



Policy GP-45 Accounts Payable Policy

Governance Policy GP-45	Section: Corporate Services
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Purpose:

The purpose of this policy is to outline the criteria, process and timelines for the centralized payment processing of payables for Norfolk County.

The established guidelines ensure that only valid and authorized payables, supported by adequate documentation, oversight, and approvals, are recorded and paid in a timely and accurate manner.

Scope:

This policy applies to all payables processed by Accounting, including vendor invoices, credit invoices, cheque requisitions, employee expense reports, and petty cash reimbursements.

This policy excludes Ontario Works financial assistance payments processed through the Social Assistance Management System, property tax adjustments, and payments made by purchasing cards.

Definitions:

For the purposes of this Policy,

“Accounting” refers to the area within the Finance Department that is responsible for processing accounts payable invoices.

“Accounts Payable” refers to money owed by the County to its creditors.

“Cheque Requisition” refers to a payment request where there is not a formal invoice issued by the payee but is instead supported by documentation reinforcing the requirement for the payment, the payee, and the amount to be paid. Common payments initiated by the creation of a cheque requisition include grants, honorariums, settlements, transfer payment agreements, refunds, request to release deposits or securities, etc.

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“Electronic Funds Transfer” or (EFT) refers to a payment method where funds are transferred from the County’s bank account to a third party’s bank account utilizing an electronic transfer instead of a cheque.

“Holdback” shall mean an amount withheld under the terms of the contract from progress payments.

“Payee” refers to a person/company to whom money is paid or to be paid from the County through the centralized processing of payments. Examples include vendors, employees, individuals, etc.

“Progress Payments” refer to periodic payment requests for large projects, where work is completed over time, typically related to construction contracts.

“Purchasing Card” refers to a corporate credit card issued to authorized County employees to complete business-related purchases, bypassing reimbursement and centralized payment processes. The County’s purchasing cards are governed by the Purchasing Card Policy and Procedures (GP-009).

Standards and Procedures:

1. Guiding Principles:

- 1.1. Only payment requests that are properly approved in accordance with the Purchasing Policy (GP-028), and contain the proper support documentation will be processed for payment.
- 1.2. No payment will be issued without following appropriate spending authorization, in line with the Spending Authority Policy (GP-41).
- 1.3. Payments are made after goods and services are received, unless negotiated by contract, or a deposit is made in line with requirement 9.1 of this policy.
- 1.4. That all payment requests are for goods or services within a Council approved budget or approved by Council resolution if outside the approved budget.

2. Preparation of Payables for Payment:

2.1. Vendor Invoices:

2.1.1. General Vendor Invoices:

Vendor invoices, including credit invoices, must be sent directly to the County’s Accounting email by the vendor where possible. Where not possible, a vendor may mail or e-mail invoices directly to the appropriate department.

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Vendor invoices must be addressed to “Norfolk County”, “The Corporation of Norfolk County”, “Norfolk County Public Library”, “Norfolk County OPP Detachment Board” in order to be paid. Bills issued to an employee, or another name will not be paid by Accounting.

Vendor invoices must clearly indicate the net purchase amount, details of the purchase, freight or administration charges, applicable tax amount, and business number. If applicable, it should also include a purchase order number.

Where there is a payment dispute between a vendor and the County, partial payment of an invoice will not be made.

Packing slips, where provided, should be verified and dated as proof of receipt of goods, then subsequently matched with the invoice, and attached to the invoice as backup for proof of receipt.

Payments will not be made from vendor statements, packing slips, quotations, or estimates; a proper invoice with details of the purchase is required for payment as an internal control to reduce the risk that duplicate payments are made.

2.1.2. Additional Requirements for Progress Payments and Holdbacks:

Additional backup for payment required includes, but is not limited to:

- i. Purchase order
- ii. Workplace Safety and Insurance Board Certificate covering the period of work/after the lien period
- iii. Standard statutory declaration,
- iv. For holdback releases, proof of publication of certification of substantial performance of contract or certification of contract completion/abandonment, and
- v. Any other documentation as required by the contract or the *Construction Act, R.S.O 1990, c. C.30 (Construction Act)*.

Holdbacks, if required by contract or legislation, are required to be processed at the same time as progress payment and will be placed on hold in the County’s financial system until authorization to release the holdback has been received by Accounting from the department.

2.2. Cheque Requisitions:

2.2.1. General Cheque Requisitions:

General cheque requisitions (cheque requisitions not specified under sections 2.2.2 or 2.2.3) are initiated by the department the payment relates to and subsequently sent to Accounting for processing.

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2.2.2. Refund Requests:

Requests for refunds should be made to the department responsible for processing the initial payment for service; the payment request, by cheque requisition, will then be initiated by the department and sent to Accounting for processing.

2.2.3. Security or Deposit Releases:

Requests for payments related to security or deposit releases are initiated by the department responsible for authorizing the release and are then sent to Accounting for processing.

