

## Town of Richmond Accounts Payable Policy

Below you will find the proposed Accounts Payable policy that upon approval of the Select Board will be implemented immediately for FY13. The policy listed below supersedes any other written document you may have received prior to today's date. If you have any questions or comments about this policy, please do not hesitate to contact the Finance Director or Town Manager.

### Policy Adopted as of August 15, 2012

Effective immediately, the following payment policy MUST be adhered to. THERE ARE NO EXCEPTIONS, ALL Department Heads MUST READ, UNDERSTAND AND ADHERE TO THIS POLICY. Any invoice(s) submitted without regard to this Accounts Payable policy will not be entered and therefore not submitted to the Select Board for approval. This policy includes all Department Heads and those that are authorized to submit invoices (Water Commission, Select Board or Grant Managers), as well as the Finance Director and Town Manager.

#### PURPOSE:

The purpose of this Accounts Payable policy is to ensure that invoices are reviewed, dated, and coded properly by the appropriate Department Head, or designee, prior to seeking approval from the appropriate Board or Commission. This policy is necessary to make sure all payments are timely and correct and have the necessary backup accompanying them.

#### POLICY:

All invoices must be dated, initialed and coded by the Department Head, or designee, of the department that the invoice pertains to, authorized member of the Department. If this authorization is not present, the invoice will be returned to the department that it came from, handed back to the Department. Invoices totaling \$1000 or more, or multiple invoices totaling \$1000 or more for the same project must follow the Municipal Purchase Order Policy. If a Purchase Order is necessary, the invoices must reference the Purchase Order PO number & balance available on the purchase order.

Formatted: Highlight

Formatted: Highlight

All invoices must be handed in to the Finance Director Department by no later than 9:00 a.m. 3:30 the Wednesday preceding the scheduled Selectboard and Water Commission meetings. Any invoices submitted after the time and day specified will wait not be processed until the next Accounts Payable period.

Department Heads will only approve the CURRENT AMOUNT DUE. The Finance Director will no longer pay the entire balance on invoices if there is a previous balance included on the invoice. Further, if an invoice has a previous balance due, the Department Head must supply the Finance Director with a duplicate copy of the original invoice in question and an explanation as to why it was not submitted when invoiced, and the Department Head did not mark the previous balance as being paid, the Finance Department will review the status of the previous balance in the accounting software. If the invoice is indicated as being paid, the Finance Department will write the word paid next to the previous balance and the date it was paid on. If a vendor supplies both a Statement, the Finance Department will verify that all invoices on the statement have been paid. If there are invoices that do not show as paid, and the invoice is not in the current batch to be paid, the Finance Department will call the vendor and request that a copy of the invoice be emailed or faxed to the Finance Department. The Finance Department will then forward the unpaid invoice to the appropriate department for coding and an invoice, the invoice will be honored for payment and the Statement will be used only as a reconciliation of payment history. An example is Richmond Home Supply. Some vendors do use Statements as source documents, and the Finance Director must use due diligence in these instances. Moreover, if there is taxation on the invoice, the net amount will be paid and a copy of the Town's tax exempt form will be sent along with payment. If an invoice indicates that tax was charged on the invoice, the Finance Department will cross off the tax amount and only enter the principal and shipping of the invoice for payment. The Finance Department will then write up a Tax-Exempt certificate

to accompany the payment to the vendor, and a note will be written on the check that states that “The Town of Richmond is tax exempt, please refer to the Tax-Exempt certificate provided.”;

When entering a new vendor, or when entering the invoice number into the invoice number field, and a message comes up that states “WARNING: Vendor W-9 information is blank;” the Finance Department will call the vendor and request that a W-9 be emailed or faxed to the Finance Department. The invoice will be entered onto the warrant; however, if the W-9 is not received prior to the check being put in the mail, the Finance Department will call the vendor again requesting the W-9 and will notify them that the check will be held until the W-9 is received. The W-9 information will be entered into the Accounts Payable software, and a hard copy will be saved in the Finance Departments vendor file. If Departments subcontract for goods or services over \$600 from a new sub-contractor, he or she must request a W9 and Certificate of Insurance. Before doing so, the Department Head must determine if it will be a subcontracting relationship or a temporary hire relationship. If documentation is not acquired before the first invoice is received, payment will not be issued. For clarification, contact the Town Manager. The Town needs records of each sub-contractor's TIN (Tax ID Number), as well as, proof of insurance for annual Workers Compensation and Liability audit purposes. If it is determined that this will be a temporary hire relationship, then a W-4 and 1-9 must be obtained from the individual.

The Finance Director will Department is be responsible for organizing invoices alphabetically and in date order, oldest on top. After entry, the warrant will be printed in alphabetical order with the appropriate Board or Commission signature line. The warrant, and then the invoices, will then be scanned in and emailed to the Town Manager for inclusion in the Selectboard or Water Commission packet. The Library warrant and invoices will be forwarded to the Library Director, or designee, for review and submission the Library Board of Trustees, and supplying warrants to the Town Manager. Further, before the warrants and invoices are handed to the Town Manager, the Finance Director must insure that all invoices appear on the correct Warrant for the Select Board and Water Commission.

Each month the Finance Department will supply each Department Head with a Budget Status and a Detailed Transaction Report for the month that just finished. At the six and twelve month period, the Finance Department will forward the Department Heads the Budget Status report and a Detailed Transaction report for the six-month period for their Department. The Department Head, or designee, is responsible for reviewing all of the detail transactions for their department. If corrections are needed, the Finance Department shall be contacted to review and make adjusting entries as needed. If something is adjusted due to a coding error, the Finance Department will do the adjusting entry and go to the original invoice and note the new code on the invoice and the date it is being changed.

Each quarter the Finance Director will supply each Department Head with a Detailed Transaction Report from NEMRC in order to check for accuracy of expenditures. If there are any errors, questions should be directed to the Finance Director, The error will then be corrected by the Finance Director in NEMRC to insure budgets are reflected appropriately.

Formatted: Highlight

Department Heads need to be aware that the Select Board can for any reason choose for any reason not to approve an invoice for payment included on the Accounts Payable warrant, and the Treasurer can choose not to sign a check for an invoice that was approved by warrant. If this happens, the Finance Director or Town Manager will be in touch with the Department Head affected as to why the decision was made to not approve the invoice.

Approved Date: \_\_\_\_\_

---

Christine Werneke      David Sander      Bard Hill      June Heston      Cody Quattrocci