POLICIES & PROCEDURES COMMITTEE

Martin D. Marshall
County Administrator

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MEMBERS
Dawn Bales, Nancy Jenkins-Arno, James Goetz

MEETING LOCATION
Airport Committee Room
2667 Cadmus Rd
Adrian, MI 49221

Agenda: Monday, August 30, 2021 – To immediately follow 1:30 pm Airport Commission

I. **Approval of Minutes** – July 12, 2021

II. **Review the following Policies**
http://www.lenawee.mi.us/639/County-Policies-Guidelines

A. Accounts Payable Policy
B. Automated Clearing House (ACH) Policy
C. Bidding Policy
D. Bond and Annexations Policy

III. **New Business**

IV. **Old Business**

V. **Ready for recommendation**

VI. **Other Business**

VII. **Public Comment**

VIII. **Adjournment**

LENAWEE COUNTY BOARD OF COMMISSIONERS
301 N. Main St. Courthouse ~ Adrian, MI 49221
(517) 264-4508
www.lenawee.mi.us

CHAIR
David Stimpson

VICE-CHAIR
Terry Collins

Nancy Jenkins-Arno
John Lapham
Dawn Bales
Karol "KZ" Bolton
Jim Goetz
Ralph Tillotson
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Policy#2021-002

Accounts Payable Policy and Procedure
Date of Adoption: January 24, 2013
Amended: 04/14, 01/15, 01/16, 06/17, 01/18; 06/18; 06/20

This Policy Is to Create Anti-Fraud Procedures as Required by Standard Account Practice

ILLEGAL OR UNAUTHORIZED EXPENDITURES:

In order for an expenditure of public funds to be proper, the governmental body approving the expenditure must receive a benefit that fits within their scope of operations. It is not sufficient that the expenditure be well intentioned, the expenditure must serve the local governmental unit.

The Michigan Department of Treasury has identified some of the most common examples of unlawful expenditures which are listed below:

- Office refreshments (e.g., coffee, water and donuts) or picnics
- Contributions or donations – including the use of property or equipment – to churches, veterans, community or nonprofit organizations (e.g., Big Brothers/Sisters, Scouts)
- Flowers to the sick or departed
- Presents to officials and employees or retirement recognition events
- Donations to a private ambulance or EMS service not under contract with the governmental unit

To further clarify, the expenditure for office refreshments is allowable if it is considered to be for a public purpose. For example, coffee and donuts are considered to be for a public purpose if they are available to the general public (such as at an open meeting).

Amounts paid to a nonprofit organization to administer a program or activity with a public purpose are allowable, if the government enters into a legal contract with the organization.

EVERY INVOICE REQUEST MUST HAVE PROPER DOCUMENTATION:

Incomplete vouchers will be returned to the department. It is required that actual support for payment be provided and attached to all voucher requests. Expenses must have some type of support (invoice, receipt, registration form, etc.) to document an expense.

WEEKLY CHECK RUN:

Invoices must be submitted timely to AP for the check to be received by the vendor before their due dates. It is the department's responsibility to obtain invoices from the vendor for timely payment processing. Lenawee County does not pay late fees. All invoices must be received in the AP Department no later than Thursday, 4:30 PM to be included in the subsequent weekly check run. Please make sure all attachments needed to be mailed with checks are included and clearly labeled. Special requests or exceptions must contact AP Department by Tuesday, 2:00 pm.

CHECK RETURNED TO THE DEPARTMENT:

Checks will no longer be returned by interoffice mail. Departments needing checks returned may pick them up Friday morning, 9:00 am to noon. Checks will need to be signed for their release. All checks not picked up Friday morning will be mailed out Friday afternoon.

INVOICING

- Every invoice needs an entry.
- **Invoice Numbers** Use only the invoice number available. The system will **not** allow duplicate invoice numbers for the same vendor. If there is not an invoice number, create a **meaningful** one for the entry. This number should be consistent with all invoices from that vendor. Please check vendor inquiries to verify prior invoice numbers.
- **Invoices will NOT be processed by the AP Department without the physical invoice.**
- Please make sure that all invoices measure at a minimum 8.5x11. Please tape smaller invoices to a full sheet of paper. This allows for easier filing/scanning and prevents the invoice from getting lost.

