

**5:30-4.8 Director's action**

The director is authorized to advise local units of the requirements and purposes of this regulation, to issue such forms and provide such guidance as may be necessary, and to take such other steps as may, in his judgment, be necessary to effectuate the purposes of this regulation in light of the need for orderly overall fiscal administration.

**5:30-4.9 (Reserved)**

Editor's Note: The text of this section was a transitional provision bridging the capital budget requirements of N.J.A.C. 5:34-9, rescinded with the adoption of this subchapter, with the requirements of this subchapter. See: 10 N.J.R. 416(d). The transitional provision expired on January 1, 1979 without further action by the Local Finance Board.

SUBCHAPTER 5. CERTIFICATIONS OF  
AVAILABILITY OF FUNDS, AND  
ACCOUNTING SYSTEM REQUIREMENTS  
FOR LOCAL UNITS

**5:30-5.1 General authority**

(a) This subchapter shall apply to all government agencies subject to the authority of the Local Finance Board pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) or the Local Authorities Fiscal Control Act (N.J.S.A. 40A:5A-1 et seq.). For the purpose of this subchapter, such government agencies shall be referred to as local units.

(b) Every governing body and chief executive officer shall take reasonable steps as necessary so that all officials and employees responsible for the administration of public contracts are aware of and are able to comply with the requirements of the law and these rules.

New Rule, R.2000 d.485, effective December 4, 2000.  
See: 32 N.J.R. 3237(a), 32 N.J.R. 4300(a).

Former N.J.A.C. 5:30-5.1, Emergency appropriations, recodified to N.J.A.C. 5:30-3.6.

**5:30-5.2 Encumbrance systems**

(a) All local units except those subject to the Local Authorities Fiscal Control Act (N.J.S.A. 40A:5A-1 et seq.) shall maintain an encumbrance accounting system for all funds as follows:

1. The system shall be designed at a minimum to record charges to amounts appropriated for "Other Expenses" in the same or greater level of detail as "Other Expenses" are maintained in the adopted budget. This shall be done in such a way to record charges against amounts appropriated at the time the charges are authorized so that the funds allocated for such purposes are reserved and cannot be used for other charges within that line item. Examples of such authorization actions include the issuance of a purchase order or the execution of a contract.

2. If the local unit budget uses a greater detail level through the use of object accounts, transactions shall be encumbered at the object level detail.

3. Local units shall maintain internal controls that ensure that all purchases charged to "Other Expense" or other non-salary line items shall be sequentially numbered either through pre-printed multiple copy purchase orders or a computerized system that produces appropriate purchasing internal control.

(b) The Director of the Division of Local Government Services shall make available such technical documents as may be advisable to local units to provide further guidance on encumbrance systems.

(c) The provisions of this section codify and continue the provisions of Technical Accounting Directive No. 1, issued in April of 1985 and effective January 1, 1986.

New Rule, R.2000 d.485, effective December 4, 2000.

See: 32 N.J.R. 3237(a), 32 N.J.R. 4300(a).

Amended by R.2003 d.404, effective October 20, 2003.

See: 35 N.J.R. 2427(a), 35 N.J.R. 4862(b).

In (a), substituted "all funds" for "its current fund" in the introductory paragraph; deleted former (b) and recodified former (c) and (d) as (b) and (c).

**5:30-5.3 General requirements**

(a) The chief financial officer of a local unit, appointed pursuant to N.J.S.A. 40A:9-140.1 et seq. or N.J.S.A. 40A:9-28.1 et seq., shall be responsible for determining the availability of sufficient funds for all contracts and amendments thereto. The delegation of this duty by the chief financial officer does not relieve him or her of this responsibility.

(b) The governing bodies of all other local units shall designate by resolution or ordinance, as appropriate, an individual to serve as the certifying finance officer. The certifying finance officer shall be responsible for determining the availability of sufficient funds for all contracts and amendments thereto. The delegation of this duty by the certifying finance officer does not relieve him or her of this responsibility.

(c) If a purchase or the execution of a contract does not require, either by State law or any State or local regulation, specific authorization by formal action of the governing body, then the individual approving the contract or release of the purchase order shall ascertain from the chief financial officer or certifying finance officer, as appropriate, that there are available sufficient uncommitted appropriations to provide for the payment. The administrative official or employee shall be so authorized pursuant to N.J.S.A. 40A:11-3.

