



PLAINFIELD BOARD OF EDUCATION

Standard Operating Procedure

ACCOUNTS PAYABLE

Dr. Diana L. Mitchell
Superintendent

Mr. Mark A. Williams
Assistant Superintendent

Rashon K. Hasan, QPA, MBA
School Business Administrator

Table of Contents

Accounts Payable Paying the Bills.....	3
Due Diligence Responsibilities	6
Receipt of Goods/Services □.....	7
Documentation Required--Services Rendered	9
Vendor Payment Process	12
Bill Payment Processing Procedure.....	13
Other Accounts Payable Procedures.....	15

Accounts Payable Paying the Bills

The Accounts Payable Department is a very important part of the Business Office. Employees of the Accounts Payable Department ensure that vendor bills are paid accurately and in a timely fashion. Vendors will not do business with school districts that do not pay their bills on time.

Timely Fashion— within 30-60 days

**State Law—within 90 days—N.J.S.A. 18A:18A-10.1
Vendors now can charge interest for late payments**

Receiving Goods and Services

The originator of the purchase order should follow the following process when receiving materials, goods, and services.

Receipt of Items Ordered—Immediately Checked for Accuracy

It is important that all items received be immediately checked for accuracy. The school or office shall do the following:

- Confirm receipt of goods or services
- Open boxes and check off, receive and upload packing slip in financial software
- E-sign and attach the packing slip to the receiving copy of the purchase order
- E-sign the Receiving Copy of the purchase order;

The Five (5) Day Rule

The school principal/office supervisor should sign the receiving copy of the purchase order and send all items within **Five (5) business days** of the receipt of goods to the

Accounts Payable c/o Business Office

Vendor Invoices

Vendors provide invoices to the school district to receive payment for supplying goods or services. Vendor invoices are the source document for accounts payable transactions. It is requested that all invoices be submitted electronically. Invoices should be emailed directly to the Accounts Payable Department at accountspayable@plainfield.k12.nj.us to avoid the possibility of being overlooked. It is recommended that all purchase orders give vendors clear instructions on where to send their invoices.

Review of Invoices

Invoices should be matched to the district's vendor database, verification of receipt of goods and services, and purchase orders. Accounts Payable staff are to review the invoice with any packing slip as well as what is written on the purchase order. The goods and/or services listed much match on all documents. The name of the vendor/contractor shall be the same on the purchase order as well as the invoice.

All vendor invoices will reference the district purchase order number. If no purchase order is indicated, the accounts payable technician may have to search the purchase order database using vendor, items purchased, and ship-to locations to find the purchase order.

Verifying Invoice to Purchase Order

Accounts payable technicians should verify that the items invoiced match the items ordered on the purchase order. A review should take place to determine the following:

- The vendor information on the invoice matches the vendor information on the purchase order.
- The date of the invoice cannot be before the date the purchase order was issued. If this is the case, Accounts payable staff should immediately contact the School Business Administrator.
- The items ordered or the services received should match the purchase order and invoice.
- The prices or pricing on the invoice should match the purchase order. Unit costs should match on the invoice should match the unit costs on the purchase order.
- All required documents should have been received.
- For services rendered, especially Time and Material invoices, the appropriate district service call document signed by district personnel should accompany the invoice.
- For legal services, professional services and consultant payments, all invoices should be approved by district administrators with a completed log of services accompanying the invoices.
- All travel reimbursement invoices and vouchers should include a copy of the employee travel report, copies of all approvals and supporting documents as required by state law, administrative code, and board policy.

- All tuitions reimbursement shall include all required documents, including copies of the school bill, copies of evidence of payment and appropriate district approval forms.
- Late fees are not to be paid unless pre-approved by the School Business Administrator.
- Invoice including New Jersey Sales Tax charges shall not be paid. The invoice is to be sent back to the vendor to be revised.
- Accounts payable vendor invoice payments should include:
 - Verify that the invoice is not a duplicate. Use the exact vendor invoice number, amount, and date to verify.
- Shipping and handling have been applied correctly per the purchase order.
- Total invoice amount is correct.
- Purchase order encumbrance is sufficient to cover the current invoice.

