

- .104 The agency head should initiate and complete appropriate corrective action when subordinates violate policy. He/she should maintain appropriate documentation supporting delegated authority, approved payments, and corrective actions.
- .105 The controller or chief accounting officer may assist the agency head in monitoring compliance with agency accountability policy. Periodic reviews of agency expenditures by the agency head help to assure appropriateness. Agency management should insure that adequate internal management controls exist to give reasonable assurance of compliance.

Evaluation of Commitment or Obligation

- .106 Careful review of any expenditure, **encumbrance**, or obligation by the approving officer includes asking appropriate questions. These evaluations are not required of the Controller or Chief Accounting Officer unless so delegated by the agency head. The following questions are intended as examples, are not all-inclusive, and are suggested for approving officers because of their potential liability.
 - a. Is this a legal obligation for the State to incur? Does it comply with statute and policy?
 - b. Is this obligation a responsible and appropriate use of these funds for this agency and for the State as a whole?
 - c. Have the goods or services been received by the agency and did we receive full value as requested?
 - d. Are there adequate budget resources available now to allow us to incur this obligation?
 - e. Will this obligation or expenditure pass the "public perception" test? That is, would I be comfortable if I saw this transaction written up on the front page of the local newspaper?
 - f. Am I willing to approve this obligation knowing that I am fully responsible?

Authorization of Obligation

- .107 Contracts, purchases, invoices, grants and expenditure claims are approved by the **approving officer** to authorize the State obligation. If in doubt about the appropriateness of an expenditure, the approving officer could consider documenting his/her rationale and the reasonable business purpose of the expenditure.
- .108 The signature or electronic approval of the approving officer in manner or form clearly denoting approval means that adequate funds are available with existing budgetary authority, that this is an appropriate and authorized expenditure of state resources, that personal financial liability could be assessed if later determined to be an inappropriate expenditure of state funds, and the person authorizing the expenditure is authorized to make such authorization. The following are specific meanings for certain approvals:
 - a. State Purchase Order or Contract Release Order. The approval means that the items purchased are authorized by or comply with the Department of Administrative Services policies and procedures and that provision for payment is made by law and appropriation to cover this purchase. In addition, the approval means that this purchase is allowed by statute and is a responsible and appropriate use of these funds.
 - b. Invoices and credit card charges. The approval means that the materials, services, or other expenses covered by the claim have been furnished, rendered, or expended on behalf of the State. Approval also means the provision for payment is made by law and appropriation, the obligation or expenditure is authorized by law, and the claim otherwise satisfies the

requirements as provided by .105 in the policy section. The claim has been approved for payment in a specific amount.

- c. Travel Claims. After the traveler certifies the accuracy and appropriateness of the claim, the approving officer should approve the claim. For agency heads, the approval should be made by a commissioner, board member, or another approving authority in the agency. The approval signature means that expenses claimed are actual and authorized "duty required" expenses, the expenses comply with current travel policies and ORS 292.220, and that provision for payment is made by law and appropriation.
 - d. Payroll Actions and Personnel Action Forms. The appointing authority's approval means the person named on the form is an employee of the State in a permanent or temporary position authorized by the legislatively approved budget, that provision for payment is made by law and appropriation to pay the salary and benefits indicated, and that the approval signature is that of the designated appointing authority.
 - e. Entitlements, Awards, and Grants. The approval signature means that the "grantee" meets the criteria for the award, that provision for payment of the award is made by law and appropriation, and that the current disbursement complies with the provisions of the grant/contract and any related federal requirements.
 - f. Other Claims. The approval means that the expenditure is legally authorized and a responsible and appropriate use of these funds, provision for payment is made by law and appropriation, and the approval is made by an authorized employee of the State.
- .109 There should be documentary proof that an agency has received proper value, as defined by agency management, and has complied with ORS 293.295 before a voucher is authorized for payment. This may consist of evidence that (a) goods or services have been received; (b) items delivered were as specified; (c) prices, terms, and extensions shown on the vendor's invoices are correct. To ensure maximum discounts are taken, vouchers should be paid within the due dates.
- .110 An optimum standard of control over the processing of payments for purchases of goods or services, benefit or similar payments, and refunds would provide a three-way match of documents. The match may include the following with each item originating from a separate, unrelated work unit.
- a. The authorization or payment request is sent to the disbursement unit.
 - b. Receipt of goods or services or eligibility for payment is sent to the disbursement unit.
 - c. Incoming invoices, if applicable, are delivered directly to the disbursement unit.
 - d. The disbursement unit proofs invoice amounts, matches all related documents, and prepares a voucher or check for the appropriate payment.
- .111 It is the policy of the State to pay any overdue account charges incurred by State agencies that do not promptly pay for goods and services provided by private businesses. Claims are considered "overdue" if a check or warrant is 45 days from the latest of the date of the receipt of the invoice; the date of the initial billing statement if no invoice is received, or the date the claim is made certain by agreement of the parties or by operation of law. Overdue account charges will not exceed 8% per annum and are to be paid against an agency's appropriation or limitation.

