

Accounts Payable

City of Bell
POLICY FOR ACCOUNTS PAYABLE PAYMENT PROCESSING

PURPOSE

The purpose of this policy is to create clear guidelines for the processing of vendor payments.

POLICY

It is the City of Bell's policy to make accurate and prompt vendor payments. This includes all payments on purchase orders, warrant requests, "forthwith" warrant requests, travel expense vouchers, and petty cash reimbursements. It is necessary for the City to maintain a satisfactory credit standing with vendors and prompt payment ensures this.

PROCEDURES

- Departments should notify all vendors to mail original invoices to the Finance Department, Accounts Payable.
- Accounts Payable will periodically distribute to departments a schedule of processing deadlines.
- Accounts Payable will distribute original invoices to departments for processing.
- A processed payment includes five elements: (1) completed warrant request form; (2) original invoice; (3) expenditure account number; (4) transaction description; and (5) authorized signature (indicating the goods/services have been received).
- Unprocessed payments will be returned to requesting department for correction.
- Inquiries from vendors regarding the status of unpaid invoices are generally handled by Accounts Payable personnel. If, however, invoices have been sent directly to the department by the vendor, or have not been returned to Accounts Payable with the necessary processing information the originating department will be expected to respond to inquiries from the vendor.
- Payment requests must be received by Accounts Payable on Friday before 1600 hours, twelve (12) days before the Wednesday regular City Council meeting, for inclusion on the warrant register.

- **“Forthwith” payment requests must be received by Accounts Payable on Tuesday before 1600 hours for payment on the following Friday. Forthwith requests must be approved in advance by the Finance Director.**
- **If authorized by the Finance Director, a department may establish a petty cash fund to purchase minor supplies when it is otherwise impractical to purchase items through the usual purchasing methods. Each week a check request with original receipts must be sent to Accounts Payable for replenishment of petty cash funds.**
- **Occasionally checks will be lost, stolen or incorrect, and this will require a stop payment and reissuance of the check. The City Treasurer or accounting staff is responsible to process the stop payment. Accounts Payable will re-issue a replacement check after the service bank has confirmed the stop payment request.**
- **All checks shall be mailed to vendors by Accounts Payable unless otherwise authorized by the Finance Director.**

City of Bell

**POLICY SETTING FORTH CHECK SIGNING AND WIRE AND INTRA-BANK TRANSFER AUTHORITY
(Resolution 2012-32)**

PURPOSE

The purpose of this policy is to establish strict internal controls over the disbursement process.

POLICY

It is the City of Bell's policy to require "wet" or "live" signatures for all checks, wire transfers and intra-bank transfers. Stamp or facsimile signatures are not authorized.

PROCEDURES

1. The positions of Mayor, Vice Mayor, City Treasurer and City Manager, their successors and interim appointments, are designated signers.
2. All checks, wire transfers, and intra-bank transfers require two "wet" signatures from authorized signers. At least one signature shall be from either the City Treasurer or the City Manager.
3. Any check, wire transfer or intra-bank transfer exceeding \$10,000 shall require one signature from either the Mayor or Vice Mayor.

RESOLUTION 2012 -32

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELL,
CALIFORNIA, SETTING FORTH CHECK SIGNING AND WIRE AND
INTRA-BANK TRANSFER AUTHORITY**

WHEREAS, the City of Bell, the City of Bell as the Successor Agency of the Community Redevelopment Agency of the City of Bell, the Bell Public Finance Authority and the Bell Surplus Property Authority are required to issue checks and process wire and intra-bank transfers in the course of everyday business; and

WHEREAS, the City of Bell acting on behalf of all of these agencies desires to set forth signing requirements for the release of such checks and transfers.

