

# Town of Meredith - Administrative Regulation

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Revision Date: 2/15/2010                      Supersedes: January 1, 2007  
Approved By: Phillip L. Warren, Jr.

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**SUBJECT: ACCOUNTS PAYABLE POLICY**

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## **I. PURPOSE**

The purpose of this policy is to provide guidelines for the processing of invoices for payment of goods and services for outside vendors in compliance with the Town of Meredith policies. The Administrative Services Department strives to ensure the expedient and accurate processing of all payables for the Town of Meredith while adhering to appropriate accounting practices and internal controls. The Administrative Services Department is dedicated to provide quality customer service to both the Departments and Vendors.

The Town of Meredith must maintain and promote a satisfactory credit standing with suppliers. Prompt payment of invoices and responses to inquiries is necessary in order to achieve this goal.

The Town Accountant will answer inquiries from vendors regarding the status of delinquent invoices. The Town Accountant will serve as a liaison when necessary between the Town of Meredith and the vendor. It is the department's responsibility to forward any correspondence to the Administrative Services Department regarding any issues between the department and the vendor if problems arise. This is to ensure that all information is available if an inquiry is made.

## **II. POLICY**

These procedures provide for proper and authorized payments to vendors. Original invoices must be submitted to the Administrative Services Department via interoffice mail or postal service. This department does not pay from copies, packing slips, or statements. This eliminates duplicate payments. Administrative Services will not accept hand written notes or e-mails in substitution of an original invoice. All invoices submitted for payment must be stamped, coded with the appropriate general ledger account and signed (initialed) by the department head.

If any item or service purchased is not acceptable, arrangements must be made for a return for credit or an exchange. A cash refund is prohibited. If a vendor insists a refund be made in lieu of a credit on account, then the refund must be made by check, then the funds must be returned immediately to the Administrative Services Department for deposit to the Town of Meredith.

### **III. PAYMENT**

Invoices submitted to the Administrative Services Department by 3:00 pm on Thursdays will be processed for payment on Fridays. Checks will be disbursed after the Administrative Services department has received the necessary signatures from the Selectmen's Office and the Town Treasurer. The Administrative Services Department will mail all Accounts Payable checks.

### **IV. PROCEDURES**

All purchases of goods and services must comply with the Purchasing Policy in conjunction with the Accounts Payable Policy. (see Purchasing Policy)

When a Purchase Order is issued, the departmental funds are automatically "encumbered". The encumbrance will automatically be removed when the invoice is paid in full or when noted on an invoice, otherwise the unused funds will remain encumbered until such time that the Finance Officer is notified to close said purchase order.

Vendors shall be instructed to mail all invoices directly to the Administrative Services Department to be date stamped 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. Invoices should be recorded in the appropriate accounting period and should not be held by departments without an email addressed to the Town Accountant describing the reason for delay. Delays in forwarding invoices to the Administrative Services Department results in delays for the vendor payments. Payments to vendors who are on net 30 terms, requires vendors to be paid within 30 days of the invoice date unless otherwise specified.

The Town of Meredith does not pay interest on balances due. Vendors that cannot accommodate this policy shall not be used.

The IRS requires that the Town of Meredith maintain a signed W-9 form from all payees for year-end 1099 reporting purposes. If a vendor fails to supply an identification number, the Town of Meredith must withhold 28% and pay it to the IRS. This is called Backup Withholding Tax. Non-Incorporated companies or individuals that are compensated for goods and services must furnish their Social Security Number or Federal Employer identification Number on the W-9 form.

It is the responsibility of the Department signing on a new vendor to furnish the Administrative Services Department with this information before a purchase order will be approved or a vendor will be set up. It is also the responsibility of the Department to notify the Administrative Services Department in advance when signing on a sole proprietor so the department can make the determination if that person should in fact be set up as a part-time employee per IRS form SS-8. Furthermore, all vendors for services shall be required to submit a Certificate of Insurance, naming the Town of Meredith as an additional insured, with limits determined by the Town Manager, prior to commencing work.

- **Conference Registrations** – Request must include the completed original conference form. A copy should be attached for supporting documentation in the Accounts Payable/Vendor file. The original along with the check will be mailed directly to the vendor. All conference requests must be pre-approved by the Town Manager before submitting to the Administrative Services Department for payment. It is the responsibility of the employee attending the 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.
- **Employee Reimbursement** – Reimbursement to an employee 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) Mileage must be submitted with payroll with to and from mileage and destination point printout through Map Quest. Employees must note the business purpose in the note box on MapQuest. It is not necessary to complete a check request form for this reimbursement. The mileage reimbursement as of January 1, 2010 is a per mile rate set at .50 cents and will be paid through payroll as a non-taxable reimbursement.
- **Non-Employee Reimbursements/Refunds** – Request for reimbursements/refunds must be completed using a Check Request Form. Payment will not be made without the appropriate documentation (copy of the original Town of Meredith cash receipt) 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. Your approval indicates that the consultant performed the duties according to contract.
- **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 these payments.

- **Newspapers/Periodicals** – It is the responsibility of the department receiving the materials to renew subscriptions and forward renewal request to the Administrative Services Department for payment in a timely manner so as to avoid cancellation.
- **Aggregates** – When approving an invoice for such items as gravel, CBR, lumber, asphalt, etc., please notate the project or road associated with these payments.
- **Vehicle Maintenance** – When approving an invoice associated with a Town of Meredith vehicle please notate the vehicle number on the invoice.

**V. NON-COMPLIANCE IMPACT:**

Non-compliance with any section of the Administrative Regulation (unless authorized by the Town Manager in writing) shall result in the following:

- A. Invoices will be returned to Departments for proper processing and payment to the vendor will be delayed.
- B. Interest or services charges that may be assessed for late payments will be charged to the Department.

Phillip L. Warren, Jr.  
Town Manager