



CITY OF MONT BELVIEU

FINANCE MANUAL

Operating Procedures

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Section 1: PURCHASING

PURCHASING

City Personnel making purchases on behalf of the City of Mont Belvieu must observe and enforce the procedures outlined below.

1. The City is exempt from paying state sales tax; therefore, state sales tax will not be paid, including Petty Cash. A [Sales Tax Exempt Form](#) is located on the website. Employees should print the form and submit with payment.

Personal transactions of the employee are not exempt from sales tax and should be made separately from the City purchases.

2. Each Department Head will be assigned a City credit card for emergency expenditures. Other employees may be assigned a credit card at the discretion of the Department Head.

Receipts for credit card expenditures shall be turned in monthly to Accounts Payable for timely payment. Each expenditure MUST be accompanied by an itemized receipt or invoice. Failure to submit receipts in a timely manner may lead to the loss of the credit card for the respective employee.

3. "Rush" Payments – **rarely** should a "Rush" payment be requested. When an event is known a week or more in advance, failure to enter a requisition or submit an invoice in sufficient time for the Finance Department to process a check does **not** constitute a "Rush."

"Rush" requests should be sent to the Accounting Manager and must be approved by the Finance Director before processing. Supporting documents should accompany all "Rush" requests.

4. Vendors should mail invoices directly to the Finance Department, Attn: Accounts Payable for verification with the purchase order or for distribution for Department Head's approval.

Vendors may also email invoices directly to Accounts Payable at accountspayable@montbelvieu.net.

5. Payment should be made to vendors. Few situations should require the payment be made to an employee.

If a vendor does not take a purchase order, check, or EFT, the purchase can be made on the respective Department Head's City credit card. Should that card be unavailable, the Administrative Assistant shall contact the Accounting Manager or Finance Director to request approval for use of the Finance Department's City credit card. The card and **original** receipts must be returned within two (2) business days of checking out.

6. The City pays from invoices; however, in the event an invoice is not provided, ex. cash-on-delivery purchases, please use a [Check Request Form](#) and include necessary documentation (i.e. an email).

7. The City provides a boot allowance for each employee in the amount of \$150.00 per fiscal year. Any overage must be paid for by the employee.

8. The following exceptions are circumstances when a purchase order is *not* needed, regardless of the "purchase" amount (Finance approval prior to purchase may be required):

- Electric/utility/phone bills (Verizon, CenterPoint, etc.).
- Medical benefits (Blue Cross Blue Shield, ICMA, etc.).
- Reimbursements for economic development.
- Specific or circumstantial situations as approved at the Accounting Manager's or Finance Director's discretion.

Purchases less than \$1,500.00:

1. Purchase orders are not required for single expenditures \$1,499.99 or less.

2. For purchases up to \$1,499.99, efforts must be made to obtain the best value for the City, and only one quote is required.
3. When the item(s) cost less than \$50.00, pay out of available Petty Cash funds and complete the [Petty Cash Report Form](#). (Refer to Section 3 for Petty Cash instructions)
4. All invoices, mailed and emailed, should be date stamped as "RECEIVED" upon receipt. Please ensure the stamped date accurately reflects the date the invoice was in the City's possession.
5. All non-PO invoices must be stamped with the City's "coding/approval" stamp, with the following requirements:
 - G/L Description: Invoice description of what you want captured in the General Ledger within Incode.
 - Account Number: Write the complete Incode account number associated with this purchase.
 - Project Number (If Applicable): Write the complete Incode project account coding for capital projects.
 - DH Approval: Department Head must initial within this area. This certifies the purchase is approved for payment.
 - Date: Department Head must write the date the invoice was approved for payment.
6. Invoices must be submitted to Accounts Payable by close of business Tuesday for a check to be cut on Thursday. Invoices received after Tuesday will not be cut until the following Thursday.
7. If the vendor is not set up to receive Electronic Funds Transfer (EFT), a live check will be available for pick up or mailed out on Friday. Vendors that are set up to receive EFTs will have the funds deposited into their account on Friday and will receive EFT confirmation via email.

Purchases \$1,500.00 or greater:

1. Purchase orders are required for single expenditures \$1,500.00 or more, regardless of the purchase method. For credit card purchases, the PO will be issued to Bank of America.
2. Requisitions must be approved by the Department Head, the Accounting Manager and the Finance Director before a purchase is made or before a service is requested. After the requisition is approved, a purchase order will be generated.

Rarely should a requisition be prepared after the purchase has been made. If an item is bought before a purchase order has been issued and the requisition is later rejected, the employee shall personally pay the City for the cost of the item or for any cost related to returning the item. Such an illegal, unauthorized purchase shall be considered a violation of policies and procedures and possibly State and Federal laws, and may result in disciplinary action, including termination of employment.

All Departments should review the status of their purchase orders weekly. The approval status of a purchase order may be confirmed in the Incode System.

Vendors must be given a PO number before ordering or making a purchase. If the exact amount is not known, enter a reasonable estimate. If the exact shipping and handling is not known, 10% of the PO amount is a good rule of thumb.

Always use the purchase order number when placing orders to vendors. If the City has an "account" with a vendor, a requisition should still be entered and a purchase order number obtained prior to making a purchase.

3. The City's [Purchasing Levels & Requirements](#) must be followed for all purchases made on the City's behalf.

For purchases up to \$24,999.99, efforts must be made to obtain the best value for purchase for the City, and only one quote is required.

