

CLAIMS AUDITOR

The Board of Education will designate and appoint a claims auditor for the district. The claims auditor shall serve at the pleasure of the Board. The claims auditor shall report directly to the Board. The claims auditor may not be a member of the Board of Education; the clerk or treasurer appointed by the Board; the Superintendent of Schools or other official of the district responsible for the district's business management; the person designated as the district's purchasing agent; and/or clerical or professional personnel directly involved in the accounting and purchasing functions of the district, the individual or entity responsible for the internal audit function, the independent auditor responsible for the annual external audit, and/or a close or immediate family member of an employee, officer or contractor providing services to the district. For purposes of this policy, a close family member shall be defined as a parent, sibling or nondependent child, and an immediate family member shall be defined as a spouse, spouse equivalent, or dependent (whether or not related).

The claims auditor is responsible for examining, allowing or rejecting all accounts, charges, claims or demands against the school district. The auditing process should determine:

1. that the proposed payment is for a valid and legal purpose;
2. that the obligation was incurred by an authorized district official;
3. that the items for which payment is claimed were in fact received or, in the case of services, that they were actually rendered;
4. that the obligation does not exceed the available appropriation; and
5. that the submitted voucher is in proper form, mathematically correct, does not include previously paid charges, and is in agreement with the purchase order or contract upon which it is based.

The claims auditor shall provide periodic written reports as may be requested by the Board.

Cross-ref: 6680, Internal Audit Function

Ref: Education Law §§1604 (35); 1709(20-a); 1724; 2509; 2526; 2554(b)
8 NYCRR §170.12(c)

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INTERNAL CLAIMS AUDITOR REGULATIONS

The Internal Claims Auditor is responsible for formally examining all accounts, charges, claims or demands against the school district.

A. Qualifications

1. *Legal*

The legal qualifications for appointment to the position of Internal Claims Auditor in central and union-free school districts and city school districts in cities having a population of 125,000 or less are contained within Section 1709-20(a) of the Education Law, respectively.

Under these sections, individuals eligible for appointment to this office may not be a member of the Board of Education, the Clerk or Treasurer of the Board of Education, the Superintendent of Schools or other official of the district responsible for business management, the person designated as purchasing agent, or clerical personnel directly involved in accounting and purchasing functions of the school district.

2. *Suggested Knowledge and Skills*

The Internal Claims Auditor shall have the necessary knowledge of state and local bidding laws and regulations as well as Board Policies and Regulations. The Internal Claims Auditor shall possess the skills and experience to effectively audit the claims.

B. Appointment

Establishment of the office of Internal Claims Auditor is an optional appointment, which rests with the Board of Education (Ed. Law 1709-20(a)). The Internal Claims Auditor serves at the pleasure of the Board. The salary for the Internal Claims Auditor and the form and amount of the bond should be a part of the appointing motion that usually takes place at the organizational meeting. Within ten (10) days of notification of appointment, and prior to assuming his/her duties, the Claims Auditor shall execute and deliver to the Board an official undertaking, with corporate surety, in an amount to be fixed and approved by the Board. The district superintendent must also approve said bond. In Lieu of said undertaking, the Board may establish limits for and include the collector, treasurer and claims auditor in a blanket undertaking, in accordance with the provisions of Subdivision 2 of Section 11 of the Public Officers Law.

C. Primary Relations

1. *Board of Education* – The Internal Claims Auditor is an employee of the Board of Education and is directly responsible to the Board of Education. The Internal Claims Auditor shall serve at the pleasure of the Board and the office of Internal Claims Auditor may be abolished by the

Board by adopting a resolution. The Internal Claims Auditor may, at times, be requested to attend meetings of the Board of Education.

2. *Superintendent of Schools* – The Internal Claims Auditor shall recognize that the Superintendent of Schools is the chief executive officer of the school district. The Internal Claims Auditor, while not responsible to the Superintendent of Schools, shall work cooperatively with the Superintendent and his/her staff in the best interest of the school district.

3. *Deputy Superintendent for Business* – The Internal Claims Auditor shall recognize that the Deputy Superintendent for Business is the chief business official of the school district. The Internal Claims Auditor, while not responsible to the Deputy Superintendent for Business, shall work cooperatively with that administrator and his/her staff in the best interests of the school district.

4. *Business Office Staff members* – The Internal Claims Auditor is responsible for approving and allowing payment of claims, which were processed and recommended by the business office. The Internal Claims Auditor shall work cooperatively with the business office staff to assure legal and businesslike payment of claims.

In the event of a difference of opinion regarding the approval of a claim for payment that cannot be resolved by reviewing the questioned claim with the appropriate business office personnel (such as the Deputy Superintendent for Business), the opinion of the Internal Claims Auditor shall prevail and the claim for payment(s) in question shall be referred to the Board of Education.