2.3. Employee Expenses:

Requests for reimbursements to County employees that are processed through Accounting must be made through the employee expense process. Employment related reimbursements will not be processed if a cheque requisition or invoice is created with an employee as the payee, unless initiated by the Human Resources Department.

All expenses and backup must adhere to the related County policies, and original itemized receipts must accompany expense claims. Debit or credit card slips alone will not be accepted unless they are itemized.

Requests for payments for employee expenses are initiated by the department and then sent to Accounting.

2.4. Petty Cash Reimbursement:

All expenses and backup must adhere to the related County Policy, and original itemized receipts must accompany petty cash reimbursement claims.

Requests for petty cash reimbursement are initiated by the department and then sent to Accounting.

3. Payment Methods:

The County's primary payment methods include: purchasing cards, EFT payments and cheque payments. EFT and cheque payments are issued in Canadian funds. Under limited circumstances, wire transfers or pre-authorized payment methods may be used and are subject to approval by the Treasurer/Deputy Treasurer. Payment will not be made through certified cheque; in place the County will process payment through EFT or wire transfers.

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3.1. Purchasing Cards:

When accepted by vendors, County staff are encouraged to make payments through Purchasing Cards, in line with Purchasing Card Policy and Procedures (GP-009), as long as any fee for processing is immaterial. Payments unable to be processed by Purchasing Cards are able to be sent to Accounting for processing.

3.2. EFT Payments:

Payees are encouraged to receive payment through EFT as opposed to cheque, to enhance the speed funds will be received from the County. To receive payment by EFT, a payee must complete an electronic payment request form, which will subsequently be supported by a verbal confirmation between the payee and Accounting. Once a payee has signed up for EFT payments, all payments processed by Accounting will be sent through this method, and it is the payee's responsibility to maintain this information for future changes.

To update EFT information the County has on file, a payee must fill out a new electronic payment request form, which is then required to be supported by a verbal confirmation between the payee and Accounting (i.e. simply noting EFT payment information on an invoice will not be accepted as adequate consent to change payment information).

Payees may opt out of receiving payment by EFT at anytime, and a written notice to do so should be sent to accounting@norfolkcounty.ca.

3.3. Cheque Payments:

If The County does not have EFT information on file for the payee, payments will be made by cheque and will be sent to the address identified on the invoice or cheque requisition.

Cheques are not available for pickup by vendors or departmental staff.

3.4. Pre-authorized Payments:

Accounting is responsible for arranging all pre-authorized payments, and approving vendors to be set-up for pre-authorized payments.

Invoices related to pre-authorized payments should be sent directly to Accounting and will be reconciled with the bank account transactions and will subsequently be recorded to the County's financial system.

No payments should be made to vendors set up for pre-authorized payments, unless verification has been completed with Accounting that the account has not been set-up for pre-authorized payment.

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4. Payments not in Canadian Funds:

Where possible, transactions should be completed in Canadian funds and invoices to the County should be made in Canadian funds. The County does not maintain bank accounts in foreign currencies.

For small order purchases, in line with thresholds established in Purchasing Policy (GP-028), transactions are required to be completed in Canadian funds if there is a comparable, reasonably priced product available for purchase in Canadian currency.

If an invoice is issued to the County in any foreign currency type, the following payment methods should be sought, and are listed in order of preference:

4.1. Request Invoice to be Re-issued:

Department staff should request vendors re-issue the invoice in Canadian funds.

4.2. Purchasing Card:

If the vendor is unable to re-issue the invoice in Canadian funds, the preferred method of payment is to be completed by Purchasing Card (if processing fees are immaterial). Cardholders are required to seek a limit increase to accommodate the purchase if Purchasing Cards are an acceptable form of payment.

4.3. Alternate Methods:

If a vendor does not accept Purchasing Cards, or a material processing fee is charged to process Purchasing Card payments, the department should contact the Deputy Treasurer to identify alternate payment methods. Alternate methods which may be considered include:

- a. Payment to be issued in Canadian funds, based on agreed exchange rate between the vendor and Accounting
- b. Payment to be issued through a wire transfer in the required currency type
- c. Any other method determined appropriate by the Deputy Treasurer and/or Treasurer

5. Payment Terms:

5.1. Vendor Invoices:

The County follows 30-day payment terms from invoice date, unless otherwise negotiated by contract or required by legislation (i.e. *Construction Act*).

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Progress payments and holdback releases are required to follow timelines as outlined within the *Construction Act* and executed contract documents.

5.2. Credit Invoices:

Credit invoices will be recorded within the County's financial system when received from the department, and will be applied against the vendor invoice received. If a credit remains unapplied for 12 months, Accounting may initiate a request from the vendor for reimbursement.

5.3. General Cheque Requisitions, Employee Expenses, and Petty Cash Reimbursements:

For general cheque requisitions (cheque requisitions not specified under section 5.4), employee expenses, and petty cash reimbursements, payment will be made the week following the request was received by Accounting.

