City of Allentown
Accounts Payable
Process Flow Narrative

I. <u>INVOICE RECEIPT PROCESS</u>

1. The vendor submits an invoice to the City of Allentown (COA) for payment.

2. COA receives the Invoice.
   a. Invoices are received via:
      i. Postal Mail directly to Accounts Payable (AP), or City Departments (Department),
      ii. Email submission to AP or Departments, or
      iii. Directly from the Departments.
         1. Petty Cash Replenishments, Travel Request and Authorization (TRA) and Travel Expense Report (TER).
   b. The invoices received by AP are sent to the Departments for invoice review and entry.

3. The Department receives and reviews the invoice.
   a. Each Department has a designated individual responsible for reviewing invoices for completeness and accuracy.
   b. The review ensures the invoice includes all required information needed for payment processing, including:
      i. Vendor name,
      ii. Invoice date,
      iii. Invoice number (if applicable),
      iv. Invoice amount, and
      v. Ensure there are no missing invoice pages or sections.
         1. If the invoice is missing required information or is incomplete, the Department contacts the Vendor to obtain the missing information before the invoice is entered into MUNIS AP for processing.
         2. If the Vendor does not supply the missing information, the invoice cannot be processed and the invoice is rejected
   c. The Department ensures that all supporting documentation required for review is included with the invoice.

4. When entering an invoice in MUNIS, the vendor is verified against the MUNIS Vendor Master File.
   a. If the Vendor profile exists on the MUNIS Vendor Master File, the invoice proceeds through the approval workflow in MUNIS.
   b. If the Vendor does not exist, Treasury creates the Vendor in the MUNIS Vendor Master File before invoice entry is complete.

5. The Department enters the invoice information into MUNIS AP Invoice Entry for processing and scans the invoice and any applicable supporting records into the MUNIS AP module.
   a. This may include Purchase Orders (PO's), Receiving Reports, Contracts, or Approval correspondence.
   b. The Department ensures all required invoice details and supporting documentation are included in MUNIS.

II. VENDOR PROFILE CREATED IN MUNIS

1. The Department advises all new Vendors that a completed W-9 form must be submitted to Treasury prior to the issuance of any payments.
   a. Most businesses will have a W-9 readily available.
   b. If the business does not have one, Treasury provides a blank W-9 form to the Department and asks them to have the Vendor complete it.

2. Treasury reviews the W-9 for completeness and accuracy:
   a. Name of the business,
   b. Business address,
   c. Tax classification,
   d. Taxpayer ID number (TIN), and
   e. The Vendor must sign and date the W-9.

3. If the W-9 is incomplete or is missing, Treasury requests the W-9 from the Vendor via email or phone.
   a. A Vendor profile cannot be created in MUNIS without a complete W-9.

4. If the W-9 form is complete and correct, Treasury scans the verified W-9 form into the MUNIS Vendor Master File.

5. The new Vendor Profile is activated in the MUNIS Vendor Master File.

III. ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION FORM PROCESS (OPTIONAL)

1. By submitting the EFT Authorization Form to Treasury's mailing address, the Vendor elects to receive invoice payment by direct deposit/EFT.
   a. The Vendor mails the EFT Authorization Form to Treasury.
   b. For security reasons, the forms must be returned via U.S. Mail.
      i. Email submissions are not accepted due to fraud risks concerning banking fraud, unauthorized changes to payment information, etc.
   c. The Vendor must include a voided check/bank letter.
   d. The Vendors who do not submit an EFT authorization Form will receive payment by check.

2. The Treasury Accountant reviews the EFT Form and the voided check/bank letter for accuracy and completeness.
   a. Legal business Name,
   b. Business Address,
   c. Business banking information.
   d. Treasury verifies the EFT is signed and dated.
      i. If information is incomplete, Treasury contacts the business using the information on file to request the missing details.

3. Treasury enters the Vendor banking and payment information into the MUNIS Vendor Master File.

4. Treasury initiates the EFT activation process for the Vendor payment process in the MUNIS Vendor Master File.

5. The activation process includes prenote initiation.
    a. A prenote is a zero-dollar amount that is sent as an EFT file to the bank. This is to ensure the banking information is accurate and valid.
        i. If issues are identified during the prenote process, Treasury contacts the Vendor to obtain the correct banking information.
    b. Treasury contacts the Vendor using the Vendor contact information on file.
    c. Once the information is received, the Vendor record is updated in the MUNIS Vendor Master File.
    d. The EFT setup process is reset and repeated until successful validation is achieved.

6. Once the prenote is successful and no banking issues are identified the Vendor is activated for EFT payments in MUNIS.

7. To permanently discontinue EFT payments, the Vendor must submit a revised EFT Authorization Form specifying the cancellation.
    a. Treasury reviews the request and updates the Vendor record in the MUNIS Vendor Master File.
    b. Once updated, payments are issued according to the Vendor's revised payment method (i.e. EFT, Paper Check, Wire).

