Peralta Community College District

Financial Services
Accounts Payable Department

The ABCs of How Bills Are Paid
1st Accounts Payable Workshop
Laney College
August 21, 2009

Topics to be Covered

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AP Staff and Assignments

- Nick Shere
  - Location 8
  - Funds 63 and higher
  - Apple
- Nicanor Custodio
  - Location 6
  - Hewlett Packard
- Tina Du
  - Location 2
  - Grainger
- Earvin Robinson
  - Location 5
  - Corporate Express
    (Staples)
  - Utilities
- Dianna York
  - Location 1
  - Office Depot
- Dettie Del Rosario
  - AP Supervisor
Overview of AP Process

- Upon Receipt of Invoice:
  - It is stamped.
  - It is verified whether documentation is complete and consistent.
  - It is determined whether:
    - Requisition is approved
    - Purchase Order is dispatched
    - Budget issues exist
Overview of AP Process....cont.

- If documentation is complete:
  - A voucher is created by the AP tech.
  - The voucher produces a check in the following AP run.
- If documentation is incomplete, no check is cut and the requisition is returned.

Overview of AP Process....cont.

- Sometimes reqs are not automatically sourced to POs and become “stuck in cyberspace.”
- Because of this, requesters should follow up to make sure requisitions are not only approved but also sourced to POs.
Overview of AP Process....cont.

- Documentation must be consistent with regard to:
  - Invoice
  - PO
  - Contract
  - Receiving

- What must be consistent?
  - Vendor name and ID
  - Dollar amounts
  - Items paid for
  - Tax
  - Contract (for services over $600)
  - Party billed (must be Peralta)

Overview of AP Process....cont.

- Payment terms – Net 30
- Payment types
  - Regular POs
  - Pay-to requisitions
  - Open accounts
  - Direct payments
  - Express checks
Overview of AP Process....cont

- AP Checks are cut
  - Every Tuesday and Thursday.
- Disbursement of checks
  - Checks are disbursed the following day.
  - They are either mailed or sent to the bursar’s office of each campus, or held at the district.
  - If a check is to be held at the district or returned to the campus, that instruction should be clearly written or stamped on the requisition page.

Regular Purchase Orders
Regular Purchase Orders

- If goods have been marked in by the warehouse, and we have received a valid invoice from the vendor, we will pay the invoice without further intervention from the campus.
- However, intervention by the requester or other campus staff may be required in some cases.

Regular POs: Receiving Goods

- All goods must be shipped to the warehouse.
- Only perishable or hazardous materials, or materials requiring installation by the vendor or their installer, should be delivered to the campus.
- Delivery of orders to the campus must be approved in advance by Purchasing.
Receiving Goods....cont.

- If goods have been delivered directly to the campus, the campus MUST notify the warehouse promptly by emailing Shawnee Martinez and copying the AP tech.
- Otherwise, payment may be delayed, or it may be impossible to pay the vendor.

Regular POs: Discrepancies

- If the invoice is inconsistent with the PO, AP staff will follow up with the vendor and/or the requester. The requester may need to take action to resolve the situation, or the invoice may not be paid.
- If the invoice significantly differs from the PO, a CHANGE ORDER may need to be submitted to the buyer, or the warehouse may need to be notified of the receipt of unmarked items.
Discrepancies......cont.

- If the requester asks for or approves a significant alteration to the order, they should contact the buyer to determine whether a change order is required.

Pay-To Requisitions
Pay-To Requisition Requirements

- Signature of cost center manager on the invoice
  - Signature is required to confirm that goods are received or services performed.
  - This is not required for regular POs because they are marked in by the warehouse.
- Signature of business manager on the requisition page
- Valid contract
  - (for payments for services over $600)
- Pay-to reqs must be submitted to the business office, not directly to AP.

Pay-To Requisition......cont.

- Original, uniquely numbered invoice and one copy
- Printout of the requisition and the account coding
- Correct breakdown of taxable and non-taxable lines on the requisition
- Correct buyer
  - Use the AP Tech as buyer (and origin DAP) only for
    - Utilities
    - Travel
    - Services under $600 and
    - Petty cash reimbursements to the bursar only
  - Employee reimbursements must be submitted to Purchasing.
Other Payments

- Open Accounts
  - Invoices must be signed off.
  - Requester is responsible for tracking total payments.
  - When the PO is used up, create a new one.
  - Invoices should be submitted via the business office.
  - Open accounts for goods must be marked taxable.
  - Open accounts for goods and services must have both taxable and non-taxable lines.
Other Payments

- Direct Pays
  - Should be used only when a requisition cannot be processed.
  - Direct pays do not show up under document status, they are directly deducted from the budget.
  - To determine whether a direct pay has been processed, check “voucher inquiry” screen or review available budget.

Other Payments

- Express Checks
  - Express checks are checks which are not run as part of a regular AP weekly cycle.
  - With AP’s new twice-a-week run schedule, express checks should not be needed.
How to Follow Up on Payments

- Each requester is responsible for checking their orders to make sure they have been completed.
- If an order has been received but not paid after 30 days, follow up with the AP tech.
- This is especially critical when approaching the end of the fiscal year and for funds which are not carried over to the next year.
Follow Up on Payments... cont.

