

# Sabine ISD Accounts Payable Procedures

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Accounts payable checks should be processed on a weekly basis for release by Friday morning, 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 verification in Ascender that the item(s) purchased have been received. **Note: This constitutes a 3-way match.**
- ❑ Campus and department staff are responsible for alerting the Business Clerk of any merchandise that has not been received within a reasonable time from the issuance of the purchase order. This will allow the Business Clerk the opportunity to communicate with the vendor regarding the receipt delay.
- ❑ 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 or services 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 for an extended period of time (such as a year or multi-years) for services or subscriptions should be reviewed for the term on the invoice. If the invoice is for multiple months, such as a year, all months that fall in the current fiscal year shall be coded to the appropriate expense account. Months that fall in the next or future fiscal year shall be coded and paid from a prepaid account (object 1410).
- ❑ All non-purchase order payments [except for travel documents] should be paid via a request for district check.
- ❑ All payments should be made from original documents to ensure that duplicate payments do not occur.
- ❑ 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 Business Clerk shall prepare a report of all Accounts Payables as of June 30th and submit the report to the Director of Business Operations by July 15<sup>th</sup> for audit purposes.
- ❑ All “paid” check copies should be filed in check number order.
- ❑ The Director of Business Operations 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 Business Clerk:
  - ❑ The Business Clerk 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.

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- ❑ If replacement items are not received within a 60 day period, a demand for a refund should be forwarded to the vendor. The Director of Business Operations 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.
- ❑ Disputed invoices shall be investigated by the Business Clerk.

## 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 Business Clerk 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 - receiving is documented through the Ascender 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
  - Discounts, if any, have been taken
  - Due date has not passed
  - 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
  - Late fees, interest charges, etc. have not been charged, unless they have been researched and are valid

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- 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 Superintendent for approval, if applicable.
- ❑ 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 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 \$500 [excluding freight charges] should be forwarded to the Director of Business Operations for approval. If funds do not exist in the encumbered account(s), the campus principal or department supervisor shall be contacted to authorize the excess payment.
- ❑ The Director of Business Operations shall pre-approve all “emergency” checks.
- ❑ The Business Clerk shall run the check payments process as noted below:
  - ❑ Verify the beginning check number and check date
  - ❑ Add the two (2) check endorsements (enter the password) – verify that both signatures appear on the checks before printing the checks.
  - ❑ Print the accounts payable checks
  - ❑ Update the general ledger – verify that the checks have posted to the general ledger by accessing the expense account (General Ledger Inquiry) for at least one (1) accounts payable check.
- ❑ A check payments total report should be forwarded to the Director of Business Operations for use in transferring funds, if necessary.
- ❑ The Director of Business Operations shall verify that sufficient funds are available in each of the bank account groups. If funds are needed, the Director of Business Operations shall transfer funds to the appropriate bank account.

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## Segregation of Duties:

- ❑ The Director of Business Operations shall reconcile all bank accounts with the general ledger using the Ascender Bank Reconciliation module. The completed reconciliations are reviewed by either the Business Clerk or Accounting Specialist.

## Control Environment:

- ❑ The Business Clerk shall ensure that all check stock shall be maintained in an undisclosed cabinet or the vault and shall be inventoried for the purpose of restocking when less than a two (2) month supply of checks is on hand.
- ❑ The Director of Business Operations shall notify the depository bank when new signature cards are necessary due to a change in authorized signers.
- ❑ The Business Clerk shall ensure that all vendor statements are compared to historical vendor payments using a vendor check inquiry. Verified statements shall be filed throughout the fiscal year and filed at year end according to the Records Retention Schedule.
- ❑ All “stop payments” shall be authorized by the Director of Business Operations.
- ❑ All “void” checks shall be approved by the Director of Business Operations and filed in check number order with the other checks and noted as voided. If a stop payment order is issued for the check, it is attached to the check copy.
- ❑ All vendor refunds shall be deposited to the original expense account via a cash receipt entry.
- ❑ The Business Clerk shall generate an Aged Purchase Order report at least quarterly. All aged POs should be researched to determine if the goods have not been received, not paid for, or the expense has not been liquidated.
- ❑ The Director of Business Operations shall monitor the pending invoices and open purchase orders file to ensure that unmatched document are resolved on a timely basis.