

SECTION 4.04 – ACCOUNTS PAYABLE

Contact: Accounting @ Extension 4170

A. **Overview**

Accounts payable is defined as a district obligation or short-term liability of amounts owed to private persons, firms, governmental units, or others for goods received or services performed within the fiscal year. Amounts are billed to the district by invoice and other forms of paperwork. The accounting office issues warrants paying district bills, invoices, employee reimbursements and other claims against the district for the General Fund, ASB fund and Trust Fund. Accounts payable warrants are issued and mailed every Friday. If Friday is a holiday, warrants will be issued and mailed on Thursday. The weekly warrant schedule will be interrupted when work weeks are shortened due to multiple holidays, such as the November and December holidays. Warrants issued during shortened work weeks, will be limited to those obligations that absolutely must be paid, and/or that are emergency in nature.

B. **Guidelines and Restrictions**

- Appropriate supporting documentation is necessary to prove the validity of each warrant issued. Supporting documentation must include at a minimum:
 - 1) Original detailed invoice.
 - 2) PO or service contract number reference.
 - 3) BusinessPlus online confirmation that goods and services are received.
 - 4) If no PO, budget authority signature approval of invoice.
 - 5) If no PO, budget account code (org key and object code).
- Documentation that is not adequate for payment:
 - 1) Copies or faxes of invoices
 - 2) Vendor statements
- Packing slips Purchase Orders or Contractual Services Agreements are required for all purchases except utility payments, imprest account transactions, reimbursements, travel reimbursements, or purchases using the district's procurement card. (There are other exceptions. See [Matrix of Allowable Purchasing Methods in Section 2.02.](#))
- Invoices - Invoices should be sent directly from the vendor to the Everett Public Schools' accounting office. The practice of having invoices sent directly to accounting helps ensure vendors are paid in a timely manner, helps eliminate lost or misplaced invoices and reduces the risk of late fees.
- For those invoices where there is no PO or contract, (See [Matrix in Section 2.02](#) for types of transactions where this may be allowed.) the invoice will need the following information on it, before it can be processed for payment:
 - 1) Budget authority signature approving the invoice expenditure.
 - 2) Budget account code (org key and object code) for invoice charge.

- The district is not permitted to pay for goods or services in advance. [RCW 42.24.080](#) requires the district's auditing officer to certify for all payables, that "materials have been furnished, the services rendered or the labor performed as described, and that the claim is a just, due and unpaid obligation against the district." Recognized and allowed exceptions to this rule may include: registrations, memberships, subscriptions (although the period of subscription may not exceed three years. [RCW 42.24.035](#)), admissions, deposits and certain travel arrangements.
- Pre-Pay PO's – Sites should not make promises to vendors or service providers that they will have payment the very moment they deliver their goods or complete their service. Vendors and service providers should be given assurance that upon receipt of properly executed district required paperwork (such as a PO or service contract, and an original invoice), the account will be paid in the normal course and that generally this is timely since the district issues warrants on a weekly basis. However, the district recognizes that in some limited and unique circumstances, vendors will not invoice the district and instead require the warrant at the time of establishing an order, or at the conclusion or delivery of a service. Where appropriate and depending on the circumstance, sites may be allowed to generate payment in advance by processing a "Pre-Pay PO" as follows:
 - 1) A purchase requisition must be entered into BusinessPlus and requires unique entry and handling as follows (see the ["On P-A-R BusinessPlus Online Purchasing Approval Receiving manual"](#) for more details):
 - ✓ Enter the Requisition Code: PR
 - ✓ Be certain to list exact shipping/handling charges, if applicable.
 - ✓ Enter in the text or notes: Exact date/time warrant is needed, if it should be held from being mailed, sent back to the site, or whether arrangements will be made for it to be picked up in our office.
 - 2) Documentation to support the items/amounts on the Pre-Pay PO must be attached to the requisition or forwarded to the purchasing office. (i.e. original invoice, order form, receipt, company flier, registration sheet, etc.) If the actual cost ends up being less than the warrant amount, the site should pursue the difference (refund or credit) back from the vendor.
 - 3) Transactions must be received in BusinessPlus before payment can be processed.
- Contractual Services Agreement Invoices:
 - 1) The contractor must provide an itemized invoice detailing the services performed.
 - 2) If the contractor does not provide an invoice, the district [Invoice](#) form located at the end of [Section 2.07](#) may be used and **must be signed by the contractor**.
 - 3) The contractor should have a current [IRS Form W9](#) on file with the accounting office before payment can be issued. (See [Section 2.07](#) for a copy of the [W9 form](#).) The [W9 form](#) need only be submitted once per service contractor unless there is a change in their information. Completed [W9 forms](#) are maintained on file in the accounting office.