NOW THEREFORE, BE IT RESOLVED, that the City of Bell, acting on behalf of the above named agencies, does hereby approve the following positions and their successors, including interim appointees, with check signing and wire and intra-bank transfer authority:

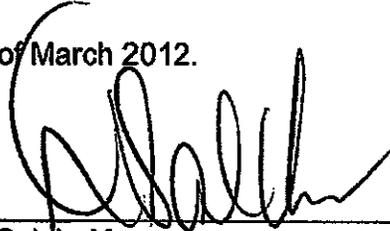
1. Mayor
2. Vice Mayor
3. City Treasurer
4. Chief Administrative Officer

BE IT FURTHER RESOLVED, that all checks and wire and intra-bank transfers require two signatures, of which at least one signature shall be from either the 1) City Treasurer or 2) the Chief Administrative Officer, and

BE IT FURTHER RESOLVED, that any check or wire or intra-bank transfer exceeding \$10,000 shall require, in addition to either the City Treasurer or Chief Administrative Officer, one signature of either the Mayor or Vice Mayor.

BE IT FURTHER RESOLVED, that all signatures shall be live signatures, and not by stamp or facsimile.

ADOPTED AND APPROVED this 21st day of March 2012.



Ali Saleh, Mayor

APPROVED AS TO FORM:



David Aleshire, City Attorney

CERTIFICATE OF ATTESTATION AND ORIGINALITY

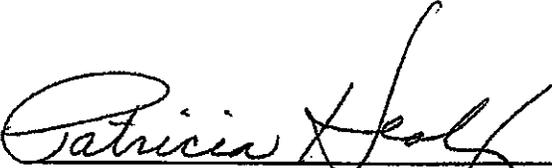
I, Patricia Healy, Interim City Clerk of the City of Bell, hereby attest to and certify that the foregoing resolution is the original resolution adopted by the Bell City Council at its regular meeting held on the 21st day of March, 2012, by the following vote:

AYES: Alvarez, Quintana, Valencia, Harber, Saleh (5)

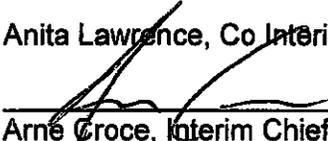
NOES: None (0)

ABSENT: None (0)

ABSTAIN: None (0)


Patricia Healy, Interim City Clerk

**City of Bell
Agenda Report**

DATE: March 21, 2012
TO: Mayor and Members of the City Council
FROM: Anita Lawrence, Co Interim Finance Director
APPROVED BY: 
Arne Croce, Interim Chief Administrative Officer
SUBJECT: Check and Wire Transfer Signing Authority

RECOMMENDATION:

Adopt a Resolution setting forth certain check and wire transfer authority.

BACKGROUND AND DISCUSSION:

The current authority to sign checks and approve wire and intra-bank transfers requires two signatures. Intra-bank transfers include transferring from the payroll account to the general checking account within the same bank. The positions included in the current signing authority are the Mayor, the Vice Mayor and the City Treasurer. By practice, the two parties required for signing have been the City Treasurer as one of the signatures and either the Mayor or the Vice-Mayor for the other signature.

Public agencies handle check signing in many different ways. Often there are signature stamps that are kept in a vault and used once the checks have been approved by the elected body at a public meeting. Another method is to require one signature for checks under a certain amount and an additional signature if checks are greater than that amount. Attached is a survey located on the California Society of Municipal Finance Officers website (www.csmfo.org), conducted in 2008, which shows 44 public agencies and their check signing requirements. You can see by the survey that having elected officials sign checks is less common than delegating the responsibility to staff members. The reason is because staff members are more readily available to sign and asking elected officials to participate often requires that they make a special trip to City Hall which is less efficient for the workflow of the public agency.

Staff is recommending that one additional staff member, the Chief Administrative Officer (CAO) be added to the list of approved signers. This would allow the CAO to sign in the event the City Treasurer is unavailable. Currently, if the City Treasurer is unavailable, it would mean that two elected officials would need to sign in order to release the check or wire transfer. It would be very unusual for a public agency to opt that two elected officials be the two required signers for any transaction.

Further, staff is recommending that all checks or wires greater than \$10,000 require the signature of at least one elected official. This would enable two staff members to sign checks and approve intra-bank and wire transfers up to \$10,000, but would require that at least one elected official sign checks and approve intra-bank and wire transfers over \$10,000. This will

City of Bell
POLICY FOR PETTY CASH

PURPOSE

To provide guidelines for the establishment, use, and safeguarding of petty cash and to strengthen the City's internal control over petty cash funds.

