoicing Draw Down Policy

~~Invoices~~ Grant Draw Downs shall be prepared based on contract agreement dates.

B. Invoice Format

~~Invoice formats shall vary depending on the funding source.~~

C. Segregation of Unallowable Costs

Accounts shall be maintained for explicitly unallowable costs.

C. Internal Accounting Controls

- (i) ~~(i)~~ Verification of services ~~shall~~ will be performed before ~~invoicedraw~~ down processing.
- (ii) ~~(ii)~~ A reconciliation of expenditures incurred ~~or units billed to invoices~~ shall be prepared.
- (iii) ~~(iii)~~ Control of revenue shall be achieved with the use of General Ledger control accounts.
- (iv) Separation of duties between the preparation of the ~~invoicedraw down~~ and its review and approval shall be to the extent possible for an organization the size of the school.

Procedures

1. ~~1.~~ On a monthly basis, program costs, or an electronic spreadsheet noting total units served, shall be reviewed by the Director of Finance ~~or designee~~ and recorded on ~~an invoice~~ format prescribed by the funding source. Unallowable or unbillable costs shall be excluded from ~~the costs claimed costs.~~
2. The invoice/~~draw down~~ is entered in ~~the Grants Receivable ledger, which, depending on the accounting software, should automatically prepare an entry to record the corresponding revenue.~~ GEMS.
3. Arithmetic extensions are verified, and ~~invoicedrawdowns~~ shall be reviewed for accuracy and completeness by the Director of Finance ~~and signed by the Executive Director.~~
4. ~~Invoices shall be mailed to the funding source by the Director of Finance.~~
- 5.4. Copies of ~~invoicedrawdowns~~ and supporting documents shall be filed by funding source.

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1302 ~~_____~~ **Grants Receivable**

Control Objective

~~_____~~ To ensure the accuracy, completeness, and timeliness of accounts receivable balances and collection.

Major Controls

~~A. _____~~ ~~A. _____~~ **Separation of Duties**

~~_____~~ To the extent possible, the responsibility for posting invoices shall be kept separate from those with responsibilities for cash ~~functions-functions.~~

~~B. _____~~ ~~B. _____~~ **Use of Control Accounts**

~~_____~~ A General Ledger control account shall be reconciled to individual receivable balances within the Grants Receivable subsidiary ledger.

Procedures

1. Payments and other adjustments shall be posted to the Grants Receivable subsidiary ledger.
2. The Grants Receivable subsidiary ledger shall be reconciled to the General Ledger control account on a monthly basis.
3. Any Grants Receivable balance greater than 90 days old shall be followed up and investigated.
4. A final report shall be submitted to the respective funding source after the end of the project period.

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1400 PAYROLL PROCEDURES

Payroll procedures shall be organized under six categories: personnel ~~requirements~~requirements, personnel data, timekeeping, and preparation of payroll, payroll payment, and payroll withholdings.

1401 ~~Personnel~~ Personnel Requirements

Control Objective

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

Major Controls

Payroll Policies

- The School shall adopt payroll policies for installing new employees on the payroll system and removing terminated employees from the system, as well as monitoring vacation, personal and sick pay.

Procedures

New Employees

1. ~~1.~~ Requests for new employees shall be initiated by the Executive Director and compared with the approved annual personnel budget.
2. ~~2.~~ An *Employee Information Form* shall be initiated when hiring a new employee. Included on this form shall be the job description, approved pay rate, and grant funding, if any. Information on this form shall be reviewed by the Director of Human Resources Manager and Director of Finance and communicated to the outside payroll service provider.
3. ~~3.~~ New employees shall submit a copy of their resume to the Human Resources Department in person or via the website ~~www.schoolspring.com~~ website ~~www.schoolspring.com~~.
4. ~~4.~~ New employees shall complete an *IRS W-4 Form and other required new hire documentation*.
5. ~~5.~~ A CORI (Criminal Offender Record Information) background check shall be conducted on all new employees and their CORI reports shall be placed in their employment files.

Vacation and Sick Pay

1. ~~1.~~ Employees shall accrue vacation time based on the personnel policy of the Foxborough Regional Charter School.
2. ~~2.~~ Employees shall be required to provide at least two weeks advanced notice to supervisors for a vacation request.
3. ~~3.~~ Regular part-time employees shall earn vacation time on a pro-rata bases based upon the personnel policy of the Foxborough Regional Charter School.
4. ~~4.~~ Employees' earned vacation balances ~~shall be adjusted~~are accrued monthly to reflect vacation time earned and taken and these records shall be reviewed by the Foxborough Regional Charter School ~~Executive Director~~Payroll Manager on a monthly basis.

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5. Sick leave taken shall be monitored against each employee's available sick time on an electronic spreadsheet and these records shall be reviewed by the ~~Foxborough Regional Charter School Executive Director~~ Payroll Manager on a monthly basis.
6. ~~Before vacation time is paid, a Leave Request Form shall be to be prepared by the employee, which shall be reviewed and approved by the Director of Finance.~~
7. ~~6.~~ The ~~Staff Accountant~~ Payroll Manager or Director of Finance or Human Resources Manager shall monitor vacation and sick time by ~~maintaining a log for each individual reviewing the attendance system~~.
8. ~~7.~~ A General Journal entry shall be prepared at year-end to record the accrued vacation liability.
9. ~~8.~~ Unused vacation time shall be based on the personnel policy of the Foxborough Regional Charter School.

Terminations

1. ~~1.~~ For each terminated employee, an *Employee Information Form* documenting the termination shall be completed and routed to the Business Office for benefits and payroll processing.
2. ~~2.~~ The approved *Employee Information Form* shall be communicated to the payroll service provider for updating of payroll data, including the effects on the fringe benefits including health, dental, pension, COBRA, etc.
3. ~~3.~~ The approved *Employee Information Form* shall be maintained in the ~~terminated~~ terminated employee's personnel file.

1402 ~~Personnel Data~~

Control Objective

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

Major Controls

Internal Accounting Controls

- (i) ~~(i)~~ A precise paper trail covering all transactions shall be kept.
- (ii) ~~(ii)~~ Changes in personnel data shall be approved by responsible officials.
- (iii) ~~(iii)~~ Separate payroll and personnel files shall be periodically reviewed and reconciled.

Procedures

1. Changes to personnel data shall be initiated with an *Employee Information Form* when making changes in new hires, terminations, pay rate changes, or payroll deductions.
2. The Director of Finance or the Executive Director shall authorize any change to payroll data.
3. Authorized changes shall be communicated to the payroll service provider and other relevant benefits providers where there is an effect on the fringe benefits.
4. A copy of the *Employee Information Form* shall be retained in the employee's personnel file.

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1403 Timekeeping

Control Objective

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

Major Controls

A. ~~A.~~ Timekeeping Policies

- _____ Employees shall be instructed on the proper charging of time to assure the accuracy of recorded time to cost objectives.

B. ~~B.~~ Time Sheet

- _____ Labor hours shall be accurately recorded electronically and any corrections to timekeeping records, including the appropriate ~~authorizations~~authorizations and approvals, shall be documented.

C. ~~C.~~ Internal Reviews

- _____ The ~~School's~~school's supervisory personnel shall monitor the overall integrity of timekeeping.

D. ~~D.~~ Internal Accounting Controls

- _____ A. ~~A.~~ reconciliation of the hours charged on time sheets to attendance records shall be completed by the ~~Director of Finance~~ Payroll Manager on a monthly basis.

Procedures

~~1.~~ Time Sheet Preparation

- _____ ~~1.~~ Hourly and salary employees shall prepare time sheets and/or leave forms using the Time & Attendance system.
- _____ ~~2.~~ In preparing time sheets, employees shall:
 - _____ (i) Enter hours, time off request, sick or personal or vacation time in the Time & Attendance system
 - _____ (ii) Supervisor will approval

All timesheets are electronic and hourly staff clock in and out daily. Time off is documented in Frontline by requesting time off and approved by their manager. Time off is imported into time and attendance and becomes a permanent record in their timesheet.

Electronic timesheets are approved by the manager of the department and processed by Payroll.

Reconciliation of Payroll to Time Sheets

- _____ ~~1.~~ The hours shown on time sheets shall be reconciled to the hours recorded on the Payroll Register by the Director of Finance for each time sheet period.

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1404 Preparation of Payroll

Control Objective

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

Major Controls

Internal Accounting Controls

- (i) ~~Time records or contracts shall be periodically reconciled with payroll records.~~
- (ii) ~~The responsibility for checking the accuracy of payroll calculations shall be separated from the responsibility for payroll preparation to the extent possible for the size of the School: school.~~

Procedures

- ~~1. All timesheets are electronic and approved by managers.~~
- ~~2. The total time recorded on time through Time & Attendance sheets and the number of employees shall be calculated by the Director of Finance payroll manager.~~
- ~~3. Recorded hours from the semi-monthly time sheets shall be accumulated by the Director of Finance and communicated imported to the payroll service provider and processed.~~
- ~~4. The payroll reports received from the payroll service provider (e.g., calculations, payrolls and payroll summaries) shall be compared with time sheets, pay rates, payroll deductions, compensated absences etc., by the payroll manager and by Director of Finance.~~
- ~~4. The Director of Finance shall verify gross pay and payroll deductions.~~
5. The total hours and number of employees shall be compared with the totals in the Payroll Register by the Director of Finance.
- ~~6. The Payroll Register shall be reviewed and approved by the Director of Finance prior to forwarding of the payroll checks to the Human Resource Manager for distribution.~~

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1405 Payroll Payment

Control Objective

- To ensure payment for salaries and wages by check, direct deposit, cash or other means shall be made only to employees entitled to receive payment.

Major Controls

- Internal Accounting Controls

- (i) ~~(i)~~ Pre-numbered checks shall be used and all check numbers shall be accounted for.
- (ii) ~~(ii)~~ A complete audit trail on all payroll checks and direct deposit with authorizing signatures at each juncture shall be maintained.

- Procedures

- ~~1. Checks and payroll register shall be forwarded to the Human Resource Manager for distribution.~~
- ~~2.1. Payroll All payroll payments by check, direct deposit or cash shall be distributed by the School for forwarding to employees and the payroll register shall be filed company.~~
- ~~3. The Director of Finance shall control and monitor all undelivered and un-cashed payroll checks, respectively.~~
- ~~4.2. The mileaThe bank account shall be reconciled monthly by Director of Finance the accountant.~~
- ~~5.3. The Executive Director of Finance reviews the semimonthlysemi-monthly payroll register.~~

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1406 Payroll Withholdings

Control Objective

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

Major Controls

A. ~~A.~~ Reconciliation of Payment and Payroll Withholdings

- Payroll withholdings shall be recorded in the appropriate General Ledger control accounts and reconciled with payments made to third parties: by the payroll manager.

B. ~~B.~~ Internal Accounting Controls

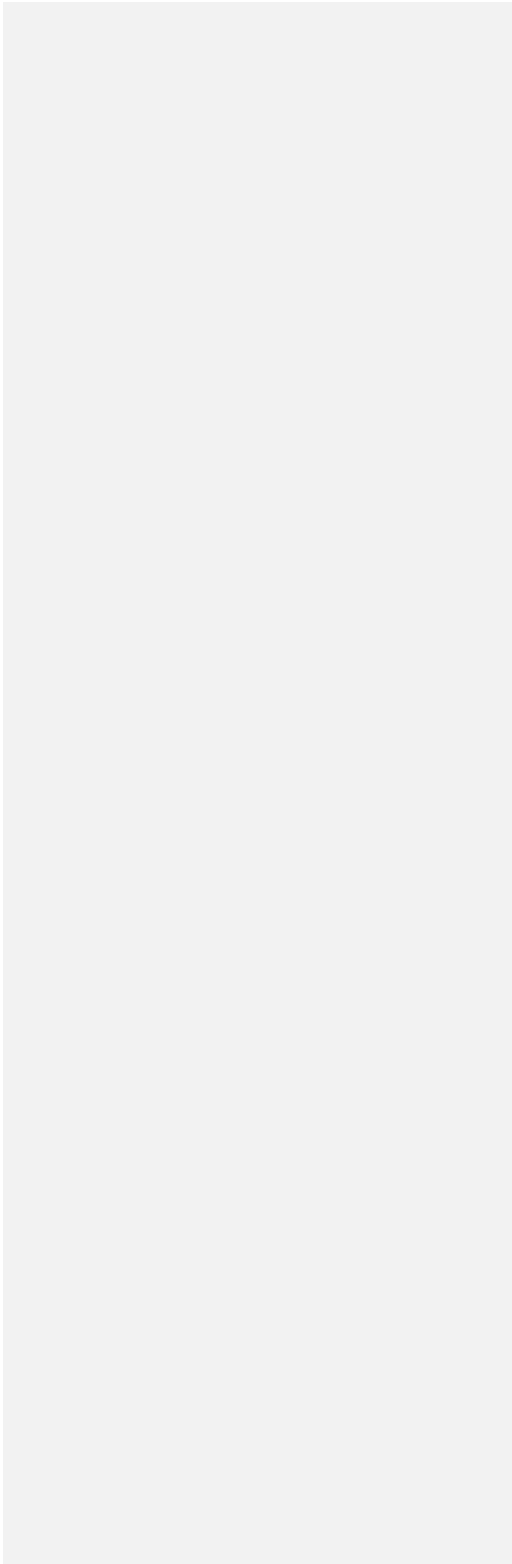
- The payroll service provider calculates payroll withholdings, which shall be reviewed and verified by the ~~Director of Finance~~ payroll manager.

Procedures

1. ~~1.~~ The payroll service provider calculates payroll withholdings—including MTRS deductions—for each employee. These shall be summarized by pay period and recorded in General Ledger.
2. ~~2.~~ Payments for payroll withholdings shall be reconciled with the amounts recorded in the General Ledger control accounts by the Director of Finance.
3. ~~3.~~ The Director of Finance shall review the accuracy and timeliness of payments made to third parties—including MTRS—for payroll withholdings.
4. Original withholding and benefit election forms, maintained in the employee file, shall be prepared by employees and reviewed and approved on a periodic basis by the Director of ~~Finance~~ Human Resources.
5. The ~~Director of Finance~~ Payroll Manager shall prepare and file the required MTRS reports ~~and~~ Payroll company files with the Internal Revenue Service and Commonwealth of Massachusetts payroll tax forms.

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1500. PROPERTY AND EQUIPMENT (P&E) PROCEDURES

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

1501—Property & Equipment 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

A. — ~~A.~~ — **P&E Acquisitions Tied to Budget**

All acquisitions of property and capital equipment shall either be designated in the approved budget, or subsequently approved by the Board of Trustees.

B. — ~~B.~~ — **P&E Acquisitions Based on Approved Requests**

Official approval shall be obtained before a P & E purchase is made. This is performed by reviewing the *Purchase Requisition Form* prepared for the item.

C. — ~~C.~~ — **Internal Accounting Controls**

Fixed asset acquisitions shall be reconciled with capital expenditure ~~authorizations~~ authorization by the Director of Finance ~~on a quarterly basis.~~

Procedures

1. — ~~1.~~ — Capital budget requests shall be submitted annually for review and approval by the Board of Trustees.
2. — ~~2.~~ — Authorization requests for the acquisition of fixed assets shall be reviewed against the capital budget and approved by the Director of Finance, Treasurer, or Executive Director.
3. Each item of property and equipment received shall be identified and tagged in a visible area on the asset.
4. A copy of the *Purchase Order* for capital expenditures shall be entered into the fixed assets subsidiary or comparable worksheet for proper identification of all fixed assets.
5. Information on each tagged asset shall be entered ~~in into~~ the fixed assets subsidiary or comparable worksheet.

