

RESOLUTION NO. 79-16
ACCOUNTS PAYABLE SPLIT YEAR INVOICES


WHEREAS, Mason County recognizes that it is fiscally responsible to define policy and procedures following Washington State Auditor and GAAP standards for the accurate payment of invoices that contain services for more than one budget year.

WHEREAS, the State Auditor's Office, the Mason County Auditor's office and the Mason County Finance Committee has recommended guidelines to accurately portray the expenditures of the County for each budget year to remain consistent between County departments.

BE IT THEREFORE RESOLVED THAT accounts payable invoices that are received by any Mason County department which contains services split between two budget years are to be paid in the budget year that the invoice is due. See Attachment A which is incorporated as part of this resolution.


ADOPTED this 22 day of November 2016.

**BOARD OF COUNTY COMMISSIONERS
MASON COUNTY, WASHINGTON**



Terri Jeffreys, Chair

ATTEST:



Clerk of the Board



Tim Sheldon, Commissioner

APPROVED AS TO FORM:



Randy Neatherlin, Commissioner



Tim Whitehead, Chief Deputy
Prosecuting Attorney

cc: All County Departments

MASON COUNTY ACCOUNTS PAYABLE SPLIT YEAR INVOICES POLICY

ISSUE:

Invoices that straddle two budget years. Which year should they be paid from? An example would be Verizon. Their billing period is from the 16th of one month to the 15th of the next month. There are many vendors that fall into this category for their routine monthly or once a year billings (PUD's, copier companies, yearly administrative banking fees, etc.). This creates a payment issue in December/January of each year.

By not having a clear policy on how to address these routine billings, the departments paying the bills do not have a pattern that can be easily followed and consistent from year to year. This leaves Financial Services, tasked with auditing the billings, without a policy that can be enforced. When the state auditors are here they also don't have a clear pattern to follow. Having these routine payments made at random creates inaccurate information being provided to SAO regarding expenditures for the fiscal year being audited.

HISTORY:

Departments are paying these invoices in three separate ways:

1. Splitting the invoice between the two budget years.
2. Paying it all in the year the invoice is received.
3. Paying it all in the year that the invoice is due.

OBJECTIVE:

Create consistency not only at a department level, but at an auditing and reporting level to show expenditures accurately. Show a consistent amount of payments for these billings per year. Not 11 one budget year and 13 the following budget year, for monthly billings, depending on how the department opted to pay them.

RESOLUTION:

After discussion with the state auditors during our annual audit it has been determined the best course of action is to create a policy that would clearly indicate to departments, Financial Services and SAO how these billings are to be addressed.

Financial Services, in agreement with SAO, would propose that the billings for these routine split year invoices be paid in the **budget year** that the **billing is due**. As an example: Verizon billing is received by a department on 12/28/16. The billing period is for 12/16/16 through 01/15/17. The due date is 01/28/17. That billing should be paid from the 2017 budget. It would **not** be paid from 2016 13th month budget.