

SECTION 9.1 – ACCOUNTS PAYABLE

INTRODUCTION

Accounts payable is defined as an ASB 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. Payment of pre-approved purchase orders for merchandise and/or services are paid through accounts payable in the accounting office. Amounts are billed to the ASB by invoice and other forms of paperwork. The district's accounting office issues warrants paying ASB bills, invoices, employee reimbursements and other claims against the ASB. 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, or that are emergency in nature.

Technicians handle accounts payable according to where a vendor or payee name falls within the alphabet. Individuals in the accounting office are specialists in accounts payable for the General fund, ASB fund and Trust fund.

GUIDELINES AND RESTRICTIONS

- The accounting office prepares warrant voucher packets which contain the necessary supporting documentation for each ASB 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) Copy of Request for PO form containing the necessary student and advisor signature approvals.
- Documentation that is not adequate for payment:
 - 1) Copies or faxes of invoices
 - 2) Vendor statements
 - 3) Packing slips

Purchase orders or [Contractual Service Agreements](#) are required for all ASB purchases except for those made with the district's procurement card, and advisor and student reimbursements. (See the [Matrix of Purchasing Methods in Section 4.2](#))

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.

- Payment in advance is not permitted: State Law requires that goods must be received and services rendered before any payment for such goods or services can legally be disbursed. Accordingly, the ASB is not permitted to

pay for goods or services until the goods have been received and the services have been rendered. Recognized and allowed exceptions to this rule may include: registrations, memberships, subscriptions, admissions, deposit,s and certain travel related arrangements.

Hand carried warrants – also called Pre-pay PO's – Schools should exhaust all efforts to work with vendors so that the vendors understand the ASB fund's required purchase order and billing/invoice processes. However, there are some limited and unique circumstances in which a warrant must be generated in advance of an event or delivery of goods so that the warrant is available on the date the goods are delivered or the date the services are rendered. 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 handling as follows (see the [BusinessPlus OnLine Purchasing Approval Receiving Manual](#) for more details):
 - a) Enter the requisition code: PR.
 - b) Be certain to list exact shipping/handling charges, if applicable.
 - c) Enter in the text or notes: Specific instructions for the date and time the warrant is needed, whether 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 forwarded to the purchasing office. (i.e. the original invoice, order form, receipt, company flier, registration sheet, etc.) In the rare event that a pre-pay warrant ends up exceeding the actual cost of the event or purchase, the school site should pursue a refund of the difference from the vendor, in coordination with the district accounting office.
- 3) Transactions must be received in BusinessPlus before payment can be processed.

Contractual Services Agreement Invoices:

- 1) The vendor/contractor providing the service must provide the ASB with an itemized invoice detailing the services performed.
- 2) If the vendor/contractor does not provide their own invoice, a generic template [Invoice form](#) may be used **and must be signed by the contractor/service provider.**
- 3) The contractor should have a current [IRS Form W9](#) on file with the accounting office before payment can be issued. The [W9 form](#) needs to be submitted only once per contractor unless there is a change in information or the IRS requires resubmission. Contact the accounting office to inquire if a contractor has a recent [W9](#) already on file.
- 4) Contractors who bill us for travel costs 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.
- 5) See [Section 5](#) for procedures on establishing service contracts.

PAYMENTS EXCEEDING THE PO/CONTRACT

If there is a change in the amount or cost of items purchased, the ASB governing body should approve the changes. Accordingly, the following guidelines and procedures are in place:

- If an invoice exceeds the PO/contract amount by less than \$50.00 or 10%, whichever is less, the invoice will be paid and the PO/contract will be closed out (\$100 or 15% during summer months).
- If the invoice exceeds the PO/contract by more than \$50.00, approval must be given from the ASB before the accounting office can pay the invoice. This approval can be accomplished as follows:
 - 1) Overages less than \$250: Obtain all four required ASB signatures on the invoice itself (or some other form of documentation acknowledging the overage), and return it to accounting office.
 - 2) Overages greater than \$250: Prepare a [Purchase Order Revision form](#) signed by all four required ASB signature approvals and send it to the purchasing office. Once the [PO revision](#) is processed and online receiving completed, accounting will process the invoice and the PO/contract will be closed out.

Special or exceptional circumstances may require alternate approval procedures. Contact the accounting office for assistance.

