Financial Procedures

Draft
March 28, 2023

INTRODUCTION

The purpose of the Financial Procedures is to provide guidelines for the financial management and administrative staff in performing the City's day-to-day financial affairs. This document covers all of the major topics that are part of the day-to-day processing and provides clear procedures.

This procedures document will be reviewed and updated at least every two years. The management and administrative staff that duties include financial transactions will be required to review and sign their acknowledgment of such review.

Employee Acknowledgment

I have received a copy of these financial procedures and understand my responsibilities as it pertains to my day-to-day financial procedures.

Further, I understand that this document will become a part of my personnel file.

Employee Name (please print): _____

Department: _____

_____   _____
Employee Signature   Date

ACCOUNTS PAYABLE

Purpose

The purpose of this policy is to ensure that the vendors of the City of Bastrop are paid in accordance with established accounts payable procedures. The City of Bastrop will strive to make timely and accurate payments to all vendors.

Scope

This policy applies to all departments that submit invoices or payment requests to accounts payable for payment.

Policy

Any invoice or payment request form sent to the City of Bastrop for payment, will be presented to the Accounts Payable Finance Specialist as described below in the procedure section. All invoices will be paid within 30 days from invoice date (or receipt of goods or services date) as noted on the invoice. The Accounts Payable Finance Specialist will process payments bi-weekly (non-payroll weeks) for invoices due for payment that have been processed according to the procedure.

Deadlines

Invoices or payment requests for bi-weekly AP processing should be submitted to Finance no later than Friday at 5PM prior to the week of processing (non-payroll weeks). The Finance Department will provide a fiscal year PAYMENT CALENDAR, located in the Ready to Pay folder of the AP Share drive at**: M:\AP Share\READY TO PAY**

Accounts Payable Procedure – Departments

Vendors

1. New Vendors
   a. New vendors require the completion of a NEW VENDOR PACKET and must specify the requesting city department to whom they will be doing business with.
   b. NEW VENDOR PACKETS must be submitted to the Finance Department from the department or origin and must be provided to the Finance Department prior to placing an order.
2. Established Vendors
   a. If the vendor is in Incode but no payment has been processed in over a year, a NEW VENDOR PACKET will need to be completed to make sure all information is up to date.

Regular Payables

Invoices that do not require a purchase order (see Purchase Order Policy & Procedures) are referred to as "Regular Payables". Regular payable items are entered through Common > Processing > Processing > Add Packet and the back-up invoices should be scanned into the Ready to Pay folder of the AP Share drive at**: M:\AP Share\READY TO PAY\3 - 23-02-03 COB RP'S**

Once items are scanned in, pay close attention to the following:

1. Regular Payable Packet naming convention:

   YYMMDD DEPT NAME (ex: 230203 HR)

   Note: the regular payable packet name and the name you assign to the scanned back-up in the ready to pay folder should be the same.

2. Make sure you have correctly completed the AP Stamp/Authorization entirely, and make sure the approval signature is from an approver with the required authorization limits.

3. When entering a regular payable item, the PAYABLE ID is the invoice number. If there is no invoice number, use the invoice date in the format of YYMMDD.

4. DO NOT POST your regular payable packet. The Accounts Payable Finance Specialist will audit regular payable entries against the back-up invoices scanned to the ready-to-pay folder and post once discrepancies are cleaned up.

PO (Purchase Order) Invoices

Invoices that require a PO will not be entered into Regular Payables. A purchase order is created using the Requisition process. Once an invoice is received for which a PO is required, you will simply scan the invoices and PO into the Ready to Pay Folder of the AP Share drive at:

<div align="center">

M:\AP Share\READY TO PAY\2 - 23-02-03 COB PO'S

</div>

The Accounts Payable Finance Specialist will audit invoices to make sure the AP Stamp/Authorization is completed accurately, and all back-up documents are attached (PO and any necessary Purchasing Summary documents).

The Open PO number is documented correctly on the Invoice.

The Invoice amount is checked against the PO amount and any differences should be explained in writing on the Invoice or PO. (Also, noting if final payment and the balance of the PO needs to be voided).

Monthly Statements

1. Shared statement accounts-

   a. The Accounts Payable Finance Specialist will provide an excel spreadsheet for each statement vendor in the Ready to Pay Monthly Statements folder at:

      M:\AP Share\READY TO PAY\5 - MONTHLY STATEMENTS (Napa B & B - BARNARD'S – CINTAS Uniforms - LOWE'S)

   b. Each department will enter their individual transactions onto the excel spreadsheet by the 8th of every month, for the previous month's vendor statement (Napa B & B, BARNARD'S, CINITAS UNIFORMS, LOWES). They will also scan their stamped and coded receipts in each vendor folder. The naming convention for scanned receipts will be:

      yymm vendor dept (ex: 2212 BARNARDS BPL)

   c. The Accounts Payable Finance Specialist will reconcile the excel spreadsheet entries to the monthly vendor statement and once reconciled, will import into the payment process for each vendor.

2. PNC PCards

   a. All individual card holders and departments will receive a monthly PNC statement and will be responsible for coding each expense in the PNC Spendnet Navigator portal, reviewing, and uploading stamped receipts for all transactions on their individual and department PNC PCard statements.
   b. The designated 1st line reviewer will review and approve that each expense entry is complete and correct and that each corresponding receipt has been stamped and scanned into the PNC portal.
   c. The authorized department head will review and give final approval for all transactions on the individual and department Pcards they are responsible for. This review and approval process must be completed by the 15th of the following the month.
   d. Once the Accounts Payable Financial Specialist has reviewed, approved, and reconciled the statements to the amount drafted from the City's bank account, transaction detail will be imported to ERP software and all back-up and receipts will be moved over to Laserfiche.

