

Town of Buckland  
Financial Policies  
&  
Procedures

Adopted September 27, 2016  
Town of Buckland  
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## Town Financial Policies

The purpose of these policies is to provide the Town with an underlying foundation for financial decision-making and with guidelines that will:

- remain consistent from year to year and thereby enhance stability and continuity in government;
- promote sound annual budget practices and accountability in government;
- advance the achievement of long-term town-wide goals, including capital investment;
- provide for the maintenance of reserves so that the town is well-positioned to address emergency or unforeseen events;
- protect the town's bond rating and in turn reduce its borrowing costs and minimize the burden on taxpayers;
- instill confidence among residents that taxpayer dollars and other town resources are spent wisely and responsibly;
- reflect actions intended to help retain and enhance the character of the town and quality of life in it for residents.
- establish and clarify internal procedures for departments and employees so as to create a single set of rules that promote sound practices and equitably apply to all.

The financial policies of the Town shall take effect after review and consideration of the Buckland Board of Selectmen and Finance Committee and upon formal approval of the Board of Selectmen.

The financial policies of the Town shall be reviewed periodically by the Board of Selectmen and the Finance Committee.

Each year, it shall be the responsibility of the Finance Committee to determine whether the operating and capital budget recommendations presented to it for review comply with the financial policies of the Town and to so report to the Board of Selectmen and Town Meeting.

## Policies

### Budget Guidelines

(Adopted 2016)

Implementation of a well-founded budget process is a measure by which residents often gauge the performance of municipal government. The budget document itself is a mechanism for communicating town revenue setting policies, spending priorities and financial goals. A consistent budget process sets clear expectations for department heads and valuable predictability for residents from year-to-year. To advance these worthwhile goals, it is therefore the policy of the Town that:

- 1) The annual budget development will consistently follow a process where roles and responsibilities assigned to public officials are clear;
- 2) A balanced annual operating budget will be presented to Town Meeting for its approval;
- 3) Efforts will be directed to producing a budget which is structurally balanced, that is, where recurring revenues fully fund recurring expenditures;
- 4) One-time, or non-recurring, revenue will not be used to support recurring expenditures, but will be reserved for capital, emergency or other one-time costs;
- 5) Revenue projections will be conservative with the intent to maximize the Town's ability to maintain Free Cash levels;
- 6) Departmental appropriation requests in the spring will represent amounts needed to fund respective programs and services for the entire ensuing fiscal year;
- 7) Free Cash certified in the Fall will not be used to supplement department budgets approved in the Spring, but will be retained as a reserve for use in case of emergency or significant unforeseen circumstances;
- 8) The Town will strive to maintain a combined General Fund reserve level<sup>1</sup> of no less than five (5) percent of the annual operating budget with preferred target of 10 percent.

### Free Cash Policy

(Adopted December 2010; Revised 2016)

Definition of Free Cash:

Free cash is the term used for that portion of the Town's funds which is unrestricted and available for appropriation at the end of the fiscal year. The amount of Free Cash is certified by the Director of Accounts at the Massachusetts Department of Revenue's Division of Local Services, upon application by the Town annually.

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<sup>1</sup> General Fund reserves are primarily Free Cash and Stabilization Accounts (both general and special purpose). It does not include Excess Levy Capacity or Overlay Surplus.

**Sources of Free Cash:**

The source of Free Cash is unreserved, undesignated fund balances, as adjusted for contingencies or deficits. Primary sources of increases to free cash are year-end revenues in excess of projections and year-end expenditures less than appropriated. A secondary source of free cash is the resolution of contingencies or deficits.

As a first priority, Free Cash shall be used to fund stabilization accounts.

As second priorities, Free Cash shall be used:

- to fund capital projects for which long-term borrowing is authorized for terms of five (5) years or fewer.
- To fund extraordinary deficits that would otherwise be carried over to the following fiscal year.

**Exceptions:**

Exceptions to this policy shall be made only under extraordinary circumstances, and any such exceptions shall be explained to the voters at the Annual or a Special Town Meeting.

**Stabilization Fund Policy**

(Adopted 2016)

The Town has established a general stabilization fund under the provisions of MGL Chapter 40, Section 5B. It is the goal to achieve and maintain a fund balance minimum of three (3) percent to five (5) percent of the Town's General Fund operating budget.

