



ACCOUNTS PAYABLE POLICY & PROCEDURE

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BACKGROUND

The following policy and procedures for making purchases were created in order to comply with IRS guidelines as well as internal control procedures created to ensure the financial statements of Parktel USA are kept in accordance with Generally Accepted Accounting Principles (GAAP). Failure to follow the guidelines below may result in the failure of an expense to be paid by Parktel USA.

METHODS

Payment to vendor methods (in preference order):

- Purchase Order
 - Payments to vendor resulting in a wire transfer or ACH.
 - Payments to vendor resulting in a bank check.
- American Express company credit card
 - For immediate payment to a vendor, this option is only applicable for those departments or employees who are issued a corporate credit card.
- Expenses Reimbursement
 - Submitted by employees or representatives for reimbursement of payments made to a vendor on Parktel USA's behalf.
 - Submitted by employees or representatives for reimbursement of expenses previously approved by Parktel USA Comptroller and aligned to the applicable formal process in place.
- Cash Advance
 - Available through the use of a Purchase Order for expenses to be incurred in the future when another method of payment is not acceptable.

*****IN ALL CIRCUMSTANCES ORIGINAL RECEIPTS MUST BE SUBMITTED*****

PROCESS

➤ Purchase Order

- Vendor must be properly setup as a Business Partner in Parktel USA system.
- Parktel USA CEO or Controller approves Purchase Order to be issued.
- Parktel USA issues a Purchase order towards vendor.
- Vendor confirms receipt of Purchase Order.
- Vendor sends back to Parktel USA their Purchase Order, Pro Forma invoice or Sales Order format with the next detail:
 - PO No.
 - Buyer (Bill to).
 - Buyer full Address.
 - Date.
 - Seller.
 - Seller full Address.
 - Seller contact information.
 - Item.
 - Model No.
 - Description of Goods.
 - Quantity.
 - Unit Price.
 - Total Amount.
 - Terms and Conditions.
- Goods and/or Services delivered/rendered.
 - A/P Invoice.
 - Packing List (if applicable).
 - HAWB (if applicable).
- Once goods or services received or rendered aligned to agreed terms.
 - Parktel USA performs a Good Receipt transaction (if applicable).
 - Parktel USA posts A/P invoice in SAP
 - On Goods Receipt.
 - On services rendered.

- A/P invoice payment scheduled according to agreed terms and conditions.
- American Express company credit card.
 - When a credit card is issued, instructions are given to the responsible person on processing charges. American Express company credit card is not assigned according to a certain position or role with Parktel USA, necessity dictates who will be assigned a company card, and it is not to be considered a right.
 - The card should be used for purchases such as travel arrangements, registration fees, business lunches, unusual supply purchases and vendors that may not allow for a Purchase Order or will not invoice.
 - Generally, a credit limit of \$2,000 is given to each card. Periodically the need for a temporary higher credit limit is needed, in this case please e-mail the CEO or Controller to request an increase and the date the limit can be reduced. Requests to increase or decrease a limit are usually addressed promptly.
 - The number on the back of the card may be called at any time to check the limit, available balance, purchases, report a lost or stolen card, etc.
 - If traveling or subject to perform a large purchase in a near future, please contact the CEO or Controller in advance to let them know of the plans so they can contact the financial institution to arrange a proper credit limit increase.
 - Keep all receipts, itemized ones rather than summary totals, as they need to be listed in the Formal Reimbursement Excel file provided as part of the formal reimbursement process.

Supply purchases:

- Vendor should be properly setup as a Business Partner in Parktel USA system (Exceptional occasions to the rule needs to be thoroughly reviewed and approved by Parktel USA CEO or Controller as a one-time transaction only or, aligned to the nature of the purchase, will not invoice).
- Parktel USA CEO or Controller approves Purchase Order or written purchase communication to be issued.

- Parktel USA issues a Purchase Order or any other written purchase confirmation to a vendor requesting goods or services.
- Vendor sends acknowledgement of receipt.
 - If a Purchase Order is issued by Parktel USA (please refer to Purchase Order Method detail required).
 - If written purchase confirmation issued by Parktel USA, vendor must send:
 - Written acknowledgement.
 - Quote.
 - Quantity.
 - Unit Price.
 - Total Amount.
 - Terms and Conditions.
- Parktel USA sends written approval.
 - Purchase Order.
 - Written Confirmation.
- Vendor sends Invoice to Parktel USA.
- Parktel USA:
 - Posts A/P Invoice in SAP from a Goods Receipt transaction in SAP (when applicable).
 - Posts A/P invoice directly.
- A/P invoice payment scheduled according to agreed terms and conditions.

➤ Expenses Reimbursement

When planning a business trip:

- Travel Pre-approval form (The travel pre-approval form is required as part of an “accountable plan” as defined by Parktel USA management). Instructions:
 - CEO or Controller approves the Pre-approval form.
 - Air tickets must be purchased three weeks in advance to the travel expected date (In extraordinary circumstances tickets can be purchased close to travel date with previous approval from CEO or Controller.
 - Once air tickets cost approved this will be the highest cost to be reimbursed, any additional cost should be covered by the

employee or representative, unless approved by CEO or Controller.

- Lodging must be reserved based on Parktel USA available agreements with different hotel chains such as Aloft and Element hotels in Miami, Florida.

