

TOWN OF VULCAN

Policy Manual

<u>POLICY NUMBER</u>			<u>TITLE OF POLICY</u>
F-04			Payment of Accounts
Approval	D/M/Y	Resolution #	
Adopted	26/10/1998	98.293	
Amended	25/07/2016	16.226	
From: F-35		To: F-04	
Amended	23/01/17	17.031	

STATEMENT:

The Town of Vulcan requires a policy to formalize a process for establishing the responsibilities, controls, authorizations and procedures for the accurate and timely payment of invoices processed by Accounts Payable.

1. Definitions

1.1 **"EFT"** means Electronic Funds Transfer.

2. Policy

2.1 Only invoices that are properly approved in accordance with the Town's Purchasing Policy F-01, will be processed for payment.

2.2 Cheques are not to be issued to "Cash".

2.3 Payments will be made in accordance with the payment terms established with the vendor.

3. Responsibilities

3.1 All employees / departments submitting an invoice for processing must ensure that invoices are provided to the Accounts Payable Clerk in a timely manner to meet the payment terms and internal processing deadlines.

3.2 The Accounts Payable Clerk is responsible for reviewing the invoices entered, to ensure that payments are processed in accordance with these policies.

3.3 The Accounts Payable Clerk is responsible to process payments in a timely manner, print cheques and process EFT transfers, and control the blank cheque stock.

4. Segregation of Duties

4.1 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.

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- 4.2** Segregation is achieved as the Accounts Payable Clerk does not approve any invoices. Cheques and EFT registers are to be signed in accordance with the Signing Authority Policy F-03.

5. Procedures

- 5.1** Invoices are received by the Accounts Payable Clerk, date stamped and forwarded to the appropriate department for processing. Invoices shall be returned to accounts payable, approved and coded, within 5 business days of receiving the invoice.
- 5.2** The Accounts Payable Clerk processes cheques and EFT payments on or as close to the 5th and 20th day of each month as possible, these are signed / approved by authorized signatories and mailed / processed on or before the Friday of that week. All invoices to be included on the cheque run must be in to the Accounts Payable Clerk by 10:00am on the 3rd or 18th day of each month.
- 5.3** Cheques are printed on the printer located in the Accounts Payable Clerk's office. Cheque stock is blank, with the cheque portion being the bottom third of the page.
- 5.4** The Accounts Payable Clerk prints the cheque and the EFT registers noting the number of cheques and initials the report. The cheques, EFT register, and supporting documentation are provided to the signing officers who will review the listing prior to approval of the EFT for release. Signing officers will sign the EFT listing to indicate approval.
- 5.5** Cheques payable to a signing officer shall not be signed by that signing officer.
- 5.6** Councillors shall not sign cheques payable to an entity with which they have a pecuniary interest as defined by the Municipal Government Act.

6. Approvals Required

- 6.1** At the department level, each invoice is verified by the person who placed the initial order.
- 6.2** The Director of the Department, or designate, shall approve the invoice and is ultimately responsible to ensure that invoices are appropriate, accurate and charged to the correct budget line.
- 6.3** Payment should not be made from anything but an original invoice or statement in order to prevent duplicate payments.
- 6.4** Invoices and expense claims must be coded with the correct General Ledger code.

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7. Forms of Payment

The Town will make payment through one of the following forms of Payment

- 7.1 **Electronic Funds Transfer:** The use of EFT as a form of payment shall be the preferred method for the Town of Vulcan. There are many advantages to the use of EFT which include reduced fraud risk, lowered processing costs, less paper use, and prompt receipt of payment by vendors.
- 7.2 **Online Payments:** The use of online bill payments may be used at the discretion of the CAO and Finance Manager. Any online bill payment must be approved by two authorized signatories. Online payment may be used for the remittance of government taxes (such as Source deductions, LAPP, and other government remittances). The use of EFTs will be preferred to online bill payments.
- 7.3 **Cheques:** The use of cheques as a form of payment shall be used if EFT or online payments are not available. Any cheque payment must be approved by two authorized signatories. The use of EFTs will be preferred to cheque payments.
- 7.4 **Credit Card:** The Town credit card may be used by employees if the operational need can be substantiated based on need and convenience. The CAO or the Finance Manager will issue approval for use of the card if there is an operational need. The original receipt and invoice shall be coded by the department and provided to the Accounts Payable clerk. It shall be clearly marked "MASTERCARD". These invoices will be matched to the monthly statement by the Accounts Payable clerk. The Point of Sale receipt does not constitute an invoice. Any purchases with the credit card shall be supported by an itemized invoice. If an itemized invoice is not available the expense must be approved by the CAO or the Finance Manager.
- 7.5 **Petty Cash:** Petty Cash 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 Town.

- END OF POLICY-