

Town of Meredith – Administrative Regulation

Effective Date:	10/01/2010	Regulation No:	25
Revision Date:	10/01/2010	Supersedes:	February 2010
Approved by:	Philip L. Warren, Jr., Town Manager		

Subject: ACCOUNTS PAYABLE POLICY

I. PURPOSE:

The purpose of Accounts Payable is to ensure that all Town of Meredith funds are disbursed and recorded in accordance with Generally Accepted Accounting Principles (GAAP). Accounts Payable is responsible for auditing and processing all invoices for payment.

This policy provides guidelines for new vendors, updating of existing vendors, general standards of invoicing and processing of invoices for payment of goods and services. Each Town Department through the Department Head is responsible for following the guidelines contained within this policy.

II. GENERAL GUIDELINES:

Payments for goods and/or services must be supported by a source document (original invoice), no payment will be made from non-original documents. The Town of Meredith does not accept hand-written invoices or e-mails that are not an original invoice. To ensure that the Town of Meredith is paying for goods/services that are valid and from an approved vendor, the source document shall be stamped (stamp has been supplied to each department head), coded with the appropriate general ledger account number and signed/initialed by the department head. If a sub-ordinate is tasked with stamping and coding of invoices; the final responsibility for submittal for payment is through the Department Head; whose initials/signature shall be on the invoice.

The Town of Meredith has a de-centralized purchasing system; therefore the majority of invoices are initiated from individual departments. It is each department's responsibility to provide the required documentation for new vendors; per IRS regulations, each vendor must provide a completed Form W-9. Along with Form W-9, the Town of Meredith, Administrative Services requires each vendor to supply a Vendor Information Sheet. These documents must be completed and forwarded **PRIOR** to the department ordering a product or engaging services of the vendor. All vendors that are providing a service shall also provide to the Town of Meredith a Certificate of Insurance **PRIOR** to the service being performed.

Sole proprietors require additional review; it is the responsibility of the Department to notify the Administrative Services Department in **ADVANCE** of utilizing a sole proprietor; this will allow Administrative Services to determine if the sole proprietor should in fact be set up as a part-time employee per IRS Form SS-8. The State of NH, Department of Labor has established criteria "to establish whether a sole proprietor is an Employee or Independent Contractor"; without Administrative Services review, this vendor (Sole Proprietor) **WILL NOT** be set-up.

Administrative Services continuously reviews the Accounts Payable vendor list; if a vendor has not been used in more than 2 years, the vendor will be inactivated. To re-activate the vendor the W-9, Vendor Information form and the Certificate of Insurance (if applicable) will be required.

The Town Accountant shall serve as a liaison when necessary between the Town of Meredith and the vendor. Administrative Services, through the Town Accountant, will answer inquiries from vendors regarding the status of delinquent invoices, however it is the department's responsibility to verify and certify all invoices for accuracy prior to forwarding for payment. In the event that there is a dispute, it is the department's responsibility to forward any correspondence to the Administrative Services Department regarding the dispute between the department and the vendor. This is to ensure that all information is available if an inquiry is made and requires additional information for resolution.

III. DEPARTMENT RESPONSIBILITY:

Each department is responsible to ensure that invoices (source documents) reach the Accounts Payable office in a timely manner. It is not the function of the vendor to bring invoices to Accounts Payable, nor is it the responsibility of Administrative Services to "chase" invoices for payment. Supporting documentation must accompany each request for payment.

It is the responsibility of each department to ensure that all steps in the "purchasing through payment process" are followed in a prompt manner with proper authorization for transactions and all supporting documentation for payment prior to any submission to Accounts Payable.

It is the department head's responsibility to ensure that proper documentation is included with the request for payment. Accounts Payable will not process any payment if the documentation is incomplete. Incomplete is defined as missing department head signature, missing general ledger coding, missing source documents, and/or hand-written invoices or e-mail invoices will result in all documentation being returned to the department head for compliance.

IV. GENERAL PROCEDURES:

All purchases of goods and services must comply with the Purchasing Policy (AR 13). Per the Purchasing Policy, a Purchase Order must be issued for an amount over \$1,000, at which time the departmental funds will be "encumbered". The encumbrance will automatically be removed when the invoice is paid in full and the Purchase Order is closed. In the event there are unused funds remaining on a Purchase Order, the Purchase Order will remain until such time that the Finance Officer is notified to close said Purchase Order. Departments with multiple Purchase Orders for vendors for such items as salt, sand, gravel, etc. are to use FIFO (first in first out). It is requested that a Department hold invoices assigned to a Purchase Order and submit for payment the invoices total the amount of the Purchase Order.