- If Parktel USA does not have lodging agreements in place in the travel destination it is expected that the employee or representative will use common sense regarding the price per night, **it is desirable to book rooms that include breakfast.**
- Food and drinks allowed expense per day (in USD):
 - Breakfast \$20
 - Lunch \$35
 - Dinner \$50

****IMPORTANT NOTE:** Above allowed expenses per day are not cumulative between each other, the allowed expenses are individually identified per concept, if exceeded, the reimbursement will only be performed based on the individual allowed limit per concept or in extraordinary circumstances properly approved by Parktel USA CEO or Controller.

- Car Rental:
 - When travelling to Doral, FL offices it is mandatory to perform the vehicle booking calling +1 954 830 5973, Parktel USA has an agreement with this car rental company whose owner is Carolina Cortez.
 - The car rental company will hold a deposit on a credit card depending on the number of days the vehicle is rented.
 - The agreement is on a Compact car where four adults can sit comfortably.
 - The car rental agreement includes the next concepts and considerations:
 - SunPass tag (charges will be billed back upon vehicle return).
 - CDW and LDW coverages included.
 - Full gas tank included (Employee is required to fully fill the tank upon vehicle return, not complying with this requirement will result on gas charges applied

by the car rental company which will not be reimbursed to the employee).

****Pre-approval form is to be found in ANNEX A of this policy****

When redeeming expenses from a business trip:

- Travel Expense Report file:
 - Based on the original receipts, information to be filled in and submitted for approval, by employee or representative, of CEO or Controller is:
 - Expense incurred (Weekday, date, Concept, amount, currency).
 - When the currency is different to USD the accepted exchange app or web site is OANDA, a screen shot of the exchange rate from the accepted site must be pasted in the expense report file.
 - Expense reports must be sent for reimbursement approval no later than 2 months (60 days) after the expense was incurred, IRS rules state that 60-day limit must be followed. Expense reports received after the 60-day limit will be reimbursed as taxable income through payroll as the IRS states.
 - Reimbursements must be in compliance with Parktel USA policy on valid business expenses.
 - Expense reports must be signed by the employee, for practical matters Parktel USA will consider an expense report signed if submitted by written from the employee e-mail account.
 - Expense reports must be approved by the CEO or Controller.
 - All reimbursements may be direct deposited through wire transfer or ACH to the employee or representative bank account.
 - Typically, completed expense reports received from employees or representatives before month ends will be paid in the immediate next payroll run deposited on the first day of each month.

- Completed expense reports received from employees or representatives after month end will be pushed to the next payroll run (next month).

****Expense report form is to be found in ANNEX A of this policy****

➤ Cash Advance

- Cash advances are only available using a Purchase Order and **are the least favored payment option**. The cash advance is used to provide cash upfront for a future event, travel or purchase. If no other method of payment is acceptable, please allow for plenty of time to get approved by CEO or Controller and to acquire a cash advance.
- Complete a Purchase Order through the procedures described above. Please allow ample time for approval by CEO or Controller.
- Purchase Orders and cash advance purchase orders submitted on Friday will be available by the following Friday. Those submitted after Friday will be made available earlier at the Controller's discretion and will be the exception, not the rule.
- All expenses and receipts are required to be documented and turned in with the Expense Report form for documentation according to IRS rules and regulations. Failure to submit a corresponding Expense Report form within two weeks of the event will result in the cash advance becoming taxable income.

➤ Professional Services Contracts

- When Parktel USA enters into agreements with non-employees or independent contractors to perform specific services; these contracted agreements are documented on a "Professional Service Contract". This form is appropriate for use on a recurring basis.
- The IRS require that payments to non-corporations for professional services be reported on a Tax Form 1099 if over \$600 during the calendar year. A completed W-9 form contains all the information needed to report to the IRS and to the State (if applicable). The Tax Form 1099 is required to be sent out by the end of January.
 - For US citizens or legal residents a Professional Services Contract must be completed, signed and properly authorized

before payment will be made. A current IRS form W-9 must also be completed or be on file.

- For Non-US citizens or legal residents a Professional Services Contract must be completed, signed and properly authorized before payment will be made. A current IRS form W-8 must also be completed or be on file.
- Forward the signed contract, the completed W-9 or W-8 (or so indicate one is on file), together with a properly authorized Purchase Order to Finance organization.

➤ Year End Procedures

- Parktel USA fiscal year runs January 1st. to December 31st.
- It is important to plan ahead and communicate within CEO or Controller regarding deadlines.
- Complete all current year purchases (meaning purchases to be charged to the current year's budget) by mid-December. Current year Purchase Orders must be input, approved and submitted to CEO or Controller by mid-December.
- Pull in any possible Purchase Order from our customers, Parktel USA needs to know in advance if any customer will not receive new deliveries during the last week of the year.
- Aligned to Parktel USA policy December 15th. Is the deadline for receiving Purchase Orders which needs to be delivered within current fiscal year upon inventory availability, December 30th. Will be the last committed date for deliveries.
- In Extraordinary circumstances, such as inventory break in the channel, as long as approved by CEO or Controller and upon inventory availability, Purchase Orders may be received after deadline.
- In any of both cases mentioned above, customers must commit to receive goods before December 30th.
- In the case a customer will not receive new deliveries during the last week of the year, Parktel USA will prioritize these deliveries up to the possible extent, the goal is to achieve an optimal inventory level at year end closing.

- Parktel USA will receive vendors invoices until December 16th. The latest any new invoice after this date must be issued with January first available labor day.

Type of document	Policy	Related policy	
Version	1	Issuance date	
Owner	Approval date	Approver	Approval date
Jose M Doporto, Financial & Compliance Officer		CEO	
Previous versions approval references			

ANNEX A

Travel Pre-approval File.



Microsoft Excel
97-2003 Worksheet

Expense Report File.



Microsoft Excel
97-2003 Worksheet