

FINANCIAL
Claims Audit and Payment of Bills

STATEMENT: A claims audit is a monthly internal control procedure where the Board of Trustees reviews and approves all claims against the Library prior to directing payment of bills.

PURPOSE: To help ensure that public money is spent properly, protect and account for Library assets, and add oversight to the Library's disbursement process.

POLICY:

DEFINITIONS

1. **Claims**
Claims are bills or invoices submitted by suppliers requesting payment for goods or services.
2. **Voucher Packet**
A voucher packet is produced when the supplier invoice is matched and attached to the purchase order with evidence of receipt of goods or services.
3. **Abstract of Unpaid Bills**
The abstract, also known as a warrant is a comprehensive, sequentially numbered list of all unpaid bills that identifies the supplier, and claim amounts. The abstract should be attached to a statement indicating that the claims have been audited by the Board and that the Treasurer is ordered to pay them, with an area for the signatures of each trustee.
4. **Claims Reviewer**
The Claims Reviewer shall be a trustee, appointed by the Board to review claims prior to the claims audit. The Claims Reviewer is not authorized to make purchases or disperse funds.

CLAIMS AUDIT ROLES AND RESPONSIBILITIES

1. **Purchaser**
 - A. Library staff shall assemble a voucher with original invoices when possible.
 - B. The purchaser shall sign, date, and code original invoices when all goods and services being billed have been received in full before submitting the claim to the Treasurer.
2. **Library Treasurer**
 - A. The Treasurer shall ensure that each eligible claim is supported by a voucher.
 - B. The Treasurer shall prepare an abstract that accompanies the claims and ensure that the abstract, with claims, is presented to the Board at regular business meetings.
 - C. The Treasurer shall ensure that the abstract is signed by trustees prior to making payment of approved claims.
 - D. Checks greater than \$1,000 shall be co-signed by the Director or other authorized signatory.
3. **Claims Reviewer**
 - A. The Claims Reviewer shall preliminarily inspect vouchers before they are submitted to the Board for audit by signing each voucher and shall ensure that each claim:
 - is supported with an itemized invoice,
 - is signed by the purchaser, and
 - is a valid Library expenditure that complies with Board adopted policies.
 - B. The Claims Reviewer shall preliminarily inspect receipts or invoices for each debit card purchase before they are submitted to the Board for audit by signing each invoice and shall confirm each debit card purchase is:
 - shown in the transaction summary,

Reviewed:

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Adopted at the 6/10/19 Red Jacket Community Library Meeting

- is supported with an itemized invoice or receipt,
 - is signed by the purchaser or attached to an approved purchase order,
 - and is a valid Library expenditure that complies with Board adopted policy.
- C. The Claims Reviewer shall review the monthly bank reconciliation and note any correcting entries needed.
- D. The Claims Reviewer shall review payroll reports each month and note significant changes.
- E. The Claims Reviewer shall report findings in a monthly report to the President.
4. Board of Trustees
- A. The Board as a whole shall audit all eligible claims during regular business meetings, inspect vouchers and ensure that each claim complies with Board adopted policies.
- B. If all claims audited are approved for payment, then all trustees present shall sign the abstract; if one or more claim on the abstract is not approved for payment, then all trustees shall sign each individual voucher that is approved for payment.
- C. The Board shall, by resolution, authorize payment for the approved claims. The monthly motion acted upon shall include claim numbers and amounts.
- D. The Board as a whole shall audit debit card purchases during regular business meetings, inspect receipts or invoices for debit card purchases and ensure that each debit card purchase complies with Board adopted policies.
- E. The Board shall, by resolution, approve debit card payments.
5. Board Secretary
- A. The Secretary shall document in the minutes of the Board's proceedings the result of the claims audit. The minutes shall clearly document each claim number and the amount approved by the Board for payment.
- B. The Secretary shall document in the minutes of the Board's proceedings the result of the debit card purchase audit. The minutes shall document the total amount of purchases approved by the Board.

PAYMENTS ALLOWED IN ADVANCE OF CLAIMS AUDIT

1. The Director may authorize checks prior to Board approval for:
 - maintenance agreements,
 - reimbursement to employees for incidental expenses,
 - stipends for contracted performances, or
 - expenses that carry a penalty for late payment due before the next regular meeting of the Board of Trustees.Claims for such prepayments must be presented at the next regular business meeting for audit.
2. Prior to a month wherein no regular business meeting is scheduled the Board may, by resolution, authorize the payment of eligible claims in advance of a claims audit if the Board desires to provide such authority to the Director. However, the claims for such prepayments must be presented at the next regular business meeting for audit.

PAYMENTS NOT REQUIRING CLAIMS AUDITING PROCESS

1. Payments that are the result of statutory requirements, existing contractual commitments, or required obligation should not be included on the abstract. These payments include the following:
 - fixed salaries of officers,
 - wages of employees regularly engaged by the hour,
 - lease agreement with the Manchester-Shortsville Central School District, and
 - retirement contributions to the New York State and Local Retirement System as billed by the State Comptroller.

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