Pay close attention to the following:

   a. All items scanned in should be ONE SIDED and RIGHT SIDE UP.
   b. All receipts should be a copy (no tape or staples for scanning purposes).

   c. If a receipt is missing, a memo explaining the expense with codes and appropriate signatures is required.

Accounts Payable Procedure - Finance

Vendors

1. Make sure that the new or updated vendor packet was received from a department. If not, the Accounts Payable Financial Specialist will call the department to confirm the initiation of this new or updated vendor. This verification will be documented on the vendor information form.
2. If a vendor has requested payment through Electronic Fund Transfer, the Accounts Payable Financial Specialist will use the EFT Verification Form to confirm the banking information provided on the EFT form. This verification will be documented on the EFT Verification Form and filed in Laserfiche with the vendor packet. If this information cannot be verified, the vendor put on HOLD until such verification can be completed.

Invoices that do not require a purchase order:

1. The Accounts Payable Financial Specialist will review all invoices verifying the correct vendor and amount have been entered.
2. Finance will POST the packet which moves items to payment process.
3. If the invoice has not been approved by someone with signature authority in that department, the invoice is sent back to the department for approval (this could delay payment).

For invoices that have POs entered:

1. The invoices are reviewed for authorized signature, account coding and required supporting documentation (ex. Purchasing Summary and backup).
2. POs are receipted in based on the invoice total (if the two amounts are different, an explanation should be in writing on the Invoice (ex. Partial pay).
3. The invoices are put into Laserfiche until payments are ready to be processed.

Payment Processing Procedure

1. The Accounts Payable Financial Specialist will prepare the batches for processing (EFT, Checks/Drafts, pCard) and save the registers in Laserfiche.
2. The CFO, or their designee, will review the register along with the invoices in Laserfiche, review for proper signatures and backup, and confirm review by signing and dating the register.
3. Once reviewed, the CFO, or their designee, will sign the register and log onto the bank and process the EFT file. Providing the AP Finance Specialist with confirmation of payment.

4. The checks require dual passwords through secure signature. The CFO, or their designee will provide one password while the AP Financial Specialist will provide their own password. The checks are kept locked up while not in use.
5. The AP Financial Specialist will then prepare checks for mailing or held for pickup (if so noted).
6. The payment batches and back-up are scanned to Laserfiche for record retention.

AUTOMATED CHECK SIGNING

Objective

To ensure timely payment to vendors and employees while providing proper internal control over disbursements.

Scope

This policy and procedure apply to the secure signature software, which issues accounts payable, and payroll checks with the signatures of the City Secretary and Mayor on the checks on the laser printer.

Authorization

The Chief Finance Officer, Assistant Finance Director, Accountant, and Finance Specialists will have knowledge of the password that must be input to issue checks. It takes two separate passwords to complete the printing process.

Procedure

Accounts Payable

The Accounts Payable Financial Specialist will prepare the check run. A review of the payment register is completed. At the point that checks are to be issued, the CFO or their designee will enter the first password and then one of the other authorized individuals will input their password to issue the checks. The review of the payment register is completed in the Accounts Payable procedures.

Payroll

The Financial Specialist will prepare the check run. The payment register will be reviewed by the CFO, or their designee, and sign to confirm. At the point that checks are to be issued, the CFO or their designee will enter the first password and then one of the authorized individuals will input their password to issue the checks.

Auditing

The staff member responsible for the bank reconciliation will make note of any check numbers missing and research. The reason for the missing checks (ie. voids) will be noted on the bank reconciliation register.

AUTOMATED TIMEKEEPING

Objective

To facilitate the correct payment to employees for hours worked through automated timekeeping.

Scope

This policy and procedure apply to the automated timekeeping system, which is administered by Finance, for use by all departments.

Authorization

Each Department Head is responsible for the approval levels in the system. Finance is responsible for the correct payment of employees, using information generated by the departments in the automated timekeeping system and in accordance to Fair Labor Standards (FLSA).

Procedure

Approval Levels

Directors are responsible for the accuracy of the employee submission of time through the system. The director may use his/her discretion to delegate authority to approve the timesheets within the division. Approval levels within the system must be approved by the Department Head.

Reporting Hours in the System

Hours worked and leave taken will be recorded by the employee, or designee, to the automated timekeeping system. This record may be done daily, weekly, or biweekly as determined by the employee's supervisor. Leave time must be taken and recorded according to the personnel policies of the city. Approvers within the division must approve and submit time to payroll no later than the Tuesday, the week of the pay date, by 12 noon unless the schedule has been modified due to a Holiday. The Finance Department provides a payment calendar located in the AP Share drive in the Ready to Pay folder.

Terminated Employees

City employees are paid "current" for regular hours. Therefore, departments are responsible for notifying Human Resources, and Payroll, as soon as possible upon knowledge that an employee is terminating. The Finance Specialist will advise the division

on reporting final hours for the employee based on the individual circumstances of the termination.

The Senior Accountant will review lists of terminated employees routinely, to ensure system access is removed for terminated employees.

Probation and Disciplinary Leave

Likewise, if a supervisor and/or division director has a disciplinary situation that could put the financial system at risk by a disgruntled employee, the supervisor and director are responsible for notifying the Finance Department, so that system access for the individual can be removed.

Auditing

The accuracy of time entered will be reviewed during the payroll process bi-weekly. Any questions will be directed to the approver. All variances noted will be documented in the backup for that payroll run.

BANK DEPOSIT

Purpose

The purpose of this policy/procedure is to ensure that the City's deposits are processed in a safe and timely manner.

Scope

This policy applies to all departments processing bank deposits.

Policy

All deposits made by the City of Bastrop must follow the procedures listed below.