The general stabilization fund shall serve as the Town's main financial reserve for use in the event of an emergency or extraordinary need, as well as for other non-recurring and/or capital expenditures. Non-recurring or one-time expenditures include capital improvements, capital equipment and extraordinary snow and ice removal expenses. This policy shall not apply to any special purpose stabilization fund created under MGL Chapter 40, Section 5B by the Town.

**Reserve Fund Policy**

(Adopted 2016)

The establishment and maintenance of adequate financial reserves are essential in providing the Town with financial flexibility and security and can be used to finance unforeseen or emergency needs, to hold money for specific purposes, or in some cases, to serve as a revenue source for the annual budget. Levels of reserved fund balance and unrestricted fund balance in the General Fund are monitored by credit rating agencies in evaluating creditworthiness that impacts the Town of Buckland bond rating and consequently, its long term cost to fund major capital projects.

The Town has a reserve fund established under the provisions of MGL Chapter 40, Section 6 for extraordinary and unforeseen expenditures. The Town shall strive for a funding level of between .50 percent and .75 percent of annual General Fund operating budget, but in any case, no less than \$20,000. Use of the reserve fund is at the sole discretion of the Finance Committee. Any unexpended

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balance at the end of the fiscal year reverts back to the General Fund and toward the calculation of free cash.

## Debt Management Policy

(Adopted 2016)

The purpose of this policy is to establish guidelines that encourage consistent and prudent debt management decisions; that establish a debt issuance process complies with State and Federal laws and regulations; that demonstrate a commitment to long-term financial planning objectives; and that best position the Town in the view of the bond rating agencies and investment community.

The community's bond rating determines the rate of interest it pays when selling bonds and notes as well as the level of market participation (number of bidders). Other things being equal, the higher the bond rating, the lower the interest rate. Bond analysts including Moody's, Standard & Poor's, and Fitch typically look at the following four factors in assigning a credit rating:

Debt Factors: debt per capita, debt as a percentage of equalized valuation, rate of debt amortization, and the amount of exempt versus non-exempt debt.

Financial Factors: operating surpluses or deficits, free cash as a percent of revenue, state aid reliance, property tax collection rates, and unfunded pension liability.

Economic Factors: property values, personal income levels, tax base growth, tax and economic base diversity, unemployment rates, and population growth.

Management Factors: governmental structure, the existence of a capital improvement plan (CIP), the quality of accounting and financial reporting, etc.

### General Fund Debt Service:

- 1) It shall be the Town's policy that the annual debt service payable on issued General Fund debt, including debt exclusions net of all subsidies, reimbursements and offsets, shall not exceed 10 percent of the annual operating budget.
- 2) It shall also be the Town's policy to establish a debt service floor of two (2) percent as an expression of support for continued investment in the town's roads, public facilities, and other capital assets
- 3) If by vote of the Board of Selectmen, an emergency or significant unforeseen circumstance is declared which can only be addressed through borrowing, the Town may exceed the debt service ceiling.
- 4) In order to help stabilize the desired ceiling, the Town will make efforts to schedule future, new debt service to coincide with reduced principal and interest obligations due to maturing debt.
- 5) Debt financing for projects supported by General Fund revenue shall be reserved for capital projects and purchases which either cost in excess of \$250,000 or have an anticipated life span of five years or more.

- 6) It shall be the Town's policy that bond maturities will not exceed the estimated useful life of the capital purchase or project being financed.

These policies shall not apply to Enterprise Fund debt.

## **Capital Improvement Program Policy**

(Adopted 2001; Revised 2016)

The tangible (capital) assets of the Town, in the form of public buildings, facilities and infrastructure, rolling stock and machinery, and equipment including technology are central to efficient operations and the services provided to residents. When well-maintained and enhanced, they add to the quality of life in the Town. Consequently, a program that maintains the condition and functionality of these assets; enhances their value and lifespan; and that advocates new investment as need arises is an important, ongoing responsibility of town government.