Amended by R.2000 d.485, effective December 4, 2000.

See: 32 N.J.R. 3237(a), 32 N.J.R. 4300(a).

In (a), rewrote the first sentence; in (b), substituted a reference to local units for a reference to contracting units in the first sentence, and inserted "for all contracts and amendments thereto" at the end of the second sentence; and in (c), substituted "the individual approving the contract or release of the purchase order" for "the authorized administrative official or employee issuing the contract or making the purchase" in the first sentence.

**5:30-5.4 Procedure**

(a) The following procedure shall be utilized for the certification of funds when a contract is to be awarded by the governing body of the local unit:

1. The chief financial officer or certifying finance officer, as appropriate, charged with the responsibility of maintaining the financial records of the contracting unit shall certify in writing to the governing body the availability or lack thereof of adequate funds for each contract which is pending approval by the governing body. Said certification shall designate specifically the line item appropriation(s) of the official budget to which the contract will be properly charged, ensuring that the same funds shall not be certified as available for more than one pending contract. Said officer shall be solely responsible for the accuracy of the certification.

2. No resolution authorizing the entering into of any contract pursuant to N.J.S.A. 40A:11-1 et seq. or any other law for the expenditure of public funds to a vendor shall be enacted unless it shall recite that such a certificate showing availability of funds has been provided. The resolution shall specify the exact line item appropriation(s) or ordinance which shall be charged.

3. The certification of availability of funds shall be attached to the original copy of the resolution or ordinance and kept in the files of the municipal clerk, clerk of the board of chosen freeholders or secretary to the governing body.

4. Before a governing body approves a resolution or ordinance authorizing the entering into of a contract, the local unit's attorney shall be satisfied that a certificate of availability of funds has been provided.

5. A local unit's governing body shall not enter into or execute a contract unless it has been presented with a written certification from its chief financial officer or certifying finance officer, as appropriate, stating the availability of sufficient funds for the contract(s) pending approval by the governing body.

6. When a contract is issued as a purchase order or amendment thereto, the certification of availability of funds shall be executed through the budgetary accounting encumbrance process.

(b) When a contract is awarded and a resolution of the governing body is not required, the availability of funds shall be certified by the chief financial officer or certifying finance officer shall make an appropriate entry into the local unit's encumbrance system pursuant to N.J.A.C. 5:30-5.1 and 5.2 prior to the issuance of a contract.

Amended by R.2000 d.485, effective December 4, 2000.

See: 32 N.J.R. 3237(a), 32 N.J.R. 4300(a).

Rewrote the section.

Petition for Rulemaking.

See: 46 N.J.R. 1977(b), 2199(a).

**5:30-5.5 Methods of accounting for and certifying available funds for special situations**

(a) Temporary budget: When a local unit is operating under a temporary budget, as provided for in N.J.S.A. 40A:4-19, it may enter into a contract for a period extending beyond the time period funded in the temporary budget, subject to the following:

1. The full cost of the contract for that fiscal year shall be certified against the temporary budget, which must contain sufficient appropriations therefor; or

2. If the full cost of that year is not charged against the temporary budget, at least the prorated amount reflecting all liability to be incurred during the temporary budget period must be charged and certified, and the contract must contain a clause making its continuation past such date subject to the appropriation of sufficient funds. Immediately after the final budget adoption, a certificate of available funds shall be prepared for the remaining balance and filed with the original ordinance or resolution.

(b) Open end contracts: When a contract provides for certain goods or services to be provided upon request, up to an established maximum, and the local unit is not obligated to order, accept or pay for said goods or services except when it orders them, then the certification of available funds shall be as follows:

1. The full maximum amount covered by the contract shall be charged against the budget at the time the contract is awarded, and the full amount shall be certified; or

2. No amount shall be chargeable or certified until such time as goods or services are ordered or otherwise called for. Prior to incurring the liability by placing the order, the certification of available funds shall be made by the chief financial officer or certifying finance officer, as appropriate, and attached to the file copy of the purchase order or other such document. It shall be the responsibility of the official responsible for issuing the purchase order to notify and seek the certification of availability of funds from the chief financial officer or certifying finance officer, as appropriate.

(c) Contracts up to 12 months not coinciding with fiscal year: When a contract is awarded for a period of up to 12 months not coinciding with the established fiscal year of the local unit, the following methods shall be followed for purposes of accounting and providing the certification of available funds.