



Accounts Payable Policy and Procedure

POL#2018-008

Date of Adoption: January 24, 2013

Amended: 04/14, 01/15, 01/16, 06/17, 01/18, 06/18

THIS POLICY IS TO CREATE ANTI-FRAUD PROCEDURES AS REQUIRED BY STANDARD ACCOUNTING PRACTICE.

ILLEGAL OR UNAUTHORIZED EXPENDITURES:

In order for an expenditure of public funds to be proper the governmental body approving the expenditure must receive a benefit that fits within their scope of operations. It is not sufficient that the expenditure be well intentioned, the expenditure must serve the local governmental unit.

The Michigan Department of Treasury has identified some of the most common examples of unlawful expenditures which are listed below:

- Office refreshments (e.g., coffee, water and donuts) or picnics
- Contributions or donations – including the use of property or equipment – to churches, veterans, community or nonprofit organizations (e.g., Big Brothers/Sisters, Scouts)
- Flowers to the sick or departed
- Presents to officials and employees or retirement recognition events
- Donations to a private ambulance or EMS service not under contract with the governmental unit

To further clarify, the expenditure for office refreshments is allowable if it is considered to be for a public purpose. For example, coffee and donuts are considered to be for a public purpose if they are available to the general public (such as at an open meeting).

Amounts paid to a nonprofit organization to administer a program or activity with a public purpose are allowable, if the government enters into a legal contract with the organization.

EVERY INVOICE REQUEST MUST HAVE PROPER DOCUMENTATION:

Incomplete vouchers will be returned to the department. It is required that actual support for payment be provided and attached to all voucher requests. Expenses must have some type of support (invoice, receipt, registration form, etc.) to document an expense.

WEEKLY CHECK RUN:

The Accounts Payable process will have one weekly check run. All invoices must be received in the Bookkeeping Department no later than **Thursday by 4:30 PM** to be included in the subsequent weekly check run. This means that invoices sent by interdepartmental mail must be sent so that they are received by Thursday afternoon. All invoices turned in on time will have their checks generated the following Thursday.



Accounts Payable Policy and Procedure *(continued)*

POL#2018-008

CHECK RETURNED TO YOU:

If you want your check returned to your department, you will have to select this option during your invoice entry. If you do not select this option, your checks will be mailed.

INVOICING

- Every invoice needs an entry.
- **The Transaction Date** is the DATE ON THE INVOICE—Not the date you are entering.
- There are **NO TEMPORARY VENDORS**. You must request a new vendor or request a vendor change on the system. This will then be approved by the Bookkeeping Department and you will be notified that your vendor is ready.
- **Invoice Numbers** Use only the invoice number available. You will not be able to duplicate an invoice number for the same vendor. If there is no invoice number you may create a *meaningful* one for your entry.
- The Department Heads will no longer need to sign each invoice. Your electronic signature will approve the invoice and authorize the accounts payable process for payment.
- The Bookkeeping Department must have the physical copies of all the invoices. **Your invoices will NOT be processed by the Bookkeeping Department without the physical invoice.**
- Please make sure that all invoices measure 8.5x11. If your invoice is smaller please tape it on a full sheet of paper. This allows for easier filing/scanning and prevents the invoice from getting lost.

PURCHASE ORDERS:

- **Assets Purchases OVER \$5,000.00 MUST be on a Purchase Order:**
- Individual asset items costing over \$5,000.00 must be on a Purchase Order.

OTHER INFORMATION:

- **Lost checks-** must wait 10 working days – before it will be reissued. Please contact the Bookkeeping Department when this period has been completed.
- **Checks, Un-Cashed-** If the check is past 90 days – the check may be taken to the Treasurer and it will be initialed by the Treasurer. If the Treasurer decides the length of time lapsed is too long it will be voided and reissued.
- If you receive a check back and you have not been able to locate a new address or the person, the check needs to be voided. **DO NOT HOLD RETURNED CHECKS. Please forward them to the Bookkeeping Department.**
- **Clothing Reimbursements-** The employee is to purchase his or her clothing to equal the allotted reimbursement amount. Sales tax is not reimbursed. Turn in the detailed receipt with the departmental invoice.

