

PAYMENT FOR GOODS AND SERVICES

Before warrants signed by the president, 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 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 board secretary for items previously approved by the board or provided for in the budget may be approved by the chief school administrator 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 board secretary and presented for board approval.

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. A new purchase order will be issued (and the original purchase order voided) when the adjusted amount reasonably exceeds the original purchase order amount. In no instance shall an adjustment be made to a purchase order that changes the purpose or vendor of the original purchase order or the bid award price, and adjustment may not exceed 10% of the original purchase order amount.

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.

PAYMENT FOR GOODS AND SERVICES (continued)

The 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 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 3160 Transfer of Funds between Line Items/Amendments/Purchases not Budgeted.

The board must approve all claims for payment, except, in accordance with N.J.S.A. 18A:19-4.1, the school business administrator/board secretary and the chief school administrator are authorized to approve payment of claims not greater than \$100,000, interest on bonds as it becomes due, progress payments to contractors in accordance with a contract approved by the board, and warrants to cover approved payrolls and agency account deposits 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.

All payments made for purchases using a store card shall be recorded chronologically showing the date, vendor, purpose, and amount. Original purchase receipts shall be retained for examination as part of the annual audit required by law and code. Unauthorized use of the store cards is strictly prohibited. Board approval shall be requested at the next regular board meeting following receipt of the monthly card statement.

Adopted: March 27, 2024

Key Words

Payment for Goods and Services, Bills

Legal References:	<u>N.J.S.A.</u> 18A:191	Expenditure of funds on warrant only; requisites
	<u>N.J.S.A.</u> 18A:192	Requirements for payment of claims; audit of claims in general
	<u>N.J.S.A.</u> 18A:193	Verification of claims
	<u>N.J.S.A.</u> 18A:194	Audit of claims, etc., by secretary; warrants for payment
	<u>N.J.S.A.</u> 18A:194.1	Account or demand; audit; approval
	<u>N.J.S.A.</u> 18A:199	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.