Procedure

Utility Office

1. A deposit is prepared daily and locked in a secure bank bag.
2. If the deposit register and cash/checks aren't reconciling, the deposit can be locked in the safe until the next morning for supervisor review.
3. The assigned utility staff will deliver the bag to the bank at the end of the day.
4. The bank has the key to open the secure bank bag and process the deposit.
5. A utility staff will return to the bank the next day to retrieve the bag and receipt. The receipt will be compared to the deposit register to confirm it matches and scanned and appended to the deposit register and backup in Laserfiche.

Municipal Court

1. A deposit is prepared daily.
2. The designated staff will take to the bank for deposit.
3. The receipt is scanned in with the deposit register.

Library

1. A deposit is prepared daily.
2. The designated staff will take to the bank for deposit.
3. Weekly the designated staff will prepare a packet to record the cash collections for that week. The packet total should equal the deposit receipts from the bank in total.
4. The packet register and backup are forwarded to Finance for review and record retention.

Convention Center/Main St Program

1. All cash/check/credit card deposits will be taken to Utility Customer Service Department to be processed with their daily deposit packet.
2. The deposit will need to include a form specifying what the deposit is for and the accounting codes to be posted to.
3. The Utility Customer Service department will provide the department turning in the deposit, a receipt for their records.

Police

1. All cash/check/credit card deposits will be taken to Utility Customer Service Department to be processed with their daily deposit packet.
2. The Utility Customer Service representative that takes the deposit will provide the department bringing the deposit with a receipt.

Planning

1. All cash/check/credit card transactions are processed through the MyGov software.
2. The register/receipts are generated from MyGov daily and forwarded to Finance for review and reconciliation to bank confirmations.
3. If cash/checks are received, these are to be turned over to Utility Customer Service Department daily for deposit. Planning is then responsible for upload deposit confirmation from the bank into Laserfiche.

Recreation/Parks/Library

1. All cash/check/credit card transactions are processed through the RecDesk software.
2. The register/receipts are generated from RecDesk daily and forwarded to Finance for review and reconciliation to bank confirmations.
3. If cash/checks are received, these are to be turned over to Utility Customer Service Department daily for deposit.

Special Events

1. All cash/check/credit card transactions are processed through the MyGov software.
2. The register/receipts are generated from MyGov daily and forwarded to Finance for review and reconciliation to bank confirmations.
3. If cash/checks are received, these are to be turned over to Utility Customer Service Department daily for deposit. Include on the documentation to Utility Department "FOR DEPOSIT ONLY – TRANSACTION POSTED IN MYGOV".

BUDGET TRANSFER

Purpose

The purpose of this policy is to provide authorized guidelines for the transfer of unencumbered appropriations from an expenditure account to another.

Scope

The policy applies to Department Directors each being responsible for their budget for the City of Bastrop.

General

It may become necessary to move funds from one expenditure line item to another due to unforeseen circumstances within a fiscal year.

Policy

The level of budgetary control is the fund level budget in all Funds. Transfers between departments over $25,000 will still require City Council approval. Transfers between expenditure accounts within a department may occur with the approval of the Department Director. City Manager approval is required if transferring from personnel accounts, capital accounts within a department, and transfers between departments.

The Department requesting the budget transfer should enter a packet in the ERP system, and submit the register signed by the Department Director to the Senior Accountant for review and approval.

CHANGE ORDER

Purpose

The purpose of the change order policy and procedures is to provide the City staff with a guideline for implementing change orders that are in compliance with Texas Local Government Code §252.0481.

Policy

1. If changes in plans or specifications are necessary after the performance of the contract has begun or if it is necessary to decrease or increase the quantity of work performed or of materials, equipment, or supplies to be furnished, change orders may be implemented by City employees with approved authority.

2. Change orders should not change the purpose or objective of the contract, except for extra work necessary to accomplish the project as described in the contract document.

   a. This limitation applies even if expenditures do not exceed any contingency amount allocated for the project or the project budget.

3. The total amount of the contract may not be increased by more than 25 percent. This is a cumulative total of all change orders.

   a. This amount is calculated based upon price stated in the executed contract for the project.
   b. It **should not** be based on the amount of any unawarded alternates, approved contingency or project budget, unless approved contingency amount is included in contract.
   c. The original contract price shall not be decreased by more than 25 percent without the consent of the contractor in writing.

4. If a change order(s) involves a decrease or an increase of $50,000 or more, it must have Council's approval.

   a. This amount is calculated based upon the total contract price stated in the executed contract for the project.
   b. It **should not** be based on the amount of any unawarded alternates, approved contingency or project budget, unless approved contingency amount is included in contract.
   c. Change orders are cumulative amounts and should be calculated in combination with draw payments.

5. If a new budget is adopted during the term of a contract which makes additional funds available for the project, a change order may be issued to include additional work which was included in the original contract document and is within the scope of the contract, provided statutory limitations are not exceeded.

Procedures

Any City of Bastrop department executing a change order should follow all guidelines and contact the Finance Department if the circumstances are unique or questionable to ensure compliance with State law.

1. Prior to the issuance of a change order or contract modification, the City Manager, or Department Head shall determine if:

   a. the circumstances said to necessitate the change in performance were not reasonably foreseeable at the time the contract was signed; and
   b. the change is germane to the original contract as signed; and
   c. the change order or contract modification is in the best interest of the City and authorized by law.