Credit Card Purchases:



Accounts Payable Policy and Procedure *(continued)*

POL#2018-008

- When a credit card is “used” by another department – the online/invoice **MUST** still be approved by that department. It must have their stamp and signature on it when they forward the paperwork to the credit card holder for payment.
 - **As an alternative**, the card holder may require the “using” department to request such use in writing, in advance of the purchase, complete with appropriate account number. Such prior written authorization assigns approval authority to the card holder. The using department is still responsible for detailed support for items or services purchased with the card.
- All credit card purchases must include a receipt to process the payment.

Petty Cash:

- If a department finds it necessary to issue a hand written receipt, a pre-numbered receipt book should be kept on hand. All numbered receipts should be verified by an individual other than the one issuing the receipts and handling the cash.
- All Petty Cash reimbursements must include receipts.

Remittances:

- If you need something sent with the check – please make sure you send a copy of what you want sent with the check. Remittances are not normally sent if the account number is on the stub.

Sales Tax Exempt:

- We are tax exempt from Michigan Sales Tax – deduct that amount from the invoice if added. If they need a form, indicate on the invoice and Bookkeeping will send one with the check.

W-9 FORMS: ANY VENDOR THAT SUPPLIES A SERVICE MUST HAVE A W-9 FORM ON FILE – BEFORE PAYMENT IS SENT.

If you receive these forms from your vendor, please forward to the Bookkeeping Department. The W-9 informs us if the vendor is 1099 applicable for total payments over \$600.00.

TRAVEL REIMBURSEMENT POLICY:

- Proper documentation is required for reimbursement.
- Reimbursements are paid through the regular check run.
- **NO** check will be issued more than 90 days of the scheduled events due date, unless stated on the registration form.
- If you do not have a detailed hotel invoice you will not be reimbursed.

Meals:

- ✓ No meals in Lenawee County unless **PRE-APPROVED** by the Department Head. Include names and reason for the meeting for the meal. Any deviations from this please call Accounts Payable.
- ✓ The maximum reimbursement amounts are; breakfast \$15, lunch \$15, and dinner \$35. The above maximums include tax and tip.
- ✓ Lenawee County will reimburse tips for meal service at customary rates.
- ✓ You must supply detailed receipts, listing foods/drinks and restaurant name.
- ✓ Credit card charge slips are **NOT** acceptable. Check before ordering the meal.
- ✓ If you charge a meal to a hotel room, you must supply a detailed receipt of the items ordered.



Accounts Payable Policy and Procedure *(continued)*

POL#2018-008

- ✓ Under no circumstances will Lenawee County reimburse employees for alcoholic beverages of any kind.

Hotel:

- ✓ The actual (or copy) of the "Check-Out" invoice from the hotel must be used for reimbursement, or if paid in advanced it needs to be sent to the Accounts Payable office upon your return.
- ✓ The supporting documentation (ex: receipt) is required within 60 days from the completion of the stay. If it is not presented to the Bookkeeping Department within this allotted time, the employee will be responsible to reimburse the hotel cost to the county.
- ✓ We are only exempt from Michigan Sales Tax. Check with the hotel in advance. Most will only accept a county check with the county tax exempt form.
- ✓ Only payment for the hotel stay during the conference dates will be authorized (documentation is required). All additional days (before or after) will be the employee's responsibility.

Room Rates/Type of Rooms:

- ✓ Lenawee County reimburses the lowest applicable rate. Reservations should be made at the standard block offering or applicable government rate. Any upgrade from the standard block offering or government rate, whichever is applicable, requires pre-approval by the County Administrator.

Mileage:

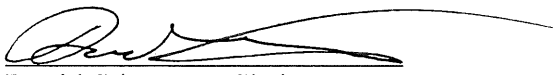
- ✓ The authorized expense voucher must include date, number of miles and location for reimbursement.
- ✓ Lenawee County Commissioners must list separately taxable and non-taxable mileage.

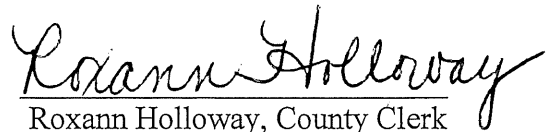
Mileage Rate:

- ✓ The rate stays current with the IRS standard.

Please feel free to contact the Bookkeeping Clerk if you have any questions or concerns.

PASSED BY ROLL CALL VOTE of the Lenawee County Board of Commissioners at a regular meeting held Wednesday, June 13, 2018, in the Old County Courthouse, Adrian, Michigan.


David Stimpson, Chair


Roxann Holloway, County Clerk