POLICY

Petty cash funds are issued to departments, in charge of a department custodian, to be used on a revolving basis for the payment of small emergency and incidental expenses. Petty cash funds are established on an imprest basis, which means that a fixed amount is restored to its authorized level at frequent intervals by replenishing the cash in an amount equal to the expenditures. Only those expenditures that a reasonable and prudent person would consider as having a public purpose, being for the benefit of the City of Bell and not personal in nature, are allowed. Employees should use good judgment when expending public funds and should avoid any transaction that may appear inappropriate.

PROCEDURES

Establishment of Petty Cash Fund

The establishment of the petty cash fund and the subsequent request for the increase, decrease, or closing of its balance needs the approval and authorization of the Finance Director.

The Department Head should submit a written request, addressed to the Finance Director with the following information:

1. Reason(s) for establishing, increasing, decreasing, or closing of the petty cash fund.
2. Amount requested to be established, increased, decreased, or closed.
3. Name of the Department/Division where the petty cash fund will be located.
4. Name of the authorized custodian responsible for the petty cash fund.
5. Name of custodian's alternate(s).

The custodian must be a regular, full time City employee. The custodian's alternate(s) may be a part-time or contract employee.

If at any time the custodian or their designated alternate(s) change, the Finance Director should be immediately notified in writing.

Disbursement of Petty Cash

Custodian Responsibilities

1. Identify the need for petty cash and make sure that the item to be purchased will be

- used to support City operations.
2. Complete a petty cash advance form. Specify the date, payee, description of item(s) to be purchased, general ledger account number, and the amount of cash advance requested.
 3. Issue the cash and have the employee/purchaser sign the petty cash advance form. Keep the form with the petty cash fund.
 4. After the purchase has been made make sure that valid receipt(s) are submitted by the employee/purchaser.
 5. If the actual purchase price is less than the cash advance, adjust and initial the amount shown on the petty cash advance form to reflect the actual disbursement and return the remaining money. If the actual purchase price is more than the cash advance, adjust and initial the amount shown on the petty cash form to reflect the actual disbursement and reimburse the employee/purchaser for the difference.
 6. Attach the submitted receipt(s) to the petty cash advance form and keep it with the petty cash.

Reconciliation of Petty Cash

The amount of the authorized petty cash account should always be equal to the following:

- ✓ Currency (bills and coins) on hand.
- ✓ Paid petty cash vouchers/receipts (not yet submitted for replenishment or in transit).
- ✓ Petty cash advanced to employee/purchasers.
- ✓ Un-cashed replenishment check.

The petty cash should be reconciled every time the custodian requests the replenishment of the petty cash account or when there is a transfer of custody from one person to another. It is recommended, but not required, that the petty cash be reconciled by somebody other than the primary custodian.

To reconcile the petty cash, the custodian should perform the following steps:

1. Classify, count, and add all the currency (bills and coins) on hand, paid petty cash vouchers/receipts (not yet submitted for replenishment or in transit), petty cash advanced to employee/purchaser, un-cashed replenishment check, and other cash items.
2. Compare the above total to the amount of the authorized petty cash fund. The two amounts should be in agreement.
3. Prepare a petty cash reconciliation and have it checked and approved by the department's authorized officer.

Replenishment of Petty Cash

The petty cash fund should be replenished each week in the Community Service Department, and as often as required in Finance/City Hall and BCHA.

Authorized Petty Cash Amounts

Community Services Department, \$1,500
Finance/City Hall, \$500
BCHA, \$200

Restrictions on the use of Petty Cash

A petty cash fund is established primarily to take care of small City-related expenditures. The petty cash fund **cannot** be used for the following purposes:

1. To cash personal or travel advance checks.
2. Advance cash (in return for I.O.U. slips) to City employees for temporary or personal use.
3. For purchases that are expected and recurrent, and that can be more appropriately managed with the use of a accounts payable payment by check or a credit card.

Security of Petty Cash

It is the responsibility of the petty cash custodian to make sure that the petty cash box is in a safe and secured place at all times. Only the petty cash custodian and their alternate(s) should have access to the area where the petty cash box is located. In the evening, the petty cash box must be kept in a locked file cabinet, desk drawer, etc., to which only the petty cash custodian and their alternate(s) have the keys.

