

## **Expenditure approval & Post Audit Policy**

The board is required at each regular meeting to audit all claims against the township presented for payment and authorize the payment of all allowed claims. Payments authorized by the township board shall be paid by the treasurer on an order signed by the township clerk. Accounts approved shall be filed and preserved by the township clerk. (MCL 41.75)

Each board member must have the opportunity—and use it—to review (“audit”) the documentation for any payment prior to voting to approve it. Board members should look for proper authorization for the expenditure, including board votes to authorize the actual expenditure (not simply inclusion of the item in the budget), original bills or purchase orders with purchase officer approval, receipts or logs for reimbursement, receipts for credit card statement items, correct Chart of Accounts numbers, and payee information.

Every payment of any kind (including payroll) leaving the township—with the sole exception of the current-year tax collection disbursement account—must be voted on by the board **before** being disbursed, unless the township has a written board-adopted “post-audit” policy to authorize certain specific payments to be made by the clerk and treasurer between board meetings.

A post-audit policy states that the board will allow certain limited, specific, routine payments to be made prior to the board voting on them to avoid the township having late penalties—like the hall utilities and payroll. The township board must still vote to approve all those payments at the next meeting.

It does not matter whether the payments are made on actual checks or electronically. Before a “hard copy” check or electronic payment is issued, the clerk must sign each check or payment to show that the board has either already voted to authorize that specific payment or, per the post-audit policy, that the payment is being issued in accordance with the policy.

Without such a policy, no claims should be paid prior to board authorization at a board meeting.

### **MTA Sample post-audit policy language**

All claims shall be approved by the township board prior to payment, except the following:

- 1) Payroll (election workers, sexton wages, etc.)
- 2) Utility bills (phone, electric, fuel, etc.)
- 3) Invoices with penalties or discounts that would be incurred if payment is not received prior to the board meeting where claims will be approved (identify specifically)

These claims shall be post-audited at the next board meeting following their issuance. (For example, your payment schedule would indicate Vouchers 101 to 104 were preauthorized by policy and approval by the board that evening.)

The (supervisor/other official) may authorize emergency expenditures when deemed essential due to the imminent threat to the health, safety and welfare of the township. (Set limits as desired.)