For purchases \$25,000.00 to \$49,999.99, one of the following must occur:

- The vendor must be a member of one of the City's cooperatives. The name of the cooperative should be included in the description of the requisition. Member cooperatives can be found on the Finance Department webpage.
- Three (3) quotes should be obtained and the [Three Quote Form](#) must be completed. One of the three quotes must come from a vendor that is a member of one of the City's cooperatives. If this option is utilized, please include "Quotes Obtained" in the description of the requisition, and attach the Three Quote Form as a document to the requisition in Incode.

All purchases greater than or equal to \$50,000.00 **MUST be taken to City Council for approval prior to engaging services or requesting goods.** In addition, one of the following must occur:

- The vendor is a member of one of the City's cooperatives. The name of the cooperative should be included in the description of the requisition. Member cooperatives can be found on the Finance Department webpage.
 - Formal competitive bids must be received. Please see section below.
4. Purchases Requiring Competitive Bids: A purchase or aggregate purchases for \$50,000.00 or more must be made through the competitive bid process if vendors of the member cooperatives are not used per [Local Government Code 252](#). This shall be handled by the respective Department within the City.
 5. The requisition entry should be completed thoroughly. All shipping instructions, receiving instructions, handling instructions, or any additional information necessary for the vendor/applicable party to correctly process the order should be included when entering the requisition. An explanation should be entered in the "Special Instructions" section of the requisition under the "Item Entry" tab. This section appears on supplemental reports and should be specific enough for the reader to understand what is being purchased.
 6. Any important data should be entered on the requisition for the Finance Department to review, such as:
 - a. In the rare instance that an order needs to be pre-paid, enter on the requisition to pay in advance. An invoice, statement or contract should be signed by the Department Head and submitted to the Finance Department to authorize payment in advance.
 - b. Enter on the requisition that the price is a "quote" if you expect a different price to appear on the invoice.
 - c. Enter on the requisition the freight, postage or handling charges that will be charged on the invoice, if determinable or if quoted over the telephone by the vendor. If not determinable, enter an estimate for freight charges (ten percent is a good rule of thumb).
 7. Requisitions are approved daily by the Accounting Manager and Finance Director. If a requisition is approved or denied, the originator will be able to check the status in the Incode System in the "Messaging" notifications menu.
 8. When incoming merchandise is received:
 - a. All receiving is done within the Incode System. Please refer to the Incode Receiving Procedures on how to receive in the [Incode Requisition Instructions](#) located on the City website. **Do not send shipping or receiving documents to the Finance Department as payment authorization.**

- b. Items received should be inspected for damage and manufacturer's defects. **It is the Administrative Assistant or Department Head's responsibility to notify the vendor and/or the freight company of the damage/defect.** Document your phone call in writing. A claim with the freight company may have to be filed if damage is discovered.
 - c. Accounts Payable **must** be notified when merchandise is returned or credits are issued.
9. Once the purchase order has been received in Incode, Accounts Payable will attach the invoice to the appropriate purchase order and will pay from the original invoice. Accounts Payable will not pay from an invoice copy unless the copy itself has been stamped "ORIGINAL."

Before an invoice is paid, Accounts Payable must have:

- a. Receiving of the purchase order in Incode.
 - b. Original invoice from vendor. All invoices are to be sent directly to the Finance Department, Attention: Accounts Payable.
10. Procedures for requesting missing Purchase Orders, Invoices, or Receiving are as follows:
- a. 1st request will be sent from Accounts Payable by email to the originator.
 - b. 2nd request from Accounts Payable will be sent by email seven days after the original request to the originator and the Department Head.
 - c. 3rd request will be sent by email from the Accounting Manager or Finance Director to the Department Head seven days after the second request.

It is the purchase order generator's responsibility to ensure that the purchase order, the invoice, and the receiving are submitted promptly to Accounts Payable.

- 11. In the event it is necessary to cancel a purchase order, the originator should notify the vendor and should inform the Accounting Manager of the cancellation. Please include the vendor name and purchase order number in the notification to the Accounting Manager.
- 12. Purchase order encumbrances will be reduced automatically when payable packets are posted. Any remaining encumbrances \$100.00 or less will be liquidated.
- 13. For invoices \$100.00 or more than the original purchase order, including shipping/handling, a supplemental purchase order is required before the invoice can be processed for payment.

Note: See the Accounts Payable procedure for guidelines on invoice processing.

Change Orders:

For purchases greater than or equal to \$50,000.00 that have been approved by City Council, any additional goods and/or services over the approved amount must stay within 25% of the original contract amount *and* be taken to City Council for approval. Should the anticipated additional goods and/or services exceed this 25% threshold, the supplementary project must go out for bid.

Agreed Upon Hourly Rates:

For vendors that have approved hourly rates for various services as needed on an annual basis versus signed contract amounts for a stated service, purchase orders may be entered (and are not to exceed without approval) the annual budget(s) approved by City

Council.

Examples of this would include, but are not limited to:

- Legal services.
- Pipeline permits.