Therefore, it is the goal of the Town to sustain a capital improvement program that:

- 1) assigns responsibility to the Finance Committee for reviewing of all capital expenditure requests during the next fiscal year and for making recommendations to the annual and any special Town Meeting;
- 2) establishes and maintains a long-term Capital Improvement Plan (CIP) projecting at least ten (10) years into the future;
- 3) defines what qualifies as a capital expenditure and ensures that new operating costs associated with capital projects or purchases are reflected in the capital improvement plan, but funded through the operating budget;
- 4) outlines a timetable and process for receiving capital requests from town departments, boards, committees and commissions;
- 5) develops criteria, objective and otherwise, for evaluating and prioritizing annual and long-term capital needs;
- 6) considers the availability of Town resources, funding options, the Town's ability to pay for capital requests and potential property tax impacts.

## **Investment Policy**

(Adopted 2016)

Massachusetts General Laws require each Town, acting through its treasurer, to invest all public funds, with the exception of funds intended for immediate distribution. Statutes set out for treasurers as well investment rules and guidelines for various town funds.

It is the intent of the Town of Buckland to comply with all the investment requirements of and guidelines in state law and regulations. Therefore, it is the policy of the Town:

- 1) To pursue investment objectives that:

First, protect the safety of investment principal and preservation of capital through the mitigation of credit risk and interest rate risk;

Second, ensure portfolio liquidity in order that sufficient funds are available to meet all operating requirements that may be reasonably anticipated, but not at the risk of forfeiture of accrued interest earnings or loss of principal; and

Third, achieve a fair market average rate of return.

- 2) To negotiate the optimum balance between collateral protection and yield level through legal investment vehicles that include in unlimited amounts: the Massachusetts Municipal Depository Trust (MMDT); U. S. Treasury Bonds; U. S. Agency obligations; fully collateralized bank accounts of certificates of deposit; in F.D.I.C. protected bank accounts of certificates of deposit up to \$250,000; and in unsecured bank deposits subject to strict asset limitations.
- 3) To manage short term investment decisions in accordance with the requirements of MGL c.44 §55;
- 4) To build diversification into the Town's portfolio a) in terms of maturity and b) in terms of instrument type and issuer, with the exception of U. S. Treasury obligations and agencies, state pools and investments fully collateralized.
- 5) To set performance expectations that the Treasurer, and any assistant Treasurer, act in strict adherence with the state conflict of interest law under MGL c.268A.
- 6) To make overall investment decisions in accordance with "prudent person" standards under MGL c. 203C except as otherwise allowed by state law.

## **Audit Policy**

(Adopted 2016)

The purpose of this policy is to underscore the Town's commitment to the completion of independent audits, and in doing so, to strengthen public confidence that:

- the Town's year-end financial statements are reliable, accurate, and complete;
- internal financial controls are in place and executed to protect community assets;
- departmental procedures are sound;
- credit rating agencies have evidence that the Town's financial condition is healthy;
- the Town has a management tool for measuring internal controls and operating efficiencies.

Therefore, it is the policy of the Town, that

- 1) an audit of the Town's year-end financial statements shall occur bi-annually, unless otherwise required by law;

- 2) the principal person engaged to complete the audit, whether a sole practitioner or a member of a firm, is a Certified Public Accountant with Massachusetts municipal audit experience;
- 3) even though contracting for audit services is exempted from M.G.L., Chapter 30B procurement, the Town will attempt to solicit a minimum of three competing bids;
- 4) the Town's agreement with an auditor will, in addition to customary terms, include estimated dates for the start and completion of the audit, and a requirement to make a formal presentation of audit results to the Board of Selectmen;
- 5) the Town will, at least every (3) three audits, will solicit for an auditor or audit firm. In the absence of audit firms serving the area, the Town will discuss the merits of a change in principal auditor with the current firm or auditor.
- 6) the Town will establish a mechanism for addressing comments and issues arising in the auditor's management letter and a process for monitoring corrective action, which may include the creation of an audit committee.

### **Other Post Employment Benefits Policy**

(Adopted 2016)

Other Post Employment Benefits (OPEB) refer to benefits, other than pensions, that town employees earn while actively working, but don't receive until they retire. The largest OPEB cost is for health insurance, but coverage for dental, vision, prescription drugs, etc. can be included as well. In 2004, the Governmental Accounting Standards Board (GASB Statements 43 & 45) directed that towns account for these liabilities and every two years complete an actuarial analysis to identify their total OPEB costs. More recently, whether a Town has a policy for addressing OPEB has become a concern of auditors and bond rating agencies.

