

**412.2 SUBJECT: ACCOUNTS PAYABLE**

:1 OBJECTIVE:

To provide policies and procedure for the processing and payment for all goods/services rendered to the City and to provide a uniform procedure for the determination of proper invoicing and provide a procedure through which disputes regarding invoices may be resolved.

:2 AUTHORITY:

This procedure amended by City Council September 15, 2003.

:3 DIRECTION:

Management, Budget & Accounting Director, as an appointed official, serves at the pleasure of the Mayor.

:4 METHOD OF OPERATION:

A. Processing of Transactions by Type

1. The primary function of the Accounts Payable Section of Accounting Operations is the proper and timely payment of all fiscal obligations of the City. These obligations involve the following types:

a. All transactions initiated through and encumbered within the Purchasing sub-system of OMIS (Operating Management Information System) through either:

- (1) Purchase Orders (PO)
- (2) Contract orders (CO)
- (3) Annual Contract Releases (CR)
- (4) Field Purchase Orders (FPO)

Invoice must be forwarded for payment no later than 21 days from the invoice date, provided goods/services have been received and accepted. Program Managers must process payment authorization *in the system* in order to relieve the encumbrance and to facilitate matching POs, COs, CRs and FPOs against vendor invoices and to verify that pricing and shipping terms have been met.

After Program Managers "receive" goods/service through the OMIS interactive Purchasing screens, the original invoice(s) must be forwarded to Accounting (unless previously held in Accounting -then return a legible copy) with appropriate purchasing document with the following notations:

ACCOUNTS PAYABLE

Document

Notation

\* PO - word "*entered*" and PO # on *Invoice*.

- \* CO - Contract Payment Form with supporting documentation, invoice or application for payment documentation.
  - \* CR - Invoice marked with system Release # \_\_\_\_\_ & Vendor # \_\_\_\_\_
  - \* FPO- Invoice and copy of FPO with either the Vendor #, or TIN and business type written on Invoice.
- b. A completed Check Request Memo Form must be submitted to Accounting in order to pay for goods/services/merchandise that were purchased outside the Purchasing sub-system of OMIS. It must be signed by an individual authorized to approve invoices/check requests and a letter of authorization signed by the Department Head/Bureau Chief must be on file in Accounting.
- Procurement of goods/services/merchandise outside the Purchasing system are limited to specified purchase types. The list of authorized purchase types may be obtained from Accounting. Any *exceptions* to the approved list requires justification and must be forwarded to the Chief Administrative Officer for approval of exception *prior* to submission to Accounting for payment.
- c. Credit Memorandums are to be submitted to Accounts Payable with the appropriate charge code and/or original invoice number for entry into the system for credit against the next payment to vendor. (Do *not* enter into system or subtract from any other invoice payment). Credits *must* be entered by Accounts Payable only.
- d. Petty Cash is authorized to certain departments/bureaus to directly pay for inexpensive items, generally not to exceed \$25, which are needed immediately and for which issuance of a special check or processing through the purchasing system is not cost effective or otherwise feasible. All requests for a *new* Petty Cash account must be submitted by the Department/Bureau Chief to the Management, Budget & Accounting Director in memo form with sufficient justification to enable a reasonable review/decision. The authorized signatory for a petty cash fund is required to promptly notify Accounting whenever there is a change in either the authorizing signatory or custodian of the fund and an updated petty cash account form must be completed and submitted to the Management, Budget & Accounting Director.

All Petty Cash must be kept in a locked box or secured area. In addition, the total of each Petty Cash fund should equal receipts and cash in the box. Proper documentation should be obtained for every disbursement, including advances to employees for City purchases. All receipts should be stamped or hand-cancelled when reimbursed from Petty Cash. Authorized signatories should not allow any co-mingling of petty cash funds with other City or personal funds.

Replenishment of cash will be made upon receipt of the Replenishment of Petty Cash Form. Original cancelled invoices/receipts must be submitted along with a complete description of items(s) purchased. Purchase of items which should have been purchased through the purchasing system such as office supplies and other items which are on annual contract, must be justified.

The City of Orlando is exempt from Florida Sales Tax. A sales tax exemption form is available in Accounting, and the purchaser is responsible for making an attempt to use the exemption to avoid paying sales tax. If the retailer refuses to honor the form, the purchaser must so state on the receipt in order to be reimbursed for the sales tax.

- e. Emergency Checks - If a check is required before the regular check printing day (Wednesday) an Emergency Check Request Form must be completed and hand carried to Accounting to arrive by 10 a.m. This request must include all documentation and system transactions described above must be completed. All requests received by 10 a.m. will be ready for pick up by 3 p.m. the same day. Due to the internal controls required and associated manpower implications to disburse City funds, it is important to limit emergencies. Therefore, each request must include an explanation as to why the request was not processed in time to meet the normal processing and the possible impact if a check is not issued immediately. Emergency checks are not mailed and must be picked up on the date of issuance, preferably by the vendor. The requesting department/bureau may pick up the check on an exception basis.

