
DISBURSEMENTS

PURPOSE

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

APPLICABILITY

This policy applies to the job responsibilities of the Finance Director, Assistant Town Accountant, Treasurer/Collector, and Assistant Treasurer/Collector and to the warrant approval duties of the Town Manager. It further applies to all department heads and elected or appointed officials who submit requests for expense and payroll disbursements (all referred to here as “department heads”).

POLICY

No disbursement for any payroll or accounts payable (AP) expense shall occur without the prior review and approval of the Finance Director and Town Manager. Accordingly, the Finance Director is responsible for finalizing every AP and payroll warrant, and the Town Manager’s warrant approvals must be evidenced by his or her signature prior to any disbursements being done. Every disbursed check will include on its face: “Void if not cashed within one year of issuance.” The Treasurer/Collector shall secure prepared checks in a safe until distributed.

Payroll expenditures must be based on approved time and attendance records and consistent with collective bargaining agreements or the Town’s annual compensation/classification table. Vendor payments must be based on original invoices and made only to entities with valid form W-9s on file. As a tax-exempt organization, the Town will not pay sales tax on any expense, including any employee personal reimbursement.

A. Responsibilities

The Treasurer/Collector is responsible for maintaining a database of active town employees, including salaries, pay rates, stipends, weekly work hours, earned leave time, benefit options, and withholdings. Any change to an employee’s employment status, work hours, leave accrual rate, or compensation rate can only be made by the Treasurer/Collector based on the manpower summary sheet (prepared by the Assistant Treasurer/Collector in agreement with Collective Bargaining Agreements and/or individual contracts) and signed by the appropriate department head, Finance Director, and Town Manager.

Every other week, department heads must review, approve, and submit AP requests to the Finance Department and payroll timesheets to the Assistant Treasurer/Collector. Any elected and appointed board serving as a department head may vote to delegate approval authority to one board member, who shall report back to the board on the approval actions. These boards cannot assign this responsibility to any professional or other staff. Any department with compensated Board members is responsible for entering in stipends at appropriate time of payment (i.e. monthly).

If an employee resigns from employment with the Town, any wages, stipends, unused vacation time, etc., will be disbursed on the next scheduled payday. Final paycheck calculations will be performed by both the Assistant Treasurer/Collector (wages and accruals) and Assistant Town Accountant (benefit withholdings).

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

Department Heads:

Payroll

- Review and electronically approve (in WebTime) departmental payroll entries of hours worked by date and pay type (e.g., regular, overtime, holiday, etc.) and any accrued time used (e.g., vacation, personal, sick). Approval process must be completed on Mondays by 12:00 p.m. (if Monday is a Holiday, the deadline will be extended to Tuesday by 12:00 p.m.)
- Review and sign off on preprocess file and forward to the Assistant Treasurer/Collector by the end of the day on Tuesday.

Accounts Payable

- Review departmental invoice entries in the Munis AP invoice entry module to verify the appropriate accounts are charged and compliance with current contracts, if applicable.
- Verify that sufficient funds exist in the accounts being charged. If insufficient funds, complete the account line transfer and submit to the Finance Department along with the Munis batch or prior to submitting invoice for payment.
- Reconcile the Munis batch total to the invoice and receipt totals.
- For every new contract, submit supporting documents showing that procurement requirements have been met and approved by the Procurement Officer.
- Submit the signed Schedule of Bills Payable indicating the total department submission, Munis batch number, and warrant date, along with all the original invoices or receipts to the Finance Director by the end of the day on Wednesday prior to AP warrant date.
- Any department issuing bills on behalf of the Town must provide a list of outstanding balances to the Treasurer/Collector on a monthly basis.

Treasurer/Collector's Office:

Assistant Treasurer/Collector:

- Review and accept departmental input file from WebTime.
- Review for annual step increases.
- Create the preprocess file, reconcile it to departmental hour balances, and forward to department heads for sign off on dollar value.
- Forward the final preprocess report to the Finance Director for approval.
- After receiving approval from the Finance Director, create and submit the final payroll file to Harpers on Wednesday (unless schedule changes due to holidays).
- Print Harpers reports and create a gross payroll file for posting to the general ledger.
- Submit the reports and gross payroll file to the Finance Director.

