



## 1.0 PURPOSE

This policy provides guidelines for the disbursement of funds related to goods and services provided to Brink's, Inc. by vendors. Purchasing of goods and services is covered in a separate *Procurement* policy.

## 2.0 SCOPE

This policy applies to all Brink's, Inc. (Brink's) corporate, regional, and country level business units.

## 3.0 RESPONSIBILITY

Overall responsibility for the policy lies with the BCO Controller. Continued compliance, successful implementation, and maintenance of financial records is the responsibility of business unit management. Corporate and Regional management are responsible for on-going monitoring of compliance with the policy.

## 4.0 POLICY

Payments of expenses shall be supported by a purchase requisition or purchase order (PO) if used and invoice or contractual agreement, include proper management approval, and be processed and paid by the Accounts Payable (A/P) function. All expenses must be recorded in the general ledger in the accounting period in which they are incurred. Any invoices not received by the end of the accounting period for which the services have been rendered or goods have been provided to Brink's shall be accrued as liabilities at the end of the accounting period.

The terms "Receiving Department" and "Purchasing Department" referred to in this policy do not necessarily refer to formalized, separate functional departments since they may not exist based on the needs, size, and complexity of individual business units. They are intended as generalized terms referring to individuals or departments responsible for purchasing or receiving goods or services.

### 4.1 Objectives

Transactions recorded in the general ledger must be properly measured based on the underlying event in accordance with U.S. GAAP. All transactions occurring during the reporting period and current balances must be completely reflected in the general ledger. Only assets and liabilities for which Brink's has the rights of ownership or responsibility for payment should be recorded in the general ledger. Transactions should be recorded only when they exist as supported by an underlying event. All amounts should be classified and disclosed to allow for



accurate presentation of financial information. Management should ensure that all transactions and adjustments are appropriately authorized for recording in the general ledger.

## 5.0 PROCEDURE

The intent of this policy is to provide general guidelines and principles to assist business units to ensure sound practices are followed embodying the principles of sufficient internal controls. These procedures are not intended to address detailed, specific control activities applied by business units.

### 5.1 New Vendor Setup

Vendor selection should be based on the specific capabilities of the vendor to consistently meet the business needs of Brink's. Consideration should be given to vendor quality, timeliness, pricing, and other variables.

When a new vendor relationship is established, the engaging department must complete a *Vendor Maintenance Form* (**Exhibit A**), obtain management approval, and provide it to the A/P function. This form provides vendor information and demonstrates evidence of proper management approval prior to entering the vendor into the A/P system. The *Vendor Maintenance Form* should also be updated when the vendor's information changes. Vendor authorization should be made at the level of Manager or higher. While the specific form used in **Exhibit A** is not required, any alternative forms or electronic means used should embody the same elements and include evidence of management approval. Vendor maintenance files should be reviewed periodically.

### 5.2 Purchase Orders

Management should use Purchase Orders (POs) to purchase goods and services to the greatest extent possible. See the *Procurement* policy for further guidance.

Capital expenditure requests (or other significant investments/projects) must be submitted on the *Capital Expenditure Request (CER) Form* which is addressed separately in the *Capital Expenditures* policy.

### 5.3 Invoice Approval

Documentation (usually in the form of a vendor invoice) must be provided by vendors to evidence the price and quantity of goods or nature of services provided.

All invoices must be submitted to the A/P function timely for recording in the accounting records and for payment processing. If the original invoice is lost, a duplicate invoice should be requested, with the vendor indicating on the invoice that it is a duplicate.



Invoices require supporting documentation, including but not limited to:

- documents evidencing receipt of the goods/services by the receiving function
- purchase orders, if applicable
- management authorized signatures (countries should have a locally developed management authorization levels matrix)
- all necessary identifying and account coding information the invoice is to be charged to
- vendor name
- invoice number
- vendor number, where assigned a unique number
- payment due date

Any invoice submitted to the A/P function that does not have adequate supporting documentation or management approvals should not be paid. It is the responsibility of the requesting department to ensure all documentation and approvals are provided to the A/P function for invoice processing, in a timely manner.