Purchasing Level Requirements

City of Mont Belvieu Purchasing Levels and Requirements						
Purchase Amount	Support Required	Additional Forms	PO Required (Y/N)	RFP/RFQ	Advertising	City Council Approval
Less than \$1,500.00	1 Quote	Not Required	N	Not Required	Not Required	Not Required
Between \$1,500.00 and \$24,999.99	1 Quote	Not Required	Y	Not Required	Not Required	Not Required
Between \$25,000.00 and \$49,999.99	3 Quotes	3 Quote Form	Y	Not Required	Not Required	Not Required
\$50,000.00 or more	Formal Bid (Local Gov't Code 252)	Bid Analysis	Y	Required	Required *two (2) consecutive weeks	Agenda Item Required
Purchasing Co-Op Less than \$50,000.00	1 Quote	Not Required	< \$1,500: N ≥ \$1,500: Y	Not Required	Not Required	Not Required
Purchasing Co-Op \$50,000.00 and over	1 Quote	Not Required	Y	Not Required	Not Required	Agenda Item Required

Historically Underutilized Business (HUB) - Section 252.0215 of the Texas Local Government Code (TLGC) requires Texas cities to contact at least two (2) historically underutilized businesses (HUB) on a rotating basis when making any expenditure of more than \$3,000.00 but less than \$50,000.00. A HUB vendor list may be obtained at www.window.state.tx.us/procurement.

Cooperative Purchasing (Co-Op) - The City may purchase from Co-Op Purchasing Programs without the need for competitive bidding. Search for items can be found through the follow websites: www.TXSmartbuy.com, www.buyboard.com, www.hgacbuy.org, www.tcpn.org, www.tips-usa.com.



Section 2: TRAVEL REQUESTS

TRAVEL REQUESTS

1. Prepare a [Travel Request Form](#) to be submitted when requesting **an advance or reimbursement** for:
 - a. A meal allowance/per diem **for meals that are not already provided for you at your destination** (i.e. continental breakfasts, hosted dinners, conference provided lunches, etc.). Please refer to Item 4.c. below.
 - b. Mileage driven in your personal vehicle. For employees receiving a monthly auto allowance, please refer to Item 2.d. below. For employees submitting monthly mileage reimbursements, please refer to Item 7 below.
 - c. Miscellaneous business travel related expenses that are reimbursable, such as parking fees and toll road charges.
 - d. Other reasonable expenses incurred while conducting business, such as registration charges, reference materials, etc. (see Item 2.e. below)
 - e. Reasonable lodging costs for yourself. If multiple City employees are attending, a separate Travel Request Form must be completed and signed for each employee. When reserving a room, request the “*State of Texas Contract Rate.*”

2. The Travel Request Form should be completed for pre-authorized trips as follows:

- a. Enter the employee’s name, name of the function, trip destination, reason for the trip, and the employee’s department.
- b. Enter the date and time of departure, and the date and time of return.
- c. Under “Meals,” enter separately the total number of breakfasts, lunches, and dinners that will elapse while away on business **and that are not provided for you at your destination.**

Please note if more than one employee of the City is traveling and receiving meal money, a separate Travel Request Form must be completed and signed for each employee.

- d. Under “Transportation/Parking,” enter the number of miles that you estimate driving or those you actually drive in your personal car from City Hall premises to your destination and back to City Hall premises, as well as any other customary and reasonable transportation expenses related to your business trip, such as parking fees and toll road charges supported by attached receipts. Attach support from Google Maps reflecting the round trip miles traveled. The City will not reimburse you for commuting miles driven from your home to the City Hall premises and back.

Mileage for employees receiving monthly auto allowances should be calculated by taking the roundtrip total mileage and reducing it by 200 miles. Mileage will be calculated and paid on the remaining mileage.

- e. Under “Registration/Other,” enter other customary and reasonable expenses such as registration charges, membership dues, reference materials, miscellaneous fees per person, etc. to be supported by applicable documentation.
- f. Under “Lodging,” enter total number of nights and the room rate per night for estimated or actual lodging costs. Please include a list of all room occupants if more than the one individual is stated in “a” above. Attach the hotel reservation confirmation.
- g. Calculate across the page for the total dollar amounts to be advanced for each expense category, or enter the total amount actually spent and reimbursable.

- h. Enter an "Expense Account" coding for each group of expenses.
3. Travel Request Forms should be signed by the Employee and Department Head, and then submitted to Accounts Payable for payment.
4. Travel money should be requested **BEFORE** the trip:
- a. The Travel Request Form should be completed and signed, and submitted to the Finance Department at least two weeks prior to the date of departure. Rarely is a RUSH request justified for travel advances or reimbursements.
 - b. The employee should provide documented support with the original Travel Request for travel money advanced for registration charges, membership dues, miscellaneous fees, and other pre-paid expenses.
 - c. Per Diem allowances for meals shall not exceed the rates allowed by the United States General Services Administration. Complete and proper documentation (i.e. meal receipt) is not required to support per diem allowances unless specifically requested by the Department Head or designee.
- Mileage rates will comply with the rates set by the Internal Revenue Service.
- The per diem and mileage rates are stated on the Travel Request Form.
- d. If the original advance was not sufficient to cover all reasonable and necessary expenses, excluding expenditures that are covered in the per diem amount noted in Item 4.c. above, then the employee must submit an additional Travel Request Form to be entered as a new requisition detailing the amount owed to the employee. Appropriate receipts and documentation supporting the reimbursement request must be attached. Reimbursement may not be made if it is deemed that the expense was not customary, necessary or reasonable in conducting City business, or if the proper receipts or documentation are not submitted to support the reimbursement claim.
5. In the rare instance when circumstances do not allow money to be requested prior to a trip, employees have up to 30 days after the function to submit for reimbursement. **Note:** Travel money should be requested **BEFORE** the trip.
- a. A Travel Request Form must be submitted and entered, **not** a check request.
 - b. The employee must complete a Travel Request Form and attach to it **all** receipts, tickets, and other documentation necessary to properly support the amounts being requested for reimbursement. **Meal reimbursement will be for the lesser of the total meal receipts submitted or the per diem allowance rate allowed by the U.S. General Services Administration** (see section Item 4.c. above). The City will reimburse tips for meals up to 15% of the total ticket price less sales tax. The City will not reimburse for alcoholic beverages.
 - c. The employee must submit original receipts only. Receipts should include an itemized list of what was purchased, as well as proof of payment. Reimbursement will not be paid if these are not provided.
 - d. State sales tax will not be reimbursed on any receipts.
 - e. Reimbursement may not be made if it is deemed that the expense was not customary, necessary or reasonable in conducting City business, or if proper receipts or documentation are not submitted to support the reimbursement claim.
6. If a conference or event requires payment in a form other than check or purchase order, the purchase can be made on the respective Department Head's City credit card. Should that card be unavailable, the Administrative Assistant shall contact the Accounting Manager or Finance Director to request approval for use of the Finance Department's City credit card. The card

