

Town of Millville

Financial Policies and Procedures Manual

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June 2017

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**Town of Millville
Financial Policies and Procedures Manual**

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**Accounts Payable
Policies and Procedures**

**Approved by:
Effective:**

PURPOSE:

To establish bill payment standards and practices to assure that all invoices presented are legal obligations of the Town, are paid from valid appropriations or encumbrances and are obligations of the current fiscal year.

AUTHORITY:

Town Charter:

MGL Chapter 44 §§52, 56, 58 and 64

INVOICE REVIEW, PROCESSING AND PRODUCTION OF THE WARRANT

POLICY:

The policy of the Town is that the accountant's office shall assure the timely payment of all original invoices and vouchers submitted and approved by authorized municipal officials. In order to accomplish this, the town's policy is that vendors are paid weekly. The town's policy further requires that vendor invoices are only paid after verification of available funds for said purpose and upon evidence of compliance with procurement requirements consistent with state law.

PROCEDURES:

Appropriate Documentation

Town departments shall submit invoices for payment to the accountant's office as follows.

Authorization for Payment

- Only original invoices shall be submitted. They shall be covered with a *Schedule of Bills Payable* form or have an authorizing stamp clearly printed on the face of the invoice outlining the same information as the Schedule of Bills Payable form. The invoice or bill schedule shall be signed by the appropriate municipal official as verification of receipt of the services/materials. Only original signatures are accepted; stamped signatures are not allowed.

- The accountant's office shall maintain a listing by name and position with a signature for each municipal official authorized to make payments.
- Elected boards shall approve their departmental Schedule of Bills Payable. This includes but is not limited to the council on aging, library trustees, board of assessors, school committee and board of health. A majority of the board is required to sign the Schedule of Bills Payable, unless the Board or Committee appoints a member to sign and approve on behalf of the Board or Committee. If this option is exercised, the Board or Committee shall add an agenda item for a future meeting specifically for the purpose of reviewing the expenditures of the Board or Committee.
- When submitted, a signed Schedule of Bills Payable shall list each invoice presented for payment, the account to be charged and the total of bills payable on that schedule. When applicable, a copy of the purchase order and delivery documentation shall be attached as evidence of compliance with procurement requirements.
- A municipal official may seek to assign temporary signature authority to another municipal official. This process allows an alternate official to sign the Schedule of Bills Payable. Temporary signature authority is acquired by submitting a letter to the accountant's office with the supporting details.

Departmental entry of payables in VADAR System

- All invoices related to the week's Schedule of Bills Payable prepared by an authorized department shall be entered for processing via the VADAR system in the VADAR AP Invoice Entry Module.
- When the department has reviewed and confirms that the Schedule of Bills Payable and the VADAR Payables Batch reconcile, then the Schedule of Bills Payable and all the original documentation shall be submitted to the accountant's office for review and additional processing.
- The accounts payable supervisor in the accountant's office enters all other department's invoices.

Accountant's Office Review of Payables

- The accounts payable supervisor shall review all invoices submitted for:
 - o Verification of mathematical accuracy of
 - o Verification of delivery when applicable
 - o Verification that the Town has not been charged sales tax
 - o Verification that applicable discounts have been utilized
 - o Verification that vendor record is set up correctly.
- The assistant accountant shall review all invoices submitted for:
 - o Verification of fund, org and account coded/charged
 - o Verification of compliance with procurement requirements
 - o Verification of sufficiency of funds.

- After entering all invoices, the accounts payable supervisor shall run a VADAR Preliminary Warrant and verify that the VADAR Warrant Total reconciles to the grand total of each department's Schedule of Bills Payable for the week.
- The Preliminary Warrant will also identify and allow adjustments to the warrant in progress due to any accounts with insufficient funds.
- When this process has been completed for all departments submitting bills for payment, a VADAR Edit List shall be run and reconciled to a town-wide total of all Schedules of Bills Payable for that week.
- The accounts payable supervisor will run the VADAR Cash Disbursements Journal to verify that no vendor has a credit balance.
- The accounts payable supervisor will then run the VADAR Check Reconciliation report and will verify the vendor count to the number of checks.

Accountant's Review

Upon completion of these steps, a final edit listing of the warrant for the week shall be given to the accountant for review.

- The focus of the accountant's review shall be:
 - o Appropriateness of fund, organization and account charged
 - o Sufficiency of funds.
- In the instance of insufficient funds, the invoice shall be removed from the warrant and the invoice shall not be paid until budgeted funds are transferred, or until there is an authorized funding source.
- Upon approval of the VADAR Preliminary Warrant, the accountant shall instruct the accounts payable supervisor to run the Final Warrant. Two copies of the warrant shall be given to the accountant for signature.

Revisions to Department's Payables

- The accounts payable supervisor shall send each department a copy of their Edit Listing indicating any changes in the account charged, or other changes (i.e. removal of sales tax) with a brief explanatory note.
- Any invoice that cannot be paid shall be sent back to the department indicating the reason.

Submittal of Warrant to the Town Administrator for Signature

After signature of the warrant by the accountant, the accounts payable supervisor shall submit the warrant to the town administrator for signature. In the absence of the town administrator, the Board of Selectmen is authorized to sign the weekly warrant.

The signed warrant is the authorization for the accounts payable supervisor to run the VADAR Cash Disbursements Journal and to print the vendor checks.

UNPAID BILLS OF THE PRIOR YEAR

Policy:

The policy of the Town is to assure integrity to the Annual Budget by charging all invoices to the proper fiscal year via an encumbrance of current year funds. In the event that an invoice is not submitted by the department head for payment in the appropriate fiscal year, it shall be submitted to Special Town Meeting for a vote as to its disposition, consistent with the requirements of MGL Chapter 44 §64.

Procedures:

- In the event any department submits a bill from the prior year on a Bill Schedule, it shall be removed from the Bill Schedule and the accounts payable supervisor shall submit it to the accountant who will discuss it with the department head.
- In the case of any expenditure in excess of appropriation, the accountant shall forward the invoice and an explanation of the facts to the town administrator. The accountant will make a recommendation to the town administrator relative to the payment of the “unpaid bill” and potential funding options.
- The town administrator will present a recommendation to town meeting for payment of the unpaid bill of the prior fiscal year with an explanation of the facts and circumstances as to why the bill was not paid within the proper fiscal year. The appropriation may be funded by Town Meeting from any available funds.
- The appropriation can only be approved with a four-fifths vote of Town Meeting or a nine-tenths vote of a special Town Meeting.
- The proper municipal official or their lawful surrogate and the lawful vendor shall, under penalty of perjury, complete a prescribed certificate for presentation to the board of selectmen. At the time of payment, the invoice and certificates shall be submitted to the accountant along with the proper Schedule of Bills Payable.

ATTACHMENTS AND EXHIBITS:

**Annual Operating Budget
Policies and Procedures**

**Approved by:
Effective:**

PURPOSE:

To formalize standards and guidance for the development of the Town's Annual Operating Budget, the review of the proposed budget and the adoption of the budget consistent with sound practices and legal requirements.

AUTHORITY:

Town Charter:

MGL Chapter 39

MGL Chapter 40

MGL Chapter 44

Town Bylaws:

BUDGET DEVELOPMENT

POLICY:

Consistent with a date set by the board of selectmen but not later than February 22nd the town administrator shall submit a *Proposed Operating Budget*, supporting documents and a formal budget message to the Finance Committee. Annual budgets shall be prepared for the General Fund, any Enterprise Chapter 44 §53F 1/2 and all MGL Chapter 44 §53E 1/2 revolving funds.

PROCEDURES:

To assure the completion and submittal of the *Proposed Operating Budget* to the finance committee in compliance with the Town Charter and bylaw requirements, the following procedures and calendar should be followed:

- **Financial Forecast:**

The town administrator in consultation with the finance department staff should complete a financial forecast for the balance of the current fiscal year and the following fiscal year. The forecast should include major revenue sources and major expenditure categories. The forecast provides the guideline as to the Town's capacity to fund services for the ensuing year based on the estimate revenues and other financing sources.

Timeline: This should be completed no later than December 31st of the current fiscal year.

- **Budget Workshop:**

The town administrator's office shall conduct a seminar/workshop with departments to provide guidance and instruction to the departments in the preparation and development of their operating budgets. At this seminar, guidelines, worksheets, and budget histories (VADAR Budget History Printouts) shall be provided to each department.

Timeline: Not later than the third Friday of January.

- **Departmental Preparation of Proposed Budget Requests** - Departments should develop their proposed annual budget requests utilizing the worksheets and budget file formats distributed by the town administrator's office. Specifically, all wage, step and longevity increases for permanent employees for the ensuing fiscal year should be documented on the *Permanent Personal Services Worksheet* with grand totals for each category of compensation.

- o Any overtime requests and requests for temporary staff shall be supported by back up documentation.

- o All expense and capital outlay requests shall be documented on the *Expense and Equipment Worksheet* with supporting documentation for any increases.

Timeline: Department heads shall submit their budget requests to the town administrator's office no later than the last Friday of January.

- **Administrative Budget Hearings** - The town administrator and the Board of Selectmen shall hold budget meetings with each department in order to review and modify departmental budget requests in consideration of total Town goals and priorities and in conformance with projected revenue estimates.

The budget meetings shall review:

- o Staffing levels
 - o Accuracy of budget requests
 - o Departmental needs by program and subprogram
 - o Variations in spending needs from the current year
 - o The department's objectives for the ensuing year
 - o The department's accomplishments in the current year and

oChanges in program and sub-program statistics and measures.

Timeline: Budget meetings shall be completed by the Second Friday of February.

- **School Committee Budget** - The school committee is required to adopt its budget for the ensuing fiscal year following a public hearing on its proposed budget.

Timeline: The school committee should submit the regional budget as early as possible, in order to enable the administrator to prepare the total Town budget in light of all funding needs and available revenues.

- **Finalization of the Administrator's Proposed Budget** – The town administrator, Board of Selectmen and accountant shall review all the town administrator's approved expenditure budgets in consideration with the best available information as to revenue growth including estimated state aid. Based on the finalized estimates of revenue and the recommended use of reserves (Free Cash, General Stabilization Fund, Overlay Surplus, Cemetery Trust Fund etc.) the administrator's budget shall then be finalized and shall consist of the following sections:

1. **Table of Contents**

2. **Budget Message**, which addresses

:

- o Financial policies for the ensuing year,
- o Variations from the current year's revenues and expenditures
- o Summarize the Town's debt position.

3. Detailed **Revenue Budget** that should identify all major funding sources including:

Property Taxes identifying the various components of the levy including:

- o The provision of abatements and exemptions (overlay)
- o The amount of new growth included in the levy computation
- o Demonstrate compliance with Proposition 2 ½ via inclusion of the tax levy limit calculation
- o Include any approved capital or debt exclusions.

State and Federal Aid and Related Assumptions

Local Receipts including basis and assumptions for estimates.

Other Financing Sources identifying all transfers from other funds and fund balances to support the General Fund and indicating the full available fund balance. To the extent that an interfund transfer must be approved by an independent board (i.e., cemetery board of trustees), a

vote of that board shall be obtained prior to inclusion of said funds as an “other financing source” in the proposed revenue budget.

4. **Expenditure Budget** that is presented according to programs and subprograms.

Each program requires:

- o A program description
- o Mission Statement

Each subprogram requires:

- o A subprogram description
- o Budget Statement
- o Objectives for the ensuing fiscal year
- o Prior Year Accomplishments
- o Sub-program cost
- o Sub-program staffing (by full time equivalent – FTE).

Program and sub-program cost and staffing requests shall include:

- o The prior year actuals,
 - o The current year budget
 - o The department’s request for the ensuing fiscal year
 - o The town administrator’s recommendation for the ensuing fiscal year.
- Proposed summary budgets for the Town’s MGL Ch. 44 §53E 1/2 revolving funds shall also be included for review and eventual appropriation by Town Meeting.
 - The town administrator’s Proposed Budget shall also include a *Capital Budget*; the Capital Budget Policies and Procedures are presented in the Capital Improvement Plan section of this manual.

Timeline: The Proposed Budget document shall be submitted to the finance committee no later than the 25th of February.

BUDGET REVIEW

POLICY:

The finance committee shall consider, in open public meetings, the detailed expenditures proposed for each town agency. The finance committee may require the manager or any town agency or department to furnish it with additional information to assist it in the review and consideration of the budget.

PROCEDURES:

Finance Committee Review

- The finance committee shall prepare a budget review calendar for the various departmental budgets and make the calendar available to the public.
- The finance committee shall have review sessions with the various department heads regarding the budget request and services provided by the department/agency.

Public Hearing

- In addition to the public budget review sessions with departments, the finance committee shall conduct a public hearing on the administrator's Proposed Budget.
- The format shall provide for comments and questions from the public regarding any aspect of the proposed budget.

Finance Committee Report

- After review of the administrator's *Proposed Operating Budget*, the finance committee shall discuss, vote and file a recommended budget for Town Meeting action.
- The finance committee shall prepare a written report that sets forth the committee's recommendations with reasons in support to the recommendation.
- The finance committee report shall be sent to the town moderator, Town Meeting members, the board of selectmen, and the school committee and to all department heads.

BUDGET ADOPTION

POLICY:

Town Meeting must adopt the budget by June 30th. The budget to be acted upon by Town Meeting is the budget as proposed by the finance committee. Town Meeting's budget adoption vote may delete or decrease any programs or amounts; it cannot delete expenditures required by law or for debt service.

If the Town Meeting fails to take any action on the administrator's Proposed Budget it shall become part of the appropriations for the ensuing fiscal year and shall be available for the purposes specified as of July 1st.

PROCEDURES:

- Proposed deletions or decreases to the Finance Committee's Recommended Budget shall be proposed as motions subject to a second. The motion for deletion/decrease shall be subject to debate, and comments from the public. A majority vote of Town Meeting will determine if the proposed decrease or deletion is accepted. Any alternate motion to increase an appropriation must be accompanied by a verified funding source.
- After voting on motions to decrease programs or amounts, the Town Meeting shall review a finalized appropriations order in order to vote the budget. The appropriations order shall set forth by department and by category of expenditure (personal services, overtime, expenses and capital) the amounts to be voted as appropriations for said purpose.
- The town clerk shall forward the adopted appropriations order to the accountant within three days of the reconsideration period so that all appropriations can be recorded in *the Budget Module* of VADAR and posted to the General Ledger.

ATTACHMENTS:

**BUDGET ADMINISTRATION AND FINANCIAL
REPORTING
POLICIES AND PROCEDURES**

**Approved by:
Effective:**

PURPOSE:

To establish budget administration and financial reporting standards and practices that accurately report the financial position of the town's funds at the close of each month and on a timely basis after the close of the fiscal year.

AUTHORITY:

MGL Chapter 40 §6
MGL Chapter 41 §§57, 58, 60 and 61
MGL Chapter 44 §§20, 30B and 53E ½
MGL Chapter 71 §47

GENERAL FUND

Budget Posting -Appropriations Order

Policy:

After the Town Meeting approves the administrator's proposed budget (or votes to decrease the budget), Town Meeting then adopts the budget appropriations order. By doing so, Town Meeting authorizes the various departments to expend money effective as of July 1st based on appropriations for specific categories of expenditure (personal services (salaries), overtime, expenses and capital outlay) for each department of the Town.

Procedures:

- The town clerk sends the accountant the budget as voted by Town Meeting within 10 days after the vote of Town Meeting.
- Prior to the commencement of the new fiscal year, the accountant records the appropriations in the Budget Module of the VADAR system.
- The amounts voted are entered by the specific appropriation control levels for each respective department, (i.e. total amount appropriated for salaries, for expenses etc). All entries should be reviewed and reconciled to the Town Meeting's appropriation order by the accountant.
- The accountant should also record the preliminary revenue budget and should record all free cash and other available funds appropriated so that current year- end financial statements properly recognize all current year funds appropriated to support the Town's following year budget.

Tax Recapitulation Sheet Posting

POLICY:

The final budget of the Town as set forth on the town's annual *Tax Recapitulation Sheet* shall be recorded within ten days of the certification of the tax rates by the Department of Revenue (DOR). This usually occurs in late November or December.

PROCEDURES:

Although the budget was adopted in June of the prior year for July 1st, the final revenue budget cannot be recorded, as the actual tax rate is not set until late November or early December. After this process and approval of the Tax Recapitulation Sheet by DOR, the accountant must prepare various journal entries to record the final revenue budget of the Town for the fiscal year.

The accountant should record budget adjustments to:

- o Property *Tax Levy Budget* as a function of final new growth
- o Final *Overlay Amount* (provision for abatements and exemptions)
- o Final *Cherry Sheet* receipts
- o Final *Local Receipts* estimates (based upon the final tax levy, overlay, etc.).

Recording Budget Amendments voted by Special Town Meetings

POLICY:

The policy of the Town is that the accounting office is to record all types of budget amendments as voted by Town Meeting within five business days of the notification by the town clerk to approve the amendment and appropriate and/or transfer funds.

