

Proposed by:	Administration
Attorney Review:	11/29/2023
Vote:	6 Aye 0 Nay 0 Absent

MUNICIPALITY OF SKAGWAY, ALASKA
RESOLUTION NO. 23-33R

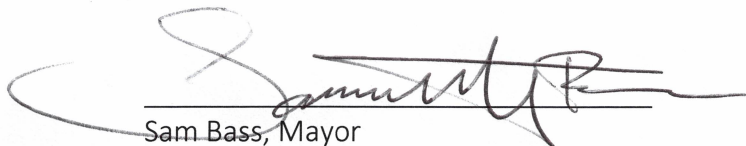
A RESOLUTION OF THE MUNICIPALITY OF SKAGWAY, ALASKA, UPDATING ACCOUNTING POLICIES AND PROCEDURES.

WHEREAS, the Municipality must review and update its accounting policies and procedures routinely to ensure grant compliance;

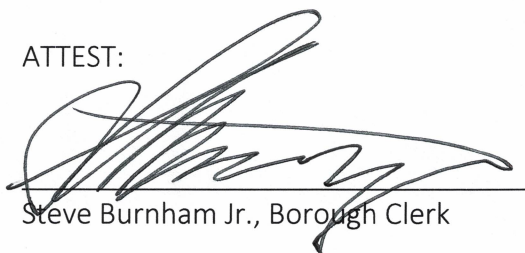
NOW, THEREFORE, BE IT RESOLVED by the Borough Assembly of the Municipality of Skagway that the Skagway Borough Assembly updates the following accounting policies and procedures, which updates are detailed in Attachment A:

- CSH108 Federal Cash Management and Drawdowns
- CSH109 Credit Card Processing and Handling
- G&A105 Period-End Review and Closing
- INV102 Inventory Counts
- PUR106 Accounts Payable and Cash Disbursements
- PUR107 Federal Award Procurement Method
- REV109 Account Collections

PASSED AND APPROVED this 7th day of December, 2023, by the Assembly of the Municipality of Skagway, Alaska.


Sam Bass, Mayor

ATTEST:


Steve Burnham Jr., Borough Clerk

(SEAL)



Title: CSH108 FEDERAL CASH MANAGEMENT AND DRAWDOWNS

Policy: Accurate internal control of federal grant receipts will be maintained at all times.

Purpose: To establish a standardized procedure for the cash management and drawdowns of Federal grants and comply with the requirements for Section 330 Grant.

Scope: This procedure applies to all federal drawdowns on the 330 grant by Dahl Memorial Clinic.

Responsibilities:

Clinic Executive Director is responsible for initiating and signing off on a drawdown through the Payment Management System (PMS) and providing allocation of funds between CFDA numbers.

Clinic Administrative Manager is responsible for sending confirmation of a drawdown to the Borough Tax Clerk at City Hall.

Borough Tax Clerk is responsible for recording drawdowns into the municipal accounting system.

Borough Treasurer is responsible for reconciling general ledger (GL) accounts and bank statements on a monthly basis.

Borough Manager is responsible for reviewing and approving GL and bank statement reconciliations.

Definitions: Drawdown. An electronic request for grant reimbursement based on the annual grant funds available and the total expenditures to-date. Drawdowns are posted to the municipal bank via Electronic Funds Transfer (EFT) payments.

CFDA. The Catalog of Federal Domestic Assistance provides a full listing of Federal programs that are available to organizations, government agencies (state, local, tribal), U.S. territories, and individuals who are authorized to do business with the government. Each program is assigned a unique number called a CFDA number.

Procedure:**1.0 RECORDING OF GRANT RECEIPTS**

1.1 Drawdown confirmations will be sent to the Borough Tax Clerk at City Hall by the Administrative Manager at Dahl Memorial Clinic on the same day as the request is approved.

1.2 The Borough Tax Clerk enters the drawdown into the municipal accounting system as a Debit to the General Bank GL account and a Credit to the 330 Grant Revenue GL account. A deposit journal-register is printed and attached to the drawdown request. The deposit journal-register and all backup is stapled together and filed in the EFT deposit folder and stored with all municipal deposit records.

ATTACHMENT A

- 1.3 The Borough Treasurer reconciles the bank statements and GL accounts on a monthly basis to ensure all drawdowns are accounted for and recorded in the proper GL account.
- 1.4 The Borough Treasurer maintains a month, quarter & annual checklist to document these reconciliations. These checklists are filed with the monthly adjusting journal entries.
- 1.5 Monthly reconciliations and checklists are reviewed and approved by the Borough Manager.

Revision History:

Revision	Date	Resolution #	Description of changes	Prepared 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
<u>3</u>	<u>12/07/23</u>	<u>RES#23-33R</u>	<u>Review & update language</u>	<u>Heather Rodig</u>

ATTACHMENT A

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Title: CSH109 CREDIT CARD PROCESSING AND HANDLING

Policy: Proper internal control should be maintained over credit card payments to the Municipality to mitigate risk of fraud, control fee expenses, and ensure proper recording of payments.

It is not permissible to retain full credit card information in any form once the transaction is complete.

Purpose: The Municipality of Skagway currently accepts credit cards at several locations within the Borough. The Municipality is responsible for safeguarding and protecting all consumer data received through credit card transactions in accordance with applicable laws and regulations such as Payment Card Industry Data Security Standard (PCI-DSS).

Scope: This procedure applies to all City Hall personnel who have access to credit or debit card numbers accepted for payments to the Municipality. This procedure applies to customer payments including, but not limited to: Harbor fees, utilities, services, permit fees, and property tax. Quarterly Sales Tax returns are not applicable under this procedure and require payment by check or cash only.

Responsibilities:

Borough Employee is responsible for entering credit card information into the credit card processing equipment via manual input or swiping the customer's card and supplying all pertinent documents to the Borough Tax Clerk.

Borough Tax Clerk is responsible for maintaining daily reports from the merchant website to reconcile with payments received and apply payments to correct customer accounts in the accounting system.

~~Administrative Assistant/Deputy Clerk~~Executive Assistant is responsible for maintaining employee personnel files and ensuring a current Information and Technology Security Policy is on file for authorized employees.

Borough Treasurer is responsible for reconciling general ledger (GL) accounts and bank statements on a monthly basis, including credit card transactions & associated fees.

Borough Manager is responsible for reviewing and approving bank statement reconciliations.

Definitions: PCI-DSS. The Payment Card Industry Data Security Standard (PCI DSS) is a widely accepted set of policies and procedures intended to optimize the security of credit, debit and cash card transactions and protect cardholders against misuse of their personal information.

