
DISBURSEMENTS

PURPOSE

To mitigate the risk of fraud and ensure the Town disburses cash only for legally valid liabilities, this policy establishes guidelines for the expenditure of Town funds.

APPLICABILITY

This policy applies to the Town Accountant's and Treasurer/Collector's job duties and to the Town Manager's warrant approval responsibilities. It further applies to all department heads and elected or appointed officials who submit requests for expense and payroll disbursements (all referred to here as "department heads").

POLICY

No disbursement for any payroll or accounts payable (AP) expense shall occur without the prior review and approval of the Town Accountant and Town Manager. Accordingly, the Town Accountant is responsible for finalizing every AP and payroll warrant, and every warrant must be approved by the Town Manager, as evidenced by his/her signature. In the Town Manager's absence, the Board of Selectmen or a Board member designated by vote of the Board must sign the warrants.

All payroll expenditures must be based on approved time and attendance records and consistent with collective bargaining agreements and the Town's annual operating budget for salaries and wages. All vendor payments must be based on original invoices and issued only to entities with valid form W-9s on file. All invoices must be charged to the proper fiscal year. Payment for any bills payable for a prior fiscal year must be approved by vote of Town Meeting in accordance with [M.G.L. c. 44, § 64](#).

Printed on the face of every disbursed check will be: "Void if not cashed within one year of issuance." The Treasurer/Collector will secure all prepared checks in a safe until distribution. As a tax-exempt organization, the Town will not pay sales tax on any expense, including those associated with any employee personal reimbursements.

A. Responsibilities

The Treasurer/Collector is responsible for maintaining a database of all town employees including their salaries, pay rates, stipends, weekly work hours, earned leave time, benefit options, and withholdings. Any change to an employee's employment status, work hours, or compensation rate can only be made by the Treasurer/Collector based on a Personnel Action Form signed by the appropriate department head and the Town Manager. The Treasurer/Collector shall provide a copy of all approved Personnel Action Forms to the affected employee's department head and shall file the original personnel action form in the employee's personnel file.

On a biweekly basis, department heads must review, sign, and submit AP requests to the Town Accountant, and payroll reports to both the Town Accountant and Treasurer/Collector. Any elected or appointed board serving as a department head may vote to delegate this approval authority to one board member, who shall report back to the board on the approval actions. No board can assign this responsibility to a non-board member. The Town Accountant will maintain a list of department heads, board members, and any other officials authorized to sign AP and payroll requests and review it annually with the Town Manager as part of the year-end close.

For each AP or payroll submission, the tasks below will be completed.

Department Heads:

- Mark the original invoice or receipt with the AP stamp indicating the account(s) to be charged. If an invoice is to be paid from multiple expense accounts with different approving authorities, mark the invoice or receipt with multiple AP stamps for each approving authority to indicate the account number and to sign for authorization of payment of their portion of the invoice.
- Verify sufficient funds are available in the appropriate account.
- If the purchase is for over \$10,000 there must be a written contract signed by the vendor and Town personnel. For any new contract not already on file with the Town Accountant, submit supporting documents showing that procurement requirements have been met. For new vendors, the Department Head must obtain a Federal tax identification or social security number on a W-9 Form.
- Review and sign employees' time sheets, attesting to rates of pay, hours worked, pay type earned (e.g., regular, overtime, detail, etc.), and accrued time used (e.g., vacation, personal, sick).
- Forward Bills Payable documents to the Town Accountant.

Treasurer/Collector

Payroll:

- Enter time sheet information into the Harpers system to create the preprocess file and forward the final preprocess register to the Town Accountant.
- Upon the Town Accountant's approval, create and submit the final payroll file to Harpers Payroll Services.
- Print, review, and retain all the relevant Harpers payroll reports for that period.
- Provide a copy of the payroll register report to the Town Accountant.

AP:

- Review the signed AP warrant to verify that no outstanding amounts are due from any listed payee.
- For any payee with a liability to the Town, hold back the check, apply it to the amount due, and issue a net check to the recipient for any remaining balance, along with written explanation of why this adjustment was made.

AP and Payroll:

- Fund the gross payroll plus the Town's portion of Medicare tax, or the total AP warrant, and disburse the payments by check, bank transfer, or direct deposit.

Town Accountant:

Payroll:

- Review and approve the Harpers preprocess register, verifying that expenditures are legal, no fraud is evident, the appropriate accounts are being charged, and funds are available.
- Enter and post the gross payroll to the general ledger from the final Harpers reports.
- Prepare a warrant in the gross amount plus the Town's share of Medicare tax.
- Submit the payroll warrant to the Town Manager for approval.

Accounts Payable:

- Review each AP submission for accuracy, original invoice, and signature, and contact the department head if any information is missing.
- For any new contract, confirm that proper procurement procedures were followed.
- Verify that the expense is for a legal purpose, no fraud is evident, the appropriate account is being charged, and funds are available.
- Add the expense to a warrant or return the submission if any of the above cannot be validated.
- Prepare and submit the warrant to the Town Manager for approval.

Town Manager:

- Review each warrant for appropriateness by examining invoices, back-up documents, and payroll detail, and direct any inquiries to the Town Accountant.
- Approve the warrant by signing it, and notify appropriate personnel that the warrant is signed and the payments are authorized for disbursement.
- The Town Manager may put a hold on specific disbursements if there are unresolved questions at the time that the warrant is signed, in which case the corresponding disbursement will be held back pending further review and Town Manager authorization.

B. Emergency Disbursements

If there is an emergency or extenuating circumstance where payment must be made to a vendor outside of the normal warrant process, the Treasurer/Collector may issue a manual check with the written authorizations of the Town Manager and Town Accountant. In any such case, the department head will submit the expense to be processed as a no-check on the next AP warrant.

C. Petty Cash

To mitigate the risks of illegal expenditures, violations of procurement laws, or instances of expenses exceeding appropriations, the Town Accountant may authorize petty cash accounts for other departments including the Police Department and the Library, not to exceed \$100 each. Petty cash must be secured at all times in locked cabinets or safes. All petty cash transactions must be documented with a receipt from the vendor or service provider and replenished through the AP process as detailed in this policy. The Town Accountant may terminate a department's petty cash account due to inappropriate safeguarding or use.

The Treasurer/Collector maintains \$200 in cash drawers, which is used exclusively for making change.

The Town Accountant will maintain records of petty cash and the Treasurer/Collector's drawer balances as cash accounts in the general ledger and periodically audit the handling and use of the accounts.

D. Audit

All disbursement activity is subject to audit by the Town's independent auditor.

REFERENCES

[M.G.L. c. 41, §§ 41, 41A, 41B, 41C, 42, 43, 52, 56](#)

[M.G.L. c. 44, §§ 56, 58, 64](#)

[M.G.L. c. 30B](#)

West Newbury's collective bargaining agreements, employee compensation policy

EFFECTIVE DATE

This policy was adopted on April 28, 2020.