Review

The petty cash fund is subject to unannounced review by Finance Department and external auditors. The petty cash fund, therefore, must consist at all times of cash on hand, receipts on hand, petty cash advance forms, and copies of vouchers for receipts that are in the process of reimbursement equal to the petty cash fund balance.

City of Bell
POLICY FOR CITY-ISSUED CREDIT CARD USE

POLICY

It is the City of Bell's policy to use credit cards when necessary to accomplish City business.

PROCEDURES

1. Credit cards have become essential to the accomplishment of City business. Certain types of transactions (e.g., airline reservations, online class registration) can only be effectuated through the use of credit cards.
2. When approved by the Director of Finance, credit cards will be issued in the name of individual users (in keeping with the requirements of the City's service bank).
3. Transaction limits are established on individual basis in accordance with the needs of the user.
4. Credit cards should never be used for the transaction of personal business. A rule of thumb in this regard is the "headline" test. How would the user respond to the publication of her transactions in the newspaper?
5. Any misuse of City credit cards is considered improper use of City property and is subject to disciplinary action up to and including termination.
6. **Banks normally offer little time to make a timely payment. Thus, each user must be committed to rapid turnaround of billing statements.**
7. **Within 48 hours of receiving monthly billing statement from the Accounts Payable Clerk, using department shall verify all transactions with original receipts for all line items on the statement, attach receipts to the statement and forward to the Finance Department.**
8. Lost, stolen or misplaced credit cards should be immediately reported to the Finance Director. It is the Finance Department's responsibility to issue and replace credit cards.

EXAMPLES OF ALLOWABLE CREDIT CARD USES

- Conferences, training and seminars (registration, airline reservations, car rental, hotel, meals, fuel).
- Business luncheons with representatives of other agencies, or consultants under contract to City; luncheons for interview panel or other review boards.
- Publications and/ or manuals.
- Meals, equipment, and materials for work crews in cases of emergency.

EXAMPLES OF NON-ALLOWABLE USES

- Any transaction for personal consumption.
- Cash advances or reimbursements.

City of Bell
POLICY FOR COPIES OF CASHED CHECKS

SUMMARY

An exact replica of cashed checks (front and back) is produced in CD form and sent to the Finance Department by the City's bank. This information is critical to users in the course of vendor relationships.

PROCEDURES

1. Insert the CD to the appropriate drive of the designated PC.
2. Go to Icon on PC named Image On Site.
3. Double click on icon.
4. Type in User Name and Password.
5. To view and print a check click on Select / Sort.
6. This will bring up a screen that will give you many different selections. In selection one type in the words check number.
7. This will bring up a box to put in the check number. Type in the check number.
8. Hit enter.
9. Go to check icon on this screen and scroll down to view image.
10. Click on view image. NOTE: If the right CD has been selected an image of the check will be shown. If the right CD has not been used an error message will display and indicate which CD is required.
11. To print the image of the check click the printer icon and hit print document.
12. Exit program.

City of Bell
PROCEDURES FOR CREATING A NEW VENDOR

Upon contact with a new vendor, departments submit a Vendor Information Sheet to the Finance Department. A record of vendors used by the City of Bell is then created and maintained by Finance for annual 1099 reporting.

1. Go to Financials>Accounts Payable>Vendor Maint/Reports Menu>Vendor FM.
2. Add a new record by clicking on the new record icon (blue sheet).
3. On the Main tab Input the vendor name (surnames first), address, phone number. The federal tax ID or Social Security number should be entered into the Fed Tax ID# field. If a Social Security number is used, the 1099 box should be checked and a "7" should be entered into the Default 1099 box. This will ensure that a 1099 will be generated for this vendor. If the vendor is a business and is reporting under a social security number (entered on the Fed Tax ID field) then the Sole Proprietor box should be checked as well. If a refund, claim settlement, reimbursement, one-time vendor or a City of Vista employee, type 999-99-999 in the Fed Tax ID field. 1099's are not generated for any of these vendor types.
4. When all data is entered click on the Accept Changes icon (check mark icon on the top of the screen) to save the entry. This will populate the system assigned vendor number.
5. Retrieve the computer assigned vendor number and note on the approved Vendor Information Sheet.
6. Forward the Vendor Information Sheet to the Finance Accounts Payable Clerk. She/he will mail out the Taxpayer Identification Form to the vendor and file the Vendor Sheet (see Processing Taxpayer ID Forms section).
7. Exit the Vendor screen.