Procedure:**1.0 MERCHANT ACCOUNT AUTHORIZATION**

- 1.1 All merchant accounts will be set up and maintained by the Borough Treasurer.
- 1.2 The Borough Treasurer will set up (when applicable) online access to each merchant account and maintain a secure list of login credentials.
- 1.3 Merchant account statements will be sent to City Hall to be reconciled to actual fees assessed each month and filed by the Treasurer.

2.0 ACCESS TO CUSTOMER CREDIT CARD DATA

- 2.1 Access to customer credit card data is authorized only to Municipal personnel who are responsible for processing or facilitating credit card transactions.
- 2.2 Only authorized personnel may process credit card transactions or have access to documentation related to credit card transactions.
- 2.3 A copy of the Municipality's Information and Technology Security Policy must be read and signed by authorized personnel on initial employment.
- 2.4 Signed policies will be maintained by the Administrative Assistant/Deputy Clerk and filed in the employee's personnel file at City Hall.

3.0 TRANSMISSION OF CREDIT CARD INFORMATION

- 3.1 Unsecure (unencrypted) transmission of cardholder data is prohibited. Credit card numbers and cardholder data may not be emailed, faxed, or sent via any electronic messaging technologies such as instant messaging or chat.
- 3.2 Under no circumstance will credit card numbers received through email be processed.
- 3.3 The recipient of the credit card number will respond to the sender with a standard template advising that the transaction cannot be processed and offer an acceptable method for transmitting card information. Credit card numbers will be deleted from the response prior to sending. See CSH109 Ex1 TEMPLATE RESPONSE FOR CREDIT CARD NUMBER RECEIVED IN EMAIL.

4.0 CARD NOT PRESENT TRANSACTIONS

- 4.1 When taking credit card information for processing via telephone, all data recorded is written in a receipt book. This data is limited to the following: cardholder name, account number, expiration date, billing zip code, and three-digit security code (CVV2).
- 4.2 An email address may be requested if the cardholder would like a receipt emailed to them as proof of payment.

- 4.3 Once the credit card is manually input into the credit card terminal for processing, the hand written receipt with the cardholder data is destroyed via paper shredder- **no credit card information is retained.**
- 4.4 A terminal receipt is printed and submitted to the Borough Tax Clerk to enter into the accounting system.
- 4.5 Once recorded in the accounting system, the Borough Tax Clerk files the credit card payment receipt & related documentation with the daily deposits.

5.0 CARD PRESENT TRANSACTIONS

- 5.1 A picture ID is required if the card is not signed.
- 5.2 Once the transaction is complete, the customer is given a receipt or, if requested, emailed a receipt.
- 5.3 A duplicate receipt is printed, initialed by the Municipal employee, and attached to the invoice or statement documentation provided by the customer.
- 5.4 All transaction documentation is submitted to the Borough Tax Clerk to enter into the accounting system.
- 5.5 Once recorded in the accounting system, the Borough Tax Clerk files the credit card payment receipts & related documentation with the daily deposits.

Revision History:

Revision	Date	Resolution #	Description of changes	Requested By
0	12/06/12	RES#13-01R	Initial Release	Heather Rodig
1	03/01/18	RES#18-03R	Review & remove transaction limits	Heather Rodig
2	06/17/21	RES#21-20R	Review & update language	Heather Rodig
<u>3</u>	<u>12/07/23</u>	<u>RES#23-33R</u>	<u>Review & update language</u>	<u>Heather Rodig</u>

ATTACHMENT A

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**CSH109 Ex1 TEMPLATE RESPONSE* FOR CREDIT CARD
NUMBER RECEIVED IN EMAIL**

Thank you for your recent communication regarding payment for [item or service]. For your protection, we cannot accept credit card information via email. Email is an unsecure means of transmitting information and you should never use it to send your credit card number or other sensitive personal information (passwords, Social Security Number, etc). Please call our office at 907-983-2297 during regular business hours to complete the transaction. Thank you.

**Delete the cardholder data from your response and delete the original message after replying.*

Title: G&A105 PERIOD-END REVIEW & CLOSING

Policy: An orderly, timely and comprehensive review of all general ledger accounts should be performed or directed by the Borough Treasurer to ensure an accurate representation of the Municipality's financial standing. These practices are aimed at proving that the financial accounts are accurate, and if not, are properly adjusted to make them accurate, prior to closing.

Purpose: To provide a general overview of the process to be completed for reviewing the accounting records at year-end or any particular month-end prior to closing.

Scope: These practices apply to all accounts. Typically, all financial accounts are reviewed and then closed out as of the Municipality's fiscal year-end. Consequently, the procedures that follow are discussed in reference to year-end review. However, a sub-set of these procedures is also applicable to month-end reviews. Month-end procedures are identified near the end of this module.

Responsibilities:

Borough Manager is responsible for reviewing all period-end adjustments & reconciliations to ensure the period-end financial statements accurately reflect the results of the Municipality's activities.

Borough Treasurer is responsible for generating all period-end activities to ensure the period-end financial statements accurately reflect the results of the Municipality's activities. The Treasurer should be familiar with the specific software procedures for keeping the prior year open until all final closing adjustments have been made and approved by the Borough manager.

Tax Clerk is responsible for creating and maintaining detailed tax ledgers to allow the Treasurer to reconcile to tax payments received.

~~Administrative Assistant/Deputy Clerk~~Executive Assistant is responsible for creating and maintaining all lease agreements and keeping an updated detailed list of current agreements.

Definition: "Review" refers to the procedures involved in examining the financial statement balances at any given period to ascertain their accuracy.

"Closing" is the process of advancing from one month or period to the next or from one year to the next. In most computerized accounting systems the periods are closed by executing a menu command. Monthly closings usually involve nothing more than entering the next month and responding to the program's suggestion to print various month-end reports. Even after moving to the next month, many accounting systems allow the user to return to previous months to enter or edit transactions.

The yearly closing is more rigorous since it involves re-setting all revenue and expense accounts to zero. Once a year is "closed", some accounting systems do not allow the user to go back or open a closed period to make changes. ~~So be careful, once~~ Once the period is closed, it is official and any adjustments that are required will need to be made in the current or next open period.

Background: The financial statement (Treasurer's Report) is the most important decision making tool for the Borough Manager, Assembly, and Mayor. It is comprised of ~~the bank & investment balances, special fund balances,~~ balance sheet ~~report, capital projects expense report,~~ and the statement of revenue and expenditure.

The balance sheet accounts are measured at a moment in time, like a snapshot. They reflect a total of items at any particular time: a total of cash, accounts receivable, inventory, fixed assets, accounts payable, debts, investments and fund balances.

