

**City of Salem, Massachusetts,  
Finance Department Fiscal Policy**

**No. 2008-001**

**SUBJECT:     Accounts Payable Invoice Processing**

**Effective Date: February 13, 2008     –     Revised 11-03-2014**

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**POLICY**

**All invoice payments must be made in compliance with Massachusetts General Laws and City Policy. All completed A/P Batches and invoices must be in to Finance each Friday at Noon. When there is a Monday holiday, the batches must be in to Finance on Thursday at Noon. The Finance Department has up to 15 working days to process each batch.**

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**PROCEDURES FOR DEPARTMENTS**

1. All invoices must be date stamped when received by the department.
2. The **invoice date** must be entered into the MUNIS invoice entry batch. Any batches that do not have the correct invoice date will be returned to the department for correction.
3. The **INVOICE NUMBER** must be entered into MUNIS properly. For those recurring invoices – use the invoice number and month – Ex 123456-Jan, 123456-Feb.
4. The 1099 code field should be populated from the Purchase Order if applicable. When you **REIMBURSE** an employee for travel or purchases, please **REMOVE** the 3 or 7 in the 1099 field. Otherwise, please do not change/delete the information in this field.
5. Only **ORIGINAL** invoices should be submitted. If you must submit a faxed or copied invoice, it must be stamped with *“I certify this is a true and correct copy”* and signed by the department head.

6. All invoices must be processed within 45 days of invoice date for City Departments and 60 days for school department – any exceptions must be in writing and approved and initialed by the Finance Director.
7. All invoices must be stamped and include org/object, PO Number, vendor number, and department head's signature.
8. All outstanding invoices as of 6/30 for General and Enterprise funds must be included on the "Department Request to Encumber" form sent out by Finance in June/July and must have a valid PO in existence for that FY.
9. **No prior FY invoices will be paid in the following fiscal year if the invoice has not been properly encumbered. See Policy 2008-010.**
10. All Travel/Mileage reimbursements must be in accordance with the City's travel reimbursement policy and requests must also be submitted to finance within 45 days of the event (60 for school). *The City is not obligated to pay reimbursements from a prior FY unless there was a valid PO AND money was carried over to pay reimbursements!* Please make sure all of your employees are aware of this policy.
11. JUNE utility invoices can be paid in July without encumbering money. Any invoices dated PRIOR to June will not be paid unless encumbered.
12. Accounts Payable checks should be mailed as a matter of routine. *Held checks should be the EXCEPTION and not the rule. Please refer to HOLD CHECK PROCESSING POLICY 2011-01.*
13. *Please verify REMIT address for all vendors. Sort ALPHA and include address when printing.*
14. All batches should be signed with the department head's FULL NAME. No initials or stamps will be accepted.
15. Each Department Head must submit an annual "Delegation of Authority Form" on July 1, stating which employee is authorized to sign in his/her absence. If no letter is on file, the batch will be returned unprocessed.

## PROCEDURES FOR FINANCE OFFICE

1. Finance Department will review all invoices for the following:
  - a. Invoice date is within 45 days for City 60 for School.
  - b. Original Invoice is attached to batch
  - c. Proper 1099 code is used if applicable
  - d. Purchase order is used as applicable per MGL & City Policy
  - e. Budgeted lines are not in a deficit
  - f. Invoice will be checked to ensure they are paid in the proper fiscal year.

- g. All prior fiscal year invoices must be paid from encumbrance/accrued expense lines **ONLY**. JUNE utility invoices are the only exception to this policy.
2. Finance department will send back the **entire batch** to the submitting department for any invoice payment that does not meet the above criteria.
  3. Finance department will not make any corrections to any departments batches. The batches must be corrected by the departments accounts payable clerk, re-printed and signed by the department head before submitting back to finance department for invoice processing.

  
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Finance Director

11/3/2014  
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Date