

PAYMENT FOR GOODS AND SERVICES

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/Board Secretary 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.

Before warrants signed by the President, School Business Administrator/Board Secretary and treasurer of school moneys may be issued in payment of bills or claims, the bill or claim must be properly audited and approved according to law.

In general, bills or claims shall be audited by the School Business Administrator/Board Secretary and approved by resolution of the board. However, in order to provide for the prompt payment to which vendors are entitled, and which leads to more effective competitive bidding and provision of services to the district, claims duly audited by the School Business Administrator/Board Secretary for items previously approved by the board or provided for in the budget may be approved by the superintendent or Board President or designee. Such payments shall be reported to the board at the next regular meeting.

Items not previously approved by the board or provided for in the budget must be audited by the School Business Administrator/Board Secretary and presented for board approval.

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/Board Secretary 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, School Business Administrator/Board Secretary and/or treasurer of school moneys.

Purchase Orders

The district will carefully monitor payments for invoice amounts that are greater than the approved purchase order, in order to avoid over-payments. The School Business Administrator/Board Secretary shall investigate, if necessary, the reason(s) for any increase to a purchase order. If it is found that such an increase is warranted the School Business Administrator/Board Secretary shall either:

- A. Approve a revision to the original purchase order with the reason(s) noted;
- B. Approve the issuance of a supplemental purchase order for the difference; or
- C. Cancel the original purchase order and issue a new purchase order.

If it is found that such an increase is not warranted, the purchase order shall be canceled 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.

Financial Systems to Avoid Over-Payments

Pursuant to N.J.A.C. 6A:23A-6.10, the district will program its financial systems to avoid over-payments by:

- A. Limiting system access so that only appropriate staff may make purchase order adjustments;
- B. Rejecting adjustments in excess of any established approved thresholds;
- C. Preventing unauthorized changes to be processed;
- D. Rejecting 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;
- E. Rejecting duplicate invoice numbers;
- F. Rejecting duplicate purchase order numbers;
- G. Preparing an edit/change report listing all payments made in excess of the approved purchase order amount.

The School Business Administrator/Board Secretary 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 are properly authorized.

First Reading: July 25, 2016
Second Reading: August 29, 2016
Adopted: August 29, 2016

Legal References:

<u>N.J.S.A.</u> 18A:19-1	Expenditure of funds on warrant only; requisites
<u>N.J.S.A.</u> 18A:19-2	Requirements for payment of claims; audit of claims in general
<u>N.J.S.A.</u> 18A:19-3	Verification of claims
<u>N.J.S.A.</u> 18A:19-4	Audit of claims, etc., by secretary; warrants for payment
<u>N.J.S.A.</u> 18A:19-4.1	Account or demand; audit; approval
<u>N.J.S.A.</u> 18A:19-9	Compensation of teachers, etc., payrolls
<u>N.J.S.A.</u> 18A:22-8.1	Transfer of amounts among line items and program categories
<u>N.J.A.C.</u> 6A:23A-6.10	Financial system and payment approval process
<u>N.J.A.C.</u> 6A:23A-16.8	Petty cash funds

Possible

Cross References:

*3320	Purchasing procedures
*3451	Petty cash funds
*3453	School activity funds
4142/4242	Salary checks and deductions

*Indicates policy is included in the Critical Policy Reference Manual.