RECEIPT OF GOODS AND SERVICES:

ASB's must confirm receipt of goods/services via the BusinessPlus online 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 on file by the school (per state record retention requirements) for 3 years.
- Coordinate with the purchasing office for asset inventory tags and special receiving procedures for equipment and theft sensitive assets.

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. Credit memos should be sent directly to the accounting office and are credited to the school ASB that originated the credit memo. Schools are asked to negative receive online in BusinessPlus against an order where a credit memo has been issued. It is helpful to let accounting know if the goods will be replaced as this impacts whether or not the PO should be closed or left open.

COMMUNICATIONS WITH VENDORS:

Schools are responsible for contacting vendors when exceptions or questions arise regarding deliveries on existing purchase orders or contracts. This includes follow-up with the vendor on deliveries of goods where an invoice is not received in a timely manner. Accounting and purchasing are also available to provide additional assistance and information.

SALES TAX AND USE TAX

Sales Tax: ASB's, with some exceptions, are typically required to pay sales tax on all purchases including shipping and handling.

Use Tax: Use tax (also called compensating tax) must be paid to the Washington State Department of Revenue whenever merchandise is purchased from an out-of-state vendor who has not charged sales tax. In some cases, if a vendor in Washington State neglects to charge sales tax, we must pursue a revised sales tax billing from them before resorting to paying tax through the use tax means.

Typical examples of when use tax is due are as follows:

- Mail order, telephone, or internet purchases where no sales tax was charged.
- Goods purchased from an out-of-state vendor where no sales tax is charged.
- Any purchase of goods from any source where sales tax was not charged.

The accounting office calculates the use tax owed and pays it directly to the Washington State Department of Revenue during the automated accounts payable process. The amount of the tax is charged against the same account code as the purchase. This tax will appear on your Transaction Recap report with the Department of Revenue listed as the vendor. See below for your school's use tax rate:

9.2%

Cascade HS
Everett HS
Sequoia HS
Evergreen MS
North MS
Eisenhower MS
Athletics-Stadium

9.9%

Heatherwood MS
HM Jackson HS

8.9%

Gateway MS

SCHOOL LEVEL PROCEDURES

The following accounts payable procedures are typically in place at the school level:

- **Packing Slips - Goods are Received or Services are Rendered:** Assuming properly established PO in advance of purchase, the ASB treasurer must manage and be aware of what orders are existing and outstanding. When goods are delivered and received, the ASB treasurer verifies the receipt of items ordered with the group/coach/advisor who established the order, either by a signed off/checked off packing slip or other documented communication. Verify quantities, description detail, unit prices, extension discounts, dates, purchase order number, applicable sales taxes and all other significant data on the packing slip or invoice copy. ASB treasurers will need to establish their own organized process with advisors and students in this regard, to govern communication of orders and goods that have been received.
- **Record Retention for Packing Slips:** Packing slips are retained and filed at the school site for 3 years, and should be available for state audit.
- **Incomplete orders – or other differences:** If differences from what was ordered are detected, contact the vendor to facilitate any necessary changes and/or corrections to the order and/or invoice. If the accounting office discovers a difference or variance in the actual invoice as compared to the PO, you will be contacted so you can follow up with the vendor. Accounting is also available to assist with this function, as appropriate.
- **BusinessPlus online receiving:** The ASB treasurer receives online in BusinessPlus for all verified goods or services received. This indicates the order is “OK to Pay.” (Note: student authorization and approval has already been established at the time the PO was initiated. If an invoice exceeds or differs from the PO, the accounting office will follow strict guidelines for communication and approval from the school ASB as detailed earlier in this section.)
- **Send Evidence of Student and Advisor Approval to Accounting:** Forward signed and dated ASB Requests for PO documents bearing appropriate student and advisor signatures to the accounting office. Accounting will match the Request for PO form to the appropriate invoice/payment voucher packet, and will process the associated invoice through the accounts payable system. Remember, audit standards require that we pay only from the original invoice, not from a copy or a statement.
- **Vendor Sends Invoice:** Vendors should be directed to send their bills/invoices directly to the accounting office. If needed, accounting can provide a copy of the invoice to the school. Accounting will prompt the school site when an invoice has been received if there has not been any online receiving of these goods or services. Accounting will verify quantities, description detail, unit prices, extensions, discounts, dates, purchase order number, applicable sales tax and all other significant data on invoices against the data that has been entered on the PO or attachment to the PO.