

## Fort Hancock ISD Accounts Payable Procedures

---

Accounts payable checks should be processed on a bi-weekly basis for release by Friday 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 Data Processing Specialist and/or campus/department].
- ❑ 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 non-purchase order payments [except for travel documents] should be paid via a fund request authorization.
- ❑ The Superintendent or 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: All utility invoices shall be approved by the Superintendent. 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 Finance Officer and/or Business Manager for review and approval.
- ❑ All travel authorizations and settlements should be forwarded to the Transportation Director for approval.
- ❑ All construction payments to general contractors shall be approved by the Superintendent.
- ❑ 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.
- ❑ A check payments report shall be forwarded to the Business Manager for review and approval. The check payment report shall be accompanied by all payment documentation in alpha order.
- ❑ The Business Manager shall approve all check payments.

## Fort Hancock ISD Accounts Payable Procedures

---

- ❑ After receiving the approved check payment list, the Finance Officer may proceed with generating the check payments.
- ❑ All checks should be endorsed by the Finance Officer/Business Manager or Superintendent. Two signatures are required at all times. The signature plates shall be maintained by the Business Manager. The encrypted signatures of the Board President and Secretary shall be maintained by the Business Manager. The depository bank shall be notified when changes occur in the authorized signers.
- ❑ The Finance Officer shall verify that all checks have two (2) board signatures prior to releasing the checks to vendors.
- ❑ 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 Manager shall prepare a report of all Accounts Payables as of August 31<sup>st</sup> for audit purposes.
- ❑ All “paid” check copies should be filed in alpha order by vendor last name or company name.
- ❑ The 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 Finance Officer and the Data Processing Specialist:
  - ❑ The Data Processing Specialist or Finance Officer 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 Finance 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.
- ❑ 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.

### 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.

## Fort Hancock ISD Accounts Payable Procedures

---

- ❑ 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 Finance Officer 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
  - 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 and/or Finance Officer for approval.
- ❑ Meal advances are issued to the traveler no more than 5 days prior to the travel event (IRS Regulations)

## Fort Hancock ISD Accounts Payable Procedures

---

- ❑ 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 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 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:

- ❑ The Superintendent or Business Manager should approve all payment authorizations.
- ❑ The Superintendent shall pre-approve all “emergency” checks.
- ❑ A check payments report should be run by the Finance Officer for review and approval. The check payment report shall be accompanied by all payment documentation in alpha order.
- ❑ The Finance Officer may proceed with generating the check payments.
- ❑ The Superintendent shall approve all check payments in excess of \$50,000 by initialing the physical check prior to release of the check.

### Segregation of Duties:

- ❑ The Data Processing Specialist can receive a copy of all purchase orders upon request for the purpose of receiving all goods received in the Receiving Area (Technology Building). Note: The District uses a centralized receiving system, i.e. all goods must be received in the Receiving Area and not directly at a campus or department without prior authorization.
  - ❑ All items should be “checked-off” on the receiving report. The Finance Officer shall be promptly notified of any discrepancies from vendors.
- ❑ All checks should be endorsed by the Finance Officer, Business Manager or Superintendent. The board members encrypted signature shall be maintained by the Business Manager.  
**Note: At no time shall any other employee have access to the endorsement signatures.**
  - ❑ The Finance Officer shall verify that all checks have two (2) board signatures prior to releasing the checks to vendors.
- ❑ The Finance Officer shall verify that all checks are placement in the mail.

## Fort Hancock ISD Accounts Payable Procedures

---

- ❑ The Business Manager shall reconcile all bank accounts with the general ledger. The “sealed” bank statements shall be opened by the Business Manager. The Business Manager 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 Business Manager 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 Business Manager shall notify the depository bank when new signature are necessary due to a change in authorized signers.
- ❑ The Finance Officer shall maintain a log of all checks endorsed.
- ❑ The Finance Officer 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 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 Business Manager or Finance Officer.
- ❑ All “void” checks shall be approved by the Business Manager or Finance Officer and filed in a separate file in check number order.
- ❑ All vendor refunds shall be deposited to the original expense account via a journal form. The Business Manager shall approve all journal forms.
- ❑ The Finance Officer shall generate an Outstanding Purchase Order report by the 5<sup>th</sup> day of the following month. All Outstanding POs should be researched to determine if the goods have not been received, not paid for, or the expense has not been liquidated.
- ❑ The Finance Officer and Business Manager shall monitor the pending invoices and purchase orders work files to ensure that unmatched document are resolved on a timely basis.