



TOWN OF ERVING

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FIN-002

Policy

Invoice Payment Process Policy

Approved:  Date: October 18, 2023
Select Board Chair, Jacob A. Smith

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.01 Issue Date / Effective Date

This policy is issued and effective on October 18, 2023.

.02 Purpose

To establish policies and procedures for the effective handling and efficient timely payments of vendor obligations incurred in order to efficiently fulfill department responsibilities on behalf of the Town. The policy applies to all departments, boards and commissions incurring departmental expenses necessary, reasonable and directly related to the conducting of Town related Business.

.03 Definitions

Schedule of Departmental Bills Payable- The Schedule is an organized listing of approved purchases of goods and services that the department, board or commission has committed to paying on behalf of the Town. Only lawful purchases for which the Town has received the goods or services can be presented for payment. The Schedule is submitted to the Town Accountant/Auditor for review and processing.

Vendor Warrant: The Warrant is produced by the Town Accountant, reflecting the payments to vendors for goods and services for which the accountant has been provided sufficient evidence that the amounts to be paid to the vendors are valid obligations, for goods and services received within the fiscal year.

.04 Policy

When a department, on behalf of the Town, has incurred expenses that are reimbursable by the Town, the department shall submit a Schedule of Departmental Bills Payable. The schedule shall be approved and signed by the department head and turned over along with the original receipt/invoice to the Accounting

Office. Documents submitted to the Accounting Office without prior authorization and supporting documentation will not be processed and will be returned to the responsible department, board or commission. Vendor payments shall be made directly to the vendor. Any checks being held for the department head becomes the responsibility of that department to ensure payments are distributed to the proper vendor.

.05 Procedures

The following procedures are to be followed by each department, board and commission when submitting their Schedule of Departmental Bills.

1. Review the invoice. To avoid double payments, the Town will only pay from original invoices. If a payment stub is not supplied with the original invoice but is required with payment by the vendor, then an additional photocopy of the invoice should accompany the original invoice. In the case of construction projects, original copies of the pay application are acceptable.
 - a. The approving authority must check to be sure that no sales tax is being charged to the Town. Sales tax is non-payable, as the Town is a tax-exempt entity.
 - b. The approving authority must ensure that only the current balance on the original invoice is being paid. If there is a past balance forwarded on the invoice, it is the department heads responsibility to follow up with the vendor to reconcile payments and outstanding invoices. If a past invoice has not been processed, an original invoice must be obtained and submitted through this process for payment.
2. All invoices must be signed by the department head to certify that, the goods have been received, services have been provided, delivery is satisfactory, and that the supporting documents are accurate, complete and in compliance with all related laws and regulations.
3. Prepare a Schedule of Departmental Bills Payable listing all bills to be paid with signature of approval by the department head or board majority. The schedule must include account name and expense account number to be charged, vendor name, invoice number and date, amount to be paid to that vendor, and the total amount for the schedule.
4. All invoices shall be paid on one (1) schedule, whenever possible, but a separate schedule for each department.
5. The Schedule of Departmental Bills Payable is to be submitted to the Accounting Office by the date and time set by the Town Accountant, in order to be included on the Vendor Warrant for payment to be made in the following period. Any late submittals will not be processed until the following warrant.
6. All payments made by check must be mailed directly to the vendor. The Town Treasurer must approve any exceptions.
7. Payments made by electronic fund transfer (EFT) will be processed directly by the Town Treasurer to the vendor.

.06 Authorized Signatories for Schedule of Departmental Bills

The Town Account's Office shall maintain a listing by name and position with a signature for each municipal official authorized to make payments. It is the responsibility of each department head and/or elected boards to provide this listing to the Town Accountant and to notify the office of any changes that have been made.

Elected boards shall approve their Schedule of Departmental Bills Payable. A majority of the board is required to sign the Schedule of Departmental Bills Payable, unless they have voted to approve less than a majority of members as the authorized signatory/signatories.

.07 Accountants Office Review of Payables

The Town Accountant, or designee, shall review all invoices submitted for payment for the following:

- Mathematical accuracy
- Vendor name and remittance address
- Sales tax has not been charged
- Discounts have been utilized
- Verification of fund, organization and account code charged
- Sufficiency of funds
- Confirm expenditure is not fraudulent, unlawful or excessive.

In the instance under MGL 41 section 56 in the case of insufficient funds or suspicion of fraudulent, unlawful or excessive expenditures, the invoices shall be removed from the warrant by the Town Accountant and the invoices shall not be paid until budgeted funds are transferred or expenditure is researched for appropriateness.

.08 Adjustments, Corrections & Credits

If it is determined that an adjustment must be made to the accounting system for any reason (i.e. incorrect account number reported, amounts attributed to account numbers, etc.) a written request must be sent to the Accounting Office requesting the correction. The request must include the original account number, the corrected account number and the amount.

Any credits due to a vendor error that have already been charged to the account number will be reimbursed, providing proper documentation supporting the credit is submitted along with a memo stating the reason for the credit. Otherwise, all reimbursements or credits will be deposited as revenue to the general fund.

.09 Approval of the Vendor Warrant

The Town Accountant and a majority of the Select Board must sign the Vendor Warrant prior to payments being disbursed by the Treasurer. Without approval, payments to vendors shall not be issued.