2. Without invalidating the contract, the City may at any time or from time to time by written order have additions, deletions or revisions made to the contract.

   a. A contract price may only be changed by a completed and approved Construction Change Order Form issued by authorized City personnel. Upon receipt of a copy of the completed and approved Construction Change Order Form, the contractor will proceed with the changes in the work so ordered or directed.
   b. If the City agent and the contractor do not arrive at a mutually acceptable increase or decrease in the delivery order price at the time the written or directive is issued, the contractor shall not use such lack of mutual acceptance as a basis or cause to stop or otherwise delay the progress or completion of any of the work ordered. All such work shall be executed under the applicable conditions of the Contract.
   c. Additional Work performed by the contractor without written authorization by means of a Construction Change Order form will not entitle him to an increase in the price or any extension of the completion time, except in the case of an emergency.
   d. City employees are prohibited from verbally authorizing a change order unless it is determined to be a health or safety emergency. If such an emergency occurs, the Project Manager shall send a memo to the City Manager explaining the circumstances.

3. Prior to commencement on change order work,

a. if less than $50,000, a completed, approved Construction Change Order Form, along with the Contractor's original written claim for a change in price or extension of time, shall be submitted to the Project Manager authorizing work to commence.
b. Any change orders over $50,000, must be approved by Council. Only after approval from Council, shall a complete, approved Construction Change Order Form, along with the Contractor's original written claim for change in price or extension of time, be submitted to the Project Manager for authorization to commence on change order work.

4. Upon completion of project,

a. A project close-out should be included with Quarterly Financial Report for all projects completed during that quarter. This is to inform Council of the total project costs compared to budget/projections.
b. All Construction Change Order Forms, Council Agendas and Council minutes will be filed with original contract.

If a Payment Bond and a Performance Bond has been required, it is the Contractor's responsibility to notify his Surety of any changes affecting the general scope of the Work or change of the Contract Price and the amount of applicable Bonds shall be adjusted accordingly and an amended bond document furnished to the City.

FINANCIAL SYSTEM ACCESS

Objective

To ensure proper internal controls are maintained through controlled access of the City's financial system.

Scope

This policy and procedure apply to all components of financial systems administered by the Finance Department, including but not limited to, the ERP Financial System, Time Entry System, and Pcard program.

Authorization

Each Department Director, along with the Chief Financial Officer and/or their designee, will authorize which employees will be allowed access to the various components of the Finance Systems.

Procedure

Administrators

Administrative authority allows the individuals to add users to the systems. Administrators will only add users to the systems within their control. The following list the administrators and the systems under their authority.

- **Chief Finance Officer** – all systems
- **Assistant Finance Director** – all systems
- Senior **Accountant** – all systems
- Finance Specialist – Pcard and fuel card systems
- **Customer Service Supervisor** – CIS program, Cashiering program
- **Court Administrator** – Municipal Court system

Requests for system access

Requests for access to the financial systems should be completed by the employee's supervisor or department director. Requests can be done through e-mail, or by memo.

Requests for inquiry/reporting access, as well as time entry employee access and purchase order input capability will be processed immediately by the administrator. Other requests, involving the ability to access sensitive information, as well as the authority to

change records within the system, will be reviewed and approved by at least two administrators before allowing system access.

All changes in the Financial ERP system are tracked within the system.

Once access is established for a position, this access will automatically carryover to the next employee assigned to that position. This can be changed at any time with a request in writing from the director or supervisor.

Terminated employees

In order to protect the City's financial systems from possible tampering by disgruntled employees, supervisors and department directors are responsible for notifying the Chief Financial Officer and IT Manager upon termination of an employee with system access. The employee will be immediately removed from system access.

The Senior Accountant will review lists of terminated employees routinely, to ensure system access is removed for terminated employees.

Probation and Disciplinary Leave

Likewise, if a supervisor and/or department directors have a disciplinary situation that could put the financial system at risk by a disgruntled employee, the supervisor and department director are responsible for notifying the Chief Financial Officer and Senior Accountant, so that system access for the individual can be removed.

Auditing

Reports will be generated periodically that report the users and the access levels of the users within the system. These reports will be reviewed by Finance and shared with department directors. Any changes that need to be made will be in writing.

Disclaimer

This policy is for systems administered by the Finance Department only. System access policies for networks and other systems are maintained by the administering department and/or Information Resources.

FIXED ASSET DISPOSAL

Purpose

The purpose of this policy is to provide procedures for the disposal of fixed assets.

Scope

The policy applies to all Departments that manage fixed assets.

Policy

The Purchasing Policy provides specific guidelines for the disposal of fixed assets.

General

The City uses an auction system to dispose of fixed assets. The departments need to submit an Inspection Form, either general, or vehicle specific. This will provide the Finance Department the information it needs to post the auction.

The department contact will be included on the auction to field questions regarding specific answers about the condition of the asset.

All proceeds will be posted to the Vehicle/Equipment and Replacement Fund.

GRANT FUND APPLICATION AND ACCEPTANCE

Purpose

The purpose of this policy is to provide the correct guidelines for the Application for and Acceptance of Grant Funds.

Scope

The policy applies to all Departments that seek grant funding through application.

General

The application of grants is a decentralized function since the City does not have a Grant Administration department. A Grant Submittal Request Form must be completed and executed prior to any grants being submitted. Any grant applications submitted will be communicated to City Council by any method the City Manager deems appropriate.

Policy

The Financial Management Policy includes policy on grant funding requests. All grants awarded must be accepted by action of the City Council.

Accounting Responsibility for Grant Administration Procedure

Minimum accounting department file requirements:

- Copy of the signed grant agreement.
- Copy of the signed grant administration agreement (if used).
- Copies of the check vouchers and invoices for all expenditures that are allocated to the grant.
- Copies of draw requests.
- Correspondence initiated by the accounting department, or any correspondence relating to the financial aspects of the grant.
- Copies of the cover sheets for council actions on grant.

When a new grant agreement is signed, accounting initiates a meeting with the City department who will be the **program contact** for the grant. Roles and responsibilities are determined at that meeting. If any special circumstances are known relating to the grant, they are shared with everyone involved at that time. Accounting is provided with the name and phone number of the agency contact for the grant.

