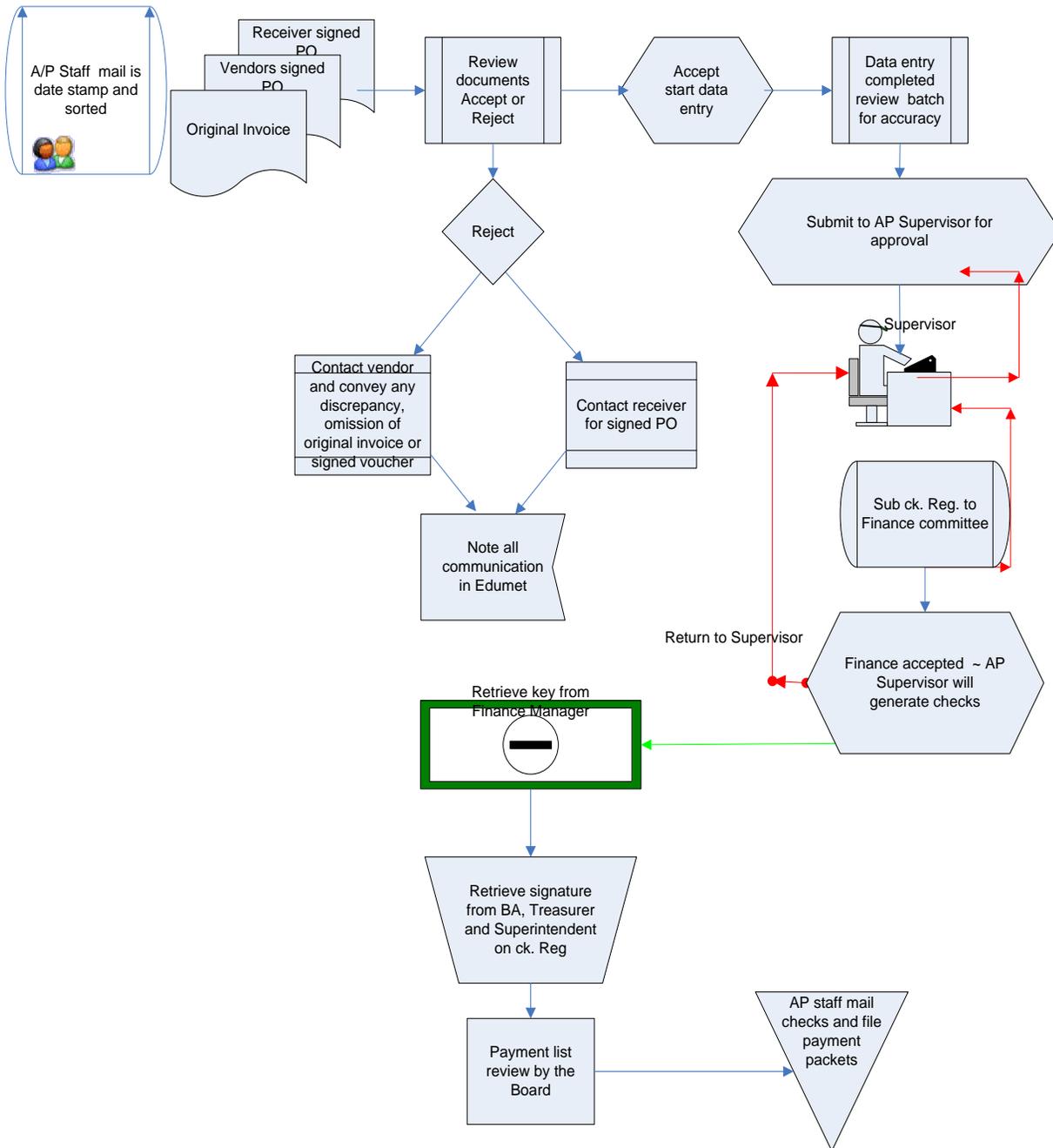


## 2. ACCOUNT PAYABLE DEPT. PROCESS



## 2. ACCOUNTS PAYABLE

All incoming documents must be date stamped on the day of receipt, distributed by the Accounts Payable Supervisor. Data entries are performed by the Accounts Payable support team.

