

CLAIMS AUDITOR

The Claims Auditor is an integral part of a properly designed system of internal controls. The position was created to carry out the important Board responsibility to verify the appropriateness of all claims paid by the District.

The Board of Education will annually designate and appoint a Claims Auditor for the District. The Claims Auditor shall serve at the pleasure of the Board. The Claims Auditor shall be administered the Oath of Office by the District Clerk as required of other Board officers. At least one time per year, the Claims Auditor shall report to the Board of Education or the designated Audit/Finance Committee of the Board in a face-to-face meeting.

The Claims Auditor is responsible for formally examining all accounts, charges, claims or demands against the District. The auditing process should determine that:

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

Reference: Education Law §§1709(20-a); 1724; 2509; 2526; 2554(b)
8 NYCRR §170.2

Revised: November 27, 2007, October 21, 2014

CLAIMS AUDITOR REGULATION

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A. Qualification

1. Legal

The legal qualifications for appointment to the position of Claims Auditor in central and union-free school districts and city school districts having a population of 125,000 or less are contained within Sections 1709-20(a) and 2526 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 official of the District responsible for business management, the person designated as purchasing agent, and clerical personnel directly involved in accounting and purchasing functions, or any vendor providing goods or services to the District.

2. Knowledge and Skills

Although the Board recognizes that specific training is not required by law, experience and training in the areas of accounting and auditing are desirable.

The Claims Auditor needs to be fully knowledgeable of state and local bidding laws and regulations, District purchasing and business policies, Board policies and regulations, good judgment, and a high degree of personal integrity. All significant errors, omissions and challenges shall be reported to the Board of Education.

B. Appointment

The Board of Education shall designate and appoint a Claims Auditor on an annual basis at the District's re-organizational meeting.

C. Primary Relations

1. Board of Education

The Claims Auditor is an employee of the Board of Education and is directly responsible to the Board of Education. The Claims Auditor shall serve at the pleasure of the Board and the office of Claims Auditor may be abolished by the Board at any time. The Claims Auditor may, at times, be requested to attend meetings of the Board of Education, but is not expected to attend regularly.

2. Superintendent of Schools

The Claims Auditor shall recognize that the Superintendent of Schools is the chief executive officer of the District. The Claims Auditor, while not responsible to the Superintendent of Schools, shall work cooperatively with the Superintendent and his staff in the best interests of the District.

3. Assistant Superintendent for Management Services & Strategic Planning

The Claims Auditor shall recognize that the Assistant Superintendent for Management Services & Strategic Planning is the chief business official of the District. The Claims Auditor, while not responsible to the Assistant Superintendent for Management Services & Strategic Planning, shall work cooperatively with that administrator and staff in the best interests of the District.

4. Business Office Staff Members

The Claims Auditor is responsible for approving and allowing payment of claims which were processed and recommended by the business office. The Claims Auditor shall work cooperatively with the business office staff to assure legal and appropriate payment of claims.

In the event that a difference of opinion regarding the approval of a claim for payment cannot be resolved by reviewing the questioned claim with the appropriate business office personnel (such as the Assistant Superintendent for Management Services & Strategic Planning), the opinion of the Claims Auditor shall prevail and the item shall be referred to the Board of Education.

D. Duties and Responsibilities

The Claims Auditor is directly responsible to the Board of Education. When the office of the Claims Auditor has been established and a qualified Claims Auditor has been appointed, the powers and duties of the Board of Education with respect to auditing, allowing or rejecting all accounts, charges, claims or demands against the District shall devolve upon and thereafter be exercised by such auditor, during the continuance of such office (Education Law §1709-20(a), 2526).

All claims must be presented to and approved prior to payment by the Claims Auditor charged with the auditing function.

When the claims are delivered to the 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 a prompting influence to cause 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.
6. Verify that vouchers claiming reimbursement for authorized expenses incurred by District personnel, in addition to a copy of the authorization, 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 voucher should indicate 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. Expense vouchers should be submitted by the person incurring the expense and not by another individual as part of a general claim for all persons traveling to a common destination.
7. Verify that the voucher contains 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 Claims Auditor should review the written request in advance for proper authorization prior to forwarding the request to the Treasurer. When the claim for reimbursement is filed, the 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 approval. This official is ordinarily the Purchasing Agent.
10. Verify that the voucher is accompanied by a receipt of the employee who actually received the materials or equipment for which the claim is made. Normally, this is transmitted through signing and dating the receiving copy of the purchase order.

The audit of a voucher by the Claims Auditor should be 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 the goods or services for which payment is claimed were actually 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 is in agreement with an attached purchase order, with any exceptions noted.

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 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 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 Claims Auditor. 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 Claims Auditor should keep on file for reference a copy of the warrant bearing his signed certification. The certification of warrant should state:

To the District Treasurer:

I hereby certify that I have audited the above claims, _____ in number, in the total amount of \$_____.

You are hereby authorized and directed to pay to the claimants certified above the amount of each claim allowed and charge each to the proper fund.

Date: _____ Auditor's Signature: _____