PROCEDURES:

On an annual basis the Town Meeting adopts the operating budget of the Town no later than June 30th. Over the course of the fiscal year the adopted budget may be amended as a result of the following types of actions by Town Meeting:

1. Supplemental appropriations funded by *Free Cash*
2. Supplemental appropriations funded by *Interfund Transfers*
3. Supplemental appropriations funded by a new revenue source
4. Interdepartmental and intradepartmental transfers
5. Supplemental appropriations funded by *Unexpended Articles*
6. Supplemental appropriations funded by *Overlay Surplus*
7. *Reserve Fund* transfers allowed under MGL Chapter 40 §6, and other year-end transfers as allowed under MGL Chapter 44 §33B, which governs appropriation transfers in cities and towns.

Each type of amendment requires a unique budget entry to record the vote of Town Meeting.

- **Budget Amendments/Supplemental appropriations funded by Free Cash**

When the town administrator and finance committee recommend the use of Free Cash as the source to fund an appropriation, and Town Meeting votes to approve this use of Free Cash, the accountant then records the additional appropriation in the *Budget Module* of VADAR and adjusts the *Undesignated Fund Balance* in the General Ledger in accordance with the UMAS manual.

- **Supplemental appropriations funded by interfund transfers**

When the town administrator and finance committee recommend the use of a fund balance from another fund (i.e. *Stabilization Fund, Receipts Reserved for Appropriation*) and Town Meeting votes to do so, the accountant records the amendment in the VADAR *Budget Module* to increase the respective budget and records the Interfund Transfer in accordance with the UMAS manual.

- **Supplemental appropriations funded by new/additional revenue sources**

Normally, additional revenues in excess of budget estimates stated on the Tax Recapitulation Sheet are not available for appropriation during the fiscal year; the additional revenues are received and recorded and simply close to undesignated fund balance at year-end. When Free Cash is certified, these funds are usually available for appropriation. On occasion, the DOR allows municipalities to use new or additional revenues as the funding source during the fiscal year and after approval of the Tax Recapitulation Sheet. A vote of Town Meeting to appropriate based on a DOR authorized revenue source is recorded by:

- o Increasing the respective departmental budget appropriation and
- o Increasing estimated revenue in accordance with the UMAS manual.

- **Interdepartmental and intradepartmental transfers**

The town administrator and finance committee may recommend that Town Meeting fund a supplemental appropriation without the need to use fund balances or new revenue sources by transferring from one category of appropriation or from one department to another department. A vote of Town Meeting to authorize a transfer from one appropriation is recorded by:

- o Increasing the respective appropriation and
- o Decreasing the source appropriation in the VADAR *Budget Module* in accordance with the UMAS manual.

- **Funded by unexpended articles**

The town administrator and finance committee may recommend that Town Meeting fund a supplemental appropriation without the need to use fund balances or new revenue sources by transferring from unexpended balances in voted articles. A vote of Town Meeting to authorize a transfer from unexpended article balances is recorded by:

- o Increasing the respective appropriation and
- o Decreasing the article balance in the VADAR *Budget Module* in accordance with the UMAS manual.

- **Funded by Overlay Surplus**

The town administrator and finance committee may recommend that Town Meeting fund a supplemental appropriation without the need to use fund balances or new revenue sources by transferring from Overlay Surplus. A vote of Town Meeting to authorize a transfer from Overlay Surplus is recorded by:

- o Increasing the respective appropriation *and*
- o Reducing the Overlay Surplus in the VADAR Budget Module in accordance with the UMAS manual.

Monthly Financial Reporting

Expenditure Reports

POLICY:

The policy of the Town is that all expenditure budgets will be reviewed on a monthly basis by department heads. The official record of expenditures is the town's General Ledger as maintained by the accountant, and department heads must submit documentation to support a journal entry if an account on the General Ledger needs adjustment.

PROCEDURES:

- The accountant shall notify department managers via email when each period or month is closed. The email indicates which payroll warrant and which accounts payable warrant is included in the period or month. Departments are required to print the VADAR Year-to-Date Report for their department.
- Department heads must return the Year-to-Date Report with a signature indicating all activity is correct. If the department head does not agree they must submit documentation of the issue or variance and request a journal entry.
- Departments at any time (and more frequently than at month end) may access their current balances by accessing the General Ledger Inquiry module of VADAR. This module will show the current balance of any account as of that date. Departments are encouraged to do so.
- The department head will prepare a brief summary level expenditure analysis report for distribution to the town administrator and finance committee at mid-year (December 31st). The report shall indicate expenditure and encumbrance activity to date in comparison to the Budgeted Allocations and in comparison to the same period last year. The report shall indicate any potential issues with the viability of the budget. The report must be submitted to the finance committee and town administrator by January 15th .

Revenue Reports

POLICY:

The policy of the Town is that all revenue budgets will be reviewed on a monthly basis by department heads. The official record of revenues is the Town's General Ledger as maintained by the accountant, and department heads must submit documentation to support a journal entry if a revenue account on the General Ledger needs adjustment.

PROCEDURES:

- After the close of the month, departments will print copies of the VADAR Year-to- Date Budget Report - (revenues through date) to relevant department heads. This report indicates the Revenue Budget/Estimate, the Actual Year-to-Date Revenue, MTD Revenue and the Remaining Revenue (to be collected), as well as the Percent Collected. The department head shall transmit a signed copy to the accountant as evidence of agreement with the revenues for their respective department.
- The VADAR Revenue Report shall be distributed to respective department heads, to the town administrator, and to the chair of the finance committee.
- If a department head finds that a departmental receipt turned over to the treasurer/collector's office is not recorded on the General Ledger as revenue, the finding shall be documented and reported to the accountant.
- The department head shall prepare a brief Summary Level Revenue Analysis Report for distribution to the town administrator and to the finance committee at mid- year (December 31st). The report shall indicate revenue activity to date (the six month point) in comparison to the "budgeted revenue" and in comparison to the "same period last year." The report shall indicate any potential issues with the viability of the revenues to sustain the adopted budget. The report must be submitted to the finance committee and town administrator by January 15th.

Quarterly and Year-End Financial Reporting

Full Set of Financials

POLICY:

The policy of the Town is that the accountant shall prepare and issue quarterly and year-end financial statements to the town administrator and to the finance committee in order to report and inform them of the financial status of the Town.

PROCEDURES:

Quarterly Reporting

- On a quarterly basis the accountant shall prepare combined balance sheets for all funds (General, Special Revenue, Capital Project, Trust etc).

- The presentation of the balance sheets shall include identification of issues with any fund.

Year-end Financial Reporting

- The accountant shall prepare within 45 days of June 30th, the close of the fiscal year, the combined balance sheet and the DOR year-end reporting packet and Free Cash Worksheet. These reports shall be submitted to the town administrator and then distributed to the finance committee.
- Within 60 days of the close of the fiscal year (August 31st) UMAS financial statements including individual fund, combining fund and combined funds balance sheets and operating statements shall be issued by the accountant. These statements shall be submitted to the town administrator and then distributed to the finance committee and be available for the independent CPA firm.
- On or before October 31st the accountant shall submit *Schedule A* to the DOR.

Year-End Closing

POLICY:

The policy of the Town is that the accountant shall complete the year-end close no later than August 31st, 60 days after the close of the fiscal year, in order to issue year-end financial statements (UMAS and GAAP) and to assure the timely certification of Free Cash.

PROCEDURES:

- By June 1st the accountant shall prepare a year-end closing guidance memo to all departments. The memo should give directions for:
 - o The deadline of submission for all bills payable for the current fiscal year
 - o The deadline for submittal of all encumbrances and requests for carry- overs of funds
 - o An advisory on MGL regarding *Unpaid Bills of the Prior Year*.
- Departments may request encumbrances for any goods or services ordered but not received as of June 30th. The *Request for Encumbrance* shall be supported by a purchase order or a contract/agreement executed prior to the close of the fiscal year.
- Detailed receivable lists shall be run for all receivables and the timing of commitments and receipts coordinated with the treasurer/collector's office. No entries for commitments, receipts, abatements or other adjustments shall be entered into the accounts receivable system for the new fiscal year beginning July 1st until year-end detailed reports are run (normally two to three days after year-end).
- Accounts receivable credit balances must be identified and investigated. If the balances are not part of the detailed reports they must be summarized for

comparison to General Ledger accounts. Tax title records, which are not on the computer system, shall be summarized and listed by taxes, liens, betterments, interest and fees.

- The treasurer/collector shall advise the accountant of the last receipt entries posted into the collections system and included in deposits for the closing fiscal year. Deposits shall be made by noon of the next business day subsequent to year-end closing. Any unposted items for unidentified receipts must be resolved and posted prior to closing.
- Year-end commitments for water and sewer shall be reported to the accountant based on the date posted to the receivable system.
- Prior to closing, trial balances shall be printed and reconciling procedures as described above shall be applied to all accounts. Year-end closing entries to fund balance accounts shall be made where appropriate. Other adjustments shall be made, as necessary and final trial balances of all accounts shall be printed.
- Year-end reports shall be distributed to all departments for their review and approval. After all approvals have been obtained and all accounts adjusted, a complete detailed General Ledger shall be printed for all funds. The detailed General Ledger shall be compared to the trial balances for consistency. The detailed General Ledger and supporting trial balances shall be retained in the accounting office for future reference. In addition, tape back-up of the complete VADAR data files should be retained.
- The accountant shall print copies of the final year-end balance sheets, revenue reports and expenditure reports for all funds. The reports shall be retained in the *Year-end Close* binder and shall serve as the source documents for *Schedule A* and *the Year-end Free Cash Submittal* information to DOR, as well as for the *End-of-Year Report* to DOE.
- Closing entries for revenue and expenditure accounts are automatically performed in the VADAR system. The beginning balances brought forward into the new fiscal year shall be compared to the final balance sheets to assure that the system has closed correctly.

Preparation and Submittal of Year-End Reporting Packet to DOR POLICY:

The Department of Revenue - Bureau of Accounts (DOR) must certify Free Cash after the close of each fiscal year. Once Free Cash is certified, these funds are available for appropriation by Town Meeting for any purpose recommended by the town administrator and finance committee. Each year the Town will submit a timely filing (no later than the first week of September) of all year-end documents to the DOR in order to have Free Cash certified on a timely basis.

It is town policy to regard Free Cash as a non-recurring revenue source, which is available for appropriation for capital expenses or one-time, non-recurring uses.

PROCEDURES:

- The accountant will complete the town's year-end UMAS financial statements (balance sheet and operating statement) no later than August 31st.
- The Accountant will complete the DOR end of year-end Free Cash Checklist.
- The Town administrator will review the above documents and the documents should be submitted to DOR for certification of Free Cash.
- The Accountant should inform the Town administrator and the Finance Committee of the projected amount of funds to be certified as "Free Cash". The Accountant should also submit a report explaining the key factors contributing to the new free cash balance, including significant departmental turn backs (unexpended funds), actual revenues in excess of budgeted revenues, the close out of overlay surplus and the like.
- The Free Cash certification letter/email, when received by the Accountant, should be distributed to the Town administrator, Finance Committee, Board of Assessors, Treasurer/Collector, and the Town Clerk.

Preparation and Submittal of Schedule A to DOR**POLICY:**

The policy of the Town is that the accountant shall file *Schedule A* with the DOR by their annual deadline, normally October 31st. Schedule A is a comprehensive report of all of the town's revenues for all town funds, and of all expenditures by category of expenditure for all funds of the Town.

PROCEDURES:

- The accountant shall prepare Schedule A after the close of the fiscal year and completion of all UMAS financial statements.
- The source document for all revenues to be reported on Schedule A shall be the Year-end Revenue Subsidiary Ledger.
- The source document for all expenditures to be reported on Schedule A shall be the Year-end Expenditure Subsidiary Ledger.
- The accountant shall file Schedule A electronically on the prescribed DOR software.

Department Of Education End-of-Year Report

POLICY:

The policy of the Town is that the school department will file the End-of-Year Report with the Department of Education (DOE) on or before September 30th. This report is a comprehensive report of school receipts, expenditures, staffing, pupils and other data and is subject to audit by an independent CPA firm. The accountant, as affirmation that the amount reported agrees with the activity by fund as recorded on the General Ledger, also signs this report.

PROCEDURES:

- The school business manager is responsible for the completion of all schedules and tables for the report.
- The school department shall submit the report to the accountant at least seven days prior to the DOE due date, for review and for signature and certification of the expenditure numbers by the accountant.

SPECIAL REVENUE FUNDS

Revolving Funds

POLICY:

The Town has two types of *Revolving Funds*:

1. Funds established pursuant to MGL Chapter 44 §53E1/2 and
2. Funds established based upon acceptance of specific statutes authorizing revolving funds for specific purposes (School Athletics Revolving).

The town's policy is to comply with the Commonwealth's laws and the Department of Revenue's standards that govern each category of revolving fund.

PROCEDURES for Chapter 44 §53E1/2 Revolving Funds

- The accountant shall oversee and assure that an annual expenditure budget and revenue budget is prepared for all Chapter 44 §53E1/2 revolving funds of the Town. The revolving fund requests by the department shall be prepared based on the same guidelines and standards distributed by the town administrator to department heads for preparation of their annual General Fund budgets. The budgets shall be subject to the same level of review as all General Fund expenditure proposals.
- The proposed revolving fund revenues and expenditures shall be included as part of the administrator's proposed budget for the ensuing fiscal year.
- Town Meeting must vote the *Annual Expense Budget Authorization* for all Chapter 44 §53E1/2 revolving funds. The authorization shall be included as a separate

section of the *Appropriations Order*. The department cannot exceed this spending limit for Chapter 44 §53E1/2 programs and activities, even if revenues exceed the total budget authorized by Town Meeting.

- The accountant shall assign a separate fund.
- Notwithstanding the fact that Town Meeting has voted a spending limit for Chapter 44 §53E1/2 funds, expenditures cannot be authorized for payment by the accountant that exceed the sum of the year-end balance forward in the fund and the year-to-date revenues.
- Town Meeting must annually vote to authorize all of these funds.
- Unexpended balances shall revert back to the General Fund at year-end if that specific Chapter 44 §53E1/2 revolving fund is not re-activated at the Annual Town Meeting for use during the following fiscal year.

PROCEDURES for Other Revolving Funds

- The accountant will record expense budgets for each revolving fund based on actual revenues received for that fund.
- The accountant shall adjust the expense budget for the fund based on additional revenues reported on the *Schedule of Departmental Payments to the Treasurer* received from the treasurer/collector.

Receipts Reserved for Appropriation Funds

POLICY:

The Town has several *Receipts Reserved for Appropriation Funds* that, pursuant to Massachusetts General Laws, require the Town Meeting to vote an appropriation as the authorization for any expenditure from the fund. Receipts reserved for appropriation funds include insurance reimbursement greater than \$20,000, sale of surplus property, etc.

PROCEDURES:

- The accountant shall certify the total receipts reserved for appropriation funds available, and the town administrator shall prepare a resolution for vote by Town Meeting any time there is a planned use of monies from a receipts reserved for appropriation fund. The resolution should include the purpose of the proposed use of the funds and the specific amount of funds requested for appropriation by Town Meeting.
- The town clerk shall forward all approved appropriation orders voted by Town Meeting to the accountant within five days of the vote of Town Meeting.
- The accountant shall record the vote appropriation as an inter-fund transfer from the Receipts Reserved for Appropriation Fund to the General Fund in order to provide sound control and to assure that no excess expenditures are made from the receipts reserved fund.

- Expenditures for the purpose authorized by Town Meeting will be made from the General Fund after the inter-fund transfer is made from the Receipts Reserved for Appropriation Fund.

CAPITAL PROJECT FUNDS

POLICY:

The policy of the Town, consistent with UMAS fund accounting, is to use capital project funds to account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds or trust funds.

PROCEDURES:

- Town Meeting votes the approval of a capital project.
- The accountant will establish a new capital project fund and post the approved budget based on a Town Meeting vote, at the point that the project is financed through either:
 - a. Receipt of bond or grant anticipation loan proceeds
 - b. Receipt of an approved inter-fund transfer
 - c. Receipt of long-term bond proceeds.
- The accountant will not approve any contract, nor allow any obligation to be incurred, in a capital project fund without one of the three financing methods listed above being in place.
- All capital project fund budgets are multi-year budgets and will be expended over a multiple fiscal years.
- On a quarterly basis, the accountant shall review all open capital projects in order to identify completed capital projects with available balances that may be used to finance other capital needs of the Town.
- When the capital project is completed, the accountant will close out the fund. *A Residual Equity Transfer* will be appropriated consistent with MGL Chapter 44 §20.

TRUST FUNDS

POLICY:

The policy of the Town is to oversee and assure the appropriate expenditure of funds in conformance with the trust agreement, and authorized payments based on approval of trustees of the trust. The accountant will only establish trust funds for assets that the Town is holding in trust for a third party, such as scholarships, cemetery perpetual care and library trusts.

The town's trust funds are fiduciary funds and each trust fund account has been created to conform to the requirements of the trust agreement. The Town has expendable trust funds and non-expendable trust funds.