Therefore, in order to avoid any potential detrimental impact OPEB costs might have on the Town's annual operating budget; to help ensure positive audit results; and to protect the Town's bond rating, it is the policy of the Town to:

- 1) Maintain the OPEB liability trust fund under MGL, Chapter 32B, §20
- 2) Arrange for the completion of an OPEB actuarial analysis every two years as required by GASB Statements 43 & 45.
- 3) To appropriate in the Town General Fund budget and in any Enterprise Fund budget an amount each year into the OPEB liability trust fund.

### **Departmental Receipts**

(Adopted 2016)

All revenues received for the Town of Buckland by any department, board or committee must be accurately accounted for and then turned over to the Town Treasurer in accordance with the town's turnover procedures. Receipts include, but are not limited to, taxes, excises, fees, penalty charges, grants and gifts, whether received in the form of cash, coin, check or other draft, wire or other electronic funds transfer.

All departments should maintain a receipts log, in electronic or hard copy form that records the date and amount of a payment received, the person's name making the payment and the purpose of the payment. Total recorded receipts should be reconciled with amounts indicated on a departmental revenue report that is periodically received, or can be requested, from the Accountant.

Under no circumstances may a department directly disburse departmental receipts. All Departmental disbursements, regardless of payment method, must be paid through a Vendor or Payroll Warrant process.

All department staff receiving or otherwise permitted to handle funds on behalf of the town must be covered by a surety bond. Accordingly, department heads must submit to the Treasurer the names of all such staff.

All collections in the possession of a Department must be held in a location that is secure from potential fire and theft. At the very least, funds must be secured in a lock box which, in turn, is locked overnight in a safe, desk draw or file cabinet.

## **Departmental Expenditures**

(Adopted 2016)

Vendor and Payroll warrants shall be processed and payments shall be disbursed every two weeks in accordance with a schedule established by the Accountant prior to the start of the fiscal year.

Vendor payments shall be made only after goods are received by and services are rendered to the Town.

Vendor payments for goods or services shall be processed only on submission of an original invoice addressed to the Town and signed by the department head. Electronic invoices received from vendors may be submitted only if acceptable to the Town Accountant.

No department, board, committee or commission with spending authority shall create a deficit by making a purchase or creating town liability in excess of funds available in the account to be charged.

## **User Fee Policy**

(Adopted 2016)

User fees reflect departmental charges and voluntary payments by residents for permits, licenses, program participation and services provided.

Town fees shall be reviewed at least once every three (3) years by the Board of Selectmen or the elected board, committee and commission that oversee a department or program.

Individual fees shall be set so that total anticipated annual receipts reasonably cover the estimated yearly cost to provide the program or service.

All user fees collected by departments, officers, boards, committees and commissions must be turned-over to the Treasurer in accordance with the Town's Turnover procedures.

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## **Enterprise Fund Policy**

(Adopted 2016)

Enterprise fund accounting is permitted under Ch. 44 §53F½ for departmental operations that are funded predominantly by rates and have stand-alone business-like characteristics. Revenues and expenditures associated with the services provided are accounted for separately from the Town's General Fund and thereby offer a clear view of department finances. Accordingly, the Town will adhere to the following Enterprise Fund policies

The Town will adopt Enterprise fund accounting as specified in Ch. 44 §53F½.

Town Enterprise Funds are to be self-sufficient, that is, the annual costs to provide services are to be fully covered by annual rate income, fees and other revenue generated by the business of the Enterprise. Enterprise revenue may only be used to support the purposes of the specific enterprise.

The department operating under Enterprise Fund accounting is subject to the same annual operating budget process and budget approvals as all other town departments.

Rates will be reviewed annually and, if adjusted, new rates shall take effect July 1 prospectively. Mid-year rate adjustments will only occur under significant emergency or unforeseen circumstances as determined by the Select Board.

The Enterprise department is subject to the Town's Capital Improvement Program Policy and procedures.

The Enterprise department shall pay indirect costs to the General Fund to account for services provided by Town employees relating to and for the benefit of the enterprise business.

## **Anti-Fraud Policy**

(Adopted 2016)

Public trust is critical to the success and integrity of municipal government. Employee confidence in government is equally essential. The Town of Buckland understands the value of these goals and commits to its duty to ensure effective stewardship of public money and other assets and resources for which government is responsible. Through prevention, detection, investigation and swift corrective action, the Town will make known its expectations for employee conduct and its intent to deter all forms of fraud and threats to the security of our assets or our reputation. The details of the Town's efforts are incorporated into the Town of Buckland Personnel Policy.

