



July 19, 2023

MEMORANDUM

TO: Village Board
FROM: Kim Manley, Interim Administrator
SUBJECT: FIN-003 Accounts Payable

This policy has been reviewed by the Administrative Policy Committee at their meeting of July 18, 2023. There were revisions made to clarify a section that had been duplicated in the prior paragraph and it also clarified that the Clerk's office in the form of the Deputy Clerk was receiving the invoices before being processed.

This policy also helps to clarify responsibility of who is responsible for coding of invoices as they come in and to what account numbers. It puts more emphasis on the department head completing the voucher form (the form used to process an invoice) to understand their individual budget lines.

The policy also provides for a more formal oversight by the Finance Director/Treasurer which is already being done but now is in writing as part of the segregation of duties between department head(s)(initial purchase), Deputy Clerk/Account Clerk(prepare), Treasurer(review) and Deputy Clerk/Account Clerk(mailing/paying).

ACTION ITEM: Approve Financial Police FIN-003 Accounts Payable as amended.

Original

POLICY ID: <i>FIN-003</i>	TITLE: <i>Accounts Payable Policy</i>		
<input type="checkbox"/> ORIGINAL <input checked="" type="checkbox"/> REVISION	APPROVED BY VILLAGE BOARD:		DATE:
EFFECTIVE DATE <i>Immediate</i>	<i>C. Jankowski</i> Village Clerk	<i>1/12/16</i>	
APPLIES TO:	<input checked="" type="checkbox"/> FLSA EXEMPT	<input checked="" type="checkbox"/> FLSA NON-EXEMPT	
	<input checked="" type="checkbox"/> REPRESENTED EMPLOYEES	<input checked="" type="checkbox"/> Non-REPRESENTED EMPLOYEES	
<i>This policy applies to all Village of Kronenwetter employees in the categories checked in this section. Provisions within individual personal contracts or a collective bargaining agreement may supersede certain parts of this policy.</i>			

Purpose

To establish guidelines for the payment and proper expense allocation of all Village of Kronenwetter accounts payables that will ensure proper internal controls.

Scope

This policy applies to all Village employees and other persons who have or are responsible for receiving payables due from the Village of Kronenwetter.

Receipt of Vendor Invoices

When a physical vendor invoice is received, it is to be placed in the mailbox of the Account Clerk. When a vendor invoice is received via email, it is to be forwarded to the mailbox of the Account Clerk.

The Account Clerk in conjunction with the Department Heads will determine the department in which the invoice will be applied and creates a payment voucher for the applicable department head for signature approval. The voucher will contain:

1. The Payee/Vendor name and address
2. A short description of the invoice
3. The expense account number the invoice will be charged against (If the account number is unknown by the Account Clerk, it will be left blank for the department head to complete) – Some invoices may have more than one expense account.
4. The total invoice amount

The department head will review the payment voucher and vendor invoice for accuracy. The department head will verify that all information is correct by signing the payment voucher. The payment voucher is attached to the front of the vendor invoice and placed in the mailbox of the Account Clerk.

In the case that a vendor invoice is delivered directly to a department head, the department head will review the invoice for accuracy and approve payment for the invoice by signing the front page of the invoice, indicating the total amount to be paid and writing down the applicable expense account. If the expense account is not known by the department head, the Account Clerk and/or the Treasurer will assist in determining the correct expense account. Upon receipt of the sign vendor invoice from the department head, the Account Clerk will create a payment voucher and process for payment.

In the case of an invoice for a recurring payment involving a contract that has been signed by the appropriate department head, the Account Clerk will process the invoice for payment pursuant to the direction of the signed contract.

Invoices Needing Additional Approval

RDA

All invoices that are to be allocated to TID expense accounts that are over \$1,000, and outside of ongoing debt and interest payments will be given to the Treasurer to be included on the upcoming RDA meeting agenda for payment approval. All contracts for services, as per Village policy FIN-004, for such things as legal, architectural, engineering, auditing, maintenance contracts and janitorial contracts will be presented to both the RDA and then to the Village Board for approval. The RDA will vote on the payment approval of each TID related invoice. When an invoice has been approved by the RDA, the RDA Chairperson will sign the invoice indicating payment approval. All invoices approved by the RDA will be delivered to the Account Clerk by the RDA Secretary to be processed for payment. A payment voucher is created by the Account Clerk to be attached to the signed vendor invoice.

Capital Operating Budget and Capital Project Borrowings

All invoices that are to be allocated to the Capital Operating Budget and/or Capital Project Borrowings must be approved by the department head (if applicable) AND the Treasurer or Administrator.

