

**CITY OF LAKELAND – FINANCE DEPARTMENT**  
**ACCOUNTS PAYABLE – POLICY MANUAL**

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**1. Financial System**

- 1.1 **General.** Oracle has been the City of Lakeland’s financial system provider since 1989. Installed in Oracle is a suite of software applications for different business purposes called e-Business Suite (EBS). Payables is one such application within EBS used by the City of Lakeland (City) to store information about vendors and the invoices submitted to the City for payment.
- 1.2 **Payables Module.** The Accounts Payable (AP) division of the Finance Department is responsible for functional control over the Payables module of EBS. Only the AP staff have the system permissions necessary to enter invoices, view tax identification numbers, view banking system details related to vendors, and process payments. Due to implementation of the iSupplier module in 2015, certain staff in Purchasing may setup and edit vendors.
- 1.3 **Posting.** Invoices received by AP are manually entered each business day into EBS. The transactions entered remain in the Payables module until posted at the end of each business day by an accountant in Central Accounting (City Hall) or Lakeland Electric (LE) Finance. Posting causes the AP transactions to update the General Ledger (GL), which is a core module of EBS, used for financial accounting and reporting.

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- 1.4 **Three-way Matching.** EBS uses three-way matching: invoice to PO to receiving. The PO is created by Purchasing or the originating department and must be routed for approval. The invoices are entered only by AP staff. The user departments then “receive” on the materials entered, which is the approval to pay an invoice on a PO.
- 1.5 **Vendor Payments.** In addition to recording invoices in the system, AP prepares, prints, and mails checks to vendors in payment of approved invoices. Some payments are made by automated clearing house (ACH) also known as electronic fund transfer (EFT) or direct deposit. Wire payments are not made through the EBS application, but they are recorded in EBS by AP staff.
- 1.6 **System Inquiry.** In the Payables module it is possible to inquire against vendor information, invoices, and payments. Each AP staff member and certain Purchasing staff may inquire against all of this information. EBS users outside AP having “inquiry only” access to the Payables module can make inquiries for this information, but social security numbers are masked, access to banking information is unavailable, and system permissions prevent both vendor setup and payment processing.
- 1.7 **System Reports.** The Payables module of EBS comes with a variety of reports, most of which are not useful. Among the useful reports is the Accounts Payable Trial Balance which is used to reconcile unpaid invoices with GL vouchers payable balances. The Payables module also produces reports and forms for 1099 reporting at the end of the calendar year.
- 1.8 **Custom Reporting.** A variety of custom reports have been developed internally to supplement the reporting limitations of EBS.
- 1.8.1 **MS-Access.** Many of the custom reports are stored in the form of MS-Access queries. The queries are built by establishing a table link to EBS. When creating a connection to form the links, a password is required. The password is known to the Computer Applications Specialist in Finance responsible for supporting the MS-Access database (DB). Those tables that may be viewed are limited to the system permissions granted by Database Administrators (DBAs) in the Department of Information Technology (DoIT).
- 1.8.2 **MS-Excel.** Some custom reporting has been developed using Visual Basic for Applications (VBA) code in MS-Excel. This code leverages ActiveX Data Objects (ADO) technology and Open Database Connectivity (ODBC) to establish a connection to EBS. SQL select queries are delivered through the connection to EBS in an ADO wrapper called a Recordset. The Recordset is loaded by EBS using criteria defined in the SQL string. The requested data is retrieved through the same connection, and the contents of the Recordset are written into the

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spreadsheet. Additional VBA is typically used to format the imported data and to create reports or reconciliations in MS-Excel.

- 1.8.3 **Permissions.** In all custom reporting cases, the SQL strings used to retrieve data are limited to “select” privileges. This means users are restricted to read-only access and no permissions are granted to alter or modify the EBS applications, the database, or any data.

**2. Methods of Purchasing.**

- 2.1 **Purchase Requisitions (PRs).** Most standard Purchase Orders (POs) are initiated in EBS in the form of a Purchase Requisition (PR). PRs are initiated by City departments and are routed for approval using guidelines set by the various Department Directors. Users receive email notifications when they have a PR to review or approve. Once the PR is approved by all required persons, the PR is returned to Purchasing. Purchasing staff convert the PR to a PO.

2.1.1 See the Purchasing Manual for more information about PRs.

2.1.2 PR’s are called Commitments in EBS (encumbrance type 1000). When the PR is initiated, the funds associated with the PR become encumbered or reserved in EBS and are treated as pre-expenditures.

**2.2 Purchase Orders (POs).**

2.2.1 **General.** Purchases in excess of \$1,500 often require a purchase order. Once the PR is approved and the PO is created by Purchasing, the vendor is notified. Purchase orders over \$25,000 are forwarded to the City Manager for approval before notification to the vendor. Purchase orders involving services also require Risk Management approval. See the Purchasing Manual for more information about the administration of POs.

2.2.2 POs are called Obligations in EBS (encumbrance type 1001). When the PR is converted to a PO, the encumbrance against the PR is relieved and the encumbered amount is transferred to the PO by internally created journal entries in EBS to account 3207.

2.2.3 **Change Orders.** Change orders are entered by the user divisions into a custom application supported by DoIT and a change order document is issued to the vendor (see the Purchasing Manual for change order details).

- a. For CH, Can go over the total PO amount by 10% but cannot exceed 500.00. Generally, change orders are required if the total payment exceeds the PO total by the lesser of \$500 or 10% unless an unanticipated

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freight charge is the cause of the excess. This threshold is called Tolerance by EBS and is built-into Oracle.

- b. For LE, Can go over the total PO amount by 2% with no cap on the dollars. For LE, if the amount is less than 2% of the total PO amount, AP can override the Tolerance. If the requested amount is over 2% of the PO, a Change Order is required unless an unanticipated freight charge is the cause of the excess.
- c. Changes over \$25,000 or which will cause the revised PO total to exceed \$25,000 require City Manager or higher level approval.

**2.3 Check Request.**

- 2.3.1 **General.** The Check Request is an MS-Excel based custom application available to users online. The application also contains a built-in help file providing instructions for users. These forms are locked and password protected to discourage user tampering. This form is supported by the Computer Applications Specialist in the Finance Department.
- 2.3.2 **Check Request ID.** The check request is numbered for reference purposes, but the sequence is not controlled (i.e. there may be numbers missing from the sequence). All check request numbers begin with the letters “CR” .
- 2.3.3 **Form Controls.** Certain controls are built into the form to help prevent mistakes or misuse. For example, the user is prevented from charging certain accounts, such as payroll accounts. Also, the General Ledger Accounting Distributions (GLADs) entered may be checked against EBS to ensure the code combination entered is valid.
- 2.3.4 **Purpose.** Certain types of purchases that do not require competitive bidding under Purchasing policy do not require the use of a PO. In certain cases, P-Cards do not provide adequate documentation (e.g. for grant purchases). In other cases, vendors may not accept credit cards for payment. The Check Request is generally used to initiate payment by check when the other payment methods are inappropriate or unacceptable. The Check Request is also used to make internal reimbursements to employees for qualifying business expenditures.
- 2.3.5 **Description.** The Check Request form requires certain vendor information, the date prepared, the date payment is needed, the person responsible, and the department and division requesting the check. A description of the item being purchased, the amount, and the accounting distribution are entered in the body of the form. The total amount requested is calculated and appears at the bottom of the form.

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- 2.3.6 **Processing.** The department director or authorized designee must approve the form by physical signature. The signed form is then sent directly to AP along with the invoice and/or other supporting documentation. Check Requests are entered into the Payables module of EBS by manual data entry each business day. After processing, the forms are scanned and archived.
- 2.3.7 **Check Requests without Supporting Documentation.** Checks made payable to the U.S. Postmaster for postage, require a receipt for attachment to the Check Request after the fact.
- 2.3.8 **Other Types of Check Requests.** Certain Departments have devised and use their own form of Check Requests including: Parks & Recreation Requisitions, Maximo TM forms, and The Lakeland Center Check Requisitions.
- 2.3.9 **Authorized Use.** The following types of transactions are authorized to be paid using Check Requests:
1. Purchases up to \$1,500 when a vendor does not accept a P-Card;
  2. **Grant related purchases when P-Cards are not appropriate or approved;**
  3. Any other payments authorized by City Manager or Finance Director;
  4. Payments to City of Lakeland employees;
  5. Refunds/reimbursements to vendors;
  6. License and permit fees;
  7. Subscriptions and memberships;
  8. Software maintenance and other communications expenses;
  9. Freight and postage;
  10. Insurance premiums;
  11. Investment manager fees;
  12. Attorney and legal fees;
  13. Actuarial costs;
  14. Audit and accounting fees;
  15. Debt issue costs and debt payments;
  16. Financial institution service fees;

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17. Professional services not required by a purchase order;
18. Costs associated with easements;
19. Rights-of-way and acquisitions or lease of land;
20. Contributions or payments to other governments or non-profit organizations;
21. Umpire, referee, scorekeeper payments;
22. Summer recreation program attraction costs;
23. Purchase of gift cards for employee awards;
24. Employee incentive awards;
25. Lakeland Center show and advertising expenses;
26. Newspaper and periodical advertisements;
27. Royalty fees;
28. Land and building rents;
29. Police auxiliary officers;
30. Legal process servers;
31. Car washing;
32. Community Development relocation payments;
33. City credit card bills;
34. Utility bills.

Exceptions to the signing authority are in section 3.5

- 2.4 **Budget Adjustments and Journal Entries (JEs).** AP Staff must forward requests for Budget Adjustments and Journal Entries using T-Forms to the appropriate personnel in Central Accounting. Accountants outside AP should perform these types of activities per external audit rules requiring adequate segregation of duties.

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**2.5 Purchasing Card (P-Card).**

2.5.1 **Background.** In June 1997, the City initiated a purchasing card program. The initial program allowed single transaction purchases of \$1,000 or less by Visa credit cards issued to authorized City employees. A purchasing card application using an MS-Access database was developed to post the transactions to the general ledger (GL). Transactions were received weekly from the bank in the form of a text file which was imported into the database. Each transaction was assigned to a default account number for each cardholder. Departments then had 14 days to change the account number if needed before the transactions were uploaded by ADI for posting.

2.5.2 **Works System.** In August 2009, the City migrated P-Card operations from the existing MS-Access based system to a Bank of America (BOA) application called Works. The BOA Works system functions as follows:

- a. Transactions made by cardholders are processed by the various vendors and remitted to the bank. The bank then makes this information available for review on the internet using the Works application which requires secure login.
- b. Each business day, a major update is made at night by BOA, but the Works system is not typically synchronized with the bank until sometime between 6:00 a.m. and 10 a.m. Once this update is complete, the system is updated on a batch basis about every fifteen minutes throughout the working day.
- c. Cardholders do not typically have access to the Works system. Instead, each cardholder is assigned a Reconciler (proxy) in their department or division. The Reconciler is required to monitor the Works system, collect receipts from the cardholders as transactions are made, and to print reports from the system.

The Reconciler then obtains approval from the appropriate authority (by hand signature on the report) and the paperwork is assembled and scanned electronically to AP. Once transactions are signed off in Works, they are removed from the Reconciler module and added to the Accounting module of Works which enables AP staff to create batches consisting of approved transactions.

- d. Each member of the AP staff has been assigned as a P-Card liaison to specific City departments. As such, the liaison routinely (at least weekly) checks Works for aging transactions and when necessary, contacts the

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appropriate Reconciler to request appropriate action. The reports are electronically audited by AP and are kept in OnBase for records retention by cardholder name.

