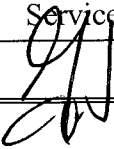




## POLICY AND PROCEDURE

<b>Subject:</b> Accounts Payable	<b>Index:</b> Finance <b>Number:</b> 201-8
<b>Effective Date:</b> September 1, 2008	<b>Prepared By:</b> Finance & Administrative Services
<b>Supersedes:</b> September 1, 2005	<b>Approved By:</b> 

**1.0 PURPOSE:** Accounts Payable policies and procedures are established to provide a common understanding of the methods for payment of invoices for supplies and services obligated by purchase order and/or contract; to ensure that all requests for payment are within the guidelines established by the Purchasing Ordinance, City Policies and Procedures as well as other legal requirements; and to ensure that the generally accepted accounting principles are followed.

**2.0 ORGANIZATIONS AFFECTED:** All departments and divisions.

**3.0 REFERENCES:**

San Clemente Municipal Code, Chapter Five  
Purchasing Policies & Procedures for Supplies, Materials and Equipment #201-2-1  
Purchasing Policies & Procedures for Public Works Projects #201-2-2  
Purchasing Policies & Procedures for Emergency Purchases #201-2-5  
Reimbursement of Employee Expenses #201-4  
Legislative Body Reimbursement #1201-8  
Finance Policies & Procedures for Petty Cash #201-3

**4.0 POLICY:**

**4.1 Accounts Payable:**

4.1.1 The Accounts Payable function is the responsibility of the Finance Division under the direction of the Finance Manager. Accounts Payable is the internal function to ensure that the Purchasing Policies and Procedures have been followed in the procurement, delivery and payment of supplies, services, equipment and materials utilized by the City.

- 4.1.2 Accounts Payable will process approved invoices for payment every week. Invoices accompanied with authorized signer's approval for payment submitted before 5:00 p.m. on the last work day of the week will be processed and warrants will be released on the last working day of the following week. The Early Release of a warrant shall be approved by the Finance Manager.
- 4.1.3 Requests for "emergency" warrants which are not processed and released as a part of normal weekly schedule, must be approved by the appropriate Department Director and Finance Manager.
- 4.1.4 Warrants will be mailed directly to the company or individual identified on the warrants unless approval is obtained from the Finance Manager.
- 4.1.5 The Finance Manager will review and approve all requests for warrants in excess of \$300,000. The Finance and Administrative Services Director will review and approve all requests for warrants in excess of \$500,000.
- 4.1.6 The Finance Manager will release the weekly Warrant Register to the City Manager, and the Assistant City Manager/City Treasurer for final approval.

**4.2 Methods of Payment:**

- 4.2.1 Items must total under \$100 for reimbursement by Petty Cash, within the guidelines allowed in the Petty Cash Policies and Procedures #201-3.
- 4.2.2 Items not covered by Purchase Orders – Payment for items submitted on a Request for Payment form which the division Manager authorizes for payment directly from the supplier.
- 4.2.3 Invoices will not be paid unless the Purchasing cycle (informal quote and formal bidding process) has been completed and a Purchase Order issued for amounts over \$5,000 (Reference Section 4.1 of the Purchasing Policies and Procedures for Supplies Materials and Equipment #201-2-1 and Section 4.1 of the Purchasing Policies and Procedures for Public Works Projects #201-2-2) and the invoice is properly matched with an authorized notice of receipt and acceptance of materials or services.
- 4.2.4 Payment alternatives to a manual check include Electronic Fund Transfer (EFT) option. A vendor must enroll by submitting the enrollment form to Finance to receive payments on invoices directly to their designated bank.

**4.3 Authorization of Payment:**

- 4.3.1 Each delivery receipt, packing slip, invoice, or request for payment must be authorized by a department director, division manager or designee. The Finance Division will maintain the list of authorized signatures and update it on an annual basis each January. The list will be kept on file in the Central

Services and Finance Divisions. It is the Department Director and Division Manager's responsibility to notify Finance of any changes or temporary assignment of authorization.

- 4.3.2 The signature authority level is limited to the amounts indicated on the attachment to this policy. The attachment indicates the title of the individual and the applicable authority level

## **5.0 DEFINITIONS:**

- 5.1 **Petty Cash** – Items under \$100, purchased by the employee and reimbursed in accordance with the established Policies and Procedures.
- 5.2 **Warrant** – An order drawn by the legislative body or an officer of a government upon its treasurer, directing payment of a specified amount to the person named.
- 5.3 **Purchase Order** – A written contract for supplies, materials, equipment or services for an approved amount.
- 5.4 **Warrant Register** – A list of all of the warrants prepared by the Accounting Division.

