

# Town of Amherst



## Accounts Payable Policy

Effective March 9, 2020

# **Town of Amherst Accounts Payable Policy**

## **Section 1. Purpose**

- 1.1 The purpose of this policy is to provide guidelines for the processing of invoices for payment of goods and services in compliance with the Town of Amherst policies.
- 1.2 The purpose of Accounts Payable is to ensure that all Town 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.

## **Section 2. Objectives**

- 2.1 Ensure the expedient and accurate processing of all payables while adhering to appropriate accounting practices and internal controls.
- 2.2 Promote and maintain a satisfactory credit standing with suppliers. Prompt payment of invoices and responses to inquiries is necessary in order to achieve this goal.

This policy shall be known as the "Town of Amherst Accounts Payable Policy" and may be cited as such.

## **Section 3. Definitions**

For the purposes of this Policy, the following terms, phrases, words and their derivations shall have the meanings ascribed to them in this section:

- 3.1 **Invoice** - an itemized bill for goods sold or services provided, containing individual prices, the total charge, and the terms.
- 3.2 **Payee** - a person or company to whom a check, money order, etc., is payable.
- 3.3 **Statement** - an history of an account, as one rendered to show the balance due.
- 3.4 **Vendor** – a person, group, company, or agency that sells a goods or service.

## **Section 4. Authority**

This policy is adopted by the Board of Selectmen in accordance with RSA 31:39<sup>1</sup>: Powers and Duties of Towns" and in accordance with RSA 41:8<sup>2</sup> and RSA 41:9<sup>3</sup> "Choice and Duties of Town Officers" as it relates to their management of the Town's prudential affairs and their authority over expenditures.

## Section 5 Policy

- 5.1 All payments for goods and services or reimbursements must be supported by a source document (invoice or check request form) and all applicable approvals in accordance with the Town of Amherst Purchasing Policy.
- 5.2 All reimbursement payments to employees of the Town of Amherst shall be approved by the Finance Director and Town Administrator prior to payment.
- 5.3 Payment will **not** be made from invoice copies, packing slips, or statements unless arrangements have been made ahead of time.
- 5.4 Payment for past due amounts or balances will **not** be paid without a copy of the unpaid invoice attached.
- 5.5 All disbursements are to be made by paper check or through on-line banking (ACH) and are only made payable to a specific payee and are not written to "Cash" or "Bearer".
- 5.6 All disbursements will be made by the Finance Department through the Accounts Payable system. No handwritten checks will be disbursed except in emergency circumstances. Any emergency that warrants handwritten checks must be approved by the Board of Selectmen.
- 5.7 Checks to a vendor from any Town bank account **except the Library account** will be processed through the General Fund using the Accounts Payable process. Reimbursements from any other bank account will be transferred back into the General Fund.

## Section 6 Department Responsibilities

- 6.1 It is the responsibility of each department to ensure that all goods and services are purchased in accordance with the Town of Amherst Purchasing Policy.
- 6.2 Departments will enter batches of invoices in the Accounts Payable system. Batch Proof Lists and original invoices are to be submitted to the Finance Department with the appropriate backup documentation attached, such as sales slips, purchase orders, etc.
- 6.3 The IRS requires that the Town of Amherst maintain a signed W-9 form from all payees for goods or services. When using a new vendor, the Department will request a W-9 form from the vendor. Once the W-9 form is received by the Finance Department, a vendor number shall be created. The department can then enter invoices for that vendor in a batch in the A/P system. **No vendor numbers will be created without a completed W-9 form on file. The only exception is for refunds of overpayments under \$600.** 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 in order to receive payment.

**6.4** All invoices submitted for payment must be coded with the appropriate general ledger account number and initialed or signed by the Department Head that is responsible for the budget to be charged. For example, Department "A" enters an invoice in a batch and charges a part of it to Department "B". Department "A" must obtain the approval in writing of the Department "B" Head because they are incurring the expense in their budget.

Exceptions to the above rule are:

- 6.4.1** Payroll
- 6.4.2** Payroll taxes and benefits payments
- 6.4.3** NHRS payments
- 6.4.4** Lease payments for Capital loans and leases

**6.5** Any invoices relating to an open purchase order shall have a copy of the purchase order attached.

**6.6** A/P batches and invoices are to be recorded in the appropriate accounting period and should not be held by departments without a written explanation addressed to the Finance Director. Delays in forwarding invoices to the Finance Department results in delays of 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. Any interest or service charges incurred due to the Finance Department receiving the invoice late shall be charged to the originating department.