PURCHASE ORDERS:

- **All purchases costing over $10,000.00 must be on a Purchase Order.**

OTHER INFORMATION:

- **Lost checks or destroyed checks-** Replacement check will only be reissued after ten business days. Please contact the AP department when needing a replacement check.
- **Checks, Un-Cashed-** For checks 90 days or older – please contact the treasurer for processing directions.
- **Returned/undeliverable checks-** Please forward all returned/undeliverable checks to the AP Department

  DO NOT HOLD RETURNED CHECKS.
- **Clothing Reimbursements-** The employee is to purchase his or her clothing to equal the allotted reimbursement amount. Sales tax is not reimbursed. Turn in the detailed receipt with the departmental invoice.
- Employee Reimbursements- Employee reimbursements will be mailed to employee's home address. For convenience, please consider EFT as method of Payment. Using the department address for an employee is not permitted.

CREDIT CARD PURCHASES:

- All credit card invoice submissions MUST BE received on or before the due date established by AP each month.
- All credit card purchases must include a receipt for AP to process the payment.
- All invoice entries must be completed by using the established credit card training policy provided to all departments when cards are distributed.
- No credit card purchases are to be made between December 1st - 31st of each year. It is the department head's responsibility to ensure purchases are not made.
- Please review and understand allowable purchases on county credit card. For questions, please contact the AP Department.
- **Failure to comply with AP Credit Card Policy will result in suspension of credit card privileges for the department.**

PETTY CASH:

- If a department finds it necessary to issue a handwritten receipt, a pre-numbered receipt book should be kept on hand. All numbered receipts should be verified by an individual other than the one issuing the receipts and handling the cash.
- All Petty Cash reimbursements must include receipts.

REMITTANCES:

- Remittances are normally sent for monthly invoices that have perforated slips included on the invoice.
- Please make sure documents are clearly labeled that are to be included with checks.

SALES TAX EXEMPT:

- Lenawee County is exempt from Michigan Sales Tax – deduct any sales tax added to the invoice amount from the entry. If a vendor needs a Michigan tax exempt form, indicate on the invoice and AP will send one with the check.

W-9 FORMS:

All vendors must provide a W9 form before service is performed. For questions, please contact the AP Department.

TRAVEL REIMBURSEMENT POLICY:

- Proper documentation is required for reimbursement.
- Reimbursements are paid through the regular AP check run.
- Check will be issued no more than 90 days before the scheduled events due date, unless otherwise stated on the registration form.
- Itemized receipts are required for reimbursements.

Meals:

- No meals within Lenawee County unless PRE-APPROVED by the Department Head. Documentation must include persons attending and reason for the meeting. Any deviations from this please call AP Department.
- The maximum reimbursement amounts are; breakfast \$15, lunch \$15, and dinner \$35. The above maximums include tax and tip.
- Lenawee County will reimburse tips for meal service at customary rates.
- Itemized receipts must be submitted listing foods/drinks and restaurant name.
- Credit card charge slips are **NOT** acceptable.
- Meals charged to a hotel room must have an itemized receipt of all items ordered.
- Under no circumstances will Lenawee County reimburse employees for alcoholic beverages of any kind.

Hotel:

- "Check-Out" invoice must be used for reimbursement; if paid in advanced, please return a copy the Accounts Payable office.
- The supporting documentation (ex: receipt) is required within 60 days from the completion of the stay. If it is not presented to the AP Department within this allotted time, the employee will be responsible to reimburse the hotel cost to the County.
- Lenawee County is only exempt from Michigan Sales Tax. Check with the hotel in advance. Most will only accept a County check with the tax-exempt form.
- Only payment for the hotel stay during the conference dates will be authorized (documentation is required). All additional days (before or after) will be the employee's responsibility.

Room Rates/Type of Rooms:

- Lenawee County reimburses the lowest applicable rate. Reservations should be made at the standard block offering or applicable government rate. Any upgrade from the standard block offering or government rate, whichever is applicable, requires pre-approval by the County Administrator.