The statement of revenue and expenditure accounts are measured over a period of time. They represent the sum total of transactions: tax revenues, sales, purchases, payroll, etc. The difference in tax collections and sales less all related expenses equals the change in net assets for the period of time being measured.

Accounting is a double-entry system. Thus, each transaction has two equal sides. For example, paying an expense decreases cash on the balance sheet and increases an expense on the statement of revenue and expenditure. Getting paid for a service or sale increases cash on the balance sheet and increases revenue on the statement of revenue and expenditure. Because of this interdependency, the accuracy of the statement of revenue and expenditure is dependent upon the accuracy of the balance sheet.

It is easier to prove the accuracy of the balance sheet. Adding up how much each customer owes the Municipality or reconciling cash to the bank statement is a much simpler process than attempting to add up each individual sales transaction on the statement of revenue and expenditure. For this reason, more time is actually spent on proving the accuracy of the balance sheet.

Once the balance sheet is proven, the statement of revenue and expenditure, in total, must be right! The only errors would be misclassifications, (i.e.: the phone bill could be incorrectly posted to the rent expense account). The accounts of the statement of revenue and expenditure are generally reviewed for reasonableness by comparing amounts to prior periods and analyzing ratios. However, the accounts of the balance sheet are compared to actual totals of items counted (cash, receivables, inventory, payables, fixed assets, etc.).

The Borough Treasurer is encouraged to understand these concepts and to take the initiative to keep the financial statements as accurate as possible, regardless of how much an outside accounting service is utilized.

Procedure:**1.0 CLOSINGS PREPARATIONS**

- 1.1 The steps to the actual period-end are not all performed on the exact end of the period. Some accounts cannot be "settled", proved, or reconciled until all third party information is received.

Bank statements from banks usually don't arrive until a couple weeks after a month end. And, many final payroll tax payments and yearly reconciliation forms aren't due until the end of the following month. Also needed are final bills from vendors, credit card statements, month end statements from vendors and year-end loan statements from banks and other financial institutions. All of this information is needed before an entity can truly "close its books".

Fortunately, most accounting systems allow an organization to continue posting transactions into subsequent months of the new year, without actually "closing" the previous year-end. The Borough Treasurer should be familiar with the specific software procedures for keeping the prior year open until all final closing adjustments have been made. It's not unusual for organizations to continue processing transactions for almost the entire next year before closing the prior year.

- 1.2 Compile all period-end documents in preparation for closing the accounting period. These documents include:

- Bank statements to all accounts
- Final payroll and tax amounts
- All final bills and month-end statements from vendors
- All credit card statements
- All year-end loan or debt statements
- All asset acquisition and disposition transactions

- 1.3 Fewer procedures are performed at month-end dates. For example, due to the cost involved, a complete physical inventory is rarely taken each month, although some businesses do take physical inventory every three or six months. At a minimum the following procedures would be expected for monthly closings:

- Reconcile all bank accounts
- Print and compare the aged receivables and payables to the general ledger. Make appropriate adjustments to balance the accounts.
- Review all balance sheet and statement of revenue and expense accounts for completeness
- Retain all above reports in a monthly summary file.

2.0 BALANCE SHEET: ASSETS

- 2.1 Prepare a year-end closing file to store all reconciliation documents and printed reports as described below.

- 2.2 **Cash accounts** - prepare the bank reconciliations for year-end balances per the bank statement to the balance per books for each account. The year-end reconciliation is especially important for preparing the final year-end financial statements to ensure that it is completely accurate.

Show origination dates and description of each reconciling item. Prepare the necessary journal entries to adjust to the reconciliations. Prepare a summary of all petty cash and change drawer funds. Totals must agree with the general ledger. File all reconciliation reports in the year-end closing file.

- 2.3 **Accounts Receivable** – Print a detailed aged accounts receivable report and then reconciles it to the General Ledger. This can be prepared as soon as all invoicing for products sold as of year-end is complete. Calculate possible allowances for uncollectible accounts. Adjust prior allowances to calculated amount. Write off any un-locatable differences. Retain a complete copy of the detailed accounts receivable, along with any reconciling adjustments in the year-end closing file.

- 2.4 **Inventory** - Once the results of the physical inventory have been compiled and entered into the accounting system, print out a full inventory valuation report showing quantities on hand and cost values, in accordance with practices described in INV102 INVENTORY COUNTS procedure. Review the inventory report for unusual variations and investigate, as appropriate.

Once all discrepancies have been examined and adjusted, the report totals should agree with the general ledger balance. If not, post the necessary adjustments to the inventory account. File the inventory count/value reports and any related adjustment sheets in the year-end closing file.

- 2.5 **Capital Assets** - The Treasurer maintains the Municipality's ~~audit firm currently maintains the~~ detailed listing of assets. The ~~audit firm will confirm with the~~ Borough Treasurer reviews expenditures within the accounting system that comply with the capitalization policy and determines what items to add to the list during the year-end process. ~~and supply the Municipality with a complete listing once the audit is complete.~~ The Treasurer may be assisted by a professional accounting firm retained by the Municipality.

- 2.6 **Other Assets** - Other assets include grant receivables and amounts due from other Borough funds. These should all be identified and documented. For example, a schedule showing grant receivable by grant number or a reconciling schedule of all Due to/from accounts for all funds. File copies of these documents in the year-end closing file.

3.0 **BALANCE SHEET: LIABILITIES AND STOCKHOLDERS' EQUITY**

- 3.1 Liabilities are shown as the amount to be paid in the subsequent period. If in doubt, record the liability.
- 3.2 **Accounts Payable** - Print a detailed aged accounts payable report and reconcile it to the general ledger. This is generally completed 2 to 4 weeks after the year-end to ensure that all vendor invoices relating to services and merchandise purchased have been received and entered.

Compare all month-end vendor statements to balances per accounts payable and investigate any differences. Consider making adjustments for any significant unrecorded liabilities such as work started prior to year-end, but not yet billed by the supplier. Retain a complete copy of the accounts payable detail, along with any reconciling adjustments, in the year-end closing file.

