

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 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.

The school business administrator shall identify, and investigate if necessary, the reason for any increase to a purchase order. If it is found that such an increase is warranted, the school business administrator shall either:

- A. Approve a revision to the original purchase order with the reason 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;

PAYMENT FOR GOODS AND SERVICES (continued)

- 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.

Adopted: October 28, 2008  
 NJSBA Review/Update: September 2016  
 Readopted: January 24, 2017

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.