R2025-15

RESOLUTION AUTHORIZING WAIVING OF CLAIMANT CERTIFICATION TOWN OF PHILLIPSBURG

WHEREAS, NJSA 40A:5-16 requires that the governing body of any local unit shall not pay out of its monies unless

(a) the person claiming or receiving payment first presents a detailed bill of items or demand, specifying particularly how the bill or demand is made up (the Invoice), with the certification of the party claiming payment that the bill or demand is correct (the Claimant Certification).

(b) the payment carries a written or electronic certification of some officer or duly designated employee of the local unit having knowledge of the facts that the goods have been received by, or the services rendered to, the local unit (certification of the user department).

WHEREAS, NJAC 5:30-9A.6 gives local units discretion to not require claimant certification by enacting a standard policy by resolution for vendors or claimants who do not provide such certification as part of its normal course of business; and

WHEREAS, generally, vendors do NOT provide such certification as part of the normal course of business which has created unnecessary confusion and delay in processing claims for payment; and

WHEREAS, the Claimant certification cannot be waived for reimbursement of employee expenses, or for services provided exclusively and entirely by an individual; and

WHEREAS, the Chief Financial Officer may establish additional restrictions and rules as deemed necessary to enforce this policy; and

WHEREAS, the Chief Financial Officer has communicated internal accounting controls as follows and has determined same to be sufficient to avoid errors and fraud in the processing of claims for payment:

1) No goods or services will be procured without a valid Purchase Order containing the signature of the Town Chief Financial Officer.
2) Except for contract items approved by resolution of the Town Council, all procurement transactions must originate by way of a requisition in the Town's Finance System. Requisitions will not be processed without a signature of the Department Head (or, in certain limited situations, a designee approved by the CFO)
3) In processing Purchase Orders from Requisitions, Purchasing will review for :
    a. Department Head approval
    b. Legal Compliance (Local Public Contracts Law)
    c. Compliance with any relevant Town policy
    d. Reasonable business purpose
4) Questions regarding requisitions are reviewed with user departments.
5) Requisitions that exceed the Pay-to-Play threshold ($17,500) or the bid threshold (currently $44,000) are forwarded to Purchasing and the CFO for review and processing.
6) All transactions in excess of $44,000 require approval by Town Council resolution as a "Fair and Open Process" a "Non Fair and Open Process" an "Open Competitive Bid" or as one of several exceptions to bid. Contracts are monitored for performance as payments are processed.
    a. User Departments certify performance
    b. Purchasing and/or Accounts Payable review requests for payment against the terms of the contract

7) Requisitions that exceed 15% of the bid threshold (currently $6,600) require at least 2 quotes (3 quotes are preferred). Quotes are obtained by user departments and are attached to the requisition electronically and held in their file with all other appropriate material and documentation. The Purchasing staff review all quotes or solicit quotes if or when needed.
8) Properly completed requisitions are converted to Purchase Orders by the CFO and Purchasing.
9) Department Heads are actively engaged in preparing and monitoring their annual budgets. Regular reviews are performed to assure that activities posted to the department's budget, such as Purchase Orders and Cash Payments, are valid, proper and authorized by the Department Head.
10) Claims for payment are submitted to Finance by each department. Invoices are reviewed to verify that work was performed as authorized and that prices are consistent with original proposals prior to submission to Finance.
11) Invoices attached to the Purchase Order are submitted to Finance for payment. A responsible person with direct knowledge that the work was performed or goods received signs the Purchase Order to authorize payment.
12) In processing Purchase Orders (and invoices) for payment, Purchasing and the CFO review for
    a. Certification by responsible person attesting that services were performed, or goods delivered.
    b. Verify that payment is applied to proper contract, if applicable
    c. No goods or services will be procured without a valid Purchase Order containing the signature of the Department Head and CFO.
    d. Review for proper accounting treatment (proper budget account and proper budget year).
    e. Compliance with any relevant Town policy
    f. Reasonable business purpose
13) Questions regarding Purchase Orders / Invoices are reviewed with user departments. As necessary, certain issues are escalated to review by the CFO or their designee
14) In preparing the annual Municipal Budget, the CFO review trends, and query detail as considered necessary. All unusual items are researched.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF PHILLIPSBURG, that the internal accounting controls presented above by the CFO are adopted as Town Policy for Payment of Claims

BE IT FURTHER RESOLVED that pursuant to NJAC 5:30-9A.6 the Town exercises its discretion to not require claimant certifications except as required for reimbursement of employee expenses, or for services provided exclusively and entirely by an individual;

BE IT FURTHER RESOLVED that the Chief Financial Officer may establish additional restrictions and rules as deemed necessary to enforce this policy;

BE IT FURTHER RESOLVED that this resolution is effective upon its adoption for all claims paid subsequent to January 01, 2025.

BE IT FURTHER RESOLVED that the Town shall forward a copy of this Resolution to the Mayor, Municipal Clerk, and Chief Financial Officer.

Susan Turner

Susan Turner, Municipal Clerk