- 3.3 **Accrued Expenses** - Review and record, as needed, accruals for payroll tax, payroll deductions payable, departmental expenses, interest expense on short-term borrowings and long-term debt. Determine the cost of tax and legal services through year-end and record.
- 3.4 **Debt** - Verify recorded accuracy of debt by ensuring the general ledger balances agree to year-end statements from lending institutions. Save all year-end statements in year-end closing file.
- 3.5 **Contingent Liabilities and Commitments** - Prepare a schedule of any outstanding litigation and possible losses. Prepare a schedule of all long-term rental agreements with amounts due by year for the next five years. Retain these schedules in the year-end closing file

4.0 STATEMENT OF REVENUE AND EXPENDITURE: REVENUES

- 4.1 Each department will supply City Hall with a sales (deposit) report on a weekly, bi-monthly, or monthly basis in the form of an excel file. Other sales reports, for transactions conducted at City Hall, will be generated from the accounting system on a monthly basis. There may be a variety of collections, including membership sales, land payments, taxes received (sales, short-term rental, property), donations, grant revenues, service revenues, and utility revenue.
- 4.2 The Treasurer should review tax revenue, land payments, and grant receipts on a monthly basis and reconcile to the balance sheet accounts (deferred revenue and grant receivable). Ensure that the proper amounts are recognized as revenues in the correct period.
- 4.3 **Lease Income** - At year-end, a schedule of all lease income by fund should be prepared and reconciled to the lease schedule maintained by the ~~Administrative Assistant/Deputy Clerk~~Executive Assistant.
- 4.4 **CPV Excise Tax Receipts** ~~— The Treasurer maintains~~ Prepare a schedule of all Commercial Passenger Vessel (CPV) excise tax ~~payments-funds used or~~ received for and ensures it agrees agreement with the general ledger accounts.
- 4.5 **Property Tax** - The Tax Clerk will prepare and maintain a listing of all municipal property showing owner, parcel number, exemptions & discounts, and tax due.
- 4.6 **Sales and Short-Term Rental Tax** - The Tax Clerk will prepare and maintain a listing of all sales and short-term rental tax received on a quarterly basis. This listing will include the business name, business number, revenues reported, exemptions claimed, tax assessed, date received, and interest or penalties applied to late returns. These amounts are recorded directly from each business tax return.

5.0 STATEMENT OF REVENUE AND EXPENDITURE: EXPENSES

- 5.1 Each expense total should be compared to the current budget total as well as the expense total from the year before. The Treasurer should work with each department head to attempt to explain any unusual variances. Some expense items are directly related to asset or liability accounts and can be reconciled in conjunction with the related balance sheet account.
- 5.2 **Payroll** - At year-end, the various payroll expense accounts should agree to total gross payroll per payroll reports. Account for all deductions for W-3 reported to the Social Security Administration, as well as FICA and other taxes reported accordingly.
- 5.4 **Bad Debt Expense** - Prepare a list of all accounts written off during the year. Note specifically any addition to the allowance for uncollectible accounts.
- 5.5 **Legal Expense** - Prepare a schedule of all legal expenses by each firm showing fees paid to each attorney as well as allocations to each different fund.

Revision History:

Revision	Date	Resolution #	Description of changes	Prepared By
0	12/06/12	RES#13-01R	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
<u>3</u>	<u>12/07/23</u>	<u>RES#23-33R</u>	<u>Review & update language</u>	<u>Heather Rodig</u>

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Title: INV102 INVENTORY COUNTS

Policy: All physical inventory will be periodically counted and reviewed on a frequent basis and under a common set of procedures and controls. Federally funded inventory will be counted biennially as required.

Purpose: To outline the actions to be taken to conduct an accurate physical count of all inventory items in order to verify the accuracy of the inventory ledger.

Scope: This procedure applies to all inventory items including all departments that carry an inventory and federally funded equipment inventory.

Responsibilities:

Department Supervisor/Clinic Executive Director is responsible for the actual count. The Supervisor/Director should be knowledgeable about the inventory items to be counted, the counting procedures used, and the location of all inventories. The Supervisor/Director is also responsible for forwarding all paperwork to accounting to ensure that inventory is documented and accounted for properly.

Borough Treasurer is responsible for cut-off procedures, ensuring proper inventory control and recording any necessary inventory adjustments into the accounting system.

Definitions: Cut-off refers to procedures which ensure that all items counted are owned by the Municipality and available for use.

Procedure:**1.0 INVENTORY TYPES**

1.1 There are two main categories of inventory:

- Inventory on hand for use (Public Works & Water Department parts, Clinic supplies)
- Federally funded equipment inventory (Emergency response equipment & vehicles, Waste Water Treatment Plant equipment, Clinic equipment)

1.2 Generally, a complete physical inventory is taken at year-end for inventory on hand for use. The ultimate objective is to arrive at a correct inventory value (correct quantity and correct cost) at a particular time. A complete physical inventory of federally funded equipment is done biennially (every two years) and submitted to the State of Alaska.

2.0 INVENTORY ON HAND FOR USE

2.1 All areas containing inventory should be organized to their optimal standard. All items should be organized with like items and clearly labeled for easy identification and accurate counting.

2.2 All loose inventory items should be removed from workstations or machines and neatly placed or stored into bins, shelves, racks, etc. Identical parts that are used in

multiple locations should (if practical) be combined into one storage area to facilitate ease of record keeping.

After grouping and organizing identical parts (i.e., on shelves or bins), all inventory items should be reasonably separated and identified/labeled to avoid any confusion between similar looking or types of parts.

- 2.4 All non-inventory, defective or obsolete parts should be clearly segregated from inventory items to be counted. These items should also be visibly marked or indicated to their nature (i.e., “Non-Inventory – Do Not Count”, “Defective”, etc.).
- 2.5 The results of the count should be compared to the inventory records and any variances investigated. After resolving any discrepancies, the inventory amounts carried in the computer system should be adjusted to agree with the results of the physical count.

3.0 FEDERALLY FUNDED EQUIPMENT INVENTORY

- 3.1 Federally funded equipment inventory will be periodically counted and condition reviewed on a regular basis, or every two years, consistent with the federal requirements under which equipment was granted. Reports are submitted to the State of Alaska Department of Military and Veterans Affairs, Division of Homeland Security and Emergency Management.

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
<u>3</u>	<u>12/07/23</u>	<u>RES#23-33R</u>	<u>Review & update language</u>	<u>Heather Rodig</u>

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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.

Accounts Payable 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 A/P Accounting Clerk also provides the Finance Committee Chair with a check register for each pay-run check run.

Administrative Assistant/Deputy Clerk 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 [Accounts Payable Accounting](#) Clerk creates a payables [batchpacket](#) in the accounting system and submits the [batchpacket](#) 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 [Accounts Payable 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, ~~etc.~~, 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 [Administrative Assistant/Deputy Clerk](#) [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 ~~Accounts Payable Clerk~~ Accounting Clerk creates a payables ~~batch~~ packet in the accounting system and submits the ~~batch~~ 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 ~~Accounts Payable Clerk~~ Accounting Clerk until vouchers are processed for payment.

