

# **CARROLL ISD ACCOUNTS PAYABLE PROCEDURES**

Accounts payable checks should be processed on a weekly basis for release by Friday, 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, unless complete detail is listed.
- ❑ Upon receipt of an invoice from a vendor, it should be matched with a pending purchase order [accounts payable copy], and received in Skyward. 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, by receiving the item in Skyward, adding a signature to the invoice indicating that it is ok to pay, and forwarding the invoice to Accounts Payable. 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 do not exceed the purchase order amount by more than \$100 [excluding freight charges] may be entered into the finance system for payment without authorization from the Budget Manager and/or Coordinator of Purchasing. If funds do not exist in the encumbered account(s), the campus or department shall email the Financial Services Department to authorize the Accounts Payable specialist to exceed the PO amount with the appropriate account number(s) for the excess payment.
- ❑ All invoices that exceed the purchase order amount by more than \$100 [excluding freight charges] should be forwarded to the budget manager for approval. If funds do not exist in the encumbered account(s), the campus or department shall email the Financial Services Department to authorize the Accounts Payable specialist to exceed the PO amount with the appropriate account number(s) for the excess payment.
- ❑ The Budget Manager, Coordinator of Purchasing and Assistant Superintendent for Financial Services, or designee should approve all payment authorizations.
- ❑ Recurring invoices such as utilities, monthly rentals, payroll deductions, etc. should be entered into the finance system for payment.
- ❑ 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 Executive Director of Finance for review and approval.

- ❑ All payments should be made from invoices, stamped with the date received, 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 never be issued to “Cash” or “Bearer”. The only exception to this rule is when requesting Petty Cash funds.
- ❑ At fiscal year-end, the Coordinator of Purchasing shall prepare a report of all Accounts Payables as of August 31<sup>st</sup> and submit the report to the Executive Director of Finance 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 Coordinator of Purchasing and/or Executive Director of Finance 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 purchase originator:
- ❑ The purchase originator 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 request for a refund should be forwarded to the vendor. The Assistant Executive Director of Finance 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 disputed in writing no later than 15 days after receipt of the invoice.

### 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 received 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
- ❑ 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 days after the receipt of the invoice (state law maximum is 21 days).

### Verification of Check Transactions:

- ❑ The Coordinator of Purchasing 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)
  - Invoice # 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, and should be stamped with the date received.
  - 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 District Accountant for approval.
- ❑ Meal advances are issued to the traveler no more than 2 weeks 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. In rare circumstances the “Lost Receipt Form” may be substituted for the actual receipt, if approved by the original budget manager.
- ❑ 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). Normally the only advance payments issued are for meal per diem. All other advances would require approval from the Assistant Superintendent for Financial Services.

### 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 Coordinator of Purchasing for approval. If funds do not exist in the encumbered account(s), the campus or department shall email the Financial Services Department to authorize Accounts Payable to exceed the PO amount with the appropriate account number(s) for the excess payment.
- ❑ District Accountant generates the check payments.

### Segregation of Duties:

- ❑ All checks should be endorsed by the Skyward electronic signature process. The signature files shall be maintained by the Executive Director of Finance. A file (containing encrypted signatures of the Board President and Secretary) shall be maintained by the Executive Director of Finance.
- ❑ The District Accountant shall verify that all checks have two (2) board signatures prior to releasing the checks to vendors.

- ❑ Accounts Payable shall verify that all checks are mailed, are ready for pickup, or are put in the inter office mail.
- ❑ Accounting shall reconcile all bank accounts with the general ledger using the on-line banking system. The “sealed” bank statements shall be delivered to and opened by the GL Accountant. The Executive Director of Finance shall review and approve all bank reconciliations.
- ❑ Endorsements on cleared checks should be checked on a periodic basis or at least for those items that appear suspect.

### Control Environment:

- ❑ The District Accountant shall ensure that all check stock shall be maintained in a locked cabinet or room and shall be inventoried for the purpose of restocking when less than a two (2) month supply of checks is on hand.
- ❑ The Executive Director of Finance shall notify the depository bank when new signature cards are necessary due to a change in authorized signers.
- ❑ Accounts Payable shall ensure that all vendor statements are compared to historical vendor payments using a vendor check inquiry. Verified vouchers shall be filed throughout the fiscal year and filed at year end according to the Records Retention Schedule.
- ❑ All vendor files shall be filed by vendor name in alpha order (Individual names shall be filed by surname).
- ❑ All “stop payments” shall be authorized by the Executive Director of Finance, District Accountant or Coordinator of Purchasing.
- ❑ All “void” checks shall be approved by the Executive Director of Finance or Coordinator of Purchasing and filed in a separate file in check number order.
- ❑ All vendor refunds shall be deposited to the original expense account via a journal entry. The Executive Director of Finance shall approve all journal entries.
- ❑ The Coordinator of Purchasing shall generate an Aged Purchase Order report by the 5<sup>th</sup> day of the following month. 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 Coordinator of Purchasing shall monitor the pending invoices and purchase order work files to ensure that unmatched documents are resolved on a timely basis.

Purpose: The District receives cash and checks from many sources. These procedures are designed to ensure that all cash received by the District and its employees are deposited and tracked for the benefit of the District and its students. Adherence to these procedures is essential to mitigate fraud.