

CALALLEN ISD

ACCOUNTS PAYABLE PROCEDURES



Accounts payable checks should be processed on semi-monthly basis, on or around the 15th and last day of the month, or earlier dependent upon work schedules or holidays.

Section 1. 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 allow a duplicate invoice number to a vendor but will alert the user that there has been an invoice previously paid using this number.
- Payments should not be made from statements, quotes, or shipping receipts, except credit cards/accounts with appropriate documentation.
- When possible, payments exceeding \$20,000 to a vendor should be made via ACH.
- Upon receipt of an invoice from a vendor, it is matched with a purchase order, and it is confirmed that it has been marked received in the system by the campus or department. Note: This constitutes a 3-way match.
- If no discrepancies exist, the invoice 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 should 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 invoices that do not exceed the purchase order amount by more than 10% may be entered into the finance system for payment without additional authorization.
- All invoices that exceed the purchase order amount by more than 10% will automatically be forwarded to the Assistant Superintendent of Finance and Operations and/or the Director of Business Services for approval by Skyward. If funds do not exist in the encumbered account(s), the campus or department shall initiate a Budget Transfer Request.

- All petty cash reimbursements should be entered into the finance system for payment with detailed documentation including receipts.
- All check and ACH payments should be posted to the general ledger at the time that the checks are printed and ACH payments are extracted.
- 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 Accounts Payable Specialist and Business Office Specialist should gather payments made after August 31 for goods or services received prior to August 31 and submit them to the Assistant Superintendent for audit purposes. These invoices shall be coded to XXX.00.2110.01 upon payment.
- All “paid” check/ACH copies should be filed in alpha order by vendor last name or company name.
- The Assistant Superintendent or Superintendent should pre-approve all “emergency” purchase orders and checks.
- Statements from vendors should be reconciled with check/ACH payments on file, discrepancies should be researched and resolved.
- All returned purchases should be coordinated by the purchase order originator.
- The purchase order 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
- Partial shipments should be monitored to ensure that the full shipment is received within a reasonable time period.
- Disputed invoices should not be paid until resolved.

Section 2. Compliance with State Law

All payments should 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, or
- 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 should not be paid on any invoices unless the payment is “overdue” as defined by state law. The interest paid should not exceed the sum of 1% and the Wall Street Prime Rate.
- The interest due, if any, should be paid from local (non-state or non-federal) funds when the invoice is paid.
- Invoices should be disputed no later than the 21st day after the receipt of the invoice (state law maximum is 21 days).

Section 3. Verification of Payments

The Accounts Payable Specialist and/ or Business Office Specialist shall verify that all check and/or ACH transactions meet the following guidelines:

- Prior approved purchase order exists
- A 3-way match exists (PO, invoice & receiving)
- Verify receiving - receiving report (packing slip), electronic approval through Skyward Finance receiving system, or verification with PO Originator
- 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
- The remaining encumbrance (if any) is released during the final payment
- Invoices # entered correctly
- Vendor remittance address is correct
- Account code(s) matches the purchase
- Discounts, if any, have been taken
- Credits, if any, have been taken
- Late fees, interest charges, sales tax, etc. have not been charged, unless they have been researched, are valid, and are approved

Construction Payments:

- All construction payments to construction vendors shall be approved by the Director of Operations and the Assistant Superintendent of Finance & Operations prior to payment.
- All construction payments for projects funded with federal funds must include 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 should be supported with detailed receipts
- If receipts are lost or unavailable then credit card charges shall be verified with the originator
- All credit card transactions should be net of all credits and discounts

Section 4. Approval of Payments

- All invoices that do not exceed the purchase order amount by more than 10% may be entered into the finance system for payment without additional authorization.
- All invoices that exceed the purchase order amount by more than 10% will automatically be forwarded to the Assistant Superintendent and/or the Director of Business Services for approval by Skyward. If funds do not exist in the encumbered account(s), the campus or department shall initiate a Budget Transfer Request.