PROCEDURES:

- The accountant, for purposes of sound control of trust fund expenditures, and the treasurer, for purposes of sound investment of trust funds, shall each maintain a file of the detailed trust documents which describe the purposes the funds can be used for, any trust fund investment restrictions and any limitations on the expenditure of the funds. The file shall also retain documents that define what portion of the fund is expendable and which portion is non-expendable, and who is authorized as to the signing authority to expend funds.
- Based upon the source trust fund documents, the accountant shall segregate the non-expendable portion from the expendable portion. Until verified as expendable all trust funds shall be deemed to be non-expendable.
- Although no annual appropriation is made for a trust fund, the accountant shall require expense budgets for the expendable portion of the trust in order to monitor and control expenditures. Since the non-expendable portion is not available for expenditure, no expense budget is required.
- In order to insure that the purposes of each trust are achieved, the treasurer/collector or other custodian of the trust fund assets shall invest the trust funds to maximize return consistent with the terms of the trust document.
- The accountant and town administrator will only pay trust fund disbursements through the town's accounts payable system on a warrant duly approved and signed.

AGENCY FUNDS

General Agency

POLICY:

The policy of the Town is to utilize agency funds for the purpose of accounting for assets that are controlled by the Town when acting as an agent for a third party.

PROCEDURES:

- The accountant records contributions and withdrawals, as the Town is only an agent for these funds. As such the fund has neither revenue accounts nor expenditure accounts; contributions received are recorded as liabilities and funds withdrawn reduce the liability.
- The accountant shall establish authority for approval of disbursement of all agency funds. Final disbursement, return of all deposits, planning fee deposits and performance bonds shall be approved for release upon receipt of appropriate documentation indicating completion of work to the accountant.

- All agency fund payments shall be processed through the town's accounts payable system and paid on the warrant duly signed by the accountant and the town administrator.

Student Activity Accounts

POLICY:

Massachusetts General Law Chapter 71 §47 permits school principals to receive monies related to various student activities, and to maintain checking accounts with authorized limits. These accounts are allowed to provide a means to expend funds on a timely basis for appropriate student related activities. The town treasurer/collector shall establish a *Student Activity Agency Fund* into which all related receipts shall be deposited. The school committee shall adopt a student activity account policy in accordance with Chapter 71 §47. The treasurer/collector shall reimburse the student activity accounts in accordance with school committee policy.

PROCEDURES:

- Student activity funds collected by the respective school are turned over via the *Schedule of Departmental Payments to the Treasurer*. A copy of the schedule is submitted to the accountant.
- When the receipts and the *Schedule of Departmental Payments* are submitted to the treasurer/collector, the treasurer/collector signs the form as an indication of the receipt of funds. One copy is retained by the respective school.
- All student activity funds are receipts into the student activity agency fund and are recorded on the General Ledger of the Town.
- The checking accounts shall have a maximum balance (amounts are set by the school committee) at any one time of:
 - o High School = \$
 - o Middle School = \$
 - o Elementary Schools (each) = \$
- Each school may expend funds for payment of goods and services related to approved school activities. All disbursements require an invoice or receipt as documentation to be available for review or audit.
- Disbursements greater than \$XXXX shall be processed through the warrant procedures and shall not be paid by cash.
- The individual schools maintain records of expenditures and are responsible for reconciling the checking account bank statements and their ledgers on a monthly basis.

- When the checking account is approaching a zero balance the individual schools, through the school business office and the warrant process, submit all receipts and documentation of payment for replenishment of the account.
- All receipts and documentation are reviewed by the school business office for appropriateness prior to submittal of the *School Department's Schedule of Bills Payable* to the accountant.
- The accountant shall review all documentation for appropriateness prior to placement on the warrant to replenish funds in the student activity checking accounts.
- Each school must file an annual report with the school business manager no later than August 15th.
- The accountant and school business manager shall conduct periodic reviews.
- The accountant and school business manager shall conduct an annual audit.
- An audit by an independent CPA firm shall be conducted at least once every three years.
- The annual audit shall be completed within nine months after the close of a fiscal year.

ATTACHMENTS:

- | VADAR Year-to-Date Expenditure Report

Capital Improvement Program and Capital Budget Policies And Procedures

PURPOSE:

To formalize standards and guidance for the development of the town's Five-Year Capital Improvement Program (CIP) for the public's review of the proposed capital projects and their support of the CIP, and for the equitable formulation of the annual capital budget consistent with sound practices and legal requirements.

AUTHORITY:

Town Charter:

Town Bylaws:

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DIVISION OF RESPONSIBILITY:

The town administrator is responsible for submittal of a Five-Year Capital Improvement Program (CIP) to the board of selectmen and the finance committee.

The capital planning committee (CPC) shall assist the town administrator in the preparation of materials for and the development of the CIP. The committee shall review the administrator's proposed CIP and shall report its recommendations to the board of selectmen and to the finance committee.

Department heads shall prepare their requests for capital items and capital projects on approved forms and submit them to the town administrator.

The school committee, planning board and library board shall prepare their capital item and capital project requests on approved forms and submit them directly to the capital planning committee.

POLICY:

The Town's policy is that the town administrator shall submit a CIP to the board of selectmen and to the finance committee not later than January 15th (one month before the annual operating budget is submitted to the finance committee).

The CIP shall be based on material prepared by the capital planning committee established by bylaw. It shall include:

- A clear and concise summary of its contents
- A list of all capital improvements proposed to be undertaken during the ensuing five years

- Cost estimates, methods of financing and recommended time schedules for the improvement and
- The estimated annual cost of operating and maintaining each facility and piece of major equipment.

This information is to be annually revised by the capital planning committee. The Town's

policy is that capital projects shall be undertaken in order to satisfy documented needs or demands of the Town. The CIP shall be a realistic multi-year plan of capital spending, based on estimated revenues and other financial sources, which may reasonably be anticipated over the five-year term of the plan. All capital project proposals shall be evaluated in terms of their estimated impact upon the annual operating budget of the Town.

Capital improvement projects shall meet one or more of the following criteria:

- o Ensure compliance with state or federal law or an administrative regulation or decree
- o Enhance protection of public health or safety
- o Reduce and/or stabilize operating budget costs
- o Prolong the functional life of a capital asset of the Town by more than 10 years
- o Enhance the town's tax base.

Definition of Capital

Capital items should be \$20,000 or more for a single item or five times this threshold (\$100,000) for a capital project consisting of multiple line items costing less than \$20,000 each. The capital item should have a useful life of three years or longer.

Five-Year CIP

PROCEDURES:

- The town administrator's office will distribute capital project guidelines and worksheets to town departments in order to identify and inventory the multi-year capital needs of the Town. The worksheets distributed to the department heads will request information as follows:
 - o Estimated cost of the project with supporting documentation
 - o Identify the problem and evaluate alternative solutions
 - o Estimated costs delineated by category: architectural, land acquisition, demolition, site improvements, and construction
 - o Comparison of purchasing versus leasing
 - o Effects on the operating budget (increases or evidence of savings in maintenance and repair)
 - o Description and explanation of projects needs and benefits
 - o Estimated useful life of project/capital item
 - o Estimated implementation schedule and completion date

- o A plan detailing projects awarded during the past three years and those planned for the next five years.
- These worksheets and guidelines shall be presented and discussed at a capital program work session conducted by the town administrator (or designee) and held no later than October 1st.

A sample *Capital Improvement Worksheet* is attached.

- The department head shall also complete and submit a *Capital Projects Rating Sheet*. This rating sheet allows scoring and rankings by:
 - o Priority classification
 - o Project's expected useful life
 - o Project's effect on operating and maintenance costs
 - o Project's effect on town's revenues (tax base)
 - o Availability of state/federal grants or private funding

The *Capital Projects Rating Sheet* and instructions are attached.

- Department heads shall prepare and complete the capital improvement information and worksheets for their function/department and submit it to the town administrator's office no later than November 1st.
- The town administrator shall prepare a summary of capital improvement needs including the departmental requests for submittal to the CPC no later than November 15th.
- The school committee, library board and planning board shall submit their capital project requests directly to the CPC. They shall use the standard worksheets and forms as all other departments. These shall be submitted to the capital planning committee by November 15th.
- The town administrator shall also present information as to the Town's ability to finance proposed projects over the five-year period of the CIP and identify:
 - o Annual operating revenue capacity
 - o Bonding capacity
 - o Grants available
 - o General stabilization funds available
 - o Building stabilization funds available
 - o Capital stabilization funds available
 - o Debt or capital exclusions proposed.
- The CPC shall meet over the course of several sessions to review departmental requests and to review the administrator's financing plan.
- The CPC and the manager can reassess and assign "scores" to requested capital projects that are different from the score assigned by the department head, based on their own investigations and analysis.
- The manager and CPC shall prioritize projects for inclusion in the multi-year CIP based on realistic estimates of financing capacity. The CPC and the manager

shall select specific projects on the basis of priority for scheduling and financing in the ensuing fiscal year (year one of the emerging CIP). This shall be completed no later than December 31st.

- The manager shall finalize the CIP for the ensuing five years based upon the recommendations of the capital planning committee and a realistic estimate of available debt, revenue and other funding sources capacity.
- The manager shall present the Five-Year Capital Improvement Program document to the board of selectmen and finance committee no later than January 15th.
- The capital planning committee, which has assisted the manager in the development of the CIP, shall also report its recommendations to the board of selectmen and to the finance committee. Both the administrator's CIP and the capital planning committee's recommendations shall become part of the finance committee's budget report.

Annual Capital Budget

POLICY:

The Town Charter requires the development of a five-year CIP. The town's policy is to make all capital improvements in accordance with funding provided within the annual capital budget. The first year of the proposed five-year CIP represents the ensuing fiscal year's capital budget for the Town.

PROCEDURES:

- The town administrator should include the first year of the capital improvement program in the *Proposed Annual Budget* document presented to the finance committee.
- The annual capital budget will delineate the capital projects to be undertaken in the ensuing fiscal year, the costs for the ensuing fiscal year, the methods of financing and a draft appropriations order and bond authorization order for vote of the Town Meeting.
- Operating costs associated with new capital projects will be projected and included in the administrator's proposed annual operating budget.

ATTACHMENTS:

- | Capital Improvement Worksheets
- | Capital Projects Rating Sheet

Cash Receipts, Cash Disbursements, Petty Cash, Tailings and Reconciliation of Cash Policies and Procedures

Approved by:
Effective:

PURPOSE:

To establish sound financial controls and practices to assure all cash receipts are deposited on a timely basis, are recorded on a timely basis, that disbursements are made only after proper authorizations and safeguards; and to assure that cash is reconciled on a timely basis.

AUTHORITY:

MGL Chapter 41 §§35, 41 and 57

CASH RECEIPTS

POLICY:

It is the town's policy that the treasurer/collector's office is solely responsible for the entry of cash receipts to the VADAR system. The treasurer/collector's office is responsible for all bank deposits with the exception of school lunch receipts and school athletic receipts. In all other instances the town and school departments must turn over receipts to the treasurer's office not less than once a week. At a minimum, revenue shall be turned over immediately to the treasurer's office when the department has collected \$250 in cash or \$500 in checks.

It is each department's responsibility to establish procedures to safeguard the collection and remittance of receipts until turned over to the treasurer.

The treasurer must give bond annually consistent with the provisions of MGL Ch. 41 §35. The accountant shall verify that the treasurer has given bond as required.

The accountant shall periodically, but not less than once per year, perform site visits to the departments to audit the receipt process.

PROCEDURES:

- Departments that collect receipts will complete a *Form AD-9/10* entitled *Schedule of Departmental Payments to the Treasurer - Attachment VII.11* to report respective receipts by appropriate General Ledger revenue account.
- Departmental staff shall deliver the form with the cash and checks to the treasurer/collector's office.

- The treasurer/collector's clerk signs the Form AD-9/10 as a verification that the total amount indicated on the form reconciles with the total cash and checks presented.
- One copy of the Form. AD-9/10 is forwarded directly by the department to the accountant as an independent source document for the accountant to verify that the receipts have been entered to VADAR by the treasurer/collector's office. This copy is sent the accountant at the same time the receipts are submitted to the treasurer/collector.
- The department retains one copy of the Form AD-9/10 as signed by the treasurer/collector's clerk.
- The treasurer/collector's clerk enters all receipts reported on the schedule of miscellaneous receipts in the Accounts Receivable module of VADAR by the respective code.
- Departmental cash receipts (as well as all committed receipts) are reported on a *Cash Sheet* and tape that balances to all "departmental turnovers" and other committed receipts for the day. When all cash, checks and the tape reconcile, the deposit slip is then prepared and all documentation is turned over to the assistant treasurer/collector for recording in the *Cashbook* and deposit at the bank.
- All cash receipts activity for a specific date will be entered to a VADAR batch the day after receipt. The *VADAR Payments Proof* must reconcile to the Cash Sheet and tape submitted to the assistant treasurer/collector on the prior day.
- Each town and school department that receives cash receipts should review the *VADAR Revenue Year to Date Report* for their department each month to verify that all cash receipts that were turned over the treasurer/collector are recorded accurately to the respective General Ledger account. Any discrepancies shall be reported to the accountant.

School Lunch and School Athletic Receipts

POLICY:

The town policy is that school officials responsible for these programs have authority to make deposits at the bank. The deposits shall be made on the same date that the cash/checks are collected.

PROCEDURES:

- As documentation of the deposit the school department should provide one copy of the deposit slip to the treasurer/collector, submit one copy of the *Schedule of Departmental Payments to the Treasurer* indicating the General Ledger revenue account(s) and submit a copy of the cash register receipt from the school site as record of the "sales activity."
- The school department will submit a separate copy of the *Schedule of Departmental Payments* to the treasurer, the bank deposit slip the cash register

tape reporting "sales activity" to the accountant as to allow the accountant to verify that all school receipts are properly posted to the General Ledger.

CASH DISBURSEMENTS

POLICY:

The town policy is that accounts payable and payroll payments shall be made weekly and only from warrants duly signed and approved by the town administrator and by the accountant. The treasurer or the treasurer's designee shall be responsible for the disbursement and mailing of all accounts payable checks and to assure that all town checks are delivered only to the designated vendor.

PROCEDURES:

- After the accountant and the town administrator have signed the warrant(s), the signed warrant will be delivered to the treasurer/collector (or designee).
- The treasurer/collector shall verify consistent with MGL Chapter 41 §41 that all payroll disbursements have been sworn (signed) by the head of department or lawful designee.
- The treasurer/collector (or designee) runs the checks in the VADAR and prints them.
- The accountant's office provides all of the invoices that are included on the warrant to the treasurer. The treasurer/collector's office then matches each invoice with the respective check and verifies the vendor, address, vendor number and the amount paid.
- When the treasurer/collector's staff has printed the checks, two copies of the VADAR *Cash Disbursements (Check Register)* are produced. The treasurer/collector retains one copy and delivers one copy to the accountant.
- At the point the treasurer/collector's designee has audited all invoices and checks, the checks can then be mailed to the vendors at the invoice addresses to assure sound control of disbursements.
- Release of checks (other than via mail) will be done only in extenuating circumstances. The treasurer/collector will hold the check for pickup by the vendor. Only the treasurer can approve the release of a check to an individual instead of mailing the check to the authorized address of the vendor.

EMERGENCY DISBURSEMENTS (MANUAL CHECKS)

POLICY:

The town policy is that only in extenuating circumstances will the treasurer/collector allow the issuance of a manual check outside of the normal warrant process.

PROCEDURES:

- In a bona fide emergency where payment must be made to a vendor outside of the normal accounts payable process, the accountant and town administrator must sign a form authorizing payment to the same standards as for a normal warrant. All documentation to substantiate the reason and receipt of services shall be submitted within five days.
- The treasurer/collector shall produce the manually produced check upon receipt of the signed authorization of the town administrator and accountant.
- The treasurer/collector must provide the accountant with a copy of the manual produced check.
- The accountant must include this payment on the next week's VADAR produced warrant as a "no check" item to assure that the payment is posted to the General Ledger and charged to the respective department's appropriation.

PETTY CASH ADMINISTRATION

POLICY:

The policy of the Town is that *Petty Cash* accounts may be established for departments that need a small amount of cash to meet payments required at the time of service. Petty cash can only be replenished by submittal of all documentation and receipts through the warrant process for review of the accountant. Petty cash transactions will never be used to finance payroll.

PROCEDURES:

- Requests for petty cash accounts or changes to the limit authorization should be submitted in writing to the accountant.
- All requests for establishment of petty cash accounts or changes to limits should be subject to approval of the accountant.
- If approved by the accountant, the specific petty cash account should be under the custody of one authorized official in the respective department.
- The accountant will create the petty cash account by reducing unrestricted cash and increasing petty cash. The accountant will reclassify fund balance simultaneously by reducing *Undesignated Fund Balance* and increasing *Fund Balance Reserved for Petty Cash*.
- All petty cash transactions shall be documented with a receipt from the vendor/service provider to the authorized departmental petty cash cashier.
- Periodically the petty cash custodian in the department should submit all documentation and receipts on a *Bill Schedule* to the accountant as part of the accounts payable warrant process in order to replenish the petty cash account.

- The petty cash account will only be replenished by the accountant based on review of the documentation submitted through the warrant process. If there have been any inappropriate uses the petty cash account will be terminated.

