

ANTHONY INDEPENDENT SCHOOL DISTRICT

DISTRICT ACCOUNTING BULLETIN #29: INVOICE PAYMENT

29.1 GENERAL

The Anthony Independent School District [AISD] is committed to paying its vendors on a timely basis in an effort to avoid problems with the Texas Prompt Pay Act and to ensure that we continue to receive the goods and services required by our employees to deliver a quality education to our students. The Finance Department is also attempting to minimize the impact the accounts payable function has at the campus and departmental level. Improvements in this area will minimize the campus and departmental impact, in terms of human resources, required to correct purchase order and accounts payable problems.

In an effort to improve the process, the Finance Department has isolated the causes that keep AISD from paying promptly. This Bulletin also provides guidance which will help the schools and departments engage improvements in an effort to maximize the economical use of limited resources and to improve operational efficiency and effectiveness.

29.2 PROBLEM AREAS

Following is a list that illustrates the seven major causes that delays the accounts payable specialist from processing prompt payment to AISD vendors:

1. The campus/department does not complete a purchase order prior to contacting the vendor.

Invoices that do not indicate a valid purchase order number will be returned to the vendor. No effort will be made to research the order; therefore, payment will not be made. This includes those invoices that erroneously reference an RPO (Requisition for Purchase Order) number instead of a valid PO (Purchase Order) number. Campuses/departments that fax or send an RPO out before the purchase order is approved often causes duplicate shipments and possibly an after-the-fact purchase order. NOTE: The employee responsible for obtaining goods and services without an approved purchase order in place is responsible for returning the goods to the vendor or paying for the goods or services.

2. The purchase order has not been entered into the computer system properly.

- The purchase order and invoice must match. When setting up a PO, campus and departmental personnel must include a complete and specific description to include part number, item number, unit of measure, quantity and unit price in order to facilitate the matching process. [Campus and departmental personnel are responsible for initiating the matching process. The accounts payable specialist is also responsible for ensuring that the matching process has been completed.] Accounts Payable may pay a smaller quantity or lower cost. However, accounts payable cannot pay a greater quantity or cost than stated on the purchase order. Goods must be shipped exactly as ordered unless noted otherwise on purchase order.
- Freight and/or shipping and handling and/or insurance should be included and if the exact total is not known, the amount should be estimated.
- Blanket purchase orders must be prepared and processed in compliance with District Accounting Bulletin #27, Blanket Purchase Orders.

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- Direct Payment requests must be prepared and processed in compliance with District Accounting Bulletin #28, Direct Pay.
- Discounts should not be entered as a line item.
- If a new purchase order must be opened to correct an erroneous purchase order, the old purchase order number and an explanation must be included in the new purchase order's Comments section. The originator must also include a statement that the purchase order should not be mailed to the vendor. The originator must ensure that accounts payable has the required documentation to liquidate the purchase order.

3. Payment for the order is not processed because the invoice was not received by accounts payable.

Regardless of the instructions AISD provides to vendors, inevitably some of the invoices end up at the campus or department. Please ensure that you deliver vendor invoices to accounts payable within two days of receipt. We encourage you to date stamp the invoice in the accounts payable specialist's office for documentation purposes. See District Accounting Bulletin #30 Accounts Payable for AISD vendor payment timetable.

4. Payment for the order is not processed because the goldenrod copy of the purchase order invoice was not submitted to accounts payable.

Please submit the goldenrod copy of the purchase order to accounts payable immediately upon the receipt of goods and/or services. The goldenrod copy of the purchase order must include a campus or departmental employee's signature and date. The signature acknowledges receipt of the goods or services and the date is used for accounting purposes. Goldenrod copies received without signature and/or date will be returned to the originator.

5. The matching process (matching purchase order goods, unit of measure, unit price and extension) is flawed.

In an effort to ensure that value has been received, the initial matching process is performed at the campus or departmental level. Once this process has been completed, provide a short description on the goldenrod copy of the purchase order indicating that the invoice matches the purchase order. If the matching process is flawed, report the problem to accounts payable and assist with the reconciliation. The accounts payable specialist is directly responsible for the matching process in cases where the invoice is sent directly to accounts payable.

6. Order discrepancies related to the goods or services received (either the billing or the delivery of merchandise ordered) include but are not limited to the following:

- **Shortages** – The campus/department should contact the vendor. You must indicate ONLY the items received on any receiving document submitted to Accounts Payable.
- **Tracers** – The school/unit should contact the vendor.

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- **Returns** – Campus/department clerks should contact vendors for merchandise returned to the vendor. The Campus/department clerk should make every effort to ensure that Accounts Payable receives a credit memo for items returned.
- **Cancellations/Backorders** – To cancel an order or to cancel a backorder, you must notify the vendor in writing with a copy to the Finance Director.
- **Federal and Grant Expenditures** – Please include a note in purchases from Federal or Grant funds which are processed sixty days before the program expiration date (usually June 30th) which reads: “Merchandise must be received by _____ (end of spending date) or order will be canceled.”
- **Errors in Billing** – If, in reviewing an invoice on your financial statement, you feel a billing error might exist for a specific purchase order, contact Accounts Payable immediately.
- **Price Changes** – Accounts Payable pays the stated price per item on the purchase order or a lesser amount only. Accounts Payable cannot arbitrarily add freight, shipping, handling, insurance or any other charge to the purchase order. If a price discrepancy does occur, A/P will process the difference for payment only if all of the following conditions have been met: Item was listed on the original purchase order, freight difference is less than 5% of the total purchase order, and the respective principal or department director has signed for expenditure and provided accounts payable with an account code with sufficient funds.

7. Failure to keep track of campus or departmental purchase orders.

The campus or department is required to keep a copy of each purchase order processed and corresponding documentation. The campus or department is also required to track their purchase orders.

In most cases, the campus or department does not keep track of outstanding purchase orders. We strongly encourage the campus and departments to determine the status of their purchase orders on a monthly basis. Outstanding purchase order reports can be obtained from the accounts payable specialist. Also, you should read your financial statements carefully to ensure that your accounts have been properly charged for goods or services received for your campus or department.

29.3 REMINDERS

- Short pay and freight discrepancies will be subject to external audit with other financial records at the end of the school year. Department/Campus short pay and freight discrepancies will be reported to the Leadership Team on a quarterly basis.
- Accounts Payable cannot issue a payment to a vendor with an address in a foreign country.
- Each purchase order must have a separate invoice.
- AISD is restricted from processing payment through a Statement.

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- The District does not pay on partial receipts. [NOTE: The same rules apply to partial receipts.]
- Each invoice must have a separate entry into the RSCCC system using a unique identifier. The RSCCC System will not pay an invoice which is already on file. Invoices may not be summarized by statement or cover sheet for data entry.
- Credit memos must reference the purchase order number.
- **REMEMBER:** The date the items are received is important. Failure to date a receiving document properly may result in problems with vendor payments and budgets.
- The packing slip and any other documentation received should be kept in the campus or departmental file.

APPROVED:

**AISD Leadership Team
March 28, 2006**