



<b>Policy:</b>	Accounts Payable and Cash Disbursement Policy	
<b>Approval Date:</b> September 26, 2017	<b>Revision Date:</b> June 23, 2020	<b>Approved by:</b> Board of Directors

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**PROCEDURE**

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Purpose:

This policy outlines the definitions, guidelines and procedures under which the Accounts Payables and Cash Disbursement functions of the Coachella Valley Water District (CVWD, The District) operates.

Additional Authority:

California Government Code Section 50050-50056

Scope:

This policy will apply to all disbursements made on behalf of the Coachella Valley Water District for payment of invoices for goods and services, rebates, etc.

Responsible Party:

Geoffrey Kiehl, Director of Finance

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**POLICY**

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**I. Payables Function**

The payables function and their associated operations consist of those business processes concerned with verifying proper encumbrances, recording amounts due for goods and services received (except for payroll processing) and remitting payments due. The District Procurement and Contracts Division handles the entering of purchase orders and related encumbrances.

A. Payables Function — Payables is a generic term representing the money disbursed by the CVWD in order that it may purchase goods and services necessary to carry out its missions. The payables function is composed of three business processes utilized to control these amounts to insure that the money due by the CVWD is paid out accurately. These three business processes are:

1. Check to ensure that approved purchase orders are in place which result in a reservation of funds for a specific future expenditure. Refer to the Procurement Policy for purchases which are exceptions to the centralized procurement process.

2. Account Payables, which result in the actual entry into the CVWD's accounts of an expense and liability which is liquidated by the payout of cash at a later time.
  3. Disbursements, which result in the actual payout of cash by CVWD and liquidates the liability.
- B. Check Request Function & Business Processes — The check request function consists of business processes concerned with submitting check requests (for example, employee reimbursements, travel and miscellaneous invoices), used to prepare CVWD checks from bank accounts. This contrasts with journal entries which, while also charge an account, records costs into CVWD's records without the preparation of a check. The check request process may be used to draw checks for all purposes except employee personal services. All charges for employee personal services must be made through payroll.
- C. Conflict of Interest — Managers and Supervisors cannot approve their own documents or transactions and documents or transactions payable to their immediate supervisor, the supervisor's business or the supervisor's immediate family (spouse, parents or children). In addition, supervisors, managers and department heads cannot approve documents or transactions which are payable to, or on behalf of:
- Individuals where a conflict of interest would be perceived
  - Family members
- Documents and transactions prepared for approval and payment of vendor invoices should be reviewed and authorized by an independent person at an appropriate authority level (Supervisor, Manager, Department Head, Assistant General Manager or General Manager) to ensure that transactions are approved without any influence and to avoid the appearance of a conflict.
- Reimbursements due to employees are when personal funds are used to incur CVWD-related expenditures and should be approved by the employee's Supervisor, Manager or Department Head, depending on the amount of the reimbursement requested. The approver must ensure that the expenditure is appropriate and that receipts and tax invoices are attached to the claim. The General Manager's requests for reimbursement should be approved by the President of the Board, or his or her designee.

## II. Check Requests

Check requests may be used to request payments for any goods, services, or other miscellaneous payments when goods were not initially requested by purchase order. Section 6 of the Procurement Policy identifies exemptions which do not require a

purchase order and may instead use a check request. Check requests, paper or electronic, must use the District-approved form CVWD-071 and conform to the requirements of the Finance Director and the CVWD internal control systems. A copy of form number CVWD-071 is available on the Intranet as well as the shared drive.

- A. Approvals and Authorizations — Check requests must be approved by a Supervisor, Manager, Department Head, the Assistant General Manager or the General Manager in accordance with the approval limits and dollar thresholds in the Procurement Policy. These authorized approvers may not approve their own check requests (see conflict of interest section). Approval of check requests indicates that authorized goods and services were received or authorized service or travel was performed or completed. The approval authorizes CVWD accounts payable staff to pay vendors for goods or services received, reimburse employees or others and charge the accounts indicated. Approval may also be granted via the use of electronic signature, or manually writing the account number to be charged and signing off on the original invoice.
- B. Check Request Forms — The check request form is the standard form and may be used (with appropriate attachments) to request payments for all purposes except for employee personal services. Invoices or contracts may be used for non-employees who incur authorized travel and business related expenses on behalf of CVWD.