City of Bell
PROCEDURE FOR ACCOUNTS PAYABLE CHECK RUN

SUMMARY

The City Of Bell uses a decentralized accounts payable and purchasing system. Each department has the authority to purchase or contract for services as long as the purchases or contracts conform to Bell Purchasing Ordinance, Chapter 3.12, and the funds have been appropriated.

After completion of the check run go into Word and retrieve to print Certification of Check Register (O:\Finance\admin\forms\certwar.frm) and change date and dollar amounts. Print out one copy and attach to Department Expenditure Report. Place in folder and give to the Director of Finance for review and signature and then forward to the Mayor for signature.

After the Warrant has been signed, copy signed Warrant Register and forward to City Clerk's office for City Council packets. Payment Authorizations requesting checks be returned to the department should be matched up first, noting name of person/department on actual check. The party picking up the check(s) should sign the Voucher/Check Register.

If the check includes payments from other departments that one department is requesting to be returned to them, call the department in question and ask if a copy of the check will suffice. When matching checks to the backup, make sure appropriate signatures have been received and that all backup is attached.

Note that packing slips, estimates and statements are not considered good backup. The documentation must be an invoice. The exception being memos from department heads authorizing payment. Any questionable backup should be brought to the attention of the Finance Director.

DETAIL STEPS

1. Begin the check run process by going to Accounts Payable>Invoice Processing Menu>Invoice Entry/Proof.
2. On the Find Invoices QBE screen, right click on the Group field and delete all users so that all invoices entered by all users for that particular check-run are located. Click the "!" to execute the QBE search. The Invoice Edit List will appear on the screen. Click on the printer icon to print the report.
3. Go to the Accounts Payable>Check Processing>Create Checks. Enter the check date information and click on the "Create" icon. This will create the checks to be printed during the check-run process.

4. Go to the Accounts Payable>Cash Disbursements Menu>Select Items to be Paid and print the report. This will be a listing of all invoices to be paid by vendors including check totals. Match against and reconcile all Payment Authorizations received by Finance for accuracy. The Open Invoice Report should be given to the Finance Manager for approval before the check-run can be processed proceeding further.
5. After the Finance Manager has approved the Open Invoice Report, the check-run can be processed by the following steps:
6. Continue to Accounts Payable>Cash Disbursements Menu>Automated Checks. This will now be populated with the auto-assigned check numbers. The checks will print on the check printer and non-negotiable file copy will print on the HP4200 printer.
7. Log checks into the Cash Disbursements Activity Log which can be found in O:/Finance/Accounts Payable/Cash Disbursements Activity Log. All printed checks are logged here as well as voided checks.
8. Go to Accounts Payable>Cash Disbursements Menu>Cash Disbursements Journal to post the checkrun.
9. Print the Check Reconciliation Report which lists all the checks included in the checkrun. Also export the Positive Pay file for Denise.
10. Prepare a Warrant Certification Letter (O:\Finance\Accounts Payable\Accounts Payable\Warrant Register), updating dates and dollar amounts for the current check-run.
11. Forward the Warrant Certification Letter and Paid Warrant Report to the Director of Finance for signature/approval. After Director of Finance approval, forward the letter and report to the Mayor's office for signature/approval. The letter and report are returned to the Account Clerk to retain and file in the warrant register book. The Mayor's approval of the warrant register authorizes Finance to release the checks.
12. The Account Clerk matches up the payment authorization with the invoice back-up and attaches them to Finance's copy of the check and then files all.
13. Original invoices are canceled with PAID date stamp.
14. Make 9 two-sided copies of the Paid Warrant Report along with copies of the Warrant Certification Letter to be included in the council agenda packets.

15. Hold checks with Stop Notices filed and notify departments.
16. Return checks which have been specifically requested to departments and mail remaining checks to vendors.
17. File non-negotiable checks along with the attached Payment Authorization Form(s) and invoice(s) or other support documentation and file in numerical order in the designated file cabinet located in Finance. Documentation is also scanned to the Laserfiche system for public viewing.