

# Accounts Payable

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## Purpose

The Associated Students, Incorporated has an adopted Policy on Procurement that guides the conduct of ASI employees and agents who engage in the purchase of goods and services in support of ASI's programs, activities and services. Fundamental to the successful operation of a procurement program, and to ASI itself, is the establishment and maintenance of positive vendor relations, a favorable credit rating, and effective cash management. The Policy on Accounts Payable seeks to achieve these ends through the adoption and observance of the following regulations.

## Policy Statement

It is the policy of the Associated Students that all payments for goods or services received by the corporation be processed solely through the Associated Students Business Office in accordance with general accepted accounting principals, ASI's Policy on Procurement, and the following regulations. Payment for goods and services shall be adequately documented, reflected in the

proper accounting period, and remitted in accordance with vendor terms. Controls shall be established over vendor invoices as soon as they are received to ensure accomplishment of these objectives.

## Who Should Know This Policy

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> Budget Area Administrators | <input type="checkbox"/> Elected/Appointed Officers  | <input checked="" type="checkbox"/> Grant Recipients |
| <input checked="" type="checkbox"/> Management Personnel       | <input checked="" type="checkbox"/> Program Advisors | <input checked="" type="checkbox"/> Staff            |
| <input checked="" type="checkbox"/> Supervisors                | <input type="checkbox"/> Volunteers                  |  |

## Definitions

For purposes of this policy, the terms used are defined as follows:

Term	Definition
Accounts payable	Amount owed to a vendor or supplier for goods delivered or services completed
Accrual basis	The basis of accounting wherein revenue and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.
Disbursement	Payment by cash or check.
Invoice	A detailed list of goods shipped or services rendered, with an account of all costs; an itemized bill
Packing slip	A document which itemizes in detail the contents of a particular package or shipment
Period end closing	Process by which the books of accounts are reconciled and closed to any further transactions in preparation for the production of monthly or annual financial statements
Procurement	The combined functions of purchasing, inventory control, receiving, inspection, and store keeping.

## Regulations

### 1.0 Expense Recognition

It is the policy of ASI to maintain its accounting records on an accrual basis. Accordingly, the liability for goods or services provided to ASI shall be recorded in the same accounting period in which the goods or services were received. Time delays in receiving and processing invoices for goods or services can cause ASI to record the associated liability in a subsequent month and therefore distort the presentation of ASI's financial position. To ensure that liabilities are recorded to the proper accounting period, the following procedures shall be observed:

#### 1.1 Timing of Purchases

To ensure the timely receipt and processing of invoices, all departments shall, to the greatest extent possible, restrict their purchasing activity to the first ten days of the month. Purchasing activity after this period is permissible provided the amount due can be accrued within the same month that the goods or services were received. Likewise, Employee Expense Reports and Revolving Fund Expense Reports shall be submitted within the same month in which the

out-of-pocket expenses were incurred. This shall apply to all purchases, including those made with personal or corporate credit cards.

Although the Business Office cannot refuse to pay invoices or reimburse receipts submitted late, persistent violation of these regulations will be referred to management.

## 1.2 Receipt of Invoices

All vendors shall be instructed to mail invoices directly to the following address:

Associated Students Business Office  
ATTENTION: Accounts Payable  
1212 Bellflower Boulevard, Suite 220  
Long Beach, CA 90815-4199

Vendors must be instructed NOT to send invoices to any other office or address. Upon receipt, all incoming invoices shall be recorded and monitored by the Business Office to ensure timely submission for payment.

## 1.3 Period End Closing Delayed

Closing of the accounting records for a particular month shall be delayed until the 15<sup>th</sup> of the following month to permit receipt and posting of vendor invoices to the proper period.

## 2.0 Segregation of Duties

The recording of expenses and the related liability shall be recorded by employees independent of any ordering or receiving functions. In addition, checks shall be prepared by employees other than those who initiate or approve any documents that result in disbursements. Accordingly, the ASI Expenditure Technician shall not be permitted to place orders for goods or services, to approve orders for goods or services, or to receive goods or services.