TAILINGS (Uncashed Checks)

POLICY:

The town's policy is to identify and research all *Uncashed Checks (Tailings)* as a part of the timely reconciliation of all bank accounts. All checks that are not cashed within 60 days of the date of issuance will be investigated. Checks that are not cashed after 120 days will be reported to the accountant as uncashed so the General Ledger can be adjusted to increase cash and to record a corresponding liability.

A listing of all uncashed checks shall be published in the newspaper once a year consistent with Massachusetts General Law. Checks not claimed must be reported by the treasurer to the accountant so that revenue can be increased and the liability can be eliminated.

PROCEDURES:

- All town bank accounts shall be reconciled each month; uncashed checks (tailings) will be identified and investigated as part of this process.
- The treasurer/collector shall identify all checks that have not cleared the bank account. If the check has not cleared for more than two months, the treasurer/collector (or designee) shall prepare a list of all uncashed checks.
- The treasurer/collector shall investigate the uncashed check by reviewing the check register run at the time of disbursement of checks on the weekly accounts payable warrant. The uncashed payroll checks shall be checked by reviewing the payroll vendor's check disbursement report.
- The treasurer/collector shall identify and record on a spreadsheet a listing of uncashed checks, the date of issuance, and amount of check, name and address of check recipient.
- The treasurer/collector's clerk shall send a notice of the uncashed check and the amount to the recipient at their last known address and retain evidence of this mailing.
- If the check has not been cashed 120 days after the date of issuance, the treasurer/collector, consistent with Massachusetts General Law, shall submit a *List of Uncashed Checks* to the accountant so that cash can be adjusted and the liability of the tailings/abandoned property can be recorded on the General Ledger.
- The treasurer/collector shall publish the *List of Uncashed Checks* in a newspaper of general circulation consistent with state law.

- The assistant treasurer/collector shall prepare a *List of Abandoned Property/Uncashed Checks* for all checks that are not claimed after the public advertisement and submit it to the treasurer/collector for approval.
- After signing the document the treasurer shall submit the *List of Abandoned Property/Uncashed Checks* to the accountant. The accountant will increase the revenue of the Town on the General Ledger and eliminate the liability.

RECONCILIATION OF CASH

POLICY:

It is the policy of the Town that the treasurer/collector and the accountant shall reconcile cash as recorded in the *Treasurer's Cashbook* and as recorded on the General Ledger within 15 days of the close of the prior month.

The treasurer and collector maintain a *Reconciliation of Cash Notebook* documenting the reconciliation for each period. Each official is responsible to sign the *Summary Cash Reconciliation* spreadsheet and to then submit a letter and the *Summary Cash Reconciliation* spreadsheet to the finance committee as evidence that cash is reconciled.

PROCEDURES:

- The treasurer/collector or designee reconciles the Treasurer's Cashbook to the bank statements. This is completed within five days of receipt of the bank statements.
- The treasurer/collector identifies all reconciling items between the cashbook and the bank statements. These items will include: deposits in transits, outstanding checks and other items that represent timing differences between the bank and the cashbook
- The treasurer/collector will correct the cashbook for the reconciling items that are not the result of timing differences (that would clear the next month).
- The treasurer/collector will forward to the accountant all the adjustments made to cashbook based on the reconciliation to the bank statements.
- The accountant will record an adjusting entry to cash on the General Ledger if appropriate and based on supporting documentation.
- The treasurer/collector will follow up on any check that remains outstanding for sixty days as described above under the *Tailings Policy and Procedures*.
- The treasurer/collector will maintain the cashbook on a daily basis for warrants issued, deposits, transfers between accounts and investment income.
- After the month's activity in the cashbook is reconciled to the bank statements, the treasurer/collector or designee produces the month-end *VADAR Account Trial Balance for Treasurer's Cash* and the *VADAR Account Detail History for Treasurer's Cash*.
- The treasurer/collector produces a spreadsheet based on:

1. Receipts reconciliation documenting:
 - o The receipts per the cashbook and
 - o Receipts per VADAR General Ledger
2. Disbursements Reconciliation documenting:
 - o The disbursements per the cashbook and
 - o The disbursements per VADAR General Ledger.

These reconciliations are evidence that the cashbook ending balance agrees to the cash on the General Ledger. If there are variances the treasurer/collector and accountant research and document any adjustments.

- A final *Cash Reconciliation Summary Statement* is produced and signed by both the treasurer/collector and by the accountant that states the cash balances per the General Ledger and per the cashbook, and documents any adjustments to either the cashbook or to the General Ledger.
- The *Cash Reconciliation Statement* and cover letter is submitted to the finance committee by the 15th of every month as documentation that cash is reconciled.

ATTACHMENTS:

- | Form AD 9/10 Schedule of Departmental Payments to the Treasurer
- | VADAR Payments Proof
- | Cash Sheet

**Financial Administration of Grants
Policies and Procedures**

Approved by:

Effective:

PURPOSE:

To establish financial and control standards and practices for federal and state grants that are centralized for purposes of control within the Accountant's office, to prevent deficits in grant funds (special revenue funds) and to promote timely grant reimbursements to minimize reliance on the Town's cash and accordingly optimize the town's cash flow.

AUTHORITY:

MGL Chapter 44 §53A

POLICY:

Consistent with the requirements of state law, it is the policy of the Town that the accountant will only record a grant budget on the General Ledger for a municipal department based upon a vote of the board of selectmen to accept the grant and the accountant will only record a school grant on the General Ledger based upon a vote of the school committee to accept the grant. The accountant will monitor grant expenditures for consistency with the grant award requirements. The accountant will monitor the department's submittal of reimbursement requests to assure timely reimbursements.

Chapter 90 - State Highway Grants

The *Highway Improvement Fund* is used to account for capital maintenance and improvement activities undertaken with the state Chapter 90 highway improvement grants. Each year the Town receives an annual grant award based on a formula.

The board of selectmen must vote to accept the total annual grant award. Over the course of the fiscal year, the department of public works (DPW) is responsible for preparing applications to the state highway department for grant fund use. It is the policy of the Town that no grant funds related to the specific projects may be obligated until the Town has written approval for specific projects.

PROCEDURES:

- **Preparation of Annual Chapter 90 Budget Order**

The accountant will prepare a grant acceptance order for the board of selectmen indicating the total amount of the Chapter 90 funding for the fiscal year award.

- **Vote of the Board**

A majority vote of the board of selectmen is the authorization for the Town's annual participation in the Chapter 90 program. At this point there is no authority to expend funds, as the DPW does not have the individual project approvals from the state highway department.

- **Recording of Chapter 90 Budget Order**

The town accountant should record in the *VADAR General Ledger - Chapter 90- Highway Fund* and by subfund the total undistributed grant award for the fiscal year. No obligations are to be recorded against this undistributed grant award budget.

- **Approval of Specific Projects by the State Highway Department**

Upon approval of a specific road project by the state highway department the accountant will:

- o Set up specific project level and object level accounts for the approved project
- o Transfer the approved project amount from the *Undistributed Grant Award Budget* to the *Project Budget* by specific object codes that are relevant for the project (personal services, contractual services, materials etc.)

- **Payment of Project Invoices and Reimbursement Requests**

- o The DPW is responsible for the management of the various Chapter 90 improvement projects.
- o When invoices are received they should be reviewed, coded, entered into VADAR and then submitted to the accountant's office consistent with the procedures in the town's *Accounts Payable Policy*.
- o In order to assure timely reimbursement and minimize the period of financing with Town of Millville cash, the DPW will prepare and submit a *Chapter 90 State Highway Reimbursement Request*. It will be submitted to the accountant at the same time that the invoice is presented for payment on the warrant.
- o The DPW director should sign the reimbursement request as an attestation that all materials, supplies have been received and services completed for the requested reimbursement.
- o The accountant should assure that all invoices paid on the warrant are attached to and reflected on the reimbursement request.
- o The accountant will sign the reimbursement request consistent with state highway program requirements and based on

verification that all costs to be paid on the warrant are included in the reimbursement request.

- o The reimbursement request must also be signed by the town administrator. The accountant (or designee) is responsible for forwarding the request to the Massachusetts Highway Department.

- **Record the Chapter 90 Receivable**

- o The town accountant will record the amounts requested for reimbursement, by project, as a receivable within the *Chapter 90 Fund*, offset by deferred revenue.
- o The accountant will investigate any reimbursement request that is outstanding for more than sixty (60) days.

- **Close out of Specific Projects**

- o As specific projects are completed a project close out package is prepared by the DPW and reviewed by the accountant for consistency with the activity recorded on the General Ledger.
- o Based upon the accountants review, the close out package is forwarded to the Massachusetts Highway Department by the accountant (or designee).
- o The accountant transfers any unobligated balance in a project budget, at close out, to the undistributed budget line of the appropriate Chapter 90 grant award year.

Other Federal Grants and State Grants (Award Programs)

Procedures:

- **Award of Grant**

When any department receives a grant award they should notify the accountant and provide copies of grant guidelines, regulations and allowable costs. The accountant and department official will discuss control procedures and set up of a line item budget on the General Ledger.

- **Preparation of Grant Budget Order**

After notification from a state or federal agency of a grant award, the accountant will prepare a grant acceptance order indicating the total amount of the grant for vote of the board of selectmen. For school grants, the school business manager will prepare a grant acceptance order for the vote of the school committee. The documentation submitted to the board should include have a fiscal impact on the Town.

- **Vote of the Board or Vote of the School Committee**

A majority vote of the board of selectmen (or school committee for school grants) is the authorization for the Town to begin to make obligations and expend funds.

- **Recording of the Grant Budget Order**

The town accountant should record the grant budget in the appropriate fund and subfund of the General Ledger based on receipt of both the grant award letter/documentation and the vote of the selectmen or school committee. Each grant will have a unique VADAR sub fund number. The budget should be recorded in total and then by line items approved in the grant award budget (personal services, professional services, materials etc.). DOE grants should assure coding also by program, location and grade level to assure ability to complete the *Department Of Education's End-of-Year Report*.

Grant Amendments and Revisions

After the award of the grant a granting agency may decrease the grant, increase the grant or make revisions to line item budgets.

- o When a department managing the grant receives a grant amendment or adjustment the department must immediately forward it to the accountant.
- o The accountant will record the grant amendment on the General Ledger and make the appropriate increase or decrease to the grant budget. If line items were adjusted the "object" budgets will be revised on the General Ledger.

Payment of Project Invoices and Reimbursement Requests

- Each town department is responsible for the management of their grant expenditures consistent with the grant award requirements.
- When grant funded invoices are received they should be reviewed, coded, and then submitted to the Accountant's Office consistent with the procedures in the town's Accounts Payable Policy.
- The town accountant and the respective department should discuss grant requirements and timing of reimbursement requests (at time of expenditure, monthly or quarterly) consistent with the reimbursement standards of the granting agency.
- Each town department should request reimbursements from the granting agency as often as allowed per grant guidelines. The town department must submit evidence of the grant reimbursement request at the same time it is submitted to the granting agency, to assure timeliness of reimbursements.
- Since the grants are reimbursement grants, the accountant will monitor the "deficit" balances to assure that they are temporary balances and that

reimbursements are received within the allowable timelines (60 days, 90 days etc) for that grant.

- Upon the completion of a grant project/program the department should complete their final grant status/expenditure report to be submitted to the granting agency. The General Ledger of the Town is the official record of grants funds expended and receipts received.
- The accountant will review the department's final grant report/close out for accuracy of funds received and expenditures. The town's General Ledger is the official record of all grant activity. Any funds due to the granting agency should be subject to review and certification by the accountant based upon the activity as recorded on the General Ledger.

Closeout of Grants

Procedures:

As grants are completed, the municipal or school department that received the grant must prepare a grant close out package and submit it to the accountant. If the grant had allowed drawing of funds based on estimated expenditure and actual expenditures were less, then the granting agency will require the return of unexpended funds.

The accountant will review the department's documentation to the grant receipts and expenditures as recorded on the General Ledger. Any funds due to a granting agency must reconcile to the grant activity as recorded on the General Ledger. Only after the accountant reviews the grant close out documentation to the General Ledger and approves it can a check be drawn to "refund" a granting agency.

ATTACHMENTS:

- I Chapter 90 State Highway Reimbursement Request

**Financial Reserve
Policies and Procedures**

Approved by:
Effective:

PURPOSE:

To formalize policies for the level of reserves and appropriate uses of the town's various reserves in order to reduce risk in managing the town's short and long-term needs, to improve financial planning and to help preserve the town's financial position and credit rating.

AUTHORITY:

MGL Chapter 40 §5B
MGL Chapter 69 of the Acts of 2002 (Special Act – Millville Stabilization Funds)

POLICY:

It is the policy of the Town to maintain a sum in overall reserves that is no less than 10 percent of General Fund revenues and to retain a sum in operating reserves that is no less than five percent of its total General Fund revenues. The Town's operating reserves are defined as *Free Cash* and the *General Stabilization Fund*.

Free Cash

POLICY:

It is the policy of the Town to not utilize Free Cash as certified by the Department of Revenue to fund the annual operating budget. It is also the town's policy that Free Cash will only be used to fund annual expenses to the extent that it can be replenished within a one-year period to achieve the same levels as the prior year's Free Cash certification.

PROCEDURES:

- Within 75 days of the close of the fiscal year the accountant should submit the town's *Year-end Balance Sheet*, *Free Cash Checklist*, and the *Year-end Reporting Checklist* to the Department of Revenue/Bureau of Accounts (DOR) for certification.
- Upon certification of Free Cash by the DOR, a copy of the certified balance should be provided to the treasurer, accountant, manager and members of the board of selectmen, finance committee and capital planning committee.
- At the time of submittal of the administrator's proposed budget for the ensuing fiscal year (spring) the town's Free Cash balances should be included with a recommendation as to retaining Free Cash at certain levels and use of Free Cash

as a funding source for the ensuing fiscal year. The budget document should also provide a projection of the Free Cash reserves to be certified after the close of the current fiscal year.

General Stabilization Fund

POLICY:

It is the policy of the town of Millville is to maintain a *General Stabilization Fund*, which in combination with the Free Cash balance represents a total of five percent of the town's General Fund budget.

PROCEDURES:

- Within 75 days of the close of the fiscal year the accountant shall report the balance in the General Stabilization Fund balance to the treasurer, manager and members of the board of selectmen, finance committee and capital planning committee.
- The manager may recommend to the finance committee as part of the recommended annual budget to maintain Stabilization Fund reserves, to increase them via a transfer from Free Cash, or to use a portion for non-recurring capital needs proposed in the annual budget for the ensuing fiscal year. The proposed budget should disclose the balance in the Stabilization Fund.
- Any votes to increase or to expend from the Stabilization Fund shall require a two-thirds vote of the Town Meeting, consistent with the requirements of state law.

Utility Surplus (Water, Sewer and Solid Waste Enterprise Funds)

POLICY:

It is the policy of the Town to fully fund the *Enterprise Funds* through fees/user charges. It is the Town's intent to maintain a reserve of five percent in each enterprise fund. The manager and town officials may utilize any utility fund surplus in excess of five percent to fund utility capital improvements (via an appropriation) or to mitigate an increase to the ensuing fiscal year's fees/user charges.

PROCEDURES:

- Within 75 days of the close of the fiscal year the accountant should submit the Town's Year-End Enterprise Fund Balance Sheet, Free Cash Checklist and the Year-end Reporting Checklist to the Department of Revenue/Bureau of Accounts for certification.
- The accountant should report the *Year-end Water Fund Retained Earnings*, the *Year-end Sewer Fund Retained Earnings* and the *Year-end Solid Waste Fund Retained Earnings* to the manager, finance committee, board of selectmen, capital planning committee, director of public works and treasurer.

- The certified year-end surplus of each Enterprise Fund should be reviewed and incorporated into the rate setting process for the ensuing fiscal year. When the surplus for an *Enterprise Fund* is in excess of five percent, there should be a policy decision if surplus will be utilized to mitigate rate increases or to undertake capital improvements consistent with the utility's (CIP).

Fraud Prevention and Detection Policy

Approved by: The Town of Millville
Effective:

PURPOSE:

The Town of Millville Fraud Prevention and Detection Policy (Policy) is established to facilitate the development of controls, which will aid in the prevention and detection of fraud against the Town of Millville (Town). It is the intent of the Town to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

Furthermore, the purpose of this document is to confirm that the Town supports and fosters a culture of zero tolerance towards fraud in all of its forms.

AUTHORITY:

Town Charter:

XXXX

APPLICABILITY:

This Policy applies to the board of selectmen, the school committee and all other elected town officials; their appointees; all employees of the Town of Millville, including all enterprise operations and all members of its boards, committees or commissions.

This Policy also applies to any other persons “acting on behalf of the Town,” vendors and contractors, consultants, volunteers, temporary and casual employees and grant sub-recipients.

SCOPE:

This Policy applies to any suspected fraud, abuse, or similar irregularity against the Town.

OBJECTIVE:

This Policy is set forth to communicate the town’s intentions regarding prevention, reporting and investigating suspected fraud, abuse and similar irregularities. The Town desires to create an environment in which employees and/or citizens can report any suspicions of fraud.

Further, this Policy is set forth to communicate the town’s desire to protect the assets, resources and reputation of Millville. It is through this policy that the

Town also seeks to protect all officials, employees and associated parties from false or erroneous allegations by providing them with sufficient knowledge and training relative to the town's fraud prevention policies and procedures to ensure that they fully understand the culture of the environment they are operating within.

