

**TOWNSHIP OF PARSIPPANY-TROY HILLS
MORRIS COUNTY, NEW JERSEY
ORDINANCE NO. 2024:10**

AN ORDINANCE OF THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF PARSIPPANY-TROY HILLS AUTHORIZING THE PAYMENT OF CLAIMS WITHOUT A CLAIMANT CERTIFICATION PURSUANT TO N.J.S.A. 40:5-16(c) AND N.J.A.C. 5:30-9A.6

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

- 1) 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”); and
- 2) 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, i.e. the certification of the user department; and

WHEREAS, N.J.S.A. 40A:5-16(c) and N.J.A.C. 5:30-9A.6 give local units discretion to not require a Claimant Certification by enacting a standard policy by resolution or ordinance, as appropriate, for vendors or claimants who do not provide such Claimant Certification as part of their normal course of business; and

WHEREAS, generally vendors do not provide such Claimant Certification as part of their 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, as per N.J.S.A. 40A:5-16(c)(3), N.J.A.C. 5:30-9A.6(d) and Local Finance Notice 2018-13; and

WHEREAS, the Township Chief Financial Officer (“CFO”) 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 should be procured without a valid purchase order containing the signature of the Township Qualified Purchasing Agent (“QPA”);
- 2) Except for contract items approved by resolution of the Township Council, all procurement transactions must originate by way of a requisition in the Township’s finance system;

- 3) In processing purchase orders from requisitions, Purchase Office staff review for:
 - a. Department Director office or supervisory level approval;
 - b. Legal compliance with the Local Public Contracts Law;
 - c. Compliance with any relevant Township policy;
 - d. Reasonable business purpose;
- 4) Questions regarding requisitions are reviewed with user departments. As necessary, certain issues are escalated to review by the Township's QPA;
- 5) Requisitions that exceed \$3,000 are forwarded to the Township's QPA for review before processing;
- 6) All transactions potentially in excess of \$17,500 are reviewed and evaluated by the Township QPA for compliance with the Pay-to-Play law;
- 7) Requisitions that exceed 15% of the bid threshold (currently \$6,600) require at least 2 quotes (3 quotes are preferred). Quotes obtained by user departments are attached to the requisition (digital/scanned copy). Purchasing Office staff review all quotes when needed;
- 8) Properly completed requisitions are converted to purchase orders by the QPA or designated Purchasing Office staff;
- 9) Contracts are monitored for performance as payments are processed, including the following:
 - a. User departments certify performance; and
 - b. The Purchasing Office reviews requests for payment against the terms of the contract;
- 10) The Township's separate Department supervisory level employees are actively engaged in preparing and monitoring their annual budgets. Finance Office assistance is available for Departments. Regular reviews are performed to assure that activity posted to the Department's budget, such as purchase orders and cash payments, is valid, proper and duly authorized;
- 11) Claims for payment are submitted to the Accounts Payable office by each department. Invoices are reviewed to verify that work was performed as authorized and that prices are consistent with original proposals;
- 12) Invoices attached to the purchase order are submitted to the Accounts Payable office for payment. A responsible person with direct knowledge that the work was performed or goods were received signs the purchase order to authorize payment;
- 13) In processing purchase orders (and invoices) for payment, Accounts Payable office staff review for:
 - a. Certification by a responsible person attesting that services were performed or goods delivered;
 - b. No goods or services should be procured without a valid purchase order containing the signature of the Township's QPA;

- c. Proper accounting treatment (proper budget account and proper budget year);
- d. Compliance with any relevant Township policy; and
- e. Reasonable business purpose; and

14) Questions regarding purchase orders / invoices are reviewed with user departments. As necessary certain issues are escalated to review by the Township Administrator, CFO, and/or QPA;

15) In preparing the annual Township budget, the Township Administrator and CFO review trends and query detail as considered necessary. All unusual items are researched.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF PARSIPPANY-TROY HILLS AS FOLLOWS:

Section 1. The aforesaid recitals are incorporated herein as though fully set forth at length.

Section 2. The internal accounting controls presented above by the CFO are adopted as Township Policy for Payment of Claims.

Section 3. Pursuant to N.J.S.A. 40A:5-16(c) and N.J.A.C. 5:30-9A.6, the Township exercises its discretion to not require Claimant Certifications, except as required for reimbursement of employee expenses and payment for services provided exclusively and entirely by an individual, as per N.J.S.A. 40A:5-16(c)(3), N.J.A.C. 5:30-9A.6(d) and Local Finance Notice 2018-13.

Section 4. If any section, paragraph, sub-section, clause or provision of this Ordinance shall be declared invalid by a court or competent jurisdiction, such decision shall not affect the validity of this Ordinance as a whole or any part thereof.

Section 5. All ordinances or parts of ordinances of the Township heretofore adopted that are inconsistent with any of the terms and provisions of this Ordinance are hereby repealed to the extent of such inconsistency.

Section 6. This ordinance shall take effect twenty (20) days after final passage, adoption and publication according to law.