and **original** receipts must be returned within two (2) business days of purchase.

Employees should not pay for conferences or events out of their own pockets. Should an employee pay out of pocket to attend a conference or other event, the employee will not be reimbursed until after the conference or other event has been attended. If the conference or other event is not attended, the employee will not be reimbursed by the City.

7. Certain employees of the City are required to make various trips in their personal vehicles to conduct day to day operations for the City (i.e. trips to the bank, post office, etc.). These employees are to prepare a [Monthly Mileage Reimbursement Form](#).
 - a. Employees have up to 15 days to submit a request for reimbursement following the end of the previous month.
 - b. Employees must complete a [Monthly Mileage Reimbursement Form](#) and attach to it support from Google Maps reflecting the miles traveled on behalf of the City.
 - c. Mileage rates will comply with the rates set by the Internal Revenue Service. The mileage rate is stated on the Monthly Mileage Reimbursement Form.
 - d. Employees receiving monthly auto allowances are not eligible for additional mileage reimbursement and should comply with Employee Agreements.
 - e. The Monthly Mileage Reimbursement Form should be signed by the employee and Department Head, and then submitted to Accounts Payable for payment.

Section 3: PETTY CASH

PETTY CASH

Petty cash consists of a sum of money set aside for making small cash purchases on a contingency basis. Petty cash funds are provided as a time saving mechanism for minimal dollar purchases for the City. A Sales Tax Exempt Form is located on the City website for all purposes, including petty cash. All departments maintaining a petty cash fund should exercise specific controls over their use as follows:

1. The petty cash fund should be kept separate from all other funds. There should be no comingling of funds.
2. Only one person should be responsible for the petty cash fund. Access to the funds should be denied to all others, and the funds should be kept in a locked box or bag located in a secure area.
3. The amount of the petty cash fund is determined by the Finance Department.
4. **At all times, petty cash should equal the total cash amount or a combination of cash and receipts that total the fund amount for that Department**, as determined by the Finance Department (see Item 3. above).
5. The petty cash fund will be reimbursed by the Finance Department for the amounts paid out upon presentation of documents for reimbursement (excluding sales tax). **All petty cash disbursements must be supported by original receipts, which are to be submitted with the [Petty Cash Report Form](#).**
6. Complete the [Petty Cash Report Form](#) listing all expenses for the reimbursement period.
7. Include all receipts with the Petty Cash Report for reimbursement. Forward the Petty Cash Report with original receipts to the Finance Department. Purchases will not be reimbursed unless accompanied by a receipt and noted on the petty cash report.
8. A check will be issued for the amount on the Petty Cash Report. When the check is cashed and the money is placed back into the petty cash fund, the total petty cash amount should equal the beginning petty cash balance for each respective Department.
9. The petty cash funds should be reconciled **monthly**.
10. **The petty cash funds may NOT be used for:**
 - **Payment for services performed by employees or non-employees**
 - **Advances**
 - **Personal loans and cashing personal checks**
 - **Personal expenses**

Improper use of petty cash may result in disciplinary action.

11. A designee from the Finance Department may periodically perform a surprise audit of your petty cash funds.

Section 4: VENDOR MANAGEMENT

VENDOR MANAGEMENT

Goal: To ensure a systematic process of adding and updating vendors in the Finance database. The process is designed to meet local, state, and federal guidelines related to vendor relations and procurement by a municipality.

Vendors will ONLY be added to the Incode Database upon completion of a [New Vendor Packet](#) *and* if the City needs to issue a PO or remit payment.

Note: Some vendors will be required to be documented on an **Alternative Vendor Request Form** instead of submitting a New Vendor Packet. Examples of appropriate vendors would include, but are not limited to:

- City employees receiving reimbursement.
- Residents receiving a refund for fees paid such as utilities, Rec Center fees, EMS charges, etc.
- Payroll related vendors (i.e. court ordered wage withholding orders, etc.).
- Organizations such as TCMA, GCFOA, GFOAT, etc.