All invoices should be recorded timely to ensure a proper accounting period cutoff. Delays in recording invoices due to minor administration information such as pending additional clarity on an invoice should be avoided.

#### **5.4 Recording of Invoices**

An A/P subsidiary ledger, listing all vendors, invoice numbers, amounts, and due dates must be maintained. The subsidiary ledger should be capable of aging payment due dates. All payments to vendors should also be posted to the A/P subsidiary ledger. The total of amounts owed to vendors per the A/P subsidiary ledger should be reconciled to the Accounts Payable total per the general ledger used to support the business unit's financial statements.

#### **5.5 Goods Received, Not Invoiced**

If goods and/or services have been received but the related invoice has yet to be received from the vendor, amounts should be recorded to an accrued liability account (and the related expense account). Once an invoice is received and matched to the PO (or PR if a PO system is not used) and receiving document, if applicable, it should be recorded to Accounts Payable on the general ledger at which point it becomes eligible for payment, and the accrual is reversed.

Documentation supporting the amount of each accrual must be reviewed by management. Documentation must be maintained to support the general ledger balance which should be reconciled on a monthly basis.



## 5.6 Payment Processing

Business units should take advantage of any discount terms available through the vendor to the greatest extent possible. Business units should also pay on due dates and not before the agreed payment terms. The A/P function should consider reviewing a pre-payment register to ensure that planned payments appear accurate prior to initiating the actual check or wire transfer. Checks or wire transfer vouchers should be matched with the PO (or PR if a PO system is not used), evidence of receipt and original vendor invoice and presented for management review. Management should ensure that all disbursements are adequately supported before authorizing payment. Management authorization must be evidenced (initials or signature or electronic audit trail capable of clearly demonstrating management authorization).

Check stock must be maintained in a secure location with access limited to the A/P supervisory staff. Signature stamps are not allowed unless authorized by the BCO Controller. Electronic wire transfers should be used whenever possible instead of checks due to the inherent controls. Wire transfer passwords should be afforded an appropriate level of security and should be protected from unintended disclosure.

Proper segregation of duties must be maintained at all times. Employees with access to funds (authorized check signers, cash, or those with wire transfer passwords) should not also have responsibility to record payments in the accounting records. The individual establishing the wire transfer should not be the same individual authorizing the wire transfer with the banking system. Employees with responsibility for reconciling cash accounts should not also have responsibility for recording cash or accounts payable transactions in the general ledger. Employees authorized to maintain the vendor master file should not also be authorized to process vendor payments.

Each business unit must maintain a check signer/wire transfer approval list, reviewing it at least annually or immediately upon a change (locally within 24 hours). Such review must be documented and retained.

## 5.7 Manual Checks

Manual checks are defined as hand-completed checks used primarily for emergency purposes which are not generated as part of a scheduled, recurring check run, sometimes called “one-off” checks.

Management is encouraged to use electronic wire transfers as much as possible. Manual checks should be used for the satisfaction of a vendor payment related to immediate Brink’s needs. Manual checks are subject to the same documentation and review procedures outlined above including evidence of receipt and original vendor invoice presented to management for review. Management should ensure



that all disbursements, including manual checks, are adequately supported before authorizing payment.

#### **5.8 Employee Advances**

Employee advances for purposes other than travel should be avoided. Loans or other advances to employees are not allowed except if approved by the Chief Administrative Officer, The Brink's Company.

Please refer to the *Travel and Entertainment* policy for further guidance.

#### **5.9 Expense Reports**

Employee travel and entertainment reimbursement Expense Reports are paid through the A/P function (generally within the Treasury or Accounting department) and must be accompanied by appropriate support. Please refer to the *Travel and Entertainment* policy for further guidance.

#### **5.10 Consultants**

Consultants are defined as individuals that work for Brink's as independent contractors. They are not employees; therefore, they are paid through the A/P function and not payroll. Payments to consultants are subject to the same processing requirements outlined in this policy. Consultants should be established as vendors as provided in the *Use of Consultants* policy.