All verbal requests pertaining to any deviation from proper internal control processes or protocols must be followed by an email and the email must commence with "To avoid any misunderstanding please note your request will result in non compliance with district policy. Kindly refer to the District Policy #6470, NJSA 18A:19 and NJAC 6A:23A-6". Ensure that you cc your immediate supervisor, the requestor's supervisor and all parties involved in the approval process.

### 2.1 Payment Packet must contain the following:

- ❑ **Original vendor signature on the Claimant's Signature and Declaration copy;** verification of claims declaring service and/or products have been furnished; this applies to 15% over bidding threshold (currently threshold is \$36,000). Therefore, vendor must sign voucher for POs in excess of \$5,400 (NJS18A:19-3). When vendor's signed copy is received it is file in numerical order.
- ❑ **Original signature on the Receiver's copy;** verifying that the service and/or products have been received in conjunction with the PO accompanied by the packing slip, delivery slip, etc. When the receiver's signed copy is received it is attached to the vendor's copy.
- ❑ **Original invoice fully itemized;** detailing service rendered and/or product supplied including unit cost as noted on the PO and date of service rendered and/or product supplied; invoice *must mirror and cannot exceed the PO amount*. The invoice must be for current services/product, do *not pay any past due balance*. Invoice must be an *original or certified copy*, the invoice heading must contain the *vendor's name, invoice number, invoice date, the PO number and the body must coincide with the PO* (See appendix A).
  - Vendor unable to supply an invoice number such as municipal and the Treasure State. You must use the account number if the account number applies for all school the second identifier will be the school and the third identifier must be the date of service.
  - For example 123456/PS25/122008 (account/school/date).
  - A model will be created to capture variation pertaining to specific vendor.
  - Once a model is adopted you must always be perpetual in following the model.
- ❑ Ensure that sale tax is not billed "**WE ARE TAX EXEMPT**"; therefore we do not pay for sales tax.
- ❑ If late fees and interest are billed ensure it is **NOT PAID**.
- ❑ When the original invoice is received you pull out the vendor and receiver's copy attach to original invoice. This is consider a completed payment packet you may now proceed to process for payment.

#### **Process completed packets:**

- ❑ After verification of documents, create a payment packet by compiling the invoice(s), vendors signed claimant's signature and declaration; the receiver's copy along with shipping slip and staple together.
- ❑ Prepare the "Pre-Payment Documentation Review Form (See appendix B)
- ❑ Once all documents are attached to appendix B commence with data entry securing that the invoice(s) is posted to the correct vendor.
- ❑ Ensure that funds are available.

#### 2.1.1 Legal invoices (NJ 6A:23-5.2(a)3).

- ❑ Original invoice must be in detail or accompanied by a detailed report for services rendered and approved by the district general counsel.

- ❑ Compare the attached log maintained and provided by our legal counsel which tracks all legal communication to the invoice/s. The log must include name of legal counsel contacted, date of contact, issue discussed and length of contact. Verify and ensure that the details on the log report mirrors the invoice.

**2.1.2 Travel regulations** 8A:11-12; 6A:23A5.9; OMB 08-13 and 06-14; for annual update visit [www.state.nj.us/infobank/circular](http://www.state.nj.us/infobank/circular).

**In-State travel NJS 18A:11-12**

There is no lodging and meal for overnight

There is no meals reimbursement

**Out of State**

Breakfast \$5 Lunch \$7 Dinner \$10

- ❑ Must complete and submit a “Travel Reimbursement” form fully completed, approved by immediate supervisor, attach original receipts and the following documents:
  - ✓ Pre approved Action form (See appendix C)
  - ✓ Post travel form for out of state must accompany the Travel Reimbursement form.
  - ✓ Mileage tracking log form found the web; current rate is \$.31 or as annotated in a contract (See appendix D).
  - ✓ Lodging only when out of state and must submit original hotel bill.
  - ✓ Hotel bill must have the room rate and taxes **ONLY**. We do not pay for valet parking, movies, alcoholic beverage and food.
  - ✓ Per Diem only applies to out of state and must coincide with current 08-13 OMB circular.
  - ✓ DOE does not reimburse employees for finance or interest charges on credit cards; therefore you must ensure that such charges are not process for payment.
  - ✓ If any of the above documents are omitted please convey to the employee that it will cause a delay in payment and 30 days will commence when all the documents are fully submitted.