This Policy provides management with specific guidelines and responsibilities regarding appropriate actions in conducting investigations of alleged fraud and similar improprieties.

DEFINITIONS:

Abuse refers to, but is not limited to:

- Improper or misuse of authority
- Improper or misuse of Town property, equipment, materials, records or other resources
- Waste of public funds, or
- Any similar or related irregularity.

Abuse can occur in financial or non-financial settings. When considering if an event or action might be construed as being abusive, one should consider if it would pass public scrutiny.

Any Other Persons "Acting on behalf of the Town" shall mean all persons responsible for or to the municipal government and/or the town's enterprises placed in that position by some official relationship with the Town of Millville.

Appointed Officials shall mean all persons responsible for or to the municipal government and/or the town's enterprises placed in that position via an appointment.

Consultants shall mean all individuals and organizations conducting business with or on behalf of the municipal government and/or the enterprises of the Town.

Elected Officials shall mean all persons responsible for or to the municipal government and/or the town's enterprises placed in that position by the voters of Millville via a town ballot.

Fraud or other irregularity refers to, but is not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of Town activities
- Disclosing confidential and/or proprietary information to outside parties
- Accepting or seeking anything of material value from consultants, contractors, vendors or persons providing services or materials to the Town

- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
- Any claim for reimbursement of expenses that are not made for the exclusive benefit of the Town
- Any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes, or
- Any similar or related irregularity.

Grant Sub-recipients shall mean all individuals and/or organizations that receive any programmatic funding or “in-kind assistance” from the municipal government and/or the town’s enterprises.

Management shall mean those individuals who have been placed in a position of trust by a lawful Town of Millville appointing authority to assist in carrying out the objectives of that department of the Town for which they are employed.

Town administrator shall mean the highest-ranking person responsible for the municipal government and the town’s enterprises.

Town Employee shall mean all employees of the municipal government and all of the enterprises of the Town. This definition is inclusive of all employees regardless of the designations full-time, part-time, temporary or casual.

Town of Millville is a Massachusetts municipal corporation managed as provided under the Town of Millville Home Rule Charter, the Town of Millville Administrative Code and the Town of Millville Code of Bylaws and shall include all its enterprise activities, as well as all boards, committees, and commissions elected or appointed by the board of selectmen and other appointing authorities.

Vendors and Contractors shall mean all individuals and organizations conducting business with or on behalf of the municipal government and/or the enterprises of the Town.

Volunteers shall mean all contributors of unpaid personal services to the municipal government and/or the enterprises of the Town.

POLICY:

It is the policy of the Town to investigate and report to appropriate governmental authorities, as required, any violations of compliance with town policy, state and federal laws and regulations, internal accounting controls and questionable accounting matters.

Responsibilities

The Town of Millville’s management is responsible for establishing and maintaining policies and controls that provide security and accountability for the resources entrusted to them. Internal controls are intended to aid in preventing and detecting instances of fraud and related misconduct. Management is also expected to recognize risks and exposures inherent in their area of responsibility and be aware

of indications of fraud or related misconduct. Responses to such allegations or indicators should be consistent.

Every employee has the responsibility to assist the Town in complying with policies and legal and regulatory requirements, and in reporting known violations. It is the policy of the Town to encourage the support and cooperation of all employees in meeting the Town's commitment and responsibility to such compliance.

Reporting

Employees shall report suspected instances of fraud or irregularity to their immediate supervisor or their next appropriate management level. However, in certain circumstances, it may be appropriate for employees to report suspected instances of fraud or irregularity directly to the town administrator (if the alleged fraud has been committed by the employee's supervisor).

It is the responsibility of a supervisor or relevant manager to ensure that the suspicion of fraud and/or irregularity that is reported to them is reported as soon as practical to the town administrator. The written or verbal report shall be sufficiently detailed and inclusive to ensure a clear understanding of the issues raised. In the event that the town administrator is the subject of, or otherwise identified as involved in the acts underlying such report, the person making the report may notify and forward such report to the town administrator who will then lead the investigation and the town administrator shall immediately report such allegations to the chairman of the board of selectmen.

Town employees are not to initiate investigations on their own. However, anyone may report suspected violations or concerns by letter to the town administrator and shall indicate that he or she is an employee of the Town. The report shall be sufficiently detailed and inclusive to ensure a clear understanding of the issues raised. Mark the envelope "Confidential and Private." It is the policy of the Town that anyone who reports a violation may make such report confidentially and offsite.

There shall be no retaliation by the town's employees against any employee who makes a report pursuant to this policy even if, after investigation, the town administrator determines that there has not been a violation of any applicable town policy, state or federal laws and regulations or internal accounting controls. However, employees who make reports or provide evidence which they know to be false or, without a reasonable belief in the truth and accuracy of such information, may be subject to disciplinary action.

Anonymous Allegations

The Town encourages individuals to put their names to allegations. Concerns expressed anonymously are difficult to investigate; nevertheless, they will be followed up at the discretion of management. This discretion will be applied by taking into account the following:

- Seriousness of the issue raised
- Credibility of the concern
- Likelihood of confirming the allegation.

False Allegations

Employees or other parties must understand the implications (resources and costs) of undertaking investigations, and shall therefore guard against making allegations, which are false and made with malicious intent. Evidence of malicious intent will result in disciplinary action, and may include termination.

Training, Education and Awareness

In order for the Policy to be sustainable, it must be supported by a structured education, communication and awareness program.

It is the responsibility of management to ensure that all employees and other parties, are made aware of, and receive appropriate training and education with regard to this Policy, and the related policies and procedures of the Town.

Investigation

It is the town administrator's intent to fully investigate any suspected acts of fraud, abuse, or similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, length of service, or relationship with the Town of any party involved in such an investigation. In conducting investigations, the town administrator will consult with and receive guidance from the town attorney, the Millville Police Department and others they identify.

Media Issues

Any staff person contacted by the media with respect to an audit investigation is encouraged to refer the media to the appropriate public communications official of the Town. The alleged fraud or audit investigation shall not be discussed with the media by any person other than those trained to do so. The town administrator and accountant will consult with the management of the department involved and assist them in responding to any media requests for information or interview.

Reporting to External Auditors

The audit committee will report to the external auditors of the Town all information relating to fraud investigations.

Whistleblower Protection

In addition to whistleblower protections provided by federal and state laws, this Policy provides that retaliation against employees is prohibited.

A. Except as provided in Subsection B of this section, no appointing authority or supervisor shall initiate or administer any disciplinary action, deny a promotional opportunity, write an adverse job performance evaluation or in any way adversely affect an employee on account of the employee's disclosure of information. This section shall not apply to:

1. An employee who discloses information that the employee knows to be false, or who discloses information with disregard for the truth or falsity of the information.
2. An employee who discloses information from public records that are closed to public inspection pursuant to the Massachusetts Public Records Law.
3. An employee who discloses information that is confidential under any other provision of law.

B. It shall be the obligation of an employee who discloses information under this part to make a good faith effort to provide to their supervisor, or appointing authority or the town administrator, the information to be disclosed prior to its public disclosure.

Security and Confidentiality

All work products of the town administrator's investigations, including but not limited to working papers, notes, interviews, and other information relating to investigations will not be shared, discussed, or given to anyone without an absolute need to know or pursuant to court order. The town administrator will provide a secure environment for the storage of all work-in-process regarding investigations, subject to law.

Investment Policy Statement For All Invested Funds

The Investment of General Funds (Including Stabilization and Capital Investment Funds), Special Revenue Funds (Including CPA Funds), Enterprise Funds and Capital Projects Funds.

A. Scope

This section of the policy applies to most town funds such as general funds (including the town's stabilization and capital investment funds), special revenue funds (including the town's CPA funds), enterprise funds, bond proceeds and capital project funds. Section two will deal with trust funds. A separate contributory retirement board is responsible for the investment of the pension funds.

B. Objectives

Massachusetts General Laws Chapter 44 §55B requires the municipal/district treasurer to invest all public funds except those required to be kept uninvested for purposes of immediate distribution. Modern banking systems enable the public treasurer to maintain even these funds in interest bearing form until the date a disbursement order clears through the banking system.

The state law further requires that invested funds are to be placed at the highest possible rate of interest reasonably available, taking account of safety, liquidity and yield. Therefore, these guidelines are intended to further the objective of securing the highest return that is consistent with safety of principal while meeting the daily cash requirements for the operation of the entity's business.

- **Safety** of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital through the mitigation of credit risk and interest rate risk. These risks shall be mitigated by the diversification and prudent selection of investment instruments and choice of depository. Credit risk is the risk of loss due to the failure of the security issuer or backer. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates.
- **Liquidity** is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the treasurer shall carry out investment activities in a manner that provides for meeting unusual cash demands without the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases.
- **Yield** is the third, and last, objective. Investments shall be undertaken so as to achieve a fair market average rate of return, taking into account safety and liquidity constraints as well as all legal requirements.

C. Investment Instruments

Note: Public investments in Massachusetts are not protected through provisions in state law. Therefore, they are largely uncollateralized. Many banking institutions are willing to put up collateral, albeit at a cost to the entity of a lower interest rate. The treasurer negotiates for the highest rates possible, consistent with safety principles.

The treasurer may invest in the following instruments:

- Massachusetts State Pooled Fund: Unlimited amounts (pool is liquid)
 - o The Massachusetts Municipal Depository Trust (MMDT), an investment pool for state, local, county and other independent governmental authorities, is under the auspices of the State Treasurer and currently managed by Fidelity Investments. It invests in Bankers Acceptances, Commercial Paper of high quality, Bank Certificates of Deposit (C.D.s), Repurchase Agreements (Repos), and U. S. Treasury Obligations. It has Federal Deposit Insurance Corporation (F.D.I.C.) pass-through insurance on the C.D.'s and takes delivery on the Repos and Treasuries. Under Government Accounting Standards Board Regulation (GASB III), it is not considered an uncollateralized product.
- U. S. Treasuries that will be held to maturity: Unlimited amounts (up to one year maturity from date of purchase)
- U.S. Agency obligations that will be held to maturity. Unlimited amounts (up to one year maturity from date of purchase)
- Bank accounts or Certificates of Deposit, hitherto termed C.D.'s. (up to one year) which are fully collateralized through a third party agreement: unlimited amounts
- Bank accounts and C.D.'s (up to one year) insured by F.D.I.C. up to \$100,000 limit. All bank accounts and C.D.'s in one institution are considered in the aggregate to receive the \$100,000 insurance coverage. In some cases banking institutions carry additional insurance, Depository Insurance Fund of Massachusetts (D.I.F.M).
- Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at banks that do not fit the above categories. These investments are subject to the following limitations: These investments will be limited to no more than 5 percent of an institution's assets and no more than 10 percent of a municipality's cash. Their credit worthiness will be tracked by Veribanc, Sheshunoff, or other bank credit worthiness reporting systems. They will be diversified as much as possible. C.D.'s will be purchased for no more than three months and will be reviewed frequently.
- Money Market Mutual Funds that are registered with the Securities and Exchange Commission that have received the highest possible rating from at least one nationally recognized statistical rating organization and as otherwise referenced in the Massachusetts General Law Chapter 44 §55.

D. Diversification

Diversification shall be interpreted in two ways: in terms of maturity, as well as instrument type and issuer. The diversification concept shall include prohibition against over-concentration of maturities as well as concentration in a specific institution. With the exception of U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or agencies, and state pools (MMDT), no more than 10 percent of the town's investments shall be invested in a single financial institution.

E. Authorization

The treasurer has authority to invest municipality/district funds, subject to the statutes of the Commonwealth of Massachusetts General Law Chapter 44 §§55,55A and 55B.

F. Ethics

The treasurer (and any assistant treasurers) shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair ability to make impartial investment decisions. Said individuals shall disclose to the chief executive officer any material financial interest in financial institutions that do business with the town. They shall also disclose any large personal financial investment positions or loans that could be related to the performance of the town's investments.

G. Relationship with Financial Institutions

Financial institutions shall be selected first and foremost with regard to safety. Municipalities/districts shall subscribe to and use one or more of the recognized bank rating services, such as Veribanc or Sheshunoff. Brokers shall be recognized, reputable dealers.

When using the Veribanc rating service, the treasurer may invest in such banks that show a green rating in a particular quarter. If a rating is yellow, the treasurer shall contact the appropriate banking institution and request in writing an explanation of the change in rating and the expected time table for it to be changed to green.

If for a second quarter such rating has not been corrected, the treasurer shall consider removing all funds that are not collateralized, or carries some form of depositors insurance.

If a rating moves to red, all money shall be immediately collateralized or covered by some form of depositors insurance or be removed from the banking institution.

The treasurer shall require any brokerage houses and broker/dealers wishing to do business with the municipality to supply the following information to the treasurer:

- Audited financial statements
- Proof of National Association of Security Dealers certification
- A statement that the dealer has read the municipality's investment policy and will comply with it
- Proof of credit worthiness (minimum standards: at least five years in operation and a minimum capital of 10 million dollars).

H. Reporting Requirements

On an annual basis, a report containing the following information will be prepared by the treasurer and distributed to the board of selectmen, town administrator, director of finance and finance committee. The annual report will include the following information, as a minimum requirement:

- A listing of the individual accounts and individual securities held at the end of the reporting period
- A listing of the short-term investment portfolio by security type and maturity to ensure compliance with the diversification and maturity guidelines established in the "Diversification" section of this Investment Policy.
- A summary of the income earned on a monthly basis and year to date basis shall be reported
- The municipal treasurer shall include in the report a brief statement of general market and economic conditions and other factors that may affect the town's cash position.
- The report shall demonstrate the degree of compliance with the tenets set forth in the Investment Policy.

I. Restrictions

MGL Chapter 44 §55 set forth the several restrictions that the treasurer must be aware of when making investment selections, as follows:

- A treasurer shall not at any one time have on deposit in a bank or trust company an amount exceeding 60 percent of the capital and surplus of such bank or trust company, or banking company, unless satisfactory security is given to it by such bank or trust company, or banking company for such excess.
- The treasurer shall not make a deposit in any bank, trust company or banking company that he is associated as an officer or employee, or has been the same for any time during the three years immediately preceding the date of any such deposit.
- All securities shall have a maturity from date of purchase of one year or less.
- Purchases under an agreement with a trust company, national bank or banking company to repurchase at not less than original purchase price of said securities on a fixed date shall not exceed ninety days.

J. Legal References

Massachusetts General Law Chapter 44 §§ 55, 55A and 55B

K. Effective date

This policy will become effective immediately upon passage by the board of selectmen and will apply to all investments made after the adoption of this policy.

Motor Vehicle Excise Tax Commitments and Accounts Receivable Policies and Procedures

Approved by:
Effective:

PURPOSE:

To establish motor vehicle excise tax billing, commitment, abatement and marking standards and processes that are consistent with statutory requirements in order to assure collection of committed charges based on a sound system of internal controls and division of responsibilities.

AUTHORITY:

MGL Chapter 60A

POLICY:

The town's policy is to optimize the town's cash flow by mailing each motor vehicle commitment within 15 days of receipt of the *Assessors Warrant to the Treasurer/Collector* for each commitment from the Registry of Motor Vehicles (RMV). The first major motor vehicle excise (MVX) commitment of each calendar year, which is the largest commitment, will be mailed within 21 days of receipt of the commitment file from the town's deputy collector. All subsequent commitments are to be mailed within two weeks of receipt of the file from the deputy collector.

Bills are due and payable in full within 30 days of issue. Demand notices will be mailed within 15 days of the due date of the excise bill. Interest is charged at 12 percent per annum and begins accruing from the due date until it is paid.

A \$5.00 demand fee will be included along with interest on the unpaid balance of the bill. Payments not paid at demand are subject to:

- o Warrant fee of \$10.00 and notice fee of \$12.00
- o If not paid then final warrant fee of \$17.00 and
- o If not paid then Registry of Motor Vehicle fee of \$20.00.

BACKGROUND

The Town currently has a contract with a deputy collector which provides that the vendor is responsible for MVX bill printing and mailing, delinquent payment processing, collection at warrant and reporting. The Town is responsible to assure that the commitment is accurate, for review and approval of abatements; for refunds and the overall monitoring of the process and for the reconciliation of the MVX receivable.

Commitment

The RMV maintains all records on motor vehicles and values. Several times over the course of the year the RMV provides an electronic tape to the deputy collector, which documents the total value of the specific commitment and contains all of the information for billing to specific Millville motor vehicle owners/accounts.

PROCEDURES:

- The town's deputy collector is responsible to acquire the billing/commitment tape/files from the Registry of Motor Vehicles on a timely basis. The RMV file provides the make, model year, vehicle identification number, and registration number, as well as the owner, the address where the car is registered and the value. The file is converted by the deputy collector and emailed to the treasurer/collector for review and processing.
- The treasurer/collector provides the file to the assessors office, which is responsible to identify any exempt vehicles and highlight which vehicles (i.e. Town vehicles) should be deleted from the billing/commitment.
- The assessors then complete the commitment information for the MVX billing. The board of assessors sends either a *Letter of Commitment or Warrant* to the tax collector and *State Tax Form 56* to the accountant for recording on the General Ledger. One copy of the commitment is also sent to the treasurer.
- The treasurer/collector's principal clerk sends the deputy collector a listing of the adjustments/abatements so they can update their commitment file.