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1502 Recordkeeping Over Property & Equipment

Control Objective

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

Major Controls

A. ~~A.~~ **Capitalization Policies**

- The ~~Sehoolschool~~ follows generally accepted accounting principles as applicable to special purpose business-type activity government entities. All fixed assets purchased shall be capitalized in the year of purchase, and recorded in the general ledger. The ~~Sehoolschool~~ follows the policy of capitalizing all fixed assets purchased greater than \$~~58~~,000 per unit.

B. ~~B.~~ **Fixed Asset Classification**

- Fixed assets shall be accounted for by the following classifications: land, building, equipment, ~~betterment, leasehold improvements, site improvement, classroom~~ equipment, furniture, and computer hardware and software.

C. ~~C.~~ **Complete Record of P&E Acquisition Costs**

- The fixed assets subsidiary ledger contains the full history of each capital asset acquired: original acquisition cost, and any costs incurred to prepare the asset for use.

Procedures

1. Asset acquisitions, transfers, and dispositions shall be entered in the fixed assets subsidiary ledger on a periodic basis.
2. The fixed assets subsidiary ledger shall be reconciled with the control account in the general ledger on a ~~monthly~~annual basis. Any differences shall be analyzed and resolved by the Director of Finance.

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1503 Depreciation

Procedures

The School capitalizes all fixed assets when acquired, and records the historical cost of these items in the general ledger. In accordance with generally accepted accounting principles as they relate to special purpose business-type activity, government entities, under GASB 34, depreciation expense must be recorded in the general ledger. The Foxborough Regional Charter School will use the straight-line method of depreciation over the assets useful life as determined as follow:

Computers	5 years
Office Equipment	5 years
Vehicles	5 years
Office Furniture	4 years
Leasehold Improvements	10 years or Useful life or life of lease, whichever is less
Building Improvements	30 years
Building	40 years
HVAC	20 years

Computers	5 years
Office Equipment	5 years
Vehicles	5 years
Office Furniture	4 years
Leasehold Improvements	10 years or Useful life or life of lease, whichever is less
Building Improvements	30 years
Building	40 years
HVAC	20 years
Software	3-4 years

1504 Inventory of Property & Equipment

Control Objective

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

Major Controls

Internal Accounting Controls

- (i) —(i)— All property and equipment assets shall be tagged when received.
- (ii)— Physical inventories shall be performed bi-annually.
- (iii)— Differences between physical inventories and amounts recorded in the control account shall be analyzed and reconciled monthly.

Procedures

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1. ~~1.~~—The Director of Finance shall prepare a printout of recorded fixed assets by asset classification.

2. ~~2.~~—An inventory of fixed assets shall be taken ~~bi~~-annually.

3. ~~3.~~—The inventory of fixed assets shall be compared to the amounts recorded in the general ledger control account. Differences shall be investigated and resolved by the Director of Finance monthly.

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1505 Disposal of Property & Equipment

Control Objective

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

Major Controls

A. Disposal Policies

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

B. Internal Accounting Controls

- (i) Use of fixed asset disposal authorization form is required.
- (ii) Disposal or transfer of fixed assets shall occur only with proper authorization.
- (iii) Periodic counts of fixed assets that is reconciled with the fixed assets recorded in the control account within the general ledger. Procedures

Procedures

1. A determination shall be made by the school personnel as to the usefulness of a fixed asset.
2. An *Asset Disposal Form*, including a description of the asset, purpose for disposal and methodology of disposal shall be prepared with proper written authorization from the Director of Finance.
3. The *Asset Disposal Form* shall be reviewed and signed by the Executive Director.
4. A copy of the final approved *Asset Disposal Form* shall be routed to the Director of Finance, who ~~enters~~ updates the dollar amount of the disposed fixed asset as a reduction in the fixed asset subsidiary ledger, and adjusts the control account in the general ledger module. The treatment of any proceeds from the disposition, and the recognition of any gain or loss on sale of the disposed asset, shall be recorded in the general ledger.

5 Technology-Specific Disposals:

For all technology-related fixed assets (e.g., laptops, desktops, tablets, servers, and similar equipment), the Tech Department is responsible for the physical disposal process. This includes ensuring that all data is securely wiped, licenses are addressed, and the device is properly disposed of in accordance with school policy and applicable data privacy regulations.

The *Asset Disposal Form* must still be completed, and disposal must be authorized by the Director of Finance and reviewed by the Executive Director as outlined above.

1506 Property & Equipment Acquired Through Government Grants/Contracts

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Control Objective

To assure that property and equipment are properly obtained, used, and managed during the performance of government grants or contracts.

Major Controls

A. ~~A.~~ **Record keeping**

_____ The Schools shall maintain detailed records on all property and equipment.

B. ~~B.~~ **Custody**

_____ All property and equipment, when not in use, shall be stored in a secure area.

C. ~~C.~~ **Inventory**

_____ All property and equipment shall be inventoried.

Procedures

1. ~~1.~~ All property and equipment acquired through government grants or contracts shall be assigned tag numbers and properly identified with this number in the fixed asset subsidiary ledger.

2. ~~2.~~ On a semi-annual basis, the Director of Finance shall take inventory of all property and equipment and shall ensure that fixed assets are being used for the purpose intended.

3. ~~3.~~ If necessary, the Schools shall obtain approval from the appropriate government agency for the disposition of property and equipment acquired through a government grant or contract, and the Director of Finance authorizes the disposition as described in the previous section.

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4. Disposals of technology-related assets acquired through government grants or contracts must follow the same procedure described in Section 1505, including review by the Tech Department for secure disposal. The Director of Finance remains responsible for authorizing the disposal and ensuring financial records are updated accordingly.

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1600 ACCOUNTS PAYABLE PROCEDURES

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

1601 Accounts Payable

Control Objective

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

Major Control

A. Reconciliation of Accounts Payable Records

Reconciliation of source data, subsidiary ledger totals, and general ledger control accounts shall be performed periodically to ascertain the accuracy of accounts payable entries.

B. Internal Reviews

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

Procedures

Voucher Preparation and Review of Voucher

1. Invoices shall be received by the Business Office.
2. Invoices shall be compared to the *Purchase Order* and the packing list.
3. Invoices shall be reviewed for:
 - (i) The nature, quality, and quantity of goods ordered and the related price
 - (ii) Accuracy of all arithmetic calculations and ~~extension~~extensions
 - (iii) Allowability of expenditure
 - (iv) Proper general ledger account and department coding
4. Invoices are then forwarded to the ~~Executive~~Director of Finance or designee for approval.
5. Once approved, invoices shall be input into the general ledger through the accounts payable subsidiary ledger after it is reviewed ~~by either the Staff Accountant or the Director of Finance.~~
6. Checks shall be printed on a weekly basis, and vendors shall be paid ~~in net~~ 30 days of their invoices, as recorded within the system. See Cash Disbursement section for issuing ~~of~~ checks.

Purchase Discounts

1. ~~1.~~ The Business Office shall establish all vendor accounts within the accounting system upon initial use of the vendor.
2. ~~2.~~ The Business Office shall review the invoice for any purchase discount date and ensures that the vendor file is established and properly ~~capturing~~captures any discounts allowed.

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Reconciliation of Accounts Payable Records

1. ~~1.~~ The total balance in the accounts payable subsidiary ledger shall be reconciled with the general ledger control account monthly.
2. ~~2.~~ Debit balances in the accounts payable subsidiary ledger shall be resolved appropriately (e.g., an offset against other amounts due the vendor, requesting payment from the vendor, etc.)

1602—Purchasing

Control Objective

To ensure that goods and services shall be acquired at fair and reasonable prices and the highest ethical standards of conduct shall be maintained in all relationships with vendors, suppliers, and subcontractors. Major

Controls

Major Controls

A. — A. — Purchase Requirements

_____ The ~~School~~school shall develop cost-effective and efficient purchase requirements in order to achieve full and open competition, meet delivery schedules, control inventory and ~~material~~material, and expedite purchases.

B. — B. — Required Competition

_____ The ~~School~~school shall utilize the following procurement guidelines:

_____ *Contracts under \$~~10,000~~10,000* - The school shall use sound business practices when procuring goods and services for amounts less than \$~~10,000~~10,000.

_____ *Contracts from \$~~10,000~~10,000 to \$~~50,000~~50,000* - The school shall seek price quotes from at least three vendors and shall award the contract to the responsible vendor offering the supply or service needed for the lowest price.

_____ *Contracts greater \$~~50,000~~50,000* - The school shall conduct a formal advertised competition using sealed bids or proposals. An award shall be offered to the qualified bidder who meets the School's specifications and offers the lowest price.

_____ *Construction contracts* – The school follows all state and federal guidelines inclusive of the Commonwealth's public bidding laws.

C. — C. — Selecting the Vendor

_____ The school shall select the most responsive and ~~responsible~~responsible vendor to provide the required materials and services, and shall promote competition in order to obtain fair and ~~reasonable~~reasonable prices.

D. — D. — Internal Accounting Controls

(i) ~~(i)~~ Approval by the Board of Trustees of purchases equal to or exceeding \$25,000 shall occur prior to contract/purchase order finalization.

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- (ii) ~~_____~~ (ii) All ~~unethieal~~unethical purchasing conduct shall be reported to management as required under the Foxborough Regional Charter School's *Fraud Detection and Mitigation Policy*. Upon completion of an investigation, management shall recover ~~restitution~~restitution for any gain resulting from such conduct.

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Procedures

Purchase Requirements

1. After approval of the annual budget, the Director of Finance shall review the school's needs to uncover patterns of orders and opportunities for clustering orders. This shall be done to achieve volume discounts.

Processing Purchase Orders

1. ~~1.~~ *Purchase Requisitions* shall be forwarded to the appropriate department's Administrative Assistant for processing.
2. ~~2.~~ The *Purchase Requisitions* shall include the following minimum requirements:
 - (i) A description of items ordered
 - (ii) A cost estimate including shipping & handling charges
 - (iii) The required delivery information
 - (iv) A statement of the nature and purpose of the procurement
3. ~~3.~~ The *Purchase Requisition* shall be used by the Administrative Assistant to generate a *Purchase Order* in ~~AccuFund~~. ~~Once entered, Accufund generates an electronic notification requiring a Director's approval and/or the approval of the Director of Finance and Executive Director.~~
4. ~~4.~~ AccuFund. ~~Once entered, Accufund generates an electronic notification requiring a director's approval and/or the approval of the Director of Finance and Executive Director.~~
4. Upon approval, *Purchase Orders* are then viewable in Accufund and may be printed/emailed to the vendor with a copy kept on file by the Administrative Assistant.

Obtaining Bids and Quotations

1. ~~1.~~ The Director of Finance shall request bids or quotations verbally on transactions not expected to exceed \$~~510~~,000, and in writing for transactions between \$~~510~~,000 and \$~~2550~~,000. Items greater than \$~~2550~~,000 shall require formal bid requests and evaluation before a *Purchase Order* is issued.
2. ~~2.~~ In evaluating bids received, the Procurement Officer shall perform and document in writing a cost or price analysis.

Negotiation and Award

1. ~~1.~~ Consistent with the school's goal of expanding opportunities for minority business enterprises, companies which are minority or women owned, to the extent they are available locally and qualified, shall be given an opportunity to bid on a procurement in the school's selection process.
2. Awards may be made to other than the low bidder in ~~circumstances~~ circumstances where the higher bid demonstrates best value contracting procedures to the school (can use MGL c.30B as a guide). In such situations, the Procurement Officer shall prepare a justification ~~statement~~ statement for such awards, furnishing a brief explanation of the factors leading to such a decision.

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1603 Expense Reimbursement

Control Objective

To ensure the Foxborough Regional Charter School shall pay only for properly authorized business expenses.

Major Controls

A. ~~A.~~ **Travel Policies**

~~_____~~ The ~~School~~school shall adopt policies on travel reimbursement.

B. ~~B.~~ **Employee Expense Reimbursement Documentation**

~~Employees shall obtain and furnish documentation for individual expenses. Reimbursements for amounts under \$10 should be held and submitted quarterly, within the quarter purchases were made, once the \$10 minimum is met. Submissions for items with receipts dated older than 90 days will not be reimbursed. Additionally, expenses must be reimbursed within the same fiscal year (July 1—June 30). FRCS's primary method of purchasing is through the purchase order process. Any item not going through that process must be pre-approved. Purchases that are not preapproved will not be reimbursed.~~

~~_____~~ C. ~~_____~~ Employees shall obtain and furnish documentation for individual expenses.

C. **Internal Accounting Controls**

(i) ~~_____~~ (i) ~~_____~~ Justification for travel shall only be approved by the Director of Finance and the Executive Director.

(ii) ~~_____~~ (ii) ~~_____~~ Documentation shall be provided for incurred reimbursable employee expenses.

(iii) ~~_____~~ (iii) ~~_____~~ Documentation and approval shall be required for all school credit card purchases.

Procedures _____

Expense Reimbursement

1. ~~_____~~ 1. ~~_____~~ Soon after traveling, but not exceeding 30 days, an employee who seeks reimbursement for authorized expenses shall complete a *Travel Report* detailing the expenses incurred and also attached supporting documentation.

2. ~~_____~~ 2. ~~_____~~ All credit card purchases shall be supported by previously approved invoices in order to be reimbursed.

3. ~~_____~~ 3. ~~_____~~ All employees' *Travel Reports* and associated invoices shall be directly reviewed and approved for payment by the Division Director, the Director of Finance and the Executive Director.

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1700. OTHER LIABILITIES PROCEDURES

This section describes procedures for recognizing and recording accrued liabilities and deferred revenue.

1701. ~~Accrued Liabilities~~

Control Objective

- ~~1.~~ To accurately control and record accrued liabilities.

Major Controls

A. ~~A.~~ **Maintaining an Accrual Register**

- ~~1.~~ The Foxborough Regional Charter School shall properly set up and monitor accrued liabilities and accrual accounts related to salaries and wages, vacation pay, and payroll taxes.

B. ~~B.~~ **Reconciliation of the Subsidiary Schedules with the General Ledger Control Account**

- ~~1.~~ On a periodic basis, the Director of Finance shall perform a reconciliation between the subsidiary schedule and the general ledger control account.

Procedures

1. ~~1.~~ An accrual subsidiary schedule shall be established and maintained by the Director of Finance for each type of accrual.
2. ~~2.~~ The school shall record all accruals at fiscal year end, or when determined necessary by the ~~Business Manager~~ Director of Finance.
3. A general journal entry shall be prepared at year-end to record all accruals only after they have been reviewed and approved by the Director of Finance.

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1702 Deferred Revenue

Control Objective

- To accurately control and record deferred revenue.

Major Controls

A. ~~A.~~ **Maintaining a subsidiary schedule of revenue deferred**

_____ The Foxborough Regional Charter School shall properly set up and monitor deferred revenue and properly record revenue in accordance with generally accepted accounting principles.

B. ~~B.~~ **Reconciliation of the Subsidiary Schedule with the General Ledger Control Account**

_____ On a periodic basis, the Director of Finance shall perform a reconciliation between the subsidiary schedule and the general ledger control account.

Procedures

1. A deferred revenue subsidiary schedule shall be established and maintained by the Director of Finance for each type or source of revenue for which the school receives advanced funding.
2. The Director of Finance shall determine the extent of revenue recognized and consequently the revenue deferred for all revenue sources for which the school receives advanced funding.
3. A general journal entry shall be prepared at year-end to record all deferred revenue only after the records have been reviewed and approved by the Director of Finance.