Accounting will familiarize themselves with the grant and its requirements, so that guidance can be provided to other City departments administering the grant. The departments usually focus on the programmatic aspects of the grant, so the financial details are often overlooked. Accounting's job is to communicate to the departments our fiscal responsibilities to the granting agency. Usually, the **financial administration** is the responsibility of the accounting department. The grant expiration period should be known by all, but accounting will provide reminders to the departments to file extensions when needed.

Most grants require **quarterly reports**. Normally, quarterlies are due 30 days from the last day in the calendar quarter (January 31, April 30, July 31 and October 31). Quarterly financial reports are generally prepared by the accounting department, based on financial and other information, provided by the City department administering the grant; however, program reports are generally prepared by the department. Copies of the program reports should be filed in the grant folder in Laserfiche.

General Ledger reports are reviewed monthly for grant activity. **Reimbursement requests** are prepared, as often as possible, and excessive expenditures should not build up before preparing a request. Grant agreements are reviewed for exact requirements for draw submissions. Once the draw amount is known, a copy of the request (summary only) is made for the Senior Accountant, with the fund and revenue account number noted that the funds should be credited to when the money is received.

A **grant summary spreadsheet** is prepared for most grants. This spreadsheet details all expenditures and revenues for the grant and is set up to reflect the categories stipulated by the grant agreement. This spreadsheet is reconciled to the General Ledger cash account after entries are made to the spreadsheet.

Accounting assists with the coordination of the **grant closeout**, since closeout often involves documentation of expenditures and visits from the granting agency.

Accounting reviews each grant file before the annual audit for all requirements. Single audit summary reports are prepared by accounting for the auditor's review. Any supplemental schedules, such as the Grant Revenue and Expenditure Statements required by TDC for TCF grants, are prepared by accounting as part of the single audit. Accounting serves as the coordinator for the single audit and will ensure all issues are resolved.

Department Responsibility

There are times that the grant is administered entirely by the department. The following procedures should be adhered to so that the Finance Department has complete records for record retention.

1. All documents associated with the application, grant award, etc. should be forwarded to the Finance Department (a Laserfiche folder will be created).

2. All reimbursement requests should be forward to Finance so that we know to look for this payment. This aids in the cash collection process.

INTERNAL AUDITING PROCEDURES

Objective

To validate the accuracy and integrity of the City's financial records through the establishment of a scope to perform detail testing on individual transactions and to ensure compliance with City's financial and administrative policies.

Scope

This policy and procedure apply to all financial transactions of the city.

Authorization

The Chief Finance Officer and Senior Accountant establish auditing scope for this internal audit program.

Procedures

Purchase Orders

The Purchasing Manager reviews each purchase order for adherence to purchasing policy.

Accounts Payable

The Finance Specialist will prepare the check run. They perform a detail review of each check issued, verifying amounts, vendors, approvals, and backup. The Chief Financial Officer, or their designee, reviews all payments before funds are released and signs the register identifying such review.

Wires and ACH payments – The Finance Specialist verifies amounts, approvals, vendors, and contracts for payments to be made by wire/ACH. The Chief Financial Officer, or their designee, verifies all payments along with the backup, signs off on the register and makes the transfer of funds and prints a confirmation. The confirmation is provided to the Finance Specialist to be included in the file.

Payroll

The Finance Specialist will prepare the check run. The Senior Accountant reviews the payroll calculation for each individual employee for accuracy, reasonableness and backup documentation. All changes to the payroll system, through Personnel Action Forms, Benefits Change forms and other changes are reviewed during the first affected payroll.

Finance Specialist notes on the check register any unusual payments to employees (i.e. High overtime hours, large flex reimbursement, payouts, etc. The Senior Accountant will review the payroll check register for reasonableness of net checks being issued before the checks are released and sign the register indicating review. The Senior Accountant will process the file through the bank for all direct deposits.

Bank Accounts

The pooled cash account is reviewed by the Senior Accountant daily, first thing each morning. Transactions are cleared daily through the financial institutions positive pay program to ensure integrity of account information.

Journal Entries

Journal entries are prepared by various members of staff and entered or reviewed by the Senior Accountant. The Senior Accountant reviews all journal entries for reasonableness, accuracy with generally accepted accounting procedures and proper backup documentation.

Petty Cash and Cash Drawer Audits

The Senior Accountant or their designee will perform petty cash and cash drawer audits without notice on an annual basis. The cash in the box will be counted along with any outstanding receipts. This amount should be equal to the total petty cash authorized for the department. Overages/Underages will be reported on a form to the CFO.

Credit Card Usage

Each department is responsible for uploading their receipts to the online Pcard system. These receipts should be signed and coded to an accounting code. The transaction line in the online system must be completed with a description of the purchase and the accounting code entered. The online system is set up for there to be an approval process for all assigned cards. All of these transactions are reconciled to the total card statement and downloaded into the Financial ERP system. The receipts are all downloaded and saved in Laserfiche.

Parks/Recreation Revenue

Finance Department receives a report from the Parks/Recreation department that identifies funds collected for a specific period. Finance reconciles this report to the ACH receipt confirmations received from the bank. Any discrepancies are addressed with the Parks/Recreation department.

Development Services Revenues

Finance will audit the process of revenue collection for the Building Permit process by verifying the receipts generated out of MyGov into the correct G/L account to ensure that the revenue is handled properly and recorded correctly.

Court Revenue

Finance Specialist reviews every cash collection register received from court system against deposits and ACH receipts received from the bank to make sure both reconcile.

Utility Refunds

The Utility Customer Service Supervisor is responsible for reviewing the check register for refunds due. The Utility Customer Service Supervisor indicates their review of the check register by initialing the check register. The refund checks are processed through Finance monthly.