- e. Approved transactions appear in an area of Works called transactions “Ready to Batch”. Usually each Friday, these transactions are batched in Works by AP. The batch is then exported in the form of a text file and stored in a secure network location. DoIT staff (Debbie Shaver) wrote a custom program, executed from EBS, which imports the batch file into Oracle’s general ledger interface table. The transactions are then posted in the normal afternoon posting process.
- f. An electronic version of the monthly billing statement is retrieved from Works at the end of the cycle and compared to the paper or hard copy billing statement sent via U.S. Mail. The balances are tied between the electronic and hard copy reports before placing reliance on the electronic copy. Then the electronic bank statement is compared to the general ledger and the two systems are reconciled. A check request is then prepared monthly for payment of the bill by wire transfer.
- g. The payment is made by paying the entire bill from the General Fund (001). Once the payment is made, the General Fund is reimbursed by journal entry from among all funds incurring any P-Card charges during the period. An additional reconciliation is prepared using MS-Excel to ensure all funds are balanced in the reimbursement process. This completes a billing cycle and the process begins again.
- h. System administration of Works is handled by Purchasing. The City’s single transaction limit of \$1,500 is applied against most cardholders which prevents spending more than this amount for any single purchase. Cardholders also have a monthly spend limit based upon individual needs and with approval of the Department Directors or designees. The respective thresholds for each cardholder are documented and on file in Purchasing.
- i. The single transaction limit was established to prevent cardholders from circumventing budgetary rules associated with purchases of fixed assets. A few cardholders have higher single transaction limits reserved primarily for the purchase of training or travel related expenditures unrelated to fixed asset purchases.



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- 2.5.3 **Responsibility.** It is the responsibility of the department directors and their designees (approvers), as well as the cardholders and reconcilers to ensure that all expenditures are authorized and in conformance with the rules described in the P-Card Manual, Purchasing policy, the rules of their respective divisions and departments as well as those of the City of Lakeland.
- 2.5.4 **Qualitative Audits.** For purposes of this manual, a qualitative audit attempts to determine the motivation for certain purchases in order to assess the propriety or appropriateness of the item being purchased. AP staff members will not routinely attempt to perform qualitative audits of P-Card transactions for the following reasons.
- a. It is the responsibility of the cardholders, reconcilers, and approvers to ensure appropriate use of P-Cards. The approver is accountable for the transactions approved and should remember that questioned expenditures may be discussed in a public forum.
  - b. AP staff members are not apprised as to the individual needs of each division. Also, AP staff members are removed from the decision-making process so it is not possible to determine the motivation for many purchases on the basis of the limited transaction descriptions available.
  - c. It is impractical for AP staff to conduct qualitative audits due to the volume of transactions and the time intensive nature of such reviews.
- 2.5.5 **Auditing P-Card.** AP staff members are required to review P-Card transactions for the following:
- a. **Reports and Receipts.** Each cardholder is assigned a reconciler within the user division who is responsible for printing monthly reports and for organizing the receipts and other documentation which must support each transaction. AP staff members ensure all transactions on submitted reports are supported by receipts.
  - b. **Approval.** The reconciler ensures supervisory approval is obtained for the transactions by signature on the monthly **Individual Cardholder Billing Statement** or the Maximo cardholder report as applicable. AP staff will ensure all P-Card transactions have been appropriately approved.
  - c. **Segregation of Duties.** Transactions must be approved by someone other than the cardholder. AP staff will ensure the approver of P-Card transactions is not the cardholder.

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- d. **Sales Tax.** It is the responsibility of the division submitting the documentation to ensure that sales tax is excluded from payment. The cardholder's division is also responsible for obtaining reimbursement for any charges made in error and to dispute fraudulent charges as necessary. AP staff should ensure that sales tax was appropriately excluded from P-Card transactions.
- e. **Errors.** Divisions submitting incomplete P-Card documentation or having other errors will be contacted by AP staff for correction. In some cases, it may be necessary to return the documentation to the originating division.
- f. **Violations.** Although AP staff members do not routinely perform qualitative audits, any violations of City policy, extravagant or wasteful use of budgetary funds, or other improprieties observed while processing or auditing P-Card will be questioned and reported to the supervisory personnel responsible for the cardholder that made the transaction.

**2.6 Task Authorization (TA).**

- 2.6.1 **Description.** A TA is a written document authorizing a vendor to perform work within a certain scope of services under a previously defined contract. Services performed under TAs may be for an individual project or may involve one or more distinct tasks that contribute to the completion of a larger project. Each TA is subject to separate review and approval at the appropriate level of authority. The types of services most commonly performed under a TA involve engineering services, environmental services, surveying services and architectural services.
- 2.6.2 **Process.** Vendors chosen to provide services under TAs have been previously vetted through the Purchasing Department and have been selected through competitive bidding. Because vendors providing services under TAs may be used repeatedly, the purchasing process is expedited, thus minimizing delays for ongoing projects.
- 2.6.3 **Payment.** Services performed under any given TA should be charged against a Purchase Order.

- 2.7 **Emergency Purchase Order (E-Form).** This form is similar to the T-Form, but E-Forms are pre-printed paper forms. Like T-Forms, they are numbered, but all E-Form numbers begin with the letter "E". E-Forms are used during an emergency ONLY when: 1) there is loss of power preventing the use of normal purchasing channels, and 2) to authorize purchases that qualify for FEMA reimbursement. The E-Form is not used for any other purpose. It

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can be used for all dollar values and does not require Purchasing approval. Instructions for the use of E-Forms is included in the Finance EOP manual.

**2.8 Meter Deposit Refunds.**

2.8.1 **General.** Each business day, Lakeland Electric Customer Service notifies AP staff of the meter deposit refunds to be processed. At approximately 1:00 pm a process is run from EBS to import a data file previously extracted from UMS (the customer service system at LE). This process effectively creates corresponding AP vendors and invoices within the Payables module of EBS.

2.8.2 **Verification.** These entries are verified when all other data entry is reviewed (see Verification of Data Entry below). The payments are then processed in the following check run. See also separate detailed instructions for processing Meter Deposit Refunds.

2.8.3 **Errors.** If a meter site is selected and validated when processing an invoice in error, the transaction will hang in EBS. This will cause an error when posting AP and prevent the monthly period from being closed. The only way to correct this issue is to contact one of the accountants and have them determine the fund(s) affected. The accountant must then create a general ledger accounting distribution (GLAD) that includes a business unit and FERC (81.232) segment for the liability (account 2000) for the affected fund. Once created, the AP process must be run again to allow the transaction to proceed through the system. The accountant must then monitor the GLAD to ensure the balance clears the account. If not, then a journal entry must be prepared to move the funds to the correct liability account. Once the process is finished, the new GLAD created to fix the issue must be closed again.

**3. Thresholds, Transaction Limits, and Signing Authorities.**

3.1 **Competitive Bidding Threshold.** The City of Lakeland (City) is required to invoke competitive bidding procedures for most purchases having a unit cost greater than \$1,500 (Competitive Bidding Threshold). This threshold is found in Section 24 of the City Charter, revised in 1976 (Ord. No. 3471, § 1, 11-1-93). Since the dollar value is explicitly stated in the Charter, the Competitive Bidding Threshold may not be adjusted or changed except by amendment, which is governed by Florida Statute (Title XII, Ch. 166.031). Not all purchases are subject to competitive bidding, see the Purchasing Manual for more information.

3.2 **Fixed Asset Capitalization Threshold.** Finance policy requires purchases of non-consumable goods or services having an expected life longer than one year, and having a unit cost of \$1,500.01 or more to be treated as fixed assets. This definition is found in the

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“Property Control Procedures” manual, written by and adopted for use by, the Finance Department. The Fixed Asset Capitalization Threshold was increased from \$1,000 to \$1,500.01 in January 2014 (see also the Single Transaction Limit below).

- 3.3 **Single Transaction Limit (STL).** The STL restricts the amount of monies that may be spent in any single transaction by a City employee. The STL, currently set at \$1,500, was designed to prevent the compromise of budgetary controls associated with the purchase of Fixed Assets. The STL primarily applies to purchases made by P-Card and Check Requests, but the definition below also applies when auditing signing authority for Purchase Requisitions, Change Order Requests, and Travel Expense Statements.
- 3.3.1 **Single Transaction Amount.** A single transaction amount is the total value of any individual P-Card transaction, Check Request, Purchase Requisition, Change Order Request, or Travel Reimbursement or Travel Advance.
- 3.3.2 **Split Transactions.** No employee may split or divide a purchase into multiple transactions, or request a vendor to do so, to artificially circumvent the single transaction limit or to artificially reduce the level of signing authority needed for the approval of any transaction.
- 3.3.3 **STL Increase.** In January 2014, the fixed asset capitalization threshold was increased from \$1,000.01 to \$1,500.01. This was done to enable Finance to increase the STL from \$1,000 to \$1,500 for most P-Card users. The objective was to eliminate a \$500 gap that existed between the previous \$1,000 STL and the \$1,500.01 threshold for competitive bidding.
- 3.3.4 **McIntosh Purchasing Card Quotes.** In March 2018, the City Manager approved a proposed increase in Single Transaction Limits for certain P-card users when there is an outage at the McIntosh plant. These individuals **can spend up to 5000.00 per transaction instead of the normal 1500.00. The monthly spend limit is set to 30,000.00. These transactions require signed/approved Purchasing Card Quotes (3) to be included in the supporting documentation.**
- 3.4 **Signing Authority.** The signing authority vested in the City Manager is defined in Resolution 5136 approved by the City Commission on 7 July 2014. The City Manager or designee is authorized to establish signing authority for each of the Department Directors up to \$25,000. In turn, each Department Director may grant specific levels of signing authority to staff within their span of control.
- 3.4.1 **City Commission.** The City Commission must approve **unbudgeted** transactions exceeding \$50,000. This includes purchase requisitions, change order requests, check requests, task authorizations, and contracts.

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- 3.4.2 **City Manager.** The City Manager or designee must approve all transactions exceeding \$25,000 and unbudgeted transactions up to \$50,000 (see also the exceptions listed below).
- 3.4.3 **Department Directors.** All Department Directors may approve budgeted transactions up to \$25,000, provided this level of authority has been granted by the City Manager or designee (see also the exceptions listed below).
- 3.4.4 **Staff.** Signing authority for each City employee organizationally beneath the level of Department Director is individually assigned. Staff members may be granted signing authority up to \$25,000. The individual signing authority for staff is documented using a standardized form to be approved and signed by Department Directors or designees and filed by Accounts Payable. Staff may be assigned thresholds up to the following amounts: \$1,500, \$5,000, \$15,000, and \$25,000.
- 3.4.5 **Single Transaction.** Each employee must have signing authority equal to or greater than the single transaction amount of any purchase. If the transaction requires additional approval, each approver must also have signing authority equal to or exceeding the single transaction amount being approved. See also the definition of single transaction in section 3.3.1 above.
- 3.4.6 **Application of Signing Authority.** The thresholds in this section apply to the approval of any method of purchasing.
- a. **Purchase Requisitions and Change Order Requests.** POs only need to be approved when they are initiated as a Purchase Requisition (PR). Generally, PRs greater than \$25,000 are routed to the City Manager or designee for approval. Approved PRs are returned to Purchasing where they are converted to POs. Change Order Requests are electronically routed for approval using a custom application supported by DoIT. When PRs and Change Order Requests are initially approved, the approvers must have the appropriate level of signing authority. Subsequent draws against a PO do not require separate approval.
  - b. **Check Requests.** Check Requests are subject to the Single Transaction Limit and the approver is required to possess the appropriate level of signing authority.
  - c. **Purchasing Cards.** Most P-Cards are limited to the Single Transaction Limit of \$1,500 automatically by the banking system (Works). Signing authority for P-Cards is documented when application is made for the cardholder and the authorizations are filed at Purchasing. Approvers of

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P-Card purchases must possess the appropriate level of signing authority for the transactions being approved.

- i. In unusual circumstances, the cardholder may contact Purchasing and request a temporary increase in their P-Card limit for a specific purchase with appropriate approval from Finance.
- ii. When this occurs, the Accounts Payable Manager and/or the Accounts Payable Supervisor may exercise appropriate judgement to approve such requests. When in doubt, the Finance Director or designee should be consulted prior to approval.
- iii. Certain persons have a P-Card limit above the STL due to the nature of the purchases being made. One example is for staff who frequently arrange and pay for travel and training costs.

