**SCHOOL DISTRICT**

**CLAIMS AND DISBURSEMENTS**

**LEGAL COMPLIANCE AUDIT GUIDE**

**CLAIMS AND DISBURSEMENTS**

Introduction

Municipal transactions involving an account, claim, or demand made for any property or service which can be itemized in the ordinary course of business and disbursements of municipal funds are covered in this section.

“Municipality” for the purposes of this section includes school districts. In addition, Minn. Stat. § 471.425 (Prompt Payment of Local Government Bills), applies to school districts.

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| Part I. General Provisions |
| § 471.38,subd. 1 | A. | Has every person, or the person’s agent, claiming payment provided an itemized list in writing or electronic transaction record? |  |  |  |
| § 471.425,subd. 2 | B. | Prompt Payment of Local Government Bills |  |  |  |
|  |  | - | Standard payment period is: |  |  |  |
|  |  |  | - | 35 days from receipt for governing boards that meet at least once a month; |  |  |  |
|  |  |  | - | 45 days from receipt of goods or services or invoice, whichever is later, for governing boards that do not meet at least once per month; and |  |  |  |
|  |  |  | - | 45 days from receipt for joint powers entities. |  |  |  |
|  |  |  |  |  |  |  |  |
| § 471.425,subd. 2 |  | 1. | Were all bills paid within the time period set by the terms of the contract or within the standard payment period? |  |  |  |
| § 471.425,subd. 4 |  |  | - | The government entity must pay interest on bills not paid in a timely manner. The interest rate is 1½ percent per month or part of a month. The minimum monthly interest on a bill of $100 or more is $10. |  |  |  |
| § 471.425,subd. 4 |  | 2. | For bills paid after the time period set by the contract or the standard payment period, did the government entity calculate and pay interest as required by law? |  |  |  |
|  |  |  | Note: The interest penalties in these questions do not apply to good faith disputes. |  |  |  |

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| **Part II. Electronic Funds Transfer - For School Districts Specifically** |
| §§ 471.38,subds. 3and 3a | A. | School districts may make electronic funds transfers under certain conditions. |  |  |  |
|  |  | 1. | A school district may make electronic funds transfers for: |  |  |  |
|  |  |  | a. | a claim for payment from an imprest payroll bank account or investment of excess money; |  |  |  |
|  |  |  | b. | payment of tax or aid anticipation certificates; |  |  |  |
|  |  |  | c. | payment of contributions to a pension or retirement fund; |  |  |  |
|  |  |  | d. | vendor payments; and |  |  |  |
|  |  |  | e. | payment of bond principal, bond interest, and a fiscal agent service charge from the debt redemption fund. |  |  |  |
|  | B. | Did the school district use electronic funds transfers only for the above enumerated transactions? |  |  |  |
|  | C. | Did the school district enact a plan containing the following policy controls requiring: |  |  |  |
|  |  | 1. | annual delegation of authority to make electronic funds transfers to a chief financial officer or the officer’s designee? |  |  |  |
|  |  | 2. | the disbursing bank to keep a certified copy of delegation of authority? |  |  |  |
|  |  | 3. | identification of the initiator of each electronic transfer? |  |  |  |
|  |  | 4. | the initiator to document the request and obtain approval for each transfer from the chief financial officer or the officer’s designee, before initiating the transfer, as required by the internal control policies? |  |  |  |
|  |  | 5. | written confirmation of each transaction within one business day? |  |  |  |
|  |  | 6. | a list of transactions to be submitted to the school board at the next regular meeting after the transaction? |  |  |  |
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| **Part III. Payments With Credit Cards - School Districts** |
| § 123B.02,subd. 23 | A. | If a school district officer or employee made a purchase on behalf of the school district by credit card: |  |  |  |
|  |  | 1. | Had the school district authorized the use of the credit card by the officer or employee; |  |  |  |
|  |  | 2. | Was the officer or employee otherwise authorized to make a purchase on behalf of the school district; and |  |  |  |
|  |  | 3. | Did the purchase otherwise comply with all statutes, rules, and school district policies applicable to school district purchases? |  |  |  |
|  | B. | If a school district officer or employee made a purchase by credit card that was not approved by the school district, was the officer or employee held personally liable for the amount of the purchase? |  |  |  |

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| Part IV. Audit Conclusion |
| The auditor must state a conclusion--based on this questionnaire and any other audit procedures performed--whether the client has complied with the legal provisions reviewed relating to claims and disbursements. |
| Conclusion: |
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