4.0 PAYMENT OF ACCOUNTS PAYABLE

- 4.1 ~~Pay-run~~ Check runs are done on the Thursday ~~prior to~~ coinciding with an Assembly meeting, generally every two weeks and printed by the ~~Accounts Payable Clerk~~ 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 ~~pay-run~~ check run.
- 4.4 Once vouchers are run, a photocopy is made for filing purposes.
- 4.5 The ~~Accounts Payable clerk~~ Accounting Clerk pulls all Invoices to be paid from the files and matches them with the printed vouchers.
- 4.6 The Finance Committee ~~Members Chair~~ reviews ~~all vouchers. The Finance Committee Chair and~~ signs all vouchers. In ~~their~~ his 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 ~~Accounts Payable Clerk~~ Accounting Clerk. The Borough Clerk may sign vouchers in the Borough Treasurer's absence.
- 4.8 The ~~Accounts Payable Clerk~~ 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 ~~filed on a shared drive on the server~~ 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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Title: PUR107 FEDERAL AWARD PROCUREMENT METHOD

Policy: The Municipality of Skagway will adhere to municipal code or Code of Federal Regulation 2 C.F.R. Section 200.320 or current state statutes on procurement for professional services, construction services, supplies, equipment and materials needed for Federal Grant Programs; in all cases the stricter shall apply. All procurements directly attributable to the federal award will be conducted in a manner providing full and open competition and will only include costs allowable, consistent with Federal Cost Principles pursuant to 45 C.F.R. Part 75 Subpart E.

Purpose: To ensure federal requirements are met for all procurements made with federal funds and provide methods for documenting that appropriate channels are used to ensure competitive pricing.

Federal fund procurements must meet certain requirements. This starts with providing documentation on vendor selection and proof of price comparisons. Providing necessary documentation and approvals at the time of procurement will confirm compliance with federal programs.

Scope: This procedure applies to all purchases of products, materials, equipment and services utilizing federal grant monies.

Responsibilities:

Purchasing Department/Program Manager is responsible for initiating procurements by supplying the proper forms to the Borough Manager.

Borough Manager (or authorized representative) is responsible for reviewing procurement forms for completeness and ensuring they meet the federal requirements.

Administrative Assistant/Deputy Clerk~~Executive Assistant~~ is responsible for all administrative duties involved with Requests for Bids (RFB) and Requests for Proposals (RFP). He/she is required to keep record of postings, scoring, and award contracts, and supply them to the Borough Treasurer for filing with procurement forms in grant files.

Borough Treasurer is responsible for filing procurement forms with supporting documents in associated grant files.

Procedure:**1.0 PURCHASING****1.1 Micro Purchase Procedure [2 C.F.R. Section 200.320 (a)]**

- Purchases of \$0.00 - \$10,000.
- This method will generally be used to obtain very small quantities of supplies. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (2 CFR Section 200.67), except as otherwise discussed in Subpart 2.1 of that regulation. This threshold is periodically adjusted for inflation. To the extent

practicable, the grantee must distribute micro-purchases equitably among qualified suppliers. Micro purchases may be awarded without soliciting competitive quotations if the grantee considers the price to be reasonable.

- See Skagway Municipal Code Title 4 Chapter 5 for purchasing limits & requirements.
- Use ***Procurement Method Report- MICRO*** or ***Procurement Method Report- CONTRACT*** (for existing contract pricing) and submit to Borough Manager for prior approval of purchases up to \$5,000 and to the Finance Chair for purchases between \$5,000.01-\$10,000.

1.2 Small Purchase Procedure [2 C.F.R. Section 200.320 (b)]

- Purchases of \$10,000.01 - \$100,000.
- This method will generally be used to obtain small quantities of supplies. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold, or SAT (41 U.S.C.1908). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.
- Skagway Municipal code overrides federal C.F.R. See Skagway Municipal Code Title 4 Chapter 5 for purchasing limits & requirements.
- Use ***Procurement Method Report- SMALL*** or ***Procurement Method Report- CONTRACT*** (for existing contract pricing) and submit to Borough Manager for prior approval of these purchases. This method shall require additional approval from the Finance Chair (\$10,000 - \$25,000) or Borough Assembly (over \$25,000).

1.3 Competitive Sealed Bids [2 C.F.R. Section 200.320 (c)]

- The Competitive Sealed Bids method will generally be used to obtain contractors for construction projects and for large quantities of goods or materials.
- Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price, unless the local preference option is exercised.
- The Administrative Assistant will manage the Request for Bids (RFB) process based on provided information/specifications.
- See Skagway Municipal Code Title 4 Chapter 5 for competitive bid requirements.
- Use ***Procurement Method Report- LARGE*** and submit to Borough Manager for prior approval of these purchases. This method requires additional approval from the Borough Assembly.

1.4 Competitive Proposals [2 C.F.R. Section 200.320 (d)]

- This method will generally be used to obtain professional services.

- See Skagway Municipal Code 4.05.035 (3) for professional service procurement requirements.
- Use ***Procurement Method Report- LARGE*** and submit to Borough Manager for prior approval of these purchases. This method requires additional approval from the Borough Assembly.

1.5 Non-Competitive Proposals/Sole Source [2 C.F.R. Section 200.320 (f)]

- When requesting permission to use this method, the grantee will have to show that another method of procurement was not feasible because of at least one of the following reasons:
 - The item or service was only available from a single source;
 - A public emergency or condition requiring urgency existed which did not permit the use of competitive procurement;
 - Competition was determined to be inadequate after solicitation of proposals from a number of sources.
- This method will only be used after approval from the Borough Assembly.
- Use ***Procurement Method Report- SOLE SOURCE*** and submit to Borough Manager for prior approval of these purchases. This method requires additional approval from the Borough Assembly.

2.0 RECORD KEEPING

2.1 The Municipality shall maintain records sufficient to detail the significant history of a procurement.

- These records shall include at a minimum:
 - Rationale for the method of procurement;
 - Selection of contract type;
 - Contractor selection or rejection;
 - The basis for the cost or price.

2.2 Procurement forms and supporting documents will be filed in associated grant files and maintained by the Borough Treasurer.

Revision History:

Revision	Date	Resolution #	Description of changes	Requested By
0	03/01/18	RES#18-04R	Initial Release	Heather Rodig
1	07/05/18	RES#18-18R	Update based on OMB Memo M-18-18	Heather Rodig
2	07/16/18	RES#19-24R	Update based on HRSA audit recommendation	Shelly O'Boyle
3	06/17/21	RES#20-21R	Review & updated language	Heather Rodig
<u>4</u>	<u>11/16/23</u>	<u>RES#23-33R</u>	<u>Update based on HRSA audit recommendation</u>	<u>Este Fielding</u>

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Procurement Method Report

MICRO PURCHASES

Use this form for Procurements (purchases/orders) in the amount of \$0.00 - \$10,000.

