

### **INTERNAL BUSINESS CONTROLS**

The Demarest Board of Education shall evaluate business process annually and allocate available resources appropriately in an effort to establish a strong control environment.

#### **Segregation of Duties**

- A. The functions of human resources and payroll shall be segregated and completed by different employees.
- B. The functions of purchasing and accounts payable shall be segregated and completed by different employees.
- C. The business administrator/board secretary shall identify other areas that when performed by the same person shall be a violation of sound segregation of duties.
- D. Districts shall include in the Comprehensive Annual Financial Report (CAFR) detailed organizational charts for the central office that reflect the district's control logs, including, but not limited to the business, human resources and informational management functions.

#### **Standard Operating Procedures (SOPs) for Business Functions**

- A. By July 1, 2009 the district shall establish SOPS for each task or function of the business operations of the district that include section on each routine task or function in these areas:
  - 1. Accounting,
  - 2. Cash management,
  - 3. Budget development,
  - 4. Position control,
  - 5. Purchasing,
  - 6. Facilities,
  - 7. Security,
  - 8. Emergency preparedness,
  - 9. Risk management,
  - 10. Transportation,
  - 11. Food service,
  - 12. Technology systems
  - 13. Information management.
- B. An SOP shall be established that ensures that office supplies are:
  - 1. Ordered in appropriate quantities,
  - 2. Maintained in appropriate storage facilities,
  - 3. Monitored to keep track of inventory.

#### **Personnel tracking and accounting**

The district shall maintain a complete and up-to-date automated position control roster to track the actual number and category of employees which shall be fully implemented by July 1, 2009.

**INTERNAL BUSINESS CONTROLS (continued)**

**Financial and Human Resource Management Systems**

- A. When considering financial systems or automation of other services and functions, the district shall notify the executive county chief school administrator in writing to see if shared services opportunities exist.
- B. Access controls shall be established for the key elements of financial systems to ensure that a single person does not have the ability to make system edits that would violate the segregations of duties.

**Facilities Maintenance and Repair Scheduling and Accounting**

- A. If the district has three buildings or more, the district shall maintain an automated work order system which shall be evaluated annually to ensure effective processes and controls.
- B. The chief school administrator/designee will establish standard operating procedures (SOPs) for approval and prioritization of work order requests.
- C. All work order requests will include the name of the person making the request, the date of the request, the work need and the personnel required to complete the work and sufficient information to enable priorities to be established.
- D. There will be a close out system for all work orders that detail the work done, the materials used, the personnel involved and the cost.
- E. Except where prohibited by the collective bargaining agreement, a cost-benefit analysis of outsourcing of the work shall be done if the work required cannot be completed during regular working hours by the needed completion date.
- F. If out-sourcing is less than the in-house cost, is not prohibited by the collective bargaining agreement, and can be completed in accordance with law by the projected completion date of the work order, the project will be outsourced.

<b><u>Legal References:</u></b>	<p><u>N.J.A.C.</u> 6A:23A-6.5  <u>N.J.A.C.</u> 6A:23A-6.6  <u>N.J.A.C.</u> 6A:23A-6.7  <u>N.J.A.C.</u> 6A:23A-6.8  <u>N.J.A.C.</u> 6A:23A-6.9</p>	<p>Segregation of duties; organizational structure  Standard Operating Procedures for business functions  Financial and Human Resource Management  Personnel tracking and accounting  Facilities maintenance and repair.</p>
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<b><u>Cross References:</u></b>	<p>*3100  *3320  *3326  *3400  *3510  *3570  *4111  *4112.6  *4211  *4212.6</p>	<p>Budget planning and adoption  Purchasing procedures  Payment for goods and services  Accounts  Operation and maintenance of plant  District records and reports  Recruitment, selection and hiring  Personnel records  Recruitment, selection and hiring  Personnel records</p>
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\*Indicates policy is included in the Critical Policy Reference Manual.

**Key Words**

Internal Controls, Segregation of Duties, Standard Operating Procedures, SOPS, Personnel Tracking, Work Orders, Facility Maintenance, Facility Repair

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