**2.1.3 Fixed Assets invoices**

- ❑ Should be coded to funds 12, and reviewed by the Accounting Manager before posting.
- ❑ Expenditure must meet the following four criteria to be classified as Fix Assets (**Appendix ; see the state budget guidelines**):
  - ✓ The capitalization threshold is \$2,000 and greater.
  - ✓ Retain its original shape, appearance, and character with use.
  - ✓ The item is damaged or some of its parts and it is more feasible to replace it with an entirely new unit.
  - ✓ Life cycle expectancy of greater than one year.  
If all four criteria have not been met this is a routine repair and maintenance or supply expenditure and should be recorded accordingly.
  - ✓ If using grant funds the item/s must be identified by grant program account code.

**2.1.4 Petty Cash**

- ❑ Petty Cash is disbursed by check and not cash.
- ❑ Check book is maintained in the Superintendent’s office in a secured area and only \$1,000 is in the account.
- ❑ At the end of each fiscal year all unused cash is to be returned to agency (NJS18A:23-2)
- ❑ It is for the use of emergencies and small purchase only and not circumvents the regular purchasing; maximum single expenditure is not to exceed \$100.

- ☐ Reimbursement must be supported with proper documents and the BA's approval.
- ☐ Use of funds must be reported at the next regular monthly meeting (NJSA 18A:19-13 and NJAC 6:20-2.10).

#### 2.1.5 **Student Athletic 18A:19-4**

- ☐ The purpose of these funds is restricted to the use of athletic activities.
- ☐ All coach payments must be in correlation to the board approved resolution.
- ☐ A monthly review of the cash disbursement is performed to ensure that the funds are being spent appropriately.
- ☐ An invoice is not require, thus we request that a memo is generated annotating the following:
  1. "This request is to replenish our Athletic Activities Fund for the current year in conjunction to the number of events. To be use for athletic events only and any funds remaining at June 25<sup>th</sup> will be returned to Paterson Public School, Accounting office."

#### 2.1.6 **Lieu of Transportation**

- ☐ Aid in Lieu represents student transportation cost
- ☐ Disbursed twice a year in January and June in the amount adopted by the State see <http://www.nj.gov/education/finance/transportation/faq.htm> for the current amount.
- ☐ You must indicate 1<sup>st</sup> or 2<sup>nd</sup> payment; student initials and school the student is attending on the check stub.
- ☐ If the signed voucher copy is not received by the parent by June 25<sup>th</sup> close the PO in accordance to N.J.A.C 6A:23A-911(f). Notify Transportation, thus they may communicate to the parent that the amount will not be paid.

#### 2.1.7 **Grants**

- ☐ POs are file by grant title/code and a grant folder is maintained indicating grant manager to address any question that may arise.
- ☐ All Grants must be coded to fund 20 and the project number must correspond to the grant listing provided by the Grant Accountant.
- ☐ If the fund and project does not correlate to the grant list you must bring this to the attention of the Grant Accountant.
- ☐ Must monitor grants liquidation dates.

#### 2.1.8 **Tuition Reimbursement**

- ☐ Ensure that the reimbursement request meet all the criteria noted on the PO.
- ☐ Course is in conjunction with the PO.
- ☐ Ensure that a School transcript is submitted as evidence to support grade criteria as require according to the PO.

#### 2.1.9 **Out of District Tuition Reimbursement**

- ☐ Ensure that the reimbursement request meet all the criteria noted on the PO.

#### 2.1.10 **Health Benefits**

- ☐ Ensure that the invoices are fully approved by Human Resources and the distribution list is attached (**See Appendix**). Invoices are processed as a regular invoice, hence payments are process electronically.