Recipients shall accomplish three (3) requirements with this form: (1) identification of procurement method, (2) SAMS check, and (3) certification signature. (Project Manager's signature is adequate certification that competition was done, and that the recipient is complying with the most stringent procurement procedures-whether federal, state, or local).

Department/Project: _____

Grant Name: _____ Grant CFDA #: _____

Procurement Method (per each Purchase/Order)

This may include multiple invoices for each purchase or order.

NOTE: Shall require additional Borough Manager approval (up to \$5,000) or Finance Chair approval (\$5,000.01 - \$10,000)

\$0.00 - \$10,000.00	
Provide three (3) Vendor contacts with Bid Amounts given. Identify selected vendor by placing an "X" in the box on the left side of the table adjacent to Vendor's Name.	
<input type="checkbox"/> Vendors Name:	Bid Amount:
<input type="checkbox"/> Vendors Name:	Bid Amount:
<input type="checkbox"/> Vendors Name:	Bid Amount:
Justification for Vendor Selection. Please include any written supporting documents providing justification for vendor selection.	

System for Award Management (SAMS) report is required for selected vendor

SAMS Report is a Mandatory Action	
<input type="checkbox"/>	1. Check System for Award Management (SAM) for debarment/suspension.
<input type="checkbox"/>	2. Print SAMS report page and attach to this form.

Certification

I certify the above information is true and accurate. Documents related to this procurement are on file and available upon request.

Project Manager's Signature _____

Date _____

Printed Name and Title _____

SUBMIT SIGNED FORM WITH ALL SUPPORTING DOCUMENTS TO BOROUGH TREASURER.

FOR MUNICIPAL OFFICE USE ONLY			
<input type="checkbox"/> Approved	<input type="checkbox"/> Disapproved	<input type="checkbox"/> Returned for Further Justification	Date
Authorized Representative			Date
Finance Chair Approval Date:			

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Procurement Method Report

SMALL PURCHASES

Use this form for Procurements (purchases/orders) in the amount of \$10,000.01 - \$100,000.

Recipients shall accomplish three (3) requirements with this form: (1) identification of procurement method, (2) SAMS check, and (3) certification signature. (Project Manager's signature is adequate certification that competition was done, and that the recipient is complying with the most stringent procurement procedures-whether federal, state, or local).

Department/Project: _____

Grant Name: _____ Grant CFDA #: _____

Procurement Method (per each Purchase/Order)

This may include multiple invoices for each purchase or order.

NOTE: May require additional Finance Chair approval (\$10,000 - \$24,999) or Assembly approval (+\$25,000)

\$10,000.01 - \$100,000							
1.	Specifications:						
2.	Award Criteria:						
3.	Response Due Date:						
4.	Provide three (3) Vendor contacts with Bid Amounts given. (Must attach copies of written responses). Identify selected vendor by placing and "X" in the box on the left side of the table adjacent to Vendor's Name.						
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Vendors Name:</td> <td style="width: 40%;">Bid Amount:</td> </tr> <tr> <td>Vendors Name:</td> <td>Bid Amount:</td> </tr> <tr> <td>Vendors Name:</td> <td>Bid Amount:</td> </tr> </table>	Vendors Name:	Bid Amount:	Vendors Name:	Bid Amount:	Vendors Name:	Bid Amount:
Vendors Name:	Bid Amount:						
Vendors Name:	Bid Amount:						
Vendors Name:	Bid Amount:						
5.	Justification for Vendor Selection. Please include all written supporting documents providing justification for vendor selection.						

System for Award Management (SAMS) report is required for selected vendor

SAMS Report is a Mandatory Action	
<input type="checkbox"/>	1. Check System for Award Management (SAM) for debarment/suspension.
<input type="checkbox"/>	2. Print SAMS report page and attach to this form.

Certification

I certify the above information is true and accurate. Documents related to this procurement are on file and available upon request.

Project Manager's Signature _____

Date _____

Printed Name and Title _____

Submit signed form with supporting documents to Borough Manager for approval.

FOR MUNICIPAL OFFICE USE ONLY			
<input type="checkbox"/> Approved	<input type="checkbox"/> Disapproved	<input type="checkbox"/> Returned for Further Justification	
Authorized Representative			Date
Finance Chair Approval Date:			
Assembly Approval (attach meeting minutes) Date:			

ATTACHMENT A

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Procurement Method Report

LARGE PURCHASES

Use this form for Procurements (purchases/orders) in the amount of \$100,000.01 or greater.

Recipients shall accomplish three (3) requirements with this form: (1) identification of procurement method, (2) SAMS check, and (3) certification signature. (Project Manager's signature is adequate certification that competition was done, and that the recipient is complying with the most stringent procurement procedures-whether federal, state, or local).

Department/Project: _____

Grant Name: _____ Grant CFDA #: _____

Procurement Method (per each Purchase/Order)

This may include multiple invoices for each purchase or order.

NOTE: There are two separate approvals for this procurement.

\$100,000.01 or Greater	
1.	Attach the following: <ul style="list-style-type: none"> <input type="checkbox"/> Copy of Proposed Invitation to Bid or Request for Proposal document <input type="checkbox"/> Copy of Proposed Advertisement or Public Notice <input type="checkbox"/> Copy of Award Selection Criteria <p style="background-color: yellow; margin-top: 5px;">Send to Borough Manager to review for pre-approval.</p>
Approved by Borough Manager/Authorized Representative: _____ Date: _____	
After the Borough Manager approves the Invitation to Bid or Request for Proposal, the Administrative Assistant will send out the procurement. Once proposals/bids are received, complete the rest of the form below and send back to the Borough Manager for approval before the procurement is awarded.	
2.	Attach copies of the formal proposals/bids with a list of all the submitted proposals to include vendor name and bid amounts.
3.	Attach a copy of the draft contract award.
5.	Justification for Vendor Selection. Please include all written supporting documents providing justification for vendor selection.

System for Award Management (SAMS) report is required for selected vendor

SAMS Report is a Mandatory Action	
<input type="checkbox"/>	1. Check System for Award Management (SAM) for debarment/suspension.
<input type="checkbox"/>	2. Print SAMS report page and attach to this form.

Certification

I certify the above information is true and accurate. Documents related to this procurement are on file and available upon request.

Project Manager's Signature _____ Date _____

Printed Name and Title _____

Submit signed form with supporting documents to Borough Manager for approval PRIOR to award.