Automated Time Keeping

The Finance Department audits every payroll to verify hours entered through time entry records are accurate and reflect the correct number of hours worked.

Review methods will include reviewing the signed timesheets at the department level for those employees that do not enter their own time into the system. Other methods will be used as applicable.

The authorized approvers will be contract for any anomalies such as missing hours, excessive OT hours, and anything else that seems out of the norm.

Financial System Access

Reports will be generated annually that report the users and the access levels of the users within the system. The reports will be prepared by the Senior Accountant or their designee.

A listing of all authorized EFP users within each department will be sent to their Department Director for review and signature on an annual basis. This list will also indicate if the employees have administrative rights in certain areas of the system.

Permit Revenue Audit

Finance will audit the process of revenue collection for the Building Permit process by verifying the receipts generated out of MyGov into the correct G/L account to ensure that the revenue is handled properly and recorded correctly.

INVENTORY

Objective

To ensure that the departments have items on hand when needed for completing work orders and service orders. Maintain an accurate account of the items being held in inventory.

General

Disbursements

Several departments stock a variety of items frequently used. These departments are Public Works, Water and Wastewater, and Bastrop Power & Light.

Each of these departments are responsible for maintaining a log when inventory items are removed. This log is used to disburse the items in the ERP Pro 10 financial software. This disbursement entry should be done at least monthly.

Receipts

As items are ordered for inventory, they are coded to the inventory reserve account in the respective fund. Once the item is received a transaction is processed to move the item from the reserve to the Inventory Control account.

Annual Audit

The department is responsible for conducting an annual audit of the items held in inventory. The Inventory Valuation Report should be run out of the ERP Pro 10 financial system and a physical count should be conducted. Any changes in units on hand should be noted. The report should be signed by the responsible party and forwarded to the Finance Department. This count should be performed as close to September 30 as possible.

MILEAGE REIMBURSEMENT FOR LOCAL TRAVEL

Purpose

This policy is an addendum to the current travel policy and will only be used for reimbursement to employees who incur mileage locally while conducting City business.

General

1. Mileage should not be in conjunction with out-of-town travel or training. (Refer to Travel Policy).

2. This policy does not reimburse for incidentals associated with travel. Miscellaneous expenses should be reimbursed through the Travel Policy.

3. Employee should use a city vehicle when one is available for City business.

Approval/Reimbursement

1. Local travel should be authorized by the employee's supervisor prior to using personal vehicle for City business.

2. Employee should get his/her supervisor approval on reimbursement form before forwarding to Accounts Payable or payroll for payment.

3. Reimbursement form should be completed monthly or as needed.

4. Reimbursement will be at the current IRS applicable rate.

PURCHASE ORDERS

Purpose

The purpose of the Purchase Order Procedures is to provide City staff with a simplified guideline for City purchases that require a Purchase Order (PO). The City of Bastrop is committed to ensuring that all purchases made, are in compliance with purchasing laws and policies.

General

Vendors:

1. If new vendor, make sure that a new vendor packet has been completed and provided to the Finance Department prior to placing an order.

2. If the vendor is in Incode but no payments have been processed in over a year, a new vendor packet needs to be completed to make sure all information is updated.

Purchases that require a Purchase Order **prior** to making the purchase are:

1. Items or services being ordered over $500.

2. A contract is executed that commits the City to a specific dollar amount.

3. A purchasing summary is required.

A purchase order should be entered at the beginning of the fiscal year for the entire amount of monthly committed contracts and services (ex. Copier lease, property insurance, utilities, etc.). These amounts can be estimated based on historical if needed. This PO would require a completed Purchasing Summary Form.

A purchase order should be entered at the beginning of the fiscal year for any open amount being carried over from the prior fiscal year to re-encumber these committed funds. Finance will evaluate and communicate with each department to determine these carry-over PO's at the end of every fiscal year.

Point of sale purchases *do not* require a purchase order and should be run through the regular payable process (ex. Pcard, vendors paid by statement, deposit refunds, registration fees, employee reimbursements, etc.) (see Accounts Payable Policy & Procedures).

Departmental Inputting of a Purchase Order Under $3,000

1. Input requisition into ERP under Purchasing/Requisition Input.

2. No bids or quotes required.

3. Originator must have proper signature authority.

4. Approval of the requisition is required. (the PO must be created so that the funds are marked as encumbered against the budget)!!

5. An invoice with PO attached is scanned to the AP shared drive "Ready to Pay" folder for the payment process to begin.

Departmental Inputting of a Purchase Order $3,000 and Over but Under $25,000

1. Input requisition into ERP under Purchasing/Requisition Input.

2. At least three quotes or exception required and noted on a Purchasing Summary Form and obtain authorizing signatures. (CFO > $10,000, CM > $15,000) These forms will be scanned to laser fiche once signatures are obtained and original sent back to ordering department. If CFO or CM signature is not required, the departments need to be responsible for scanning these documents into Laser fiche in the proper purchasing summary folder.

3. Supervisor or authorized person with proper signature authority must approve the purchase order.

4. The purchase order and Purchasing Summary form are to be held by the ordering department until an invoice is received.

5. Proper authorizing signature is obtained on the Invoice, noting the approval to pay.

6. All documents (PO, Purchasing Summary Form (just a copy of the signature page if the document is already in Laser fiche) and Invoice) are scanned to the "ready to pay" folder in the AP shared drive for the payment process to begin.

Departmental On-Line Inputting of a Purchase Order $25,000 and Over

1. City Council approval is required for professional services over $50,000.

2. May require formal bid process according to Purchasing Policy.

3. A Purchasing Summary Form is required documenting how you complied with purchasing laws and the purchasing policy and obtain authorizing signatures. (CFO >

$10,000, CM > $15,000) These forms will be scanned to laser fiche once signatures are obtained and original sent back to ordering department.