**3.4.7 Notification of Large Payments.** As requested by our Accountants, AP staff should notify LE Finance (LE funds) or the Treasurer (CH funds) when they pass an invoice that's for 1 million dollars or higher. This ensures that enough funds are available to cover the payment and to alert staff of the transaction.

**3.4.8 See also the exceptions described in section 3.5 below.**

### **3.5 Exceptions to Signing Authority.**

**3.5.1 Exceptions.** Budgeted expenditures that do not require City Manager or higher approval include the following and similar items that represent routine purchases made for internal operating purposes:

- a. Debt related payments (e.g. bonds; loan payments);
- b. Fuel related expenditures and transportation (e.g. CSX);
- c. Impact fees (e.g. Polk County impact fees);
- d. Insurance costs, insurance claims, health subsidies;
- e. Investments;
- f. Lakeland Center show settlements;
- g. P-Card, monthly bill (City-wide);
- h. Pension costs;
- i. Taxes (e.g. payments to IRS, property taxes);

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- j. Unemployment compensation;
- k. Wireless phone bill (City-wide);
- l. Healthstat invoices;
- m. Other payments resulting from the cost of doing business (operating) – i.e. generally not materials or services associated with City projects.

3.5.2 **Approval of Exceptions.** Changes to the listed exceptions (above) must be approved by the Finance Director, designee or higher authority.

4. **AP Structure and Processing Steps.**

4.1 **Background.** For several decades, there were two divisions of Finance that reported to the Finance Director. One division was established in City Hall and primarily handled all non-Lakeland Electric financial matters. This division was called City Hall Finance or CH-Finance. The second division was housed in the Lakeland Electric Administration building and was known as LE-Finance. This structure also provided for two separate AP divisions, each having similar duties, but separate staff. In February 2012, a management decision was made to combine the two areas into a single AP division located in City Hall and reporting to the Finance Director. In October 2012, LE-Finance became a separate entity organizationally and was no longer considered to be a part of CH-Finance.

4.2 **General.** Generally, AP staff work in teams of two persons to provide for adequate review of work and segregation of duties. As increased time is spent working on particular documents the ability to recognize one's own mistakes decreases. Established best practices relating to data entry preclude an individual from reviewing their own work.

4.3 **Purchase Initiation.** The various divisions of the City of Lakeland determine the appropriate method for purchasing materials and/or services as described previously (i.e. PO, P-Card, etc.) and may rely upon guidance from Purchasing when making such determinations. Some purchases require the competitive bidding process as defined in the Purchasing Manual.

4.4 **Invoices.** Once purchases are made, the vendors are required to send invoices directly to AP. AP stamps all invoices the date they are received which starts the legal clock on the Local Government Prompt Payment Act (see separate section). The following steps are performed internally by AP staff members as vendors are created and when processing invoices.

4.4.1 **Credit Memos.** All credit memos should pay immediate and should never be set to Pay Alone. If a vendor is set up to Pay Alone, the clerk must ensure that at **least**

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one invoice is also not set to Pay Alone. If all invoices are set to Pay Alone, the credit memo will never pay and will get hung in the trial balance.

- 4.5 **Vendor Setup and Maintenance.** Vendors are created and maintained in the Payables module of EBS. Only AP staff and certain Purchasing staff have been granted the system permissions necessary to setup and maintain vendors. AP maintains separate instructions for creating vendors which requires advanced knowledge of the Payables module of EBS. Each vendor is set up only once, but each may have multiple sites (addresses).
- 4.5.1 **IRS Form W-9.** An IRS form W-9 is required from all new vendors. This is essential to verify the tax status of the vendor and to ensure duplicate vendors are not created in the system. Also, some vendors not initially setup as a 1099 vendor may later become subject to 1099 reporting. In all such cases, the W-9 is needed to verify the tax ID and to determine the tax reporting implications associated with the manner in which the vendor business is structured.
- 4.5.2 **Vendor Edits.** Each day, an AP team member reviews and verifies the changes made to new and existing vendors from the previous day. Three custom reports designed by AP staff and built by DoIT, are run from EBS. These custom reports are used for checking the accuracy of vendor setup and to review for potential fraudulent activity. Corrections to the vendors are made as needed. The three reports are 1) COL Vendor Audit Report XML; 2) COL Vendor Sites Audit Report XML.; 3) Reports R12 custom report “New Supplier Report xlsx”.
- 4.6 **Invoice Matching.** Invoices are matched to the supporting documents prepared by user departments where the expenditures originated.
- 4.6.1 For invoices received by mail, the date on which they are received is stamped in ink on each invoice. This must be done as of the actual day AP took physical possession of the invoice. Invoices received by email use the delivery date from the covering email as the receipt date.
- 4.6.2 Each purchase is reviewed for reasonableness and to ensure each invoice is a proper invoice. Any questionable purchases or account numbers are brought to the attention of one of the accountants in Central Accounting for additional review.
- 4.6.3 A copy of each invoice is sent to the originating department or division (user division). Second notices are sent to user divisions the week before they are due.
- 4.6.4 For POs, the *Uninvoiced Receipt Report* is run daily in order to review the receipts that were recorded in EBS by user divisions and to match them to the PO invoices. All other invoices are matched to their corresponding Check Requests.



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- 4.6.5 Vendors are contacted immediately to resolve any problems or questions about invoices that arise during processing. When unable to timely resolve such issues, an improper invoice notice is sent to the applicable vendors.
- 4.6.6 The AP Supervisor or AP Manager will be copied on a third notice if the second notice is ignored.
- 4.6.7 The General Ledger Accounting Distribution (GLAD) is reviewed for general propriety.
- 4.6.8 The following items may be subject to income tax reporting or payroll deductions and must be reviewed by Payroll staff:
  - a. Reimbursements to employees for college course tuition;
  - b. Employee awards and incentives, suggestion awards, gift certificates;
  - c. Moving expenses;
  - d. Eyeglasses, safety shoes/boots, and uniforms;
  - e. Call out meals and travel per diem not involving overnight lodging.
  - f. Sick payment reimbursements
  - g. Watch for payroll code 7001, this is not allowed on invoices from any department other than Payroll
  - h. All invoices that payroll sends to AP for processing must be paid immediate and paid alone
- 4.6.9 Firefighters attending paramedic courses are paid by AP and are not required for review or processing by Payroll.
- 4.6.10 Payments against the FEMA funds (see the Finance EOP Manual) require the approval of the Disaster Preparedness Coordinator or designee.
- 4.7 **Passing Invoices and Check Requests.** When passing, the matched invoices along with the supporting documents are forwarded to another staff member.
  - 4.7.1 Review the documents for appropriate approvals.
  - 4.7.2 Ensure the appropriate general ledger accounting distributions (GLADs) assigned seem appropriate based upon the types of materials or services being purchased.

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- 4.7.3 If the supporting documentation is not an invoice, a copy may be needed for remittance purposes. If the department requests the check to be returned or held for pick-up, enter this information on the check log.
- 4.7.4 Add the vendor number to the Check Request; on the invoice highlight the remittance address, invoice number, invoice date, and terms. Highlight the total invoice amount.
- 4.7.5 Payments against the FEMA funds (205, 995) require the approval of the Disaster Preparedness Coordinator (or designee). E-Forms should not be charged to any other funds.
- 4.7.6 Purchases on Check Requests in excess of \$25,000 are sent to the City Manager for approval. Exceptions are: show settlements, and payments that are not expenditures such as investments (see also Check Requests described previously and the section entitled *Transaction Limits and Signing Authorities*).
- 4.7.7 Invoices for POs are passed after matching them to the *Uninvoiced Receipts Report*. The remittance address, invoice number, invoice date, and terms of the invoice are highlighted. The invoice total is also highlighted.
- 4.7.8 If two accounting periods are open, the invoices are separated according to accounting period. The invoices are then passed for entering.
- 4.7.9 PO descriptions drop into the invoice description line. The invoice description line is what's printed on the check. Clerks should note what's stated in the description and remove any extended description that would not be useful to the vendor. Extended descriptions on a check have the potential to make the check print with errors.
- 4.8 **Data Entry.** A second AP staff member receives the documents passed from the first employee. No AP staff member enters an invoice that he or she passed except for Wire payments and RP Funding Center Manual check payments.
  - 4.8.1 Invoices and credit memos are entered into EBS as either direct (Check Request) or matched to a PO.
  - 4.8.2 Direct invoices are processed using a Check Request (T-Form). The Check Request is a form used for requesting payment in the form of a check which bears the signature authorization and the GLAD to which the expenditure should be charged.
  - 4.8.3 For POs, when the initiating division takes physical possession of the materials or receives the benefit from the services purchased they "receive" the specific items

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in the Purchasing module of EBS. Receiving serves as payment authorization from the initiating division. AP staff then “match” the invoice lines to the received PO lines in the Payables module of EBS.

- 4.8.4 Each AP clerk creates a new batch in the Invoice Workbench in EBS. For each invoice, the clerk enters the vendor number, invoice number, invoice amount, effective date, description, freight amount if any, and accounting distribution. For each invoice entered, a voucher number is assigned by EBS and recorded on each invoice. EBS calculates discounts and payment due dates based on the invoice date and the terms of payment.
- 4.8.5 During the entry process, the vendor address retrieved by the system is checked against the remittance address listed on the invoice to ensure that the proper vendor number was selected.
- 4.8.6 If the invoice does not contain an invoice number or there is not an invoice, then one of the following methods are used.
- Contract Applications – If the application does not contain an invoice number then the PO number and Application number are used for the invoice number. Example: 272549/2
  - Monthly Statements – The statement month day and year are hand written behind the account number to create an invoice number. Common for utility bills and leases. Ex: 948337117/032119
  - Check Requests – If there is not an invoice then the check request number is used for the invoice number. The dash and spaces are not included. Example: CR12345678912
  - Maximo Check Requests – Same as check request. Example: TM12345
  - Travel Expenses and Reimbursements: Example: TE12345678 or TA12345678
  - Parks & Rec Requisitions – Entered exactly as what’s stated on the document.
  - RP Funding Center – Entered exactly as what’s stated on the document (it’s a number).
  - Invoices – Slashes, dashes all are entered exactly as what’s on the invoice. We do not enter lower case letters on an invoice, we only use caps.

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**4.8.7 Payment Due Date Selection.**

- a. Determine the payment due date using the vendor's terms on the invoice. If the invoice does not indicate any payment terms or does not state a due date, use net 30 days.
- b. The terms date on a PO overrides the terms date on the invoice, unless the invoice terms offer a discount.
- c. EBS will calculate the payment due date based on the invoice date. Invoices having due dates through Thursday of the following week will pay on the previous Friday.
- d. The scheduled payment screen can be used to verify that the check will cut on the desired date.

**4.8.8 Invoice Entry Steps (summary).**

- a. If the vendor on the PO does not match the vendor name on the invoice, then notify Purchasing that a new PO is needed. A vendor cannot be paid, whose name does not appear on the invoice.
- b. If a 1099 site exists for the vendor, then payment should be made to the 1099 site. If the remit address on the invoice does not match the 1099 site, then update the remit site to become the new 1099 site.
- c. It is not necessary to enter a payment due date unless the check should be written at a different time than the default terms date. Purchasing staff must make changes in payment terms on POs, however, AP staff may make such changes on T-Forms. For example, a vendor with net 30 terms requests immediate payment (T-Form only); or for example, a travel advance for an employee with immediate terms submitted far in advance of the trip.
- d. All invoices must be validated in EBS; this may be done individually or as a batch.

- 4.9 Data Entry Verification (Online Activity Reports or Data Entry Reports).** The Online Activity Report provides a means of reviewing the data entered into EBS so that errors are discovered and corrected. The AP staff member responsible for entering may not

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review the report for their own mistakes (i.e. errors must be corrected by the passing staff member).