CURRENT VENDORS REQUESTING PROFILE UPDATES

Vendor Maintenance Form

1. To update vendor information, the requestor can obtain the [Vendor Maintenance Form](#) from the [City's Finance webpage](#).
2. All active vendors must complete the Vendor Maintenance Form and complete both the current information on file with the City *and* the updated information for all sections requiring updates.

Any supplementary forms from the [City's Finance webpage](#) related to the information being updated should also be completed and provided. Examples would include, but are not limited to: if updating remittance information, a Vendor Maintenance Form *and* an updated Vendor Remittance Information Form (and all the stated requirements) must be provided; if updating Conflict of Interest information, a Vendor Maintenance Form *and* an updated Conflict of Interest Questionnaire must be provided.

3. The completed Vendor Maintenance Form and related supplemental forms should be forwarded to the City Receptionist at vendors@montbelvieu.net for processing.
4. All inactive or suspended vendors must complete a New Vendor Packet for review prior to being reactivated.

Vendor Updates

1. The Receptionist shall use the **Internal Vendor Management Checklist** to verify that all necessary vendor information to support the update has been provided and confirmed.
2. Once the Internal Vendor Management checklist has been completed, the Receptionist shall proceed to update the new vendor within one (1) business day.

Note: if the Receptionist is out of the office, or if the position is vacant, an alternate may be designated to complete Steps 1 and 2 in this section.

NEW VENDORS

New Vendor Packet

1. The requestor can obtain the [New Vendor Packet](#) from the City's Finance webpage.
2. The New Vendor Packet shall include the following:
 - Notice to Vendors
 - Vendor Application
 - [Form W-9](#)
 - [Vendor Remittance Instructions](#)
 - [Conflict of Interest Questionnaire](#)
3. The completed New Vendor Packet should be forwarded to the Receptionist at vendors@montbelvieu.net for processing.

If a vendor has been in contact with a City representative for establishment, the Administrative Assistant may be contacted for information verification prior to set-up.

Vendor Set-up

1. The Receptionist shall review the information to ensure that all required items have been submitted and are properly completed. Possible non-compliance with the requirements shall be forwarded to the Accounting Manager or Finance Director for a final determination regarding the vendor eligibility to contract with the City.
 - a. Notice to Vendors
 - This is an informational memo to all prospective vendors regarding the intention of the packet, highlights vendor and invoicing requirements, and vendor application information.
 - b. Vendor Application
 - This form should be completely filled out, including the signature and title of an authorized individual.
 - c. Form W-9
 - This form should be completely filled out, including the EIN or SSN of the vendor, and a signature and date of an authorized individual. The appropriate federal tax classification must also be noted, i.e. I for Individual, C for Corporation, etc.
 - d. Vendor Remittance Instructions
 - This form should be completely filled out, including the signature and title of an authorized individual.

Note: there is a section on this form for electing to receive mailed checks versus electronic payments with confirmation of remittance address.
 - e. Conflict of Interest Questionnaire
 - A name is required in Section 1, and a signature and date is required in Section 7, regardless of any other entry on the form.

Note: To view a list of the City's current [Local Government Officers](#), please visit the [City's Finance webpage](#).
2. The Receptionist shall use the **Internal Vendor Management Checklist** to verify that a New Vendor Packet is complete

and ready for processing.

3. Once the Internal Vendor Management checklist has been completed, the Receptionist shall proceed to add the new vendor within one (1) business day.

Note: if the Receptionist is out of the office, or if the position is vacant, an alternate may be designated to complete Steps 1-3 in this section.

VENDOR REVIEW AND APPROVAL

Each Wednesday before payments are generated for the week, the Accounting Manager or Finance Director shall review the Vendor Audit Report, along with the New Vendor Packets, Vendor Maintenance Forms, and accompanying Internal Vendor Management Checklists processed for the prior week, to confirm all changes were made appropriately.

Note: In the event of discrepancies, newly updated or added vendors will be put on a *hold* or *inactive* status until information can be confirmed. Every effort will be made to minimize any payment delays.

VENDOR DATABASE MANAGEMENT

1. The Receptionist, or designated alternative, shall create or update a complete vendor record within one (1) business day of receiving a New Vendor Packet or Vendor Maintenance Form *and* completing an Internal Vendor Management Checklist, including but not limited to the following:
 - a. Vendor Legal Name and DBA, if applicable.
 - b. Main Email Contact.
 - c. Phone/Fax.
 - d. 1099 Information and Tax Identification Number or Social Security Number.
 - e. Mailing Address.
 - f. Remittance Address, if applicable.
 - g. Company Contact Numbers: Voice, Fax, etc.
 - h. Company Contact Emails: Purchasing, Accounts Receivable, etc.
2. All vendor records shall be stored electronically in Incode in each vendor's profile. All hard copies of vendor records will be shredded.
3. Each calendar year, the Receptionist shall review vendor activity to determine which vendors, if any, should be inactivated or placed on hold and bring to management for review. Inactivity is considered no activity within 365 days or more.

VENDOR INFORMATION UPDATES

Annually, all vendors will be required to update or confirm their information. New Vendor Packets will be sent to all *active* vendors on or before June 30th of each year. These packets will have a due date of August 15th. A reminder will be sent out on August 31st for vendors who have not returned their updated paperwork. Any vendor who has not returned the packet by September 15th will be contacted via phone. If the vendor cannot be reached before September 30th, they may be placed on a *hold* or *inactive* status.