Section 5. Issuing Payments

The Accounts Payable Specialist and or Business Office Specialist shall run the check payments/ ACH process as noted below:

- Generate checks by bank account group: General Fund, Capital Projects, Payroll, and Student Activity Fund
- Update the general ledger
- Print the Check Summary Report and deliver to the Director of Business Services for verification of available bank account funds
- Director of Business Services shall verify that sufficient funds are available in each of the bank account groups.
- Positive Pay Anti-Fraud Process:
 - After final approval of the check payments, and prior to release of the checks, the Accounts Payable Specialist and/or Business Office Specialist shall generate a Positive Pay Export (under Accounts Payable) or manual entry.
 - The Accounts Payable Specialist and/or Business Office Specialist shall log on to the Cash Manager System (Frost Bank) and upload the Positive Pay Export file or manual entry.
 - Exceptions, if any, will be sent by the bank via email.
 - The Accounts Payable Specialist and/or Business Office Specialist shall log on to Cash Manager to resolve any discrepancies.
 - A decision of “pay” or “return” shall be selected in Cash Manager by the authorized Frost users for positive pay suspect items.
 - Note. The Positive Pay decision cutoff is 3pm. The default decision if no action is taken is to “reject” the payment(s).
 - The Assistant Superintendent [or designees: Superintendent or Director of Business Services] shall be notified if potential fraud is detected, such as a check being presented with a different check number, payee name and/or check amount.
- ACH Process
 - After final approval of payments, the Accounts Payable Specialist and/or Business Office Specialist shall generate an ACH Export (under Accounts Payable) or manual entry (less desirable way to pay).
 - The Accounts Payable Specialist and/or Business Office Specialist shall log on to the Cash Manager System (Frost Bank) and upload the ACH file or manual entry.
 - Exceptions, if any, will be sent by the bank via email.
 - The Accounts Payable Specialist and/or Business Office Specialist shall log on to Cash Manager to resolve any discrepancies.
 - A decision of “approve” or “return” shall be selected in Cash Manager by the authorized Frost users.
 - Note. The decision cutoff is 3pm. The default decision if no action is taken is to “reject” the payment(s).

- The Assistant Superintendent [or designees: Superintendent or Director of Business Services] shall be notified if potential fraud is detected, such as a check being presented with a different check number, payee name and/or check amount.

Section 6. Segregation of Duties

- All checks are automatically endorsed by the Skyward database system. The signatures are secured, can only be updated by Skyward specialists at the request of Director of Business Services and/or the Assistant Superintendent, and/ or the Superintendent, and require a unique district check password to print.
- The Accounts Payable Specialist or Business Office Specialist shall verify that all checks have one (1) board signature prior to releasing the checks to vendors.
- The Director of Business Services shall reconcile all bank accounts with the general ledger using the on-line banking system. The Assistant Superintendent shall review all bank reconciliations.
- Endorsements on cleared checks should be checked on a periodic basis or at least for those items that appear suspect.

Section 7. Control Procedures

- The Director of Business Services and/or the Assistant Superintendent should notify the depository bank when new signature cards are necessary due to a change in authorized signers.
- All vendor refunds shall be deposited to the original expense account via a cash receipt.
- The Accounts Payable Specialist and/or Business Office Specialist should research all aged purchase orders to determine if the goods have not been received, not paid for, or the expense has not been liquidated.
- The Accounts Payable Specialist and/or Business Office Specialist should monitor the pending invoices and purchase orders work files to ensure that unmatched documents are resolved on a timely basis.
- Only the Director of Business Services and/or the Assistant Superintendent shall have access and authorization to add or alter ACH information for Vendors in the finance system.

Checks are processed by the Bookkeeper at Calallen High School for Student Activity Funds. The Bookkeeper shall follow the same accounts payable procedures listed above, except that dual manual signatures are required on the checks. The authorized check signers are the Principal and Assistant Principal(s) of that campus.