4.9.1 A custom report called the *Online Activity Report* is run each business day for Monday through Thursday prior to 2:00 pm. This report reflects all data entered by all AP staff members for the day. Because of the importance of entering invoices correctly, the *Online Activity Report* is compared to the actual document, field-by-field, to ensure that any errors made during data entry are discovered and corrected as soon as possible. The documents are compared to the online report by someone other than the person who entered the documents. No payments are issued until all *Online Activity Reports* have been reviewed.

4.9.2 Any errors found in the Online Activity Reports are also corrected prior to the general ledger posting run (usually daily around 4:00 pm). Possible mistakes are as follows for Online checking:

Wrong invoice number (including dashes and slashes)

Invoice date

Wrong site

Wrong terms

Wrong terms date

Wrong vendor

Wrong amount

GL Code

Pay Alone

Missed Holds Check

Wrong GL Date / Period

Lower case letter used

Paid on check site when should've been ACH or Wire site

If a description is requested and missed

If the preceding initials in the description for CR, TM, TA, SP, etc. for the payment document are wrong

The person checking the on-line will make the corrections to the voucher; e-mail the clerk with the online date, voucher number, and what the mistake was.

Copy the AP Supervisor on the e-mail.

4.9.3 While data entry is being proofed, for those vendors requiring a remittance, the remittance documents are detached from the invoice and filed.

4.9.4 After all the data entry errors have been corrected, each AP staff member reports the number of errors to the AP Supervisor. Then each AP staff member scans their respective invoice vouchers into the OnBase document archival system.

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- 4.9.5 Every afternoon, the vouchers are indexed in OnBase. Indexing provides the ability to locate and search for the documents in the archival system.
- 4.9.6 Electronic Vouchers are retained for 30 years in OnBase due to Bond issues. If there is a Hurricane, all Paper vouchers are sent to Records Retention. All Paper vouchers are sent up until the FEMA Grant is closed. This could cover a period of up to 3 years or more. After data entry, Paper documents are arranged in voucher number order when filing. Each enterer's documents are filed separately since an Online Activity Report is produced for each enterer. The vouchers are sent to Records Retention based on the Online Activity Report date if in a Hurricane year. If there are not any Hurricanes, paper vouchers are shredded 1 year later after a voucher sequence for that same year has been run and saved.
- 4.9.7 **Primary Data Entry Elements in EBS:**
- a. Voucher Number. The voucher number is issued automatically by EBS and should be verified that it was recorded correctly on the invoice. The voucher numbering system provides a means of assigning a unique number to each document processed by AP.
  - b. Status. Invoices that are not approved or validated should be researched to determine the reason they were not approved or validated. Canceled vouchers are noted in OnBase as Canceled in the Project # box of the index. The original document is pulled from the batch to be re-entered and a generic voucher page is inserted in the paper batch to take its place if needed.
  - c. Vendor Number, Name, and Address. This information should be verified against the invoice.
  - d. Invoice Number. The invoice number shown on the Online Activity Report should agree exactly with the invoice number on the invoice or check request.
  - e. Total Invoice Amount. This is the total of the invoice including any freight. This should agree with the invoice total on the document being checked.
  - f. Invoice Date. The invoice date is a date assigned by the vendor. The date entered should agree with the date indicated on the invoice.
  - g. Terms. Ensure the terms match either the invoice or the PO. PO Terms override invoice terms unless there is a discount on the invoice.

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- h. Terms Date. This is the date that EBS will use to calculate a scheduled payment. This is normally the same as the Invoice Date.
- i. Due Date. This is the date that EBS will issue a payment for the invoice.
- j. Pay Alone. Pay alone is an indicator (Y or N) as to whether the invoice will appear on a check by itself or will be combined with other invoices for the same vendor.
- k. Purchase Order Number. The PO number shown should agree with the PO number recorded on the invoice. If the invoice was entered as direct, this field will be “Unmatched”.
- l. Line Number. This is an EBS assigned number corresponding to each GLAD line being charged based upon the items shown on the invoice.
- m. Accounting Distribution. This is the GLAD to which the payment was charged for accounting purposes. If the invoice referenced a PO, then this number will be the default accounting for this line on the PO. If the invoice was entered as direct, this will be the accounting distribution entered based on the check request or other authorizing document.
- n. Distribution Amount. This value is the amount to be charged to the GLAD entered for the line, and is verified against the supporting document. If the document has only one line, then this amount will agree with the invoice total. If more than one line was entered, meaning that the invoice amount was distributed among more than one GLAD, then the sum of all distribution amounts will equal the invoice total. It is not necessary to verify that the distribution amounts equal the invoice total because the system requires the document to balance before it may be validated. A distribution amount will be displayed for each line that was entered. Allocations are entered into the lines as either Freight, Misc, or Item. If this is a small amount due to rounding, the amount can be allocated using Misc and Allocate. Expedite fees treat same as freight.
- o. 1099 Type. This field identifies the type of 1099 transaction for 1099 payments. The reviewer should verify that 1099 payments are properly identified.
- p. Method. This field should be set to Check, ACH, or Wire according to the payment method.
- q. GL Period. Ensure the invoice was entered into the correct accounting period.

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4.10 AP Workflow. This is the standard guide for processing data in AP and is as follows:

1. Passing Invoices
  2. Data Entry
  3. Checking On-lines
  4. Scanning
  5. Date Stamping and Processing Mail
  6. P-card, rotating duties, and all other
- Passing Invoices - This should be done the first thing in the morning. Work should be passed immediately and not held back at any time.
  - Data Entry – As soon as the work is passed it should be entered and validated before 2:00pm. Data entry is not allowed after 2:00pm.
  - Checking On-lines – These are run daily at 2:00pm. On-lines are audited and mistakes reported/corrected by 5:00pm.
  - Scanning Vouchers - Scanning is done either before or after the online is checked. As long as scanning and indexing are completed by Friday after the check run, there should not be any problems.
  - Processing Mail – Mail should be date stamped the day received and processed after entering is completed.
  - P-Card – P-card must be audited within 10 days of the post date. Rotating duties, research, etc are done as needed daily.

AP Workflow on Thursdays

Invoices are passed first thing in the morning.

Pass as much as possible on Wednesday afternoon.

The early person should have all invoices passed by 8am, other persons should have all invoices passed by 9am.

The supervisor will assist in data entry on Thursdays to help meet the 2:00 deadline.

Data entry is completed as soon as possible. If the work load is heavy, all clerks should help with data entry until all invoices are entered.



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No other work should be performed on Thursday mornings until all invoices are passed and entered.

On-lines are run, checked, and corrected as soon as all data entry is completed, with all clerks helping each other. If you finish you're online, ask others if they need help.

The ACH run should take place between 3 and 4 pm, no later than 4pm or payments may be late to the bank.

After the ACH run there should be no further data entry until Friday after the check run.

All clerks should help each other with getting the vouchers scanned and indexed and double checked for the day so the voucher sequence can be run on Friday.

5. **Payment Deadlines.** The Local Government Prompt Payment Act (Act) specifies the following deadlines for payment of invoices in the State of Florida.
  - 5.1 For non-construction services, forty-five (45) **calendar** days, or
  - 5.2 For construction services, twenty-five (25) **business** days when an agent must approve the payment request, or
  - 5.3 For construction services, twenty (20) **business** days when an agent is not required to approve the payment request.
  
6. **Payment Terms.** The payment terms entered into EBS dictate the timing of payments. AP generally applies the following rules regarding payment terms. Discounts are always taken when available.
  - 6.1 Non-purchase order invoices are paid according to the terms stated on the invoice. In the absence of stated terms, non-purchase order invoices are paid Net 30.
  - 6.2 Purchase Order invoices are paid in accordance with the terms of the PO, regardless of the terms stated on the invoice. The PO represents a contract and takes precedence over invoice terms which are often preprinted on invoices.
  - 6.3 **Default Terms in EBS.** Only one default payment term may be established in EBS. The default governs both invoices and PO's. Therefore, this has been set to accommodate the predominant type of invoice AP receives: non-construction services.
    - 6.3.1 **Timing.** AP performs one pay run per week which means that the default terms in EBS must be set to provide a minimum of seven (7) calendar days lead time for

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payment of non-construction invoices. Otherwise, invoices due on the day a pay run is processed will not be received by the vendor until a few days following the pay run and may therefore not meet the deadlines specified by the Act.

- 6.3.2 To allow adequate lead time to accommodate the Act and for corrections and resolution of any issues in advance of the payment deadline, the default terms in EBS is set to Net 30.
- 6.3.3 Purchasing typically sets the terms in EBS to Net 45 for non-construction services for compliance with the Local Government Prompt Payment Act. In order to provide adequate lead time for payments of non-construction projects, the actual terms of Net 45 have been internally adjusted in EBS to pay Net 30. This is true even though the selected terms in EBS says Net 45.
- 6.3.4 Virtually all construction projects are completed using Purchase Orders. Therefore, AP must rely upon Purchasing to make the appropriate override in the terms when creating PO's for construction projects. Since construction projects must be paid within 20 or 25 business days, Purchasing staff must ensure that the PO terms are set appropriately to assure timely payment.
- 6.3.5 To locate the default terms in EBS, log into the Payables responsibility then navigate to Setup then Options then Payables System Setup then Payment Terms.

**7. Methods of Payment.**

- 7.1 **General.** The pay run processes are initiated in the Payables module only by AP team members. The complexity of the payment process in EBS requires advanced knowledge of the Payables module. AP maintains separate instructions for completing two pay-runs each week (ACH and Checks). No employee is permitted to authorize payment to him or herself.
- 7.2 **Document Sequences.** A document sequence number is created automatically and internally by EBS for each payment type. Different ranges of document sequence numbers were established so that each type of payment may be quickly determined based upon its unique sequence. When EBS was upgraded to version R12 in July 2013, new document sequences were established because some of the old sequences would otherwise have soon overlapped one another. The following table shows the old sequences used in Oracle 11i and the new expanded sequences in R12. The R12 sequences provide a range of one million payments in each category before any overlapping or collisions will occur. Each check type or payment method is discussed below.

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PAYABLES					
Oracle 11i - FSPRD			Oracle R-12 - EBSPROD		
11i Name	From	Last Used	R-12 Name	From	To
Manual Checks	346316	347536	Manual Checks	347537	348049*
Electronic ACH	1000000	1001510	ACH (EFT)	1001511	1999999
Standard Checks	353001	772451	AP Checks	2000000	2999999
Out of Order Checks	531000	535112	Out of Order Checks	3000000	3999999
Zero Checks	000001	001210	Zero Checks	4000000	4999999
Wires	100001	108577	Wires	5000000	5999999
			Not assigned	6000000	6999999
			Not assigned	7000000	7999999
			Not assigned	8000000	8999999
			Not assigned	9000000	9999999
* Manual Checks are pre-printed and ordered as needed. This sequence is updated continuously in the system; the value shown reflects the initial setup under R-12.					

7.3 **ACH.** Payables first made ACH payments available to vendors and employees in July 2011. The ACH pay-run is normally performed each Thursday afternoon. Any vendor desiring ACH payment (i.e. direct deposit), must complete a written application.

7.3.1 ACH payment applications must be received by postal mail. Such forms received by email must be rejected.

7.3.2 After the appropriate confirmations have been made (see the following section entitled *Pay Method Verifications*), subsequent payments are made by ACH until the vendor notifies AP in writing that this process should be halted. Changes to the vendor’s ACH information must also be submitted in written form.

7.3.3 All such documentation is scanned and archived by AP staff.

7.4 **AP Checks (Standard Check).** A standard check run is normally performed each Friday morning. AP performs the necessary steps to complete the check run in the Payables module of EBS. The deadline for submitting invoices for Friday checks is 8:00 am on the previous business day, usually a Thursday. The checks are printed on blank check stock on the laser printer in Accounts Payable. The check numbers are assigned and printed from the Payables module. The signatures of the Finance Director and the City Manager are required on AP checks in order to be valid.

7.4.1 No one in the City Treasurer’s office has the system permissions to initiate payments. Treasury staff maintain the metallic MICR ink cartridge needed for printing the checks and also verify the number of checks printed from each check run. Treasury staff transmits the positive pay file to the bank by FTP from a secure server.

