

# Accounts Payable

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## Background and 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 standards and procedures.

## 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 standards and procedures. Payment for goods and services will be adequately documented, reflected in the proper accounting period, and remitted in accordance with vendor terms. Controls will 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.   |

## Standards and Procedures

### 1.0 Expense Recognition

ASI maintains its accounting records on an accrual basis. Accordingly, the liability for goods or services provided to ASI should 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 will be observed:

#### 1.1 Timing of Purchases

To ensure the timely receipt and processing of invoices, all departments will, 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 will be submitted within the same month in which the out-of-pocket expenses were incurred. This will 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 must be instructed to mail invoices directly to the following address:

Associated Students Business Office  
ATTENTION: Accounts Payable  
1212 Bellflower Boulevard, Suite 229  
Long Beach, CA 90815-4199

Vendors must be instructed NOT to send invoices to any other office or address. Upon receipt, all incoming invoices will 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 will 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 will be recorded by employees independent of any ordering or receiving functions. In addition, checks will be prepared by employees other than those who initiate or approve any documents that result in disbursements. Accordingly, the ASI A/R-A/P Coordinator will 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 will be issued through Accounts Payable only upon submission of a Check Request or Cash Reimbursement Request form 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 will be indicated on the payment request form.)

Upon receipt of the appropriate payment request form, the A/R-A/P Coordinator 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 Accounting Analyst will periodically trace a sampling of checks to the underlying source documents.

### 3.2 Check Preparation

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

An Invoice Selection Register will be generated and forwarded to the CSULB Accounts Payable unit for review and approval prior to checks being printed. Authorized check signers shall sign checks only upon receipt of an Invoice Selection Register approved by one of the following university administrators.

- University Controller
- Accounts Payable Manager
- Accounts Payable Supervisor

### 3.3 Check Register

ASI will use sequentially numbered checks and account for any missing numbers (i.e., voided checks, cancelled checks). 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 Accounting Manager or designee.

To ensure that only previously authorized checks are printed and signed, a copy of the Check Register must be provided to the university every time checks are printed. The Check Register must indicate the check numbers and account for any missing numbers by providing an explanation on the Register.

Supplies of unused check stock will be properly safeguarded by storage in the vault.

### 3.4 Check Signing

Individuals authorized to sign checks drawn on ASI bank accounts are identified in ASI's Policy on Banking.

Checks will be printed, signed, and then disbursed as requested by the requesting department. In no case, will 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 A/R-A/P Coordinator. Supporting documentation will 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 A/R-A/P Coordinator will post only to the General Ledger control account. This accounts payable control account will be reconciled with purchase and cash disbursement transactions by the Accounting Analyst. 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 Director of ASI Administrative Services 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 will be referred to management for possible disciplinary action.

## Administration

The Accounting Manager and the Director of ASI Administrative Services are responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed no less than every five years and revised as needed, unless earlier revisions are necessitated by changes in Generally Accepted Accounting Principles (GAAP), the provisions of the Government Accounting Standards Board (GASB), or regulations of CSULB or the California State University Office of the Chancellor.

## Forms

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

| Form Name     | Purpose  | Responsible Office   | Approved By                      | Timeline for Submission  |
|---------------|--|----------------------|----------------------------------|--|
| Check request | To request a check for the purchase of goods or services | A.S. Business Office | Authorized budget area signatory | Submit at least four business days before desired date of disbursement |

| Form Name                  | Purpose   | Responsible Office   | Approved By  | Timeline for Submission   |
|----------------------------|---|----------------------|--|---|
| 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                                    |
| Cash reimbursement request | To request cash reimbursement for the purchase of goods or services totaling less than \$100, excluding sales 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. |