### 2.1.11 Independent Consultants

- Ensure that consultant's per diem is in compliance with 18A:7A-42 and district policy 175.1 ( see **Appendix** )
- Ensure that a copy of the action form presented to the board has been executed. State law mandates that contract local rates be negotiated and voted upon by the board.
- Ensure that the scope of work detailed on the invoice coincides with the contract.

### 2.1.12 Data Entry/Available Funds

#### ■ Available funds for Posting

1. AP Supervisor shall call the Treasurer and obtain the district's available funds.
2. AP Supervisor shall ensure that posting does not exceed the available funds or amount allotted by the Treasurer.
3. If Accounts Payable exceeds the amount available the AP Supervisor and Accounting Manager will review all the payables and determine which payments to prioritize to ensure posting does not exceed the available funds.

#### ■ Data entry- refer to Edumet A/P manual

1. Before processing ensure that the expense is in compliance the below items **2.1** through **2.1.11**.
  2. Sign on to Edu-Met system
  3. Select **Accounting**
  4. Select **Purchase Orders**
  5. Bring up the vendor by selecting PO number
  6. Key in the PO number
  7. Select **ADD** key
  8. After completing each field tab to go to the next field
  9. Commence entering the information found on the invoice into the Payment section.
  10. Ensure you only enter the invoice number in the invoice field
    - If possible and noted on the invoice use the reference number provided.
    - If invoice number is not available use the invoice date, e.g.
    - If an account or membership is available use the month and year for example invoice received for membership #123 date December 20-08; the invoice number that you enter should be 123/1208.
  11. Select **DET** and enter a description that easily describes the expenditure.
  12. After completion of all your data entry run a batch report and review to ensure accuracy. This will give you the opportunity to rectify any errors.
  13. Fully paid PO you are expected to instantaneously **close the PO**.
  14. For check and balance give your batch and supporting documentation to Jr. Accountant for review.
- Note that the system is password secure and will not allow you to over expense a line item, however should you receive the warning and the system allow you to override without requesting a pass word "**notify your Supervisor immediately**"
  - Ensure the expenditures are appropriately approved by the board at a meeting. (NJ18A:19-1 and NJ18A:19-2).

- ❑ Once the batch of invoices is completed review for accuracy before submitting to your Supervisor.
  - ✓ Invoice batch is reviewed by Supervisor – review for data integrity and approve (See appendix B).
  - ✓ Self audit review by an accountant – periodically review for integrity.

**Process when out of compliance:**

- ❑ PO and invoice does not agree – you may change the dollar amount on the invoice if it's less than the PO; anything else the invoice must be returned to the vendor for correction. If the **invoice exceeds the PO** we can change the amount on the invoice to agree with the PO and “NOT TO EXCEED AMOUNT OF PO” will appear on the check stub.
- ❑ Invoice is not an original or missing – you **may not process** if the invoice is missing contact the staff/vendor and request an original or a certified copy.
- ❑ Claimant's Signature and Declaration voucher is missing – you **may not process**; request the voucher with an original vendor signature.
- ❑ Receiver's copy is missing – you **may not process**; contact the initiator and request an original signed receiver.
- ❑ Funds are not available – the invoice is rejected and returned to the initiator with the comment “NO FUNDS AVAILABLE” and inform your Supervisor.
- ❑ Annotated all communication pertaining to the status of PO, payment delay or discrepancy in the Edu-Met notes field to make it accessible for the AP team and all other employees to have an understanding of what is occurring with the vendor and PO. Ensure you initial the comment, thus the appropriate staff is contacted. Additionally, you **must follow up and communicate in writing**, if this is **not possible indicate the reason and provide name, date and time and summarize conversation**.
- ❑ **Posting batches**
  - ✓ It is the AP Supervisor responsibility to monitor all open batches to ensure that posting does not exceed the funds allotted. **Do not post in excess of funds available**.

