

# DRAFT

## PAYMENT OF BILLS POLICY

In the normal course of business, the District incurs costs for goods and services and is billed for those costs. The Board of Directors approves the costs in a variety of ways. District staff is responsible for administering payment of the billings for these costs.

### 1.0. Approval Process

1.1. **Annual Budget** – Through the approval of the annual District Budget, the Board of Directors approves the categories or types of goods and services that will be utilized by the District for the fiscal year.

1.2. **District Procurement Policy** – The Board also approves the District’s Procurement Policy (Policy) which staff follows in the procurement of the goods and services. Included in the District’s Procurement Policy are the designated levels of approval of procurement.

1.3. **Board Contracts** – The Board also approves payment of wages and benefits through approval of agreements such as Memorandums of Understanding with the District employee labor groups. In addition, the Board approves payments through debt instruments such as loans, lines of credit, and bond issuance in addition to any other approved Board agreement that requires payment(s) to another party.

1.4. **Purchase Orders** - Purchase Orders are created to track the approval and procurement of goods and services however, to maintain efficiency, a purchase order is not required for:

- Customer Refunds and Conservation Rebates
- Bulk Fuels
- Insurance Premiums and other Claim Payments
- Continuing Rent or Lease/Purchase Payments
- Payroll Tax, Deduction or Benefit Payments
- Board Authorized Real Property Purchases
- Travel Expenses
- Employee Reimbursements
- Minor Changes in Uniform/Linen Service
- Utility Bills
- Other Authorized Renewals or Continuing Payments

1.5. **Check Request Forms** - Check Request Forms, which are used to request and approve items that are not invoiced by a vendor or covered by the employee reimbursement form (e.g., meeting expenses, application and permit fees), also do not require a purchase order.

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## 2.0. Payment Process

2.1. Once the District is invoiced for any goods or services, the Districts Accounting staff (Accounting) matches the invoices with the purchase order, if required, verifies that what was invoiced is what was approved and that it was for the agreed amount price.

2.2. **Goods** – If the invoice is for goods, Accounting verifies that they were received, matches the receiving documentation to the invoice, and has the invoice initialed by the Department Manager or designee that the invoice is approved for payment.

2.3. **Services** – If the invoice is for services rendered, Accounting verifies that amount invoiced is within the contracted amount and has the Department Manager or designee verify that services invoiced were completed and requires the Department Manager initial invoices for approval to pay.

2.4. Accounting processes accounts payable checks on a bi-weekly basis and carefully schedules payments to take advantage of any discounts and to avoid assessment of late fees and penalties.

2.5. Checks and balances are used throughout the payment process to ensure that only valid, approved invoices are paid by the District.

- Once the invoices have been prepared for payment, they are batched and entered into the financial software system by the Accounting Technician and/or the Accountant I.
- The batches are then checked and approved by the Accountant I and/or Accountant II.
- The check batch is then created and cash balances for the cost centers are checked to insure there are funds available to cover the check batch.
- The check batch is reviewed and approved by the Director of Administrative Services (DAS) or designee.
- Checks are printed and the check batch register is verified and signed by the DAS or designee.

2.6. **Delegation of Authority by the Board of Directors** - The Board of Directors hereby delegates to the following District staff the authority to approve and sign all checks and warrants for payment:

- General Manager
- District Engineer
- Director of Administrative Services
- Human Resources/Customer Relations Manager

Checks and warrants over \$25,000 must also be co-signed by a member of the Board of Directors with the exception of debt service and payroll-related payments such as Federal and State payroll taxes.

2.7. The Director of Administrative Services shall submit to the Board of Directors the register of checks issued by the District for each calendar month. The Board of Directors shall review, receive, and file each monthly check register. In submitting each monthly check register, the Director of Administrative Services shall certify that each check issued was issued in accordance with this Policy.