


POLICY

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|  | Policy: | Accounts Payable | | |
| | Department: | Corporate Services | | |
| | Division: | Finance Division | By-Law No.: | N/A |
| | Administered By: | Treasurer | Approval Date: | Sept. 27, 2021 |
| | Replaces: | Accounts Payable Policy – Feb. 29, 2016 | | |
| | Attachment(s): | N/A | | |

1. POLICY STATEMENT

The Corporation of the Town of Amherstburg is committed to establishing controls and procedures for Accounts Payable, which is responsible for all payable activities as the Town.

2. PURPOSE

- 2.1. This policy defines the procedures for authorizing accounts payable transactions and invoices, making payments, and retaining accounts payable source documents.
- 2.2. This policy is intended to facilitate the efficient and accurate payment of Town accounts in accordance with all relevant requirements.

3. SCOPE

- 3.1. This policy applies to all Town employees that are responsible for administering Accounts Payable.
- 3.2. Accounts Payable receives and processes invoices, verifies expenditure authorization and vendor identity, and makes payments to the Town's suppliers, employees, citizens and senior levels of government.
- 3.3. This policy shall be reviewed every five (5) years from the date it becomes effective, and/or sooner at the discretion of the CAO or designate.

4. DEFINITIONS

- 4.1. **Accountability** means the obligation to answer to the general public, Council, and vendor's procurement results and the manner in which purchasing responsibilities are discharged.
- 4.2. **Accounts Payable (AP)** refers to money owed by the Town to its Creditors. AP in this policy may also refer to the Accounts Payable area of the Financial Services Division.
- 4.3. **Electronic Funds Transfer (EFT)** refers to the electronic transfer of money from one bank account to another, either within a single financial institution or across multiple institutions, through computer-based systems.

Common definitions, acronyms, and terms are available in the Glossary located on the Town's Policies webpage.

5. INTERPRETATIONS

Any reference in this policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a by-law or Town policy shall be deemed to be a reference to the most recent passed policy or by-law and any replacements thereto.

6. GENERAL CONDITIONS

6.1. Approval and Support

6.1.1. Town accounts may be paid only after the appropriate Manager approval has been received by AP, adequate supporting documentation has been received, receipt of goods and/or services has been verified, and payment terms have been met.

6.2. Signing Authority and Authorization

6.2.1. The authority to approve payments is prescribed from the Expenditure Approval thresholds defined in the Town's Procurement Policy.

6.2.1.1. Other restrictions on payments and approvals may apply based on the Town's Procurement Policy.

6.3. Invoices and Supporting Documentation

6.3.1. Invoices are received and approved by the appropriate Manager or Director, prior to processing by AP.

6.4. Payment Methods

6.4.1. Primary Payment Methods

6.4.1.1. Town suppliers may be paid by cheque or EFT.

a. Under limited circumstances, a bank draft or wire transfer may be used for payment.

6.4.2. Right of Offset

6.4.2.1. If a payee owes money to the Town, these funds may be deducted from any payments issued by AP.

6.4.2.2. Offsets must be authorized by the originating department and be reviewed by the Treasurer.

6.4.3. Third-Party Demands

6.4.3.1. Third-party demands are legal requests made by external parties for funds to be deducted from payments issued to a debtor by the Town.

6.4.3.2. Third-party demands must be immediately forwarded to AP for review and processing.

6.4.4. **Withholding Tax**

6.4.4.1. Some payments are subject to federal non-resident withholding taxes.

7. RESPONSIBILITIES

7.1. **Council** has the authority and responsibility to:

7.1.1. Adopt the *Accounts Payable Policy*.

7.2. The **CAO** has the authority and responsibility to:

7.2.1. Ensure compliance with the *Accounts Payable Policy*.

7.3. The **Treasurer** has the authority and responsibility to:

7.3.1. Ensure that all actions undertaken by Accounts Payable employees are consistent and in line with this policy.

7.3.2. Provide guidance on the design and implementation of Accounts Payable controls and procedures.

7.4. The **Supervisor of Accounting** has the authority and responsibility to:

7.4.1. Review Accounts Payable for accounting coding and ensure proper procedures are followed prior to processing for payment.

7.4.2. Ensure all accounts payable transactions are in compliance with this policy.

7.4.3. Ensure all accounts payable source documents are maintained in accordance with applicable legislative requirements, accounting standards and the Town's Records Retention program.

7.4.4. Ensure the maintenance of a vendor master file, where only appropriate staff may edit the vendor master file, and only authorized supplier personnel may request changes to the vendor master file.

7.5. **Staff** have the authority and responsibility to:

7.5.1. Comply with the provisions of the *Accounts Payable Policy*.

8. REFERENCES AND RELATED DOCUMENTS

8.1. Petty Cash Policy

8.2. Cheque Issuance Policy

8.3. Appointment of Bank Signing Authorities

8.4. Procurement Policy