- 4) Contractors who detail their travel costs on their bills must provide original detailed receipts to substantiate those charges (except for meals which may be on a per diem basis). Receipts are not necessary if the contractor includes their travel costs in the base of the contractual amount.
- Bulk Mail Authorization Sheets – The district maintains a balance with the US Postal Office for ease of mailing large batches of mailings at a bulk rate savings. Questions about postage expenditures against your school or department budget may be directed to the accounting office. The accounting office processes the paperwork for expensing bulk mail postage transactions against your budget.

The following guidelines and restrictions apply:

- ✓ Use of the bulk mail shall be limited to bona fide district mailings that have approval by the budget authority. (Personal use of the district bulk mail account is prohibited.)
- ✓ A copy of the bulk mail authorization sheet (The “Postage Statement – Nonprofit Standard Mail Permit Imprint, Form 3602-N or 3600-N) is due to the accounting office as soon as possible but not more than two weeks from the date of mailing.
- ✓ Sites need to either write on the bulk mail authorization sheets (Postal Form 3602-N or 3600-N) or send a brief memo attachment with the following information for accounting purposes:
 1. Budget authority approval signature
 2. Budget account code (org key and object code)
 3. A brief description of the purpose of the mailing.

C. Payments Exceeding PO/Contract

The accounting office uses the following guidelines when processing an invoice that exceeds the PO/contract:

- If the invoice exceeds the PO/contract issue amount by \$50.00 or less (\$100.00 during summer months), the invoice can be paid and the PO/contract will be closed out.
- If the invoice exceeds the PO/contract by more than \$50.00 but not greater than \$250.00, the site will be contacted about the overage. Approval must be given from the responsible site before the accounting office can pay the invoice. E-mail communication is considered acceptable.
- If the invoice exceeds the PO/contract by greater than \$250.00, the site will be contacted about the overage. Approval must be given from the responsible site before the accounting office can pay the invoice. This approval can be accomplished through one of two ways:
 - 1) Prepare a [Purchase Order Revision form](#) signed by the budget authority and send to the purchasing office. Once the PO revision is processed, and

- on-line receiving has been completed, accounting will process the invoice, or
- 2) Obtain the budget authority's signature approval of the overage directly on the invoice. When the original invoice with approval signature is returned to accounting, it will be processed and the PO/contract will be closed.

If you realize the goods or services you have ordered are going to cost more than the amount of the original PO/contract prior to delivery of the goods/services, revise the PO/contract by sending a [Purchase Order Revision form](#) to the purchasing office. ([See Electronic PO Process Section 2.03, paragraph F.](#))

D. Receipt of Goods and Services

Sites must confirm they have received goods and services via the BusinessPlus on-line receiving process, before payment will be rendered. This represents the site's approval to pay for the goods or services received.

- Packing slips should be retained by sites (per state record retention requirements) for 3 years.
- Coordinate with the purchasing office for asset inventory tags and special receiving procedures for certain equipment and theft sensitive assets.

E. Credits and Returns

Credit memos are generated by vendors for many reasons, the most common being for returned goods. Sites are responsible for coordinating their returns with the vendor and with the accounting office so that the vendor account can be properly paid and maintained. Sites should "negative receive" online in BusinessPlus against an order where a credit memo has been issued. Credit memo paperwork should be sent to the accounting office for entry into the BusinessPlus accounts payable system. It is helpful to let accounting know if the goods will be replaced so a determination can be made whether to close the PO or leave it open.

F. Communications with Vendors

Sites are responsible for contacting vendors when exceptions or questions arise regarding orders, deliveries, and problems on invoices. This includes follow-up with the vendor where an invoice is not received in a timely manner. In most cases, the site that initiated the order has the pertinent information needed to pursue resolution on an invoice and responsibility lies with them to do so. However, we recognize this is a joint effort and there are also many times where accounting staff's active involvement is needed. Accounting and purchasing are available for additional assistance and information in order to pursue resolution.

G. Use Tax – Compensating Tax – [Tax Table](#)

The district is not tax exempt. The district is required to pay sales tax on goods and services we purchase. Use Tax (also called Compensating Tax) must be paid to the Washington State Department of Revenue (DOR) whenever merchandise, is purchased from an out-of-state vendor who has not charged sales tax. This also

includes tax on internet purchases where no sales tax is charged or for other retail sales where the vendor has not charged tax. In some cases, if a vendor in Washington State neglects to charge us sales tax, we must pursue a revised sales tax billing from them, before resorting to paying tax through the Use Tax means.

The district pays Use Tax directly to the DOR during the automated accounts payable process. The Use Tax percentage is based on the location where the goods will be used and is calculated on the merchandise as well as the shipping and handling. Tax rates vary by site and are listed in [Tax Table 4.04a](#). The amount of the tax is charged against the same account code as the purchase. This tax will show up on BusinessPlus Transaction Recaps with Department of Revenue listed in the description.