The Town will educate and inform employees through written materials and personal conduct guidelines as to the meaning, definitions and actions that constitute fraud, including but not limited to the misappropriation of assets, fraudulent financial reporting and incurrence of expenditures and liabilities for improper purposes.

The Town will adopt protocols for employees to follow, without risk of retribution, for reporting suspected fraudulent activity.

The town will, through its employees and accepted procedures, act to prevent fraud through the diligent implementation of financial controls and safeguards and will otherwise create a work environment that deters fraudulent activity.

The Town commits to investigate any suspected acts of fraud impartially, confidentially and without regard to the position, title, length of service or relationship of any person, group or organization. If suspicion of fraud is substantiated, the Town will carefully consider and act to impose lawful and appropriate penalties up to an including dismissal as well as legal action.

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## Internal Procedures

(Adopted 2016)

### Departmental Turnovers

All departments receiving payments, whether in checks, cash, coins or wire transfer, on behalf of the Town must turn over collections to the Town Treasurer:

- at least once a week if receipts are routinely greater than \$100 per week
- immediately when on-hand money reaches \$100
- at least once a month if on-hand money routinely is less than \$100
- or as otherwise agreed with the Treasurer

Cash, coins and checks must be submitted to the Treasurer together with three (3) copies of a completed Schedule of Departmental Payments to Treasurer form, aka Turnover Sheet.

Entries on the Turnover Sheet should reflect the total amount collected for each revenue type. The detail, including the date and amount of an individual payment and the person making the payment, should remain with the department and available if needed.

The Treasurer shall verify that the total amount in cash, coins and checks submitted match the total amount indicated on the Turnover sheet in the presence of the departmental staff person delivering the collections. If any variance cannot be resolved at that time, then the entire turnover – money and documentation - shall be returned to the department for resolution.

Once verified, the Treasurer retains the original copy of the Turnover Sheet. The Department keeps a second copy and the Department representative delivers a third copy to the Accountant.

Departmental receipts should be delivered to the Treasurer during normal business hours. If the Treasurer is not available, the receipts can be given to town hall staff that has access to the vault. If the Treasurer or other town hall staff are not available, receipts should not be left in any unsecured location. The department staff person is expected to return to the Treasurer's office for a copy of the Turnover Sheet and to deliver the third copy to the Accountant.

### Petty Cash

A department may maintain a Petty Cash fund only if so authorized by the Town Treasurer.

The Treasurer's authorization shall be in memorandum form to the department head stating:

- 1) The town purposes for which the fund is established or can be used, and that the fund is not for personal use;
- 2) The maximum cash balance of the fund, which may not at any time exceed \$100;
- 3) The requirement that all expenditures from the fund must be documented by a hard copy receipt.
- 4) The process for replenishing the fund:

The Treasurer may replenish the Petty Cash fund, without separate appropriation, when presented with receipts by the department head evidencing full, or near full, expenditure of the prior balance.

- 5) The stipulation that departments may not replenish the Petty Cash fund with over-the-counter or other town receipts they collect.
- 6) The requirement that all Petty Cash accounts, except for the Recreation Department, whether or not fully depleted, must be closed-out by June 30. On submission of remaining cash and receipts, the Treasurer shall replenish the Department's Petty Cash account as of July 1.

## **Payroll**

The payroll policies and procedures enumerated below are consistent with the provisions of the Town of Buckland Personnel Policy. Employees are advised to consult the Personnel Policy for more detailed explanations of rules and benefits relative to compensated absences.

### Payroll Period / Timesheets

Payroll periods run from Sunday-to-Saturday on a bi-weekly basis.

Unless otherwise determined, all employees will use a standard timesheet form available from the Town Treasurer.

Timesheets for the pay period ending Saturday must be completed and delivered to the Town Treasurer by 10:00 a.m. on the next following Monday. If Monday is a holiday, the deadline is 12:00 p.m. on the Friday before or as otherwise directed. If, in the sole determination of the Treasurer, late submitted timesheets cannot be duly processed, the payment of time worked may be added to the next pay period.