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- 7.4.2 After printing, the checks are matched with any required remittances, then folded and prepared for mailing. Checks to be mailed are picked up by mail room staff, counted, and metered. The count is verified with AP before mailing.
- 7.4.3 Checks for City employees are sent to their respective departments through interoffice mail. Checks for vendors must be mailed or picked up by a department representative for subsequent distribution.
- 7.4.4 The printer in Treasury, AP, and Payroll are identical and thus provide redundant systems in the event of mechanical or software failure.
- 7.4.5 Occasionally checks need to be canceled for various reasons. When this happens, the check is canceled by AP staff in EBS. The invoice may or may not be canceled depending on the reason for canceling the check. AP is also responsible for initiating stop payments on checks whenever necessary.
- 7.4.6 See also the separate detailed instructions for conducting a check run.

7.4.7 **Stop Payments.**

- a. A stop payment may be issued at any time on any check except for meter deposits. Meter deposit checks require a 30 day waiting period.
- b. The Stop Payment request is done by AP through the Wells Fargo application called CEO. The check number in question is checked in CEO to make sure the check has not cleared the bank. If it has not, the stop payment request is entered in CEO. The original check is canceled in Oracle, so the invoice will pay again in the next check run.

7.5 **Pay Method Verifications.**

- 7.5.1 When any vendor is initially established in the system and also any time a change in the payment method is requested by any vendor, the procedures in this section apply.
- 7.5.2 For ACH, AP staff must confirm with the vendor's bank that the name on the destination account exactly matches the AP vendor name in EBS. AP staff must use banking contact information acquired separately from that supplied by the vendor. If the vendor's bank is unable or unwilling to confirm this information, then the request to pay by ACH will be denied.
- 7.5.3 For ACH, AP staff must confirm with the vendor, by telephone, that the ACH payment method was requested. AP staff must use vendor contact information acquired separately from that supplied by the vendor to verify the payment method.

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- 7.5.4 For Checks, AP staff must confirm with the vendor, by telephone, the payment method and the address to which checks are to be mailed. This information should not be offered to the vendor, but solicited from the vendor for confirmation.
- 7.5.5 AP staff are to document the telephone confirmations with their vendors directly on the ACH Authorization Forms along with the AP team-member's initials, date, and name of the confirming bank employee or vendor's employee.
- 7.5.6 All such documentation is scanned and archived by AP staff.

**7.6 Manual Check.**

- 7.6.1 **Purpose.** Manual Checks are typically only used for Lakeland Center show settlements, however, they may also be used for emergency payments.
- 7.6.2 **Authorization.** Manual Checks are entered into a template by AP staff and printed on numbered check stock. The vendor name and payment date are typed, but the amount is left blank. The City Manager signature is applied with a signature plate kept in the City Treasurer's office. The Finance Director, Assistant Finance Director, or City Treasurer then provide the second required signature. AP staff track all used and unused Manual Check numbers.
- 7.6.3 **The Lakeland Center Procedures.** The Lakeland Center (TLC) staff retrieve the signed checks from AP when needed for a show. When the show settlement is completed, the amount is typed on the check by TLC staff and a copy of the completed check is made. The copy is then attached to a requisition along with supporting documentation and forwarded to AP.
- 7.6.4 **AP.** AP staff enter the payment into Payables as an invoice and a manual Quick Payment. AP then notifies the bank of the issuance. The actual pre-printed check number is entered as the check number in EBS. EBS tracks the Manual Check numbers that have been entered and prevents the entry of duplicate numbers. Unused Lakeland Center Manual Checks are voided in EBS.
- 7.6.5 **Emergency Use.** Manual Checks can also be used to make payments during emergency situations. Blank checks can be signed and secured under the control of the Finance Director. Vendor names and amounts can then be typed on the check as needed and the check and accompanying invoice later entered into EBS when normal operations are restored.

**7.7 Out-of-Order Check.**

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- 7.7.1 **General.** An Out-of-Order check is a check that is prepared in EBS, but is not issued during a normal check run. Usually these are payments urgently needed for some reason. It is Finance policy to honor reasonable requests for Out-of-Order checks, even though they are much more expensive and time consuming to process. The supporting documents for Out-of-Order checks must meet all of the criteria also required for regular checks.
- 7.7.2 **Process.** Once the invoice has proper approval, it is entered into EBS. An AP staff member initiates a payment (Quick Payment) which prints on the Payables printer with only the City Manager signature. A second signature is required by one of the following: 1) Finance Director; 2) Assistant Finance Director; 3) City Treasurer; 4) City Manager or designee. The Payables system will assign the next available regular check number to the payment which prints on the check.
- 7.8 **Wire Payment.**
- 7.8.1 **Wire Initiation.** Requests for payments by wire transfer may be initiated using a Check Request (T-Form), but also vendors may be setup in Payables to pay by wire from invoices. Some payments by wire are required by contracts established between the vendor and the City of Lakeland.
- 7.8.2 **Check Requests.** The T-Form is completed by the originating department then approved and the supporting documents along with the Check Request are forwarded to one of the Chief Accountants in Central Accounting. The accountants audit the documents then request the wire payments by email to the City Treasurer’s office.
- 7.8.3 **Payment.** A member of the Treasury staff initiates the payment in the bank system, generally by 10:00 a.m. each business day. One of the accountants in Central Accounting must then authorize or approve the payment in the banking system to complete both sides of the dual control process. The banking system is web-based and secure, requiring each user to have a user name, password, and PIN. The wire instructions for new wire vendors are manually verified by Treasury staff.
- 7.8.4 **Payables.** The paper documentation is then forwarded to AP. Wire transfers require two signatures. The Chief Accountants, Finance Director or Assistant Finance Director can approve wire payments. Wire payments are entered into the Payables module of EBS in the same manner as any other invoice. The wire transfer payment is paid immediately as a wire transfer Quick Payment.
- 7.8.5 **Available Funds.** Payments remitted by wire are immediately available upon deposit in the destination account.

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- 7.9 **Zero Check.** A zero check is issued in order to cancel or offset old invoices for which a credit memo was received from a vendor and also for Finance created adjustment invoices and credit memos. Zero checks are never printed and are only used for internal system maintenance purposes.
- 7.10 **Missing and Forged Checks.** If a vendor reports that they did not receive a check, the following procedures apply.
- 7.10.1 AP staff should establish when the check was issued and determine whether the check has cleared the bank.
- 7.10.2 If sufficient time has elapsed but the check has not cleared the bank, AP staff should issue a stop payment on the check. AP must allow twenty-four (24) hours for bank processing time. Provided the stop payment request was successfully completed and the check remains outstanding, the payment should be reissued.
- 7.10.3 If the check has cleared the bank, obtain a copy of both sides of the check from the online banking system or from the Treasurer's office as applicable.
- a. Review the check with the vendor and examine the authorizing signatures.
  - b. If the vendor confirms that the payment has been inappropriately applied, then the vendor must complete an Affidavit of Forged Signature Endorsement form available through the Treasurer's office.
  - c. The form must be notarized and sent to the bank.
  - d. When the Treasurer's Office receives notification that the City has been reimbursed for the check, AP must then cancel the original instrument and reissue payment.
- 7.11 **Check Reconciliation.** The accountants in Central Accounting are responsible for check reconciliation and for the written procedures for this function.
8. **Travel.**
- 8.1 **General.** Payables staff process reimbursements and advances for approved business travel for City of Lakeland employees. Generally most travel expenditures consist of lodging, airfare, registration, mileage, and per diem. The separate Travel Policy used for all City employees should be reviewed in conjunction with this section.
- 8.2 **Consultants and Non-Employees.** Non-employees who travel on behalf of the City and who receive reimbursement for their travel expenses are paid according to their contracts with the City and are generally not covered by the provisions of this policy.

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8.2.1 **Consultant Policy.** A separate generic Consultant Policy was first created by a former City Manager in 2004 and is used by LE for many of their consultants. The policy is updated as needed and customized based upon individual negotiations. The generic policy is on file in the City Clerk’s office.

8.3 **Forms.**

8.3.1 **General.** Requests for travel advances or reimbursements are processed using an MS-Excel-based form supported by the Computer Applications Specialist in Finance. This form provides edit checking and certain controls, such as limiting the user to the appropriate accounts for travel related costs. The form is locked and password protected to discourage user tampering.

8.3.2 **Process.** The travel form is completed online, printed, authorized by signature, and then sent to AP with supporting documentation.

8.3.3 **Travel Expense Statement.** The Travel Expense Statement is used when requesting advances and reimbursements of expenditures incurred while traveling on City business.

8.4 **Responsibility.** It is the responsibility of the department directors and their designees to ensure that all travel related expenditures will provide the maximum benefit for their department or division. Managers and supervisors are accountable for the transactions they approve and should remember that they could be called upon to discuss questioned expenditures in a public forum.

8.5 **Auditing Travel.** Since department directors and their designees are responsible for review and approval of the travel related costs incurred by their departments, qualitative audits of the travel arrangements will not be routinely conducted by AP staff (see also the discussion of qualitative audits in the P-Card section). The performance of qualitative reviews for the entire City is not practical due to the volume of transactions and the time intensive nature of such audits. AP staff are required to review the following:

8.5.1 **Travel Voucher.** Completion of the Travel Expense Statement is required. This form is referred to as an itemized travel voucher in the Florida State statutes. Each employee must complete a separate form and no employee is exempt from using the form.

8.5.2 **Approval.** Travel within the continental or contiguous 48 United States requires the approval of the department director or their designee. Travel outside the continental U.S. requires the approval of the City Manager or designee. The approver of travel is required to possess the appropriate level of signing authority.



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- 8.5.3 **Receipts.** A receipt for each expense must accompany requests for reimbursement. No receipt is required for per diem.
- 8.5.4 **Mileage.** When submitting mileage, the distance between the point of origin to the destination venue must be supported by a printed page from one of the free internet mapping services.
- 8.5.5 **Business Purpose.** A brochure or agenda from the event attended should be included in the supporting documents whenever available. This documentation helps establish and describe the business purpose of the trip which is explicitly required by the IRS. When no such brochure or agenda is available, the business purpose of the travel must be clearly documented by the traveler in accordance with IRS regulations or the cost of travel may be classified as a taxable fringe benefit to the employee.
- 8.5.6 **Unexpected Costs.** Any event causing an unexpected material increase in the cost of travel must be explained and justified in writing by the traveler. The written justification must accompany the supporting documents submitted to AP.
- 8.5.7 **Additional Funds.** If the employee is due additional funds for qualified and approved business expenses, a Check Request T-Form should be prepared and submitted to AP for payment.
- 8.5.8 **Refunds.** If the employee owes a refund to the City, the amount should be paid to the City Treasurer and a copy of the miscellaneous receipt must be included with the supporting documents.
- 8.5.9 **Documentation and Sales Tax.** It is the responsibility of the traveler to ensure that their receipts are accurate and complete and that sales tax is excluded from payment. It is the traveler's responsibility to obtain reimbursement for any charges made in error. AP staff will not routinely review travel documentation to ensure sales tax has been excluded.
- 8.5.10 **Errors.** Employees submitting travel documents having mistakes, omissions, or other errors will be contacted for clarification and correction. Missing documentation will be requested from the traveler.
- 8.5.11 **Violations.** Although AP staff members do not routinely perform qualitative audits, any violations of City policy, extravagant or wasteful use of budgetary funds, or other improprieties observed while processing or auditing travel documents will be reported to the supervisory personnel responsible for the individual submitting the request.

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8.5.12 **Minimum Reimbursement.** Requests for the reimbursement of travel costs will not be honored when the amount is less than \$1.00. This is due to the cost of processing and issuing a payment.

**9. General Ledger (GL).**

9.1 **General Ledger Accounting Distribution (GLAD).** The GLAD is a system of numeric codes used by EBS for accounting purposes. A complete EBS GLAD consists of seven segments. The value in parentheses following each segment name is the length in digits of each segment: Fund (3), Center (3), Account (4), Project (6), Activity (3), Business Unit (2) and Federal Energy Regulatory Commission code or FERC (3). The collection of all seven segments is also known as a code combination in EBS. The GLADs are typically represented as a single long value with each segment separated by a period.