D. Duties and Responsibilities

The Internal Claims Auditor is directly responsible to the Board of Education. When the office of Internal Claims Auditor has been established and an Internal Claims Auditor has been appointed and has qualified, the powers and duties of the Board of Education with respect to auditing, allowing or rejecting all accounts, charges, claims or demands against the school district, shall devolve upon and thereafter be exercised by such auditor, during the continuance of such office. (Ed. Law 1709-20(a)).

All claims with the exception of postage and utilities, must be presented to and approved prior to payment by the Internal Claims Auditor charged with the auditing function. Postage and utilities will be subsequently audited.

Depending on the size of the district and the number of personnel assigned to the accounts payable function, much preliminary work can be accomplished to expedite the auditing process. The officer or employee who initially receives the claim might review for obvious deficiencies and, if necessary, return the claim to the vendor for proper completion or compliance.

When the claims are delivered to the Internal Claims Auditor for approval, he/she should ascertain that at least the following tests have been performed prior to releasing the claim for payment:

1. Track the numerical sequence of the checks being approved.
2. Prove the mathematical accuracy of all computations. This should include verification of extensions and additions and the recalculation of any discount.
3. Determine that the charges are not duplicates of items already paid. In this respect, recollection of a previous voucher with similar charges from the same vendor might be reason to prompt further investigation.
4. Compare the voucher with the purchase order.
5. See that the voucher is properly itemized. Vouchers for supplies or materials should show such items as weight or quantity, size, grade, unit price and total, as well as any other data appropriate to the commodity purchased. Vouchers for multiple deliveries of items such as gasoline or fuel oil should be supported by delivery tickets signed by the person accepting delivery and identifying the equipment, storage area or building into which each delivery was made. Delivery tickets furnish added proof that the district actually did receive the items for which it is paying.
6. Vouchers claiming reimbursement for authorized expenses incurred by district personnel, in addition to a copy of the authorization, should show the reason for incurring the expense as well as details of the various items, such as travel, lodging and meals. Where possible, receipted bills should be attached to expense vouchers – a hotel bill is a good example of this type of bill. When a personal car is used for travel, the vouchers should indicated the purpose of travel, the number of miles traveled, the dates and points of travel and the rate per mile. The rate per mile should be the rate established by resolution of the Board. Expenses vouchers should be submitted by the person incurring the expense and not by another individual, as a part of a general claim for all persons traveling to a common destination.
7. A simple rule to remember on itemization is that the voucher must contain sufficient detail to permit a satisfactory audit by a person who is entirely unfamiliar with the transaction.
8. In the event that the district has authorized travel advances under Section 77-b of the General Municipal Law, the Internal Claims Auditor should review the written request in advance for proper authorization prior to forwarding the request to the treasurer. When the claims for reimbursement are filed, the Internal Claims

Auditor should, in addition to tests previously mentioned for travel claims, make certain that the value of

the advance has been deducted from the amount of the claim. Where the amount of such advance exceeds the amount of the final claim, the voucher should be returned to the business office for recovery of the amount due the district.

9. Observe whether the official who gave rise to the claim has indicated his approval. The official is ordinarily the purchasing agent.
10. See that the voucher is accompanied by a receipt of the employee who actually received the materials or equipment for which the claim is made. Usually, this is transmitted through signing and dating the receiving copy of the purchase order.

The audit of a voucher by the Internal Claims Auditor should not be a casual review but a deliberate and thorough process to determine that the proposed payment is proper and just. In summary, the audit process should ascertain that:

1. The proposed payment is for a valid and legal purpose, as per applicable policies, laws, rules and regulations;
2. The obligation was incurred by an authorized district official and/or employee and the goods or services for which payment is claimed were, in fact, received;
3. The voucher is in proper form, is mathematically correct, meets legal requirements, does not include any charges for taxes from which the district is exempt, includes any discounts to which the district is entitled, does not include charges previously claimed and paid, and does not contradict the relevant attached purchase order.

The foregoing discussion is limited to vendor claims for goods and services and to claims for travel of officers and employees. However, the Board of Education may, at its option, designate the Internal Claims Auditor to review and certify payrolls, in accordance with the provision of Section 170.2(b) of the Regulations of the Commissioner of Education.

E. Certification

The Internal Claims Auditor is required to provide the treasurer with evidence that claims have been audited and are eligible for payment. This evidence is provided through a warrant or order on which the audited vouchers have been listed. The warrant or order is directed to the treasurer and is certified by the Internal Claims Auditor.

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A warrant or order should specify: (1) the number of the voucher; (2) the name of the claimant; (3) the amount allowed; (4) the fund and the appropriation account chargeable; and (5) any other information that might be deemed essential.

After conveying the warrant to the treasurer, the Internal Claims Auditor should keep on file for reference a copy of the warrant bearing his signed certification. A copy of the suggest warrant certification is provided.

