

EXPLANATION: PAYMENT PROCESS

Payment systems have evolved. MSBA has revised this policy to address issues raised by current payment practices while maintaining the statutory structure for spending district money. The ultimate authorization to spend district funds remains with the board, both as to the legality of authorization and the political responsibility for allocating resources. Technically, the board issues that authorization to the treasurer, and through and under the treasurer to the employees charged with issuing the payment itself.

In addition to paying "bills," a board may also issue "warrants" for payments, also called an "order" for payment in other statutes. This policy now allows boards that wish to do so to preauthorize payments in circumstances of the board's choosing. MSBA encourages boards to use political prudence (e.g., cost savings) and legal care to ensure that preauthorized payments of funds remain managed and tracked in accordance with approved budgets, scope of authority and other internal controls. Many districts already use preauthorized spending under board-approved budgets for emergency needs, payroll, purchasing cards and the like. This policy now better reflects the link between statutory authority, board actions and current practices.

The act of making a board-approved payment can take many forms. Paper checks may continue to be used, including those with facsimile signatures as allowed by law. This policy clarifies that board approvals to issue payments can be implemented, as many already are, by electronic payment systems. The revisions to this policy also address new security concerns with electronic payment systems via "disbursement controls," which are practices that verify payee identities and instructions for electronic payment as a protection against fraudulent impersonation of a vendor. In a recent case, a criminal impersonated a real vendor and sent what appeared to be the real vendor's automated clearing house (ACH) payment instructions to a district and subsequently stole several district payments meant for that vendor. Districts can use simple processes to independently authenticate account information and receipt of payments to protect against such crimes.

The recipient's records of electronic transfers will not always reflect all of the recordkeeping data the law requires the district to have on file about that payment. MSBA has added a section to this policy requiring the source data to be kept in district records and traceable from the payment system record of the associated funds transfer.

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PAYMENT PROCESS

All moneys ~~received by the school district~~ receives shall be disbursed only for the purposes for which they are levied, collected or received. No ~~check will be drawn or order for payment~~ will be issued unless there is sufficient money in the proper fund ~~for payment~~.

The district will pay ~~only pay~~ for goods or services that are purchased in accordance with district policies and procedures, that are authorized by the appropriate district staff and for which district employees have verified that the district received the goods as ordered or that the services were provided as directed.

A majority of the entire board must vote to approve a bill or issue a warrant (order for payment). The superintendent or designee will prepare and present to the board each month a list of bills for approval of a warrant authorizing payment from district funds. Such lists will be supported by appropriate documentation ~~as determined by district policy or procedure~~ (such as invoices, approved purchase orders and reimbursement forms) as determined by district policy or procedure or shall be in accordance with board-approved salaries and salary schedules ~~approved by the Board~~. The board's approval constitutes its orders to the board's treasurer, and through that treasurer to the district, for the approved payments.

~~Checks will be signed by~~ In its discretion, the treasurer and ~~president~~ board may issue a prospective payment order for transactions where an important district interest would be harmed by delay until a board vote, such as for district emergencies and prompt-payment discounts for goods and services already received that are to the satisfaction of the ~~Board pursuant to approval by the Board of Education~~ superintendent or designee. ~~A majority of the Board must vote to approve a bill or issue a warrant.~~ The board will be provided a list of all payments made under such an order on a monthly basis.

Each ~~check~~ payment shall ~~show~~ be recorded on the books of the district in a manner that shows the legal identification of the district by name and address and will include the depository or investment account upon which the ~~check~~ payment is drawn. It shall also specify the amount to be paid; to whom, from what funds and for what purpose payment is made; the date of the payment; and ~~the number of the check,~~ when applicable, the number of the check. Electronic payments will have tracking numbers or otherwise be made specifically identifiable to the corresponding record on the district's books.

Checks

Paper bank checks, when used, will bear the signature of the treasurer and board president. Payments upon board orders may also be made using electronic payment systems.

Security Verification

If electronic payment systems are used, the superintendent or designee must implement adequate and effective disbursement controls to authenticate payee identity and accounts for use of wire,

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Automated Clearing House (ACH) network, credit card system, bank transfer or other electronic payment systems the district may use to make authorized payments.

Note: The reader is encouraged to check the index located at the beginning of this section for other pertinent policies and to review administrative procedures and/or forms for related information.

Adopted: 12/16/1999

Revised: 03/23/2011;

Cross Refs: BBC, Appointed Board Officials
FEF, Construction Contracts Bidding and Awards
IIA, Instructional Materials

Legal Refs: §§ 105.273 - .276, 162.301, 165.021, .091, RSMo.

Platte County R-3 School District, Platte City, Missouri