8. A Vendor enrolled in EFT may choose to receive a paper check for a one-time only payment.
    a. The Vendor must provide the request in writing.
    b. Treasury approval is required.
    c. For the specific payment, AP overrides the EFT payment method.
    d. The override does not permanently change the Vendor's EFT enrollment.

IV. INVOICE ENTRY PROCESSING

1. Invoices are processed as either:
    a. Standard Invoices, or
    b. Purchase Order (PO) invoices

2. For standard invoices, the Department uses Invoice Entry in MUNIS AP to enter the invoice information and scan the invoice. The information entered includes:
    a. Vendor name and address,
    b. Remit-to-address,
    c. Invoice date and number, and
    d. Invoice dollar amount.

3. For PO invoices, the Department records the receipt of goods or services in the MUNIS Receiving Module, including:

    a. Quantities received, dollar amounts received, and the supporting document reference (i.e. packing slip, quote, or invoice number).

4. For PO invoices only, AP generates a MUNIS "Purchase Receiving Report".
    a. The Purchase Receiving Report is based on the daily receipt information.

5. For PO invoices, AP enters and scans the invoice into MUNIS AP Invoice Entry:
    a. Vendor name and address,
    b. Remit-to-address,
    c. Invoice date and number,
    d. Dollar amount,
    e. PO number (for PO invoices), and
    f. Received date (date uploaded into MUNIS, for PO invoices).
    g. PO Discounts (for PO invoices)
        i. A **PO liquidation** is the process of reducing or closing the remaining balance on a purchase order (PO) after goods or services have been received and invoices have been processed.

6. For standard invoices, the invoice is routed through the Departmental MUNIS approval workflow. PO invoices are already approved through the PO Approval Process. Once approved, the invoice entry is routed to AP for finalization.
    a. Department Manager,
    b. Department Director,
    c. Finance, and
    d. Purchasing.

7. Every invoice must be reviewed and verified by an AP Specialist to confirm:
    a. Sales tax accuracy,
    b. Due date (typically 30 days based on terms),
    c. Payment terms and due date match, and
    d. Invoice quantity matches the quantity received.

8. If there are any discrepancies, AP contacts the Department to resolve the differences before processing the invoice.

9. AP uploads all relevant documentation into MUNIS Invoice Entry. This must include:
    a. Invoice image, and
    b. All supporting records related to the goods or services that are being received.

10. AP releases the invoice entry to MUNIS AP Payment Manager. Once released the entry is held in the system until the next scheduled check run occurs.
    a. MUNIS AP Payment Manager is a system module used to process and issue check payments.

V. <u>CHECK/EFT PROCESSING PROCEDURE</u>

1. On a weekly basis, AP reviews approved invoices, processes payments, and prepares related reports.

2. Payments are categorized in the AP MUNIS system as:
    a. Standard (paper checks),
    b. EFTs (electronic payments), or
    c. Wire Transfers.
    d. Each payment type is processed separately to ensure proper tracking, reporting, and reconciliation.

3. Using MUNIS AP Payment Manager, AP selects the invoices ready for payment.

4. Using MUNIS AP Payment Manager, AP creates a payment report run date which is used as the batch identifier and file name for tracking purposes:
    a. Standard Checks use the calendar check run date (i.e. 062426).
    b. EFT uses an "E" before the calendar check run date to distinguish EFT payments from standard checks (i.e. E062426).

5. A Check Run Report is created in MUNIS AP Payment Manager for each batch. The report includes:
    a. Total number of invoices selected,
    b. Total dollar amount of payments, and
    c. List of Vendors included in the payment run.

6. After verifying the payment run report is complete in MUNIS AP Payment Manager, AP sequentially prints the paper checks, places the checks in envelopes, and holds the checks until the formal release is received from the Controller's Office.

7. AP prints the EFT Advice document for EFT payments.
    a. The EFT Advice shows the total amount to be paid electronically, and
    b. Is marked "EFT Copy – Non-Negotiable."

8. After printing the EFT Advice, AP uses the "Print Checks" module in MUNIS AP Payment Manager to check if there are any prenotes.
    a. A prenote is a payment that validates the Vendor's bank account information and ensures the Vendor is set up correctly to receive EFT payments.
    b. A zero-dollar amount is sent as an EFT file to the bank. This is to ensure the banking information is accurate and valid.
    c. If prenotes exist, the "Print Checks" icon appears and the vendor payments associated with prenotes remain in "Open Status" and are not marked as paid.
    d. AP reviews the open payments to identify the Vendors with active prenotes and prints paper checks for those Vendors instead of processing their payments as an EFT payment.

9. After printing both the Standard and EFT payments, AP posts the payments into the Cash Disbursements Module in MUNIS AP.

