

Accounts Payable Policy

Department:	Finance	Policy Number:	F02-0500-20
Section:	Accounts Payable	Effective Date:	November 10, 2020
Subject:	Accounts Payable Policy	Revised Date:	
Authority:	Municipal Act. 2001 Section 286 (1), By-Law 2020-XXX		

1. Purpose Statement:

The purpose of this policy is to establish the responsibilities, controls, authorizations and procedures for the accurate and timely payment of invoices, refunds for overpayments and cheque requisitions processed by Accounts Payable.

2. Definition:

- a. "AP" means Accounts Payable
- b. "CFO" means Chief Financial Officer
- c. "EFT" means Electronic Funds Transfer
- d. "GL" means General Ledger
- e. "Petty Cash" means funds are intended to be used for small, incidental purchases. Petty Cash is not to be used to pay for personal expenses or normal operating expenses within the Municipality

3. Policy

- a. Only invoices, refunds for overpayment and cheque requisitions that are properly approved in accordance with the Municipalities Purchasing and Procurement Policy, and contain the proper support documentation will be processed for payment.
- b. Cheques are not to be issued to "Cash" or "Petty Cash"
- c. No payment shall be issued without proper GL coding, HST code and signature from the responsible Department Head

4. Responsibility

- a. All employees/departments submitting an invoice or cheque requisition for processing must ensure that invoices and cheque requisitions are provided to the Accounts Payable Clerk with the proper supporting documentation and in a timely manner to meet the payment terms and internal processing deadlines.
- b. Staff/Department Heads are responsible for ensuring all invoices are properly coded and signed before submitting to the Accounts Payable Clerk, this include the proper GL, HST code and authorizing

signature.

- c. The Accounts Payable Clerk is responsible to
 - i. Verifying the proper GL code, HST and authorized signature is completed prior to processing
 - ii. Process payments in a timely manner to take advantage of earned discounts;
 - iii. Print cheques and process EFT
 - iv. Ensure CFO and/or the Tax Collector/Deputy Treasurer review EFT & Cheque register and sign
 - v. Ensure CFO and/or the Tax Collector/Deputy Treasurer release EFT payments; and
 - vi. Control the blank cheque stock.

5. Segregation of Duties

Segregation of duties separates roles and responsibilities to ensure that an individual cannot process a transaction from initiation through to payment without the involvement of others and thereby segregation of duties reduces the risk of fraud or error to an acceptable level.

Department Head

- a. Purchases must be made in accordance to the Purchasing and Procurement Policy
- b. Purchases must approved by Council by By-law through the budget process or by resolution of Council for purchases outside the approved budget
- c. Vendor invoices must be sent directly to the Accounts Payable Clerk, preference would be electronically to Accounts Payable (AP) email
- d. Vendor invoices must clearly indicate net amount of purchase, plus freight or administrative charges, and applicable tax amount and applicable business number
- e. Departments will approve invoice for payment or advise to hold if services not approved

Accounts Payable Clerk

- a. Shall receive the invoices via email or mail, stamp each invoices and distribute to the relevant department for authorization
- b. Shall confirm the proper signing authorization is completed
- c. Shall confirm proper GL is used
- d. Shall confirm the proper HST code is used
- e. Shall verify the invoice subtotal, HST and total of invoice
- f. Shall process cheques and EFT once a week for approved invoices received by Friday of the previous week.

Timing of Cheque Runs

- a. Accounts Payable Clerk will perform a weekly cheque run.
- b. Each week's cheque run will include all payment requests received by the end of the previous week.
- c. Vendors paid by Electronic Funds Transfer (EFT) receive an email notification of the payment. Printed cheques are mailed to the address on the invoice/requisition. Departmental staff cannot distribute cheques to vendors. Exceptions must be approved by the Chief Financial Officer.
- d. Emergency cheque requirements will be considered on an exception basis and must be approved by the Chief Financial Officer.
- e. Vendors are encouraged to receive an EFT as opposed to a cheque.

Cheque Cancellation

- a. If a cheque is issued for the wrong amount, to the wrong vendor name, as a duplicate payment or was never received by the vendor, the cheque must be cancelled and re-issued.
- b. If the cheque has been released to the vendor, the Stop Payment procedures must be followed, before the cheque can be cancelled in the system and re-issued.

Stop Payment Process

- a. If it is determined that a cheque has been released in error, or has never been received by the vendor, the Chief Financial Officer, or Tax Collector/Deputy Treasurer must determine whether the cheque has been cashed. This is done by checking in Keystone if the cheque has been reconciled and, if not, reviewing the online bank statements up to the current date to ensure that it has not been cashed since the last cheque reconciliation process was run. If the cheque has not been cashed, a stop payment must be registered with the bank for the cheque.
- b. Stop payments can be registered with the bank by either the Tax Collector/Deputy Treasurer or the Chief Financial Officer.
- c. Once the stop payment has been registered with the bank then the cheque can be cancelled in Keystone and re-issued as required.