



Standard Administrative Policy and Procedures Manual

Title: **FINANCIAL POLICY**

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Section: **ACCOUNTS PAYABLE POLICY**

Resolution No.: **2011-277**

SECTION 1 - POLICIES

- A. All invoices must be faxed or mailed directly to the Finance Department.
- B. Department Directors are responsible for the proper approval of all accounts payable paperwork, however, may delegate (except employee reimbursements) such duties for certain activities to a Division Administrator or Supervisor if that individual is responsible for preparing and managing that particular activity's budget. Approval from this level of management or higher is required on all invoices, store receipts, disbursement claims, and requests for payment.
- C. All applicable documents must be properly approved, coded, and forwarded to the Finance Department by 12:00 p.m. the Monday prior to a City Council meeting. A schedule will be sent to each department listing City Council dates and the corresponding due dates.
- D. Requests for payment not received prior to the applicable due date will be held until the next scheduled City Council.
- E. Vendor payments are authorized at City Council meetings on the first and third Monday of each month.
- F. Accounts payable checks/electronic payments will be distributed/initiated the day following the City Council meeting unless otherwise authorized.
- G. No purchase made by an employee shall bind the City to receive and/or pay for the goods or service procured, unless authorized by the purchasing methods described in the purchasing policies.
- H. Noncompliance with these policies and procedures may result in the return of improperly authorized or prepared documents, nonpayment of vendor invoices, or other sanctions as determined necessary after consultation with the department director and/or city manager.

- I. The City does not prepay for goods or services or utilize prepaid devices such as gift cards. If a vendor requires prepayment for goods or services, authorization must be obtained from the City Manager's Office or the Finance Department.
- J. Employee reimbursements should be kept to a minimum (i.e. emergencies and travel/training).

SECTION 2 – PROCEDURES

A. Department Paperwork Processing

Step 1 - Receipt of goods and services – proof of receipt/acceptance

- a. Goods purchased (over the counter) – appropriate signatures on store receipts indicate goods have been received and are acceptable.
- b. Goods purchased (ordered and delivered) – receiving stamp must be placed on the packing slip and be completed by the individual receiving the goods to indicate that goods have been received and are acceptable. Individual must verify that the shipment matches the packing slip and note any deficiencies.
- c. Maintenance agreements, ongoing service contracts, rents and leases, subscription renewals, or annual dues – appropriate signatures on monthly, quarterly, or annual statements/invoices indicate the acceptance, completion, or continuance of services.
- d. All employee reimbursements must use the travel and conference request (TCR) forms (training and travel expenses) or the employee reimbursement claim form (all others).
- e. Services and/or equipment contracted or ordered – (informal or semi-formal bid) – appropriate signatures on invoices indicate goods and services have been received and are acceptable.
- f. Capital improvement projects for services or public improvements in excess of \$50,000 – (informal, semi-formal, or formal bid) – require the use of the contractor payment form and must be signed by the contractor and City employee and contract engineer overseeing the contract verifying quantities and level of completion. Final payments and retainage releases for public improvement contracts also require a Certificate of Completion from the responsible engineer.
- g. Packing slips, contractor payment forms, vendor completion reports, and similar receiving documents should be forwarded to the appropriate level of management for processing and authorization.

Step 2 -Preparing and authorizing payment

- a. The manager receiving the documents described in Step 1 must review the documents to ensure that the documentation requirements have been met and that the goods and services meet the required specifications, contract terms, or purchase order. At this step, any deficiencies to the original purchase order or contract, including vendor information, quantity, price, etc. should be noted and appropriately documented on a copy of the purchase order or on the receiving documents.
- b. The purchasing coordinator/accounts payable clerk in the Finance Department will stamp and date invoices received in the mail. The invoices will then be sent to the department making the purchase for approval. If there is not a vendor invoice for the payment, a *disbursement claim form* must be completed by the department in its place. Vendor statements or letters are not sufficient documentation for payment. Employee reimbursements must use the employee reimbursement claim form or the training and conference request (TCR) form, whichever is applicable.
- c. The invoice, disbursement claim form, employee reimbursement claim form, or the training and conference request (TCR) form must then be reviewed by the appropriate manager (Section 1(B)) within the department for correct quantities, rates, product numbers, etc. and compared to the receiving documents and purchase order or contract.
- d. The invoice or store receipt must be stamped with the accounts payable stamp provided by the Finance Department. It should be filled out entirely and should clearly indicate the purchase order number, fund/department, amount and whether the purchase order has been *partially or fully* received. The proper level of management (Section 1(B)) within the department should then sign or initial on the appropriate blank indicating that the invoice is ready to be paid. Disbursement claim forms require the same signature requirements as invoices and employee reimbursement claim forms must be signed by the Department Director.