Expiration of Warrants and Checks

- .112 All warrants and checks issued by state agencies will have printed in at least 8-point type a statement saying "VOID AFTER 2 YEARS FROM DATE OF ISSUE." Checks and warrants that are computer generated may use a computer-printed statement; all other checks will require the statement to be typed or stamped.

- .113 Annually between October 1 and November 1, SFMS Operations shall prepare a list of all unpaid warrants which have been issued for a period of more than two years prior to July 1 of the year the list is prepared. Prior to expiration, agencies shall exercise due diligence for amounts over \$100. All warrants appearing on the list will be expired in R*STARS. General Fund cash is debited and deposit liability is credited. Other fund amounts for expired warrants and checks are transferred to the Division of State Lands.
- .114 Annually, between October 1 and November 1, each agency that maintains a checking account shall prepare from its records, and certify to the Division of State Lands, a list of all checks that have been outstanding and not been paid by the State Treasurer for a period of more than two years prior to July 1 of the year the list is prepared.

Duplicate Instruments

- .115 No warrant or check shall be paid until such warrant or check, or duplicate thereof, is surrendered to the State Treasurer. A duplicate warrant or check may be issued if the lawful owner furnishes a notarized affidavit that satisfies the officer by whom payment is to be made that the original instrument has been lost, stolen, or destroyed. The duplicate instrument shall have a new warrant or check number with a reference to the original. It shall bear the same issue date, class or designation in all respects and be for the same amount as the original. The issuance of a duplicate instrument is subject to the provisions of the two-year rule involving outstanding warrants and checks.
- .116 Any agency that receives a request for issuance of a duplicate Department of Administrative Services (DAS) warrant should immediately send a completed request for duplicate check or warrant to SFMS Operations. (Request forms are available from SFMS Operations.) SFMS will follow up by sending an affidavit form directly to the person making application for the duplicate warrant. The affidavit must be completed and notarized and then returned by the claimant to SFMS for processing.
- .117 The issuing agency shall have the duty of searching for the original instrument out of the paid instruments returned from the State Treasurer to such agency. (Copies of truncated R*STARS cancelled warrants may be obtained by contacting the Cash Management Section of the Oregon State Treasury. Refer to <http://www.ost.state.or.us/divisions/finance/cashmanagement/cashmanagementforms.htm>.) If such original instrument is found, a copy of both sides will be furnished to the person applying for a duplicate instrument. If the applicant determines beyond any doubt that the endorsement is a forgery, the written and signed statements of the applicant shall be in the form of an affidavit of forgery. The original instrument or authentic reproduction shall immediately be returned to the State Treasurer who shall then promptly return the instrument to the presenting or payor bank for credit. The State Treasurer shall not be liable for his/her inability to obtain credit from the presenting or payor bank for an instrument returned without credit.
- .118 Each agency that lawfully issues checks upon the State Treasurer has the individual responsibility of adopting a procedure of issuing duplicate instruments. Agencies may adopt the uniform procedure of issuing and delivering, to all parties entitled thereto, duplicate instruments to replace those lost, stolen, or destroyed.
- .119 If an instrument is paid in an unauthorized manner, such wrongful payment shall not relieve the agency issuing the instrument from liability to the true and lawful owner thereof. The person making such wrongful payment and the sureties on his/her official bond, if any, shall be responsible to the agency represented by him/her in making such payment, for the full amount of the loss.
- .120 Forms related to processing duplicate instruments are available from SFMS Operations. Any agency that has the responsibility of issuing duplicate instruments may use the SFMS format and/or wording in designing its own forms.

Death of Payee

- .121 If the payee of a warrant or check drawn on the State Treasurer dies after issuance of the instrument without receiving payment therefore, and the payee's estate is not probated, the authorized survivor(s) of the payee may obtain payment upon surrender of the instrument to the State Treasurer with endorsement in the name of the payee and of herself/himself, or themselves as survivor(s) and upon filing with the instrument an affidavit to the effect that the affiant(s) is (are) the survivor(s) of the person entitled to the proceeds of the instrument. Payment shall be made to the survivors as prescribed by ORS 293.490 and 293.495.