VENDOR NUMBER TRACKING

The City shall use an auto numbering feature in the Incode Database. A vendor number may *not* be reused, as this will create data quality issues for historic financial files.

Section 5: ACCOUNTS PAYABLE



ACCOUNTS PAYABLE

Note: Payments will be processed once weekly each Thursday afternoon, pending any holidays or schedule changes.

General Instructions

1. All invoices should be sent directly to Accounts Payable at accountspayable@montbelvieu.net, or mailed to:

City of Mont Belvieu
Attn: Accounts Payable
PO Box 1048
Mont Belvieu, TX 77580

Daily, the Accounts Payable Clerk will open all mailed invoices, print all emailed invoices, date stamp all invoices as "RECEIVED," and distribute to appropriate departments as needed.
2. For all invoices associated with a PO:
 - a. All receiving must be completed in Incode before Accounts Payable can process the invoice(s) for payment.
 - b. Upon receipt of a PO invoice, it should be matched with an open purchase order and all receiving documentation.
 - c. The invoice, an open purchase order, and the receiving in Incode constitute a 3-way match.
 - d. If an invoice amount is greater than the purchase order by \$100.00 or more, a supplementary PO *must* be requested. Accounts Payable will notify the Administrative Assistant that a supplementary PO must be entered. The supplementary PO should reference the original PO in the details.
3. All non-PO invoices will be distributed to the Administrative Assistant of the department requesting the good(s)/service(s).
 - a. The Administrative Assistant should stamp the invoice for coding and Department Head approval.
 - b. All stamped fields and approvals must be completed prior to returning to Accounts Payable for processing.
4. All invoices should be checked to ensure that appropriate discounts, terms of shipment, tax exemption, and extensions are correct. If a discount is offered by the vendor for early payment, and the good(s) and/or service(s) have been received, every effort will be made to process the payment within the allotted time.
 - a. Payments shall not be made from statements unless the vendor has been contacted, and it is confirmed they do not issue invoices. A note will be added to the vendor file documenting their invoicing procedures.
 - b. All payments should be made from original documents to ensure that duplicate payments do not occur. If payment is made from a copy, the copy shall be stamped "**ORIGINAL.**"
5. If no discrepancies exist, the invoice will be entered into the Incode System.
6. All invoices shall be entered separately into the Incode System by invoice number, amount, and date.
 - a. The invoice number is a "key" record. If entered correctly, the system will not allow a duplicate payment to a vendor.
7. All PO invoices will be scanned and attached to the PO in Incode prior to posting in an AP packet. This is done to allow the Department Head or Administrative Assistant to review the invoice for accuracy. Should an error exist with the

invoice and the good(s)/service(s) haven't been received, the respective departments are responsible for contacting the vendor for timely resolution and notifying Accounts Payable.

If items are invoiced in error, please contact Accounts Payable as soon as possible so the payable isn't processed.

8. All non-PO invoices will be scanned and attached to the payable transaction in Incode prior to posting an AP packet. Invoices will be available to view in Incode once an AP packet is posted.
9. All payables will be posted to the general ledger at the time the *payments* are generated. The GL posting date for each payment run will be the date the payments are physically issued.
10. Purchase order encumbrances will be reduced automatically when payable packets are posted. Any remaining encumbrances \$100.00 or less will be liquidated.
11. The Accounting Manager or Finance Director shall pre-approve all "rush" payments, i.e. payments issued outside the normal weekly payment run.
12. The Receptionist shall reconcile vendor statements with transaction detail posted in Incode. Discrepancies should be researched and resolved in a timely manner.
 - a. Unpaid invoices that are listed on a statement for two consecutive months without resolution should be brought to the Accounting Manager's attention.
13. All returned purchases should be coordinated by the purchase originator. The purchaser *must* notify Accounts Payable of the pending return as soon as a return is deemed necessary.
 - a. The purchase originator shall notify the vendor for authorization to return goods.
 - b. If it is a return with no exchange and the original invoice has not been paid, the original invoice shall be held until a credit memo is received.
 - i. The invoice and credit memo should be processed in Incode at that time for audit trail integrity.
 - c. If it is a return with no exchange, and the original invoice has been paid, the Administrative Assistant is responsible for ensuring a credit memo from the vendor is received and communicated to Accounts Payable timely.
 - d. For even exchanges, payment to the vendor for returned purchases should be withheld until all replacement items are received and accepted by City, when possible.
 - e. All payment copies for items returned to the vendor should be kept in a pending file until receipt of the replacement items are confirmed, or a credit memo is received.
 - f. If replacement items are not received within a 60-day period, a demand for a refund should be communicated to the vendor via mail or email.
 - i. The Administrative Assistant of the originating department may use the *Vendor Refund Demand Letter* template located in the *Forms* folder on the *Shared (F:) drive*, and should notify Accounts Payable once the communication has been sent.
 - ii. The Accounting Manager should be notified if the vendor has not complied with the 60-day timeline.
14. Partial shipments should be monitored by Administrative Assistants to ensure that the full shipment is received within a

reasonable time period.

15. At fiscal year-end, the Accounts Payable Clerk shall prepare a report of all payables as of September 30th and submit to the Accounting Manager by October 15th for audit purposes.