Incorrect Vendor Invoices

An invoice may be determined to be incorrect for many reasons. It is not recommended that the district correct vendor invoices, but rather return them to the vendor for correction. This allows the vendor's records to be corrected and saves confusion when the district's payment is received. Invoices requiring vendor correction should be returned promptly within 5-7 days.

Due Diligence Responsibilities

Due Diligence Document Check #1—the names of the vendors match on documents

Accounts Payable staff are to compliment the activities of the purchasing agent for the collection and review of the following documents:

- Affirmative Action Evidence—Employee Information Report
- Business Registration Certificate
- Chapter 271 Political Contribution Disclosure Form (when applicable)
- Political Contribution Disclosure Form
- Disclosure of Financial Activities in Iran
- W9 IRS Form

AP staff members are to ensure the names of the vendors on all documents submitted are identical. If there is a deviation of any business or vendor name on any of the documents, AP staff members are to bring it to the attention of the School Business Administrator.

Due Diligence Document Check #2—the vendor name on the check?

Accounts Payable staff are reminded ordering from one entity and paying another entity could be problematic. The payment will be made to the entity entitled to receive the monies.

N.J.S.A.18A:19-1. The money or funds of the board in the custody of the secretary or treasurer of school moneys shall be expended by the secretary or treasurer of school moneys by, and only by, warrants, each made payable to the order of the person entitled to receive the amount thereof and specifying the object for which it is issued, signed by the president and secretary of the board and the chief school administrator or by the treasurer of school moneys, as appropriate to the district.

Receipt of Goods/Services □

A. Processing the Requisition/Purchase Order--Design of Purchase Order

Purchase order is made up of two pages, the first is the purchase order, the second is the notice to vendors.

<u>Related Parties</u>	<u>Disposition</u>
Vendor	Emailed to vendor through financial system
Receiving	Employee will receive goods or services in the financial system
Business Office	Original copy available through DocuSign or financial software

(A Requisition becomes a purchase order after all required administrators have approved the requisition in the Business Office Software System).

B. Receipt of Goods and Services

The originator of the purchase order should follow the following process when receiving materials, goods, and services.

Receipt of Items Ordered—Receiver of Goods and Services

It is important that all items received be immediately checked. Please note the following:

- Compare purchase order with packing slip and goods or services received
- Open boxes and check off items received on the receiving module
- If all items are enclosed, then e-sign and upload the packing slip to financial software

Accounts Payable Procedures

- If goods and services match obtain copy of invoice
- Prepare payment in financial software

Accounts Payable Procedures—Notification Process—Unreturned Paperwork

There will be instances where the Accounts Payable Office will send a courtesy reminder to any school or office that has not uploaded the documents in a timely fashion. The following procedures have been approved by my office:

- First Notice—Five (5) Days

The Accounts Payable Office will send a reminder notice five (5) days later if no documents are received from the school or office.

- Final Notice— Five (5) Days

The Accounts Payable Office will send a Final Notice reminder five (5) days later if no documents are received from the school or office

- Business Operation's Office Contacted—Three (3) Days

Accounts Payable will contact the Business Administrator after three (3) days if the documents are not received from the school or office.

C. Problems Encountered with Receipt of Goods

Problem: Back Orders

Sometimes items ordered will not be received in the first shipment. This is known as a backorder. The packing slip will have back order written on those particular items.

The process to Follow: Back Orders

If the order is incomplete because there is a backorder, do not wait for the next shipment.

Please do the following:

- Indicate on receiving module the items you did not receive
- Click on the receiving box and upload packing slip to financial software
- Upon receipt of the back order in the next shipment, complete receipt and upload packing slip into the financial software

Problem: Items Missing from Order

Sometimes items are marked on the packing slip they were delivered but are missing from your shipment.

Process to Follow: Item(s) Missing

- Call the company and tell them what was missing
- Do not receive on the missing item(s), make notation in the financial software
- Upload packing slip into financial software
- Upon receipt of the missing item(s) in the next shipment, enter receipt and upload packing slip to financial software

Problem: Item(s) Damaged; Wrong Item

Sometimes you will receive items that are damaged or the wrong item.