### **III. Payment Documents**

The CVWD Finance Department approves check requests for payment only if supporting documentation is attached. Documentation may include the following:

- A. These are the optimal ways to document check requests:
  - 1. Original receipt
  - 2. Vendor's invoice
  - 3. Other pertinent backup justifying the expense or payment
- B. These documents should only be used if the original receipt is not available:
  - 1. Canceled check (front and back)
  - 2. Credit card statement

3. Registration forms or related brochures for professional conferences that itemize fees.

Billing statements may be used for payment approval only on an exception basis. In some circumstances, a valid purchase order and/or a vendor invoice must also accompany these documents prior to payment. A request for reimbursement without original receipts requires approval of the employee's Supervisor, Manager or Department Head. A statement indicating that the original receipts were lost, signed by the requestor must be included with the request for payment.

**C. Vendor Invoices**

1. Vendor Set Up — The Purchasing Division is responsible for the set-up of new vendors or changes made to existing vendors. A signed W-9 is required in order to set up a new vendor. An exception may be made with the Finance Director's or Controller's approval.
2. Payment to vendors — Check requests / electronic signature forms or approval on invoices must include a purchase order number, when applicable.
3. Reimbursement for expenditures — Check requests that are payable to individuals, as reimbursement for payments made on behalf of CVWD, must be supported in full by original, paid receipts. When these check requests are used to reimburse non-staff members for travel expenses, the same receipts are required

**IV. Travel Reimbursements**

Travel must be authorized on form CVWD-140, Travel Authorization Request, prior to commencement. See the Travel Policy for specific requirements. If an employee receives a travel advance, it must be cleared through Accounts Payable using an expense claim form and cannot be reimbursed through petty cash. Please see Travel Policy for procedures on nominal amounts due to or from employees.

Travel reimbursement requests must be supported by original paid receipts for all major transportation, lodging, incidental transportation, and miscellaneous items (except meals, transportation tips and baggage tips).

The reimbursement for mileage for the use of a private vehicle may not exceed the cost of the standard, unrestricted roundtrip airline coach airfare in effect at the time, plus

any personal auto mileage and airport parking that would have been incurred and reimbursable if airline transportation had been used. Reimbursement will not be allowed for any other transportation for the duration of the trip.

**V. Certificate/Continuing Education Reimbursements**

Certificate / Continuing Education reimbursement requests must be supported by a copy of the completed certificate or continuing education completion, as well as proof of payment for the required testing or education. An expense claim form, CVWD-973, must be filled out and signed by the employee and the employee's Director or Supervisor. The expense claim form should then be submitted to Human Resources for review and approval. Human Resources will forward the approved form to Accounts Payable for reimbursement to the employee. The expense claim form is available on the Intranet or shared drive.

**VI. Prompt Payment of Invoices**

Accounts payable is responsible for paying invoices from vendors for goods or services furnished to CVWD. Payments will be made according to agreed terms listed on the invoice and all attempts are made to take advantage of discounts offered for prompt payment. If no payment term is specified on the invoice, CVWD shall pay the invoice within 30 days of the date on which the vendor's invoice was received.

A. Responsibilities -- CVWD departments are required to develop, implement and comply with procedures that provide for the timely processing of vendor invoices. These procedures must include providing adequate documentation that includes key dates, approvals, and timely submission of receiving reports, if applicable. Key dates are the dates on which:

1. The goods are received and accepted or the services are rendered.
2. CVWD receives the proper bill or invoice.
3. The vendor is advised that the invoice and/or goods or services are not acceptable.

**VII. Definitions**

A. Proper Invoice — A proper invoice or bill must be addressed to CVWD and contain the following elements: a billing date, vendor name vendor address, unique invoice number, description of goods and/or services, item amount, tax detail, total and purchase order number, if applicable.

B. Payment Methods — Vendors may be paid one of three ways:

1. Check
2. Electronic Funds Transfer EFT/ACH
- 3.
4. Procurement Card or “P-Card” – See the Procurement Card Policy and Procedures

It is CVWD’s policy to encourage electronic forms of payment for all vendors Vendors may request payments via ACH by completing the “ACH Enrollment Form” available upon request from Finance

Payment by EFT/ACH increases efficiency, reduces risk of identity theft, loss of checks and reduces processing costs.

C. Timely Manner —CVWD accounts payable staff must review proper bills and invoices in a timely manner after receipt. If a bill or invoice cannot be paid as received, accounts payable staff must notify the vendor as soon as possible after discovering the defect. The notice to the vendor must identify the problem and contain any additional information necessary to correct it.

