



Topic: **Reservoir Committee Agenda Item 1.6**

2021 March 18

Subject: **Accounts Payable Approval Policy**

Requested Action:

Approve a new Accounts Payable Approval Policy to ensure timely and efficient payment of vendor and service providers' invoices. This new Policy consolidates sections of the Advance Check Approval Policy into to the new Policy so that the Advance Check Approval Policy will be eliminated.

Detailed Description/Background:

The current accounts payable approval process has been in place since the Authority started paying vendor and consultant invoices. The process has layers of required invoice and check issuance approvals which are inefficient and staff time consuming, especially as the Authority's number of vendors in the monthly payment of claims has increased significantly over the years (from less than 6 invoices per month in 2015 to currently about 40 invoices per month). The Board's delegation of authority matrix approved in December 2020 identified streamlining invoice approvals as an early action for improving organizational effectiveness.

The attached proposed Accounts Payable Approval Policy provides for a timely and efficient payment process and allows advance payment when an urgent need occurs. The primary change includes issuance of payments twice a month, and payment through an efficient Automated Clearing House (ACH) process (electronic bank transfer payments). Previously, all checks were hand signed by two Board members monthly requiring all vendors to invoice by specific dates, and if late, having to wait another 30 days for payment.

Standard process checks and balances will be implemented through this Policy to ensure payments are justified and within the limits authorized by the Board.

Prior Action:

September 17, 2020: Approved a revision to the Advance Check Approval Policy, Number 01-2019, to increase the non-routine amount allowed to \$500,000 for payment authorization.

Fiscal Impact/Funding Source:

There is no fiscal impact associated with the proposed policy. The bank has confirmed fees or charges associated with electronic payments will annually

increase only by a couple hundred dollars. Staff time will be freed up for higher priority monitoring and reporting of project costs as the volume of work on the project increases.

Staff Contact:

Joe Trapasso

Attachments:

Attachment A – Sites Project Authority Accounts Payable Approval Policy

	DOCUMENT TYPE	Policy
	DOCUMENT NO.	F01
	ADOPTED	TBD
	LAST UPDATED	TBD

SITES PROJECT AUTHORITY ACCOUNTS PAYABLE APPROVALS POLICY

1. Purpose:

To ensure the timely and efficient payment of vendors and service providers as prescribed by the Authority.¹

2. Policy:

Approval of the Payment of Claims (or Warrant Register) will be documented by the approved minutes of the monthly Authority meetings.

Rolling Invoice Processing: When vendor invoices are determined by the Executive Director as being ready for payment following the administrative procedures for approving invoices, the Executive Director and Treasurer have the following authority²:

- a. A list of claims will be generated bi-weekly by the Program Operations Manager and sent via email to the Executive Director and Treasurer for approval for payment. Both will respond within two business days.
- b. Upon approval, accountant makes payments using 1 of the 3 payment processes;
 - Printed checks,
 - Electronic payments through an Automated Clearing House (ACH), and
 - Wired payments for special circumstances.

Advanced Payment Approval: When an urgent need occurs requiring the timely payment of an invoice prior to the next regularly scheduled bi-weekly

¹ Authority refers to Governing Boards.

² Where the Executive Director or Board Treasurer is unavailable, their designated backup may provide approvals.

process, the Sites Project Authority's Executive Director is authorized to approve the following payments:

- a. Reoccurring expenses such as, but not limited to, rents and utilities: The delegated not to exceed amount of \$15,000 for each occurrence.
- b. Non-routine payments: The delegated not to exceed amount of \$500,000 for each occurrence.
- c. The aggregated amount authorized by this policy in a single month for the above categories 3a through 3b is limited to \$550,000 unless otherwise approved in advance by the Authority Board Chair.

3. Process:

For each of the above Section 3 categories, the expense must have been included in the current approved Budget and Work Plan. If not, approval must be received from the Authority Board.

Each ACH and printed check payment requires two approvals: one by the Executive Director and one by the Authority Board's Treasurer.

Per standard banking rules each wired payment requires two authorizations which can be accommodated by the Executive Director and the Authority Board's Treasurer,

4. Policy Term:

This Policy will be reviewed at least every three years and confirmed by way of a resolution adopted at the appropriate Authority Board meeting.

5. Reporting:

All payments of claims (both paid and unpaid) will be reported out on a monthly basis to the Budget and Finance Committee as an information item and approved by the Reservoir Committee and Authority Board.

6. Definitions:

Payment of Claims: The monthly inventory of accounts payable to each consultant and vendor.