Mileage:

- When driving a personal vehicle, please use the current mileage rate.
- Do **not use** the corporate credit card for fuel purchases on Personal vehicles.
- When using a county vehicle or rental vehicle, please use the Corporate credit card for fuel purchases.
- Do not use the Mileage rate when using a county vehicle or rental vehicle.
- The authorized expense voucher must include date, number of miles and location for reimbursement.
- Lenawee County Commissioners must list separately taxable and non-taxable mileage.

Mileage Rate:

- The rate stays current with the IRS standard. Please feel free to contact the Accounts Payable Coordinator with any questions or concerns.

PASSED BY ROLL CALL VOTE of the Lenawee County Board of Commissioners at a regular meeting held Wednesday, March 10, 2021, in the Old County Courthouse, Adrian, Michigan.

David Stimpson, Chair

Rebecca Borton, Deputy Clerk

The following policy shall govern the use of electronic transactions and ACH arrangements for Lenawee County.

1. **DEFINITIONS**

"Automated Clearing House" or "ACH" means a national and governmental organization that has authority to process electronic payments, including, but not limited to, the national automated clearing house association and the federal reserve system.

An "ACH arrangement" means the agreement between the originator of the ACH transactions and the receiver of an ACH transaction.

An "ACH transaction" means an electronic payment, debit or credit transfer processed through an automated clearing house.

An "ACH policy" means the procedures and internal controls as determined under this written policy developed and adopted by the county treasurer.

2. **AUTHORITY TO ENTER INTO ACH ARRANGEMENTS AND ELECTRONIC TRANSFERS OF PUBLIC FUNDS**

The county treasurer may enter an ACH arrangement as provided by Public Act 738 of 2002, effective December 30, 2002.

Lenawee County shall not be a party to an ACH arrangement unless the Lenawee County Board of Commissioners has adopted a resolution to authorize electronic transactions and the Lenawee County Treasurer has presented a written ACH policy to the board.

An ACH arrangement under Public Act 738 of 2002 is not subject to the Revised Municipal Finance Act, Public Act 34 of 2002 (MCL 141.2101, et seq.), or to provisions of law or charter concerning the issuance of debt by a local unit.

3. **RESPONSIBILITY FOR ACH AGREEMENTS**

The Lenawee County Treasurer is responsible for Lenawee County's ACH agreements, including payment approval, accounting, reporting and generally for overseeing compliance with the ACH policy.

Any department wishing to make ACH transactions must present a completed ACH enrollment form at least two full weeks prior to the transaction so verification of information provided can be completed and the Clerk and the Board of Commissioners notified of the addition.

The treasurer shall submit to the county board documentation detailing the goods or services purchased, the cost of the goods or services, the date of the payment, and the department levels serviced by each payment of public funds made by electronic transfer. This report may be contained in the county's electronic general ledger software system or can be provided by separate report.

4. **INTERNAL ACCOUNTING CONTROLS TO MONITOR USE OF ACH TRANSACTIONS MADE BY THE COUNTY**

The following system of internal accounting controls will be used to monitor the use of ACH transaction by Lenawee County.

a) The Treasurer shall prepare a list of vendors authorized to be paid by ACH transaction and provide the list to the Clerk. This list may be modified, at any time, by mutual consent of the Treasurer and the Clerk.
b) All employees are now paid by ACH transaction and the Payroll Clerk maintains a current list.
c) An ACH enrollment form shall be on file with the Lenawee County Treasurer or an employee designated by the Treasurer for all vendors authorized to be paid by ACH transaction.
d) A separate summary schedule for claims submitted for payment by ACH transaction shall be prepared and approved by the Board of Commissioners.
e) It shall be the policy to have a party, not involved in the voucher entry system, approve invoices for ACH payment.
f) The treasurer shall retain all ACH transaction documents for audit purposes.

5. **INTERNAL ACCOUNTING CONTROLS TO MONITOR ACH TRANSACTIONS RETURNED TO THE COUNTY**

Upon notification from the Treasurer of a returned ACH transaction, appropriate measures are immediately taken to determine the cause. The ACH option for either the vendor or employee will be immediately disengaged and a paper check will be issued. Consideration is given in each situation to be certain that the appropriate general ledger entries have been posted in the accounting software and documentation is maintained accordingly.