Billing

PROCEDURES:

- The treasurer/collector creates a commitment in the VADAR accounts receivable system for the MVX taxes to be billed and collected based on the file as edited by the assessors (which should reconcile to the Warrant/ Letter of Commitment). This file represents the commitment book and will have the number of bills and the total dollar amount.
- When the treasurer/collector has reviewed:
 - o The totals on the VADAR MVX commitment
 - o The *Letter of MVX Commitment/Warrant* from the board of assessors
 - o The sample MVX bills and *Control Totals Summary* of bills provided by PKS Associates

and verifies that all are in agreement, then the treasurer/collector will give signed authorization (via fax) to the deputy collector to mail the MVX bills.

- The treasurer/collector's approval is the required authorization for the deputy collector to release and mail the MVX bills.

- The treasurer/collector posts the Affidavit as to Time of Sending Bills form and posts it on the bulletin board outside of the Town clerk's office in order to provide appropriate evidence of the mailing to interested residents.

Application of MVX Payments

POLICY:

The town's policy is to assure the correct application of MVX taxpayers' payments to their accounts on a timely basis.

Current Payments and Demand Payments

PROCEDURES:

Current MVX payments and demand payments are received

- o By mail to a lock box at Century Bank
- o In person payment at the treasurer/collector's office
- o Via online Unibank payment.

The payment processing for current MVX payments follow the same procedures as outlined for real estate payments.

Delinquent/Warrant Payments

PROCEDURES:

The responsibility for warrants for delinquent MVX accounts is a function of the deputy collector.

- The deputy collector processes all delinquent payments and posts them to the appropriate MV owner's account in the PKS Excise Management System (accounts receivable system for Millville) and accounts for payments, deputy collector fees and RMV fees.
- The deputy collector deposits the payments to the town's deputy collector bank account at the Bank of America.
- The deputy collector submits the turnover of MVX collections (*Transfer Report*) to the treasurer/collector once a week. The Transfer Report is delivered to the office and submitted to the treasurer/collector (or designee). All collection fees for deputy collector (contractor) will be deposited to the town's bank account. The Transfer Report will be forwarded to the accountant for recording of the deputy's fees in an agency fund (the deputy collector is an agent of the Town) on the General Ledger.
- The warrant fees for the deputy collector will only be released to the deputy collector upon written authorization to pay by the treasurer/collector and submittal of the Transfer Report on a Bill Schedule to the accountant for processing on the weekly vendor warrant of the Town. This assures that all

payments to the deputy collector are reviewed by the accountant, included on the warrant and recorded as payments on the General Ledger of the Town.

- The deputy collector also provides a file of all delinquent payments (weekly) to the treasurer/collector and the treasurer/collector (or designee) accesses the deputy collector's payments file and prints the VADAR Lockbox /Deputy Import File Preview Report listing all payments, the total number of payments, total dollar amount.
- The treasurer/collector's office then accesses in VADAR the Process Deputy/Lockbox File option in order to apply the payments to the taxpayer's account in the VADAR Accounts Receivable Module. The clerk prints the Lockbox Payments Processed Report and reviews the "total number of items/payments" and "total dollar amount" to assure they reconcile to the control totals on the file/report from the deputy.
- The assistant treasurer/collector then in the Payment Entry option of VADAR produces the Payments Proof for the deputy (delinquent) payments and verifies the "total number of items/payments" and "total dollar amount" control totals to the deputy's file and to the deposit slip.
- The assistant treasurer/collector will then submit the Payment Proof, Deputy's Transfer Report and the deposit slip to the accountant as evidence of the collections and to allow the accountant (or assistant accountant) to review and post to the General Ledger).

Collection

PROCEDURES:

- The treasurer/collector's principal clerk maintains an Excel MVX Collection Calendar that documents, by year, for each commitment:
 - o Commitment date
 - o Demand date
 - o Warrant date
 - o Final Warrant date
 - o Flagging (bills marked) date.
- Demand bills are issued within two weeks of the due date of the original bill. A \$5.00 demand fee and 12 percent interest is added to the balance due, as allowed by Massachusetts General Law.
- If the excise bill remains unpaid, then the deputy collector is utilized to continue the collection process.
- Warrant Notices are issued by the deputy within 15 days of the demand bill due date. The service of the Warrant Notice fee of \$12.00 is assessed as well as the warrant fee of \$10.00.
- If a second and final warrant is sent, another fee of \$17.00 is assessed for the deputy's services.

- As a final collection action the vehicle is 'marked.' The deputy notifies the RMV of any unpaid bills within 90 days of the excise bills issue date. A 'marked' bill includes an additional \$20.00 fee. Delinquent taxpayers are notified at this point that the RMV has marked their license as non-renewable and that there is reciprocity to other states.
- The treasurer/collector has contractually delegated to the deputy collector, the responsibility to mark a resident's driver's license and registration on the database at the RMV. This action prohibits the vehicle owner from registering the car or renewing their license without paying outstanding balances.
- The treasurer/collector, through the deputy collector, is also responsible for removing the marking from the RMV's database upon the receipt of the MVX payment from the car owner/taxpayer. The deputy collector has electronic access to the RMV database.

MVX Abatements

POLICY:

The town's policy is that the assessors' office has sole responsibility for granting MVX abatements when appropriate. It is policy to receive and process motor vehicle abatement applications in a timely manner in accordance with state law.

PROCEDURES:

- Requests for abatements can either be presented at the counter in the assessors' office or may be filed in writing (*State Tax Form 146 – Appendix 23*) with the assessors' office on or before December 31st of the year following the year for which the excise was assessed. If the excise bill was sent after December 31st of the succeeding year, the request for abatement must be made on or before the 30th day after the notice was sent. If the taxpayer has disposed of the vehicle, the taxpayer must present proof in the form of a plate return receipt or the bill of sale.
- When a taxpayer has a dispute with the value assigned to the vehicle, the assessors will contact the RMV to research the valuation.
- The RMV will send the assessors a letter if they agree that there is an error in valuation.
- After the assessors receive a letter from the RMV identifying the error, the board of assessors will then enter the abatement to the MVX billing database under the abatement option, as well as the date of abatement and reason for the abatement.
- At this point the assessors' office staff will also issue a revised bill to the motor vehicle owner for the correct excise amount due for the vehicle.

- The assessors forward a listing of all abatements by year (at the end of each month period) that have been granted by the board of assessors to the treasurer/collector and to the accountant. The accountant uses this report (and the VADAR detail) as documentation to post the abatements to the General Ledger.

Refunds

POLICY:

On a weekly basis, the treasurer/collector should produce a *VADAR MVX Credit Balance Report* to allow the treasurer/collector's staff to process refunds.

PROCEDURES:

- The assistant treasurer/collector will prepare the *Authorization for Payment* listing the motor vehicle owner and amount to be refunded. Each refund listed on the Bill Schedule should be coded with the appropriate accounts receivable code by fiscal year. This document must be signed by the treasurer/collector and is submitted to the accountant's office for payment on the warrant.
- When the warrant is approved and the checks are printed, the assistant treasurer/collector (or designee) does a final review of all refund checks to examine for errors. After this final review, one copy of the check is retained in the files and the check is mailed to the taxpayer.

ATTACHMENTS:

- | Assessors MVX Commitment/Warrant to the Collector
- | Deputy Collector's Turnover to Collector (Transfer Report)
- | Assessor's Listing of MVX Abatements

**Payroll
Policies and Procedures**

**Approved by:
Effective:**

PURPOSE:

To define time and attendance and payroll standards and practices to assure that all payrolls presented for payment are valid obligations of the town based upon approved time and attendance records and are consistent with the requirements of collective bargaining requirements.

AUTHORITY:

MGL Chapter 41 §§41, 41A, 41B, 41C, 42 and 43

Collective Bargaining Agreements in effect with Town and School Unions

POLICY:

It is the town's policy to assure sound controls for all payroll transactions by requiring *Letters of Offer* from the appointing authority and/or *Personnel Action Forms* to set up new hires, reclassifications and salary adjustments in the payroll system. Department heads are responsible for the timely submittal of Personnel Action Forms. The town administrator's office is responsible for all entry of new employees and adjustments to employee's pay/classification data.

The accountant's office is responsible for oversight and administration of the weekly payroll based on receipt of approved time and attendance documentation from all town departments and from the school department. The town payroll is paid weekly against valid appropriations. The school payroll is weekly or biweekly, consistent with collective bargaining requirements. The school payroll (with the exception of hourly staff) is paid against valid encumbrances.

Personnel Actions

PROCEDURES:

A Personnel Action Form (PAF) (or Letter of Offer from appointing authority) is required to document and approve new hires, promotions, demotions, pay changes, transfers and changes in employment status.

- The department head (or designee) completes the PAF to initiate any changes in the pay or status of an employee. The department head must sign the PAF. The department retains one copy, one copy is forwarded to the payroll assistant in the accountant's office and one copy is forwarded to the town manager's office.

- The town administrator's office is responsible for the entry of municipal new hires, pay adjustments and any changes in the employee status.
- The school's human resource assistant is responsible for the entry of school department new hires, pay adjustments and any changes in the employee status.
- The PAF adjustments that affect payroll must be entered on a timely basis to assure the correct pay for the appropriate payroll period. They must be entered before any further payroll reports or time and attendance data entry can be completed.
- Annual pay raises will be calculated per the requirements of the collective bargaining agreement and set up in the VADAR Payroll Module consistent with all requirements of the respective agreements/contracts.
- The position that is responsible to enter employee status and pay adjustments shall not be the same person/position that is responsible for the administration of the weekly payroll and time and attendance entry.

Time and Attendance

POLICY:

It is the policy of the Town that the accountant's office will only process a department's payroll based upon receipt of a department's certified record of time and attendance. The town utilizes this policy to control the following:

- o accurate computation of employee earnings, deductions and net pay
- o accurate computation of employee sick, vacation and other leave.

PROCEDURES:

- Each department must submit the *Town of Millville Payroll Timesheet* for the respective pay period. The *Payroll Timesheet* report will indicate the employee name, employee number and the payroll hours for that period, including:
 - o Regular Salaried
 - o Overtime – Straight
 - o Overtime
 - o Vacation
 - o Sick Leave
 - o Personal
 - o Compensatory Time

as well as the respective VADAR General Ledger appropriation and account code (organization and object accounts) to be charged.

- The department head is responsible to review and sign the *Town of Millville Payroll Timesheet*. Consistent with state law, the department head signs the payroll and "certifies under the penalty of perjury that the statements set forth on this payroll are true to the best of my knowledge."

- Consistent with MGL Chapter 41 §41, each department head must make arrangements with the accountant's office to provide for a lawful alternate payroll signer. The accountant's office will not allow an alternate signature until the board of selectmen authorizes said signer.
- The department's *Town of Millville Payroll Timesheet* must be submitted to the accountant's office by the close of business on Wednesdays.
- The school department and department of public works are responsible to have their data entered to VADAR by the close of business on Thursdays to allow the payroll assistant to review the files and begin the processing of the payroll and the payroll warrant.

Payroll Processing and Issuance of Pay Checks

PROCEDURES

The payroll assistant in the accountant's office is responsible for the entry, processing and review of all payrolls from the department payroll timesheets submitted with the exception of the school department and the department of public works. The school department enters all relevant payroll activity into the VADAR system each pay period, that data receives a final review by the accountant's office. The department of public works is allowed to enter payroll time and attendance exceptions only.

- The payroll assistant enters all exception related time and attendance data to VADAR system based upon the exceptions reported on each department's *Town of Millville Payroll Timesheet*.
- The payroll assistant records the total payroll of each department reported on the *Town of Millville Payroll Timesheet* on a *Payroll Log Sheet*. The payroll assistant runs an initial payroll proof in VADAR for each department and verifies that the VADAR *Detail Proof* reconciles to the *Payroll Time Sheet*. At the end of this process, by department, the total VADAR payroll is verified to the total on the *Payroll Log Sheet*.
- The payroll assistant also runs a *Negative Hours Report* to identify any employee with a negative leave balance and addresses the negative balance with the department.
- The payroll assistant inputs any relevant deductions in the *Earnings/Deductions File* maintenance including, state and federal taxes, spousal and child support, retirement, insurances etc.

When the final reconciliation is complete, the actual processing of the payroll begins.

- The payroll assistant runs the VADAR *Generate Earnings/Deductions* to process deductions for the period.

- The payroll assistant runs the VADAR *Vendor Processing* for various deductions for payroll vendors. The Deductions Proof is mailed to any vendor that receives a deduction check via the mail.
- The payroll assistant runs the VADAR *Employee Update* process to update each individual employee's pay and deduction record.
- The payroll assistant prints the *Payroll Advices* and *Payroll Checks* and processes the VADAR *Advice and Check Registers*.
- The payroll assistant prints the final VADAR *Detail Proof – Final Report*, the VADAR *Payroll Earnings Distribution* and the VADAR *Accrual Activity Report* for the period, and by department, and distributes these to each department.
- The payroll assistant prepares the *Payroll Warrant* and assigns a *Payroll Warrant Number*. The *Payroll Warrant* must be signed by the accountant and the town administrator as authorization to the treasurer/collector to release the payroll checks and direct deposit advisories. The warrant includes:
 - o The VADAR *Detail Proof – Final Report: Earnings Summary* detailing the payroll earnings by pay type (regular pay, overtime, sick, vacation, shift differential etc.) and
 - o The VADAR *Deductions Summary* detailing all deductions by type (Medicare, insurances, state and federal tax, credit union etc.)
- The assistant also prints payroll worksheets and distributes to departments as the basis for preparation of the next payroll.
- The payroll assistant prints the YTD *Deduction Withholdings Report* for the retirement office for posting and reporting of retirement deductions.
- The treasurer/collector (or designee) is responsible to fund the payroll and to transfer the required funding to the payroll bank account and to transmit the direct deposit activity to the town's payroll bank. The accountant's payroll assistant provides the following to the treasurer/collector to allow the final payroll processing and reviews by the treasurer:
 - o Payroll Register
 - o Deduction Reports (Vendors)
 - o Check Register
 - o Direct Deposit Register
 - o G.L. Distribution Journal
 - o The Payroll Warrant as signed by the town manager and the accountant.

Paychecks and direct deposit advisories are only recorded as disbursements after a careful review by the treasurer.

- A copy of each report submitted to the treasurer/collector is retained in the accountant's office.

- On the subsequent Wednesday (after time sheets were submitted), the treasurer/collector is responsible for the distribution of the paychecks and direct deposit advisories to the town departments and to the school department.

State and Federal Tax Payments and Reporting

The accountant's payroll assistant transmits data on all new hires to the Commonwealth's Department of Revenue within one week.

The treasurer/collector is responsible for reporting to the IRS and the Commonwealth of Massachusetts. Quarterly reports must be filed with the IRS (941 and 945) and Commonwealth of Massachusetts. Weekly employment taxes are paid to the IRS and the Commonwealth.

ATTACHMENTS AND EXHIBITS:

- | Town of Millville Payroll Timesheet
- | Payroll Log Sheet
- | VADAR Detail Proof – Final Report
- | VADAR Payroll Earnings Distribution
- | VADAR Accrual Activity Report
- | Payroll Warrant and VADAR Detail Proof – Final Report:
Earnings Summary and Deductions Summary

**Property Tax Commitments and Accounts Receivable
Policies and Procedures**

**Approved by:
Effective:**

PURPOSE:

To establish real and personal property tax billing, commitment, abatement and lien processing standards and practices consistent with statutory requirements in order to assure collection of all committed charges based on a sound system of internal controls and division of responsibilities.

AUTHORITY:

MGL Chapter 60

Commitment and Billing (Actual Tax Billing)

POLICY:

The town's policy is to issue bills for real estate and personal property on a quarterly basis in order to optimize cash flow. Interest is charged at a rate of 14 percent per annum for any unpaid balances after the respective due dates. Demand notices will be mailed by May 31st on any unpaid balances after May 1. A demand fee of \$5.00, as well as 14 percent interest, will be included on the demand bills in accordance with state statute.

PROCEDURES:

- The assessors maintain an automated file of all property valuations (Patriot database). Before a tax commitment can be run an *LA4 Report* is run on the Patriot System. An LA4 provides the following information: type (class), parcel counts, assessed value and total.
- The assessor's office identifies and completes the steps, using the VADAR checklist for preliminary or actual billing. The same *LA4 report* is then run in VADAR. An audit of the two reports is completed to check for errors. Any discrepancies are identified and corrected so that the VADAR file valuations reconcile to the *LA4* produced by Patriot.
- When the two LA4 reports are in agreement, the preliminary or actual bill process in VADAR can continue.
- The assessors will independently complete the *Assessors Warrant to the Treasurer/Collector – State Tax Form 58* that documents the amount of the total billing to be committed for collection. One copy of the warrant shall be forwarded to the treasurer/collector and one copy shall be forwarded to the accountant. The assessors prepare one warrant (State Tax Form 58) for the real estate

commitment and a separate warrant (State Tax Form 58) for the personal property commitment.