9.2 **Document Sequences.** When certain types of transactions are initiated in EBS or bridged to EBS from another system to the GL, an internally created document sequence number is assigned to the transaction that can be included when querying information. By defining a different sequence to each transaction type, users can identify the source of the entry for research purposes. The following table shows the sequences assigned to Oracle 11i and the equivalent expanded ranges established for R12.

<b>GENERAL LEDGER</b>					
<b>Oracle 11i - FSPRD</b>			<b>Oracle R-12 - EBSPROD</b>		
<b>11i Name</b>	<b>From</b>	<b>Last Used</b>	<b>R-12 Name</b>	<b>From</b>	<b>To</b>
Bridge Program			GL Bridge	1000000	1999999
Journal Entries			GL Journals	2000000	2999999
CA Vouchers	100001	535112	AP Vouchers	3000000	3999999
LE Vouchers	600001	836387	-n/a-	-n/a-	-n/a-
MD Vouchers	900001	976913	MTR Vouchers	4000000	4999999
Payables Transactions			AP Transactions	5000000	5999999
			Not assigned	6000000	6999999
			Not assigned	7000000	7999999
			Not assigned	8000000	8999999
			Not assigned	9000000	9999999

9.3 **General Ledger Reconciliation.** Accounts Payable is responsible for the regular and periodic reconciliation of four general ledger accounts (account 3207 has three sub-types). Any variances found during the reconciliation process are investigated and resolved.

9.3.1 **2000 – Vouchers Payable.** This is the account through which the bulk of payables transactions flow. The outstanding or unpaid balance in Vouchers Payable is calculated using the Accounts Payable Trial Balance report in EBS. This report is exported from EBS in MS-Excel format and a custom MS-Excel application is used

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to reformat the data into a tabular report. The application also imports all Vouchers Payable balances from the general ledger. The details from these two sources are used to reconcile Payables with the General Ledger. Reconciliation to the General Ledger is prepared no less than monthly.

- 9.3.2 **2001 – Accounts Payable.** This account is used each fiscal year-end for posting accruals. A spreadsheet is used to record the accruals for each fund. About the third Friday or Monday in October, a large “manual accrual” journal entry is completed. Periodically after the manual accrual is made, the balances are checked to ensure this account remains in balance until the annual audit is completed and the Comprehensive Annual Financial Statements are in draft or final form.
- 9.3.3 **2002 – Purchasing Card Payable.** Each month a paper billing statement is received from the bank. Additionally, an equivalent report, the electronic or e-bank statement, is extracted from the P-Card system (Works) and the two are compared to ensure parity. A custom application in MS-Excel is used to reformat the bank data and to also import all P-Card activity recorded in the general ledger. The custom application uses the information from these two sources to perform matching and to reconcile the bank statement with the general ledger. This process is performed monthly when the paper bank statement is received from the bank by U.S. mail.
- 9.3.4 **3207 – Reserve for Encumbrances.** The open or outstanding (unspent) balance in the Reserve for Encumbrances accounts are calculated using a custom application in MS-Excel. The application begins by importing all encumbrance activity from the Payables and Purchasing modules in EBS. The custom application is also used to import all account 3207 activity from the general ledger. The application uses the information from these two sources to reconcile the general ledger with the equivalent balances recorded in the Payables module. This process is generally performed at the end of each business day, after all transactions in the Purchasing and Payables modules have been posted in the GL by the accountants. At fiscal year-end these balances are carried forward by journal entry (see the following section). Three types of encumbrances are reconciled, purchase requisitions (PRs), purchase orders (POs), and purchase invoices (PIs).

**10. Fiscal Year-End (FYE).**

- 10.1 **General.** The City’s fiscal year ends on 30 September. Each year special procedures must be followed by AP starting about the third or fourth week of August and extending into December. These procedures largely cover coordinating the timing for opening the October period and closing the September period in EBS so as to minimize the amount of work

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needed at fiscal year-end for successful closing. After closing, AP focuses on monitoring transactions requiring accrual.

- 10.2 **Closing PRs and POs.** Prior to the end of the fiscal year, AP staff attempt to close as many outstanding Purchase Requisitions (PRs) and Purchase Orders (POs) as possible. This is a matter of system maintenance, but also the closing of PRs and POs releases the encumbered balances thus freeing budget monies that may be spent elsewhere. This practice also reduces the number of outstanding encumbrances to be reconciled at year-end.
  - 10.3 **Encumbrance Reconciliation.** The importance of daily reconciliation of encumbrances is heightened at FYE. Also, researching out-of-balance conditions becomes much more complex and time consuming since there is a period of time (usually about 2 weeks) in which both the previous fiscal year and the following fiscal year are both open at the same time. This allows timing mistakes to occur and often creates reconciliation problems.
  - 10.4 **Encumbrance Carryovers.** AP supervisory personnel are required to reconcile encumbrances between the Payables module and the GL module that are associated with PRs and POs and to create large journal entries to carry over outstanding encumbrance balances into the new fiscal year. This must all be accomplished on the day of closing.
  - 10.5 **Manual Accrual.** AP supervisory personnel are responsible for determining the transactions at FYE that should be accrued. At fiscal year-end, some invoices will be received and paid in October that should have been paid in September. All such transactions must be captured and a large journal entry, called the “manual accrual” is prepared and posted to move the liabilities into the correct period (accounting matching principle).
  - 10.6 **Audit Assistance.** AP supervisory personnel assist in the annual financial audit by providing a variety of reports and reconciliations to the City’s internal and external auditors throughout the audit period (usually from September through February).
  - 10.7 **Detailed Instructions.** Each year the AP instructions for FYE are updated prior to September. See the separate detailed instructions for more information.
11. **Annual 1099 Reporting.**
- 11.1 **General.** The Payables module in EBS is used to calculate and report income on Internal Revenue Service (IRS) form 1099-Misc. 1099 Reporting follows the IRS Tax Year or calendar year rather than the City’s fiscal year. The accuracy of 1099 reporting is highly important since the City of Lakeland may be assessed fines and penalties for incorrect reporting.
  - 11.2 **Error Correction.** The accuracy of 1099 Reporting is based upon how each vendor is setup in EBS. Throughout the year it is common for some vendors to be setup incorrectly, also

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changing circumstances of the vendor, and other causes, result in needed corrections. Consequently, there are a number of reports that are used to systematically locate and identify vendor setup issues. Some reports are built into EBS and some are custom reports run from MS-Access or MS-Excel. Such issues are then corrected in the system so that 1099 reporting is accurate as possible.

- 11.3 **Vendor Maintenance.** The 1099 codes are established at the vendor level in EBS and, if necessary, overridden at the invoice level. Sometimes duplicate vendors must be merged using a tool in Payables called the *Update Income Tax Details Utility*. Depending upon the nature of the problem, some corrections are made with offsetting invoices and credit memos followed by zero payments.
  - 11.4 **Form Correction.** 1099-Misc forms are printed from EBS and usually mailed to the vendors in the third or fourth week of January. As some mailed forms are returned to AP, most commonly due to address changes of the recipient, corrections are made in EBS and then the forms re-mailed. This process allows the continuous correction of the data in EBS so that a perfected file may be remitted to the IRS.
  - 11.5 **IRS Reporting.** IRS rules require the City of Lakeland to transmit a final 1099 file electronically, usually by the last week of January.
  - 11.6 **IRS Evaluation.** Annually, the City receives a letter from the IRS listing any errors in the 1099 information that was reported from the previous year. These issues are addressed as required.
  - 11.7 **Backup Withholding.** If the IRS receives incorrect 1099 information on a particular vendor for several years in a row, they may require the City to begin backup withholding on that vendor. Finance policy is to cease doing business with a vendor rather than to start backup withholding.
  - 11.8 **Instructions.** See separate detailed instructions for performing 1099 vendor clean-up and reporting procedures.
12. **Records Retention.**
- 12.1 **General.**
    - 12.1.1 AP is required by State law to archive certain documentation and to retain that documentation for a minimum specified period of time.
    - 12.1.2 AP is under further requirements of bond covenants which require all expenditure related documentation to be retained for 30-years, regardless of whether or not any given bond issue has matured, or has been refunded or defeased.

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- 12.2 **Adherence to Requirements.** Retaining documents substantially longer than the required period is discouraged and inefficient since additional storage space is required. Holding documentation beyond the retention period also creates a reporting burden on City staff. Public records requests must be honored for any available documents even if the required retention period has expired.
- 12.3 **Effect of Records Requests.** Documents included in a public records request must be retained for an additional 30 days even if the retention period for the respective documents has expired and regardless of whether or not those documents are exempt from disclosure.
- 12.4 **Electronic Storage.** AP scans all documentation not received in an electronic format and archives all documents required to be retained by law in a City-wide document archival and retrieval application called OnBase. OnBase was installed in July 2014 and replaced the former LibertyNet system which was in use since fiscal year 2009.
- 12.5 **Paper Documents.** It is the intent of AP to shred original expenditure related paper documents one year from the date of processing. Holding the originals for one year prior to destruction accommodates the City's sales tax audit conducted every other year. Documents will be shredded only after it has been verified that those documents already exist in OnBase.
- 12.6 **Lifecycle in OnBase.** The required retention period for each document type is defined in OnBase. At the expiration date, a notification of the documents to be purged is delivered to AP supervisory staff. At the time of notification, the documents are reviewed and a decision to retain or purge the documents is made. Documents to be retained, if any, are assigned a revised expiration by AP supervisory staff, and those documents are returned to the archive. Documents to be purged are forwarded to Records Management staff so that appropriate reporting to the State of Florida may be completed prior to destruction.
- 12.7 **Effective Date.** The retention period in the archive is based upon the date the documents are added to OnBase.
- 12.8 **Retention Schedules.** The retention periods described in this section are in accordance with the State of Florida, General Records Schedule GS1-SL for State and Local Government Agencies, dated 10-01-2013 (Schedule). The Schedule should be reviewed annually when updating this manual. Schedule GS1-SL requires a longer retention period for 1099s than does the IRS (4 years) as specified in IRS Publication 1220.
- 12.9 **Vendor Information.** In Payables (EBS), it is not typical for vendors to have a specific date on which they become inactive or fall into disuse by the City. Some vendors may be dormant for several years and then become active again. For AP staff, it is not possible to predict this sporadic behavior. Therefore, although the official retention period for

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documents related to ACH, W-9's, and TIN matching is 4 or 5 years, AP has elected to retain these documents beyond the official guidelines. This practice keeps the City in compliance with IRS regulations in the event a vendor becomes active after a lengthy dormant period. These extended retention periods are noted below where applicable.

**12.10 Documents requiring archiving:**

- 12.10.1 **ACH (also known as EFT or direct deposit).** Original vendor ACH applications, updated ACH forms, correspondence from vendors regarding the termination of an ACH agreement, and any other related documentation must be archived. In the Schedule, these documents are found under Electronic Funds Transfer Records, Item 264. Official retention is 5 fiscal years after termination of the ACH service agreement. AP retains ACH documents for 10 fiscal years.
- 12.10.2 **Administrative Support Records.** This includes the Purchasing Card Manual, and the Accounts Payable Procedures Manual and any detailed instructions created that illustrate the steps taken to complete a task in AP. This also includes any policies, such as the Travel Policy, authored by AP. In the Schedule, these documents are found under Administrative Support Records, Item 3. Retain until the documents are obsolete, superseded, or administrative value is lost. AP retains these documents for a minimum of 3 fiscal years.
- 12.10.3 **AP Trial Balance, P-Card Reconciliation, Check Registers.** This includes the files required for the Trial Balance reconciliation to general ledger (monthly), the files used in preparation of the P-Card reconciliation (monthly), and both the ACH and Check Run pay registers (weekly). This also includes the email confirmation from the bank (CNote) for ACH pay runs. In the Schedule, these documents are found under Disbursement Records: Summary, Item 341. Retention is 10 fiscal years.
- 12.10.4 **Audits and Supporting Documentation.** Includes reports issued to AP by the City's Internal Auditor and supporting documentation prepared and supplied in conjunction with other audits, such as the data supplied annually for the Florida League of Cities audit for the Florida Municipal Insurance Trust. In the Schedule, these documents are found under Audits: Internal, Item 73. Retention is 5 fiscal years. Also, under Audits: Supporting Documents, Item 57. Although the retention for the latter items is 3 years, AP retains all these documents for 5 fiscal years.
- 12.10.5 **Disaster Preparedness Plan.** Include the annually updated copy of the Finance – AP Emergency Operations Manual as well as “Annex A” updated annually and submitted to Risk Management which becomes part of the overall City Emergency Operations Plan (EOP). In the Schedule, these documents are found

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under Disaster Preparedness Plan, Item 210. Retention is 5 fiscal years after superseded or becoming obsolete.