## **6.0 PROCEDURE:**

### **6.1 Exceptions to the Warrant Schedule or Process:**

- 6.1.1 Any exception to the release date of a warrant requires approval by the Finance Manager. The normal payment request process must be followed.
- 6.1.2 Requests for an "emergency" warrant require approval by the requesting department's Director and the Finance Manager. The normal payment request process must be followed.
- 6.1.3 Requests for the release of a warrant to an individual other than the Company or Individual that is printed on the warrant require Finance Manager approval.

### **6.2 Petty Cash Payment Requests:**

- 6.2.1 Petty Cash is used for small expenditures which would be impractical to process through the purchase order system and are limited as to dollar amount and type of purchase by the Petty Cash Policy and Procedures.
- 6.2.2 Requests for reimbursement of petty cash must be submitted on a completed Petty Cash Voucher and properly authorized by the Department Director, Division Manager or designee. The Petty Cash Voucher must detail the name of the individual receiving the money, the account number to be charged, the purpose of the expenditure and the authorized signature.

A receipt showing the date and amount of the purchase must accompany the Petty Cash Voucher.

**6.3 Purchase Order Payment Requests:**

6.3.1 Requests for payment of items purchased on a Purchase Order must be made directly on the receiving copy of the purchase order, along with the invoice. The following information must be completed by the division:

- 6.3.1.1 Items Received
- 6.3.1.2 Signature of Individual Receiving
- 6.3.1.3 Authorized Signature on the Purchase Order

6.3.2 The completed invoice and signed purchase order receipt must be sent to the Finance Division for processing.

6.3.3 Purchase orders that have been issued are located in the Central Services Division.

**6.4 Items not covered under Purchase Order Payment Request:**

6.4.1 Requests for payment of invoices for dues, subscriptions, deposits, seminars, conferences, etc. which do not need the issuance of a written purchase order must be submitted on a completed and authorized Request for Payment form and forwarded to the Finance Division for processing. The Request for Payment form is located in Microsoft Word under the general template, general tab.

6.4.2 The Request for Payment must be accompanied by the invoice and/or completed order form. If a letter, registration form or order form should accompany the warrant, please submit the copies with the Request for Payment and clearly indicate which copies should be included and highlighted in the body of the requisition.

6.4.3 Contractual services and professional services over \$5,000 require a purchase order before submission to the Finance Division for processing payment. See Section 6.3.1 for payment submission.

**6.5 Receipt, Acceptance and Payment of Purchase Orders:**

6.5.1 Verification of the quantity, quality and delivery of a purchase order must be submitted on the division's copy of the purchase order before payment is issued. The division is responsible for completing the purchase order receiving copy and submitting the original along with a signed copy of the delivery receipt to the Finance Division for processing.

6.5.2 Accounts Payable will only process for payment the invoices which match exactly the information approved and accepted by the Department

Director, Division Manager or designee. The information includes the date, number, amount, remit to address and the payee of the invoice. General account number and/or work order number should be provided as well.

- 6.5.3 A completed W-9 form from the first time vendor, supplier, instructor, consultant, service provider and/or contractor is required when submitting the payment request for invoice. A blank W-9 form can be found at <http://www.irs.gov/pub/irs-pdf/fw9.pdf>



# APPROVAL THRESHOLDS

TITLES OF APPROVING OFFICIALS	MAXIMUM APPROVAL THRESHOLDS
<b>TIER I</b>	
Beaches, Parks and Rec. Director	Council approved budget
City Clerk	Council approved budget
City Engineer	Council approved budget
City Manager	Council approved budget
City Treasurer/Assistant City Manager	Council approved budget
Community Development Director	Council approved budget
Police Lieutenant	Council approved budget
Public Works/Econ. Dev. Director	Council approved budget
<b>TIER II</b>	
Assistant City Engineer	\$200,000
Beaches, Parks and Rec. Manager	\$200,000
Building Official	\$200,000
City Planner	\$200,000
Code Compliance Manager	\$200,000
Finance Manager	\$200,000
Golf Course Manager	\$200,000
Human Resources Manager	\$200,000
Information Technology Manager	\$200,000
Maintenance Services Manager	\$200,000
Marine Safety Chief	\$200,000
Central Services Officer	\$200,000
Recreation Manager	\$200,000
Utilities Manager	\$200,000
<b>TIER III</b>	
Accounting Supervisor	\$45,000
Emergency Operations Officer	\$45,000
Maintenance Operations Supervisor	\$45,000
Marine Safety Lieutenant	\$45,000
Landscape Architect	\$45,000
Principal Civil Engineer	\$45,000
Police Sergeant - Administrative	\$45,000
Utility Operations Supervisor	\$45,000
<b>TIER IV</b>	
Beach, Parks and Rec. Admin Asst.	\$1,000
City Manager Executive Asst.	\$1,000
Deputy City Clerk	\$1,000
Recreation Supervisor	\$2,000

All approval thresholds are subject to the remaining unspent budget amount that was approved by the City Council. Approval amounts are based on individual invoices. Routine utility bills for regular service and payments from balance sheet accounts are exempt from the dollar thresholds.