- The assessors will also submit one copy of the *VADAR Accounts Receivable* with the final assessed values to the Department of Revenue (DOR) as verification that the assessed valuations, which were used as the basis for the billing, are in agreement with those reported on the *Tax Recapitulation Sheet* that the Town had submitted to DOR for certification of the tax rate.
- The treasurer/collector will transmit the *VADAR Accounts Receivable* file to the deputy collector (the vendor that prints and mails the tax bills).
- When the treasurer/collector has reviewed:
 - o The totals on *VADAR Accounts Receivable* provided by the assessors office
 - o The *Real Estate Warrant* and *Personal Property Warrant - State Tax Forms 57 and 58*.
 - o The sample tax bills and *Control Totals Summary Total* of bills provided by PKS Associates

and verifies that all are in agreement, the treasurer/collector will then give signed authorization (via fax) to the deputy collector to mail the tax bills.

- The treasurer/collector's approval is the required authorization for the vendor to release and mail the tax bills.
- The treasurer/collector sends notice of tax billing and commitment to the Department of Revenue - Bureau of Accounts and also posts the *Affidavit of Mailing*. Upon receipt, the treasurer/collector completes *State Form 214, Affidavit as to Time of Sending Bills* form and posts it on the bulletin board outside of the Town clerk's office in order to provide appropriate evidence of mailing for interested taxpayers.

Application of Tax Payments

POLICY:

It is the town's policy to assure the correct application of taxpayers' payments to their accounts on a timely basis. Receipts that are subject to interest, demands and other costs shall be applied based on the following order: interest, demand or other fees, utility liens, betterment assessments, tax title liens, real estate or personal property tax due.

PROCEDURES:

The Town receives tax payments in one of four ways:

- o By mail to the lock box at Century Bank,
- o Via electronic transmission from the tax servicing companies that submit payments for multiple taxpayers' accounts
- o By online payment (UniPay)

- o By in person payment at (or mail to) the treasurer/collector's office.

Lock Box Payments

A significant number of tax payments are sent by mail to the Town's lockbox at Century Bank. Bank staff records payments; each day the Century Bank file is delivered via courier to the assistant treasurer/collector.

- The assistant treasurer/collector transfers the Century Bank lockbox file to the VADAR server.
- The assistant treasurer/collector accesses the Century Bank payment file and prints the *Lockbox Import File Preview Report* listing all payments, the total number of payments, total dollar amount and totals by type (real, personal, excise or water/sewer).
- The assistant treasurer/collector then accesses in VADAR the *Process Lockbox File* option in order to apply the payments to the taxpayers' accounts in the VADAR Accounts Receivable Module. The assistant treasurer/collector prints the *Lockbox Payments Processed Report* and reviews the "total number of items/payments" and "total dollar amount" to assure they reconcile to the control totals on the file/report from Century Bank.
- The assistant treasurer/collector then in the *Payment Entry* option of VADAR produces the *Payments Proof* for the lockbox payments and verifies the "total number of items/payments" and "total dollar amount" control totals to the Century file and to the deposit slip.
- The assistant treasurer/collector will then submit the *Payment Proof*, Century file control totals and the deposit slip to the accountant as documentation to allow the accountant's office to post the lock box payments to the General Ledger.

Tax Servicing Companies' Payments

There are many instances where a taxpayer has an arrangement with their mortgage company to pay the quarterly real estate taxes. These payments are processed similar to the procedures for lock box payments.

PROCEDURES:

- The various tax service companies provide files/transmissions of the tax payments for all of the tax accounts that they are responsible for paying. The treasurer/collector's office prints an output of the specific tax service company's file listing all payments, the total number of payments, total dollar amount.
- The assistant treasurer/collector then accesses in VADAR the *Process Lockbox File (tax service company payments)* option in order to apply the payments to the taxpayer's account in the VADAR Accounts Receivable Module. The treasurer/collector prints the *Lockbox Payments Processed Report* and reviews the "total number of items/payments" and "total dollar amount" to assure they

reconcile to the control totals on the file/report from the respective tax service company.

- The assistant treasurer/collector then in the *Payment Entry* option of VADAR produces the *Payments Proof* for the tax service company payments and verifies the “total number of items/payments” and “total dollar amount” control totals to the original file transmitted by the tax service company and then prepares the deposit slip.
- The assistant treasurer/collector will then submit the *Payment Proof*, the deposit slip and the tax service company’s control totals to the accountant as documentation to allow posting to the General Ledger.

Payments via online payment (UniPay)

PROCEDURES:

The treasurer/collector has currently created the opportunity for residents to pay their current tax bill online at the Town of Millville website via Unibank’s Unipay System. The resident can use Unipay to pay current balances. Only payments for the full amount are accepted. The resident can pay by either credit card or debit card.

Each day the treasurer/collector’s office accesses the *UniPay* system and prints an advisory for the day’s receipts by type of payment (debit, credit).

- The assistant treasurer/collector accesses the *Unipay* payments file and prints the VADAR *Import File Preview Report* listing all payments, the total number of payments, total dollar amount and totals by type.
- The assistant treasurer/collector then accesses the *Process Lockbox/Unipay File* option in VADAR in order to apply the payments to the taxpayer’s account in the VADAR Accounts Receivable Module. The assistant treasurer/collector prints the *Lockbox/Unipay Payments Processed Report* and reviews the “total number of items/payments” and “total dollar amount” to assure they reconcile to the control totals on the *Unipay* file/report.
- The assistant treasurer/collector then in the *Payment Entry* option of VADAR produces the *Payments Proof* for the *UniPay* payments and verifies the “total number of items/payments” and “total dollar amount” control totals to the *UniPay* file and to the deposit slip.
- The assistant treasurer/collector will then submit the *VADAR Payment Proof*, *UniPay* file control totals and the deposit slip to the accountant’s office for review and posting to the General Ledger.

Payments at the Cashier's Window

POLICY:

The Town's policy is that all tax payments received in the treasurer/collector's office shall be processed in VADAR the day after they are received. On the day of receipt all payments (checks/cash and copies of bill) are reconciled to adding machine tapes and the payment copy of the tax bill and the "tape" are turned over to the assistant treasurer/collector.

PROCEDURES:

Day of Receipt

- The treasurer/collector clerk accepts payment from the taxpayer, provides that taxpayer with a stamped copy of the tax bill as receipt, and retains the remittance copy of the bill and the cash or check in the cash drawer.
- At the end of the day the treasurer/collector clerk (or principal clerk) will close out the day's work. The clerk will leave \$300 in cash in the drawer. The clerk will tally and assure that the amount of cash/checks, and the total on the tax bills agree. The proof will be the *Cash Sheet* and adding machine tape. On the day of receipt the payments are not entered into the VADAR system. They are entered the following day.
- The treasurer/collector clerk will turn over the cash/checks, remittance copy of the bills and the "tape" and the deposit slip to the assistant treasurer/collector for review. The assistant treasurer/collector (or treasurer/collector) is responsible for making the bank deposit.

Day after Receipt

- The treasurer/collector clerk will open a new payment batch in VADAR under the *Payment Processing/Payment Entry* option of the Accounts Receivable module of VADAR. It is important that the "Entry Date" and "Interest Effective" date be the same date as the date of the actual activity.
- The treasurer/collector clerk will enter all payments of the prior day into VADAR and will access the account by the account number. The clerk will apply the payment to the person's account and make any allocation, if necessary, to interest due.
- It is important that the treasurer/collector clerk enter only the payments/receipts at the counter of the prior day into one segregated batch. The *VADAR Payments Proof Record* of cash and "checks" must reconcile to the "cash" and "checks" reported on the prior day's *Cash Sheet* and "tape." This provides a control such that the *VADAR Payments Proof Summary* exactly matches the "tape" and deposit slip of the prior day.
- The assistant treasurer/collector will review the prior day's deposit slip for window collections and the *VADAR Payments Proof* to verify that they are in agreement. After this the transaction can be recorded in the *Treasurer's Cashbook*.

- The assistant treasurer/collector will submit the *VADAR Payments Proof* and the prior day's deposit slip to the accountant. This serves as evidence of the application of all payments/receipts deposited at the bank to the accounts receivable system
- Based upon verification that the *VADAR Payments Proof* and the bank deposit slip, the accountant then will post the transaction to the General Ledger assuming both source documents agree.

Note: A receipt is provided for "mail- in payments" when the taxpayer has provided a self-addressed stamped envelope.

Tax Abatements and Exemptions

POLICY:

The town's policy is to assure the correct application of taxpayers' abatements and exemptions to their accounts on a timely basis.

The assessor's office grants abatements for real estate and personal property if appropriate. Once approved by the board of assessors, or on appeal by the Appellate Tax Board. Exemptions are granted for one year only. The qualifying date is July 1st for veterans, blind, surviving spouses, elderly and others along with and tax deferrals that meet the statutory requirements.

The assessor's office staff enters all abatements and exemptions into VADAR. As a result of this process, a *Notice and Certificate of Abatement Document* is created, signed by the board of assessors, and mailed to the taxpayer and provided to the treasurer/collector as evidence of the reduction in accounts receivable.

PROCEDURES:

- The assessors forward a documentation of each abatement or exemption that has been granted by the board of assessors to the treasurer/collector and to the accountant. This is accomplished by printing and submitting the *VADAR txabtent Open Abatements (List Only) Report*. *The assessors will forward it with a transmittal signed by a majority of the board of assessors (as the abating authority). This activity has been updated in the VADAR detailed receivable ledger.*
- The *VADAR txabtent Open Abatements (List Only) Report* is the source document for the Town accountant to *Post Summary Journal*, which will post all of the period's tax related abatements and exemptions to the General Ledger.
- The treasurer/collector files and retains the *Assessor's Abatement/Exemption Report* as the paper record of the abatements/exemptions for the period. This document will be a reconciling document to assure the accountant has posted the activity to the General Ledger.

- The treasurer/collector should review the abated accounts to determine any credit balances in real and personal property tax accounts caused by the granting of the abatement/exemption.
- The treasurer/collector must issue a refund to any taxpayer whose account has a credit balance due to an abatement/exemption within 30 days.

Property Tax Refunds

POLICY:

The policy of the Town is that the treasurer/collector is responsible for taxpayer refunds. Refunds for real estate and personal property are processed after May 1 (last tax due date) of any given year to assure all taxes due for the fiscal year have been paid. All precautions must be taken to assure the correct party receives the refund. Refunds must be processed within 30 days (of the posting of the abatements/exemptions) for credit balances caused by the abatement/exemption.

PROCEDURES:

- When a taxpayer contacts the treasurer/collector's office to indicate that their account has a credit balance and that they are due a refund, the staff will advise the taxpayer
 - o To submit a letter requesting the refund
 - o To provide proof of payment (copy of front and back side of the cancelled check).
- Once the credit balance is verified in the accounts receivable system and this evidence of proof of payment is reviewed and verified, the treasurer/collector's staff will check other committed accounts (i.e. MVX and water and sewer) to verify that the taxpayer is current in other payments to the Town.
- If the taxpayer is not current in the payment of other balances due to the Town, then the clerk applies (transfers) the credit balance from the overpaid account to the account with an outstanding balance. This is called a transfer payment. If the credit balance is greater than the amount that was applied to the outstanding balance then the remaining credit balance shall be refunded.
- If the taxpayer is current on other accounts, then the clerk will prepare an *Authorization for Payment* listing the taxpayer and amount to be refunded. This document must be signed by the treasurer/collector and is submitted to the accountant for payment on the weekly warrant.
- When the warrant is approved and the check is printed, the assistant treasurer/collector does a final review of all refund checks to examine for errors. After this final review a copy of the check is made and retained in the refund file created for that taxpayer with a copy of the authorizing documentation.

Refunds on Abatements

POLICY:

The town's policy is to assure the accurate calculation and the subsequent distribution of taxpayers' refunds to the proper party on a timely basis.

PROCEDURES:

The same procedures as on above described refunds are followed. However, the taxpayer does not have to submit a copy of the canceled check, since the abatement has caused the overpayment and the abatement itself is the documentation to allow a refund.

Review of VADAR (Credit Balance) Reports

On a monthly basis, the treasurer/collector (or designee) shall print and review the *VADAR Credit Balance Reports* for real and personal property to monitor the number of accounts with credit balances and the dollar amount of credit balances.

- For prior tax years, the treasurer/collector shall ensure that all credit balances are investigated and that the account is corrected if there has been an error, that the credit is posted to an outstanding balance in another account (i.e. personal property or water/sewer), or to assure that a refund is issued to the taxpayer. For the current tax year, credit balances are acceptable until the fourth quarter tax due date.
- In May and June, the treasurer/collector and staff shall research all current year credit balances and issue refund checks when appropriate. This should be done to prevent a liability on the Town's books, to assure that the taxpayer receives funds that are due to them on a timely basis, and to eliminate the cost of paying interest to the taxpayer.
- The treasurer/collector shall submit a *Report of Credit Balances by Year* to the accountant on a monthly basis so that the liability can be accurately recorded on the town's General Ledger and Balance Sheet.

Special Situations/Real Estate

POLICY:

It is the policy of the Town to bill, collect and record in the tax system in an accurate and timely manner all of the special situations listed below in accordance with Massachusetts General Law.

BACKGROUND: Omitted/Revised

Assessments

The assessors' office shall correct omitted or revised assessments either by June 20 or 90 days after the mailing of the tax bill, whichever is later. If the omission or revision is not corrected by June 20th, it cannot be corrected.

The assessors record the amount of the omitted assessments on *State Tax Form 62* – *A warrant issued by the Assessors to the Tax Treasurer/Collector to collect taxes for the omitted assessment*. Revised assessments are recorded on *State Tax Form 63*. One copy of the warrant is issued to the treasurer/collector and at the same time they provide one copy of the *State Tax Form 63* to the accountant for posting to the General Ledger and to provide an audit trail for month-end reconciliation of the tax receivable.

Apportionment (of unpaid taxes)

An apportionment divides unpaid taxes between the assessed owner and the owner who is acquiring the property after the January 1 assessment date.

Reassessments

Reassessments correct the already committed tax bill. Reassessments are issued because of various errors. There must be a balance of taxes due to issue a reassessment.

A warrant is issued to the treasurer/collector and a copy of the warrant is sent to the accountant with the corrected name. The assessors' office uses *State Tax Form 44* to warrant reassessments. When completing *State Form 44*, the total taxes to be collected do not change.

Pro forma

A *Pro forma* is issued when a previously exempt property is sold. The *Pro forma* takes the property out of its exempt status. In this case, a letter is issued to the treasurer/collector identifying the property as an omitted assessment and a warrant is issued using *State Tax Form 62* to assure that the full tax is collected. The warrant (*State Tax Form 62*) is also submitted to the accountant for posting to the General Ledger.

Special Situations/Commitment/Receivable Update

PROCEDURES:

- The treasurer/collector must record the amount of the taxes to be collected as a result of the omitted assessment or the revised assessment in the *VADAR Accounts Receivable* system.
- This procedure to adjust the commitment for the quarter is important and should be done by the treasurer/collector within a day or two of receipt of the warrant from the assessors (i.e. *State Tax Forms, 44, 62 or 63*).
- The treasurer/collector will access the *Commitment Maintenance* in the VADAR AR system, access the correct taxpayers account, and add the new taxes to be committed (for an omitted assessment) or adjust the taxes to be collected (for revised assessments).

- The treasurer/collector should verify that all accounts that have been adjusted in VADAR reconcile to the source documents (revised and omitted assessment *warrants* from the Assessors).
- The treasurer/collector shall verify that the edit reports reconcile to the assessors warrants.
- The documentation should be forwarded to the accountant who is responsible to post the batch of commitment revisions to the General Ledger. The accountant also has the original warrants as submitted by the assessors.

ATTACHMENTS:

- | Assessor's Warrant to the Tax Collector - State Tax Form 57
- | State Form 214 - Affidavit as to Time of Sending Bills
- | VADAR Payments Proof
- | VADAR (txabtent) Open Abatements (List only) Report
- | State Tax Form 62 (Omitted Assessments)
- | State Tax Form 63 (Revised Assessments)
- | State Tax Form 44 (Reassessments)

Purchasing Policies and Procedures

Approved by:

Effective:

PURPOSE:

To establish purchasing standards and practices consistent with or exceeding state law, and to identify activities and reviews that are centralized for purposes of control within the office of town administrator and the activities that are decentralized to municipal departments and to the school department.

AUTHORITY:

Town Charter:

Section 4-2 (o) Powers of Town administrator

MGL Chapter 30B

MGL Chapter 7 §38 A-M

MGL Chapter 149 §44 A-M

POLICY:

The town's goal is to optimize the value received for each tax dollar expended by strict adherence to competitive quotation and bidding requirements and by participation in state and regional cooperative purchasing agreements. The Town seeks to obtain goods and services that will reliably perform their function at the lowest possible cost to the Town.

It is the town's policy that any employee who orders materials, supplies or services without proper approvals and adherence to the purchase order process can be held liable for payment.

DIVISION OF RESPONSIBILITY

The town's procurement function is decentralized. Municipal departments and the school department:

- Obtain quotes
- Issue bids
- Advertise the bids and
- Prepare bid tabulations and evaluations.