Process to Follow: Item(s) Damaged; Wrong Item

- Call the company and ask them what the procedure is for returning damaged or wrong items.
- Return the item(s) to the company.
- On the packing slip, mark what items were returned, the reasons for being returned, and the method used to return (UPS/PO/Vendor Pick Up).
- Upload packing slip into financial software

- Upon receipt of the replacement/wrong item in the next shipment, receive and upload in the financial software

Problem: Discontinued Item

Sometimes the items you requested have been discontinued.

Process to Follow: Discontinued Item

- Mark discontinued on the packing slip “discontinued.” Insert note into financial system and upload packing slip into the financial system
- Do not call the company for a replacement item. You must complete a new purchase order.

Documentation Required--Services Rendered

Service Providers; Consultants

Service agencies include and are not limited to private schools, charter schools, legal counsel, related services, transportation and private consultants who provide services to the school district.

The scope of work is detailed on the invoice which mirrors the contract accepted by the Board of Education:

- Invoice for services rendered shall detail dates and description of work, the location where services were rendered and time log of services rendered. A service verification report signed by principal/parent and director of department detailing description of work; dates, time and location for related services vendors for related services
- The voucher form must be signed with the original signature by company authorized personnel;
- Proof of attendance applicable to private school vendors;
- Legal counsel invoices must be in detail and accompanied by a detailed report for services rendered and approved by district personnel; and
- Consultant services are supported by signed and dated service verification reports and costs of services agreed to contract accepted and approved by district personnel.

Public Works Contractors

Public works contractors must provide signed and dated documentation.

- The scope of work in detail on the invoice which mirrors the contract;
- Invoices for services rendered detailing dates and description of work, the location where services were rendered and time log of services rendered;

- Invoices for material supplied must be presented by the contractor and/or a secondary invoice for mark-up purposes;
- Service report signed by the principal and/or head custodian and director of building service department detailing the location of work, description of work, date(s) of service and time in and time out of work performed;
- The voucher form must be signed by the authorized personnel of the company.

Public Works Contractors—Construction Projects—Architect/Engineer

The Board of Education will provide payment in accordance with the “Prompt Payment” law as codified in N.J.S.A. 2A:30A-1 et seq. All payments to contractors are subject to approval by the Board of Education at a public meeting.

The Director of Facilities and the School Business Administrator shall work closely with the Architect or Engineer of Record for the construction project to ensure compliance with the Prompt Payment Law.

Types of Payments—Public Works Contractor—Construction Projects

The Board may make the following types of payments in compliance with the Prompt Payment Law and in accordance with N.J.S.A. 18A:18A-40.1, which requires withholding of funds for construction project payments. Types of payments are

- Progress Payments
- Monthly Payments
- Partial Payments
- Final or Closeout Payments

The Board will work with the Architect or Engineer of Record as to the type of payment, the amount of payment and documents to be submitted for payment including

- AIA document notarized and verified by architect/engineer; and
- Submittal of prevailing wage payroll timesheet as applicable

Public Works Projects--Payment, Partial, Withholding

The Accounts Payable staff will work closely with the School Business Administrator on the process of paying contractors who provide public works services to the District. In particular AP staff members should be aware of the following laws as they pertain to paying contractors for public works activities.

A. Contract Thresholds; Partial Payments/Withholding

- Contracts – Less than \$100,000 – Lump Sum Payment

Public works contracts less than \$100,000 shall be paid in one lump total sum, upon completion of the project and to the satisfaction of the Board of Education. (Ref. N.J.S.A. 18A:18A-40.1)

- Contracts – Exceeding \$100,000 – Monthly Payments

Public works contracts that exceed \$100,000 shall be paid with partial payments on a monthly basis for work that was completed to the satisfaction of the Board of Education.
(Ref. N.J.S.A. 18A:18A-40.1)

B. Withholding of Monies – Percentage to be Withheld

The Board of Education shall withhold the following percentages of outstanding balances of monies owed to contractors:

- Balances Exceeding \$500,000 Two (2%) Percent
- Balances Less than \$500,000 Five (5%) Percent

The amounts withheld shall be returned to the contracts upon fulfillment of the terms of the contract. (Ref. N.J.S.A. 18A:18A-40.3)

Travel Reimbursement

The Board will reimburse all approved travel events in compliance with N.J.S.A. 18A:11-12, N.J.A.C. 6A:23A-7.1 et seq., and board of education policy. Prior to signing and processing a purchase order for the reimbursement, the following documents shall be attached to the PO and reviewed by the School Business Administrator:

- Approval Board Resolution
- Superintendent Approval
- Approval Executive County Superintendent (if applicable)
- Insurance Card (if applicable)
- Travel Commute Sheet (if applicable)
- Travel Report
- Vehicle Registration (if applicable)
- Envelopes with Receipts
 - Tolls—EZ Pass Ok
 - Parking
 - Meals and Refreshments
 - Hotel Bill Marked Paid
 - Airline Tickets with Credit Card Statement
 - Other required receipts when applicable

Vendor Payment Process

All bills and invoices submitted to the Business Office by the vendor will be sent to the appropriate school district administrator/supervisor for review and approval. The Business Office cannot begin the payment process until it receives the invoices signed and approved by the appropriate administrator.

Preparation of Payment Run—VIP Method

A vendor payment is prepared once the Business Office has a

- **Voucher**—signed by vendor
- **Invoice**—signed by vendor
- **Packing Slips**—signed by school official
- **Receiving document** —signed by school official

List of Bills—Bills List of Claims and Demands—N.J.S.A. 18A:19-2, N.J.S.A.18A:19-4

In accordance with the law, the Business Office, on a monthly basis, prepares a list of vendor bills to be paid. This Bills List has to be presented to the Board of Education for review and approval at a meeting of the board. All payments are made to vendors the following day after the board meeting.

Bill Payment Processing Procedure

Steps to Process a payment

- Payments entered on Business Office Financial Software
- Compare entries to reconcile the payment preview list.
- Process vendor payment batch
- Payment review list is generated by the Account Payable Manager and approved by the School Business Administrator for review on the Board agenda.
- Payments are made once per month.
- Copies of payments printed are attached to the payment packet for record-keeping and maintained in accounts payable files in check # sequence.
- Payment to vendors - the normal timeframe is 30 to 60 days and no later than 90 days from receipt of invoice and voucher depending on the situation.
- After the board meeting the state mandated payment to service providers to be paid.
- All orders are paid and presented at Board Public Meetings Electronic payments are processed by the accounting department

There is a law that permits the board of education to authorize the SBA to release vendor checks prior to the board of education meeting.

Electronic Funds Transfer and Claimant Certification

The Board of Education takes advantage of the opportunity to pay vendor bills through the Electronic Funds Transfer process. If the Board so chooses to do so the Accounts Payable staff will work closely with accounting officials and the School Business Administrator to implement the process.

The Board of Education permits the School Business Administrator to use standard electronic funds transfer (EFT) technologies for EFTs for payment of claims pursuant to N.J.A.C. 5:30-9A.1 et seq. and 5:31-4.1, implementing N.J.S.A. 40A:5-16.5.

“Electronic funds transfer” means any approved method of transferring moneys permitted by N.J.A.C. 5:30-9A.1 et seq. that does not involve the physical presence of a paper check, draft, or similar paper instrument including, but not limited to, wire transfers, e-checks, automated clearing house (ACH) transfers, and transactions initiated by phone or fax.

In accordance with N.J.S.A. 40A:5-16.5.b.(1), the Board of Education authorizes the use of only the forms of standard EFT technologies that are approved to be used by a Board of Education for EFTs for payment of claims. A Board of Education may not utilize procurement cards, charge cards, charge accounts, or any payment services such as PayPal or Venmo.