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1800_ MANAGEMENT REPORTING PROCEDURES

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

1801—Annual Budget

Control Objective

- The Foxborough Regional Charter School shall develop systems to effectively support the preparation of the annual budget and its periodic review.

Major Controls

A.—A.—**Budget Process**

- _____ The Finance Committee shall work with the Executive Director and Director of Finance to prepare the annual operating and capital budgets and the annual cash flow projection. The budgets and projections shall be submitted to the Board of Trustees for approval.

B.—B.—**Internal Accounting Controls**

- _____ Accuracy and completeness of the budgets and projection

Procedures

- 1.—1.—In preparation of the annual operating and capital budgets and cash flow projection, the Director of Finance shall prepare preliminary budgets and the projection for review by the Executive Director in consultation with the Finance Committee.
- 2.—2.—To support the budgets and projection estimates, the Director of Finance shall prepare current year-to-date financial data with projections of year-end totals.
- 3.—3.—The Executive Director and the Finance Committee shall review the budgets and projectionprojections submitted by the Director of Finance for completeness and reasonableness.
- 4.—4.—The Board of Trustees shall approve and adopt the final budgets and projections.
- 5.—5.—The adopted budget totals shall be entered ininto the general-ledgeraccounting system by the Director of Finance for the new fiscal year, in order to prepare budget to actual reports.

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1802 Financial Reporting

Control Objective

The Foxborough Regional Charter School shall develop systems to ensure the accuracy, completeness, and timeliness of financial reporting to support decision-making.

Major Controls

A. ~~A.~~ **Schedule**

_____ Monthly managerial reports shall be prepared based on a pre-determined schedule.

B. ~~B.~~ **Review and Approval**

_____ Financial reports shall be reviewed for accuracy and completeness.

C. ~~C.~~ **Audit**

_____ The annual financial statements of the school shall be audited by a certified public accounting firm.

Procedures

1. ~~1.~~ The Director of Finance shall prepare monthly budget vs. actual financial reports and ~~a cash flow projection~~ balance sheet report for all regular monthly Board of Trustees meetings.
2. ~~2.~~ The school shall submit to an annual audit of its financial statements by a qualified certified public accounting firm, in accordance with *Governmental Auditing Standards and the Massachusetts Charter School Audit Guide*.
3. ~~3.~~ The school shall submit the audited financial statements to the Office of the State Auditor and the Commonwealth of Massachusetts Department of Education Charter School Office by the January 1 statutory deadline.

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1803—Payroll Tax Compliance

Control Objective

—The Foxborough Regional Charter School shall develop systems to accurately prepare and file required tax documents on a timely basis.

Major Controls

A. —A.—Preparation

—The school shall obtain either a payroll service provider or in-house payroll software to assist in the preparation of periodic payroll tax filings.

B. —B.—Approval of Tax Returns

—Payroll tax documents shall be reviewed and approved by the Director of Finance.

Procedures

1. —1.—The ~~School~~school shall maintain a schedule of required filing due dates for at a minimum the following documents:

- (i) ~~(i)~~—IRS Form W-2 - Wage and Tax Statement.
- (ii) ~~(ii)~~—IRS Form W-3 - Transmittal of Income and Tax Statements.
- (iii) ~~(iii)~~—IRS Form 941 - Employer's Quarterly Federal Tax Return for Federal Income Tax Withheld from Wages and FICA Taxes.
- (iv) ~~(iv)~~—IRS Form 1099 MISC (also 1099-DIV, 1099-INT, 1099-OID) - U.S. Annual Information Return for Recipients of Miscellaneous Income.
- (v) Quarterly and annual state(s) unemployment tax return(s).
(Note: Charter schools are not required to pay Federal unemployment (FUTA) but are required to pay State Unemployment either by the contributory method or reimbursement method).
- (vi) ~~MTRS retirement deduction reporting~~
- (vi) ~~MTRS retirement deduction reporting~~

2. —2.—Before submission, all payroll tax documents, and the supporting schedules shall be reviewed and approved by the Director of Finance for accuracy and completeness.

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APPENDIX A: RECOMMENDED CHART OF ACCOUNTS

Account Structure

1 st 2 Digits	Fund	
	10	General/Operating
	20	VPSC Federal Grant
	25	Grants & Gifts
	30	Capital Capital Projects
3 rd -5 th Digits	Dept	
	100s	Administration & Finance
	200s	Teaching & Learning
	300s	Student & Families Activities
	400s	Outreach & Development Operations
	500s	Employee Benefits Operations
	600s	Grants Employee Benefits
	700s	Grants Capital Outlay & Debt Service
	800s	Capital Outlay
	900s	Debt Service
6 th -9 th Digits	Object Code	
	1010-1090	Cash & Investments

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	1100-1190	Other Current Investments
	1300-1399	Prepaid
	1800-1850	Capital Assets
	1870-1879	Accum. Depreciation
	2000-2090	Accounts Payable
	2100-2199	Accrued Expenses
	2600-2699	Deferred Revenue
	2700-2799	Bonds/Loans Payable
	3100-3999	Equity Restricted
	4100-4799	State Tuition
	4210-4299	Federal Grants
	4310	Student Lunch Fees Not State
	4320-4399	Student Lunch Fees
	4400	State Grants
	4800-4999	Other Revenue
	5100-5199	Salary Expenses
	5200-5799	Expenses
	5800-5899	Capital Expenses
	5900-5999	Debt Expenses
10 th – 12 th Digits	Program Code*	
		General Education
		Special Education
		State Grants & Funding
		Federal Grants & Funding
		Private Grants & Contributions

*Program Codes are set up to identify a specific grant, program, or other account identifier. —

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APPENDIX B: ~~Sample Forms~~[SAMPLE FORMS](#)

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Foxborough Regional Charter School
131 Central Street, Business Office
Foxborough, Massachusetts 02035
Phone: 508-543-2508

PURCHASE ORDER
2682

IMPORTANT NOTICE TO VENDORS: YOU ARE RESPONSIBLE FOR THE FOLLOWING

1. Mail invoices to PRC's address above. 2. The purchase order number above must appear on all invoices, shipping papers, packages and correspondence. 3. Invoice each Purchase Order separately. 4. Substitutions, changes, and prices other than specified below must be authorized in writing by the Executive Director. 5. Do not include sales tax, we are tax exempt. 6. Do not ship freight collect. 7. Cancel all back orders if not shipped within 60 days after initial shipment. 8. Payment terms net 30.

ISSUED TO: MyMusicFolders.com
400 W. Broadway, Suite 1
PMB #159
Missoula, MT 59802

SHIP TO: Foxborough Regional Charter School
M. Duska-Integrated Arts
101 Central Street, Business Office
Foxborough, Massachusetts 02035

VENDOR PHONE: (888) 266-0731

REQ. NO: 2618

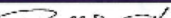
DEPT: Teaching & Learning

VENDOR FAX: (408) 203-1045

DATE: 10/28/2014

REQ BY: M. Duska-Integrated Arts

ITEM	Description	Stock Number	Quantity	Unit Price	Amount
1	Classroom Choir Folder	MMF Class Choir Folder	20.00	10.52	210.40
2	Shipping		1.00	24.91	24.91
	Note:	<u>Order Total</u>			<u>\$235.31</u>

Account Codes	Amounts	PURCHASE AUTHORIZED BY:	
10 290 0015 0202 INSTRUCTIONAL MATERIALS MUSIC	255.31		Ron Griffin October 28, 2014
			Karen Calvert October 28, 2014

Tax Exempt #: 04-3421863

NOT VALID WITHOUT TWO SIGNATURES

Page: 1

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FRCS PURCHASE REQUISITION FORM

	Director of Finance				
--	---------------------	--	--	--	--

FROM: _____ CLASSROOM: _____

PLEASE ORDER THE FOLLOWING ITEMS FROM:

Vendor Name: _____
Address: _____
Phone : _____ Fax : _____

Catalog No.	Quantity	Description	Total
		Shipping & Handling:	

						\$
--	--	--	--	--	--	----

Charged to Account _____ Approved _____
 _____ Executive Director or Designee

Account Budget: _____ Approved _____
 _____ Director of Finance

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Foxborough Regional Charter School
 131 Central Street, Business Office
 Foxborough, Massachusetts 02035
 Phone: 508-543-2508

PURCHASE ORDER
2682

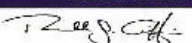
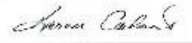
IMPORTANT NOTICE TO VENDORS: YOU ARE RESPONSIBLE FOR THE FOLLOWING

1. Mail invoices to FRC's address above 2. The purchase order number above must appear on all invoices, shipping papers, packages and correspondence 3. Invoice each Purchase Order separately 4. Substitutions, changes, and prices other than specified below must be authorized in writing by the Executive Director 5. Do not include sales tax, we are tax exempt 6. Do not ship freight collect 7. Cancel all back orders if not shipped within 60 days after initial shipment 8. Payment terms net 30.

ISSUED TO: MyMusicFolders.com 400 W. Broadway, Suite 1 PMB #159 Missoula, MT 59802	SHIP TO: Foxborough Regional Charter School M. Duska-Integrated Arts 131 Central Street, Business Office Foxborough, Massachusetts 02035
--	--

VENDOR PHONE: (888) 288-0731	REQ. NO: 2618	DEPT: Teaching & Learning
VENDOR FAX: (408) 203-1045	DATE: 10/28/2014	REQ BY: M. Duska-Integrated Arts

ITEM	Description	Stock Number	Quantity	Unit Price	Amount
1	Classroom Choir Folder	MMF Class Choir Folder	20.00	10.52	210.40
2	Shipping		1.00	24.91	24.91
	Note:	Order Total			\$235.31

Account Codes	Amounts	PURCHASE AUTHORIZED BY:	
10 260 0515 0282 INSTRUCTIONAL MATERIALS MUSIC	235.31		Ron Griffin October 28, 2014
			Karen Calvert October 28, 2014

Tax Exempt #: 04-3421863

NOT VALID WITHOUT TWO SIGNATURES

Page: 1

PO No.: _____

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Note:—Request for purchase less than \$1,000 requires verbal quote. Items greater than \$1,000, but less than \$5,000 requires written quote from three vendors. Items greater than \$5,000 requires formal bid from three vendors.

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FRCS REQUEST FOR BUDGET TRANSFER

Date: _____

Date: _____

To: _ Director of Finance

From: _____

From: _____

At this time, I am requesting that \$ _____ in funds

be transferred from Account Number: _____ which is under budget

and moved into Account Number: _____ which is over budget.

The justification for this transfer is

Thank you in advance for your assistance in this matter.

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Admin/Finance Office Use Only	
Approved By:	
(Executive Director or Director of Finance)	
Date Approved:	
Transfer Made On:	
Transfer Made By:	

Note: No transfers will be made after March 1st

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Check Request

PREAPPROVAL: _____

(Signature and date of director required)

Date Signed: _____

Detailed Description/Reason as to why the normal procurement process is not being used:

—

—

What is the item(s) to be purchased and what is the purchase for?

_____. Please complete, and have your Administrator
sign **before making a purchase**.

Attach receipts prior to submitting to the Business Office. Thank you.

Date: _____ Amount: \$ _____

Payable to: _____

Address: _____

Requested by: _____

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Date needed by: _____

Receipts attached: _____yes _____no

If no, reason: _____

Authorized by: _____ Date: _____

Account to be billed: _____

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FRCS ~~CASH RECEIPT~~ ASSET DISPOSAL FORM

	<u>Tag #</u> Date	<u>Asset Description</u>	<u>Book Value</u>	<u>Condition</u>	<u>Fair Market Value</u>	<u>Disposal or Sale</u>
<u>1</u>						
<u>2</u>						
<u>3</u>						
<u>4</u>						
<u>5</u>						
<u>6</u>						
<u>7</u>						
<u>8</u>						
<u>9</u>						
<u>10</u>						

Received From

Address

_____ Dollars \$

For

HOW PAID	
CASH	

Inserted Cells

Inserted Cells

Inserted Cells

Inserted Cells

Inserted Cells

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CHECK	
MONEY	
ORDER	

By _____

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FRCS ASSET DISPOSAL FORM

		Asset Description	Book Value	Condi- tion	Fair Market Value	Dis- pos- al or Sale

Director of Finance: _____

Date of Request: _____

Charter School Executive Director Approval: _____

Date of Approval: _____

Business Office Use Only

Account Number: _____

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Amount: _____

NOTE: –If the fixed assets above were originally purchased by grant funding, ensure that grant disposal policies are followed.

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FACULTY/STAFF TIME SHEET

Name:

Position:

Payroll Information

Date	Time Started	Lunch	Time Finished	Hours/Subbed for
ateat				

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			Total Hours Submitted:	

Please fill out time sheet completely and have appropriate Administrator sign before returning to Human Resources. Thank you.

Signature: _____

Date: _____

Signature: _____

Date: _____

Approved by:

Note – with the adoption of the electronic Time and Attendance System, hard copy leave request forms should be phased out.

LEAVE REQUEST FORM

Date: _____

Name/Employee: _____ *Date(s) Requested:* _____

Signature: _____

Type of Leave (please SELECT ONE):

☐ *Sick* _____ ☐ *Professional Development*

☐ *Personal* _____ ☐ *Jury Duty*

☐ *Bereavement* _____ ☐ *Military Leave*

☐ *Vacation* _____ ☐ *Other*

FOR OFFICE USE ONLY

Type of leave authorized by HR Manager _____ *YES* _____ *NO*

Signature of HR Manager _____

Leave Recommended by Administrator _____ *YES* _____ *NO*

Signature of Administrator _____

Leave Approved by Executive Director _____ *YES* _____ *NO*

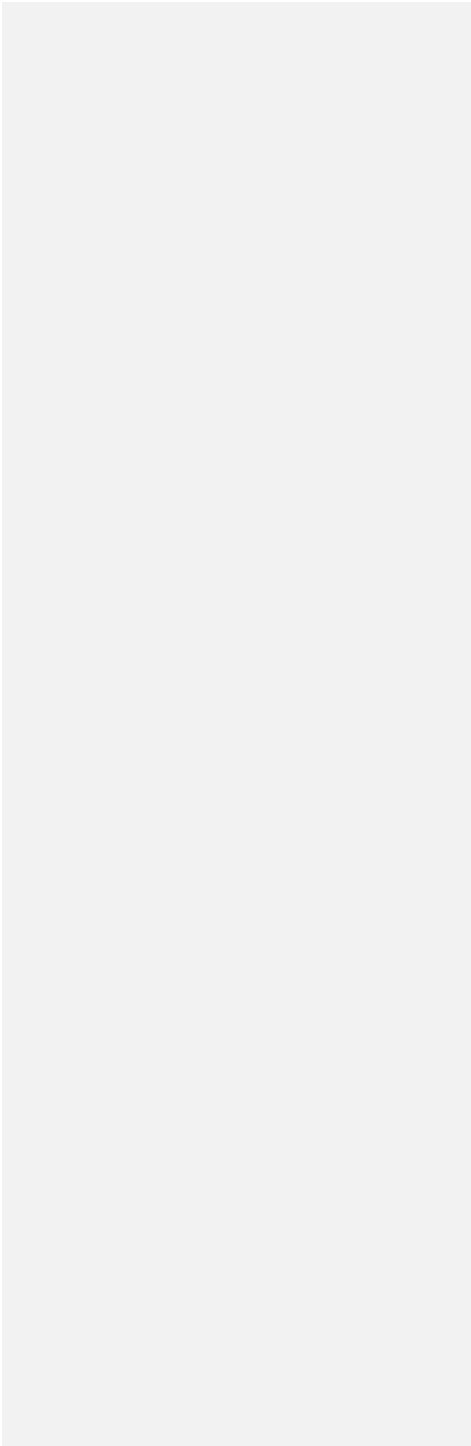
Signature of Executive Director _____

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~~NAME OF SUBSTITUTE STAFF~~ _____

~~REMINDER—PLEASE CONTACT SUBSTITUTE COORDINATOR FOR COVERAGE~~

|



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FRCS TRAVEL REPORT

Name of Traveler: _____
 Dates of Travel: _____
 Grant to be charged, if applicable: _____

Auto Mileage: _____ *Total Miles Driven* _____
 _____ *Less Round Trip to School* _____

 _____ *Reimbursable Miles:* _____ @ \$0.XX
 = \$ _____ = \$ _____

Meals and Incidentals Per Diem: _____ days @
 \$XX _____ = \$ _____ = \$ _____

Air-fare _____ = \$ _____
 _____ = \$ _____

Train, bus, MBTA, Taxi _____ = \$ _____
 _____ = \$ _____

Hotel _____ = \$ _____

Hotel _____ = \$ _____

Tolls/Parking _____ = \$ _____
 _____ = \$ _____

Other (specify) _____ = \$ _____
 _____ = \$ _____

_____ = \$ _____
 _____ = \$ _____

Total Expenses _____ = \$ _____

_____ = \$ _____
 _____ = \$ _____

Less Advance Check # ____, if any _____ = \$ _____

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_____ **Amount Due Traveler** _____ = \$ _____
_____ = \$ _____

Note: If a balance is due back to the Charter School, please attach a check to this Travel Report.