Wire Transfer Payments

All wire transfer payments will be initiated by the Treasurer. A payment voucher along with a wire transfer form will be created for each wire transfer. The wire transfer form must be signed by the Treasurer and either the Village Clerk or the Village Administrator. The payment voucher is to be signed by the Treasurer.

Check Processing

The Account Clerk will process all check payments. A check for payment will only be processed when the Account Clerk has all required back-up documentation for the payment. When a check is cut the following items are attached:

1. The signature approved payment voucher
2. The vendor invoice
3. The check stub

The above documentation is given to the Treasurer for review. The Treasurer will verify the following information:

1. The Payee/Vendor
2. The check amount
3. The check number
4. The expense account

The documentation is then filed in the Accounts Payable files. All Accounts Payable files will be retained by the Village for 7 years.

Revisions made by: Kim Manley

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Receipt of Vendor Invoices

When a physical vendor invoice is received, it is to be placed in the mailbox of the Account Clerk. When a vendor invoice is received via email, it is to be forwarded to the mailbox of the Account Clerk.

add. Dep. Clerk

The Account Clerk ~~in conjunction with the Department Heads~~ will determine the department in which the invoice will be applied and ~~provide the invoice to the greater a payment voucher for the applicable department head for signature approval.~~ ~~The department head shall prepare a voucher for the Account Clerk to process.~~ The voucher will contain:

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1. The Payee/Vendor name and address – if it is a new Vendor or Payee the Department Head shall inform the Account Clerk. If a W-9 is required one will be mailed with the payment of the invoice.
2. A short description of the invoice.
3. The expense account number the invoice will be charged against (If the account number is unknown by the department head, Account Clerk, ~~it will be left blank for the department head to complete with assistance of the Finance Director/Treasurer~~ *remove* – Some invoices may have more than one expense account.
4. The total invoice ~~amount~~ amount(s).

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The department head will review the payment voucher and vendor invoice for accuracy. The department head will verify that all information is correct by signing the payment voucher. The payment voucher is attached to the front of the vendor invoice ~~which shall also be initiated by the department head and then be delivered to placed in the mailbox of the Account Clerk to process for payment.~~

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~~In the case that a vendor invoice is delivered directly to a department head, the department head will review the invoice for accuracy and approve payment for the invoice by signing the front page of the invoice, indicating the total amount to be paid and writing down the applicable expense account. If the expense account is not known by the department head, the the Account Clerk and/or the Treasurer-Finance Director/Treasurer will assist in determining the correct expense account based on the current adopted budget. In the absence of the Finance Director/Treasurer the Account Clerk will assist the Department Head.~~ Upon receipt of the signed vendor invoice from the department head, the Account Clerk will create a payment voucher and process for payment.

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Correct - duplicated

Recurring Payments

In the case of an invoice for a recurring payment involving a contract that has been previously approved and signed by the appropriate department head, the Account Clerk ~~will~~Clerk will process the invoice for payment pursuant to the direction ~~of the signed contract of the department head.~~

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Invoices Needing Additional Approval

Redevelopment Authority (RDA)DA

All invoices that are to be allocated to TID expense accounts that are over \$1,000, and outside of ongoing debt and interest payments will be given to the Finance Director~~Treasurer~~ to be included on the upcoming RDA meeting agenda for payment approval.

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All contracts for services, as per Village policy FIN-004, for such things as legal, architectural, engineering, auditing, maintenance contracts and janitorial contracts will be presented to both the RDA and then to the Village Board for approval. Once the contract is approved, expenses related to said contract will be processed for payment. Expenses from said contracts that are outside the scope of the approved contract for services shall be brought before the RDA for review before approval of payment. The RDA will vote on the payment approval of each TID related invoice outside of the preapproved contractual services.

When an invoice has been approved by the RDA, the RDA Chairperson will sign the invoice indicating payment approval. All invoices approved by the RDA will be delivered to the Account Clerk by the RDA ~~Clerk~~Secretary to be processed for payment. A payment voucher is created by the Account Clerk to be attached to the signed vendor invoice.

Capital Operating Budget and Capital Project Borrowings

All invoices that are to be allocated to the Capital Operating adopted bBudget and/or Capital Project Borrowings expenses associated with a capital project authorized by the Village Board must be approved by the Administrator, department head (if applicable) ~~and~~AND the Finance Director~~Treasurer or Administrator.~~

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Wire Transfer Payments

All wire transfer payments will be initiated by the Finance Director~~Treasurer~~ or in the absence of the Finance Director/Treasurer the Administrator or Village Clerk. A payment voucher along with a wire transfer form will be created for each wire transfer. The wire transfer form must be signed by the Finance Director~~Treasurer~~ and either the Village Administrator~~Clerk~~ or the Village Administrator~~Clerk~~. The payment voucher is to be signed by the Finance Director~~Treasurer~~ and Village Administrator or the Village Clerk. The Finance Director/Treasurer shall then process the payment internally and write the necessary accounting entries to apply the expense to the appropriate adopted budget expense lines.

