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# **ACCOUNTS PAYABLE PROCEDURES**

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Accounts payable checks should be processed on a weekly basis for release by Thursday afternoon, or earlier dependent upon work schedules or holidays.

### **General Instructions:**

- ❑ All invoices shall be entered separately into the finance system by invoice number, amount, and date. Note: The invoice number is a “key” record. If entered correctly, the system will not allow a duplicate payment to a vendor.
- ❑ Payments shall not be made from statements.
- ❑ Upon receipt of an invoice from a vendor, it should be matched with a pending purchase order [accounts payable copy], and receiving copy [signed by the Director/Campus Principal/Department Head]. **Note: This constitutes a 3-way match.**
- ❑ If no discrepancies exist, the check payment should be entered into the finance system.
- ❑ If a discount is offered by the vendor for early payment, the payment should be processed within the allotted time if the goods have been received and their receipt has been verified by the originating campus or department. NOTE: All payments must be paid within 30 days of the invoice (Govt. Code 2251).
- ❑ All invoices should be checked to ensure that appropriate discounts, bid/quote pricing, terms of shipment, tax exemption, and extensions are correct.
- ❑ All invoices that exceed the purchase order amount by more than \$100 [excluding freight charges] should be forwarded to the Business Manager for approval.
- ❑ All non-purchase order payments [except for travel documents] should be paid via a payment authorization.
- ❑ The Business Manager should approve all payment authorizations.
- ❑ Recurring invoices such as utilities, monthly rentals, payroll deductions, etc. should be entered into the finance system for payment as noted below:
  - ❑ Utilities: A copy of all utility invoices shall be forwarded to the Director of Maintenance & Operations for approval. After approval, the invoice(s) shall be entered into the finance system.
  - ❑ Cell phones: All charges shall be reconciled and posted on the spreadsheet to include the payment for each phone by account number and amount.
  - ❑ Copiers: All charges shall be reconciled with meter readings and posted on the spreadsheet.
- ❑ All petty cash reimbursements should be entered into the finance system for payment. Extenuating circumstances or items of non-compliance, if any, should be forwarded to the Business Manager for review and approval.

- ❑ All invoices or supporting documentation for payments should be stamped “paid” to ensure that duplicate payments do not occur.
- ❑ All payments should be made from original documents to ensure that duplicate payments do not occur. If payment is made from a copy, the copy shall be stamped “original”.
- ❑ All check payments should be posted to the general ledger at the time that the checks are printed.
- ❑ All purchase order encumbrances should be reduced and/or liquidated when check payments are made for the purchase order.
- ❑ Checks shall not be issued to “Cash” or “Bearer”.
- ❑ At fiscal year-end, the Accounting Supervisor shall prepare a report of all Accounts Payables as of August 31<sup>st</sup> and submit the report to the Business Manager by September 15<sup>th</sup> for audit purposes.
- ❑ All “paid” check copies should be filed in alpha order by vendor last name or company name.
- ❑ The Business Manager or Superintendent shall pre-approve all “emergency” checks.
- ❑ Statements from vendors should be reconciled with check payments on file, discrepancies should be researched and resolved, and reconciled statements should be filed for a period of 60 days, and then discarded after the administrative value (AV) period.
- ❑ All returned purchases should be coordinated by the Accounts Payable Specialist:
  - ❑ The Accounts Payable Specialist shall notify the vendor for authorization to return goods.
  - ❑ Payment to the vendor for returned purchases should be withheld from the vendor until replacement items are received that are acceptable to the district
  - ❑ All check copies for items returned to the vendor should be kept in a pending file until receipt of the replacement items.
  - ❑ If replacement items are not received within a 60 day period, a demand for a refund should be forwarded to the vendor. The Executive Chief Financial Officer shall be notified if the vendor has not complied with the 60 day timeline.
- ❑ Partial shipments should be monitored to ensure that the full shipment is received within a reasonable time period. Partial payments should not be made unless prior arrangements have been made with the vendor.

### **Compliance with State Law:**

- ❑ All payments shall be made in accordance with state law [Govt Code 2251] within 30 days of the later of the following:
  - ❑ The date the District received the goods,
  - ❑ The date the vendor performed the service or the contract was completed, or
  - ❑ The date the District receives the invoice for the goods or services.
- ❑ Interest shall not be paid on any invoices unless the payment is “overdue” as defined by state law. The interest paid shall not exceed the sum of 1% and the Wall Street Prime Rate (currently 3.25%)
- ❑ The interest due, if any, shall be paid from local (non-state or non-federal) funds when the invoice is paid. The District shall not request that the vendor waive the interest if the interest is in compliance with state law.

- If an invoice is disputed, it must be disputed in writing no later than 15 day after the receipt of the invoice (state law maximum is 21 days).

### **Verification of Check Transactions:**

- The Accounts Payable Specialist shall verify that all check transactions meet the following guidelines:
  - All required approvals are noted on the PO
  - A 3-way match exists (PO, invoice & receiving)
  - Proof of receiving - signature on receiving report or electronic signature through receiving system
  - All items have been received and/or cancelled
  - Partial payment , if allowed, is recorded or tracked
  - The “reason” or “description on the payment is appropriate for the expense
  - Liquidated amount matches the amount paid
  - The remaining liquidation is reversed during the final payment (if partial payments are allowed)
  - Invoices # entered correctly
  - Invoice Date is after the PO approval date
  - Vendor remittance address is correct
  - Account code(s) matches the purchase
  - Sales tax is not included on invoice
  - Due date has not passed
  - Discounts, if any, have been taken
  - Credits, if any, have been taken
  - Freight charges are allowable (refer to Bid or Co-Op purchase terms) on PO
  - Bid or Co-Op prices have not been exceeded on the invoice
  - Invoices are originals (if a copy is used, it should be stamped “original” once it has been verified that the invoice has not been paid)
  - Late fees, interest charges, etc. have not been charged, unless they have been researched and are valid
  - Invoices for all contracted services include details regarding the service provided and the date(s) of service

### **Travel Payments:**

- All travel authorizations and settlements should be forwarded to the Business Manager for approval.
- Meal advances are issued to the traveler no more than 30 days prior to the travel event (IRS Regulations)
- Lodging advances/payments do not include non-allowable charges such as taxes, entertainment, room service, etc.
- Travel reimbursements must be supported by original receipts and/or settlement form

- ❑ Mileage advances/payments do not exceed the federal, state, or local maximum rates, whichever is less
- ❑ Travel advances, if any, are held for travel settlement and/or certification (IRS Regulations)

### **Construction Payments:**

- ❑ All construction payments to general contractors shall be approved by the Director of Maintenance & Operations and the Superintendent.
- ❑ All construction payment (for projects funded with federal funds) must have a Davis Bacon Certification.

### **Credit Card Payments:**

- ❑ All detailed credit card transactions shall be posted to the general ledger (required for state and federal grant fund expenditures)
- ❑ All credit card charges must be supported with original, detailed receipts.
- ❑ All credit card transactions shall be net of all credits and discounts.

### **Administrative Approval of Disbursements:**

- ❑ All invoices that exceed the purchase order amount by more than \$100 [excluding freight charges] should be forwarded to the Business Office for approval. If funds do not exist in the encumbered account(s), the campus or department shall initiate an Authorization to Exceed PO Amount form with the appropriate account number(s) for the excess payment.
- ❑ The Business Manager or Superintendent should approve all payment authorizations.
- ❑ The Business Manager or Superintendent shall pre-approve all “emergency” checks.
- ❑ After receiving the approved check payment list, the Accounting/Purchasing Specialist may proceed with generating the check payments.