- Most of the time, the document status page shows whether a payment has been made.
- If a direct pay has been used, document status will not show it.
- However, the voucher inquiry page and the budget will show the direct pay.
- If the requester does not have security access to these screens, contact the Business Office.

Interpreting Document Status
Interpreting Document Status

- **Payment**
  - If there is a payment line, a check has been cut on the indicated date.

- **Voucher**
  - If there is a voucher line, a check has been keyed in and will usually be cut in the next run.
  - The voucher date is the invoice date, not the date the voucher was keyed in.

Document Status...cont.

- If neither voucher nor payment lines exist, the AP tech has not keyed in a payment based on the requisition or PO number in question.

- AP staff can only key in a payment if the requisition is approved and the PO is dispatched.

- If the PO has not been dispatched yet, contact the buyer.
# Activity Summary

## Table 1: Activity Summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Quantity</th>
<th>Unit</th>
<th>Cost</th>
<th>Revenue</th>
<th>Profit</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Item 1</td>
<td>100</td>
<td>Unit</td>
<td>$100</td>
<td>$200</td>
<td>$100</td>
<td>50%</td>
</tr>
<tr>
<td>2.</td>
<td>Item 2</td>
<td>200</td>
<td>Unit</td>
<td>$200</td>
<td>$400</td>
<td>$200</td>
<td>50%</td>
</tr>
<tr>
<td>3.</td>
<td>Item 3</td>
<td>300</td>
<td>Unit</td>
<td>$300</td>
<td>$600</td>
<td>$300</td>
<td>50%</td>
</tr>
<tr>
<td>4.</td>
<td>Item 4</td>
<td>400</td>
<td>Unit</td>
<td>$400</td>
<td>$800</td>
<td>$400</td>
<td>50%</td>
</tr>
</tbody>
</table>

---

## Table 2: Additional Details

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Quantity</th>
<th>Unit</th>
<th>Cost</th>
<th>Revenue</th>
<th>Profit</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td>Item 5</td>
<td>500</td>
<td>Unit</td>
<td>$500</td>
<td>$1000</td>
<td>$500</td>
<td>50%</td>
</tr>
<tr>
<td>6.</td>
<td>Item 6</td>
<td>600</td>
<td>Unit</td>
<td>$600</td>
<td>$1200</td>
<td>$600</td>
<td>50%</td>
</tr>
<tr>
<td>7.</td>
<td>Item 7</td>
<td>700</td>
<td>Unit</td>
<td>$700</td>
<td>$1400</td>
<td>$700</td>
<td>50%</td>
</tr>
<tr>
<td>8.</td>
<td>Item 8</td>
<td>800</td>
<td>Unit</td>
<td>$800</td>
<td>$1600</td>
<td>$800</td>
<td>50%</td>
</tr>
</tbody>
</table>

---

## Table 3: Markdown Details

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Quantity</th>
<th>Unit</th>
<th>Cost</th>
<th>Revenue</th>
<th>Profit</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.</td>
<td>Item 9</td>
<td>900</td>
<td>Unit</td>
<td>$900</td>
<td>$1800</td>
<td>$900</td>
<td>50%</td>
</tr>
<tr>
<td>10.</td>
<td>Item 10</td>
<td>1000</td>
<td>Unit</td>
<td>$1000</td>
<td>$2000</td>
<td>$1000</td>
<td>50%</td>
</tr>
<tr>
<td>11.</td>
<td>Item 11</td>
<td>1100</td>
<td>Unit</td>
<td>$1100</td>
<td>$2200</td>
<td>$1100</td>
<td>50%</td>
</tr>
<tr>
<td>12.</td>
<td>Item 12</td>
<td>1200</td>
<td>Unit</td>
<td>$1200</td>
<td>$2400</td>
<td>$1200</td>
<td>50%</td>
</tr>
</tbody>
</table>
Interpreting Activity Summary

- Purchasing > Purchase Orders > Review PO Information > Activity Summary
- The Receipt tab, Qty Received column shows how many of each item have been received.
- The Invoice tab, Quantity Invoiced column shows how many of each item we have paid for.

Checking in with AP Tech

- Checks should be cut within 30 days of AP receiving an invoice if the documentation is complete and valid, including all documents and signatures required.
- With the new AP staff, most valid invoices are paid much more quickly; there is currently little to no backlog in the AP department.
Checking in with AP Tech...cont.

- If documentation is incomplete or invalid, it will be returned to the requester, care of the business office, via district mail.
- If, in that timeframe, a check has not been cut for an order, contact your AP tech to see if something is holding up the order and whether the documentation should be re-submitted.

Sales Tax
Sales Tax

- When preparing requisitions, you must mark all taxable items as such.
- Ship-to locations
  - Taxable: Warehouse, 1, 2, 5, 6, 8
  - Non-taxable: Exempt, 11, 21, 51, 61, 81
- When creating open accounts for service that may include both parts and labor, remember to include both taxable and non-taxable lines.

Sales Tax .....cont.