## 2.2

### CASH DISBURSEMENT

#### 2.2.1 Regular check run

- ❑ Check supply and printer is maintained in a secure locked room, when generating check/s you must obtain the key from the Accounting Manager.
- ❑ Generate a “Vendor List Summary” and ensure that all new vendors have their business certificate number in their profile.
  - ✓ If the business certificate number has been omitted:
  - ✓ Send an email to Purchasing to change the status of the vendor to inactive, which will not allow payment until Purchasing provides the business certificate number.
- ❑ Once invoices are posted in the system a **Bill list report** is generated
- ❑ The **Bill list report** is submitted to the Finance Committee for their review
- ❑ Once the review process is completed by the Finance Committee checks are generated.
- ❑ Forward Check Register to the **Treasurer, Business Administrator and Superintendent** for their approval and signature.
- ❑ After the checks have been generated a **Check Register Report (Bill list)** is generated and attached to a **Resolution** for review at the Board meeting (See appendix E).
- ❑ Following the board meeting the Accounts Payable Supervisor will call the Superintendent office to inquire the status of Check Register Report.
- ❑ If all is found to be in good standard checks are mailed out to the vendors immediately.
- ❑ If the board’s instruction is not to mail out a specific check or require future verification the Accounts Payable Supervisor will hold until further notice or provide the information requested from the board.
  
- ❑ **Data Entry for check run - refer to Edumet manual**
  - ✓ Secure that no one modifies the existing cash disbursements information; by disallowing access to all employees; provide access to selected one or two employees.
  - ✓ Retrieve disk, which can be found in under locking key in the cabinet
  - ✓ Insert disk in your hard drive
  - ✓ Sign on to Edumet
  - ✓ Select AP
  - ✓ Select “End of period procedure” and press enter
  - ✓ Select “Commit checks”
  - ✓ Select your range of funds
    - Regular Board checks select funds 10-40
    - Cafeteria checks select separately fund 60-60
  - ✓ Select “Run” icon
  - ✓ System will automatically provide you with a run number.
  - ✓ Select “Yes”
  - ✓ System will provide total of cash disbursement to be issued which will trigger you to print screen.
  - ✓ Select exit, which will prompt another screen
  - ✓ Select “Print Checks” found on the upper left corner of your screen.
  - ✓ Select “Run” which will prompt the system to commence printing checks.
  - ✓ Select “Exit”

### **Generate a “Check Register”**

Go back to previous menu and select “Print Check Register”; print three (3) copies.

- ✓ One copy for approval; must be signed by the Treasurer, Business Administrator and Superintendent secure that original signatures are collected.
- ✓ One copy for the Treasurer files.
- ✓ One copy attached to the board action.
- ✓ Print an extra copy for the *Cafeteria department*.
- ✓ Print “Disbursement Report” for the Treasurer’s and forward to his office immediately.

### **2.2.2 Manual Checks**

 Request may only be made by the Business Administrator or Superintendent.

 The request must be submitted in writing annotating the reason for the urgency of the manual check/s.

#### **Data entry**

- ✓ Select “Accounting”
- ✓ Select “Data base”
- ✓ Verify system date
- ✓ Select “Online check print”
- ✓ Select “Find by vendor number” and type in vendor number paying
- ✓ Select “Print Check”
- ✓ Once the check has printed make copy of check for our file.
  - ✓ Go back to previous screen and select “End of Period Procedures”
  - ✓ Commit checks
- ✓ Select “no, no, yes, no”
- ✓ Select “Run” icon
- ✓ System will automatically provide you with a run number.
- ✓ Select “Yes”
- ✓ System will provide total of cash disbursement to be issued which will trigger you to print screen.
- ✓ Select exit, which will prompt another screen
- ✓ Select “Print Checks” found on the upper left corner of your screen.
- ✓ Select “Run” which will prompt the system to commence printing checks.
- ✓ Select “Exit”

### **2.2.3 Electronic Payments**

 **State Health Benefit** invoices are paid electronically utilizing Transmittal Electronic Payment System (TEPS) (**See Appendix** ).

- ✓ A wire transmittal form is prepared and submitted to the Accounting Supervisor for approval once the approval is obtained it is forwarded to the Treasurer for authorization of funds. (**See Appendix** ).
- ✓ Once the form is returned with the Treasurer’s approval is submitted to the AP Accountant.
- ✓ AP Accountant will access the state TEPS system which has two options by phone and internet web site (**See Appendix** ).