## 3.0 Payment

### 3.1 Requests for Payment

Payment for goods or services received shall be issued through Accounts Payable only upon submission of a Request for Payment or Purchase form (RPP) assembled with the following documents:

- Vendor Invoice (or receipt in case of reimbursement)
- Packing Slip (unless the item was picked up directly from the vendor, in which case the receipt or invoice will serve as the packing slip)
- Purchase Order, if applicable
- Certification of receipt of goods or services (This may be indicated on the packing slip, on the purchase order, or on the invoice/receipt.)

Upon receipt of a Request for Payment or Purchase, the Expenditures Technician will enter the invoice into the Accounts Payable module and update the Invoice Register. The purchase will be expensed to the proper account(s) and a corresponding liability will be set up in the General Ledger.

To ensure that disbursements are adequately supported, the Staff Accountant will periodically trace a sampling of checks to the underlying source documents.

### 3.2 Check Preparation

Invoices shall be selected for payment at the latest acceptable time, while maintaining positive vendor relationships. Early payment discounts shall be taken advantage of whenever applicable and shall be credited to the originating department. Likewise, any late payment penalties shall be expensed to the originating department and reported to that department's management.

ASI will use sequentially numbered checks and account for any missing numbers (i.e., voided checks, cancelled checks). Supplies of unused check stock shall be properly safeguarded by storage in the vault.

### 3.3 Check Register

A Check Register will be generated after checks have been printed. The Check Register will be reviewed for the numerical sequence of checks and posted to the General Ledger control account upon approval by the Controller or designee. Check number sequences shall be recorded to a log. A Claim Schedule shall then be prepared in accordance with ASI's Policy on Banking.

### 3.4 Check Signing

The Claim Schedule and all supporting documents shall be forwarded to the Associate Vice President of Financial Management or designee for review and check signing. Signed checks shall then returned to the Business Office and disbursed as requested by the requesting department. In no case, shall checks in payment of accounts payable be returned to the originator of the request, unless the originator is the payee (i.e. authorized reimbursements)

### 3.5 Cancellation of Supporting Documentation

Copies of the check, RPP, invoice and supporting documents will be filed in the vendor files, maintained, and secured under the supervision of the Expenditures Technician. Supporting documentation shall be cancelled by the Expenditure Technician to prevent subsequent reuse.

### 3.6 General Ledger Control Account

To ensure the accuracy, completeness, and timeliness of accounts payable balances, ASI will employ a General Ledger control account. The Expenditures Technician shall post only to the General Ledger control account. This accounts payable control account will be reconciled with purchase and cash disbursement transactions by the Expenditure Technician. On a monthly basis, the balance in the Invoice Register will be reconciled with the control account.

4.0 Vendor Credits

Debit balances in the Invoice Register will be resolved by either treating them as an offset against other amounts due the vendor or by requesting payment from the vendor.

5.0 Internal Review

The ASI Controller will monitor the overall integrity of the accounts payable system and the extent of compliance with expense recognition, timeliness of vendor payment, and adequacy of disbursement documentation. Budget area administrators who consistently fail to observe the regulations of this policy shall be referred to management for possible disciplinary action.

**Forms**

The following forms are to be used in the execution of this policy.

Form Name	Purpose	Responsible Office	Approved By	Timeline for Submission
Request for Payment or Purchase (RPP)	To request a check or purchase order	A.S. Business Office	Authorized budget area signatory	Submit at least four business days before desired date of disbursement
Claim Schedule	To request the authorization of disbursements from an ASI checking account	Business Office	An authorized officer of the corporation as defined in ASI Banking Policy AND An authorized staff member as defined in ASI's Banking Policy	Must be submitted with the check(s) for which signature is requested.
Employee Expense Report	To document the purchase of goods or services by an employee for official ASI business for which the employee is entitled to reimbursement.	A.S. Business Office	Budget Area Administrator or next higher level of management	At least four (4) business days before desired date of reimbursement
Revolving Fund Expense Report	To request cash reimbursement for the purchase of goods or services totaling less than \$50 plus tax	A.S. Business Office	Authorized budget area signatory	Between 9 a.m. and 4 p.m., Monday through Friday (except holidays). Only one filing per person per day.