Compliance with State Law

1. All payments shall be made in accordance with state law, [Government Code 2251.021](#), within 30 days of the later of the following:
 - a. The date the City received the goods or services,
 - b. The date the vendor performed the service or the contract was completed, or
 - c. The date the City received the invoice for the goods or services.
2. Interest shall not be paid on any invoices unless the payment is “overdue” as defined by state law and requested by the vendor. The interest paid shall not exceed the sum of 1% and the Wall Street Prime Rate ([Government Code 2251.025](#)).
 - a. The interest due, if any, shall be paid from local (non-state or non-federal) funds when the invoice is paid. The City shall not request that the vendor waive the interest if the interest is in compliance with state law.
3. If an invoice is disputed, it must be disputed in writing no later than 15 days after the date of receipt of the invoice (state law maximum is 21 days).

Verification of all Payments (check and ACH)

1. The Accounts Payable Clerk shall verify that all payment transactions meet the following guidelines:
 - a. All required approvals are noted on the Purchase Order, if applicable.
 - b. A 3-way match exists (PO, invoice & receiving), if applicable.
 - c. All items have been received and/or cancelled, if applicable.
 - d. Items listed on purchase order agree to items listed per invoice, if applicable.
 - e. Invoice and payment dates are after the PO approval date.
 - f. Non-PO invoices are date stamped received, have Department Head approval, and accurate GL coding.
 - g. The “description” on the payment is appropriate for the expense.
 - h. Partial payment, if allowed, is recorded or tracked in a separate folder and reviewed weekly.
 - i. The approved amount matches the amount paid, within \$100.00.
 - i. If an invoice amount is greater than the purchase order by \$100.00 or more, a supplementary PO *must* be requested.
 - j. Invoice numbers are entered correctly.
 - k. Vendor remittance information is correct.
 - l. Sales tax is not included on invoice, and if needed an exemption certificate communicated to the vendor.
 - m. Discounts and credits, if any, have been taken.
 - n. Invoices are originals (if a copy is used, it should be marked “original” once it has been verified that the invoice has not been paid).
 - o. Late fees, interest charges, etc. have not been charged unless they have been researched and are valid.
 - p. Invoices for all contracted services include details regarding the service provided and the date(s) of service.

Travel Payments

1. All travel authorizations shall go through the standard approval process.

2. Meal advances are issued to the traveler no more than 30 days prior to the travel event (IRS Regulations). All requests should be submitted at least two weeks prior to travel (see Section 2).
3. Lodging advances or payments do not include non-allowable charges such as taxes, entertainment, room service, etc. Travel reimbursements must be supported by original receipts.
4. Mileage advances or payments do not exceed the federal, state, or local maximum rates, whichever is less.

Credit Card Payments

1. Receipts for credit card expenditures shall be turned in monthly to Accounts Payable for timely payment. Each expenditure MUST be accompanied by an itemized receipt. All credit card transactions shall be net of all credits and discounts.
2. Failure to submit receipts in a timely manner may lead to the loss of the credit card for the respective employee.
3. If receipts are lost or not available, contact the Accounting Manager for payment approval. If not approved, the purchaser will be expected to reimburse the City for the expenditure within 30 days of payment.
4. As a municipality, the City is exempt from sales tax. Any sales tax charged on a City credit card is the responsibility of the person initiating the charge. Reimbursement to the City is due at the time receipts are turned in to Accounts Payable.

Administrative Approval of Disbursements

1. The Accounting Manager or Finance Director shall approve all invoices ready for payment. This approval may be discretionary in the form of review of the payment registers, review of individual invoices, etc.
2. After the invoices have been approved, the Accounts Payable Clerk may proceed with generating the check and ACH payments.

Segregation of Duties

1. The Accounts Payable Clerk shall check the payment register against all invoices to be paid that week. Prior to requesting checks and/or generating payment, the payment register and invoices to be paid will also be reviewed by the Receptionist for verification. Both verifications should be signed and dated on the Payment Register Log.
2. Once checks are generated, all checks will be stuffed and mailed by the Receptionist.
3. All ACH payments must be approved in the bank by the Accounting Manager or Finance Director.
4. All Wire payments must be approved in the bank by the Finance Director.
5. Accounting shall reconcile all bank accounts with the general ledger monthly using the corresponding bank statements.
6. The mailed bank statements shall be delivered to and opened by the Receptionist.

Note: if the Receptionist is out of the office, or if the position is vacant, an alternate may be designated to complete Step 6 in this section.

7. The Accounting Manager or Finance Director shall review and approve all monthly bank reconciliations.

Control Environment

1. The Accounting Manager shall ensure that all check stock will be maintained in a locked cabinet. The only keys to the cabinet will be held by the Accounting Manager and the Finance Director.
2. The Accounts Payable Clerk shall inventory the check stock for the purpose of restocking the cabinet under the supervision of the Accounting Manager or Finance Director when less than a two (2) month supply of checks is on hand.
3. Anytime a check is removed from the check stock it should be documented on the Check Log. The Check Log should include the check number(s) issued, the date, initials of the Accounts Payable clerk, and initials of the Accounting Manager or Finance Director. The Check Log shall remain locked with the check stock.

Note: The Accounting Manager or Finance Director will confirm the number of checks requested against the payment register, and will visually confirm the number of printable checks generated on the computer of the Accounts Payable Clerk prior to printing.

4. All checks issued will be uploaded to Positive Pay via the City's banking platform the same day of issuance. All checks must be uploaded to Positive Pay before they can be cashed by the payee.

