

**Accounts Payable
Policies and Procedures**

**Approved by:
Select Board
and Finance
Committee**

Effective: 8/8/19

PURPOSE:

To establish bill payment standards and practices to assure that all invoices presented are legal obligations of the Town, are paid from valid appropriations or encumbrances and are obligations of the current fiscal year.

AUTHORITY:

MGL Chapter 44 §§52, 56, 58 and 64

INVOICE REVIEW, PROCESSING AND PRODUCTION OF THE WARRANT

POLICY:

The policy of the Town is that the accountant's office shall assure the timely payment of all original invoices and vouchers submitted and approved by authorized municipal officials. In order to accomplish this, the town's policy is that vendors are paid weekly. The town's policy further requires that vendor invoices are only paid after verification of available funds for said purpose and upon evidence of compliance with procurement requirements consistent with state law.

PROCEDURES:

Appropriate Documentation

Town departments shall submit invoices for payment to the accountant's office as follows.

Authorization for Payment

- Only original invoices shall be submitted. They shall be covered with a *Schedule of Bills Payable* form or have an authorizing stamp clearly printed on the face of the invoice outlining the same information as the Schedule of Bills Payable form. The invoice or bill schedule shall be signed by the appropriate municipal official as verification of receipt of the services/materials. Only original signatures are accepted; stamped signatures are not allowed.

- The accountant's office shall maintain a listing by name and position with a signature for each municipal official authorized to make payments.
- Elected boards shall approve their departmental Schedule of Bills Payable. This includes but is not limited to the, library trustees, board of assessors and board of health. A majority of the board is required to sign the Schedule of Bills Payable, unless the Board or Committee appoints a member to sign and approve on behalf of the Board or Committee. If this option is exercised, the Board or Committee shall add an agenda item for a future meeting specifically for the purpose of reviewing the expenditures of the Board or Committee.
- When submitted, a signed Schedule of Bills Payable shall list each invoice presented for payment, the account to be charged and the total of bills payable on that schedule. When applicable, a copy of the purchase order and delivery documentation shall be attached as evidence of compliance with procurement requirements.
- A municipal official may seek to assign temporary signature authority to another municipal official. This process allows an alternate official to sign the Schedule of Bills Payable. Temporary signature authority is acquired by submitting a letter to the accountant's office with the supporting details.

Departmental entry of payables in VADAR System

- All invoices related to the week's Schedule of Bills Payable prepared by an authorized department shall be entered for processing via the VADAR system in the VADAR AP Invoice Entry Module.
- When the department has reviewed and confirms that the Schedule of Bills Payable and the VADAR Payables Batch reconcile, then the Schedule of Bills Payable and all the original documentation shall be submitted to the accountant's office for review and additional processing.
- The accounts payable supervisor in the accountant's office enters all other department's invoices.

Accountant's Office Review of Payables

- The accounts payable supervisor shall review all invoices submitted for:
 - o Verification of mathematical accuracy of
 - o Verification of delivery when applicable
 - o Verification that the Town has not been charged sales tax
 - o Verification that applicable discounts have been utilized
 - o Verification that vendor record is set up correctly.
- The assistant accountant shall review all invoices submitted for:
 - o Verification of fund, org and account coded/charged
 - o Verification of compliance with procurement requirements
 - o Verification of sufficiency of funds.

- After entering all invoices, the accounts payable supervisor shall run a VADAR Preliminary Warrant and verify that the VADAR Warrant Total reconciles to the grand total of each department's Schedule of Bills Payable for the week.
- The Preliminary Warrant will also identify and allow adjustments to the warrant in progress due to any accounts with insufficient funds.
- When this process has been completed for all departments submitting bills for payment, a VADAR Edit List shall be run and reconciled to a town-wide total of all Schedules of Bills Payable for that week.
- The accounts payable supervisor will run the VADAR Cash Disbursements Journal to verify that no vendor has a credit balance.
- The accounts payable supervisor will then run the VADAR Check Reconciliation report and will verify the vendor count to the number of checks.

Accountant's Review

Upon completion of these steps, a final edit listing of the warrant for the week shall be given to the accountant for review.

- The focus of the accountant's review shall be:
 - Appropriateness of fund, organization and account charged
 - Sufficiency of funds.
- In the instance of insufficient funds, the invoice shall be removed from the warrant and the invoice shall not be paid until budgeted funds are transferred, or until there is an authorized funding source. The Accountant will notify the Department Head of the insufficient funds and non-payment of the invoice.
- Upon approval of the VADAR Preliminary Warrant, the accountant shall instruct the accounts payable supervisor to run the Final Warrant. Two copies of the warrant shall be given to the accountant for signature.

Revisions to Department's Payables

- The accounts payable supervisor shall send each department a copy of their Edit Listing indicating any changes in the account charged, or other changes (i.e. removal of sales tax) with a brief explanatory note.
- Any invoice that cannot be paid shall be sent back to the department indicating the reason.

Submittal of Warrant to the Town Selectboard for Signature

After signature of the warrant by the accountant, the accounts payable supervisor shall submit the warrant to the town Selectboard for signature.

The signed warrant is the authorization for the accounts payable supervisor to run the VADAR Cash Disbursements Journal and to print the vendor checks.

UNPAID BILLS OF THE PRIOR YEAR

Policy:

The policy of the Town is to assure integrity to the Annual Budget by charging all invoices to the proper fiscal year via an encumbrance of current year funds. In the event that an invoice is not submitted by the department head for payment in the appropriate fiscal year, it shall be submitted to Special Town Meeting for a vote as to its disposition, consistent with the requirements of MGL Chapter 44 §64.

Procedures:

- In the event any department submits a bill from the prior year on a Bill Schedule, it shall be removed from the Bill Schedule and the accounts payable supervisor shall submit it to the accountant who will discuss it with the department head.
- In the case of any expenditure in excess of appropriation, the accountant shall forward the invoice and an explanation of the facts to the town Selectboard. The accountant will make a recommendation to the town Selectboard relative to the payment of the “unpaid bill” and potential funding options.
- The town Selectboard will present a recommendation to town meeting for payment of the unpaid bill of the prior fiscal year with an explanation of the facts and circumstances as to why the bill was not paid within the proper fiscal year. The appropriation may be funded by Town Meeting from any available funds.
- The appropriation can only be approved with a four-fifths vote of Town Meeting or a nine-tenths vote of a special Town Meeting.
- The proper municipal official or their lawful surrogate and the lawful vendor shall, under penalty of perjury, complete a prescribed certificate for presentation to the Selectboard. At the time of payment, the invoice and certificates shall be submitted to the accountant along with the proper Schedule of Bills Payable.