The town's control and oversight of all procurements is centralized in the town administrator's office. The town administrator's office exercises control of procurements, as it is the sole authority to:

- Issue purchase orders based on review and approval of required information
- Approve advertisements for bid

- Approve bid specifications and
- Approve (sign) all contracts for construction and professional services.

PROCEDURES:

QUOTATION AND BIDDING REQUIREMENTS

Quotations and bids will be made in accordance with Chapter 30B of the Massachusetts General laws or can be more restrictive based on the decision of the town administrator's office.

1. Items/Materials/Services between \$ 3,000 and \$25,000.

The Town requires at least three telephone requests for quotes for any purchase in the aggregate of \$3,000 up to \$25,000. Departments should document quotations from the vendors and provide a copy of the vendor's written or emailed quotation as supporting documentation to the town administrator's office.

This information is required

before the town administrator's office will authorize a purchase order.

In any event, the specifications and responses including the contact person should be retained in the files at each department for a period of at least six years.

2. Purchases in excess of \$25,000

State law requires formal written bids or proposals except where exempt by statute. Bids or proposals must be publicly advertised. The Board of Selectmen, as the town's chief procurement officer, is responsible for assurance that all documents have been created and all requirements have been met for each bid.

General Rules:

- **Bid Numbers:** Whenever a department solicits bids it must seek a bid number from the town administrator's office. The purchasing assistant will record the purpose of the bid and the number in a bid log to monitor all pending bids.
- **Requests to Advertise the Bid:** When a department has completed the Town's standard bid form and the detailed specifications, the department must submit the documents and a *Request to Advertise for Bids* to the town administrator's office.
- The town administrator's office will review the bid documents for form, completeness and availability of budgeted funds and approve or reject the *Request to Advertise for Bids*.
- **Solicitation of Bids:** When the *Request to Advertise* is approved bids are solicited and a date, time, and room number is established for the receipt of the bids. Vendors wishing to bid must submit their bids to the identified department on or before that time. As bids are received, they must be time and date stamped by the receiving department as proof of receipt. Bids arriving after this deadline are returned un-opened to the vendor marked as a "late bid." A copy of the

Town's Standard Form Bid and an *Affidavit of Non Collusion* are provided in Exhibits section.

- **Bid Deposits:** The majority of formal bids require bid deposits in the form of certified checks or bid bonds. These must be enclosed with the bids and will be returned to the respective vendors in compliance with the terms of the bid specifications.
- **Bid Opening:** The bids, which must bear the notation "Bid No.____," are publicly opened in the pre-established location by the department's procurement designee with one witness present. Bids are informally tabulated and the apparent low bidder announced pending a complete examination of all bids for verification of totals, and compliance to specifications.
- **Bid Tabulation:** The department that opened the bids must complete a formal *Bid Tabulation* which analyzes the unit prices, discounts, delivery terms and charges, trade in allowances and all factors to determine the bidder with the lowest bid price. This tabulation should also note if other relevant factors have been met: for example provision of a bid bond. The bid tabulation is made available to the public for inspection indicating the ranking of all bidders and the tabulation becomes a permanent part of the bid file.
- **Lowest Responsive and Responsible Bidder:** Bids should be awarded to the lowest responsive and responsible bidder based on warranties, quality of performance on prior contracts, ability to deliver within prescribed timelines and capacity of bidder to meet the stipulated specifications.
- **Notification of Award:** The office of the town administrator will send a notice of award letter to the low bidder and request (as applicable):
 - o Performance Bonds
 - o Labor and Materials Bonds
 - o Certificates of Insurance
 - o Statement of Compliance with Prevailing Wage Rates
- **Record Retention:** Copies of all bid documents including vendor responses, evaluations and award determinations should be retained in the department that received the bids for a minimum of at least six years.
- **Multiple "small" procurements are prohibited:** It is contrary to town policy, which is to obtain the most value for each dollar expended, for any department to "split" procurements or do several small procurements for the same class/category of materials and supplies. Each department must review the total quantities and needs of its operations for the full fiscal year and seek at least three quotations if the procurement is estimated to result in the \$3,000 to \$25,000 range or formal competitive bids if it is estimated to cost in excess of \$25,000.
- **Sole Source Procurements:** Competitive bids may be waived in instances where there is only one vendor who can provide the relevant equipment, materials or services. In the instance of sole source procurement, supporting documentation must be submitted to the town administrator's office.

- **Bid Protests:** All departments receiving bids must review and examine them objectively. Any bidder who protests the bid award should be referred to the town administrator's office. Bidders will be informed to submit their issues in writing with the specific details. The town administrator's office and town counsel will review the basis of the protest and will respond in writing.

For specific bidding requirements refer to Chapter 30B of the Massachusetts General Laws and other publications issued by the Inspector General's office.

COOPERATIVE PURCHASING AND STATE CONTRACTS

POLICY:

The policy of the Town is that town administrator (or his designee) has the authority to join with other units of government in cooperative purchasing plans when the best interests of the Town will be served in terms of maximizing the value of each tax dollar expended. The use of these contracts saves in terms of reduced overhead expenditures as well as in terms of savings from the economies of scale of regional and state arrangements.

PROCEDURES:

- The Town may bid any item or material. Prior to said award the low bid should be compared to regional cooperative bids and state bids for said item to assure that the Town is obtaining the best price.
- The town administrator (or his designee) may enter into cooperative arrangements (with other groups of municipalities) to obtain economies of scale for various items such as: chemicals, sand, salt, calcium chloride, fertilizer, motor oil, bituminous material, gravel, office supplies, etc. Municipal departments will procure these materials for the fiscal year from the vendor awarded the contract by the cooperative/regional group of municipalities.

PURCHASE REQUISITIONS

POLICY:

It is the policy of the Town to utilize the purchase requisition and purchase order modules of the VADAR system.

PROCEDURES:

- A *VADAR Purchase Order* should be completed for all purchases as the means to secure approval for a purchase order, encumber funds and allow generation of the purchase order.
- The requisition must contain the following minimum information:
 - o Vendor name, billing address and location
 - o A narrative description of the item to be purchased including model name and number, brand name, size, weight, type

- o Unit of measure (sets, reams, pounds)
 - o Expenditure code number to be charged (including the detailed program code and the object of expenditure)
 - o Identification of the person making the request
 - o Approval/authorized signature by the department head
 - o Quantity, per unit cost and total estimated cost.
- When a department enters a requisition it must be approved by the department head and sent in a VADAR batch to the town administrator's office.
- The town administrator's office reviews the *VADAR Requisition* and does one of two actions:
 - o Approves the requisition and converts it to a purchase order
 - o Rejects the requisition for inadequate documentation (quotes, wrong charge code, certificates of insurance) or lack of available funds.
- Purchase orders will not be issued without complete and proper documentation.
- If the town administrator's office approves the requisition it is converted to a VADAR Purchase Order.
- If the town administrator's office rejects the requisition, the purchasing assistant will contact the issuing department via email to inform of any missing information.
- The purchasing assistant runs a VADAR batch proof for final review and assurance of adequate funds in the account.
- Purchase orders are posted and then printed out. The purchase orders will print out as follows:
 - o Vendor copy prints at department site
 - o Department copy prints at department site
 - o Town copy is printed and retained in the town administrator's office.
- The town administrator's copy of the purchase order is retained with all relevant original documentation.

PURCHASE ORDERS

POLICY:

It is the policy of the Town to utilize purchase orders for the following purchases:

- All purchases in the aggregate of \$3,000 or more even where a contract is executed.
- Blanket purchase orders authorizing purchases of a particular nature from a specified vendor.

Purchase orders are not necessary for items such as utilities, rents and intergovernmental charges and assessments. Creation of purchase orders will

automatically encumber funds against the department's appropriation account for the purchase. VADAR *Budget Year to Date* reports will show both the expended amounts and the encumbered amounts for each appropriation account. The balance of funds available on the *Year to Date Reports* represents the unexpended/unencumbered balance through that date.

In no event will a purchase be honored without a valid purchase order and or contract/agreement (where applicable).

Types of Purchase Orders

- o **Individual Order:** The majority of orders issued each year call for specific commodities at a certain time for a fixed price.
- o **Departmental Blanket/Annual Orders:** This is a bid term contract for a specific department usually calling for an indeterminate quantity over a year at a firm fixed price. The purpose for this blanket order is to reduce excessive paperwork for small orders and provide departments latitude in obtaining quickly items for daily operation.

CONTRACTS AND AGREEMENTS FOR GOODS AND SERVICES

POLICY:

The policy of the Town and state statutes require contracts and agreements to be executed for all purchases in excess of \$5,000. All Town of Millville contracts and agreements will not be valid unless the following approval procedures and signatures of town officials are in place.

Procedures:

- Upon the award of a contract, the town department procuring the good or service should use a Standard Form Contract. The contract provides complete and detailed conditions for the performance or delivery of the respective goods or services. The contract is submitted first to the vendor or consultant for their signature. In this manner, the Town will understand that the vendor has accepted the terms and conditions of the agreement.
- The following officials should then sign the agreement for these specific purposes:
 - o The relevant department head shall sign the contract as confirmation that it is an appropriate charge/expense to the department's appropriation.
 - o The accountant shall sign all contracts verifying that there is an appropriation available to fund the contract.
 - o Town counsel shall sign the contract as an indication of legal review and appropriateness of the contract form and terms.

- o The town administrator shall be the final signature on the contract to bind the Town, and as confirmation that procurement requirements were met.
- Prevailing *Wage Rates and Payment and Performance Bonds* shall be attached to relevant contracts.
- The purchasing assistant in the town administrator's office should retain a copy of all contracts, including personal service contracts, executed by the Town. The other original copies shall be distributed to the vendor, town clerk, requisitioning department and to the town accountant.
- All parties who signed the original contract must sign any subsequent amendments to the original contract/agreement.

ATTACHMENTS:

- | VADAR Requisition
- | VADAR Purchase Order
- | Request to Advertise
- | Standard Bid Format
- | Sample Bid Tabulation/Evaluation
- | Sample Award Letter
- | Standard Form Contract

**School Finance, Budgeting and Accounting
Policies and Procedures**

**Approved by: School Committee
Effective:**

PURPOSE:

To establish budget adoption and administration standards and practices that comply with the General Laws of the Commonwealth, that promote appropriate policy and management reviews and approvals in order to assure a sound system of budgetary controls and proper divisions of responsibilities.

AUTHORITY:

MGL Chapter 70 §6
MGL Chapter 71 §§34, 37, 37M, 38N, 49A, 59 and 71E

School Committee Adoption/Vote of Annual Budget

POLICY:

The policy of the Town is that the *Annual Budget* represents the school committee's policy intent for the allocation of resources to various school sites and responsibility areas including special education, transportation, athletics etc. The school committee votes a formal *Budget Order* to delineate the resources available for various schools and program areas based on their priorities for school sites, departments and programs for the fiscal year. This *Budget Order* must reconcile to the total appropriation voted for the public schools by Town Meeting.

PROCEDURES:

- The superintendent of schools presents a proposed budget to the school committee by school site and by various departments. This budget is subject to review by the committee. The proposed budget is submitted to the town administrator and finance committee for consideration and action by Town Meeting on the annual appropriation available for the school department.
- After the vote of Town Meeting when the total resources available for the schools are known, any adjustments to the superintendent's proposed budget should be presented to the school committee with recommendations as to what areas of the original proposed budget are to be reduced or adjusted.
- When the revisions meet with the approval of the school committee, a formal *Budget Order* shall be presented to the school committee for a vote to formalize their final intended allocation of funds by school and or department. At a minimum, the *Budget Order* of the school committee shall be voted by:

- o School site and/or department and by
 - o Major category of expenditure: “personal services” and “other expense.”
- It is also essential that the vote of the school committee by site and category of expenditure total to the voted legal (General Fund) appropriation of the Town Meeting for the school committee.

Budget Transfers (Reallocation of Voted Resources)

POLICY:

School Committee Transfer Authority:

The policy of the Town is that any proposed transfer of funds between school sites or departments, or between major categories of expenditure with a site or department, shall be presented to the school committee for a vote to approve.

PROCEDURES:

- The superintendent and school business manager, based on budget monitoring and any recommended change in the use of funds, will prepare a transfer request for school committee consideration and vote.
- The transfer shall identify by name and account the purpose of the transfer and classify it as:
 - o Inter-school/department transfer: for proposed use of funds between schools or departments
 - o Intra-school/department but between categories of expenditure (personal services vs. general expenses)
 - o Transfer between programs (regular education vs. special education)
- When inter-school/department and inter-program transfers are proposed by the administration they shall include a “sign off” from the principal or department head (of the funding source) indicating they can manage within the reduced budget for the remainder of the fiscal year.
- Based upon a majority vote of the committee, the school business manager shall transfer the funds as voted, and only then are they available for encumbrance and expenditure.
- In the event the transfer is not approved by a majority of the committee, the funds can only be used for the original purpose.

Principal/Department Head Transfer Authority:

POLICY:

In order to assure effective site and department budget management, the policy of the Town is that all budget transfers shall be prepared at any point when a planned encumbrance would cause an over-expenditure for accounts within the category of expenditure. The intent of the policy is to assure that no encumbrance or expenditure is made without identification of the source of additional funding and completion of a transfer before funds are encumbered/expended.

PROCEDURES:

- The site/department manager shall enter transfers into VADAR for:
 - o Changes between expense line items
 - o Changes between personal services line items.
- The school business manager shall review the proposed changes for form and sufficiency of funds.
- The town accountant will retain posting authority for the budget transfer.

Budget Reporting to the School Committee

POLICY:

The policy of the Town is that the school business manager will provide monthly reports to the superintendent and to the school committee as to the status of the General Fund budget and the status of other revolving, special revenue and grant funds that support school programs within ten days of the close of the month.

PROCEDURES:

- The business manager shall include the month end VADAR *Budget Year to Date Report* in the monthly report showing the activity by school site or department versus the adopted budget.
- The report shall be accompanied by a brief summary level spreadsheet and expenditure analysis report. The importance of this summary is that it will highlight by location/site, program and major category of expenditure the status of the budget. This higher level of reporting will show budget to actual activity at the more important policy level. This report should have brief narrative comments of areas that may be in need of adjustment at a future point, areas that are comparing favorably, etc.
- A copy of the monthly shall be forwarded to the town administrator and accountant.

ATTACHMENTS:

- | Budget Order

Special/Departmental Commitments and Accounts Receivable Policies and Procedures

Approved by:
Effective:

PURPOSE:

To establish commitment, billing and receivable standards and processes for services provided by the Town based on a sound system of internal controls and to assure recording of all such commitments and billings on the General Ledger.

AUTHORITY:

MGL Chapter 44 §53C

POLICY:

It is the policy of the Town to use centralized billing for all town-provided billable services in the treasurer/collector's office in order to assure that services are committed and billed on a timely basis and that the receivable is centrally monitored. Centralized billing is provided for: water and sewer services and installations (non usage charges); police details, fire details, street openings as well as services provided to the Sanborn House and to the Millville Housing Authority.

Billing and Collection

PROCEDURES:

- The treasurer/collector's principal clerk requires that the specific department submit a schedule (and documentation) of services rendered on a set schedule:
 - o Police and Fire details: Weekly
 - o Water and Sewer services: Weekly
 - o Services to Housing Authority, Monthly
- Based on the schedule of services and charges (or work orders) submitted by the department, the principal clerk uses the *VADAR General Billing* feature to prepare a system generated invoice and to record the committed bill as a receivable in VADAR. A separate VADAR batch is prepared for the each department so that the VADAR batch will reconcile to the *Schedule of Receivables* total submitted by the respective department.
- The principal clerk produces and reviews the *VADAR Invoice Entry Proof List*, and when it reconciles to the period's billing detail/schedule as submitted by the respective department the invoices are printed and mailed. The invoices/bill notes that the payments are due upon receipt.

- The principal clerk will send a second notice to all parties that have not remitted payments within 30 days.
- A copy of the *VADAR Invoice Entry Proof List* is sent to the respective department as evidence of the billing and one copy is sent to the accountant for posting to the General Ledger.
- The principal clerk generates An *Invoice Aging Report* in the *General Billing* module of VADAR each month to identify unpaid services. Overdue notices are sent to the responsible party. A \$5.00 demand fee may be charged.
- If and when the party (customer) that received the services for police or fire details has an outstanding balance for more than 30 days, the treasurer/collector (or designee) then shall instruct the accountant to withhold payments on construction work until the balance in arrears is paid to the Town.

Payments for Services

PROCEDURES:

The principal clerk can commit and bill charges for Town services to assure sound controls. This position has no authority to post payments for these services to assure sound segregation of duties.

- Payments for town services are received and processed through the treasurer/collector's office on a daily basis.
- As payments are received the clerk responsible for posting "service" payments matches the check with the original amount invoiced to ensure accuracy of payments. In the event of any discrepancies, they are identified prior to completing the payment batch.
- All service related payments, consistent with payment processing from any source, are transmitted to the accountant. The accountant (or assistant accountant) is responsible for posting the payments to the General Ledger.

ATTACHMENTS:

- | Department's Schedule of Services/Charges
- | VADAR Invoice Entry Proof List

APPENDIX

