



State Controller's Office

Claim Audits

SCO AUTHORITY

Government Code 925.6 (a)

Says in part: "The Controller shall not draw his or her warrant for any claim until it has been audited by him or her in conformity with law and the general rules and regulations..."

AUTHORITY Cont.

Government Code 12410

says in part: "...The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality and for sufficient provisions of law for payment...."

AUTHORITY Cont.

Government Code 927.4,
California's Prompt Payment Act

States in part: "...the maximum time from state agency receipt of an undisputed invoice to issuance of a warrant for payment is 45 days.....*and not more than 15 calendar days for the Controller to issue the warrant.*"

ONLY 15 DAYS

for the SCO to complete the warrant issuance process including:

Claim Audits:

Audit process

Division of Accounting and Reporting:

Verification of available funds

Disbursements:

Print warrant

Issuance of warrant

SAM

8422.1: Invoices and Vouchers

"Original invoices will be included in claims presented to the SCO. If agencies cannot obtain original invoices, the SCO will accept for payment carbons, dittos, photocopies, or other forms of copies which clearly were sent by the vendor for billing purposes."

NOTE: The copy **MUST** be stamped with "This bill has been checked against our records and found to be the original one presented for payment and had not been paid. We have recorded this payment so as to prevent a later duplicate payment.

Signed [Accounting Officer]

(SAM 8422.1 is included in your handout)

SAM Cont.

8422.2: Claim Schedules

This SAM section contains the basic information needed on how to submit claim schedules for payment