- If an order includes both taxable (goods) and non-taxable (services) items, you must separate those lines on the req and mark each line correctly.
- When creating a pay-to req for an invoice, you must use the invoice subtotal and mark it taxable if the whole invoice is taxable. Do not use the invoice total as the line amount and do not mark the line as non-taxable.
- Do not create a separate line for taxes.
Sales Tax .....cont.

- If the invoice is only partly taxable, you must create multiple lines for the taxable and non-taxable portions of the invoice.
- For out of state orders, make sure to mark items taxable so that USE tax will be encumbered. Otherwise a budget transfer may be required later.

Sales Tax .....cont.

- If the requisition has not been prepared correctly with regard to tax, either
  - a change order must be submitted to the buyer, or
  - the order must be cancelled and re-created.
Vendor Files

- Make sure to select the correct vendor number when creating a requisition.
- Check all vendor name(s) and address(es).
  - Be careful with vendors who have multiple files, such as Ricoh or Pitney Bowes, and vendors with similar names, such as Bananas Inc. and Bananas At Large, Inc.
  - A mistake can easily lead to the wrong vendor being paid, lost checks, or payments credited incorrectly.
Vendor Files....cont.

- Never use vendor numbers beginning with SP to create a requisition.
  - Those files are for students who receive refunds or financial aid awards.
  - A separate file must be created if they are to be paid as a note-taker, art model, etc.
- If you are not certain that the vendor file is correct, or if a new file must be created, contact Seraphine Nzomo at 466-7225.
- Note that what prints on the check is not the "vendor name field" but the "payment alt name field". This may not be visible to requesters; if you need to know the alt name for a vendor, contact your AP Technician.

Contracts
Contracts

- A valid contract should exist at the time the invoice is created.
- Work should be completed within the time period stated in the contract.
- Total payments for work under the contract should be within the Not to Exceed amount.
- Vendors should not work without a signed contract.

Contracts.....cont.

- An ICC is required for every payment for services over $600.
  - The requester cannot circumvent contract policy by splitting up payments for the same work.
- We cannot process a payment unless the attached ICC has been signed by
  - College President
  - Vice Chancellor, Finance & Administration
  - Chancellor
- If the contract is missing some signatures, the paperwork will be returned.
Contracts......cont.

- Contracts over $25,000 must be approved by the Board.
- Bond fund contracts over $76,700 must be approved by the Board.
- The requester is responsible for tracking total payments under each contract.

Contracts......cont.

- If the vendor works beyond the coverage date of the contract, or amount billed exceeds the limit of the contract, an amendment is required.
- Vendor name and tax ID information must be consistent between contract, invoice, and vendor file.
Travel

- All requisitions for travel-related expenditures, including registration, accommodation, and airline tickets, must be accompanied by the Travel Authorization Form signed by the first-level supervisor, Business Manager, and President.
Travel ........cont.

- Travel advance requests
  - should not exceed 80% of the authorized amount,
  - must be submitted no later than 15 days before travel,
  - will not be paid more than 15 days in advance.

- Registration, accommodation, or tickets can be paid early if necessary with separate requisitions. These
  - Must be accompanied by the Travel Authorization Form.
  - Must be paid directly to the vendor, not to the employee.

- A new vendor file may be required in some cases. If so, the requester must arrange ahead of time for the
  new vendor file to be created.

Travel ........cont.

- Advances must be liquidated/finalized within 30 days of completion of travel.
- Mileage is currently reimbursed at 55 cents.
- Original receipts must be submitted and carefully added.
- List expenses only in the correct column.
- Hotel receipts must be itemized.
- No liquor expense can be reimbursed.
Transportation Report

- Mileage at current existing rate will be reimbursed to employees who have been given the approval to use their automobiles to carry out designated responsibilities for the district. Use transportation report form.

- Transportation reports (mileage, bridge and parking expenses) are to be submitted to the Business office at the end of each calendar month. No accumulation.

- It should be submitted to AP for payment no later than the 15th day of the following month.

Fiscal Year Closing
End of Fiscal Year

- Prior to the end of the fiscal year, requesters should check outstanding orders, and managers should check their budgets, to make sure all transactions are complete.
- It is imperative that all documents be received at Accounts Payable before the AP cutoff (Date TBA) in order to be processed by June 30th.

Contact Info

- Dettie Del Rosario
  - Phone: 510-466-7260
  - Fax:
  - ddelrosario@peralta.edu
- Earvin Robinson
  - Phone: 510-466-7226
  - Fax: 510-835-4078
  - crobinson@peralta.edu
- Dianna York
  - Phone: 510-466-7253
  - Fax: 510-587-7877
  - dyork@peralta.edu
- Nick Shere
  - Phone: 510-466-7241
  - Fax: 510-835-4078
  - nshere@peralta.edu
- Nicanor Custodio
  - Phone: 510-587-7860
  - Fax: 510-835-4078
  - ncustodio@peralta.edu
- Tina Du
  - Phone: 510-587-7872
  - Fax: 510-835-4078
  - tdu@peralta.edu

*If you have any questions about the AP process or your AP hack, please contact the AP Supervisor, Dettie Del Rosario.*
Thank you all!

Have an amazing year!