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Check Processing

The Account Clerk ~~will~~Clerk will process all check payments. A check for payment will only be processed when the Account Clerk ~~has~~Clerk has all required back-up documentation for the payment from the department head

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When a check is cut the following items are attached:

1. The signature approved payment voucher *add. signors*

2. The signature approved vendor invoice
3. The check stub
- 4.) *add supporting documents*

The above documentation is given to the Treasurer for review. The Treasurer will verify the following information:

1. The Payee/Vendor information is accurate and matches the invoice
2. The check amount matches that of the invoiced amount for services
3. The check number matches the check number in the accounting system/program
4. The expense account number used is valid and is part of an adopted budget.
- 4.5. Will determine if a W-9 will be sent to the Payee/Vendor or not for end of year 1099 filing

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Record Retention

The documentation is then filed in the Accounts Payable files. All Accounts Payable files will be retained by the Village for 7 years.

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FINAL

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When a physical vendor invoice is received, it is to be delivered to or placed in the mailbox of the Deputy Clerk/Account Clerk. When a vendor invoice is received via email, it is to be forwarded to the mailbox of the Deputy Clerk/Account Clerk.

The Deputy Clerk/Account Clerk will determine which department the invoice belongs to and provide the invoice along with the payment voucher form to the applicable department head to approve and process. The department head will review the payment voucher and vendor invoice for accuracy and initial for approval. If the account number is unknown by the department head, it will be left blank for the department head to complete with assistance of the Finance Director/Treasurer. Note: Some invoices may have more than one expense account.

The completed payment voucher form initialed by the department head is attached to the front of the vendor invoice and delivered to the Deputy Clerk/Account Clerk to prepare for payment.

The voucher form will contain:

1. The Payee/Vendor name and address – if it is a new Vendor or Payee the Department Head shall inform the Deputy Clerk/Account Clerk. If a W-9 is required one will be mailed with the payment of the invoice.
2. A short description of the invoice.
3. The expense account number(s) the invoice will be charged against
4. The total invoice amount(s).

Recurring Payments

In the case of an invoice for a recurring payment involving a contract that has been previously approved and signed by the appropriate department head, the Deputy Clerk/Account Clerk will process the invoice for payment pursuant to the direction of the department head.

Redevelopment Authority (RDA)

All invoices that are to be allocated to TID expense accounts that are over \$1,000, and outside of ongoing debt and interest payments will be given to the Finance Director/Treasurer to be included on the upcoming RDA meeting agenda for payment approval.

All contracts for services, as per Village policy FIN-004, for such things as legal, architectural, engineering, auditing, maintenance contracts and janitorial contracts will be presented to both the RDA and then to the Village Board for approval. Once the contract is approved, expenses related to said contract will be processed for payment. Expenses from said contracts that are outside the scope of the approved contract for services shall be brought before the RDA for review before approval of payment. The RDA will vote on the payment approval of each TID related invoice outside of the preapproved contractual services.

When an invoice has been approved by the RDA, the RDA Chairperson will sign the invoice indicating payment approval. All invoices approved by the RDA will be delivered to the Deputy Clerk/Account Clerk by the RDA Secretary to be processed for payment. A payment voucher is created by the Deputy Clerk/Account Clerk to be attached to the signed vendor invoice.

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Check Processing

The Deputy Clerk/Account Clerk will process all check payments. A check for payment will only be processed when the Deputy Clerk/Account Clerk has all required back-up documentation for the payment from the department head. When a check is cut the following signatures are required to appear on each check: Village President, Village Clerk and Treasurer/Finance Director. The items attached to be kept as the record of payment are:

1. The signature/initialed approved payment voucher
2. The signature/initialed approved vendor invoice
3. The check stub.
4. Any other supporting information that was necessary to process the invoice/voucher.

The above documentation is given to the Treasurer for review. The Treasurer will verify the following information prior to checks being sent to vendors for payment:

1. The Payee/Vendor information is accurate and matches the invoice.
2. The check amount matches that of the invoiced amount for services.
3. The check number matches the check number in the accounting system/program.
4. The expense account number used is valid and is part of an adopted budget.
5. Will determine if a W-9 will be sent to the Payee/Vendor or not for end of year 1099 filing.

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