Note: SAM 8422.2 is included in your handout

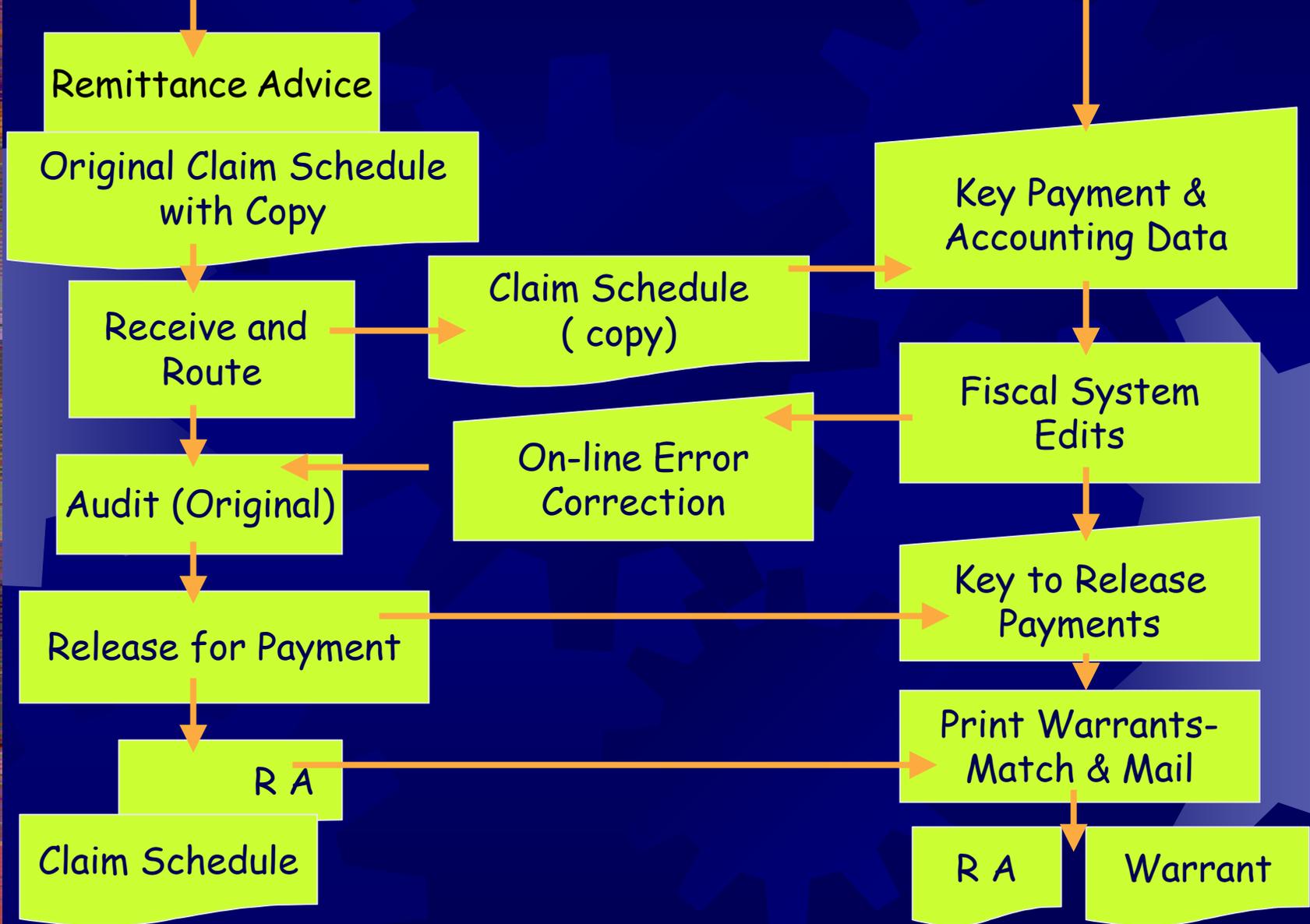
CLAIMS PROCESS OVERVIEW

- Paper claims are entered into the SCO tracking system
 - Starts 15 calendar day count (Prompt Payment Act)
- Claim schedules are distributed among audit units
- Pre-payment audits are performed on paper claims submitted for payment
- Claim is released in the tracking system from Claim Audits
- Claim physically leaves Audits and progresses to the next step in the payment process

Claim Audits-Payment Process

Claim Audit Process

Disbursement Process



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Audit of Claim Schedules

Claims are audited for
Legality and Validity

Is the payment an
appropriate payment?

Examples of Audit Attributes We Look At

- Purchase Authority
- Original Invoice
- Detail/Itemization on Original Invoice
- Invoice Shows "Paid"
- Proper Approvals
- Accuracy of Math Calculations

Examples of Purchase Authority

- Delegated Authority
- Legislative Authority
- Contractual Authority
- State Constitution
- Annual State budget Act
- Government Codes
- DPA Regulations
- SAM
- Victims Compensation & Government Claims Board
- Statutes
- California Code of Regulations (CCR's)
- Legal opinions
- Memorandum of Understanding (MOU's)
- DGS Procurement

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~CalCard~

CalCard is an Alternative

Payment Option

CalCard cont.

CalCard claim schedules are audited as a regular claim schedule, which means:

Legality and Validity

(of the items purchased from the vendor)

CalCard cont.

Required Documentation Does Not Differ From Regular Claim Schedules

- Original invoices, receipts (supporting documentation) etc. that support what has been purchased from the vendor must be submitted
- Duplicates must be stamped with the certification statement (SAM 8422.1)

Please be aware of terminology usage difference:

The Corporate Account Summary (formerly the R060) is a financial summary of the account. For practical purposes and consistency between all claim schedules, the SCO calls the VENDOR receipts etc. "supporting documentation" or "invoices."

CalCard cont.

Some Examples of Items to Watch For

- Missing signatures on cardholder statement

Note: If cardholder is no longer with the agency, there should be a memo stating the facts, signed by an approving official

- Missing receipts

Note: There needs to be a memo providing details of purchase signed by cardholder and approving official

- Multiple missing receipts for one cardholder
(possible fraudulent activities)

- Invoices must show \$0.00 Balance
(they have already been "paid" by CalCard)

