

Purchasing/Paying Procedures

Regulation

Accounts Payable

Overview

Accounts Payable strives to maintain efficient business practices and good cost control. A well managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and check reconciliation.

It is the policy of accounts payable that the recording of assets or expenses and the related liability is performed by an employee of ordering and receiving. The amounts recorded are based on the vendor invoice for the related goods or services. The vendor invoice should be supported by an approved purchase order where necessary, and should be reviewed and approved by the Director of Business and Finance prior to being processed for payment, invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system of Town of Brookfield.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. Vendor credit terms and operating cash are managed for maximum benefits.

Recording of Accounts Payable

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner.

Accounts payable are processed in a timely manner. Information is entered into the financial system from approved invoices or disbursement vouchers with appropriate documentation attached.

Unless duplicated copies have been verified as unpaid by researching the vendor records only original invoices shall be processed for payment. No vendor statements shall be processed for payment.

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For purposes of the preparation of monthly financial statements, all vendor invoices that are received, approved and supported with proper documentation no later than the tenth day of the following month shall be recorded as accounts payable as of the end of the immediately preceding month if the invoice pertains to goods or services delivered by month-end.

Establishment of Control Devices

Control of invoices is established by the Accounts Payable Clerk and Director of Business and Finance as soon as invoices are received. Vendors will be instructed to mail all invoices directly to the accounts payable department.

Preparation of Voucher Package

Prior to any account payable being submitted for payment, a package called a "voucher package" shall be assembled. Each voucher package shall contain the following documents:

1. Vendor invoice or employee expense report
2. packing slip (where appropriate)
3. Receiving report
4. Purchase order
5. Any other supporting documentation deemed appropriate.

Processing of Voucher Packages

The following procedures shall be applied to each voucher package by the accounts payable clerk:

1. Check the mathematical accuracy of the vendor invoice.
2. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the purchase order, packing slip and receiving report.

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Approvals by department directors indicate their acknowledgement of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the vendor invoice, agreement with general ledger account codings, and agreement to pay vendor in full.

Payment Discounts

To the extent practical, it is the policy to take advantage of all prompt payment discounts offered by vendors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

Employee Expense Reports

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form. All receipts must be attached, and a brief description of the business purpose of trip or meeting must be noted on the form. Expense reports will be processed in a timely manner.

Reconciliation of A/P Subsidiary Ledger to General Ledger

At the end of each monthly accounting period, the total amount due to vendors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account. All differences are investigated and adjustments shall be made as necessary. The reconciliation and the results of the investigation of differences shall be reviewed and approved by the Director of Business and Finance.

Also on a monthly basis, the Accounts Payable Clerk shall perform the following procedures:

1. Check all statements received for unprocessed invoices.
2. Check the Purchase Order file for open P.O.'s that are more than 60 days old and follow up.

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CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Check Preparation

It is the policy of Accounts Payable to print vendor checks and expense reimbursement checks on a weekly basis.

All vendor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel and business entertainment policies described in this manual.
2. Timing of disbursements should generally be made to take advantage of all early-payment discounts offered by vendors.
3. Generally, all vendors shall be paid with 30 days of submitting a proper invoice upon delivery of the requested goods or services.
4. Total cash requirements associated with each check run is monitored in conjunction with available cash balance in bank prior to the release of any checks.
5. All supporting documentation is attached to the corresponding check prior to forwarding the entire package to an authorized check signer.
6. Checks shall be utilized in numerical order (unused checks are stored in a locked safe in the accounting department)
7. Checks shall never be made payable to "bearer" or "cash".
8. Checks shall never be signed prior to being prepared.
9. Upon the preparation of a check, vendor invoices and other supporting documentation shall immediately be canceled in order to prevent subsequent reuse.

Check Signing

Checks require two signatures. No checks shall be signed prior to the check being completed in its entirety (no signing of blank checks).

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Accounts Payable

CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Check Signing (Cont'd)

Each check shall be signed by an individual other than the one who approved the transaction for payment.

Check signers should examine all original supporting documentation to ensure that each item has been properly checked prior to signing a check. Checks should not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

Mailing of Checks

After signature, checks are returned to the individual who prepared them, who then mails checks immediately. Checks shall not be mailed by individuals who authorize expenditures.

Voided Checks and Stop Payments

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID". All voided checks shall be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made for checks lost in the mail or for other valid reasons. Stop payments are processed by telephone instruction and written authorization to the bank by accounting personnel with this authority. A journal entry is made to record the stop payment and any related bank fees.

Record-Keeping Associated with Independent Contractors

Accounts Payable shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors to whom payments are made. A record shall be maintained of all vendors to whom a Form 1099 is required to be issued at year-end. Payments to such vendors shall be accumulated over the course of a calendar year.

Regulation Adopted: 8/14/02

BROOKFIELD PUBLIC SCHOOLS
BROOKFIELD, CONNECTICUT