In accordance with N.J.S.A. 40A:5-16.5.b. (2), the Board designates the **School Business Administrator** as being responsible for the oversight and administration of the provisions of N.J.S.A. 40A:5-16.5, N.J.A.C. 5:30-9A.1 et seq.; N.J.A.C. 5:31-4.1, and Policy and Regulation 6470.01.

The Board of Education will only initiate and approve electronic funds in accordance with N.J.A.C. 5:30-9A.1 et seq. Standard EFT technologies shall incorporate, at a minimum, the features and safeguards outlined in N.J.A.C. 5:30-9A.4 (a). The Board will only utilize standard EFT technologies upon instituting, at a minimum, the fiscal and operational controls outlined in N.J.A.C. 5:30-9A.4 (b).

The School Business Administrator shall initiate a claim for payment by presenting a claim that has been approved by the Board, to be paid using an EFT technology. The School Business Administrator shall submit the claim for payment with all supporting documentation to the Superintendent of Schools or a designee who is not under the direct supervision of the School Business Administrator, who shall review the claim for payment and authorize, in writing, the EFT claim using an EFT method.

The Board of Education shall annually approve the School Business Administrator as the person authorized to initiate a claim for payment and a designee not under the direct supervision of the School Business Administrator as the person responsible to review a claim for payment presented by the School Business Administrator and authorize payment using an approved EFT method.

On no less than a weekly basis, activity reports on all transactions utilizing standard EFT technologies shall be reviewed by an individual designated and approved by the Board that is not under the direct supervision of the School Business Administrator and is not empowered to initiate or authorize EFTs.

Claimant certification for a Board of Education shall be in accordance with the provisions of N.J.S.A. 18A:19-3 and rules promulgated by the New Jersey Department of Education.

Providers of Automated Clearing House (ACH) and wire transfer services must be financial institutions chartered by a State or Federal agency, with the further requirement that these financial institutions providing ACH and wire transfer services be covered under the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41 et seq.

EFTs through ACH must utilize Electronic Data Interchange (EDI) technology, which provides transaction-related details including invoice numbers, pay dates, and other identifying information as appropriate for each transaction. The Board must approve an ACH Origination Agreement with the financial institution(s).

Other Accounts Payable Procedures

Ordering Deadline and Open Purchase Orders

The deadline for ordering items from the current operating budget is May 1st of each school year, unless an earlier date is set by the Business Administrator.

Exceptions are:

- Miscellaneous Principals/Supervisors Account;
- Emergency end of year supplies;
- End of year activities such as field trips, graduation and program assemblies;
- Contractual responsibilities;
- Special state and federally funded programs;
- An open PO report is sent to their respective departments and schools for follow up of completion of orders; and
- Open PO's must be identified with a June 30th date as either an Accounts Payable Liability or an Open Encumbrance.

Open Purchase Order Review—June 30; Letter to Vendor

Accounts Payable staff shall complete a review of all open purchase orders for the current year ending June 30. The School Business Administrator shall prepare a letter to all vendors who have not submitted final billing or invoices for the school year ending June 30. The letter will advise the vendors of submitting bills in a timely fashion as to render payment within 30 days of the receipt of the letter.

End of Year Billing/Cancellation of Purchase Orders

Administrators are to work with contracted services vendors so that end-of-the-year invoices are submitted to the Business Office in a timely fashion. This is imperative. In order to comply with State of New Jersey, Department of Education requirements, the district has adopted a policy of canceling open purchase orders at the end of the fiscal year. All invoices must be billed within thirty (30) days of services to meet the State Department of Education deadline.

Vendor Master File

Accounts Payable staff shall keep a vendor master file to include by not limited to the following information:

- Coding of vendor file
- Telephone numbers/fax numbers
- Vendors address, city/state/zip
- W-9 Tax Identification Number
- Authorized Agents and Titles

New Vendors

New vendors are created in the Business Office Software Programs and vendor documents shall be received by the Board including, when applicable:

- Affirmative Action Evidence—Employee Information Report
- Business Registration Certificate
- Chapter 271 Political Contribution Disclosure Form (when applicable)
- Political Contribution Disclosure Form
- Disclosure of Financial Activities in Iran
- W9 IRS Form