Per Board of Selectmen Policy (9/6/2016) all employees will be paid via direct deposit.

### Payroll Responsibility

The Department Head or board/committee members are ultimately responsible for assuring that town payroll procedures are followed correctly and on a timely basis.

Each department must designate one contact person, which may be the department head, to administer the regular payroll. The contact person collects department employee timesheets, verifies that they are signed and dated, and forwards them to the Treasurer. An Excel spreadsheet developed for this purpose is available from the Town Treasurer.

Timesheets must be signed by the employee and must be approved and signed by the Department Head or the person immediately responsible for the appointment, promotion or transfer of the employees named on the time sheet. A board/committee that oversees a department may assign one of its members the responsibility of approving and signing employee timesheets. Signature stamps cannot be used.

### Employee Payroll Status Change

Any department initiated change to an employee's payroll status must be documented in writing, signed by the department head and submitted to the Town Treasurer. These changes include adding an employee to the department, job title changes, and adding or adjusting pay rates, etc.

Any employee seeking to initiate a change in payroll status should contact the Treasurer to complete the appropriate paperwork and authorizations. These changes include modifying payroll withholdings, editing personal information, or addressing other issues protected by privacy laws.

Good faith efforts will be made to process and implement payroll changes as soon as possible.

### Planned Time-Off

Employees should give their supervisor 24-hour notice if planning to use personal days or holiday time. Employees must submit a Time-Off Request form (See attached) if they expect to be out of work for two or more consecutive days, including Friday-to-Monday using personal days or holiday time.

Employees must submit a Time-Off Request form 30-days in advance of planned vacation time absences.

All employees must notify their supervisor of a sick-day absence prior to the start of the work day.

An unexcused absence will result in an employee not being paid for that shift/ and may result in disciplinary action (See Personnel Policy, Article III, Section J). Three consecutive days of absence without notification may result in termination (See Personnel Policy, Article III, Section H).

## **Departmental Transfer Requests**

Departments may request additional funds for the current fiscal year only for costs that arise or are unanticipated due to emergency or unforeseen circumstances.

All requests for fund transfers must be submitted first to the Town Administrator on the required Request for Transfer form.

The Town Administrator shall determine whether:

- 1) the cited circumstances qualify as emergency or unforeseen;
- 2) alternatives exist for addressing the cited circumstances and cost; and
- 3) the transfer request:
  - a) should be directed to the Finance Committee for a transfer from its reserve (MGL c.40 §6);
  - b) should be addressed as a line-item transfer submitted to the Selectboard for approval in conjunction with the Finance Committee after May 1 and before July 15. (MGL c.44 §33B(b));
  - c) should be addressed as a line-item transfer submitted to the Annual or a Special Town Meeting for approval (MGL c.44 §33B).

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## Submitting Invoices for Payment

*Invoice submittal deadline.* The vendor warrant cycle follows a schedule published by the Accountant. The department deadline for submitting invoices is indicated in the warrant schedule which is produced as part of the year-end process for each town.

*Original copies.* A department head must submit original copies of actual invoices, or electronic invoices if acceptable to the Accountant. Photocopies, scanned copies of invoices or any billing statement provided by a vendor are not acceptable. No exceptions.

*Bill Schedule.* Departments are to use a standard bill schedule form provided by the Accountant whether submitting a single or multiple invoices for payment. Invoices must be attached. The Accountant will provide instructions for submitting invoices outside of his/her office hours. It need not be a highly secure location, but should be one where documents can be left in relative privacy and in an orderly fashion.

*Authorization to pay invoices.* All bill schedules or single invoices must be signed by a department head, by a majority of members of the board, committee or commission that oversees a department or by a duly authorized department representative. The Accountant must receive advance, written notice of a duly authorized person.

*Select Board Approval.* A majority of Select Board members must approve the warrant unless the Select Board designates one of its members to review and approve bills or payment warrants, with a report provided at the next scheduled meeting of the Board. They may sign the warrant in advance of a duly posted meeting, during the meeting or Select Board members may alternatively travel to town hall individually to sign the warrant on non-meeting days.

## Year End Encumbrances

At the end of the fiscal year, which is June 30<sup>th</sup>, there may be funds in certain accounts that are committed to a specific purchase or purchase order, service (by service agreement) or project (by contract). Under these circumstances with the associated documentation, those unexpended funds may be encumbered.

