

POLICY

BOARD OF EDUCATION MOUNT OLIVE TOWNSHIP

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6470 PAYMENT OF CLAIMS

The Board of Education directs the prompt payment of legitimate claims by suppliers of goods and services to the school district, provided that each bill or obligation of this Board is fully itemized and verified before a warrant is drawn for its payment.

When an invoice is received, the School Business Administrator or designee shall verify the voucher is properly submitted, acceptable goods were received or satisfactory services rendered, the expenditure is included in the Board's budget and funds are available for its payment, and the amount of the invoice is correct.

The School Business Administrator shall identify and investigate, if necessary, the reason for any increase to a purchase order. If it is found by the School Business Administrator that an increase to a purchase order is warranted, the School Business Administrator shall either approve a revision to the original purchase order with the reason noted, approve the issuance of a supplemental purchase order for the difference, or cancel the original purchase order and issue a new purchase order. If it is found an increase is not warranted, the purchase order shall be cancelled and the goods returned. In no instance shall an adjustment be made to a purchase order that changes the purpose or vendor of the original purchase order or a bid award price.

The school district's financial systems shall be programmed to:

1. Limit system access so that only appropriate Business office staff may make purchase order adjustments;
2. Reject adjustments in excess of any established approval thresholds;
3. Prevent unauthorized changes to be processed;



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4. Reject payments where the sum of the invoice amount plus any previous invoices charged to the purchase order exceeds the sum of the original purchase order amount plus any authorized adjustments;
5. Reject duplicate purchase order numbers;
6. Reject duplicate invoice numbers; and
7. Prepare an edit/change report listing all payments made in excess of the originally approved purchase order amount.

The School Business Administrator shall review on a monthly basis edit/change reports listing all payments made in excess of the originally approved purchase order amount to ensure that all payments made are properly authorized.

If funds are not available in the budget line account to which the expenditure will be charged, funds may be transferred in accordance with Policy 6422.

The Board must approve all claims for payment, except such payments that are to be paid from funds derived from athletic events or other activities of pupil organizations. However, in accordance with N.J.S.A. 18A:19-4 and N.J.S.A. 18A:19-4.1, the Board may, by Board resolution, designate a person in addition to the Board Secretary to audit any account and demand to be paid, and provide for approval of such account or demand by such designated person or the Board Secretary prior to presentation to the Board. Any such approval of payment must be presented to the Board for ratification at the next regular Board meeting. The Board may, in the resolution, establish a maximum dollar amount for which payment may be authorized without prior Board approval.



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All claims shall be fully itemized, verified, and shall be submitted for Board review and approval or ratification. Claims must be submitted to the Board in the form of a list that includes the number, amount, and date of the warrant; the payee; the reason for the expenditure; and the account charged. All claims that equal or exceed fifteen percent of the bid threshold amount established pursuant to N.J.S.A. 18A:18A-3, except for payrolls and debt service, shall be verified by affidavit or by signed declaration in writing in accordance with the provisions of N.J.S.A. 18A:19-3.

The list of claims must be accompanied by the original records that include copies of the purchase order, the receiving report, the vendor's invoice, and the purchase requisition. The list of approved warrants will be included in the minutes of the Board meeting.

When a claim for payment is duly approved in accordance with this Policy, the School Business Administrator and/or a designated staff member shall promptly prepare a warrant for payment, cancel the commitment placed against the appropriate account, and post the actual expenditure. All warrants shall be signed by the Board President, Board Secretary, Superintendent of Schools, and/or Treasurer of School Moneys, as appropriate to the district.

Electronic Fund Transfers ("EFT")

In lieu of paper checks, the Board of Education may authorize specific officers and employees to pay claims electronically. The objective of this EFT policy is to provide adequate segregation of duties between the initiation, authorization, and review functions associated with electronic fund transfers and payments.



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An EFT payment method shall allow for the designation of separate initiation and authorization roles, with these roles password restricted and/or subject to other security controls appropriate to the banking institution and the district. The initiation and authorization role shall be segregated with the School Business Administrator responsible for authorizing electronic fund transfers. Backup officers with separate initiation and authorization roles shall be designated in the event the School Business Administrator is unavailable. The Board of Education shall designate, at its annual reorganization meeting, the individuals who are authorized to initiate and authorize EFT disbursements.

EFT technologies must facilitate measures that would mitigate the risk of a single payment being processed more than one time. Automatic debits from bank accounts are not permitted; each individual disbursement to a vendor must be preceded by instructions transmitted to the bank.

Appropriate officials must be able to view transaction history, generate activity reports, and conduct supervisory reviews of all transactions. On no less than a weekly basis, activity reports on all EFT-based transactions shall be reviewed by an individual appointed by the Board that is not under the direct supervision of the School Business Administrator and is not empowered to initiate or authorize electronic fund transfers. All such activity reports are to be maintained on file for audit by the district's independent auditor. Reconciliation of the actual EFT transactions to the accounting records shall be performed at least once a month and maintained on file for audit.

Each bill list approved or ratified by the Board of Education shall indicate the type of technology utilized in each EFT transaction. An audit trail must be created and maintained such that transaction history, including documentation of demands for payment and payment initiation, authorization, and confirmation, can be independently tracked and detailed.



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The EFT technology must allow verification that a payment is not being diverted to an individual or entity other than the one authorized to receive payment. In the context of a wire transfer or ACH debit description, the bank posting the name of the vendor based upon the transaction routing number shall provide an adequate audit trail. Transaction data must be able to be backed up and stored offline, however any ACH file that is in plain text format must not be stored on the district's local computer past the time the file is transmitted to the bank.

Providers of ACH and wire-transfer services must be financial institutions chartered by a State or federal agency and must be covered under the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41 et seq. The use of payment services such as PayPal and Venmo are not permitted under these rules.

The School Business Administrator shall ensure that the controls set forth in this policy, as well as all other controls set forth in the district's regulations and operating procedures, are in place and adhered to.

N.J.S.A. 18A:17-36; 18A:18A-3; 18A:19-1 et seq.; 18A:19-3;
18A:19-4; 18A:19-4.1; 18A:22-8.1
N.J.A.C. 6A:23A-6.10

Adopted: 29 June 1998

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27 April 2020


