



1-888-NJ Pool 1

New Jersey Schools Insurance Group

6000 Midlantic Drive, Suite 300 North
Mount Laurel, New Jersey 08054
(609) 386-6060 • FAX (609) 386-8877
www.njsig.org

Board of Trustees Meeting of March 15, 2017

Action Item

Checking Accounts and New Claims

Attached are the check registers for November 2016, December 2016, January 2017 and February 2017.

In addition, attached is a list of all new claims. The claims list has been provided to coincide with the check registers. The list includes all new claims from November 2016 through February 2017. This report shows the nature and financials for each claim.

The following is a brief explanation as to why the Trustees approve/ratify these registers every meeting. The following also details the NJSIG internal controls that are in place related to check processing:

NJSIG's Bylaws indicate the following Trustee and NJSIG obligations related to disbursements for claims expenses, payroll expenses and all operating budgeted expenses:

NJSIG TRUSTEES & NJSIG STAFF OBLIGATIONS AS PER NJSIG BYLAWS:

ARTICLE VII. POWERS AND DUTIES

Trustee powers and duties shall include, but not be limited to, the following powers of the Board of Trustees:

4. To collect and disburse all money due to or payable by the fund, or authorize such collection and disbursement;

ARTICLE XIV. TRUST FUND ACCOUNTS, INVESTMENTS AND DISBURSEMENTS

C. DISBURSEMENTS

- 1. Prior to any commitment or agreement requiring the expenditure of funds, the Executive Director shall certify as to the availability of sufficient unencumbered funds to fully pay all charges or commitments to be accepted.**
- 2. All disbursements, payments of claims or expenditure of funds must be approved by a majority vote of the Trustees.**



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- 3. Notwithstanding number 1 and 2 above, the GROUP may provide for the expeditious resolution of certain claims by designating the GROUP'S Claim Personnel "certifying and approving officer" pursuant to *N.J.A.C 11:15-4.22*. The GROUP may authorize the "certifying and approving officer" to approve for payment any or all specified claims in an amount not to exceed an amount approved by the Commissioner of Banking and Insurance in the Risk Management Program. The GROUP shall establish such other procedures and restrictions on the exercise of this authority as the GROUP deems appropriate. The Trustees may authorize the Executive Director to pay any and all budgeted expenses and payroll according to the approved policies and procedures.**

NJSIG INTERNAL CONTROLS FOR CLAIMS EXPENSE DISBURSEMENTS:

NJSIG has established a set level of settlement authority for all claims personnel. Claims personnel are only permitted to process claims disbursement checks up to their set level. (This prevents any NJSIG claims personnel from authorizing payments that exceed their limits). The settlement authority levels are established according to grade level/responsibilities/expertise of each claims personnel position. All authority levels are based on the Claims Manager's discretion. In the event a settlement authority is needed that exceeds the highest authorized amount before the next regularly scheduled Board Meeting, a Claims Committee would be established. The Claims Committee shall be comprised of the Claim Manager, the Group's Attorney and up to three Board of Trustee Members. The Claims Committee shall have authority to approve claims at or above the threshold established for the Board of Trustees, provided that the amount is recommended by both the Claims Manager and the Group's Attorney. These settlement authority and disbursement procedures are included in NJSIG Policy #7680 - Discretionary Settlement Authority.

NJSIG INTERNAL CONTROLS FOR ALL OTHER EXPENSE DISBURSEMENTS (OUTSIDE OF CLAIMS EXPENSE DISBURSEMENTS):

The following are the internal control procedures for all disbursements (other than claims expenses):



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- The respective NJSIG manager responsible for the services rendered and/or products ordered must verify the payment data on the invoice to the supporting data (i.e. purchase order/packing slip, temp dates/hours worked, etc.)
- If the invoice amount exceeds \$5,000 another NJSIG manager must also review, verify and approve the invoice
- Please note the Accounting Department personnel **never** approve invoices for payment. This maintains a secure level of internal controls as the Accounting Department is responsible for processing checks in the Accounts Payable system, recording the activity in the NJSIG General Ledger (financial statements) and reconciling all cash activity to NJSIG Bank Statement. Removing the Accounting Department staff from the approval process eliminates any possibility of fraudulent activity.
- Once the appropriate invoice approvals are received, Accounts Payable verifies (or attains) a vendor W9 prior to processing payment.
- Accounts Payable processes the payment voucher listing which is reviewed/approved by the Accounting Manager to verify all invoice data.
- Checks are then processed with the Executive Director's digital signature. Invoices/payments approved by (or paid to) the Executive Director are printed without a digital signature and are forwarded to another manager (or to the signatory Trustee) for signature.
- All checks that exceed \$5,000 require the second signatory to review/confirm payment data and provide a second signature on the check. The second signatory must also be a manager that has not approved the invoice for payment.
- Finally the fully executed checks are presented to the Executive Director (or his designee – which is the Loss Control Manager) for a final verification to the invoice and for the physical release of the check to the vendor.

(Please find the attached CDW payment to serve as an example of the NJSIG process described above. (This payment is listed on the current 02/2017 Operating Account check register.) The IT Manager verified the CDW purchase order/packing slip to the CDW invoice #GQN1513 and approved the payment in ImageRight via his signature stamp and his budget center general ledger coding. The Executive Director then provided a second review and approval (as the invoice exceeds \$5,000) via his physical signature. (See approvals on the CDW invoice). The CDW payment was processed on check #114849 after Accounting verified the W9 and the Accounting Manger approved the voucher listing. The check was signed by two signatories (as it exceeded \$5,000). Both signatories were not involved in the payment approval process, but were provided supporting documentation to



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review/confirm payment data prior to signing the check. Finally the check was reviewed a final time and released to the vendor.)

At each Board Meeting, the Trustees are presented with the Claims Account and Operating Account check registers as part of this “Action Item” section. The checks on these reports are the end product of the processes detailed above. This is the Trustees’ opportunity to ask any questions about the payments on the registers. This “Action Item” resolution also fulfills the following Trustee obligations (as per the Bylaws):

Trustee powers and duties shall include, but not be limited to, the following powers of the Board of Trustees to collect and disburse all money due to or payable by the fund, or authorize such collection and disbursement

All disbursements, payments of claims or expenditure of funds must be approved by a majority vote of the Trustees.

Recommended Resolution: Approve and ratify the checks and new claims which have been issued from accounts XXXX392 (Operating Account) and XXXX555 (Claims Account) for the period of 11/1/2016 to 2/28/2017 as shown in the online (Microscribe) version of the meeting package.

Michele Carosi

Michele Carosi
Comptroller