D. CVWD engineering staff must review progress billings in a timely manner after receipt. If a progress billing cannot be paid as received, the CVWD engineering staff must notify the vendor as soon as possible after discovering the defect. The notice to the vendor must identify the problem and contain any additional information necessary to correct it. Accounts payable staff are to be copied on this notice to the vendor.

E. Dates:

1. Date vendor invoice is received — The date a vendor invoice is received is a key date for CVWD. For miscellaneous check requests, when the CVWD accounts payable staff receives a vendor’s invoice they must immediately and legibly stamp the date received on the invoice.

2. Payment date — The date of the CVWD check, EFT /ACH payment, or P-card payment is the date of payment.

## VIII. Payment For Purchases

Payments for the purchase of goods or services are based on the vendor's proper bills and invoices, which reference a properly issued purchase order. Such payments are made when there is verification that the commodity or service has been received, are as specified on the order, and are in an acceptable condition. (See Section III – Check request receipt documentation for information regarding payments for goods and services not covered by a purchase order.)

- A. Receipt of Goods — The ordering department has the responsibility to ensure goods and services ordered have been received prior to approving for payment. This confirmation of receipt should be noted on the invoice or receipt via a “received by” signature or as an email attached to the invoice. If goods are received by a warehouse in Coachella or Palm Desert, they will “receive” the goods in the purchasing system.
- B. Payment For Goods and Services:
  1. Invoices — Payments for goods and services procured on purchase orders are normally based on a proper invoice or bill from the vendor.
  2. Payment Documents — For purposes of uniformity and data entry, a check request, electronic signature cover sheet, or approval on the actual invoice is used to code invoices for input into the Accounts Payable system for miscellaneous invoices or travel reimbursement payments.
  3. Vendor Monthly Statements — Payments may not be made based exclusively on a vendor’s monthly statement or other summary of amounts due. Vendor’s monthly statements should be reconciled to verify that all invoices have been received, properly paid and credited to the account.
  4. Trade Discounts — All trade discounts are treated as a reduction in the purchase price.
  5. Cash Discounts — All cash discounts received for equipment and commodities are treated as an adjustment to the purchase price.
  6. Freight Charges — Freight charges billed as part of the vendor’s invoice are treated as an adjustment to the purchase price.

C.     **Rebates and Trade-Ins**

1.     **Stated on Invoice** — Rebates are normally not acceptable as part of a purchase agreement. However, invoices that include rebates are treated as an adjustment to the purchase price.
2.     **Separate Remittance** — Rebates or refunds which are received in the form of checks are deposited following the CVWD's cash receipts process. They are recorded as miscellaneous income to the Domestic Fund. If the original source of funds can be readily identified, the rebate or refund should be treated as miscellaneous income to the originating fund.

IX.    **Unclaimed Checks**

Checks drawn on CVWD bank accounts that remain on the outstanding check reconciliation list after ninety days will be considered stale dated, and should not be honored by CVWD's bank if presented for payment. This will include funds issued from both Accounts Payable and Payroll. The guidelines for the appropriate handling of such checks is outlined below.

- A.     **Review process** — The Director of Finance, the Controller and other Finance staff will review the District's records at the end of each fiscal year to determine any unclaimed monies.
- B.     **Abandoned checks** — Anycheck that is left unclaimed for three years or more will be considered abandoned.
- C.     **Once a complete list of abandoned checks has been compiled, the Finance Director will seek approval from the Board of Directors to authorize the escheatment process.**
- D.     **Escheatment Process** — Appropriate public notice must be published once a week for two successive weeks in a newspaper of general circulation in the District's service area. The notice must state the amount of money to be transferred, the fund in which it is held, and the fact that 45 days after the first published date, the funds will revert to the fund from which it originated or where the Board of Directors deem appropriate.
- E.     **Valid Claims to Abandoned Funds** — Upon, or prior to, publication, an interested party may file a claim with the District, which must include the claimant's name,



address, amount of claim, and the reason why they feel their claim is valid. In addition, the claimant must present valid identification (e.g. CA Driver's License or passport) and any other information or documentation that may be helpful in determining the rightful ownership of any portion of the funds to be transferred. The claim must be filed before the date specified in the public notice, otherwise the claim will be rejected.

**X. Voiding Payments**

The CVWD Finance Department is responsible for voiding, or voiding and reissuing and storing all voided checks as deemed necessary by the Controller and other Finance personnel.

- A. Original voided checks will be stored, in the filing room, according to the records retention policy.