Traveler's Signature: _____ **Date:** _____

Approved by: _____
_____ **Date:** _____

Note: If a above travel is incurred under a grant agreement, please indicate the grant name and amount to be charged as allowable grant expenditures.

PLEASE ATTACH ALL RECEIPTS TO THE TRAVEL REPORT WHEN SUBMITTING FOR REIMBURSEMENT.

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EMPLOYEE INFORMATION FORM — **Millennium EE#** _____

NEW HIRE/CHANGE

Current Date: _____

Name of New Hire: _____

Group/Department/Position: _____

Salary Rate: _____ **Academic or Calendar Year Status:** _____

Start Date: _____ **Payroll Start Date:** _____

Address: _____ **Phone Number:** _____

Social Security Number: _____ **Date of Birth:** _____

Gender: _____ **Ethnicity/Race:** _____ **Marital Status:** _____

Statement of Hire: _____ **Offer Letter:** _____

I-9: _____ **COR:** _____ **Fingerprints:** _____

Confidentiality Statement: _____ **Technology Use Policy Acknowledgement:** _____

Ethics Summary: _____ **Ethics Certification:** _____

Emergency Card: _____ **Employee Profile** _____

Access Key Card Form _____ **E-Mail Address Form** _____ **Vehicle**
Registration Form _____

Direct Deposit: _____ **Routing #** _____ **Acct#** _____
 _____ **Millennium** _____

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Deductions: _____

W-4 Allowances: _____ **SS A-1945 Form:** _____

Medical: Yes _____ No _____ **Plan:** _____ **Effective:** _____
Millennium _____ **Tufts** _____

Dental: Yes _____ No _____ **Plan:** _____ **Effective:** _____
Millennium _____ **Assurant** _____

FSA/DCA: Yes _____ No _____ **Amount/Year:** _____
 _____ **Millennium** _____ **HRTCS** _____

LTD: Yes _____ No _____ **Millennium** _____
 _____ **Assurant** _____

STD: Yes _____ No _____ **Millennium** _____
 _____ **Assurant** _____ **Amount:** _____

EMPLOYEE INFORMATION FORM CONTINUED

Accident: Yes _____ No _____ **Millennium** _____
 _____ **Assurant** _____ **Amount:** _____

Vision: Yes _____ No _____ **Millennium** _____
 _____ **Assurant** _____ **Amount:** _____

403b: Yes _____ No _____ **Millennium** _____

MTRS: Yes _____ No _____ **Millennium** _____ **MTRS** _____
 _____ **License #** _____

Life: Yes _____ **Assurant:** _____

School Brains: _____ **Details:** _____ **Address:** _____ **Phone:** _____ **Employment:** _____
 _____ **Degree:** _____ **MEPID#** _____

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Time and Attendance:

~~Completed:~~

~~69~~
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Fiscal Policies & Procedures

Adopted By the Board of Trustees

Foxborough Regional Charter School Policies & Procedures Manual

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**APPENDIX A: RECOMMENDED CHART OF ACCOUNTS APPENDIX B: SAMPLE
FORMS**

FRCS PURCHASE ORDER
FRCS PURCHASE REQUISITION FORM
FRCS REQUEST FOR BUDGET TRANSFER FORM
FRCS CHECK REQUEST FORM
FRCS CASH RECEIPT FORM
FRCS ASSET DISPOSAL FORM
FRCS FACULTY/STAFF TIME SHEET
FRCS LEAVE REQUEST FORM FRCS
TRAVEL REPORT FORM
FRCS EMPLOYEE INFORMATION FORM

Foxborough Regional Charter School Policies & Procedures Manual

100 INTRODUCTION

In 1993, the Commonwealth of Massachusetts enacted Massachusetts General Laws (MGL) Chapter 71, Education Reform Act, Section 89, which authorized the establishment of charter schools within the Commonwealth. Additionally, Chapter 46 of the Acts of 1997 required each charter school to keep an accurate account of all its activities and provide for an annual independent audit of its financial statements. The Board of Trustees, acting as public agents authorized by the Commonwealth, are responsible for management of the school, which includes developing and adopting fiscal policies and procedures.

In an effort to achieve and ideally surpass these requirements, the Trustees of the Foxborough Regional Charter School have developed this Policies and Procedures manual.

The Board of Trustees acknowledges the guidance provided by the Massachusetts Department of Education during the development of this document. For further information please see [*"Massachusetts Charter School Recommended Fiscal Policies and Procedures Guide"*](#) (November 2005) issued by the Massachusetts Department of Education.

101 *Scope and Organization*

This manual consists of three sections: Part I contains the recommended policies; Part II contains the recommended procedures; and the Appendices contain the Chart of Accounts and sample forms.

102 *Purpose of Policies and Procedures Manual*

- A. The Policy and Procedures Manual is the official document for the accounting and administrative functions conducted by the Foxborough Regional Charter School.
- B. The Policy and Procedures Manual provides standards and directives for sound management and promotes consistent, prudent financial and administrative practices. It also provides guidance to the school in the application of various federal and Massachusetts laws and regulations and the Department of Education's requirements for the administration of grants and contracts awarded by the U.S. Government and other funding sources.
- C. The Policy and Procedures Manual is used in conjunction with and referenced to the Foxborough Regional Charter School's existing personnel policy manual, job descriptions and other policy manuals maintained by the school.

103 *Amending the Guide*

This document contains the essential fiscal policies and procedures for the Foxborough Regional Charter School, as of the above date of promulgation. From time to time, as additional matters require changes to this document, the management of the Foxborough Regional Charter School shall amend this essential document.

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PART I – POLICIES

200 INTERNAL CONTROL POLICIES

The Foxborough Regional Charter School, under the direction of the Board of Trustees, is required to establish and maintain adequate accounting records and internal control procedures. Internal control consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring. The objectives of internal control relate to financial reporting, operations, and compliance.

The Foxborough Regional Charter School and all levels of management are responsible for preventing and detecting instances of fraud and related misconduct and for establishing and maintaining proper internal controls that provide security and accountability of the resources of the school. Management is also responsible for recognizing risks and exposures inherent to these areas of responsibility and for being aware of indications of fraud or related misconduct.

Any employee with a reasonable basis for believing fraudulent or related misconduct has occurred should report such incidents to the designated authorities within the school (Executive Director, Director of Finance) or the Office of the Inspector General as stated in M.G.L Chapter 12A, §14 ‘Complaints by public employees; investigation.’ As such, in addition to this manual, the Trustees have promulgated and published a separate “*Fraud Detection and Mitigation Policy*” document. The reader is referred to this document for further information relative to the Trustees’ specific policies and procedures pertaining to detecting and preventing episodes of fraud.

Internal control policies provide the Foxborough Regional Charter School with the foundation to properly safeguard its assets, implement management’s internal policies, provide compliance with state and federal laws and regulations and produce timely and accurate financial information. The following policies highlight the areas of internal control that the Foxborough Regional Charter School has considered:

201 *Compliance with Laws*

The Foxborough Regional Charter School will follow all the relevant laws and regulations that govern Charter Schools within the Commonwealth of Massachusetts. Additionally, U.S. Government laws and regulations that relate to grant funding will be adopted as the grant funding is received. The following are specific policies of the Foxborough Regional Charter School:

A. Political Contributions

No funds or assets of the Foxborough Regional Charter School 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 Foxborough Regional Charter School for political contributions in any form, whether in cash or other property, services, or the use of facilities—is strictly prohibited. The Foxborough Regional Charter School also cannot be involved with any committee or other organization that raises funds for political purposes.

Following are examples of prohibited activities:

1. Contributions by an employee that are reimbursed through expense accounts or in other ways.

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2. Purchase by the organization of tickets for political fundraising events.
3. Contributions in-kind, such as lending employees to political parties or using the school's assets in political campaigns.

B. Record Keeping

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

Further, the school specifically requires that:

1. No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the books and records of the school.
2. Receipts and disbursements must be fully and accurately described in the books and records.
3. No false entries may be made on the books or records nor any false or misleading reports issued.
4. Payments may be made only to the contracting party and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

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

The Foxborough Regional Charter School may not be operated for the benefit of an affiliated or unaffiliated organization or an individual in his or her own private capacity or individuals related to the Foxborough Regional Charter School or members of its management, unless the private benefit is considered merely incidental. The Foxborough Regional Charter School will follow M.G.L. Chapter 268A and M.G.L. Chapter 71, §89(v) conflict of interest laws and disclosures which restrict public officials and employees from taking advantage of their position to gain improper benefits for themselves, relatives, their associates, or their friends. The law also restricts board members from voting on matters affecting their financial interest and limits the circumstances under which they can receive anything of value because of their official position. A board member may not vote or enter into any discussion if one of the following groups will receive financial benefit:

- A. The Trustee, his/her immediate family, or his/her business partner;
- B. A business organization in which the Trustee is serving as an officer, director, trustee, partner or employee; or
- C. Any person or organization with which the Trustee is negotiating or has any arrangement concerning prospective employment (M.G.L. Chapter 268a, §6).

The private benefit preclusion will extend to:

- A. Sale or exchange, or leasing, of property between the school and an affiliated or unaffiliated organization or a private or related individual.
- B. Lending of money or other extension of credit between the school and an affiliated organization (excluding component units) or unaffiliated organization or a private or related individual.
- C. Furnishing of goods, services or facilities between the school and an affiliated organization (excluding component units) or unaffiliated organization or a private or related individual.

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- D. Payment of compensation, unless authorized by the Board of Trustees or its governing body, by the school to an affiliated or unaffiliated organization or a private or related individual.
- E. Transfer to, use by, or for the benefit of a private or related individual of the income or assets of the school.

Thus, the Foxborough Regional Charter School will be guided by the principle of arms-length standards with all affiliated or unaffiliated organizations or with a private or related individual(s). Annually, the Board of Trustees will file a financial disclosure form as required by M.G.L. Chapter 71, section 89(v).

Related party transactions shall include transactions between a school and members of the board, management, contracted management organization, employees, related individuals and affiliated companies. Related individuals within the scope of this definition include spouses, parents, children, spouses of children, grandchildren, siblings, father-in-law, mother-in-law, sister-in-law and brother-in-law of a board member or school employee.

203 *Board of Trustees Authorities*

The Board of Trustees is responsible for the operation of the Foxborough Regional Charter School in accordance with the provisions of M.G.L. c.71, §89 and all other state and federal laws and regulations and conditions as the Board or Commissioner of Education may establish from time to time. The Board of Trustees is also responsible for operating the school in accordance with the representations made in its charter school application submitted to and approved by the Board of Education.

Specifically, the Board of Trustees shall have the sole authority to approve and will incorporate into its own minutes such matters as (i) change of the School's name, with the Department of Education's Charter School office approval (ii) adoption of the annual operating and capital budgets, (iii) selection or termination of Executive Director (iv) Executive Director salary and salary changes, (v) incurrence of debt, mortgages or other encumbrances and their covenants and restrictions, within the terms of the charter (vi) investment policies, (vii) depository and investment banks, (viii) purchase or sale of property (ix) opening up or closing checking or savings accounts, and (x) selection of the Foxborough Regional Charter School's certified public accountants and (xi) other activities associated with the operations of the Foxborough Regional Charter School.

The Board of Trustees will meet regularly to ensure that its fiduciary duty is maintained. The Board will review the following: prior meeting minutes, business items, educational items, subcommittee reports, Executive Director report, new business and other items. For additional guidance on the regulatory and statutory obligations of a Board of Trustees, please refer to the Commonwealth of Massachusetts Department of Education's publication, *The Charter School Administrative and Governance Guide: An Overview of the Laws and Regulations that Boards of Trustees and Charter Schools Need to Know*, which can be found at <http://www.doe.mass.edu/charter/governance>.

204 *Signature Authorities*

To properly segregate duties within the Foxborough Regional Charter School, the Executive Director, the Deputy Executive Director, Director of Finance, Director of Teaching and Learning are the only individuals with signatory authority. Individual checks require dual signatures prior to check issuance. The Director of Finance, along with the approval of the Treasurer of the Board, is responsible for authorizing all cash transfers between bank accounts. Payroll is transacted through Harpers Payroll and checks are signed by a Harpers Payroll corporate officer.

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205 *Government Access to Records*

The Director of Finance will provide access to the Foxborough Regional Charter School's records if requested to the Comptroller General of the Commonwealth of Massachusetts or his designee and provide supporting records, as requested by government auditors, to facilitate the completion of such audits or reviews in a timely manner.

206 *Security of Financial Data*

- A. The school's accounting software should be reviewed to ensure that general and application controls to unauthorized access to data is precluded (i.e., proper password protection and authorizations for inquiry or browse only functions.)
- B. The system's accounting data is backed up daily by cloud software AccuFund Online Services to ensure the recoverability of financial information in case of hardware failure. Specifically, AccuFund provides daily backup of software, which is kept for five days. Weekly Friday data is kept for four weeks and the last day of month data is kept for twelve months.
- C. All other financial data, petty cash box, unused checks and unclaimed checks are secured by the Director of Finance from unauthorized access.

207 *Security of School Documents*

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

- A. Charter and all related amendments
- B. Foxborough Regional Charter School by-laws
- C. Minutes of the Board of Trustees and subcommittees
- D. Banking agreements
- E. Leases
- F. Insurance policies
- G. Vendor invoices
- H. Grant and contract agreements
- I. Fixed asset inventory list
- J. Contracts

208 *Use of School Assets*

School employees should not use any of the school's assets for personal use without prior approval of the Board of Trustees and with proper justification.

