



Statement of Policy and Procedure			
Department:	Financial Services	Policy No.	110
Section:	Financial Services	Issued:	November 29, 2021
Subject:	Accounts Payable Policy	Effective:	November 29, 2021
Council Resolution # and Date:	Council Resolution No. 0444 of November 29, 2021		
		Replaces:	
Issued by:	Director of Financial Services	Dated:	
Approved by:	Director of Financial Services		

1 POLICY

- 1.01 This policy applies to all vendors doing business with City of Prince Albert, as well as all employees who approve, code, or process supplier invoices or cheque requisitions.
- 1.02 Only Invoices and Cheque Requisitions that are properly approved in accordance with the City's Procurement Policy will be processed.
- 1.03 Cheques are not to be issued to "Cash".
- 1.04 Payments will be made in accordance with the payment terms established with the vendor.
- 1.05 Violation of this policy constitutes grounds for disciplinary action up to and including termination of employment.

2 PURPOSE

- 2.01 The purpose of this policy is to establish an internal control system that define responsibilities, authorizations and procedures to ensure only valid and authorized payables are recorded and paid in timely and accurate manner.

3 SCOPE

- 3.01 This policy applies to all payments made by the City of Prince Albert with the exception of:
 - Contracts or agreements relating to employment;

- Utility payments;
 - Government remittances.
- 3.02 The purchase must meet the definition of an eligible expenditure – in other words, it must be a legitimate City purchase approved within the budget by City Council, and it must be within the approved budget.

4 RESPONSIBILITY

- 4.01 Every invoice or cheque requisition must be:
- Authorized by the appropriate department head / manager;
 - Coded to appropriate general ledger account number with proper object code;
 - Provided to the Accounts Payable Clerk in a timely manner to meet the payment terms and processing deadlines.
- 4.02 The designated employee is responsible to:
- Review the vouchers / invoices entered to ensure that payments are processed in accordance with accounts payable policy;
 - Process payments in a timely manner and take advantage of discounts;
 - Print cheques and process Electronic Funds Transfer (EFT) / Automated Clearing House (ACH) transfers; and
 - Control the blank cheque stock.

5 DEFINITIONS

- 5.01 The following definitions pertain throughout this policy
- a) "ACH" means Automated Clearing House;
 - b) "EFT" means Electronic Funds Transfer; and
 - c) "PO" means Purchase Order;

6 REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE

- 6.01 Purchasing Policy No. 17.6

- 6.02 Administration Bylaw No. 1 of 2020
- 6.03 Purchasing Cards Policy 113
- 6.04 Records Retention and Disposal Bylaw 02-2003
- 6.05 Progressive Discipline Policy 33

7 PROCEDURE

7.01 Segregation of Duties

Segregation of duties separates roles and responsibilities to ensure that an individual cannot process a transaction from initiation through to payment without the involvement of others and thereby reduces the risk of fraud or error to an acceptable level.

Segregation is achieved by separating duties like creating purchase orders, approving accounts payable batches, and posting of batches by different designated employees.

7.02 Invoices and cheque requisitions

Invoices received through mail by accounts payable department, are date stamped and forwarded to the appropriate department for processing. If invoices are received through email, then email will be forwarded to related department for processing.

The Department Head or designate shall review all invoices and cheque requisitions and approve for payment by signing the document.

Documents must have 2 signatures unless supported by a purchase order.

Invoices shall be returned to accounts payable department, approved and coded within 5 business days of receiving the invoice.

Cheque requisitions require proper supporting documents such as the original invoice.

7.03 Payment Procedures

- Designated employee processes EFT payments every Thursday and cheque payments every other Thursday.
- Invoices and cheque requisitions that require payment must be received by the Accounts Payable department no later than 4:00 pm on Tuesday for processing within the same week.

- The designated employee prints the cheque and the EFT registers noting the number of cheques and initials the report.
- The cheque and the EFT registers along with supporting documentation are provided for secondary review.
- The cheque and the EFT registers along with supporting documentation are provided for approval, posting and authorization for payment.

7.04 Approvals Required

At the department level, each invoice is verified by the person who placed the initial order.

The Director of the Department, or designate, shall approve the invoice and is responsible to ensure that invoices are appropriate, accurate and charged to the correct general ledger account.

Original invoice should be processed in order to prevent duplicate payments.

7.05 Forms of Payment

The City of Prince Albert will make payment through one of the following:

- Electronic Funds Transfer

The use of EFT as a form of payment shall be preferred when a credit card is not used. There are many advantages to the use of EFT, which include reduced fraud risk, lowered processing costs, less paper use, and prompt receipt of payment by vendors.

- Credit Card

As per Purchasing-Card Policy, Credit cards may be issued to employees if the operational need can be substantiated based on need and convenience.

- Cheques

The use of cheques shall be a payment form of last resort. The costs of processing cheques, when compared to credit card or EFT, makes this form of payment less desirable and a higher risk of fraudulent consequences. As well, there is increased risk of fraud through the use of cheques.

- Petty Cash

Petty Cash funds are intended to be used for small, incidental purchases, to a maximum of \$50. Petty Cash is not to be used to pay for personal expenses or normal operating expenses within the City.

7.06 Payments during Declared Emergency

The provisions outlined do not apply during or with respect to an emergency or disaster as declared by council or the head of council under the Emergency Measures Act.