

ALABAMA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Accounts Payable Professional Development Program

The purpose of the Accounts Payable Professional Development Program is to support and provide training to school districts' accounts payable staff. The staff is responsible for disbursing payments to vendors and reimbursements to employees in a timely manner, while ensuring compliance with Federal regulations, State laws and the school district policies and procedures.

The program consists of five online workshops focusing on the unique functions of school accounts payable. The workshops are designed to provide practical information and best practices on accounts payable processes and procedures.

Accounts Payable Overview

The accounts payable function plays a key role in the support of the school district. The primary mission of the accounts payable department is to provide timely and accurate expenditure processing of system funds, while maintaining an exceptional level of customer service. The department provides customer service to both district users and vendors. The CSFO relies on the accounts payable department to ensure accurate expenditure reporting and assistance with questions. Vendors rely on the accounts payable department to pay their invoices, reconcile their statements, and answer related questions. District administrators and board members rely on accounts payable for accurate external financial reporting, preventing audit issues, and maintaining good relations with vendors and staff. This session will review the roles and responsibilities of the accounts payable department.

1. The Roles and Responsibilities of Accounts Payable
 - a. Understanding the Organization Structure
The Approval Chain
 - b. Purchasing and Procurement Process
Purchasing and Procurement Policy
 - c. Professionalism /Customer Service
Working with Vendors and Other District Departments
2. The Relationship of Accounts Payable to Budgeting and Financial Accounting
3. Prioritizing, Time Management and Organization

Laws and Regulations

The purpose of the accounts payable function is to ensure that all disbursements of school districts funds are done in accordance with the district's internal control procedures, accounting practices, account code structure, state, and federal laws. This session will cover some of the laws, regulations, and guidelines.

1. IRS Regulations and Guidelines
 - a. Accounts Payable Vs. Payroll
 - Classification of Workers

- b. Expense/Travel Reimbursement
 - c. 1099 Compliance
 - d. Backup Withholdings
 - e. Other Federal Regulations and Guidelines
2. Alabama Laws, Regulations and Guidelines
 - a. Bid Law
 - b. Ethics Law
 - c. Accounting Manual- How to select correct GL #
 - d. SDE Financial Reporting (Accounts Payable Register)
 - e. Where to find resources on ALSDE website
 - f. Sales Tax Exemption
 - g. Unclaimed Property and Escheatment
 - h. Identifying and maintaining Inventory and Fixed Assets
 - i. Records Management for Accounts Payable
 - What you should keep for Alabama Records Retention
 - What you should keep for annual audit
 3. Local Policies and Procedures
 - a. Travel Policies and Procedures
 - b. Other Local Guidelines

Risk Management and Internal Controls

There are many risks with managing accounts payable. If strong accounts payable controls are not in place, the school system faces increased risk of fraud, increased possibility for payment errors, and a higher potential for regulatory non-compliance. School systems' bookkeeping and accounting systems need good accounts payable internal controls to minimize the risk of fraud, error, and loss. This session will look at how the lack of accounts payable controls can lead to fraud and how proper internal controls activities over accounts payable can mitigate fraud risks.

1. Internal Controls Workflow and Why They are Important
 - a. Approvals
 - b. Verification
 - c. Reconciliations
 - d. Physical controls
 - e. Segregation Duties
 - f. Review and Analysis
2. Risk in Accounts Payable
 - a. Fraud Risk
 - Employee embezzling funds
 - Duplicate vendor payments
 - Regulatory Non-compliance
 - Cybersecurity Threats
 - b. Utilizing Positive Pay
3. Vendor File Security and Maintenance

- a. Vendor File Security, Access/Roles
 - Securing your vendor data to avoid internal and external fraud.
- b. Vendor Set-up
 - Approving and entering new vendors
 - Vendor Verification/IRS W9/Vendor Form
 - Identifying 1099 Vendors
 - Avoiding adding fraudulent vendors and data into your master file
 - Validating vendor banking information
- c. Maintaining the Vendor File
 - Tracking changes to vendor file
 - Identifying fraudulent inquiries and requests
 - Utilizing automated vendor file solutions
4. Accounts Payable and the Audit Process
5. Developing an Accounts Payable Manual
4. Cross Training and Utilizing AASBO Accounts Payable Manual

Invoices and Payment Processing

Accounts payable functions include the payments of all vendor invoices and employee reimbursements in a complete, accurate and timely manner. Depending on the size of the school district, the accounts payable process may be handled by an entire department of accounts payable staff, or it may be only one function of a single individual's many job duties. This session will cover Accounts payable functions and procedures and the various methods available to school districts to initiate payments to vendors and employees.

1. Invoice Fundamentals
 - a. Types of invoices (e-mail, hard copy, etc.)
2. Receiving and Preparing Invoices for Payment
 - a. Purchase Order
 - b. Verifying Invoice to Purchase Order and Receiving Document
 - c. Managing Discounts and Refunds
 - d. Construction invoices and payments
 - e. Sales Tax
 - f. Reconciling Statements
3. Exceptions to invoice payments
 - a. Direct payments without purchase order
 - b. Travel Advancements and Prepayments
 - c. Purchasing card and credit card transactions
4. Construction Invoices and Payments (In system payments, PSF and Public Works)
5. Payments
 - a. Paper Check, Electronic Payments, Card Payments, Ghost Cards, Petty Cash
 - b. Payment and posting processing.
6. Resolving Payment Issues
7. Fiscal Year End Accounts Payable Procedures

NextGen Accounts Payable Applications

The NextGen software has many applications that will assist school districts in maintaining, processing, and reporting for accounts payable. The software applications and reporting features will be covered in this session.

NextGen File Set-ups for Accounts Payable

The Payment Process

Utilizing NextGen A/P Reports

Bank Reconciliation

1. Vendor File Maintenance
2. Invoice Processing
3. Invoice Reporting
4. Cash Disbursement
5. Check Processing
6. Bank Reconciliation
7. Utilizing A/P Other Application and Reports
 - A/P Set Up Applications
 - Invoice and A/P Queries and Reports
 - Voiding Stale Dated Checks in NextGen
 - Pre-Defined GL Distribution
 - Fund 38 (A/P Clearing Fund)
 - A/P Calendar Year End Closing Procedures
 - 1099 Processing
 - Fee Allocation Procedures and Payments
 - NextGen Security Features