5.4. Cheque Requisitions for Security or Deposit Releases:

Cheque Requisitions relating to the request for release of deposits or securities held on account require administration and authorization time prior to being processed for payment. Multiple departments are often required to authorize the release to ensure all conditions are met.

Department processing time is dependent on the type of security or deposit being held; for departmental authorization timeline estimates payees are encouraged to request information from the department directly.

After department authorization, often Finance authorization is also required. Finance authorization takes approximately 1-week from time of receipt. The payment request will subsequently be included in the next available payment run (between 2 and 3 weeks depending on timing of request for Finance authorization).

6. Timing of Payment Runs:

Payments will be made within a weekly payment run, typically administered each Thursday (day of the week subject to change at the County's discretion). Each week's payment run will include the payment requests received by Accounting by the end of the previous week; subject to Accounting's discretion to hold payments up to the 30-days term.

Payees receiving payment by EFT will receive an email notification of the payment on the day the payment run is administered, if an email address was provided on the electronic payment request form. Payee bank processing time may vary and may take a few business days for the payee to see the funds in their account.

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Printed cheques will be sent in the mail the business day following the payment run.

Emergency payment runs will be considered on an exception basis and must be approved by the Deputy Treasurer/Treasurer.

7. Payment Receipt Issues:

Payees looking to confirm if a payment has been issued by the County should reach out to accounting@norfolkcounty.ca with inquiry details, and Accounting staff will look into the issue.

If a payment was issued by the County and has not been received by the payee, additional steps may be taken upon identification to Accounting.

7.1. EFT payments issued and not received by a payee:

If an EFT was issued, and subsequently returned to the County's bank, Accounting will contact the payee to determine alternate banking information, or if a cheque should be issued. Payment is typically made within the following week's payment run, pending timely confirmation from the payee.

If an EFT was issued and was not returned to the County's bank, a payee is required to notify the County the payment was not received. In these cases, Accounting will confirm the banking information that the payment was sent to. Provided that funds were sent to the account corresponding with the completed electronic payment request form, it is the payee's responsibility to work with their bank to retrieve payment where funds were not returned to the County's bank account.

7.2. Cheque payments issued not received by a payee:

If a cheque payment was issued and is subsequently not received by a payee, the payee is required to notify the County that the payment was not received. In these cases, Accounting will confirm the address and date the cheque was sent and determine if the payment has been cashed. If the payment has not been cashed, and a reasonable mailing time has elapsed, Accounting will perform a stop payment that is registered with the bank and will cancel and re-issue the cheque as required.

8. Statements:

Vendor statements should be sent to accounting@norfolkcounty.ca, which will ensure regular reconciliation by Accounting and departmental follow up on outstanding payments.

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9. Miscellaneous Items:

9.1. Deposits:

Unless otherwise negotiated through a procurement, a deposit will not be made for the purchase goods or services. Exceptions to be provided in limited situations, up to a limit of 50% of the good or service to be received and must be authorized by the Deputy Treasurer/Treasurer. Remaining payment to be issued after receipt of the good or service.

9.2. Right to Setoff:

If a payee owes money to the County, these funds may be deducted from any payments issued by Accounting. Setoffs must be authorized by the Treasurer, Deputy Treasurer, or Tax Collector.

9.3. Third-Party Demands:

Third-party demands are legal requests made by external parties for funds to be deducted from payments issued to a debtor by the County. Third-party demands must be immediately forwarded to the Deputy Treasurer for review and processing. Payees will be notified if a third-party demand has been received by the County.

9.4. HST Registration Number:

Vendors must provide their HST Registration number before a payment is issued. In the event a vendor does not charge for HST, Accounting will assume that the vendor falls under the CRA small supplier exemption.

Responsibilities:

All employees/departments submitting an invoice or cheque requisition:

1. Must ensure that payment requests include the proper supporting documentation and are provided in a timely manner to meet the payment terms and internal processing deadlines.

Spending Authorization:

1. Ensuring all payment requests follow requirements outlined in this Policy, including section 1, before providing authorization of the payment to Accounting.

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Vendors:

1. Maintain up to date EFT information, through completion of the electronic payment request form, including providing verbal confirmation of this information.
2. Issuing invoices with required information, such as the remit to, address, net amount of purchase, applicable tax amount, applicable business number, any freight or administrative charges.
3. Providing invoices and statements by email to Accounting at accounting@norfolkcounty.ca.

Accounting Staff:

1. Distributing invoices via email to the relevant department for authorization.
2. Verifying use of a valid account code, invoice subtotal, HST, total and authorized signature is completed prior to processing.
3. Process payments in a timely manner.
4. Print cheques and process EFT.
5. Ensure the Deputy Treasurer/Treasurer reviews the EFT & Cheque register and approves the payments, and releases EFT payments.
6. Control the blank cheque stock.

Deputy Treasurer/Treasurer:

1. Ensure adequate procedures and controls are in place for the accounts payable process and are consistent with this policy.
2. Provide Finance approval for payments over \$50,000.
3. Provide any exemptions to this policy using discretion.