10. To ensure all payments generated through the payment run were processed accurately, AP performs a Check Reconciliation for each batch in MUNIS AP verifying that:
    a. Check numbers match MUNIS records,
    b. Vendor names and payment amounts are accurate,

c. Total disbursements match payment run totals, and
d. Any discrepancies identified during reconciliation are investigated and resolved before finalizing the payment run.

11. A Positive Pay File is generated in the Check Reconciliation Module (MUNIS AP) for each batch containing:
    a. Payment numbers,
    b. Payment amounts, and
    c. Batch identifier.

12. AP transmits the Positive Pay File to the Bank (TD Treasury system). The bank uses the file to validate payments presented for processing.

13. For each batch, AP generates the Paid Invoice Report in MUNIS AP by entering the specific run code. This report serves as the primary audit report for the payment run.

14. AP provides the Paid Invoice Report, scanned checks, and an Excel report for each batch to the Treasury Accountants and the Controller's Office for review and audit.

15. The Controller's Office reviews checks, EFTs, and supporting documentation and releases the checks/EFT for payment.
    a. If there is an issue with the check or documentation, the Controller's Office will advise AP and the Department that the check must be held until the issue is addressed.

VI. <u>WIRE TRANSFER PROCESS</u>

Wire Transfers are used for payments that require direct bank-to-bank processing and are not handled through standard check or EFT workflows.

1. The Treasury Accountant reviews the bank's Prior Day Detail Report and identifies the wire payments.
    a. The Prior Day Detail Report is a financial/operation document that provides a comprehensive, line-by-line breakdown of transactions and activities that occurred during the previous business day. The report includes wire transactions.

2. The Treasury Accountant provides AP with a copy of the bank's Prior Day Detail Report".

3. Before the Department can enter the invoice into MUNIS, AP confirms that the wire transaction will be recorded in MUNIS as one grouped payment (one check) to match the bank statement.

4. AP notifies the Department responsible for the wire transaction to enter the invoice into MUNIS Invoice Entry, and it goes through the appropriate MUNIS Wire approval workflow:
    a. Department Manager,
    b. Department Director,
    c. Finance, and
    d. Controller's Office.
    e. If the wire is rejected, wrong amount, wrong description, it goes back to Submitter to correct.

5. Once the wire payment is approved, AP verifies the wire invoice in the MUNIS Invoice Entry Module by confirming that:
    a. The wire payment amount matches the supporting documentation in MUNIS,
    b. The General Ledger effective date is adjusted to match the bank withdrawal date.
        i. Ensures the transaction is recorded when the payment is withdrawn from the bank,
    c. The wire number and payment date are correct, and
    d. The wire check run code (e.g., W062326)
        1. Is assigned to ensure the wire payment can be properly tracked and reconciled later in the process.

6. The wire entry is finalized through MUNIS AP Payment Manager using the assigned check run code.
    a. AP verifies that the transaction is posted through the Cash Disbursements module and recorded in the General Ledger.

7. AP manually clears the wire/check number in the MUNIS Check Reconciliation Module to reflect that the payment has already been processed by the bank.

8. AP generates a Paid Invoice Report in MUNIS AP and sends the Paid Invoice Report to the Treasury Accountants and the Controller's Office for review and retention.

9. AP files the Paid Invoice Report in the AP Directory in the COA drive to document the check run process.

VII. PETTY CASH REPLENISHMENT, TRAVEL REQUEST AND AUTHORIZATION (TRA) AND TRAVEL EXPENSE REPORT (TER) PROCESS

1. Petty Cash Replenishments, TRA and TER requests are entered into MUNIS Invoice Entry and routed through the approval workflow. It then goes to AP for payment processing.
    a. Petty Cash Replenishment requests are entered into MUNIS Invoice Entry following the Treasury's Accountant review and approval.
    b. TRA and TER requests are entered into MUNIS Invoice Entry and routed to AP after they have gone through the approval process for payment processing.
        i. Approvals include Purchasing and Finance.

2. AP verifies that the request matches the approved authorization, TRA or TER, and supporting documentation.
    a. AP confirms key data elements, including the request initiator and the correct dollar amount.
    b. AP reviews the supporting documentation for completeness and consistency with the information entered in MUNIS Invoice Entry.
    c. If discrepancies are identified, the request is returned to the Submitter for correction and appropriate approval before further processing.
        i. Corrected requests are resubmitted and re-reviewed by AP.

3. After final AP approval, the invoice is automatically routed to MUNIS AP Payment Manager until the check run.

4. AP issues the check payment for the approved invoices.
    a. AP's role is limited to processing and printing payment checks.
    b. The petty cash replenishment check is cashed by the Treasury Accountant to replenish the petty cash.
    c. The TRA/TER's checks are picked up by the appropriate employee/Department.