The Town Accountant must be notified by July 15 of any encumbrances.

Funds may also be encumbered if they are the result of the Town Meeting warrant article for a specific purpose, usually a capital purchase or project, and that purchase or project has not been completed or abandoned. Except that after two years, the Accountant shall inquire with the Department Head as to whether the project or purchase is still active. Any inactive projects or purchases shall result in the excess funds being returned to the funding source or otherwise diverted by Town Meeting action.

## Procurement

It is the responsibility of all department heads and all others with spending authority to understand procurement rules under MGL Chapter 30B as they apply to municipalities. The statute sets out what procedures must be followed whether purchasing goods and services or disposing of municipal property.

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The law also makes clear when its provisions do not apply based on cost thresholds and to spending purposes listed as exceptions.

The State Office of the Inspector General enforces Chapter 30B and provides guidance on its website at [www.mass.gov/ig](http://www.mass.gov/ig).

The Town Administrator may, by written notice to the Board of Selectmen and Inspector General's Office, delegate certain duties of Chief Procurement Officer to the Town Accountant. In such cases, the Town Administrator's office shall retain responsibilities to review bid documents or RFPs and to verify compliance with bidding procedures.

For routine departmental purchases of goods and services (not associated with a construction project) with a cost:

- Under \$10,000 - "sound business practices" <sup>2</sup> should be used with the award going to vendor offering the best price.
- Between \$10,000 and \$50,000 - three quotes, which can be written or oral, must be solicited in advance. The award goes to a responsive<sup>3</sup> and responsible <sup>4</sup> vendor offering the best price. To ensure that there is no discrepancy in what is told to each vendor from whom quotes are solicited, a purchase description should be written, which would include a written quote provided by and signed by a vendor. Information must include the purchase description previously written, date of the quote, amount of the quote, delivery schedule, comment on any variance between what is sought and offered, and a description of any conditions to the purchase.

A written contract (see Appendix XX) will be required <sup>5</sup>. It must be signed by the vendor and Town representative authorized to sign contracts. The original of all contracts must be submitted to the Accounting Department. Departments must retain a copy.

- Over \$50,000 – purchases must be competitively bid or solicited through a Request for Proposals (RFP), unless the goods and services are (1) exempt from bidding under MGL Chapter 30B, (2) found on the State Procurement list, or (3) evidence of a sole source is documented. Invitations to bid must be advertised on COMMBUYS.

Before initiating a bid or RFP process, the department head with spending authority must consult with the Town Administrator who serves as the Town's Chief Procurement Officer (CPO) and is responsible for ensuring the town's compliance with Chapter 30B.

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<sup>2</sup> Sound business practice is "ensuring the receipt of favorable prices by periodically soliciting price lists of quotes." MGL c.30B §2.

<sup>3</sup> A responsive bidder or offeror is "a person who has submitted a bid or proposal which conforms in all respects to the invitation for bids or request for proposals." MGL c.30B §2.

<sup>4</sup> A responsible bidder or offeror is "a person who has the capability to perform fully the contract requirements, and the integrity and reliability which assures good faith performance" MGL c.30B §2.

<sup>5</sup> "All contracts in the amount of \$10,000 or more shall be in writing, and the governmental body shall make no payment for a supply or service rendered prior to the execution of such contract." MGL c.30B §17(a).

The department or spending authority shall provide to the CPO a purchase description that includes:

- a. Detailed description of scope of work or service,
- b. Quantities required,
- c. Schedule of performance,
- d. Delivery terms,
- e. Payment terms, and
- f. Insurance or other special requirements.

The required procurement procedure will be evident once it is determined if clause (1), (2) or (3), noted above, applies or whether the purchase falls within one of the following categories<sup>6</sup>:

Building Construction under MGL c. 149

Public Works Construction (non-building / with labor) under MGL c.30 §39M

Construction Materials Procurement (without labor) under MGL c.30 §39M or c.30B

Public Building Construction with Designer Selection under MGL c.7C §§44-57

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<sup>6</sup> See required procedures at: <http://www.mass.gov/ig/publications/guides-advisories-other-publications/charts-proc.pdf>

## **Employee Guidelines**

### **Reimbursements**

#### **Miscellaneous Purchases**

When an employee purchases a product needed by the Town and it is impractical or the vendor will not invoice the Town, the employee may submit the original receipt for reimbursement. Such purchases must be made with the advance approval of the Department Head. The Town will not provide reimbursement for any charge of sales tax. The employee must bear that expense.