**Worker's Compensation claim** are fully approved, all supporting documentation are attached and is submitted by Risk Management for electronic payment. The Accountant will monitor the availability of funds and when funds are required he/she will prepare a "Wire Transfer Request" form (**See Appendix** ) and obtain approval from the Accounting Supervisor and Business Administrator before submitting to the Treasurer for fund transfer.

#### **2.2.4 Void Checks**

- ✓ Check replacement – must call bank and issue a stop payment.
- ✓ Stop Payment confirmation is received and a replacement check is issued.
- ✓ Provide void check information (stop payment or physical voided check) to the Accounting Manager to void check in the Edumet system.
- ✓ Stale dated checks – call vendor and inquire why check have not been cashed and proceed with the above process.

#### **2.2.5 Early Release/Off line check form**

- ✓ Ensure payment(s) without board approval **do not** exceed the amount note on the district policy #6470. (18A:19-4.1)
- ✓ Complete form and the fully executed form are to be filed (Appendix).
- ✓ Collect the appropriate signatures
- ✓ Maintain a report to ensure that manual checks represent less than 1% of the checks issued on a monthly and annual basis as required by **NJSAC** and provide the Accounting Manager and the B.A. with the information monthly.

#### **2.2.6 ALL CHECK MUST BE MAILED.**

- ✓ There is **no exception** to this policy
- ✓ Under **no circumstances** do we give check/s to an employee.
- ✓ Under **no circumstances** do we give check/s to a vendor.
- ✓ To ensure that **ALL checks** are mailed out they are maintained in the Accounting Manager's office.

## 2.3 Quarterly Review



### **PO has a life cycle of 6 months as documented on the PO**

- ✓ Generate a PO aging report.
- ✓ PO s only has a life expectancy of 6 months, thus before closing communicate with the initiator and the vendor.
- ✓ All communication must be in writing and note in Edumet for others to read.
- ✓ Review PO with expiration date approaching 90 days and process as follow:
  - Contact the initiator and request the PO status and whether we should cancel the PO.
  - Contact the vendor and request status of the service/product related to the PO
- ✓ If there's a delivery date schedule maintain the PO open.
- ✓ If there is no knowledge of the PO the following will take place
  - Contact the initiator communicate that the vendor has not received the PO and verify if service/product is needed. If the items on the PO is needed fax over a copy of the PO to the vendor. If the item(s) is not needed closed the PO.
- ✓ **CLOSE THE PO** – communicate to Purchasing via email to Close the PO and provide some explanation for this action. Maintain all communication in the file for future reference.

### 2.3.1 Outstanding and stale dated checks

Review the outstanding check list

- ✓ Stale date checks – call the vendor and inquire why the check has not been deposited.
- ✓ Call the bank and issue a stop payment.
- ✓ Once you receive the stop payment confirmation proceed with the following:
  - Have the Accounting Supervisor/Accounting Manager void check in the system.
  - Notify the Treasurer of the void check.
  - Give the VOIDED check to the Secretary to file.
  - Once the check is voided a replacement check may be issued.
- ✓ **Voided checks/Stop Payments** which appear on the outstanding list must be review and brought to the attention of the AP Supervisor and the Accounting Manager.
- ✓ **The Accounting Manager** will communicate the discrepancy with the Treasurers and provide evidence previously submitted to the Treasurer requesting void or stop payment.

## 2.4. Monthly

### 2.4.1 Offline checks

- Provide the Accounting Manager a ratio report pertaining to off line check, thus to monitor that we do not exceed 1% as required by NJQSAC.

### 2.4.2 Vendor Reconciliation

- Vendor statement is received
- Research the vendor history and verify receipt of invoice/s
- Invoice/s is not record in the system call the vendor and request an original invoice.
- If the invoice is recorded and paid call the vendor and provided the check number.
- Checks outstanding over 90 days call vendor and inquire before requesting a stop payment.

