

ORDINANCE REGARDING ENCUMBRANCES

Purpose: The purpose of the policy below is to limit town entities from initiating new purchases late in the fiscal year and to prevent the carrying of encumbered funds across fiscal years. For reasons of fiscal and budgetary soundness, this policy below shall apply to all departments, offices and agencies of the Town of Plainville.

Definitions:

1. An encumbrance is defined as an executed contract for goods or services that will be delivered, provided or performed by the vendor outside of the budget year in which the contract was executed. Personnel costs are not encumbrances.
2. In order for an encumbrance to be confirmed, a specific purchase order must be placed and/or contract executed with a purchase order issued (i.e. mailed) to the vendor prior to June 30th of each year and subject to the procedure outlined below.

Procedure

1. A listing of all outstanding encumbrances shall be submitted to the Town Council by July 1st of every fiscal year. The list shall include the vendor name, date of contract or purchase order, a description of the goods or service, the budget account number and a purchase order posting report. Copies of all contracts for goods or services and purchase orders shall be attached.
2. The Town Council will review all outstanding encumbrances by July 15th of each year. If requested by the Town Council, any Town staff responsible for encumbering Town funds will attend meetings of the Town Council to answer questions and provide additional information regarding the encumbrances. The Town Council will confirm all encumbrances as defined above and make Town funds from the current fiscal year available to pay said encumbrances.
3. Town funds from the current fiscal year will not be made available to pay outstanding encumbrances after June 30th of each fiscal year unless confirmed by the Town Council.

Adopted by the Town Council January 17, 2012