The Accounting Manager and Finance Director will be notified of any checks attempting to be cashed that were not uploaded to Positive Pay, and will approve or deny the request via the City's banking platform.

5. All checks noted to be held for pick-up will be placed in the "Hold Check for Pick-up" folder at the Reception window, and will be logged by the Accounts Payable Clerk. When a check is picked up, the pick-up date, pick-up designee name, and signature should be completed on the log by the individual picking up the check. The City representative facilitating the pick-up should also print their name and signature on the log.
 - a. Any checks not picked up may be mailed if a contact cannot be reached for pick-up confirmation within two weeks of issuance.
6. All "void" checks shall be logged by the Accounts Payable Clerk. The log and voided checks shall be filed in a separate file in check number order.
 - a. Checks not cashed within 6 months from the date of issue may be voided due to inactivity. The funds will be distributed in accordance with the State of Texas Unclaimed Property Guidelines unless the payee is located and requests a reissue. At the City's discretion, a \$35.00 reissue fee may be assessed.
7. All vendor refunds shall be deposited to the original expense account via a journal entry or cash receipt. The Accounting Manager or Finance Director shall approve all journal entries.
8. Weekly, the Receptionist will forward a PO Status Report to each department's Administrative Assistant. Open PO's should be researched to determine if the goods have not been received, received but not paid for, whether the PO is completed and should be closed, etc.

Note: if the Receptionist is out of the office, or if the position is vacant, an alternate may be designated to complete Step 8 in this section.
9. The Accounts Payable Clerk shall monitor the pending invoices and open purchase orders to ensure that unmatched documents are resolved on a timely basis.

Section 6: INSUFFICIENT FUND (NSF)
CHECK COLLECTION

INSUFFICIENT FUND (NSF) CHECK COLLECTION

Note: If a payer has written three (3) or more NSF checks to the City, the City shall no longer accept checks from them.

A payer may include, but is not limited to, the following:

- **A customer**
- **An employee (former or current)**
- **A resident**
- **A vendor**

1. Insufficient fund checks are submitted for redeposit when the City receives them from the bank.
2. If the check is returned for a second time, the Accounting Department shall contact the originator of the check by phone to collect the amount of the check, as well as a \$35.00 NSF fee.
3. If funds have not been received within seven (7) business days, the Accounting Department shall send the check originator a Demand Letter via Certified Mail. The check plus a \$35.00 NSF fee should be requested in the form of cash, cashier's check, or money order. Cash payments will only be accepted in person at the Utility Billing window at City Hall. Cashier's checks or money orders may be mailed to the following address:

City of Mont Belvieu
Attn: Finance
PO Box 1048
Mont Belvieu, TX 77580

4. If the funds and NSF fee have not been received after fifteen (15) days from the date of the Demand Letter, the City or designee may proceed with filing suit with the appropriate authorities after all supporting documents have been provided and approved by the Finance Director.
5. When the funds and the \$35.00 NSF fee are collected by the City, the money will be deposited per the original intent. The \$35.00 NSF fee will be deposited to offset the bank's NSF fees charged to the City.

Section 7: BUDGET TRANSFER REQUESTS

BUDGET TRANSFER REQUESTS

Goal: To ensure the integrity of all current fiscal year budget(s) adopted by Council. This process is designed to allow requests to transfer budgets within a department while still maintaining the overall departmental budget.

Any accounts exceeding the current fiscal year budget(s) adopted by Council will require a budget transfer request, unless the account has been approved to go over budget. All intradepartmental transfer requests *must* obtain both Department Head and Finance approval before any expenditure(s) can be made.

Note: If a requisition will cause an account to go over budget, a budget transfer request must be submitted and processed before the requisition can be approved.

If an invoice is under the \$1,500 threshold and a PO wasn't entered, AP may process the invoice even if the account will go over budget. Each department should be tracking their budgets regularly and proactively initiating budget transfers. Departments will be notified of accounts needing budget transfers during the month-end close process.

In the rare event an account has been approved to go over budget, it will be noted as an exception and treated accordingly.

All *intradepartmental* transfer requests must net to zero. Ex: if Finance requests to transfer \$5,000 from their Travel & Meals budget to their Education & Training budget, the overall Finance departmental budget will remain the same as it was prior to the transfer.

BUDGET TRANSFER REQUESTS

All budget transfer requests must be accompanied by a [Budget Transfer Request Form](#). Whole dollars should be used for all amounts, and all GL accounts must be inputted in their entirety.

To submit a Budget Transfer Request:

1. Obtain the form from the shared drive: [F: Drive > FORMS > Budget Transfer Request Form.xlsx](#) or online at our City's Finance [webpage](#).
2. Specify the department and the date of the request.
3. Note a brief description for the transfer.
4. Input the GL account number (the account name will auto-populate), whether you're transferring from/to that account, and the amount (input whole, and positive, numbers only).

As many GL accounts as needed may be listed, and the net total transfer must always equal to zero (i.e. to transfer into an account, or multiple accounts, you must transfer out of another).

** These transfers must be absorbed within your department budget.*

5. Department head approval (signature/date) is required for all budget transfer requests prior to sending to Finance.

Finance will review and timely process all requests that have the required information and approvals. Once approved, a budget adjustment will be made in Incode and the department will be notified upon completion.