6. **EFFECTIVE DATE**

This policy does not affect the validity of any ACH arrangement entered into by the County of Lenawee before the effective date of Public Act 738 of 2002 (December 30, 2002).

Bidding Policy **POL#2017-601**
Date of Adoption: July 12, 2000
Date of Amendments: 1/09, 7/11, 6/17 Last Review 12/17

1. **Sealed Bids** – Competitive bids shall be solicited for all contracts in which the total County obligation is anticipated to be $20,000 or more. The requirement for competitive bids shall not apply to intergovernmental contracts. All bid proposals shall be reviewed and approved by the Administrator's Office prior to distribution.

2. **Authority to award bids** - The Board of Commissioners may assign authority to award a bid to a named county official otherwise the Board reserves to itself the authority to award the bid.

3. **Bid and Performance bonds** – The Administrator's Office shall determine the necessity of a bid or performance bond for each bidding process. For construction projects in excess of $100,000 a performance bond of 100% of the project cost shall be required. The responsible committee is authorized to require performance bonds for projects less than $100,000 if it is deemed necessary. Performance and bid bond requirements may be waived, as necessary, at the discretion of the responsible committee.

4. **Quotes and estimates -** For goods and services anticipating to cost less than $20,000, County departments, boards and committees are authorized to determine the best method of procurement including the bidding process, quotes and estimates. Evaluation and selection of the appropriate method is to be handled on a case by case basis.

5. **Local preference** – Local vendors are encouraged to submit proposals on bid requests to provide goods and/or services to Lenawee County government. The increase in economic activity through local jobs, tax revenues, and expenditures, resulting from contracting with local vendors is evaluated in the cost consideration. Other considerations include quality, service, and time constraints. The lowest cost proposal does not necessarily result in the award of the proposal, because of other factors also being evaluated.

6. **Use of another organization's bidding procedures** – To benefit from interagency collaboration, it will be an acceptable practice for any Lenawee County agency or department to utilize a third party to conduct bidding for goods and/or services upon advanced approval of the County Administrator. Documentation relating to the third party's bidding policy must be submitted with the request for approval.

7. **Ability to override** – The Board of Commissioners may waive this bidding policy by a 2/3 majority vote if such action is determined to be in the best interests of the County.

Bond & Annexation Policy **POL#1999-01**
Date of Adoption: September 8, 1999
Last Review 12/17

A) BOND APPROVALS:

1) Full faith and credit of County
   a) Water, sewer and drainage issues must be approved by resolution of participating municipalities

   b) **Physical Resources Committee** to review proposed water, sewer or drainage issues and participation, if any, of County Drain Commission

   c) **Physical Resources Committee** to recommend or refer "full faith and credit" bond issues to **Personnel/Ways and Means Committee**

   d) All other "full faith and credit" bond issues to be reviewed by **Personnel/Ways and Means Committee** prior to consideration by **County Board of Commissioners**

   e) **Personnel/Ways and Means Committee** to recommend or refer "full faith and credit" bond issue to **County Board of Commissioners**

   f) **County Board of Commissioners** to approve/disapprove issuance of full faith and credit bonds

2) Authorization without full faith and credit of County
   a) Proposed bond issues for economic development, hospital finance, and any other project(s) that require County approval but **not** the extension of the County's full faith and credit must be reviewed by the **Personnel/Ways and Means Committee** a minimum of thirty (30) days in advance of scheduling a public hearing at a **County Board of Commissioners** meeting

   b) **Personnel/Ways and Means Committee** to recommend scheduling a public hearing on proposed bond issue at a **County Board of Commissioners** meeting a minimum of thirty (30) days in advance

   c) **County Board of Commissioners** conducts public hearing on proposed bond issue and approves / disapproves its issuance

B) ANNEXATIONS (Village and Township)

1) Resolution received from petitioning Village Council; statutory public hearing on Village annexation scheduled for regular **County Board of Commissioners** meeting

2) **Personnel/Ways and Means Committee** to review and recommend or refer annexation request to **County Board of Commissioners**; may request position of township(s) prior to annexation public hearing

3) **County Board of Commissioners** conducts statutory public hearing and approves / disapproves annexation request