Vendors shall be instructed to mail all invoices directly to the Administrative Services Department; at which point each invoice will be date stamped with a received date and forwarded to the appropriate departments for approvals and signatures. Utility billing will not be forwarded to the departments. Copies will be made available at the department's request.

To maintain the integrity of the reporting of expenditures, invoices shall be recorded in the appropriate accounting period and should not be held by departments. Delays in forwarding invoices to the Administrative Services Department delays vendor payment and will affect the proper reporting of expenditures in the correct periods. The Town Manager will be apprised of Departments that

consistently submit invoices 30 days or more past the due date, disciplinary action may be warranted by the Town Manager.

Payments to vendors are on a net 30 terms, meaning vendors will be paid within 30 days of the invoice date unless otherwise specified. It is the policy of the Town of Meredith to directly mail checks to vendors from the Administrative Services office; this policy establishes control over checks and limits additional handling.

- **Meetings/Trainings/Conference Registrations** – All requests to attend training, meetings and conferences must be pre-approved by the Town Manager before submitting to the Administrative Services Department for payment. The employee shall complete the meeting/training/conference request form per AR #29 upon completion, with the Town Manager's approval, the request will be forwarded to Accounts Payable for processing and shall include the completed original conference form and approved meeting/training/conference request form. The original along with the check will be mailed directly to the vendor. It is the responsibility of the employee attending the meeting/training/conference to make all necessary arrangements and reservations.
- **Out of Pocket Expense** – Where reimbursement for out of pocket business expenses are to be paid to an employee, an approval signature must be obtained from a department head or supervisor. Out of Pocket Expenses will not be paid without original backup documentation. Department heads shall complete a "Check Request" form, attach the receipt; complete coding for proper distribution, sign the request and forward all documentation to Accounts Payable.
- **Employee Reimbursement** – Reimbursements paid to employees must be accounted for by the employee on a timely basis. The expense must be related to employment. If there is no accountability, then the payments are a taxable fringe benefit subject to all employment taxes payable through payroll. (see Fringe Benefit Administrative Regulation).
- **Mileage Reimbursement** – Mileage will be paid to an employee for the use of a personal vehicle to conduct Town business. (see Vehicle Policy) The employee must submit a mileage sheet and MapQuest search to determine the "to and from" mileage and destination points. The mileage reimbursement is determined by the IRS and reimbursement for mileage will be determined by the set rate and paid through payroll.
- **Non-Employee Reimbursements/Refunds** – Request can be made by completing a Check Request Form. Payment will not be made without the appropriate documentation and explanation for the reimbursement/refund. These payments are to be requested through the department head and approved by the Administrative Services Director.
- **Contractual Services** – Professional Service payments are made to consultants and others from an approved Consultant Contract and approved Purchase Order. Consultants are not paid automatically. An approved consultant invoice must be submitted to initiate payment. The department head's approval indicates that he/she has reviewed the work performed by the consultant and has satisfactorily been completed.
- **Down Payment/Deposits** – An invoice from the vendor requesting a down-payment or deposit for services must be submitted for payment. Administrative Services will not pay from a contract or estimate to process this payment. Department head's shall sign-off on the down-payment/deposit as with all source documentation.

- **Aggregates** – for the purpose of this policy, means the total costs of one vendor for a group of products or services. If it appears that the products/services will total more than \$1,000, a purchase order should be requested in an amount sufficient to meet the “aggregate” test. “Aggregate Test” – total of invoices for one vendor exceeding \$1,000. For example; a project needs several items from Middleton Lumber and it appears that the aggregate cost may exceed \$1,000, request a PO.
- **Project Definition** – When approving an invoice for such items as gravel, CBR, lumber, asphalt, etc., the project or road associated with these payments must be on each invoice.
- **Vehicle Maintenance** – When approving an invoice associated with a Town of Meredith vehicle please notate the vehicle number on the invoice for tracking purposes.