209 *Use Of School Credit Cards*

Foxborough Regional Charter School credit cards should only be used following the formal FRCS Credit Card Use Policy and with proper justification and approval by the Director of Finance. The cost/benefit to the Foxborough Regional Charter School should be fully reviewed to ensure that no other method is appropriate. A credit card is assigned to the Director of Finance and should be used only for school-related expenditures. All charges must be supported by invoices or travel reports to be eligible for payment by the Foxborough Regional Charter School.

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Monthly credit card statements are reconciled to invoices and travel reports and are approved by the Foxborough Regional Charter School Director of Finance.

300 FINANCIAL MANAGEMENT POLICIES

Charter schools are granted a charter by the Board of Education of the Commonwealth of Massachusetts under MGL Chapter 71, §89. Charter schools are considered *special purpose government entities* that engage in *business type activities*, and all of the financial activity of the school is recorded in an enterprise fund within the proprietary fund group. As such, the accounting policies and financial reporting adopted by the school should be consistent with a special purpose governmental entity that engages in business type activities. The Board of Trustees has oversight of the management of a charter school inclusive of establishing the governance structure and the financial management policies as set forth in the charter school application.

301 *Basis of Accounting*

The Foxborough Regional Charter School will maintain its accounting records and related financial reports on the accrual basis of accounting.

302 *Accounting Policies*

The accounting policies and financial reporting adopted are consistent with the special purpose governmental entity requirements of the Governmental Accounting Standards Board (GASB), including Statement of Governmental Accounting Standards No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB is the recognized standard setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the school has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

303 *Basis of Presentation*

The accounts of the Foxborough Regional Charter School are organized as a special purpose governmental entity that engages in *Business-type Activity*, which is considered to be a separate accounting entity. The operations are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, net assets, revenues and expenditures. The Foxborough Regional Charter School uses the following fund:

Enterprise Fund - This fund of the Foxborough Regional Charter School is used to account for all financial resources associated with the operation of the school.

Note on Component Units: All non-profit agencies associated with the Foxborough Regional Charter School should be evaluated during the planning stage of the audit to determine if they should be included as a component unit of the school. If they are considered a component unit, then all of their financial information should be reported in conjunction with the Foxborough Regional Charter School's financial statements and accounted for in accordance with *GASB No. 14 and 39*. If they do not meet the criteria of a component unit, then all the transactions incurred between the non-profit and the School should be evaluated as related party transactions and disclosed in accordance with GAAP and the *Guide*. DOE

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requires that all related party transactions, whether material or immaterial, be disclosed in the notes to the financial statements.

304 Revenues

Under the accrual basis of accounting, revenues are recognized when earned, consistent with generally accepted accounting principles applicable to special purpose governmental units.

305 Expenditures

Under the accrual basis of accounting, expenses are recognized when services are incurred or goods are received.

306 In-Kind Expenses

The school recognizes services that are donated, if these services would have been purchased by the school if not donated (e.g., transportation). These expenses are recorded when incurred.

307 Incurred Costs

For the purpose of invoicing funding sources for allowable costs under cost reimbursement grants or contracts the term "costs incurred" is defined as follows: costs related to items or services incurred directly for the grant or contract and received at the time of the request for reimbursement and not specifically disallowed by the funding source.

308 Cash Management

- A. The school maintains cash accounts at the following banks:
 - 1. Operating – Eastern Bank
 - 2. Investment – Eastern Bank
 - 3. Depository – One Local
 - 4. Money Market – Rockland
- B. A schedule of aged accounts and grants receivable is prepared monthly and reviewed by the Director of Finance for collection. Appropriate collection procedures are initiated, if necessary.

309 Accounts Receivable Aging Criteria

Accounts receivable outstanding are aged on a thirty, sixty, ninety, and over-ninety day basis.

310 Grant/Contract Invoicing

In accordance with state finance regulation 815 CMR 2:00, section 2.05 (4)(b), *Grant Effective Start Date*, grant recipients may expend state, federal, and other grant funds only as of the date their grant (the Standard Contract Form) was executed by the authorized signatory of the Department of Education. In the case of the Department of Education, this means the date that the grant is entered as **approved** into the Department of Education's grants management system (GEM\$).

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- A. All invoices are submitted to the funding sources by dates specified in the grant or contract agreement.
- B. The invoicing format is that specified by the funding source.

311 Investments

The Foxborough Regional Charter School shall follow, to the extent possible, M.G.L. Chapter 44 *Municipal Finance* in regards to purchasing investments.

312 Budgets

- A. The Foxborough Regional Charter School shall prepare an annual operating budget of revenues and expenses, a cash flow projection, and a capital budget. These budgets and projections shall be reviewed and approved by the Board of Trustees at the annual meeting and modified, as necessary.
- B. In the event that budgets need to be adjusted, the Director of Finance will initiate a request for a budget transfer with the appropriate Director following Foxborough Regional Charter School's Budget Transfer Request Policy and using the Budget Transfer Request Form.
- C. Financial statements displaying budget vs. actual results shall be prepared by the Director of Finance and reviewed by the Treasurer and presented to the Board of Trustees at each monthly board meeting.

313 Insurance and Bonding

- A. The school maintains minimum levels of coverage, as deemed appropriate by the Board of Trustees, for the follow policies:
 - 1. General liability
 - 2. Business & personal property (including auto/bus)
 - 3. Computer equipment
 - 4. Workers' compensation
 - 5. Personal injury liability
 - 6. Unemployment
 - 7. Fidelity bond
 - 8. Board Insurance
- B. The school requires proof of adequate insurance coverage from all prospective contractors, as deemed applicable by the Board of Trustees.

314 Massachusetts Teacher Retirement System

The Massachusetts Teacher Retirement System (MTRS) is a contributory retirement system designed to provide benefits to Massachusetts teachers and administrators per MGL Chapter 32. Staff members employed by the school who are eligible for membership are required to join the system. See <http://www.mass.gov/mtrb/> for full details about eligibility, required payroll deductions and reporting deadlines.

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315 *Record Retention and Disposal*

- A. Records are maintained for the following minimum periods:
 - 1. Books, records, documents, and other supporting evidence including paid, cancelled, or voided checks, accounts payable records, vendors' invoices, payroll sheets and registers of salaries and wages, tax withholding statements, employee timesheets and other public documents are retained for seven years after the original entry date.
- B. The following records supporting federal contracts, as required by U.S. Office of Management and Budget, are retained for the indicated minimum periods:
 - 1. For three years after submission of the final report of expenditures: general ledger, trial balance, accounts payable and accounts receivable ledger, payroll register, and petty cash book, check register and checks, invoices. Except for:
 - a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
 - b) Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.
 - 2. Permanently: Audit reports, annual corporate reports, charter, board minutes, tax and legal correspondence, labor contracts, insurance claims and policies, and retirement and pension records.
- C. The disposal date determined under this policy is the end of the fiscal year, or the date of final payment of government grants.
- D. All records not supporting government grants or otherwise covered by rules of the Internal Revenue Service are retained for three years from the end of the fiscal year in which the records were originally prepared.
- E. All financial records are maintained in chronological order, organized by fiscal year.
- F. In connection with the disposal of any records, a memorandum of record disposal shall be prepared by the Director of Finance or designee listing the record or the class of records disposed of. The Board of Trustees shall certify this memorandum of records disposal.

316 *Financial Reporting*

The Director of Finance maintains supporting records in sufficient detail to prepare the School's financial reports, including:

- A. Annually:
 - 1. Financial statements for audit
 - 2. Annual budget
- B. Monthly:
 - 1. Trial balance

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2. Internally generated budget vs. actual financial statements with explanations for significant variances
3. Billing invoices to funding sources
4. Accounts receivable aging report
5. Accounts payable listing

C. Quarterly:

1. IRS Form 941 and payroll tax returns and comparable state taxing authority returns
2. Other reports upon request

317 *Audit*

The Board of Trustees shall contract annually with a qualified independent certified public accounting firm to conduct an audit of the Foxborough Regional Charter School's financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, 2003 Revision (GAS) and, if applicable, the *U.S. Office of Management and Budget's Circular A-133*. The selected audit firm must be familiar with these standards, related Commonwealth of Massachusetts and Charter School regulations, and the *Massachusetts Charter School Audit Guide* (which can be found at <http://finance1.doe.mass.edu/charter>), in order to properly conduct the audit engagement.

318 *Audit/Finance Committee*

The Board of Trustees shall appoint an audit/finance subcommittee. This subcommittee will nominate the independent auditor and review the scope and results of the audit. The audit/finance subcommittee also receives notice of any consequential irregularities and management letter comments that the auditor noted during the engagement. Additionally, the subcommittee will develop a corrective action plan to address all relevant weaknesses noted by the auditor. The audit/finance subcommittee will also review all financial information of the Foxborough Regional Charter School and provide recommendations to the Board of Trustees.

319 *Chart Of Accounts*

The chart of accounts of the Foxborough Regional Charter School are noted in *Appendix A*. The chart of accounts will assist schools in managing their operations, preparing financial statements and also facilitating their preparation of the *End of Year Financial Report* as required by the *Massachusetts Charter School Audit Guide*.

400 POLICIES RELATED TO ASSETS, LIABILITIES, AND NET ASSETS

401 *Assets*

Economic resources that are recognized and measured in conformity with generally accepted accounting principles. Assets also include certain deferred charges that are not resources but are recognized and measured in conformity with generally accepted accounting principles. The following sections describe policies related to the recognition of assets.

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402 *Bank Accounts*

Bank accounts for the indicated purpose(s) and limitation(s) have been authorized by the Board of Trustees of the School at the indicated Federal Deposit Insurance Corporation (FDIC) or Depository Insurance Fund of Massachusetts (DIFM) insured banks:

<i>Name of Bank</i>	<i>Purpose/Limitation of Account</i>
Eastern Bank	Savings and Checking Accounts/Unlimited (FDIC/DIFM)
One Local	Savings/\$250,000 (FDIC)
Rockland	Money Market (Parent Payment)

403 *Petty Cash Payments*

- A. Currently, no Petty Cash accounts exist. However, in the event that a Petty Cash account is ever put into place, procedures shall be instituted. Petty Cash payments shall be made from a fund not to exceed \$150, and should be for cash advances, local expense reimbursement, and small-dollar vendor purchases, provided proper documentation is furnished with each request. No individual payment shall be greater than \$75.

404 *Criteria for Capitalizing and Depreciating for Property and Equipment*

All tangible personal property with a useful life equal to or more than three years and a unit acquisition cost of \$8,000 or more is capitalized and recorded in the statement of net assets. Depreciation associated with the fixed asset will be calculated based on its useful life and straight-line depreciation method. The depreciation expense will be recorded in the statement of revenues, expenses, and changes in net assets.

405 *Impairment of Assets*

A recognized impairment of an asset is reflected when circumstances warrant. The appropriate adjustment is made for any impaired assets, accompanied by a description of the impaired asset and the measurement assumptions used in determining the impairment. All impairments shall be reported to the Board of Trustees for approval of the adjustment to the fixed asset subsidiary ledger.

406 *Betterments*

Expenditures for significant betterments of existing leased/owned properties are recorded in fixed assets at cost. Maintenance and repairs are expensed as incurred. Depreciation associated with the betterment will be calculated based on its useful life and straight-line depreciation method. The depreciation expense will be recorded in the statement of revenues, expenses, and changes in net assets.

407 *Liabilities*

Economic obligations that are recognized and measured in conformity with generally accepted accounting principles. Liabilities also include certain deferred amounts that are not obligated but are recognized and measured in conformity with generally accepted accounting principles. The following sections describe policies related to the recognition of liabilities.

408 *Accounts Payable*

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Only valid accounts payable transactions based on documented vendor invoices, receiving reports, or other approved documentation are recorded as accounts payable.

409 *Accounts Payable Payment Policy*

Vendors and suppliers are paid after goods and/or services are delivered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis.

410 *Accrued Liabilities*

Salaries, wages earned, and payroll taxes, together with professional fees, rent, and insurance costs incurred, but unpaid, are reflected as a liability when entitlement to payment occurs.

411 *Liability for Compensated Absences*

- A. Compensated absences arise from employees' absences from employment due to vacation leave or other school-designated circumstances. When the Foxborough Regional Charter School expects to pay an employee for such compensated absences, a liability for the estimated probable future payments is accrued if all of the following conditions are met:
 - i The employee's right to receive compensation for the future absences is attributable to services already performed by the employee.
 - ii The employee's right to receive the compensation for the future absences is vested or accumulates.
 - iii It is probable that the compensation will be paid.
 - iv The amount of compensation is reasonably estimable.
- B. Compensated absences not required to be paid upon employee termination are only recorded when paid.

412 *Accrued Teachers' Salary*

Teachers who are compensated over a 12-month period but earn their salary and benefits based on the school year (**August XX to June XX**) will have their earned compensation accrued for at the end of the fiscal year. Specifically, any portion of salaries and benefits attributable to services rendered in the current fiscal year but paid in the subsequent fiscal year (e.g., a twelve-month salary schedule from August 16 to August 15 of the following year) shall be accrued for at fiscal year-end.

413 *Debt*

- A. When applicable, short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements. Long-term debt consists of financing that is not expected to be repaid within one year.

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- B. All short-term and long-term debt is approved by the Board of Trustees and may not exceed the duration of the charter without the consent of the Board of Education.
- C. Loan agreements approved by the Board of Trustees should be in writing and should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.

414 Net Assets

Net assets are recorded in accordance with generally accepted accounting principles applicable to special purpose governmental units. Net assets include the following:

- A. Unrestricted
- B. Restricted
- C. Investment in Capital Assets, net of related debt

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500 COST ACCOUNTING POLICIES

501 *Consistency in Cost Accounting*

Practices used by the Foxborough Regional Charter School in estimating costs in grant/contract proposals shall be consistent with its accounting practices used in accumulating and reporting costs. Accounting practices used by the Foxborough Regional Charter School in accumulating and reporting actual costs shall be consistent with its practices used in estimating costs in its grant and contract proposals.

502 *Unallowable Costs*

Costs expressly unallowable or mutually agreed to be unallowable shall be identified in separate general ledger accounts and excluded from billings to a grant or contract with the respective funding source. Available guidance includes, but is not limited to, OMB Circular A-87 - *Cost Principles for State, Local and Indian Tribal Governments*, OMB Circular A-102 - *Grant and Cooperative Agreements with State and Local Governments*, OMB Circular A-133 - *Audits of State and Local Governments and Nonprofit Organizations*.

503 *Separate Records of Unallowable Costs*

The Foxborough Regional Charter School shall maintain separate records of all expressly and mutually agreed upon unallowable costs.

504 *Cost Accounting Period*

The fiscal year of the Foxborough Regional Charter School shall be July 1st through June 30th. The same accounting period is used for all adjusting entries and accruals.

505 *Gain or Loss on Disposition of Assets*

Gains and losses from the sale or other disposition of property shall be recorded as revenue in the year in which they occur and shall be reflected as such on the *Statement of Revenue, Expenditures, and Changes in Net Assets*.

600 PROPERTY MANAGEMENT POLICIES

601 *Property and Equipment*

The Foxborough Regional Charter School shall maintain detailed records of all government-furnished property and equipment, with an identification and segregation of property and equipment acquired through government contracts.

602 *Identification of Property*

The Foxborough Regional Charter School shall tag property upon receipt and shall assign an identification number to the property and all applicable documents.