B. Check Processing

- 1. Disbursement Checks are printed each Wednesday afternoon and released to Accounting for final review/verification, and processing

prior to release/ mailing checks on Thursday afternoon by 2 p.m. The checks released at this time will provide payment to vendors for all invoices which were properly processed and received in Accounting prior to the Monday noon deadline.

In order to maintain proper internal control, checks will be released/mailed by Accounting. Checks which are not mailed must be signed for by authorized personnel after presenting proper identification; e.g., letter on file from the company, employee I.D. etc.

2. Checks to be cancelled must be hand carried to Accounting with a memorandum stating reason for cancellation. If "stop" payment is needed, immediately call Accounting, giving check #, payee, date, amount and reason for stop, followed by a confirming written request to stop payment.

C. Prompt Payment

1. General Information

In 1989, the Florida Legislature passed the "Florida Prompt Payment Act" which required local government agencies to formally adopt definitions and procedures to ensure the timely payment of invoices, and provide a mechanism by which to resolve disputes which may arise out of invoices. The Legislature also set out penalties for tardy payments amounting to at least 1% simple interest per month with a maximum cap of 12%. The following procedures have been established to ensure prompt payment and resolve disputes:

2. Determination of Proper Invoice

For purposes of billing submission and payment procedures, a "proper invoice" by a contractor, vendor, or other invoicing party shall consist of at least all of the following:

- a. A description, including quantity, of the goods and/or services provided to the City, or a party on behalf of the City which shall be reasonably sufficient for purposes of identification.
- b. The amount due, applicable discount(s), and the terms thereof.
- c. The full name of the vendor, contractor or other party who is supplying the goods and/or services including a mailing address in case of a dispute and a mailing address for payment purposes (if they are different), and a telephone number.

- d. The Purchase Order or Contract Number as supplied by the City.
  - e. An identification by Bureau, Office, or Department of the party(ies) to whom the goods were delivered or services provided.
  - f. Invoices for purchases by the City Purchasing Office should be delivered to:
    - Accounts Payable, City of Orlando
    - 400 South Orange Avenue
    - Orlando FL 32801
  - g. Invoices for purchases by the Public Works Department should be delivered to:
    - Director of Public Works, City of Orlando
    - 400 South Orange Avenue
    - Orlando FL 32801
  - h. Invoices for purchases made by other City departments, offices or bureaus for goods and services obtained outside the purchasing system and to be paid by check request should be delivered to:
    - The Department, Office or Bureau,
    - City of Orlando
    - 400 South Orange Avenue
    - Orlando FL 32801
  - i. To be considered a proper invoice, it must be based on a proper delivery, installation, and acceptance by the City or a party thereof.
  - j. The vendor, contractor, or other party who is supplying the goods and/or services must have complied with all of the contract terms and conditions and may not be in default of any of them.
  - k. Should the contract require any subcontractors or other parties to be bound by similar or other "flow-down" requirements, those requirements must have been complied with.
3. Dispute Resolution
- a. In the event a dispute occurs between a contractor, vendor, or other invoicing party and the City concerning payment of an invoice, the City department, office, or bureau which has the

dispute, along with a representative of Purchasing and Materials Management (if procured through said Office), and the invoicing party shall meet to consider the disputed issues. Any such procedure shall be initiated by either party notifying the other in writing of a dispute, and stating with specificity, its nature. This procedure shall commence not later than forty-five (45) days after the date on which the proper invoice was received by the City, and be resolved not later than sixty (60) days after the date on which the "proper invoice", as defined in 412.4:4B, was received by the City.

- b. The invoicing party shall provide to the City such material and information as the City may reasonably require to resolve the dispute.
- c. Any decision by the Purchasing Agent, Department Director, Office Head, or Bureau Chief shall constitute the final decision of the City regarding the dispute and shall be communicated in writing to the invoicing party within three business days after such decision.
- d. If no decision is rendered within the time period as set out above, a decision against the invoicing party shall be deemed to have been issued.

:5     **FORMS:**  
Contract Payment Form; Signature Authorization Form; Check Request Form; Transactions Authorized to Be Paid Outside Purchasing System; Petty Cash Account Form; Replenishment of Petty Cash Form; Emergency Check Request Form.

:6     **COMMITTEE RESPONSIBILITIES:**  
None.

:7     **REFERENCE:**  
This procedure adopted by City Council October 12, 1987, Item 21, A-53. Florida Statutes (1989), Chapter 89-297, 218.73. Procedure amended by City Council October 9, 1989, Item 20, A-26; amended June 21, 1993, Item 2-P; amended October 3, 1994, Item 3-S.

:8     **EFFECTIVE DATE:** September 15, 2003