4. Supervisor or authorized person with proper signature authority must approve the purchase order.

5. The purchase order and Purchasing Summary form are to be held by the ordering department until an invoice is received.

6. Proper authorizing signature is obtained on the Invoice, noting the approval to pay.

7. All documents (PO, Purchasing Summary Form (just a copy of the signature page if the document is already in Laser fiche) and Invoice) are scanned to the "ready to pay" folder in the AP shared drive for the payment process to begin.

OPEN PURCHASE ORDERS

Purpose

The purpose of the open purchase order procedure is to verify that all purchase orders are reviewed on a regular basis to ensure that money encumbered is for purchases that have or will be made resulting in an accurate figure of the funds available for each department's budget.

General

Review of Open Purchase Orders

Each department should run a Purchase Order Status Report and review all open purchase orders on a quarterly basis.

Finance will also review all open purchase orders twice a year and will contact the individual department for an explanation of any open purchase orders in question.

Closing of Purchase Orders

After reviewing the PO status report, contact Finance to close any purchase orders. The amount of the closed purchase order will be released back into the current year's available funds.

POSTING PUBLIC NOTICE ON CITY WEBSITE

Since the public notice page is used by all departments, these procedures will help the page stay current.

These instructions are for those departments that have permissions and can post their own public notices. If you are a department that submits your public notice to the Communications department to post, you are still required to provide them with the same information so that they can create the notice correctly with the appropriate end date. It is the responsibility of each department posting public notices to know the legal requirements of the public notice.

Steps Required

1. From the public notice page – Make sure you are at the top of the page (right under the Public Notice text box). From the design mode banner at the bottom of the page, select Widgets then drag Text Editor to right under the Public Notice box. This will create a text box field.

2. Enter your information for the Public Notice. When you are ready to post, click on the settings tab (shown below). In settings enter you end date for the posting. This will allow the post to become unpublished on that date. The notice will still be in the archive just not visible online.
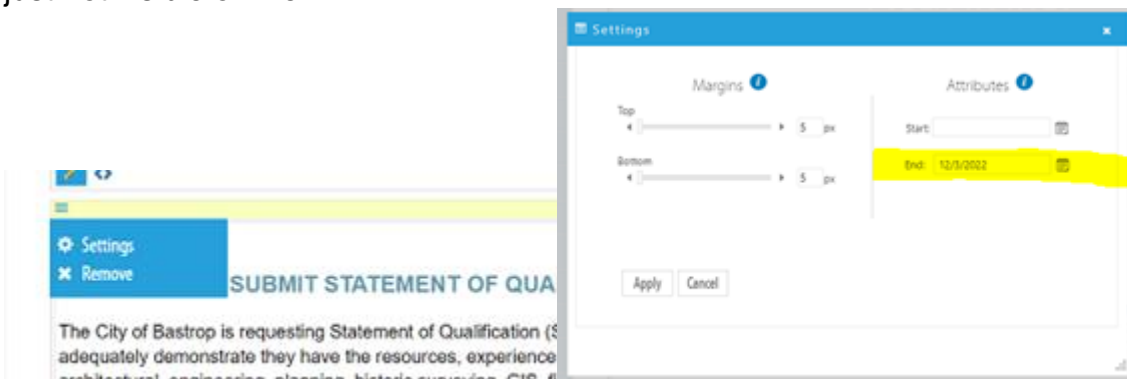
3. The last step is to publish the page.

TRAINING ON ERP SYSTEM

Objective

To ensure all administrative employees and managers are trained on the ERP Pro 10 financial system in relation to their job duties.

Scope

This policy and procedure apply to accounting, purchasing, reporting, and time entry to conduct the training on the use of the ERP system.

Procedure

Supervisor will coordinate training with the Finance Department for new administrative employees hired in their departments.

Areas of Responsibility for Training:

1. Accounting

    a. General Ledger navigation – Senior Accountant
    b. Accounts Payable Procedures – Finance Specialist (AP)
    c. Budget – Senior Accountant
    d. Time Entry – Finance Specialist (PR)
    e. Reporting – Senior Accountant

1. Purchasing
    a. Purchasing Order Entry – Finance Specialist (AP)
    b. Pcard system and Policy – Finance Specialist (AP)

TRAVEL POLICY

See Chapter 14 of the Employee Handbook (see forms at the end of this manual)

NEW VENDOR REQUESTS

Objective

Vendors should be added when necessary to ensure that the departments are able to purchase items that are needed to provide necessary services to the citizens of Bastrop.

Scope

This policy and procedure apply to all departments that purchase for the City of Bastrop.

Procedure

When a purchase is required from a vendor that is not registered with the City, a new vendor packet must be sent to the new vendor for completion. This is the responsibility of the purchasing department. It is important that the department complete the top section of the first page so that the Finance Department knows which department is requesting this vendor.

Once the Finance Department receives the new vendor packet, the following verifications are completed:

1. A search is conducted on the Tax ID number – this backup is saved with the packet.

2. If the vendor is adding EFT form of payment,

   a. an attempt to verify the vendor's account information by a direct call (initiated by the employee) to the vendor. This must be by with a person independent of the requestor AND by a method other than the original means of the request (i.e., emailed request requires a call verification).
   b. This verification is documented on an Electronic Fund Transfer Verification form. This form must be signed by the employee calling on the verification
   c. Once verification has been made the completed verification form should be sent to the next-level supervisor to be approved prior to any changes being implemented.
   d. ***This verification is also required if the City receives an updated EFT form from a current vendor for changes to account details (including account numbers, routing numbers, telephone numbers, contact information, etc.).***

3. If the vendor is not adding EFT, the vendor is called to verify the address and TIN. This verification is also documented on the Electronic Fund Transfer Verification Form and requires next-level supervisor to be approved prior to any changes being implemented.