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603 *Recording and Reporting of Property*

A. The Foxborough Regional Charter School shall maintain a log identifying all fixed assets in its possession, as follows:

1. Name and description
2. Serial number, model number, or other identification when possible
3. Vendor name, acquisition date, and cost
4. Ultimate disposition data, including date of disposal and sales price or method of disposal

604 *Disposal of Property and Equipment*

- A. No item of property or equipment shall be removed from the premises without prior approval from the Executive Director, Director of Finance and/or the Board of Trustees.
- B. The Foxborough Regional Charter School has adopted standard disposition procedures for the school staff to follow, which include an *Asset Disposal Form*, which identifies the asset, the reason for disposition, and signature of the requester. The form also allows for an identification of the asset's book value, condition of the asset, and supervisory approval or denial.
- C. When the fixed asset is retired, the appropriate asset in the fixed asset subsidiary shall be adjusted and properly reflected in the general ledger.

700 PROCUREMENT POLICIES

701 *Procurement – Goods and Services*

The Foxborough Regional Charter School shall procure only those items and services that are required in order to perform the mission and/or fill a bona fide need. The Foxborough Regional Charter School is required to designate a procurement officer who must participate in the public purchasing official certification program conducted by the Office of the Inspector General.

Procurements shall be made using best value contracting which includes assessing the best value considering quality, performance and price. MGL, Chapter 30B is not required to be followed by Commonwealth Charter Schools, based on DOE *Technical Advisory 98-1: Procurement Guidelines for Commonwealth Charter Schools*. However, the school shall use a competitive procurement process, which requires sound business practices for purchases of less than \$10,000. The school will also select the best value by obtaining three written quotes for items greater than \$10,000 and less than \$50,000. Finally, a formal bid process will be used for items greater than \$50,000+, in which bids will be received and evaluated using a formal evaluation process. The School shall adhere to the following objectives:

1. Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable related considerations such as delivery, quantity, etc.
2. Make all purchases in the best interests of the school and its funding sources.
3. Obtain quality supplies/services needed for delivery at the time and place required.
4. Buy from responsible and dependable sources of supply.
5. Obtain maximum value for all expenditures.

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6. Deal fairly and impartially with all vendors.
7. 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 Foxborough Regional Charter School supplier relationships.

A. The Foxborough Regional Charter School shall execute a *Purchase Order* for all purchases. Purchases over \$5,000 shall be approved by the Division Director, the Executive Director, and the Director of Finance.

B. All lease agreements shall be evidenced by a lease or sublease agreement approved and signed by the Executive Director. The agreement will identify all 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, §40J and Board approval.

702 *Emergency Purchases*

An “emergency purchase” is the purchase of goods or services that are so badly needed that the school will suffer financial or operational damage if they are not secured immediately. A decision to purchase may be declared in an emergency at the school’s discretion and “best value” procurement guidelines must be followed. In addition, the purchase must be authorized by the Treasurer or the Chairperson of the Board of Trustees.

703 *Procurement – Construction*

The School is required to comply with certain laws while constructing a new facility or performing construction on its current facility. These laws include numerous federal and state laws inclusive of the Commonwealth’s public bidding and prevailing wage laws. When undertaking construction or renovation projects, the school shall seek advice from the Commonwealth of Massachusetts Office of the Attorney General and the Commonwealth of Massachusetts Division of Occupational Safety regarding the applicability of these laws and also the advice of legal counsel regarding the specific construction project.

Public Bidding Laws - This law applies to the “construction, reconstruction, installation, demolition, maintenance or repair of any building by a public agency estimated to cost more than \$25,000” (M.G.L. c. 149, § 44A(2)). Charter Schools are considered public agencies under the statutes of the Commonwealth.

Prevailing Wage Statute - This law requires payment of a minimum hourly wage rate for certain classifications of labor performed on state and local construction projects. (M.G.L. c. 149, §§ 2627D). The Division of Occupational Safety issues prevailing wage schedules for construction projects covered by the prevailing wage statute and determines whether the prevailing wage statute applies to certain construction projects.

704 *Procurement – Educational Services*

The Commonwealth of Massachusetts Board of Education must approve the terms of the contracts with individuals or organizations that provide “substantially all educational services” (M.G.L. 71, §89(j)(5)). These contracts are not valid or in effect prior to receiving final approval from the Board of Education.

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800 PAYROLL AND TRAVEL POLICIES

801 *Payroll Policies*

- A. Employee Types/Schedules:
 - 1. Year-Round Employees are paid on a 12-month, semi-monthly schedule from July 1st to the following June 30th.
 - 2. School Year Instructional Employees are paid on a 12-month, semi-monthly schedule from August 16th to the following August 15th. (Also see *Section 412: Accrued Teachers' Salary*.)
 - 3. School Year Non-Instructional Employees are paid on a 10-month semi-monthly schedule from late August to late June.
- B. Employee's time is properly approved by both the individual and the supervisor and reported to the Business Office.
- C. All employee payroll amounts are calculated based upon approved rates included in the individual personnel file.
- D. Any changes to the pay rates or benefits are properly authorized.
- E. All payroll taxes—including MTRS deductions—and benefits, are properly calculated and any deposits made in a timely manner.
- F. Payroll liabilities and expenses are recorded in the general ledger by the Director of Finance after review and approval of the payroll register.
- G. All payroll tax reports are prepared by Harpers Payroll and reviewed by a designated individual.

802 *Employee Mileage Reimbursement*

- A. All employees are reimbursed at state rate per mile, as established annually by the Board of Trustees during the annual budget process for use of their own vehicle for business-related travel. In addition, parking fees and tolls paid are reimbursable if properly supported.
- B. All employees requesting such mileage reimbursement are required to furnish a *Travel Report* containing the destination of each trip, its purpose and the miles driven, parking fees and tolls, within one month after the travel date. Each employee is responsible for detailing the travel and related expenses and including the required supporting documentation.
- C. The travel report must be signed by the employee and approved by their direct supervisor.

900 CONSULTANTS AND CONTRACTORS' POLICIES

901 *Consultant Utilization*

The utilization of all consultants and contract personnel shall be sufficiently evidenced by:

- 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.

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- B. Invoices or billings submitted by consultants, including sufficient detail as to the time expended and nature of the actual services performed.
- C. The use of a management contract for educational and administrative services will clearly identify the contractor's performance requirements, including students' academic achievement, contractor's compensation and the Foxborough Regional Charter School's rights to educational curricula and intellectual property developed. If the contract provides substantially all educational services, then the contract will be approved by the Commonwealth of Massachusetts Board of Education prior to signature by the Foxborough Regional Charter School. (Also see *Section 704: Procurement – Educational Services.*)

902 *Independent Contractors*

The use of consultants shall be closely monitored so as not to vary from the rules of the Internal Revenue Code and M.G.L Chapter 193. In particular, consultants will:

- A. Be free from the employer's control and direction in performing the service, both under a contract and in fact.
- B. Provide a service that is outside the employer's usual course of business.
- C. Must be engaged in an independent trade, occupation, profession, or business of the same type.
- D. Not receive any fringe benefits as such, although their fee may include provision for fringe benefits.
- E. Not be assigned a permanent workstation.
- F. Use his or her own stationery or time sheet in billing for services.

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PART II – PROCEDURES

The following section provides the procedures which will support the policies contained in Part I of this document.

1100 GENERAL ACCOUNTING PROCEDURES

In this section, procedures are described for the overall accounting system design, General Ledger activity and General Ledger closeout for the Foxborough Regional Charter School.

1101 Overall Accounting System Design

Control Objective

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

Major Controls

A. Director of Finance Involved in Designing the Chart of Accounts/Coding Structure

To support decision-making, the Director of Finance, along with assistance from additional resources, including the Board of Trustees, management, and outside consultants, shall be involved from the outset in setting the chart of accounts/coding structure. The coding generally follows a thirteen-digit general ledger account number with funding, division, object and grant/program designations. An example of the chart of accounts structure is included in *Appendix A*.

B. Establishment of Control Accounts

Control accounts for fixed assets, accounts receivable and accounts payable shall be established with subsidiary detail listings and will be reconciled monthly to these control accounts.

C. Use of Contra Accounts

If necessary, the accounting structure shall provide for offsetting contra accounts (e.g. an allowance for doubtful accounts, accumulated depreciation) to adjust historical cost to current levels for financial reporting purposes.

D. Segregation of Unallowable Costs

Accounts shall be established to capture and segregate unallowable costs.

1102 General Ledger Activity

Control Objective

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

Major Controls

A. Timeliness of Entries

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All entries shall be made soon after the underlying accounting event to ensure the financial records and reporting are current.

B. Support Documentation

All entries shall be supported by adequate documentation that clearly indicates the justification and authorization for the transaction.

C. Audit Trail

A complete audit trail shall be maintained by the use of reference codes, from source documentation through the books of original entry and general ledger, to periodic reporting statements.

Procedures

1. Financial data on source documentation shall be verified against original documents (e.g., invoice, purchase order, etc.) by the Business Office before entering in the accounting system.
2. Each entry in the accounting system shall be reviewed and approved by the Director of Finance or designee.
3. Provisions shall be made for using recurring General Journal entries for certain transactions, such as recording the monthly portion of prepaid insurance.
4. Non-recurring entries, such as for correcting entries, recording accruals, and recording non-cash transactions, shall be prepared as circumstances warrant and on an as needed basis.
5. All entries in the books of original entry (e.g., cash receipts journal and disbursements) shall be made soon after the accounting event from authorized forms and are prepared and reviewed by qualified accounting personnel.
6. All General Journal entries shall be supported by General Journal Vouchers that have supporting documentation attached and are approved by the Director of Finance.

1103 General Ledger Close-Out

Control Objective

To ensure the accuracy of financial records and reports.

Major Controls

A. Trial Balance

Monthly, a trial balance shall be prepared to ensure the accuracy of the general ledger account balances.

B. Reconciliation of General Ledger Control Accounts with Subsidiary Ledgers

Reconciliations shall be prepared on a monthly basis.

Procedures

1. At the end of each month, a trial balance of all general ledger accounts shall be prepared by the Director of Finance.
2. Reconciliation between the general ledger control accounts and the subsidiary ledgers shall be completed by the Director of Finance or designee.

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3. At fiscal year end and after the annual audit, all income and expense accounts shall be closed out, and the general ledger balances shall agree with the audited financial statements.

1200 CASH MANAGEMENT PROCEDURES

In this section, procedures are described for cash receipts, cash disbursements, and petty cash funds and prepaid items.

1201 Cash Receipts

Control Objective

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

Major Controls

A. Cash Flow Projection

The Foxborough Regional Charter School shall annually prepare and update monthly a cash flow projection for operations and capital cash needs in order to monitor and ensure adequate cash flow.

B. Cash Receipts Policies

The Foxborough Regional Charter School shall have internal control systems in place to monitor cash receipts, and to ensure that deposits are made in a timely manner. The school shall also use electronic fund transfers to accelerate deposits.

C. Internal Accounting Controls

- (i) Distribution of mail shall be assigned to an employee with responsibilities independent of access to files or documents pertaining to accounts receivable or cash accounts. Any mail not addressed to an individual or department shall be forwarded to the Business Office to be opened by the Director of Finance and redirected as necessary.
- (ii) Listed receipts and credits shall be compared to the accounts receivable and bank deposits.
- (iii) General Ledger control accounts shall be reconciled with the Accounts Receivable Subsidiary Ledger.

Procedures

1. All mail not addressed to a specific department or individual shall be opened only by the Director of Finance, Business Office sorts the mail, invoices, checks, etc. and forwards them where applicable.
2. All checks shall be restrictively endorsed immediately by the Business Office, or applicable division.
3. The Director of Finance shall prepare all journal entries. The Business Office shall prepare deposit slips.
4. A copy of each check to be deposited shall be made and attached to a copy of the deposit slip and filed to provide support for all deposits.
5. The Director of Finance shall review and sign off on all journal entries.
6. The accountant or designee shall input all journal entries.

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7. The Business Office shall make deposits daily or no later than on a weekly basis. If deposits are made other than daily, the deposits shall be maintained in a secure area with limited access.
8. The accountant shall perform reconciliation of cash receipts to deposit slips and bank statements on a monthly basis.

1202 Cash Disbursements

Control Objective

To disburse cash for authorized purposes and record cash disbursements completely and accurately.

Major Controls

A. Cash Disbursement Policies

Check preparation and signatures shall be delayed until the due date, consistent with discounts, if available.

B. Internal Accounting Controls

- (i) Checks shall be pre-numbered and printed on special check protective paper.
- (ii) The Business Office shall match disbursement records against accounts payable/open invoice files on a monthly basis.
- (iii) Bank statements shall be reconciled to cash accounts and any outstanding checks verified by either Accountant or designee, if applicable on a monthly basis.
- (iv) Supporting documentation shall be provided by the Director of Finance for all canceled invoices to prevent resubmission for payment.
- (v) The Director of Finance shall perform a detailed comparison of actual vs. budget disbursements on a periodic basis.
- (vi) Separation of duties shall be accomplished to the extent possible for an organization the size of the school.

Procedures

1. All invoices submitted for signature will include approvals for payment, expense account(s) charged, grant account(s) charged, if applicable, check number and date of payment.
2. When the transaction is complete and payment is due, a pre-numbered check is prepared by the Director of Finance, the business office attaches all supporting documentation: (e.g. vendor invoice, purchase order, purchase requisition, etc.)
3. The Director of Finance and one of the designated Directors signs checks, after supporting documentation has been examined.
4. After having been signed, the checks shall be mailed directly to the payee by the business office.
5. All supporting documents shall be attached to a section of the issued check.
6. On a monthly basis, cash disbursement records shall be matched against accounts payable/open invoice files for any discrepancies.
7. Bank statements shall be reconciled soon after receiving receipt by the Accountant.
- 8.

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1203 *Prepaid Items*

Control Objective

To ensure proper accounting for prepaid expenses.

Major Controls

Internal Accounting Controls

- (i) Preparation and updating of an amortization schedule to reflect the incurring of expenses for prepaid items (e.g., prepaid insurance).
- (ii) Detailed prepaid expenses reconciled with the general ledger control account.

Procedures

1. Vendor invoices shall be reviewed by the Director of Finance or designee to identify all required prepayments.
2. For payment of prepaid items, the transaction shall be coded to reflect the appropriate portion of the payment representing the prepaid portion.
3. An amortization schedule shall be prepared to reflect the expense of prepaid items.
4. A standard journal entry shall be prepared by the accountant, if applicable to record the monthly expense. Approved by the Director of Finance or designee.
5. A reconciliation shall be performed monthly between the subsidiary ledger and the prepaid expense General Ledger control account.

1300 GRANTS MANAGEMENT PROCEDURES

In this section, the procedures are described that cover revenue recognition and invoicing, billing, accounts and contributions receivable.

1301 *Revenue Recognition*

Control Objective

To ensure that grant and contract billings are adequately supported, recorded on a timely basis, and reflect the terms and conditions of the grant or contract.

Major Controls

A. Draw Down Policy

Grant Draw Downs shall be prepared based on contract agreement dates.

B. Segregation of Unallowable Costs

Accounts shall be maintained for explicitly unallowable costs.

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C. Internal Accounting Controls

- (i) Verification of services will be performed before draw down processing.
- (ii) A reconciliation of expenditures incurred shall be prepared.
- (iii) Control of revenue shall be achieved with the use of General Ledger control accounts.
- (iv) Separation of duties between the preparation of the draw down and its review and approval shall be to the extent possible for an organization the size of the school.