- 12.10.6 **Disciplinary Case Files.** This includes documentation associated with investigations of employee misconduct as well as written and verbal reprimands, memoranda, or other similar action. In the Schedule, these documents are found under Disciplinary Case Files: Employees, Item 98. Retention is 5 anniversary years after final action.
- 12.10.7 **Employee Counselling.** This includes initial coaching or counseling of an employee regarding performance or behavior issues which may lead to disciplinary action if not corrected. In the Schedule, these documents are found under Employee Conduct Counseling Records, Item 206. Retention is one year after final action.
- 12.10.8 **Encumbrance Carryovers.** The annual encumbrance carryover reconciliation and associated journal entries prepared at fiscal year-end must be archived. In the Schedule these documents are found under Encumbrance/Certification Forward Records, Item 20. Retention is 3 fiscal years.
- 12.10.9 **Form 1099-Misc.** The final PDF file containing all 1099 Forms mailed to vendors as well as a copy of the 1099 file transmitted to the IRS, and any pertinent supporting documentation such as summary reports used for review, must be archived. Also included is any mailed 1099 form returned as undeliverable. In the Schedule, these documents are found under Federal Income/Employment Tax Forms/Reports, Item 157. Official retention is 4 years from the tax due date (April 15) of the year to which the record applies. AP retains 1099-Misc files for 5 fiscal years.
- 12.10.10 **Form W – 9 (Request for Taxpayer Identification Number and Certification).** In the Schedule, these documents are found under Federal Income/Employment Tax Forms/Reports, Item Number 157. Official retention is 4 years from the tax due date (April 15) of the year to which the record applies. AP retains Form W-9 for 10 fiscal years.
- 12.10.11 **Legal Opinions.** Include any emails or correspondence involving requests for legal interpretations, opinions, or advice received from members of the Legal Department. In the schedule, these documents are found under Legal Opinions, Item 26. Retention is permanent.
- 12.10.12 **Public Records Requests.** Include any correspondence and files associated with public records requests. In the Schedule, these documents are found under Information Request Records, Item 23. Retention is 1 fiscal year.



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- 12.10.13 **Purchasing Card Transaction Reports.** P-Card reports and all supporting documentation must be archived. In the Schedule, these documents are found under Disbursement Records: Detail, Item 340. Retention is 5 fiscal years.
- 12.10.14 **Signature Authorization Records.** Includes signature authorization documents collected and stored by AP. In the Schedule, these documents are found under Signature Authorization Records, Item 300. Retention is 1 fiscal year after they become obsolete.
- 12.10.15 **Storage Tank – Local Government Financial Test.** This test is required by the Federal Government and is found in 40 CFR 280.105. The test is performed annually by the Accounts Payable Manager following completion of, and using the values from, the CAFR. This document and the supporting documents must be archived. In the Schedule, this document is found under Storage Tank Records, Item 412. Retention is the life of the tank.
- 12.10.16 **Travel Records.** Include the travel voucher form (Travel Expense & Travel Request) along with all supporting documentation. In the Schedule, these documents are found under Travel Records, Item 52. Retention is 5 fiscal years.
- 12.10.17 **TIN Matches (tax identification number).** Screen prints or images documenting that TIN matching was performed as required by the IRS must be archived. In the Schedule, these documents are found under Federal Income/Employment Tax Forms/Reports, Item 157. Official retention is 4 years from the tax due date (April 15) of the year to which the record applies. AP retains TIN matches for 10 fiscal years.
- 12.10.18 **Vouchers, P-Card, and Other Expenditure Related Documents.** Expenditures relating to Purchase Orders, Check Requests, P-Cards and all supporting documentation must be archived. In the Schedule, these documents are found under Disbursement Records: Detail, Item Number 340. Retention is 5 fiscal years. **IMPORTANT:** see also the following entries in this section.
- a. **Special Handling due to Bond Issues.** Any vouchers, P-Cards, or other expenditure related documents must be retained for 30 years. This is the normal maturity of many of the City’s bond issues. This requirement is standard language found in the bond covenants. The 30-year rule applies even though many bond issues mature, or are refunded or defeased prior to maturity. The 30-year rule also applies to **ALL** expenditure documentation regardless of whether or not a specific GL Fund was established for any given bond issue since transfers of funds may have occurred to cover expenditures in other general ledger funds.

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Expenditure related documents may be destroyed if they are older than 30 years from the current date.

**b. Documentation Retention.**

- i. **Vouchers.** Beginning in September 2008, City Hall (CH) vouchers were being scanned and stored in LibertyNet. Lakeland Electric (LE) vouchers have been scanned and stored since April 2008. These documents were migrated to the current OnBase system in July 2014. Since migration, a report was developed for ensuring that all vouchers processed in EBS have also been archived in OnBase. This process was performed for all years currently archived to ensure no gaps existed in the documentation.
- ii. **P-Card.** The P-Card system was first implemented in June 1997. However, P-Card scanning was not implemented until April 2012. Due to system limitations, a method for ensuring all P-Card documentation has been archived was not developed and put into place until November 2016. Prior to this date, AP relied upon annual reviews consisting of random sampling conducted by Internal Audit to gain reasonable assurance that the existing manual archive checking process was functioning as intended.
- iii. In reviewing reports created by Records Management, it has been determined that some significant gaps exist in the documentation presently available. These gaps were created by accidental premature destruction of some documents. It appears that due to turnover in the past 20 plus years, the 30-year retention rule was not consistently followed; instead some managers followed the State of Florida requirements requiring only 5-year retention. Since records retention has been included in this manual, this should correct future issues regarding retention.

12.10.19 **Information Available.** Presently, expenditure related transactions still exist in EBS since it was first installed. Therefore, system reports can be used to retrieve check registers, vouchers, transaction histories, and

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balances since 1998. However, information from this source is limited to the raw data entered (no supporting documents are stored in EBS).

- 12.11 **Electronic Record Storage.** All AP expenditure documents are stored in the main voucher folder in OnBase together. DOIT has the ability to run a script to copy all vouchers associated with any given bond fund into another folder should requests for such documentation be requested.

**13. Public Records Requests.**

- 13.1 **General.** Under Florida Statute Chapter 119, the Florida Public Records Law, the City of Lakeland is obligated to honor requests for public records. Generally, requests for the release of public records originate with the City’s Public Information Officer or through the City’s public records management system GovQA. Such requests are then distributed to the appropriate divisions within the City.
- 13.2 **Response.** Although the law does not specify a deadline, it is the policy of Finance to respond to requests for public information as expediently as possible. AP policy is to notify the requestor that the information relating to the request will be retrieved as soon as reasonably possible, but depending on the nature and volume of the request, additional costs may be incurred.
- 13.3 **Identity of Requestor and Purpose of Request.** The identity of the actual requestor and the purpose of the request are not required and no one may compel the requestor to surrender this information.
- 13.4 **Form and Content of Request.** Requests may be verbal or written. If the request is overly broad, AP staff may attempt to determine, in more specific terms, the information being requested. When applicable, AP staff may also ask for the period of time (i.e. the age of the documents) to be included in the request as well as other criteria expected to produce an improved or clearer definition or description of what is desired by the requestor. However, in the event the requestor cannot or is not willing to provide additional clarification with regard to the request, AP staff will provide the information requested, regardless of how broad the request may be, in accordance with Section 13.13 (below) when applicable.
- 13.5 **Non-AP Request.** If the information requested does not involve AP, or includes information not available to AP, refer the requestor to the Public Information Officer and/or inform the Public Information Officer as applicable.
- 13.6 **Document Limitations.** The number and age of AP source financial records available (e.g. vouchers, invoices, travel documents, archived reports, etc.) is generally determined by

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the number of documents stored in OnBase plus any source documents on-hand that have not yet been scanned and stored in the archival system. The life of documents stored in OnBase is limited to the records retention requirements imposed upon the City by the State of Florida and other authorities as applicable.

- 13.7 **Information Limitations.** AP financial information in the form of reports (e.g. spreadsheets containing exported financial data, but not source documents) is generally limited by the quantity and age of historical records available in the City's financial system.
- 13.7.1 It is the policy of Finance to provide the information using existing reports. Finance is under no obligation to build or create new reports to satisfy a public records request.
- 13.7.2 Special reports not presently available may require expertise and assistance from the City's Department of Information Technology (DoIT) staff and could require extended time and fees for completion in accordance with Section 13.13 (below) and City Ordinance 5383.
- 13.8 **Copies of Checks.** AP does not file or retain copies of checks issued by the division. Requests for copies of checks are referred to the City Treasurer's Office where cancelled checks are stored in electronic format.
- 13.9 **Interpretation.** AP staff members are under no obligation to provide explanations or interpretations or to discuss the meaning of the information provided to the requestor.
- 13.10 **Format of Records and Media Provided.** The City must provide the requested records/information in the format requested, provided it already exists in the requested format (e.g. PDF, MS-Excel, etc.). Likewise the type of media used (e.g. photocopies vs. compact disc) should conform with the request, provided the means of producing the media is already available. The media currently available to AP includes: photocopies, printed pages, CD/DVD, and flash drives.
- 13.11 **In-Person Requests.** Normally, requests flow from the Public Information Officer or the GovQA application to AP to ensure adequate control over the process. However, requests may also be made in person. When in-person requests are made, the following procedures apply.
- 13.11.1 **Notification.** It is the policy of Finance to immediately notify the Finance Director or Assistant Finance Director or designee and the Public Information Officer of in-person records requests. This practice ensures that requests are fulfilled timely and that possible exemptions from Florida Public Records law are not violated.

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- 13.11.2 **Document the Request.** For internal use, the details of the request should be recorded and the written description reviewed with the requestor to ensure the request is understood. Also record the date and time the request was made.
- 13.11.3 **Response Time and Fee Notification.** Inform the requestor that the request for information will be fulfilled as soon as reasonably possible. However, if the nature and volume of the public records to be provided require extensive use of DoIT resources or extensive clerical/supervisory assistance, or both, additional service charges may be incurred to fulfill the request.
- 13.11.4 **Protection of Exempt Information.** AP staff members are just as obligated to protect exempt information as they are to provide non-exempt information. Since some AP documentation may be visible to visitors and since audible routine business discussions among AP staff may contain or include exempted information, such as social security numbers, the requestor may be required to wait in a public area, such as the break room, while the request is assembled. While protecting exempt information, this practice also minimizes disruption in the work area.
- 13.11.5 **Fee Payment.** The payment of fees must be made at the City Treasurer’s office prior to surrendering the requested information.
- 13.12 **Exemptions.**
- 13.12.1 **General.** Certain specific exemptions are provided in F.S. Title X, Chapter 119 regarding information that must not be disclosed.
- 13.12.2 **Redaction.** Entire documents or files may not be withheld on the basis that they contain exempt information. Rather the specifically exempt text must be redacted while preparing the documents for the requestor.
- 13.12.3 **Examples.** Some of the most common exemptions that may affect AP include the following:
- a. Social security numbers.
  - b. Bank account numbers and names of financial institutions.
  - c. Credit card numbers.
  - d. Information regarding the names of family members, any contact information, photographs, or other personally identifying information for members of the Police Department, Fire Department, Code Enforcement Officers, and Human Resource Managers and/or their families. [Note that

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the names and badge numbers of Police officers on their own do not need to be redacted, per Tom Trulson, LPD.]