Audit

The Finance Department is responsible for auditing the vendor list to make sure that we do not have duplicate vendors for the same commodity. Emphasis will be put on vendors that are participating in a COOP program.

GLOSSARY

Accounts Payable - A legal liability to pay and results from the goods and/or services requested in a purchase order or contract having been delivered to the City.

Accounts Receivable - A claim against a customer; sales on account allowing the customer to pay later instead of requiring payment of cash at the time goods or services are sold.

Administrative Charges - The charges imposed upon a fund for support services provided by another fund. For example, the Accounting Department (General Fund) provides services to the Electric Fund, therefore the General Fund charges the Electric Fund for these services.

Appropriation - An authorization made by the City Council through an approved budget which permits the City to incur obligations and to make expenditures of resources. Appropriations lapse at the end of the fiscal year.

Asset - Resources owned or held which have monetary value.

Audit - A comprehensive review of the way the City's resources were utilized.

Balance Sheet - A financial statement that discloses the assets, liabilities, reserves and balances of a specific fund as of a specific date.

Budget - A plan of operation detailing expenses and revenues for a fiscal year by department and fund. Following are the different types/descriptions of budgets used by the City of Bastrop:

Adopted Budget - Adopted, as used in fund summaries and department and division summaries within the budget document, represents the budget as approved by formal action of the City Council which sets the spending limits for the fiscal year.

Amended Budget - Adopted budget with adjustments for budget amendments and transfers.

Base Budget - The on-going expense for personnel, operating services and the replacement of supplies and equipment to maintain service levels. The base budget does not include new programs or projects, which are approved on an individual basis.

Operating Budget - This budget, associated with providing on-going services to citizens, includes general expenditures such as personal services, professional services, maintenance costs, supplies and operating capital items. It excludes capital outlay.

Budget Report - Displays summary totals of individual line items and category totals. Categories: personnel services, operating expenses, capital and department totals. The report lists the account number, description of the account name, annual budget, current period, year-to-date, percentage of budget, year-to-date encumbrance and budget amount balance.

Budget Year - The fiscal year of the City which begins October 1 and ends September 30.

Cash Collection - Money payable to the City of Bastrop is received by various departments the largest being the Utility Customer Service. The money is receipted and deposited to the bank.

Department - A specific functional area within a City division.

Depreciation - The process of estimating and recording the expired useful life of a fixed asset which is used to distribute its cost over its revenue producing years.

Disbursement - Expense that has been paid out.

Division - An organizational unit of the City having management responsibility for a group of departments.

Employee Benefits - For the purpose of budgeting, this term refers to the City's costs of health insurance, pension contributions, social security contributions, workers' compensation and unemployment insurance costs.

Encumbrance - An outstanding purchase order whose goods and services have not been delivered.

ERP Pro 10 - The financial management system used by the City of Bastrop.

Expenditures - Charges incurred, whether paid or unpaid, including expenses, provision for retirement of debt not reported as liability of the fund from which retired, and capital outlays. If accounts are kept on the cash basis, the term covers only actual disbursements for these purposes. Encumbrances are not considered expenditures.

Expense - Charges incurred, whether paid or unpaid, for operation, maintenance, and capital.

Fiscal Year - Period of months for a given budget. The City of Bastrop begins with October 1 and ends September 30 of the next year.

Fixed Assets - Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

Fund - A self-balancing set of accounts that are segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Balance - The excess of a fund's assets over its liabilities and reserves.

Funding Source - Identifies the source of revenue to fund appropriations.

General Fund - The General Fund is used to finance the ordinary operations of a governmental unit, i.e.Police, Fire and Library.

General Ledger (G/L) - A group or set of accounts that records financial data for an organization.

Grant - A contribution by one government to another. The contribution is usually made to aid in the support of a specified function (for example, education), but it is sometimes also for general purposes.

Internal Service Fund - A fund established to finance and account for services and furnished by a designated department to other departments.

Journal Entry - A transaction made to correct an account number error. The transaction should show the reason for the entry and the accounts and amounts to debit and credit. Debits and Credits must balance.

Per Diem - An amount paid in lieu of the actual amount spent.

Personnel Expenditures - All wages and benefits.

Petty Cash - An on-hand special cash fund to use for small incidentals and purchases.

Petty Cash Reconciliation/Reimbursement - Process to balance the petty cash fund and request reimbursement for petty cash receipts paid out of the fund. The reimbursement request shows all payments made out of the petty cash for a specified period of time and the total to be reimbursed to the petty cash fund by the City. The reconciliation shows total to be reimbursed plus cash on hand and any receipts outstanding. This should equal the total of the departments Petty Cash Fund.

Prior Year Encumbrance - Expenses charged in prior year's budget but paid in current year.

Property Taxes - Used to describe all revenue received in a period from current taxes and delinquent taxes. Property taxes are levied on both real and personal property according to the property's valuation and the tax rate.

Requisition - A request for a purchase order.

Reserve Amount - A suspended requisition.

Revenue - Increase of money or assets that result from the normal business activities of the city. Credit entries increase the amount of a line item and debits will decrease the amount.

Signature Authorization - Authorization to approve monies spent from a department/division.

Special Revenue Fund - Used to account for specific revenues that can only legally be spent for specific purposes. Grant funds, PEG fees, and donations are examples of revenues that the City accounts for in Special Revenue Funds.

Suspended - Status of a requisition before funds have been approved to be encumbered

Travel Advance - An amount given to an employee in advance for a business trip.

Travel Expense Report - Form for reporting travel expenses in conjunction with City business.

Vendor - One that provides goods and services.