Procedures

1. On a monthly basis, program costs, or an electronic spreadsheet noting total units served, shall be reviewed by the Director of Finance or designee and recorded on format prescribed by the funding source. Unallowable or unbillable costs shall be excluded from the costs claimed.
2. The invoice/draw down is entered in GEM\$.
3. Arithmetic extensions are verified, and drawdowns shall be reviewed for accuracy and completeness by the Director of Finance.
4. Copies of drawdowns and supporting documents shall be filed by funding source.

1302 Grants Receivable

Control Objective

To ensure the accuracy, completeness, and timeliness of accounts receivable balances and collection.

Major Controls

A. Separation of Duties

To the extent possible, the responsibility for posting invoices shall be kept separate from those with responsibilities for cash functions.

B. Use of Control Accounts

A General Ledger control account shall be reconciled to individual receivable balances within the Grants Receivable subsidiary ledger.

Procedures

1. Payments and other adjustments shall be posted to the Grants Receivable subsidiary ledger.
2. The Grants Receivable subsidiary ledger shall be reconciled to the General Ledger control account on a monthly basis.
3. Any Grants Receivable balance greater than 90 days old shall be followed up and investigated.
4. A final report shall be submitted to the respective funding source after the end of the project period.

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1400 PAYROLL PROCEDURES

Payroll procedures shall be organized under six categories: personnel requirements, personnel data, timekeeping, and preparation of payroll, payroll payment, and payroll withholdings.

1401 Personnel Requirements

Control Objective

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

Major Controls

Payroll Policies

The School shall adopt payroll policies for installing new employees on the payroll system and removing terminated employees from the system, as well as monitoring vacation, personal and sick pay.

Procedures

New Employees

1. Requests for new employees shall be initiated by the Executive Director and compared with the approved annual personnel budget.
2. An *Employee Information Form* shall be initiated when hiring a new employee. Included on this form shall be the job description, approved pay rate, and grant funding, if any. Information on this form shall be reviewed by the Director of Human Resources ~~Manager~~ and Director of Finance and communicated to the outside payroll service provider.
3. New employees shall submit a copy of their resume to the Human Resources Department in person or via the website www.schoolspring.com.
4. New employees shall complete an *IRS W-4 Form* and other required new hire documentation.
5. A CORI (Criminal Offender Record Information) background check shall be conducted on all new employees and their CORI reports shall be placed in their employment files.

Vacation and Sick Pay

1. Employees shall accrue vacation time based on the personnel policy of the Foxborough Regional Charter School.
2. Employees shall be required to provide at least two weeks advanced notice to supervisors for a vacation request.
3. Regular part-time employees shall earn vacation time on a pro-rata bases based upon the personnel policy of the Foxborough Regional Charter School.
4. Employees' earned vacation balances are accrued monthly to reflect vacation time earned and taken and these records shall be reviewed by the Foxborough Regional Charter School Payroll Manager on a monthly basis.
5. Sick leave taken shall be monitored against each employee's available sick time on an electronic spreadsheet and these records shall be reviewed by the Payroll Manager on a monthly basis.

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6. The Payroll Manager or Director of Finance or Human Resources Manager shall monitor vacation and sick time by reviewing the attendance system.
7. A General Journal entry shall be prepared at year-end to record the accrued vacation liability.
8. Unused vacation time shall be based on the personnel policy of the Foxborough Regional Charter School.

Terminations

1. For each terminated employee, an *Employee Information Form* documenting the termination shall be completed and routed to the Business Office for benefits and payroll processing.
2. The approved *Employee Information Form* shall be communicated to the payroll service provider for updating of payroll data, including the effects on the fringe benefits including health, dental, pension, COBRA, etc.
3. The approved *Employee Information Form* shall be maintained in the terminated employee's personnel file.

1402 Personnel Data

Control Objective

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

Major Controls

Internal Accounting Controls

- (i) A precise paper trail covering all transactions shall be kept.
- (ii) Changes in personnel data shall be approved by responsible officials.
- (iii) Separate payroll and personnel files shall be periodically reviewed and reconciled.

Procedures

1. Changes to personnel data shall be initiated with an *Employee Information Form* when making changes in new hires, terminations, pay rate changes, or payroll deductions.
2. The Director of Finance or the Executive Director shall authorize any change to payroll data.
3. Authorized changes shall be communicated to the payroll service provider and other relevant benefits providers where there is an effect on the fringe benefits.
4. A copy of the *Employee Information Form* shall be retained in the employee's personnel file.

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1403 Timekeeping

Control Objective

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

Major Controls

A. Timekeeping Policies

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

B. Time Sheet

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

C. Internal Reviews

The school's supervisory personnel shall monitor the overall integrity of timekeeping.

D. Internal Accounting Controls

A reconciliation of the hours charged on time sheets to attendance records shall be completed by the Payroll Manager on a monthly basis.

Procedures

Time Sheet Preparation

All timesheets are electronic and hourly staff clock in and out daily. Time off is documented in Frontline by requesting time off and approved by their manager. Time off is imported into time and attendance and becomes a permanent record in their timesheet.

Electronic timesheets are approved by the manager of the department and processed by Payroll.

Reconciliation of Payroll to Time Sheets

1. The hours shown on time sheets shall be reconciled to the hours recorded on the Payroll Register by the Director of Finance for each time sheet period.

1404 Preparation of Payroll

Control Objective

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

Major Controls

Internal Accounting Controls

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- (i) Time records or contracts shall be periodically reconciled with payroll records.
- (ii) The responsibility for checking the accuracy of payroll calculations shall be separated from the responsibility for payroll preparation to the extent possible for the size of the school.

Procedures

1. All timesheets are electronic and approved by managers.
2. The total time recorded on time sheets and the number of employees shall be calculated by the payroll manager.
3. Recorded hours from the semi-monthly time sheets shall be imported to payroll and processed.
4. The payroll reports received from the payroll service provider (e.g., calculations, payrolls and payroll summaries) shall be compared with time sheets, pay rates, payroll deductions, compensated absences etc., by the payroll manager and by Director of Finance.
5. The total hours and number of employees shall be compared with the totals in the Payroll Register by the Director of Finance.

1405 Payroll Payment

Control Objective

To ensure payment for salaries and wages by check, direct deposit, cash or other means shall be made only to employees entitled to receive payment.

Major Controls

Internal Accounting Controls

- (i) Pre-numbered checks shall be used and all check numbers shall be accounted for.
- (ii) A complete audit trail on all payroll checks and direct deposit with authorizing signatures at each juncture shall be maintained.

Procedures

1. All payroll payments, direct deposit shall be distributed by the payroll company.
2. The bank account shall be reconciled monthly by the accountant.
3. The Director of Finance reviews the semi-monthly payroll register.

1406 Payroll Withholdings

Control Objective

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

Major Controls

A. Reconciliation of Payment and Payroll Withholdings

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Payroll withholdings shall be recorded in the appropriate General Ledger control accounts and reconciled with payments made to third parties by the payroll manager.

B. Internal Accounting Controls

The payroll service provider calculates payroll withholdings, which shall be reviewed and verified by the payroll manager.

Procedures

1. The payroll service provider calculates payroll withholdings—including MTRS deductions—for each employee. These shall be summarized by pay period and recorded in General Ledger.
2. Payments for payroll withholdings shall be reconciled with the amounts recorded in the General Ledger control accounts by the Director of Finance.
3. The Director of Finance shall review the accuracy and timeliness of payments made to third parties—including MTRS—for payroll withholdings.
4. Original withholding and benefit election forms, maintained in the employee file, shall be prepared by employees and reviewed and approved on a periodic basis by the Director of Human Resources.
5. The Payroll Manager shall prepare and file the required MTRS reports. Payroll company files with the Internal Revenue Service and Commonwealth of Massachusetts payroll tax forms.

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1500 PROPERTY AND EQUIPMENT (P&E) PROCEDURES

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

1501 Property & Equipment Acquisitions

Control Objective

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

Major Controls

A. P&E Acquisitions Tied to Budget

All acquisitions of property and capital equipment shall either be designated in the approved budget or subsequently approved by the Board of Trustees.

B. P&E Acquisitions Based on Approved Requests

Official approval shall be obtained before a P & E purchase is made. This is performed by reviewing the *Purchase Requisition Form* prepared for the item.

C. Internal Accounting Controls

Fixed asset acquisitions shall be reconciled with capital expenditure authorization by the Director of Finance.

Procedures

1. Capital budget requests shall be submitted annually for review and approval by the Board of Trustees.
2. Authorization requests for the acquisition of fixed assets shall be reviewed against the capital budget and approved by the Director of Finance, Treasurer, or Executive Director.
3. Each item of property and equipment received shall be identified and tagged in a visible area on the asset.
4. A copy of the *Purchase Order* for capital expenditures shall be entered into the fixed assets subsidiary or comparable worksheet for proper identification of all fixed assets.
5. Information on each tagged asset shall be entered into the fixed assets subsidiary or comparable worksheet.

1502 Recordkeeping Over Property & Equipment

Control Objective

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

Major Controls

A. Capitalization Policies

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The school follows generally accepted accounting principles as applicable to special purpose business-type activity government entities. All fixed assets purchased shall be capitalized in the year of purchase, and recorded in the general ledger. The school follows the policy of capitalizing all fixed assets purchased greater than \$8,000 per unit.

B. Fixed Asset Classification

Fixed assets shall be accounted for by the following classifications: land, building, equipment, site improvement, classroom equipment, furniture, and computer hardware and software.

C. Complete Record of P&E Acquisition Costs

The fixed assets subsidiary ledger contains the full history of each capital asset acquired: original acquisition cost, and any costs incurred to prepare the asset for use.

Procedures

1. Asset acquisitions, transfers, and dispositions shall be entered in the fixed assets subsidiary ledger on a periodic basis.
2. The fixed assets subsidiary ledger shall be reconciled with the control account in the general ledger on an annual basis. Any differences shall be analyzed and resolved by the Director of Finance.

1503 Depreciation

Procedures

The School capitalizes all fixed assets when acquired and records the historical cost of these items in the general ledger. In accordance with generally accepted accounting principles as they relate to special purpose business-type activity, government entities, under GASB 34, depreciation expense must be recorded in the general ledger. The Foxborough Regional Charter School will use the straight-line method of depreciation over the assets useful life as determined as follow:

Computers	5 years
Office Equipment	5 years
Vehicles	5 years
Office Furniture	4 years
Leasehold Improvements	10 years or Useful life or life of lease, whichever is less
Building Improvements	30 years
Building	40 years
HVAC	20 years
Software	3-4 years

1504 Inventory of Property & Equipment

Control Objective

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

Major Controls

Internal Accounting Controls

- (i) All property and equipment assets shall be tagged when received.

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Procedures

1. The Director of Finance shall prepare a printout of recorded fixed assets by asset classification.
2. An inventory of fixed assets shall be taken annually.
3. The inventory of fixed assets shall be compared to the amounts recorded in the general ledger control account. Differences shall be investigated and resolved by the Director of Finance monthly.

1505 Disposal of Property & Equipment

Control Objective

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

Major Controls

A. Disposal Policies

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

B. Internal Accounting Controls

- (i) Use of fixed asset disposal authorization form is required.
- (ii) Disposal or transfer of fixed assets shall occur only with proper authorization.
- (iii) Periodic counts of fixed assets that is reconciled with the fixed assets recorded in the control account within the general ledger. *Procedures*

- 1 A determination shall be made by the school personnel as to the usefulness of a fixed asset.
- 2 An *Asset Disposal Form*, including a description of the asset, purpose for disposal and methodology of disposal shall be prepared with proper written authorization from the Director of Finance.
- 3 The *Asset Disposal Form* shall be reviewed and signed by the Executive Director.
- 4 A copy of the final approved *Asset Disposal Form* shall be routed to the Director of Finance, who updates the fixed asset module. The treatment of any proceeds from the disposition, and the recognition of any gain or loss on sale of the disposed asset, shall be recorded in the general ledger.

5 Technology-Specific Disposals:

For all technology-related fixed assets (e.g., laptops, desktops, tablets, servers, and similar equipment), the Tech Department is responsible for the physical disposal process. This includes ensuring that all data is securely wiped, licenses are addressed, and the device is properly disposed of in accordance with school policy and applicable data privacy regulations.

The Asset Disposal Form must still be completed, and disposal must be authorized by the Director of Finance and reviewed by the Executive Director as outlined above.

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1506 Property & Equipment Acquired Through Government Grants/Contracts

Control Objective

To assure that property and equipment are properly obtained, used, and managed during the performance of government grants or contracts.

Major Controls

A. Record keeping

The school shall maintain detailed records on all property and equipment.

B. Custody

All property and equipment, when not in use, shall be stored in a secure area.

C. Inventory

All property and equipment shall be inventoried.

Procedures

1. All property and equipment acquired through government grants or contracts shall be assigned tag numbers and properly identified with this number in the fixed asset subsidiary ledger.
2. On a semi-annual basis, the Director of Finance shall take inventory of all property and equipment and shall ensure that fixed assets are being used for the purpose intended.
3. If necessary, the school shall obtain approval from the appropriate government agency for the disposition of property and equipment acquired through a government grant or contract, and the Director of Finance authorizes the disposition as described in the previous section.
4. Disposals of technology-related assets acquired through government grants or contracts must follow the same procedure described in Section 1505, including review by the Tech Department for secure disposal. The Director of Finance remains responsible for authorizing the disposal and ensuring financial records are updated accordingly.

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1600 ACCOUNTS PAYABLE PROCEDURES

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

1601 Accounts Payable

Control Objective

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

Major Control

A. Reconciliation of Accounts Payable Records

Reconciliation of source data, subsidiary ledger totals, and general ledger control accounts shall be performed periodically to ascertain the accuracy of accounts payable entries.

B. Internal Reviews

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

Procedures

Voucher Preparation and Review of Voucher

1. Invoices shall be received by the Business Office.
2. Invoices shall be compared to the *Purchase Order* and the packing list.
3. Invoices shall be reviewed for:
 - (i) The nature, quality, and quantity of goods ordered and the related price
 - (ii) Accuracy of all arithmetic calculations and extensions
 - (iii) Allowability of expenditure
 - (iv) Proper general ledger account and department coding
4. Invoices are then forwarded to the Director of Finance or designee for approval.
5. Once approved, invoices shall be input into the general ledger through the accounts payable subsidiary ledger after it is reviewed.
6. Checks shall be printed on a weekly basis, and vendors shall be paid net 30 days of their invoices, as recorded within the system. See Cash Disbursement section for issuing checks.

Purchase Discounts

1. The Business Office shall establish all vendor accounts within the accounting system upon initial use of the vendor.
2. The Business Office shall review the invoice for any purchase discount date and ensures that the vendor file is established and properly captures any discounts allowed.

Reconciliation of Accounts Payable Records

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1. The total balance in the accounts payable subsidiary ledger shall be reconciled with the general ledger control account monthly.
2. Debit balances in the accounts payable subsidiary ledger shall be resolved appropriately (e.g., an offset against other amounts due the vendor, requesting payment from the vendor, etc.)

1602 Purchasing

Control Objective

To ensure that goods and services shall be acquired at fair and reasonable prices and the highest ethical standards of conduct shall be maintained in all relationships with vendors, suppliers, and subcontractors. *Major*

Controls

A. Purchase Requirements

The school shall develop cost-effective and efficient purchase requirements in order to achieve full and open competition, meet delivery schedules, control inventory and material, and expedite purchases.

B. Required Competition

The school shall utilize the following procurement guidelines:

Contracts under \$10,000 - The school shall use sound business practices when procuring goods and services for amounts less than \$10,000.