V. **PAYMENT CYCLE (7 day cycle from Invoice Submission to Treasurer Signature):**

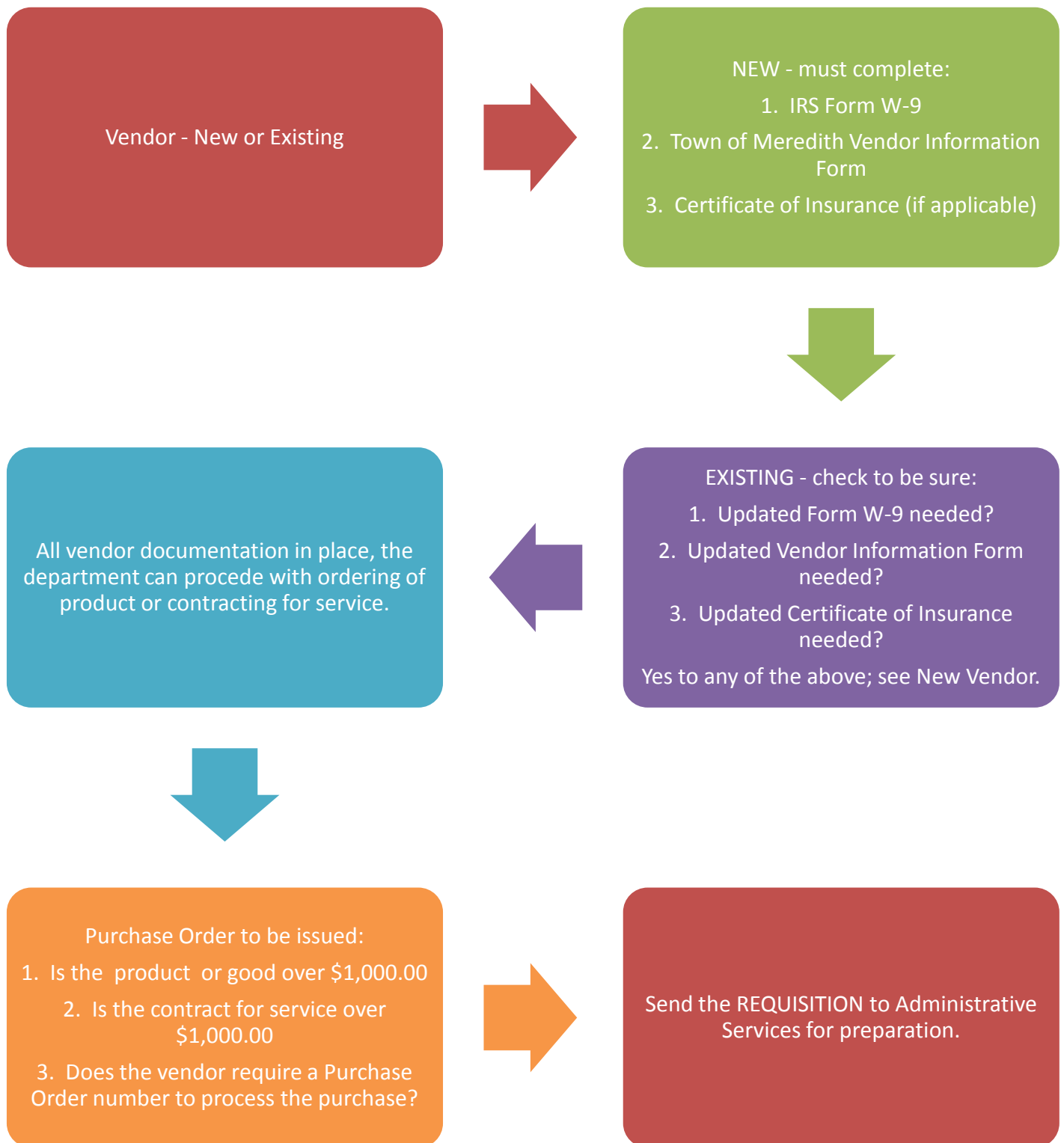
Departments are required to provide Administrative Services with all payment information (source document, Purchase Order, payment copies, department head signature, etc.) no later than close of business on Wednesdays.

Accounts Payable reviews and updates the vendor listing weekly. When submitting Form W-9, Vendor Information Forms and Certificates of Insurance (when applicable), these documents will be processed in the cycle with the invoices; prior to the processing payments and the manifest. These documents will not be processed on a daily basis; therefore ensuring that documentation is received by close of business on Wednesdays will allow for other process to continue in a timely manner.

The Accounts Payable manifest is prepared on Fridays and placed in the Board of Selectmen’s signature file. Checks **CANNOT** be distributed without a quorum of the Board of Selectmen signing the manifest as well as review and signature by the Town Treasurer.

The Town Treasurer must sign all paper checks. The time-line for signature is Tuesday afternoons. It is imperative that each department plan ahead to be sure if a payment is needed, the payment request and documentation is in prior to the deadlines or the payment will have to wait until the next payment cycle.

Accounts Payable Vendor Information Flowchart



Accounts Payable Payment Cycle Flowchart