FOR MUNICIPAL OFFICE USE ONLY			
<input type="checkbox"/> Approved	<input type="checkbox"/> Disapproved	<input type="checkbox"/> Returned for Further Justification	Date
Authorized Representative			Date

ATTACHMENT A

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Procurement Method Report

Contract Pricing

Use this form for Procurements (purchases/orders) that are from a purchasing contract (i.e., local vendor contracted price).

Recipients shall accomplish three (3) requirements with this form: (1) identification of procurement method, (2) SAMS check, and (3) certification signature on third page. (Project Manager's signature is adequate certification that competition was done, and that the recipient is complying with the most stringent procurement procedures-whether federal, state, or local).

Department/Project: _____

Grant Name: _____ Grant CFDA #: _____

Procurement Method (per each Purchase/Order)

This may include multiple invoices for each purchase or order.

Purchasing Contract	
Contract Type:	
Contract Vendor:	
Contract Number:	
Purchase Amount:	
Justification for Vendor Selection. Please include any written supporting documents providing justification for vendor selection.	

System for Award Management (SAMS) report is required for selected vendor

SAMS Report is a Mandatory Action	
<input type="checkbox"/>	1. Check System for Award Management (SAM) for debarment/suspension.
<input type="checkbox"/>	2. Print SAMS report page and attach to this form.

Certification

I certify the above information is true and accurate. Documents related to this procurement are on file and available upon request.

Project Manager's Signature _____ Date _____

Printed Name and Title _____

Submit signed form with supporting documents to Borough Manager PRIOR to Purchase for approval.			
FOR MUNICIPAL OFFICE USE ONLY			
<input type="checkbox"/> Approved	<input type="checkbox"/> Disapproved	<input type="checkbox"/> Returned for Further Justification	Date
Authorized Representative			Date

ATTACHMENT A

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Procurement Method Report

Sole Source / Inadequate Competition

Use this form for Procurements (purchases/orders) that are Sole Source or Inadequate Competition.

Recipients shall accomplish three (3) requirements with this form: (1) identification of procurement method, (2) SAMS check, and (3) certification signature. (Project Manager's signature is adequate certification that competition was done, and that the recipient is complying with the most stringent procurement procedures-whether federal, state, or local).

Note: this is not the same as a purchasing contract, if using a purchasing contract please use the appropriate form.

Department/Project: _____

Grant Name: _____ Grant CFDA #: _____

Procurement Method (per each Purchase/Order)

This may include multiple invoices for each purchase or order.

NOTE: This procurement requires Borough Manager and Assembly approval.

Sole Source/Inadequate Competition	
Vendor:	
Purchase Amount:	
Justification for Vendor Selection – Provide justification for Vendor Selection in the below box. Please include any written supporting documents providing justification for vendor selection. Explanations of exemptions must contain findings of fact. Evidence must be included, consisting of material facts sufficient to independently determine that the findings of fact listed are true and accurate. Factual evidence may consist of written documents, records, supporting data, affidavits, or other information proving that the findings of fact are true and accurate. Itemized listings of findings of fact and material factual evidence should be included or attached.	

System for Award Management (SAMS) report is required for selected vendor

SAMS Report is a Mandatory Action	
<input type="checkbox"/>	1. Check System for Award Management (SAM) for debarment/suspension.
<input type="checkbox"/>	2. Print SAMS report page and attach to this form.

Certification

I certify the above information is true and accurate. Documents related to this procurement are on file and available upon request.

Project Manager's Signature _____

Date _____

Printed Name and Title _____

Submit signed form with supporting documents to Borough Manager for Assembly approval

FOR MUNICIPAL OFFICE USE ONLY			
<input type="checkbox"/> Approved	<input type="checkbox"/> Disapproved	<input type="checkbox"/> Returned for Further Justification	Date _____
Authorized Representative _____			Date _____
Assembly Approval (attach meeting minutes) Date: _____			

ATTACHMENT A

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Title: REV109 ACCOUNT COLLECTIONS

Policy: All open accounts receivable with late or delinquent payment activity will be handled in a timely and effective manner to ensure maximum collections and an optimum accounts receivable turnover ratio.

Purpose: To provide the actions and methods for processing late or delinquent payments.

Scope: This procedure applies to the Finance Department involved with collection of past due accounts receivable. The Public Works & Harbor Departments may be involved in reference to special arrangements.

Responsibilities:

Accounting Clerk/Accounts Receivable Clerk or Port Administrative Manager reviews all records for a customer to determine a possible explanation for non-payment prior to commencing the collection process.

Public Works and Harbor Departments Supervisors may be included in discussions to verify services have been correctly billed out.

Definition: Bad Debt consists of unpaid accounts receivable invoices that are considered to be uncollectible.

Debt collector is any person who regularly collects debts owed to others. This includes attorneys and collection agencies who collect debts on a regular basis.

Procedure:**1.0 COLLECTION PROCESS**

1.1 Slow pay or delinquent accounts will occur from time to time. Once an account becomes past due by even a few days, the collection process should commence immediately. ~~Studies have shown that the sooner the collection process starts then the more likely that the debt will be collected.~~

1.2 Prior to commencing the collection process, the following should be reviewed by the Accounting Clerk/Accounts Receivable Clerk or Port Administrative Manager:

- Verify that the Invoice was sent out timely and to the correct billing address.
- Make certain that the Municipality has not received the customer's payment or applied it to the wrong account.
- Verify with the Public Works and/or Harbor appropriate Department that the customer is currently or already has received the service(s).
- Review the customer's past payment activity. Determine if they are chronically late and what their response has been to any other overdue notices to determine payment patterns or trends.

1.3 Upon review of the above, the Accounting Clerk/Accounts Receivable Clerk should then proceed with the collection process by completing the REV109

ACCOUNT COLLECTION CONTROL Form. This form will assist in planning and tracking the collection effort. Depending on the amount and the customer situation, the representative can choose to follow-up with collection letters by certified mail or email, telephone calls or both.

Record all actions taken (late payment notice, telephone call, door hang, etc.) with a date on an ACCOUNT COLLECTION CONTROL form filed in the customer folder. All customer agreements and explanations should be noted. If payment has not reached the Municipality by the expected date, immediate follow-up action should be taken with another collection call or letter. ~~The longer an overdue account is ignored, the longer the customer will ignore it too.~~

1.4 Telephone communication will often speed up the collection process. Municipal employees, when speaking with a delinquent account, should observe a few tips or principles.