**6.7** Multiple invoices from a single vendor must be entered separately. **For example**, Vendor A has invoice #0001 for \$50 and invoice #0002 for \$100 – both invoices should be entered separately – not as one entry for \$150. One check will be printed, but with a separate history for each invoice for audit tracking purposes.

**6.8** When a discount is taken, the full amount of the invoice must be entered in the batch. A second line to the invoice should be entered to show the discount amount taken and credited to "Discounts Taken" (G/L # 01-3509-90-2280).

**6.9** All statements from credit card companies must have substantiating purchase and credit receipts matching the amount of the statement in total.

**6.10** Payment and Invoice dates entries:

**6.10.1** The first date entered in the A/P system is the **Payment Date** in the **Setting** section. This is the date of the check – usually Tuesday of the A/P week.

**6.10.2** The second date entered in the A/P system is the **Invoice Date** in the **invoice** section. This is the date on the invoice or receipt you

received from the vendor. This is **not** the date the invoice is being entered into the A/P system.

- 6.11** All invoices should have an individual, unique invoice number. If no invoice number appears on an invoice or receipt, use the following guidelines:

**6.11.1** Use the last 6 digits from a customer account number or phone number with the month & year (Ex: For acct # 5838465158684 in September, 2020... the invoice number = 158684Sept20)

**6.11.2** If there is no account number or phone number, you can use the vendor number with the month (Ex: For vendor #3052 in September, 2020... the invoice number = Vend3052Sept20)

- 6.12** As accounts payable is processed bi-weekly, departments are to **submit all batches and invoices for payment to the Finance Department no later than 3:00 PM on the Thursday prior to the week accounts payable will be processed.**

- 6.13** If an item or service purchased is not acceptable, arrangements must be made by the department for a return for credit or exchange.

- 6.14** It is the individual department's responsibility to make the first attempt to resolve any discrepancies which may occur, however, if the department and vendor are unable to come to an agreeable solution, the department shall forward any correspondence between the department and the vendor to the Finance Department Assistant, who will attempt to resolve the issue.

## **Section 7 Finance Office Responsibilities**

- 7.1** All checks, access to bank accounts and statements, etc. shall be secured and controlled by the Finance Department with limited access.

- 7.2** Accounts Payable shall be processed bi-weekly by the Finance Department.

- 7.3** All A/P batches received from the departments will be verified for appropriate original invoices, back up documents, G/L account coding, and approval initials or signature. Any omission will be brought to the department's attention for correction. Scheduled check runs will not be held to wait for re-submitted corrected invoices.

- 7.4** All invoices will be paid under the terms of NET 30 unless otherwise referenced on the invoice by the vendor.

- 7.5** Checks will be disbursed only after:

**7.5.1** A quorum of the Board of Selectmen have approved the Accounts Payable manifest,

**AND**

**7.5.3** The Town Treasurer or Deputy has signed the checks.

The checks will be mailed by the Finance Department unless other arrangements are requested ahead of time.

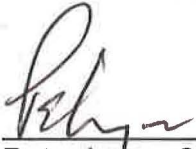
**Section 8 Amendments**


These policies may from time to time be amended by the vote of the Board of Selectmen at a properly scheduled Selectman's Meeting.

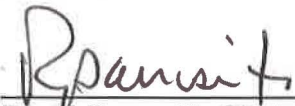
**Section 9 Implementation**

To facilitate conduct in accordance with this policy, a copy of this policy shall be made available to town officials, employees, volunteers, boards and commissions upon hiring, appointment or election to office and at such other times as may be necessary. All employees involved in the Accounts Payable process will sign and return an acknowledgment of receipt of this policy to the Finance Department. That document will be kept in the employee's personnel file.

**Adopted by vote of the Board of Selectmen on this date, the 9<sup>th</sup> of March, 2020.**

 3-9-20  
Peter Lyon, Chairman

 03/09/2020  
Dwight Brew, Vice-Chairman

 3/9/20  
Reed Panasiti, Clerk

 3/9/2020  
Tom Grella, Selectman

 3/9/20  
John D'Angelo, Selectman