

Title: PUR106 ACCOUNTS PAYABLE AND CASH DISBURSEMENTS

Policy: Internal controls are required to ensure that only valid and authorized payables are recorded and paid. Accounting procedures should be implemented to ensure the accuracy of amounts, coding of General Ledger accounts and appropriate timing of payments.

Purpose: To explain the practices for documenting, recording and issuing payments for accounts payable transactions.

Scope: This procedure applies to all purchases including merchandise and non-merchandise purchases.

Responsibilities:

Borough Treasurer is responsible for reviewing Accounts Payable material and initialing approval.

Department Supervisor/Clinic Executive Director is responsible for forwarding all paperwork to accounting for payment.

Accounting Clerk is responsible for entering & payment of invoices, but only after Department Supervisor has verified that satisfactory completion or delivery of goods or services has been made. The Accounting Clerk also provides the Finance Committee Chair with a check register for each check run.

Executive Assistant is responsible for filing and maintaining all agreements and contracts.

Finance Committee Chair/Member is responsible for providing the Assembly with a check register for approval to pay bills and to sign each voucher.

Assembly is responsible for approving all voucher payments made by the Municipality.

Background: Properly recording liabilities is generally a three-step process, particularly for merchandise purchases.

The first step is to create a purchase order with an estimated cost for purchasing merchandise. It documents the company's understanding of how much each item will cost, per the vendor's terms. This includes estimates for freight and any other charges.

The second step takes place when the merchandise and vendor's invoice is received. At this point the actual liability is recorded, with any necessary adjustments to the item costs, freight, or other charges.

The third step involves the preparation, issuance of payment for the goods received, and subsequent filing of all paperwork for easy retrieval.

Procedure:**1.0 DOCUMENTING ACCOUNTS PAYABLE**

- 1.1 The following documents will be collected by the Department Supervisor for temporary filing and subsequent matching to form an accounts payable voucher package:
- Purchase Order with purchase requisition if applicable
 - Packing Slip with receiving report if applicable
 - Vendor invoice
- 1.2 Once the Department Supervisor receives all documents, the following steps will be performed to ensure proper authorization, validity of purchase, receipt of purchased items or services and accuracy of amounts.
- The vendor invoice will be attached to the packing slip followed by the purchase order and requisition.
 - The purchase order should be evaluated for proper authorization and the nature of the purchase and pricing as shown on the invoice reviewed for validity.
 - The quantities shown shipped or delivered on the invoice will be compared to the packing slip and/or receiving reports. Any discrepancies must be followed-up and resolved prior to commencing with the voucher process.
- 1.3 After confirming the accuracy of all documents, the complete package with approved invoice will be submitted to Accounts Payable for processing.

2.0 RECORDING MERCHANDISE PAYABLES

- 2.1 Once merchandise has been physically received and all documentation has been reconciled with any discrepancies resolved, the accounting system must be updated to record the received goods. The matched documentation required consists of the original invoice, original purchase order and packing slips.
- 2.2 Upon receipt of the proper documentation from the Department Supervisor, the Accounting Clerk creates a payables packet in the accounting system and submits the packet to the Borough Treasurer for review prior to posting to the general ledger and recording the liability.
- 2.3 Posted invoices are filed alphabetically and maintained by the Accounting Clerk until vouchers are processed for payment.

3.0 RECORDING NON-MERCHANDISE PAYABLES

- 3.1 Non-merchandise expenditures, like utilities, rent, insurance, taxes, repairs, professional fees, are generally not recorded through the purchase order routine. However, there may be other documentation, like contracts, requisitions, and other agreements filed and maintained by the Executive Assistant. Upon receipt of the invoice, the charges should be entered into the payable system and coded to the appropriate expense account.

- 3.2 The Accounting Clerk creates a payables packet in the accounting system and submits the packet to the Borough Treasurer for review prior to posting to the general ledger and recording the liability.
- 3.3 Posted invoices are filed alphabetically and maintained by the Accounting Clerk until vouchers are processed for payment.

4.0 PAYMENT OF ACCOUNTS PAYABLE

- 4.1 Check runs are done on the Thursday coinciding with an Assembly meeting, generally every two weeks and printed by the Accounting Clerk.
- 4.2 Any vendor credits which are amounts owed to the company for returns, marketing co-op, or price adjustments, should be applied to amounts currently owed to the vendor when determining payment. These are normally received in the form of a credit memo or adjusting invoice. These should be entered into the system like any other invoice and applied to the next payment being made.
- 4.3 All posted invoices in the accounting system are paid during a check run.
- 4.4 Once vouchers are run, a photocopy is made for filing purposes.
- 4.5 The Accounting Clerk pulls all Invoices to be paid from the files and matches them with the printed vouchers.
- 4.6 The Finance Committee Chair reviews and signs all vouchers. In their absence, another Committee Member may sign vouchers.
- 4.7 Once the vouchers are reviewed by the Assembly and approved for payment, the Borough Treasurer signs each voucher and returns all vouchers with back-up to the Accounting Clerk. The Borough Clerk may sign vouchers in the Borough Treasurer's absence.
- 4.8 The Accounting Clerk mails out vouchers on each Friday after the Assembly meeting and voucher approval.
- 4.9 All vouchers and related back-up are scanned and attached to the payment transaction in the accounting system.

Revision History:

Revision	Date	Resolution #	Description of changes	Requested By
0	11/08/12	RES#12-22R	Initial Release	Heather Rodig
1	03/01/18	RES#18-03R	Review & update language	Heather Rodig
2	06/17/21	RES#21-20R	Review & update language	Heather Rodig
3	12/07/23	RES#23-33R	Review & update language	Heather Rodig

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