#### **5.11 Reconciliation of A/P Sub-ledger to General Ledger**

At the end of each monthly accounting period, the total amount due to vendors per the A/P sub-ledger should be reconciled to the total per the Accounts Payable general ledger account used to support the financial statements. All differences should be investigated immediately and adjustments made timely as necessary. The reconciliation and results of any investigation should be reviewed and approved by finance management and retained.

To maintain adequate segregation of duties, the A/P sub-ledger review and reconciliation process should not be performed by individuals who have access to cash, checks, or wire transfer passwords or those who record entries in the A/P sub-ledger and maintain the account detail in the general ledger.

#### **5.12 Periodic Review**

The A/P subsidiary ledger vendor detail should be reviewed quarterly. This review must be documented and retained. Any aged A/P balances on invoices should be investigated. Any amounts disputed or settled with the vendor should be removed from the A/P subsidiary ledger if payment is no longer required through obtaining a



credit note from the vendor. An invoice should not be removed from the A/P subsidiary ledger simply because there is a dispute until a vendor credit note is received.

The A/P subsidiary ledger should also be reviewed quarterly for debit balances (amounts vendors owe to Brink's or that should be set off against another invoice). Business units should determine if Brink's will receive payment from the vendor or if an offset to another invoice is appropriate. If there is a significant amount of debit balances in Accounts Payable that are aged greater than one year, the balance should be reclassified from Accounts Payable to a receivable. If payments are expected from the vendor and have not been received in a timely manner, the vendor should be contacted. These reviews can be accomplished by the A/P supervisory function.

### **5.13 Recording of Vendor Credit Memo**

In the ordinary course of business, credits may be issued by vendors to Brink's for reasons such as delivery shortages, inferior quality, or pricing discrepancies. When a vendor credit memo is received, the A/P function must receive the original credit note from the Purchasing function. This alerts the A/P function of the returned goods, allowing the A/P function to adjust the payments due to the vendor. In addition to the vendor credit memo, the Purchasing function should also send related documents such as the bill of lading, packing slip, and rejection of materials report to the A/P function, if any. If goods are shipped back to the vendor, these shipping documents should be filed with the related vendor documents.

When the vendor sends a credit memo acknowledging the receipt of the returned goods and the amount of the credit given to Brink's, the A/P function should compare the credit memo to the internal records of goods returned to vendors. A credit memo should be subject to the same process as a vendor invoice. This is normally the responsibility of the Purchasing/Receiving function. Any differences should be investigated in a timely manner.

### **5.14 Duplicate Payment Audit**

Business unit management is required to perform a duplicate payment audit annually. The method and timing of the audit is at the discretion of Senior Financial Management at the business unit.

## **6.0 ADVICE AND COUNSEL**

Brink's Management includes accounting and finance professionals who are available to provide assistance and guidance to ensure compliance with this policy. Interpretation of



guidance provided in this policy is the responsibility of the BCO Controller. Questions about this policy should first be directed to Regional Financial Management.

## 7.0 RELEVANT PROFESSIONAL LITERATURE

This policy is based on good business practice supported by a system of normal checks and balances and segregation of duties.

U.S. GAAP requires that Brink's financial statements include liabilities and expenses that are incurred during the accounting period. This includes recording amounts as "Accrued Expenses" or "Goods Received, Not Invoiced" when services have been rendered or goods received during the accounting period even if the invoice has not been received by the end of the accounting period.

## 8.0 DOCUMENTATION

All *Vendor Maintenance Forms*, invoices and supporting documentation, reconciliations, and vendor credit memos as outlined in this policy should be maintained at the local business unit level and will be subject to periodic review.



## Example Vendor Maintenance Form

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- This is a:**        New Vendor
- Change in Existing Vendor’s Information

### Vendor Information

**Vendor Name:** \_\_\_\_\_

**Vendor Address:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Primary Vendor Contact:** \_\_\_\_\_

**Phone Number:** \_\_\_\_\_

**Prepared by:** \_\_\_\_\_

**Authorized by:** \_\_\_\_\_