Step 3 - Forwarding for payment

- a. The properly stamped and signed invoice, employee reimbursement claim form, training and conference request (TCR) form, or disbursement claim form should include some or all of the following attachments:

- i. Packing slip (stamped with receiving stamp) or vendor completion report
 - ii. Contractor payment form
 - iii. Other documentation available such as contracts, correspondence, bid summaries, statements, etc.
- b. The above documents should be assembled and forwarded to the Finance Department by the required due dates (Section 1(C,D,E)).
 - c. Certificates of completion for public improvement contracts must be accepted by a separate action of the City Council prior to the approval of final payment and retainage release (unless early release has been applied for and accepted).
 - d. Payments for service or construction contracts in excess of \$50,000 for a capital improvement project (informal, semi-formal, or formal bid) including retainage releases and final payments will be listed individually on the City Council agenda.

B. Check/EFT Issuance

1. Payment Processing

- Step 1 - Invoices with the proper paperwork and approvals will be entered into the computer system for payment by the Finance Department. All requested payments received by the applicable due date will be processed.
- Step 2 - Accounts payable checks will be printed two working days prior to the City Council meeting and held by the Finance Department until the meeting date.
- Step 3 - All checks will be signed by the City Clerk and the Mayor. The computer will sign the checks with digital signatures that are password protected. Actual signatures and signature stamps will be used only in situations where the digital signatures are unavailable.
- Step 4 - Two claims lists of all checks/EFTs issued since the previous City Council meeting will be given to the City Clerk's office. One list will be published in the local newspaper as prescribed by law, and one will be provided to the City Council for approval. The Finance Director will review all claims lists.

Step 5 - Copies of each vendor check/EFT will be made. The invoice, receiving report, and/or other paperwork submitted as documentation will be attached to the check/EFT copy and filed in the Finance Department.

2. Special checks/EFTs are payments that are processed outside of the normal check processing schedule. Special checks/EFTs may be permitted for the following reasons:
 - a. In order to meet vendor due dates
 - b. Emergencies
 - c. Payments previously authorized by City Council
 - d. Postage
 - e. To void and re-issue previously authorized checks
 - f. As approved by the City Manager's Office or the Finance Director

Unless listed above, all payments must be approved at a regular City Council meeting.

3. Lost or stolen checks (void and re-issuance)
 - a. Payee must wait 10 business days for replacement of a check.
 - b. A stop payment is only required in cases where risk of loss is considered high or the check is for an amount over \$1,000.
 - c. Replacement checks may only be requested by the payee listed on the original check.
4. Outstanding checks
 - a. A letter will be sent to the payee notifying them of the outstanding check.
 - b. If the payee responds, the old check will be voided and a new check issued to the payee, if necessary.
 - c. Amounts owed to vendors from outstanding and voided checks will be turned over to the Treasurer of the State of Iowa as prescribed by law.

SECTION 3 - VENDOR MANAGEMENT

- A. All vendors must be approved through the Finance Department. New vendors must complete a Vendor Registration and Substitute W-9 Form. No purchases should take place with a vendor until that vendor has been approved by the Finance Department.
- B. Vendor credit applications are to be completed and submitted by the Finance Department.
- C. The Finance Department must receive a completed Vendor Registration and Substitute W-9 Form from a vendor prior to the release of payment if the City has conducted greater than \$600 of qualifying business with that vendor during the calendar year.
- D. For vendors contracted through centralized purchasing, all contract maintenance issues must go through the Finance Department. This does not include the ordering of goods and services.

SECTION 4 – REFUNDS

Refunds will only be issued on credit balances greater than \$5.00, unless specifically requested by the customer.