- Identify yourself and the Municipality and state the reason for calling. Be direct and use a controlled, confident voice. Concentrate on listening to the customer and don't rush through the call.
- Get the Facts - The most powerful tool is knowledge. During the phone conversation, try to gain as much insight into the situation as possible. Remember, the goals and objectives are to:
 - ❑ Collect the money!
 - ❑ Identify reasons for non-payment
 - ❑ Settle on an agreement for clearing the debt, including special payment plans and exact dates when a payment will be made.
- Never argue, accuse or be condescending - Verbally fighting or talking down to the customer will only serve to produce negative feelings and may hamper the collection effort. The ultimate purpose is to secure payment, and this is best accomplished without becoming defensive or irritated.
- There are several common objections, complaints and excuses used to elude payment. Study the following examples to learn the most effective responses to the most frequently used ploys.

"I didn't get the invoice." - Respond by verifying the debtor's name and address, and then review the account information with them. Offer to send them an electronic copy via email.

"The check is in the mail." - Extend your thanks, then ask for a check number, amount, date posted and address to which it was mailed.

"Your payment is being processed." - Ask when the payment will be ready for the mail. Determine the process that the payment undergoes after it leaves your contact's desk.

"The computer is down." - When do you expect it to be up? Can we get a manual payment?

"I'll pay you when we get paid." - Respond calmly, but make a direct request for payment, such as "When can I expect payment?"

"I have no money" - Create a payment plan. Be flexible and consider alternatives offered by the customer. Work toward making the plan acceptable to both of you.

- 1.5 Many people find it difficult to confront customers regarding delinquent payments. Just keep in mind that it is the customer who should feel uncomfortable in this situation.
- 1.6 If customers stop paying, their phone has been disconnected, and you cannot find them, consider using these resources to locate these debtors and their assets:
 - City directories
 - Post office (for a forwarding address)
 - A customer's employer
 - Department of motor vehicle license and registration records
 - Old files and correspondence
 - The Internet (i.e. <http://www.isleuth.com/peop.html>)
 - Credit bureau reports
 - Neighbors
 - Directory assistance

2.0 SERIOUSLY DELINQUENT OR UNRESPONSIVE ACCOUNTS

2.1 When an account becomes more than 60 days past due, the immediate target of securing prompt payment should take on a greater sense of urgency.

If applicable, the following strategies may be used to collect payment:

- Restrict any further credit until the past due amount is paid in full.
- Withhold delivery of additional services already requested. The harsh reality of having services curtailed often can spur a delinquent account into action.
- Serve the customer with a door hang notifying them of a date and time for utility shut-off.

2.2 If all other avenues for collection of the account have been exhausted, the Borough Treasurer should determine and authorize the use of an outside collection agency.

2.3 All uncollectible accounts will be reviewed by the Borough Treasurer for disposition.

3.0 WORKING WITH COLLECTION AGENCIES

3.1 Collect all material records for the debt in question and send them to the collection agency. The agency will require a copy of the invoice, credit application (if available), proof of service, and/or any other correspondence that may help them collect the debt.

3.2 Record the date the debt was sent to collections in the accounts receivable file.

3.3 If payments are received after the debt has been sent to collections, then notify the collection agency immediately in order to stop any further collection efforts. The agency will take their fee for any debt that has been collected once it has been registered by the agency.

3.4 If all other avenues for collection of the account have been exhausted, the Borough Treasurer should discuss further legal action with the Borough Manager.

4.0 WRITING OFF UNCOLLECTED DEBT

4.1 Write-off any debts remaining uncollected or that are returned from the collection agency and record as a bad debt expense and deduct from accounts receivable.

4.2 If any payments are received after being written-off from accounts receivable, then receive them in as cash and recovery of bad debt.

4.3 If bad debt is a recurring problem then consider setting up a reserve account or allowance for bad debt at the beginning of the year.

References:**A. FAIR DEBT COLLECTION PRACTICES ACT (FDCP)**

The FDCP requires that debt collectors treat consumers fairly and prohibits certain methods of debt collection. Personal, family, and household debts are covered under the Act. This includes money owed for the purchase of an automobile, for medical care, or for charge accounts. Business debt is not included.

Debt collectors may not 1) harass, oppress, or abuse the debtor or any third parties they contact. 2) Use any false or misleading statements when collecting a debt. For example, debt collectors may not:

- Use threats of violence or harm;
- Use obscene or profane language; or
- Repeatedly use the telephone to annoy someone.
- Falsely imply that the debtor may have committed a crime;
- Falsely represent that they operate or work for a credit bureau;
- Misrepresent the amount of the debtor's debt;
- Indicate that papers being sent to the debtor are legal forms when they are not
- Indicate that papers being sent to the debtor are not legal forms when they are.
- Give false credit information about the debtor to anyone, including a credit bureau;
- Send the debtor anything that looks like an official document from a court or government agency when it is not.
- Use a false name.
- Collect any amount greater than the debtor's debt, unless the debtor's state law permits such a charge;
- Deposit a post-dated check prematurely;
- Use deception to make the debtor accept collect calls or pay for telegrams;
- Take or threaten to take the debtor's property unless this can be done legally.
- Contact the debtor by postcard.
- Say the debtor will be arrested if they do not pay the debt;
- Say they will seize, garnish, attach, or sell the debtor's property or wages, unless the collection agency or creditor intends to do so, and it is legal to do so.
- Say they will take actions, such as a lawsuit against the debtor, when such action legally may not be taken, or when they do not intend to take such action.

ATTACHMENT A

Revision History:

Revision	Date	Resolution #	Description of changes	Requested By
0	03/02/17	RES#17-05R	Initial Release	Heather Rodig
1	03/01/18	RES#18-03R	Review	Heather Rodig
2	06/17/21	RES#21-20R	Review & update language	Heather Rodig
<u>3</u>	<u>12/07/23</u>	<u>RES#23-33R</u>	<u>Review & update language</u>	<u>Heather Rodig</u>

ATTACHMENT A



REV109 ACCOUNT COLLECTION CONTROL FORM

Customer Name:	_____	Date	_____	Customer Reply or Action Taken	_____	Employee Initials	_____
Customer ID:	_____	_____					
Address:	_____	_____					
	_____	_____					
Contact(s):	_____	_____					
Telephone #'s:	_____	_____					
Payment Terms:	_____	_____					
Comments:	_____	_____					

Invoice #	Service	Due Date	Invoice Amount	Payment Date	Payment Amount	Running Balance
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -
						\$ -

DATE ACCOUNT BROUGHT CURRENT _____
DATE ACCOUNT REPORTED TO COLLECTIONS _____
AMOUNT REPORTED TO COLLECTIONS _____

ATTACHMENT A

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