Contracts from \$10,000 to \$50,000 - The school shall seek price quotes from at least three vendors and shall award the contract to the responsible vendor offering the supply or service needed for the lowest price.

Contracts greater \$50,000 - The school shall conduct a formal advertised competition using sealed bids or proposals. An award shall be offered to the qualified bidder who meets the School's specifications and offers the lowest price.

Construction contracts – The school follows all state and federal guidelines inclusive of the Commonwealth's public bidding laws.

C. Selecting the Vendor

The school shall select the most responsive and responsible vendor to provide the required materials and services, and shall promote competition in order to obtain fair and reasonable prices.

D. Internal Accounting Controls

- (i) Approval by the Board of Trustees of purchases equal to or exceeding \$25,000 shall occur prior to contract/purchase order finalization.
- (ii) All unethical purchasing conduct shall be reported to management as required under the Foxborough Regional Charter School's *Fraud Detection and Mitigation Policy*. Upon completion of an investigation, management shall recover restitution for any gain resulting from such conduct.

Procedures

Purchase Requirements

Foxborough Regional Charter School Policies & Procedures Manual

1. After approval of the annual budget, the Director of Finance shall review the school's needs to uncover patterns of orders and opportunities for clustering orders. This shall be done to achieve volume discounts.

Processing Purchase Orders

1. *Purchase Requisitions* shall be forwarded to the appropriate department's Administrative Assistant for processing.
2. The *Purchase Requisitions* shall include the following minimum requirements:
 - (i) A description of items ordered
 - (ii) A cost estimate including shipping & handling charges
 - (iii) The required delivery information
 - (iv) A statement of the nature and purpose of the procurement
3. The *Purchase Requisition* shall be used by the Administrative Assistant to generate a *Purchase Order* in AccuFund. Once entered, Accufund generates an electronic notification requiring a director's approval and/or the approval of the Director of Finance and Executive Director.
4. Upon approval, *Purchase Orders* are then viewable in Accufund and may be printed/emailed to the vendor with a copy kept on file by the Administrative Assistant.

Obtaining Bids and Quotations

1. The Director of Finance shall request bids or quotations verbally on transactions not expected to exceed \$10,000, and in writing for transactions between \$10,000 and \$50,000. Items greater than \$50,000 shall require formal bid requests and evaluation before a *Purchase Order* is issued.
2. In evaluating bids received, the Procurement Officer shall perform and document in writing a cost or price analysis.

Negotiation and Award

1. Consistent with the school's goal of expanding opportunities for minority business enterprises, companies which are minority or women owned, to the extent they are available locally and qualified, shall be given an opportunity to bid on a procurement in the school's selection process.
2. Awards may be made to other than the low bidder in circumstances where the higher bid demonstrates best value contracting procedures to the school (can use MGL c.30B as a guide). In such situations, the Procurement Officer shall prepare a justification statement for such awards, furnishing a brief explanation of the factors leading to such a decision.

1603 Expense Reimbursement

Control Objective

To ensure the Foxborough Regional Charter School shall pay only for properly authorized business expenses.

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Major Controls

A. Travel Policies

The school shall adopt policies on travel reimbursement.

B. Employee Expense Reimbursement Documentation

Employees shall obtain and furnish documentation for individual expenses.

C. Internal Accounting Controls

- (i) Justification for travel shall only be approved by the Director of Finance and the Executive Director.
- (ii) Documentation shall be provided for incurred reimbursable employee expenses.
- (iii) Documentation and approval shall be required for all school credit card purchases.

Procedures

Expense Reimbursement

- 1. Soon after traveling, but not exceeding 30 days, an employee who seeks reimbursement for authorized expenses shall complete a *Travel Report* detailing the expenses incurred and also attached supporting documentation.
- 2. All credit card purchases shall be supported by previously approved invoices in order to be reimbursed.
- 3. All employees' *Travel Reports* and associated invoices shall be directly reviewed and approved for payment by the Division Director, the Director of Finance and the Executive Director.

1700 OTHER LIABILITIES PROCEDURES

This section describes procedures for recognizing and recording accrued liabilities and deferred revenue.

1701 Accrued Liabilities

Control Objective

To accurately control and record accrued liabilities.

Major Controls

A. Maintaining an Accrual Register

The Foxborough Regional Charter School shall properly set up and monitor accrued liabilities and accrual accounts related to salaries and wages, vacation pay, and payroll taxes.

B. Reconciliation of the Subsidiary Schedules with the General Ledger Control Account

On a periodic basis, the Director of Finance shall perform a reconciliation between the subsidiary schedule and the general ledger control account.

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Procedures

1. An accrual subsidiary schedule shall be established and maintained by the Director of Finance for each type of accrual.
2. The school shall record all accruals at fiscal year-end, or when determined necessary by the -Director of Finance.
3. A general journal entry shall be prepared at year-end to record all accruals only after they have been reviewed and approved by the Director of Finance.

1702 Deferred Revenue

Control Objective

To accurately control and record deferred revenue.

Major Controls

A. Maintaining a subsidiary schedule of revenue deferred

The Foxborough Regional Charter School shall properly set up and monitor deferred revenue and properly record revenue in accordance with generally accepted accounting principles.

B. Reconciliation of the Subsidiary Schedule with the General Ledger Control Account

On a periodic basis, the Director of Finance shall perform a reconciliation between the subsidiary schedule and the general ledger control account.

Procedures

1. A deferred revenue subsidiary schedule shall be established and maintained by the Director of Finance for each type or source of revenue for which the school receives advanced funding.
2. The Director of Finance shall determine the extent of revenue recognized and consequently the revenue deferred for all revenue sources for which the school receives advanced funding.
3. A general journal entry shall be prepared at year-end to record all deferred revenue only after the records have been reviewed and approved by the Director of Finance.

1800 MANAGEMENT REPORTING PROCEDURES

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

1801 Annual Budget

Control Objective

The Foxborough Regional Charter School shall develop systems to effectively support the preparation of the annual budget and its periodic review.

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Major Controls

A. Budget Process

The Finance Committee shall work with the Executive Director and Director of Finance to prepare the annual operating and capital budgets and the annual cash flow projection. The budgets and projections shall be submitted to the Board of Trustees for approval.

B. Internal Accounting Controls

Accuracy and completeness of the budgets and projection

Procedures

1. In preparation of the annual operating and capital budgets and cash flow projection, the Director of Finance shall prepare preliminary budgets and the projection for review by the Executive Director in consultation with the Finance Committee.
2. To support the budgets and projection estimates, the Director of Finance shall prepare current year-to-date financial data with projections of year-end totals.
3. The Executive Director and the Finance Committee shall review the budgets and projections submitted by the Director of Finance for completeness and reasonableness.
4. The Board of Trustees shall approve and adopt the final budgets and projections.
5. The adopted budget totals shall be entered into the accounting system by the Director of Finance for the new fiscal year, in order to prepare budget to actual reports.

1802 Financial Reporting

Control Objective

The Foxborough Regional Charter School shall develop systems to ensure the accuracy, completeness, and timeliness of financial reporting to support decision-making.

Major Controls

A. Schedule

Monthly managerial reports shall be prepared based on a pre-determined schedule.

B. Review and Approval

Financial reports shall be reviewed for accuracy and completeness.

C. Audit

The annual financial statements of the school shall be audited by a certified public accounting firm.

Procedures

1. The Director of Finance shall prepare monthly budget vs. actual financial reports and balance sheet report for all regular monthly Board of Trustees meetings.

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2. The school shall submit to an annual audit of its financial statements by a qualified certified public accounting firm, in accordance with *Governmental Auditing Standards and the Massachusetts Charter School Audit Guide*.
3. The school shall submit the audited financial statements to the Office of the State Auditor and the Commonwealth of Massachusetts Department of Education Charter School Office by the January 1 statutory deadline.

1803 Payroll Tax Compliance

Control Objective

The Foxborough Regional Charter School shall develop systems to accurately prepare, and file required tax documents on a timely basis.

Major Controls

A. Preparation

The school shall obtain either a payroll service provider or in-house payroll software to assist in the preparation of periodic payroll tax filings.

B. Approval of Tax Returns

Payroll tax documents shall be reviewed and approved by the Director of Finance.

Procedures

1. The school shall maintain a schedule of required filing due dates for at a minimum the following documents:
 - (i) *IRS Form W-2* - Wage and Tax Statement.
 - (ii) *IRS Form W-3* - Transmittal of Income and Tax Statements.
 - (iii) *IRS Form 941* - Employer's Quarterly Federal Tax Return for Federal Income Tax Withheld from Wages and FICA Taxes.
 - (iv) *IRS Form 1099 MISC* (also *1099-DIV*, *1099-INT*, *1099-OID*) - U.S. Annual Information Return for Recipients of Miscellaneous Income.
 - (v) Quarterly and annual state(s) unemployment tax return(s).

(Note: Charter schools are not required to pay Federal unemployment (FUTA) but are required to pay State Unemployment either by the contributory method or reimbursement method). (vi) MTRS retirement deduction reporting
2. Before submission, all payroll tax documents, and the supporting schedules shall be reviewed and approved by the Director of Finance for accuracy and completeness.

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APPENDIX A: RECOMMENDED CHART OF ACCOUNTS

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Account Structure

1 st 2 Digits	Fund	
	10	General/Operating
	20	VPSC Federal Grant
	25	Grants & Gifts
	30	Capital Projects
3 rd -5 th Digits	Dept	
	100s	Administration & Finance
	200s	Teaching & Learning
	300s	Student & Families Activities
	400s	Operations
	500s	Employee Benefits
	600s	Grants
	700s	Capital Outlay & Debt Service
	800s	
	900s	
6 th -9 th Digits	Object Code	
	1010-1090	Cash & Investments
	1100-1190	Other Current Investments
	1300-1399	Prepaid
	1800-1850	Capital Assets
	1870-1879	Accum. Depreciation
	2000-2090	Accounts Payable
	2100-2199	Accrued Expenses
	2600-2699	Deferred Revenue
	2700-2799	Bonds/Loans Payable
	3100-3999	Equity Restricted
	4100-4799	State Tuition
	4210-4299	Federal Grants
	4310	Student Lunch Fees Not State
	4320-4399	Student Lunch Fees
	4400	State Grants
	4800-4999	Other Revenue
	5100-5199	Salary Expenses
	5200-5799	Expenses
	5800-5899	Capital Expenses
	5900-5999	Debt Expenses
10 th – 12 th Digits	Program Code*	
		General Education
		Special Education

		State Grants & Funding
		Federal Grants & Funding
		Private Grants & Contributions

*Program Codes are set up to identify a specific grant, program, or other account identifier.

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APPENDIX B: SAMPLE FORMS

Foxborough Regional Charter School
 131 Central Street, Business Office
 Foxborough, Massachusetts 02035
 Phone: 508-543-2508

PURCHASE ORDER
2682

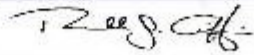
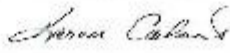
IMPORTANT NOTICE TO VENDORS: YOU ARE RESPONSIBLE FOR THE FOLLOWING

1. Mail invoices to FRCS address above 2. The purchase order number above must appear on all invoices, shipping papers, packages and correspondence 3. Invoice cash Purchase Order separately 4. Substitutions, changes, and prices other than specified below must be authorized in writing by the Executive Director 5. Do not include sales tax, we are tax exempt 6. Do not ship freight collect 7. Cancel all back orders if not shipped within 60 days after initial shipment 8. Payment terms net 30.

ISSUED TO: MyMusicFolders.com 400 W. Broadway, Suite 1 PMB #159 Missoula, MT 59802	SHIP TO: Foxborough Regional Charter School M. Duska-Integrated Arts 131 Central Street, Business Office Foxborough, Massachusetts 02035
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VENDOR PHONE: (888) 266-0731	REQ. NO: 2618	DEPT: Teaching & Learning
VENDOR FAX: (406) 203-1045	DATE: 10/28/2014	REQ BY: M. Duska-Integrated Arts

ITEM	Description	Stock Number	Quantity	Unit Price	Amount
1	Classroom Choir Folder	MMF Class Choir Folder	20.00	10.52	210.40
2	Shipping		1.00	24.91	24.91
	Note:	Order Total			\$235.31

Account Codes	Amounts	PURCHASE AUTHORIZED BY:	
10 290 0515 0202 INSTRUCTIONAL MATERIALS MUSIC	235.31		Ron Griffin October 28, 2014
			Karen Calvert October 28, 2014

Tax Exempt #: 04-3421863

NOT VALID WITHOUT TWO SIGNATURES

Page: 1

PO No.: _____

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FRCS REQUEST FOR BUDGET TRANSFER

Date: _____

To: Director of Finance

From: _____

At this time, I am requesting that \$ _____ in funds

be transferred from Account Number: _____ which is under budget

and moved into Account Number: _____ which is over budget.

The justification for this transfer is

Thank you in advance for your assistance in this matter.

Admin/Finance Office Use Only
Approved By:
(Executive Director or Director of Finance)
Date Approved:
Transfer Made On:
Transfer Made By:

Note: No transfers will be made after March 1st

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Check Request

PREAPPROVAL: _____

(Signature and date of director required)

Date Signed: _____

Detailed Description/Reason as to why the normal procurement process is not being used:

_ What is the item(s) to be purchased and what is the purchase for?

Please complete, and have your Administrator sign **before making a purchase.**

Attach receipts prior to submitting to the Business Office. Thank you.

Date: _____ Amount: \$ _____

Payable to: _____

Address: _____

Requested by: _____

Date needed by: _____

Receipts attached: _____yes _____no

If no, reason: _____

Authorized by: _____ Date: _____

Account to be billed: _____

FRCS ASSET DISPOSAL FORM

	Tag #	Asset Description	Book Value	Condition	Fair Market Value	Disposal or Sale
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

Director of Finance: _____

Date of Request: _____

Charter School Executive Director Approval: _____

Date of Approval: _____

Business Office Use Only***Account Number:*** _____***Amount:*** _____

NOTE: If the fixed assets above were originally purchased by grant funding, ensure that grant disposal policies are followed.

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131 Central Street
Foxborough, MA 02035

**Foxborough Regional Charter School
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FACULTY/STAFF TIME SHEET

Name: _____

Position: _____

Payroll Information

Date	Time Started	Lunch	Time Finished	Hours/Subbed for
ateat				
			Total Hours Submitted:	

Please fill out time sheet completely and have appropriate Administrator sign before

Signature: _____

Date: _____

returning to Human Resources. Thank you.

Approved by: _____

Note – with the adoption of the electronic Time and Attendance System, hard copy leave request forms should be phased out.

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FRCS TRAVEL REPORT

Name of Traveler: _____
 Dates of Travel: _____
 Grant to be charged, if applicable: _____

Auto Mileage: *Total Miles Driven* _____
Less Round Trip to School _____

Reimbursable Miles: _____ @ \$0.XX = \$ _____

Meals and Incidentals Per Diem: _____ days @ \$XX = \$ _____

Air-fare = \$ _____

Train, bus, MBTA, Taxi = \$ _____

Hotel = \$ _____

Tolls/Parking = \$ _____

Other (specify) _____ = \$ _____

Total Expenses = \$ _____

Less Advance Check # ____, if any = \$ _____

Amount Due Traveler = \$ _____

Note: If a balance is due back to the Charter School, please attach a check to this Travel Report.

Traveler's Signature: _____ **Date:** _____

Approved by: _____ **Date:** _____

Note: If a above travel is incurred under a grant agreement, please indicate the grant name and amount to be charged as allowable grant expenditures.