- e. Note that the above-specified exemptions are only examples and that other types of information may also be subject to a valid exemption. When in doubt, consult the Public Information Officer or the Legal Department prior to releasing any information.

**13.13 Fees.** The rules and rates for charging fees for honoring public records requests is found in City Ordinance 5383. Before charging a fee, the recipient must be notified as to the approximate cost of the request. If fees are to be charged, the amount of time spent and the number of pages copied or printed in honoring the request must be carefully recorded. The fee for fulfilling a public records request is not subject to sales tax.

**13.13.1 Photocopies.** For photocopies, AP may charge 15¢ per single sided page (up to legal size). For double sided copies, the fee is 20¢ per page.

**13.13.2 Printed Pages.** The City may charge 15¢ per page for documents printed from electronic format.

**13.13.3 Media.** Records kept in electronic format may be written to compact disc (CD/DVD) or provided on a flash drive. The City may charge 50¢ per compact disc or actual cost per flash drive provided. The flash drives presently available cost \$6.95 for 2GB or \$9.99 for 8GB. For system integrity and security reasons, AP may not use requestor provided compact discs/DVD's or flash drives.

**13.13.4 Labor Cost.** If a request requires more than 30 minutes for completion, a fee may be charged at the hourly rate of the lowest paid person in the division times the amount of time required (the first 30 minutes is deducted from the time calculation). The time required to fulfill the request should be rounded down to the nearest quarter hour increment.

**13.13.5 Invoice.** Upon completion of the request, prepare an invoice and provide it to the requestor. The invoice must contain the following elements:

- a. The date the request was received by AP and the date completed;
- b. The number of single-sided photocopies provided and cost per page;
- c. The number of double-sided photocopies provided and cost per page;
- d. The number of pages printed from archived documents and cost per page;
- e. The number of compact discs or flash drives provided and cost per item;

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- f. The hourly rate charged and the amount of time required to complete the request;
- g. The extended cost of each item and the total cost;
- h. A description as to the information provided;
- i. The name of the individual making the request and/or the company name, if known (for informational purposes, but not required).

13.14 **Help.** For more information regarding the handling of public information requests, contact the Public Information Officer. For information regarding the types of information that may be divulged or exempted from public records requests, contact the Legal Department. For information regarding City Ordinances, contact the City Clerk.

13.15 **Review.** This section has been reviewed by the City’s Legal Department, the Public Information officer, and the City’s Internal Auditor (06-10-2014).

**14. Key Success Indicators (KSIs).**

14.1 **General.** Key Success Indicators are essentially performance measures used to evaluate the relative success of a component part of an organization. KSIs may also be used to determine the relative importance (or even necessity) of a position or division to the overall organization. The KSI program was adopted by City management and requires all divisions of the City to define the KSIs for their respective areas.

14.2 **Limitations of KSIs.** By definition, KSIs must be achievable and measurable. The division must also have complete control over all the steps required to achieve success. Usually three to five KSIs are sufficient for any given division. The measures chosen should cover the accomplishment or failure of the organization to achieve core goals and/or objectives of the division. New measures should not be created specifically for the program, but existing measures that provide meaningful outcomes should be used.

14.3 **Reporting.** The outcomes of the KSIs are requested on an annual basis, usually in February or March. AP supervisory staff should be prepared to report on the outcome of each KSI when they become due. Results are reported in a centrally located spreadsheet located here:

\\col-fs1\apps\Performance Excellence Updates\2016 Budget Development\Measurements Update\Finance\

14.4 **KSI – 1.** Ensure all invoices from vendors are paid in compliance with the **Local Government Prompt Payment Act** of the State of Florida (Act).

*Authority:* F. S. Title XIV, Chapter 218, Part VII, §218.70 thru §218.80.

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*Criteria:* Payments are made timely within the terms of the Purchase Order, the terms of the Invoice, or within 45 calendar days as applicable for non-construction services, 25 business days for construction services when an agent is required, or 20 business days for construction services when no agent is required.

*Measure:* Number of violations resulting in the payment of interest to vendor(s) in compliance with the Act.

*Note:* This KSI is dependent upon the cooperation of all user departments in the City to forward invoices to AP timely. Although this should disqualify the Act as a KSI, this aspect of the division is too fundamental to exclude. If findings occur, it will be determined whether AP or the user department was at fault for reporting purposes.

**14.5 KSI – 2.** Ensure appropriate and accurate reporting is made to the Internal Revenue Service (IRS) regarding the distribution and filing of IRS Forms 1099-MISC.

*Authority:* **IRC** Title 26, Subtitle F, Chapter 61, Subchapter A, Part III, Subpart B, §6041-6050W (1099 reporting). **IRC** Title 26, Subtitle F, Chapter 68, Subchapter B, Part II, §6721 (accuracy in 1099 reporting). **IRC** Title 26, Subtitle C, Chapter 24, §3406 (backup withholding for incorrect TIN).

*Criteria:*

- 1) TIN match all vendors prior to issuance of 1099's.
- 2) Performance of procedures assuring all applicable reporting is accurate, thus reducing the possibility of penalties and fines against the City of Lakeland.

*Measure:* Number of issues identified in the annual letter from the IRS. Quantity/value of fines and/or penalties assessed for inaccuracies in 1099 reporting.

**14.6 KSI – 3.** Annual financial audit and review of procedures and internal controls.

*Authority:* F.S. Title XIV, Chapter 218.39; Rules of the Auditor General, Chapter 10.550 (compulsory audits).

*Criteria:* An objective review is performed annually by the City's independent external auditors to assess the adequacy of controls designed to reduce errors and the possibility of improprieties.

*Measure:* Quantity and severity of audit findings reported in the Comprehensive Annual Financial Report (CAFR).



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- 14.7 **KSI – 4.** Annual review ensuring expenditure related documentation is appropriately captured and archived.

*Authority:* F.S. Title X, Chapter 119 (records retention).

*Criteria:* An objective review is performed annually by the City’s internal auditors to assess quality and completeness of electronic recordkeeping by Accounts Payable.

*Measure:* Quantity and severity of audit findings reported by the Internal Audit Department.

- 14.8 **KSI – 5.** Ensure all discounts offered by vendors are taken to reduce the City’s liability.

*Authority:* Finance policy.

*Criteria:* All discounts offered by vendors are taken.

*Measure:* Quantity/value of discounts lost as disclosed in a monthly or annual report.

**15. AP System Controls.**

- 15.1 All AP staff will be responsible for the invoices entered under their user names. For this reason, all AP staff must adhere to the procedures described in this section.

- 15.2 Each EBS user will establish a unique network and EBS password which must never be revealed to anyone.

- 15.3 In order to prevent the unauthorized access to a computer or the entry of an invoice by one individual on the computer normally used by another individual, users must lock their computer or log off when leaving their workstation unattended and out of the user’s view.

- 15.4 No individual should operate the computer of a second individual when the second user is logged on to EBS, unless both persons are present.

- 15.5 AP staff must exercise caution when visitors are present in AP so that passwords are protected when logging onto computers and also to prevent the compromise of confidential or exempted information that may appear on the computer screen.

- 15.6 The Department of Information Technology has set a time-out on AP computers to log users out of EBS automatically after four hours of inactivity.

- 15.7 If a user suspects that a password has been compromised, the password must be changed as soon as practicable.

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16. **Authorities.** Some of the authorities governing the policies and procedures to which AP must adhere include the following:
- 16.1 **Local Government Prompt Payment Act.** Ensure all invoices from vendors are paid in compliance with the **Local Government Prompt Payment Act** of the State of Florida (Act). This authority is found in F. S. Title XIV, Chapter 218, Part VII, §218.70 thru §218.80. Requires payments to vendors by local governments to be made timely.
  - 16.2 **1099 Reporting.** Ensure appropriate and accurate reporting is made to the Internal Revenue Service (IRS) regarding the distribution and filing of IRS Forms 1099-MISC. IRC Title 26, Subtitle F, Chapter 61, Subchapter A, Part III, Subpart B, §6041-6050W (1099 reporting). IRC Title 26, Subtitle F, Chapter 68, Subchapter B, Part II, §6721 (accuracy in 1099 reporting). IRC Title 26, Subtitle C, Chapter 24, §3406 (backup withholding for incorrect TIN). TIN match all vendors prior to issuance of 1099's. Performance of procedures assuring all applicable reporting is accurate, thus reducing the possibility of penalties and fines against the City of Lakeland.
  - 16.3 **Audit Requirements.** F.S. Title XIV, Chapter §218.39; Rules of the Auditor General, Chapter 10.550 (compulsory audits). An objective review is performed annually by the City's independent external auditors to assess the adequacy of controls designed to reduce errors and the possibility of improprieties.
  - 16.4 **Public Records Access.** F.S. Title X, Chapter 119 (public records). Many, but not all, records created by the City in general and AP specifically are subject to inspection by any interested party. Generally, requests for information flow to AP through the City's Information Officer. See also, **City Ordinance 5383** for fees and rules regarding public records requests.
  - 16.5 **Records Retention.** F.S. Title X, Chapter 119 (records retention). An annual review is performed annually by the City's internal auditors ensuring expenditure related documentation is appropriately captured and archived.
  - 16.6 **Electronic Signatures and Documents.** Electronic Signatures – F.S. Title XXXIX, Chapter 668, Parts I & II. Florida law allows the acceptance of electronic signatures. Florida law also provides for the legal use of electronic records and the retention of electronic records as legal and binding representations of the original paper documents. In the case of scanned images however, the electronic copies must be legible, complete, and no part of the original document may be covered or obscured in the archived image equivalent. However, duplicate copies of the source files may be made for the purpose of redacting exempt information to be surrendered in public records requests.

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- 16.7 **Signing Authority.** City resolution 5136 passed by the City Commission on 7 July 2014 provides the authority and thresholds for approval of budgetary expenditures and unbudgeted expenditures. See Section 3 in this manual for details.
17. **Local Government Prompt Payment Act (Act).** See the City Policy which provides the details relating to this topic.
18. **Prompt Payment Resolution Policy.** See the City Policy which provides the details relating to this topic.
19. **Periodic Reports and Systems Maintenance.**
- 19.1 **Daily.**
- 19.1.1 **Encumbrance Reconciliations.** The PIRecon (purchase invoices), PRRecon (purchase requisition), and PORcon (purchase orders) should normally be run daily at the end of the business day, following general ledger posting.
- 19.2 **Weekly.**
- 19.2.1
- 19.3 **Monthly.**
- 19.3.1 **Trial Balance.** The Accounts Payable Trial Balance should be run monthly following the closing of the monthly period being reviewed.
- 19.3.2 **P-Card Reconciliation.** The Works (P-Card) system must be reconciled to the general ledger monthly and the City's P-Card bill must be paid by wire following reconciliation.
- 19.3.3 **Works GL Maintenance.** Identify and delete old general ledger accounting distributions from the Works (P-Card) system that have been closed in EBS, but are still available in Works.
- 19.4 **Quarterly.**
- 19.4.1 **Employee Vendors.** The employee vendors report (AP\_Employee\_Vendors\_Audit.xlsm) should be run and reviewed at least quarterly, usually on the first Friday following the closing of the monthly period ending the quarter under review. The program pulls all invoices for the calendar year on each run.
- 19.5 **Annually.**

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- 19.5.1 **PR and PO Closings.** AP staff email departments to determine whether PR's and POs having low outstanding balances may be closed.
- 19.5.2 **AP Policy Manual.** Update this manual on an annual basis.
- 19.5.3 **Procedures for FEMA Reimbursement Q&A.** Update the emergency procedures annually.
- 19.5.4 **AP Emergency Procedures (manual).**
- 19.5.5 **Finance EOP Manual.**
- 19.5.6