

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 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 board secretary and presented for board approval.

Purchase Orders

The Little Silver School 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.

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 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.

PAYMENT FOR GOODS AND SERVICES (continued)Electronic Funds Transfer and Claimant Certification

The board of education permits the school business administrator/board secretary to use standard electronic funds transfer (EFT) technologies for EFTs for payment of claims pursuant to N.J.A.C. 5:30-9A.1 et seq. and 5:31-4.1, implementing N.J.S.A. 40A:5-16.5.

“Electronic funds transfer” means any approved method of transferring moneys permitted by N.J.A.C. 5:30-9A.1 et seq. that does not involve the physical presentation of a paper check, draft, or similar paper instrument including, but not limited to, wire transfers, e-checks, automated clearing house (ACH) transfers, and transactions initiated by phone or fax.

In accordance with N.J.S.A. 40A:5-16.5.b.(1), the board of education authorizes the use of only the forms of standard EFT technologies that are approved to be used by a board of education for EFTs for payment of claims. A board of education may not utilize procurement cards, charge cards, charge accounts, or any payment services such as PayPal or Venmo.

In accordance with N.J.S.A. 40A:5-16.5.b.(2), the board designates the school business administrator/board secretary as being responsible for the oversight and administration of the provisions of N.J.S.A. 40A:5-16.5, N.J.A.C. 5:30-9A.1 et seq.; N.J.A.C. 5:31-4.1, and board policy.

The board of education will only initiate and approve electronic funds in accordance with N.J.A.C. 5:30-9A.1 et seq. Standard EFT technologies shall incorporate, at a minimum, the features and safeguards outlined in N.J.A.C. 5:30-9A.4(a). The board will only utilize standard EFT technologies upon instituting, at a minimum, the fiscal and operational controls outlined in N.J.A.C. 5:30-9A.4(b).

The school business administrator/board secretary shall initiate a claim for payment by presenting a claim that has been approved by the Board, to be paid using an EFT technology. The school business administrator/board secretary shall submit the claim for payment with all supporting documentation to the Superintendent of Schools or a designee who is not under the direct supervision of the School Business Administrator/Board Secretary, who shall review the claim for payment and authorize, in writing, the EFT claim using an EFT method.

The board of education shall annually approve the school business administrator/board secretary as the person authorized to initiate a claim for payment and the Superintendent of Schools or a designee not under the direct supervision of the school business administrator/board secretary as the person responsible to review a claim for payment presented by the school business administrator/board secretary and authorize payment using an approved EFT method.

On no less than a weekly basis, activity reports on all transactions utilizing standard EFT technologies shall be reviewed by an individual designated and approved by the board that is not under the direct supervision of the school business administrator/board secretary and is not empowered to initiate or authorize EFTs.

Claimant certification for a board of education shall be in accordance with the provisions of N.J.S.A. 18A:19-3 and rules promulgated by the New Jersey Department of Education.

Providers of Automated Clearing House (ACH) and wire transfer services must be financial institutions chartered by a State or Federal agency, with the further requirement that these financial institutions providing ACH and wire transfer services be covered under the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41 et seq.

PAYMENT FOR GOODS AND SERVICES (continued)

EFTs through ACH must utilize Electronic Data Interchange (EDI) technology, which provide transaction related details including invoice numbers, pay dates, and other identifying information as appropriate for each transaction. The board must approve an ACH Origination Agreement with the financial institution(s).

Adopted: October 8, 2009  
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Key Words

Payment for Goods and Services, Bills

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