### 2.4.3 Open Purchase Orders

- At the end of each month review the open PO report and update any comments pertaining to conversation(s) with the initiator or vendor in the Edumet system.
- Once you have updated the report forward it to the Account Payable Supervisor for her/his reviews.
- If the PO exceeds 6 months and the service(s) or product(s) have not been received you may inform your supervisor to cancel the PO hence it is your responsibility to inform the initiator and vendor of your action. Write “Cancel” across the PO and fax to the initiator and the vendor.

### 2.4.4 List of payments of legal, consulting and maintenance fees (NJSA 18A:19-15).

- Create a list specifying payees and amounts paid during the previous and current school years. Each of these lists shall be available for public inspection during normal business hours. Copies of the lists shall be made available to the public at a reason cost. Maintain a current and updated listing of payments made for :
  - ✓ Legal fees
  - ✓ Consulting fees
  - ✓ Negotiating fees
  - ✓ Maintenance (contract) fees

## 2.5. Year End Process

### 2.5.1 Classifying Purchase Orders “Year-End Procedures” NJAC 6A:23A-9.11

- Generate a report of all open PO and send to the individual department responsible for the completion of the PO.
- In submitting the open PO reports please indicate that a non response ***will automatically cancel and close the PO.***
- June 30<sup>th</sup> open PO must be identified by category and label appropriately as follow:
  - ✓ Category 1- Liability

Accounts Payable PO must be charge against the current year budget and establish as a liability for which service/product have been rendered or delivered before June 30<sup>th</sup> of the current year and documents are pending to complete packet for payment.

    - June contact the vendors and request a fax copy(s) of the all current unpaid and outstanding invoices. Once received ensure that the PO balance is adjusted to reflect the amount due to the vendor for services rendered prior to June 30<sup>th</sup>. For example if the PO has an open balance of \$10,000 and the outstand payments is for \$5,000 adjust the PO open balance to \$5,000.
    - In accordance to NJAC 6A:27-2.1b4(c) the district is not required to pay ***aid in lieu*** for transportation when the parent/legal guardian of the nonpublic schools student(s) does not submit the signed payment voucher by June 30<sup>th</sup>.
  - ✓ Category 2 Encumbrance

Rollover PO will be rolled over into the subsequent year, which will be shown in the June 30<sup>th</sup> general fund balance as reserve for encumbrances.

- Any PO for which the completion of the services will conclude within the next 60 days.
- Only tag PO for which confirmation products are in route
- Adjust the PO amount balance to reflect the balance the outstanding amount for the remaining service/product for which will be received by August 30<sup>th</sup>. For example if the PO has an open balance of \$10,000 and the remaining service and/or product total is for \$5,000 adjust the PO open balance to \$5,000.
- As a general rule the liquidation of these PO should be within 60-90 days of fiscal year end. Closed all rollover PO on September 30<sup>th</sup>.

✓ Category 3

Any other PO should be canceled.

- Analysis the nature of the PO to determine if it is school related this will help you determine if the product will be utilize for the current fiscal year if not cancel.
- An example is textbooks and schools supplies for which had not been received prior to June 30<sup>th</sup> must be cancelled.

## 2.5.2 IRS 1099

- Forms 1099 and 1096 must be file by March 1<sup>st</sup>.
- Last day in February ensure that the 1099s are mailed and the 1096 certificate return receipt mailing.
- Generate the 1099 report from Edumet.
  - ✓ Select 1099 Vendor Reports of Payments
- Reconciliation Vendor report to the appropriation report
- Ensure that all checks paid have been cashed by Dec. 31<sup>st</sup>.
  - ✓ Check with Dec. 31<sup>st</sup>. outstanding checks to ensure that checks have been cashed by the vendor. If they check(s) have not been cashed do not include them in their 1099.
- If you have an outstanding check please follow up with the vendor if deem necessary replace immediately.
- If check was lost and you must replace after submitting the 1096 you must modify the 1099 to exclude the replacement check by the same amount and capture this in the following year.
- Prepare a schedule to monitor the overlap from year to year in the next year.
- For detail information visit website <http://www.irs.gov/pub/irs-pdf/i1099msc.pdf>.