**COUNTY**

**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 a county, local social services agency, County Board of education for unorganized territory, or park district.

In addition, Minn. Stat. § 471.425 (Prompt Payment of Local Government Bills), applies to any county.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 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? | | | |  |  |  |
| § 471.38,  subd. 2 |  | | Note: This section does not apply to any claim or demand for an annual salary or fees of jurors or witnesses, fixed by law, nor to the salary or wages of any employee whose salary or wages have been fixed on an hourly, daily, weekly, or monthly basis, by the governing board of the municipality, and which is now authorized by law to be paid on a payroll basis. | | | |  |  |  |
| § 471.425,  subd. 2 | B. | | Prompt Payment of Local Government Bills | | | |  |  |  |
|  |  | | - | | Standard payment period is: | |  |  |  |
|  |  | |  | | - | 35 days from receipt for County Boards that meet at least once a month; |  |  |  |
|  |  | |  | | - | 45 days from receipt of goods or services or invoice, whichever is later, for County 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 county 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 county calculate and pay interest as required by law? | |  |  |  |
|  |  |  | | Note: The interest penalties in these questions do not apply to good faith disputes. | | |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Part II. Electronic Wire Transfer** | | | | | | | |
| §§ 471.38,  subds. 3  and 3a | A. | Counties may make electronic funds transfers under certain conditions. | | |  |  |  |
|  |  | 1. | A county 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 county use electronic funds transfers only for the above enumerated transactions? | |  |  |  |
|  | C. | Did the county 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 board at the next regular meeting after the transaction? |  |  |  |
| § 471.381 | D. | If the county used electronic identifiers for electronic or wire transfers: | |  |  |  |
|  |  | 1. | Were the electronic identifiers used to authenticate or validate this government action approved by the County Board? |  |  |  |
|  |  | 2. | Had the county established policies and procedures to ensure the validity of the electronic approvals? |  |  |  |
| § 385.071 |  | 3. | Did the County Board establish policies and procedures for investment and expenditure transaction by electronic transfer? |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Part III. Claims and Disbursements** | | | | | | |
| § 384.13 | For all disbursements made on warrants: | | |  |  |  |
|  | A. | Was the claim paid by the county treasurer upon allowance of the County Board, upon the warrant of the board chair, attested by the county auditor, or? | |  |  |  |
|  | B. | | Was the claim paid upon the warrant of the auditor, upon the proper certificate of the person, officer, or tribunal allowing the claim in cases in which the precise amount was fixed by law, or authorized to be fixed by some other person, officer, or tribunal? |  |  |  |
|  | C. | If the county population was 150,000 or less, was each warrant so drawn that when signed by the treasurer it comes a check on the county depository? | |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Part IV. Delegation of Authority to Pay Claims** | | | | | | |
| § 375.18,  subd. 1b | A. | Did the County Board delegate its authority to pay certain claims made against the county by adopting a resolution authorizing a specified county administrative official to pay the claims that meet the standards and procedures establish by the County Board? | |  |  |  |
|  | B. | Does the County Board have adequate internal accounting and administrative control procedures to ensure the proper disbursement of public funds, including regular and frequent review of the county administrative officials’ actions by the board? | |  |  |  |
|  | C. | Was a list of all claims paid under the procedures established by the County Board presented to the board at the next regularly scheduled meeting after payment of the claims? and | |  |  |  |
|  |  | Is the county not a home rule charter county for which the county charter provides an alternative method of paying claims? | |  |  |  |
|  | | | | | | |
| Part V. Client-Directed Support Program | | | | | | |
| § 375.18, subd. 1c | A. | If the county has implemented a client-directed support program that authorizes responsible parties for county human services and public health clients to expend public funds for the benefit of the clients without complying with Minn. Stat. §§ 375.18, sub. 1b; 384.13; 471.38; or 471.391? | |  |  |  |
|  |  | 1. | Was the program implemented by the County Board upon approval by the department of human services?? |  |  |  |
|  |  | 2. | Does the County Board have internal accounting and administrative control procedures to ensure proper disbursement of public funds? |  |  |  |
|  |  | 3. | Do these procedures include county-owned deposit accounts and periodic review of the program by the County Board? |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| § 375.171 | **Part VI. Credit Card Purchases** | | |  |  |  |
|  | A. | If a county officer or employee made a purchase on behalf of the county by credit card: | |  |  |  |
|  |  | 1. | Had the County Board 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 county; and |  |  |  |
|  |  | 3. | Did the purchase otherwise comply with all statutes, rules, or county policies applicable to county purchases? |  |  |  |
|  | B. | If a county officer or employee made a purchase by credit card that was not approved by the County Board, was the officer or employee held personally liable for the amount of the purchase? | |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| § 375.17 | C. | If publishing of disbursement was required, were actual vendors providing goods and services to the public entity identified and not just the credit card company? |  |  |  |
|  | | | | | |
| Part X. 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: | | | | | |
|  | | | | | |
|  | | | | | |
|  | | | | | |
|  | | | | | |
|  | | | | | |
|  | | | | | |
|  | | | | | |
|  | | | | | |
|  | | | | | |
|  | | | | | |
|  | | | | | |
|  | | | | | |