Treasurer/Collector (AP and Payroll):

- Review the detailed warrant, signed by the Finance Director and Town Manager and verify whether outstanding amounts are due from any listed individuals or vendors.
- For any payee with a liability to the Town, hold back the check, apply it to the amount due, and issue a net check to the recipient for any remaining balance.
- For any payee with a liability to the Town, hold back the check, contact payee and wait until amount due is received to release the check.

- Fund the gross payroll plus the Town's portion of Medicare tax or the total AP warrant and disburse the payments by check, bank transfer, or direct deposit. Offset any voided checks from previous warrants prior to making a bank transfer.

Finance Director's Office:

Finance Director/Town Accountant and/or Assistant Town Accountant (Payroll):

- Review and approve the Harpers preprocess register verifying that expenditures are in accordance with governing documents, appropriate accounts are being charged, and funds are available.
- Post the Harpers gross payroll file to the general ledger (including Medicare and cash offsets).
- Prepare and submit the payroll warrant to the Town Manager for approval.

Finance Director/Town Accountant and/or Assistant Town Accountant (Accounts Payable):

- Review each AP submission for accuracy, original invoice, and signature.
- Contact the department head if any information is missing.
- For any new contract, confirm that proper procurement procedures were followed and approved by the Procurement Officer.
- Verify that the expense is for a valid purpose, the appropriate account is being charged, and funds are available.
- Include the expense with the warrant or delete and return the submission if any of the above cannot be validated.
- Prepare and submit the warrant to the Town Manager for approval.

Town Manager:

- Review each warrant for appropriateness.
- Approve and sign the warrant.

B. AP Appropriate Documentation

- Only original invoices shall be submitted for payment (not account statements, quotes, order summaries, etc.). They shall be submitted with a copy of the Munis batch and the Schedule of Bills Payable form. The Schedule of Bills Payable shall be signed by the appropriate municipal official (only original signatures are accepted; stamped signatures are not allowed).
- A municipal official may seek to assign temporary signature authority to another municipal official (to cover vacations) by sending a memo to the Town Manager and Finance Director.
- When applicable, a copy of a purchase order shall be attached to the invoice.
- Use the Employee Expense Form when requesting personal reimbursements with proof of payment (provide a brief description of the event, date, purpose, etc.). Please provide copy of cancelled check if payment done by check.

C. Emergency Disbursements

If there is an emergency or extenuating circumstance where payment must be made to an employee and/or vendor outside of the normal warrant process, the Treasurer/Collector may issue a manual check with the written authorizations of the Town Manager and Finance Director. In the

case of a vendor payment, the department will enter the disbursement in Munis to be processed as a no-check on the next accounts payable warrant.

D. Petty Cash

To mitigate any risks of illegal expenditures, violations of procurement laws, or instances of expenses exceeding appropriations, no petty cash accounts are authorized. The Treasurer/Collector maintains \$200, Recreation \$50 and Town Clerk \$50 in cash drawers (unless an increase is authorized by the Finance Director), which is used exclusively for making change.

E. Prior Fiscal Year Bills

To maintain the integrity of the annual budget, departments will charge all invoices to the proper fiscal year. In the event a department has an invoice for a prior fiscal year, it shall be submitted at a town meeting to authorize the payment and funding source. The appropriation can only be approved with a four-fifths vote of annual town meeting or a nine-tenths vote of a special town meeting.

F. Audit

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

REFERENCES

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

[M.G.L. c. 44, §§ 56, 58, 64](#)

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

Hamilton's collective bargaining agreements, annual wage grids, and compensation/classification tables

EFFECTIVE DATE

This policy was adopted by the Board of Selectmen on August 6, 2018.