#### **Telephone Usage**

Town employees are required to use town telephone landlines or town-issued cell phones for all municipal business.

The Town will only reimburse an employee for the use of their personal telephone if the employee provides a verifiable explanation that the use was related to town business and no municipal phone was available. For reimbursement, a copy of the detailed telephone bill with the Town-related calls designated must be submitted.

Cellular phone invoices should be reviewed for accuracy by the Board of Selectmen or their designee for payment. Any discrepancies, errors or fraudulent use should be documented and dealt with appropriately and effectively with the employee and Department Head.

The Town recognizes that occasional personal use of cellular phones may be necessary. Employees that may be issued cellular phones will reimburse the Town for occasional personal use as follows: The Town will pay the maximum monthly minutes. The employee will pay for any minutes and charges over the contracted monthly amount (minutes or dollars). Additionally, other direct costs associated with personal calls (i.e., directory assistance, long distances, etc.) will be the direct responsibility of the employee.

#### **Mileage**

The Town will only pay a mileage reimbursement to employees for travel in their personal vehicles while performing Town business. To receive reimbursement, the employee must submit a Mileage Reimbursement form to his/her department head indicating actual mileage traveled, which is verifiable per Google Maps, MapQuest or similar software program.

The Board of Selectmen has determined that the reimbursement rate will correspond with the Internal Revenue Service mileage rate, effective from January 1 through December 31 of each year. The reimbursement rate is inclusive, that is, no separate reimbursement is permitted for gas, tolls, or other unexpected costs. The Town Treasurer will notify the Department Heads when the IRS mileage reimbursement rate changes shall take effect.

Employees may receive a mileage reimbursement when forced to use a personal vehicle due to unexpected or emergency circumstances on submission of a mileage reimbursement form and approval of the Board of Selectmen.

## Travel

As a matter of policy, the Town of Buckland encourages participation by its senior management staff in their professional associations' conferences and other skill enhancement events. Such participation is beneficial to the employee in terms of promoting their professional growth and development. The community benefits through the introduction of new ideas and techniques for improving customer service that are often learned at such professional meetings.

Any reimbursement to employees for out-of-pocket expenses related to the above-referenced conferences and events must be pre-approved by the Department Head with notification to the Accountant. In no instance will reimbursement be made for alcohol, tobacco, movies, laundry, snack food, etc. The Town will only reimburse for the expenditure categories listed below. Expenses associated with spouses, other family members, or significant others will not be paid for by the Town.

The Length of Stay. The length of stay is limited to the length of the conference, but no more than five (5) hotel nights and may include arriving the night prior to the commencement of the conference if justified by travel distance. A longer stay is subject to the pre-approval of the Town Administrator. The employee is responsible for paying the difference between the standard room rate and any additional rate that applies when an employee brings additional family members.

Meals. The Town will reimburse employees, when on-site, up to: \$10 for breakfast; \$15 for lunch; and \$35 for dinner, if not already included in conference or seminar fees. An employee must arrive at the destination before 10:30 am to receive a breakfast reimbursement; before 2:30 pm to receive a lunch reimbursement and before 10 pm to receive a dinner reimbursement. The rules in reverse apply on the day of departure. Daily meal allowance is for the employee only. Spouses and significant others must be paid for separately.

Phone/Fax calls. Only town-related phone calls and fax transmissions will be reimbursed.

Miscellaneous or Unexpected Expenses. An employee may seek reimbursement for unforeseen expenses incurred during travel and in relation to town business. A reimbursement request form must be completed, with appropriate explanations, and approved by the Town Administrator to receive payment.

Cancellations. Cancellation insurance should be investigated for transportation plans. It is recommended that each individual review cancellation policies as they pertain to hotel and registration deadlines.

On return from the conference or event, the employee must complete a reimbursement form. Once reviewed and approved by the Department head, the form and back-up should be forwarded to the Accountant. Original receipts are required for a purchase. It is recommended that individuals use charge cards to cover expenses and then submit a reimbursement claim upon their return.