TC-48's

Revolving Fund Reimbursements

Must use approved TC-48 form

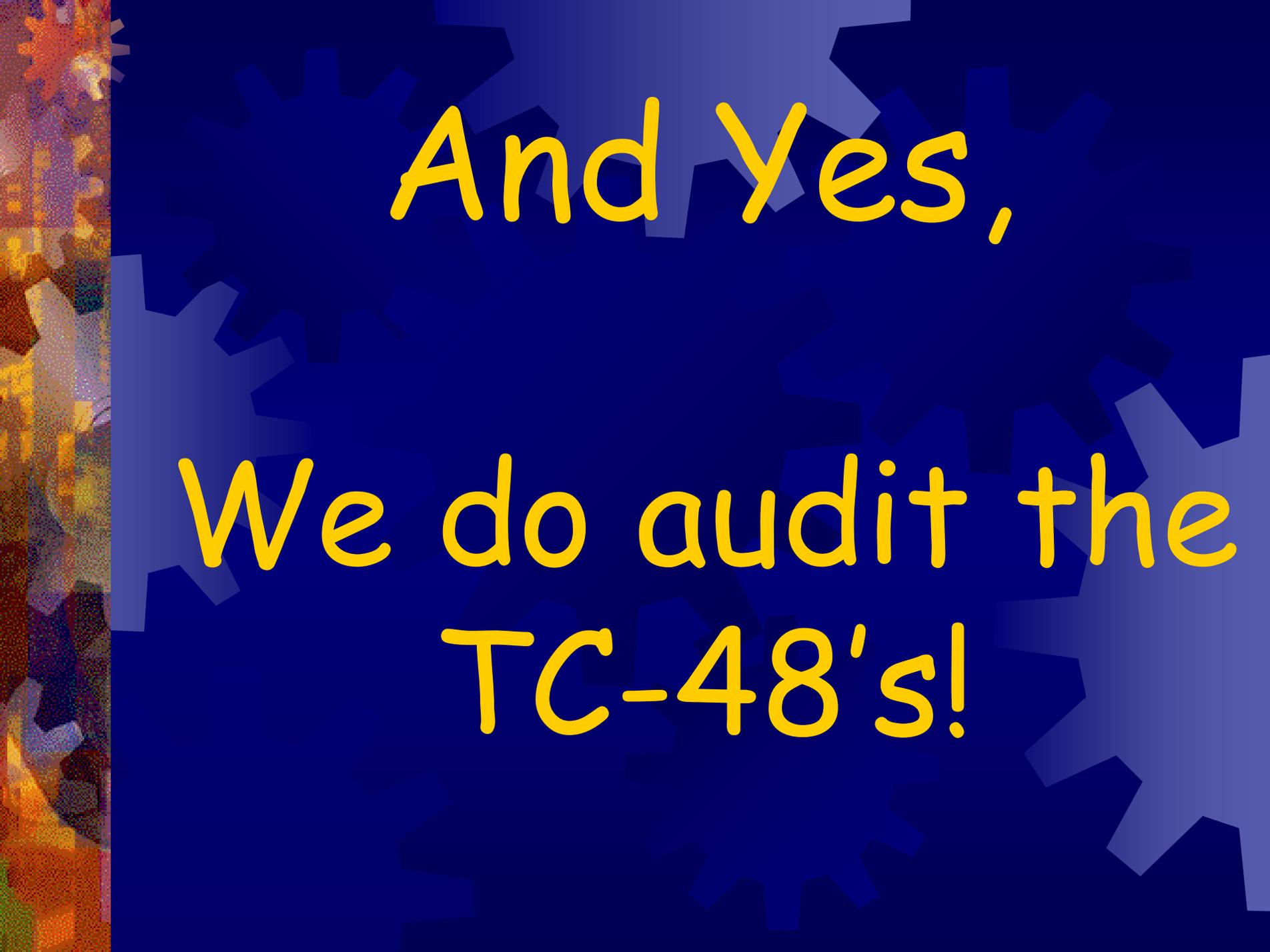
Form can be found on DGS website

(Copy has been provided in the handouts)

Not under the Prompt Payment
Act

...However...

SCO still processes in a timely manner



And Yes,

We do audit the
TC-48's!

~Production Comparison~ Manual Claims to Electronic Claims

Claim Audits (Manual Process) Reviews Larger Dollar Amounts Per Claim

EDP Audits Reviews Larger Volume of Payments Per Claim

Small # of Payments
(Larger Dollar Values)

Large # of payments
(Smaller Dollar Values)

| FISCAL YEAR 2005/2006 | | |
|-----------------------|--------------------|------------------|
| | Claims Processed | |
| | # of (in millions) | \$ (in billions) |
| Paper | 209,052 | 967 |
| Electronic | 10,319 | 78 |
| Totals | 219,371 | 1,045 |

~Warrant Volume Comparison~

| FISCAL YEAR 2005/2006 | | |
|---------------------------|--------------------|------------------|
| Warrants Disbursed | | |
| | # of (in millions) | \$ (in billions) |
| Warrants | 26,894 | 1,061 |
| Replenishment Warrants | 0.02 | 2 |
| Electronic Fund Transfers | 14,550 | 57** |
| Totals | 41,444 | 1,063 |

** Electronic fund transfer amount is included in the warrant amount and is, therefore, included in the total amount disbursed



Special Situations?

Specific Questions?

...Call us...

We are here to help!

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Contact Numbers

Claims Inquiry: 916-445-3060

OR

Claim Auditor Assigned to your
Agency



Questions ?