SUCCESSFUL PAYMENT PROCESSING

Reference Guide to Purchasing & Payments

for Schools & Departments

Accounts Payable Department

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Introduction:

Accounts Payable is responsible for payment of all District obligations with the exception of payroll.

Vendors are assigned to Accounts Payable staff alphabetically by the payee's last name or company name. Employee travel authorizations and expense reports are assigned to the staff alphabetically by the traveler's last name.

Most importantly, we are here to help. We are a support to school and department personnel and we welcome your calls. We can offer guidance and reference information that will help you master the art of ensuring vendors are paid on time for goods and services provided, and employees are reimbursed on time for out-of-pocket expenditures while away on district business.

The best way to help us help you is to contact us *before* a purchase is made if you're unsure how to proceed due to the dollar amount, type of merchandise or service, etc. We want to ensure you and your principals and managers obtain the goods and services they need. The best time to find out how to purchase something or what approvals are required and when is *before* the vendor is calling about past due invoices.

Don't make the mistake of ordering merchandise or asking a vendor to render services and then try to figure out how to make payment later. Vendors are expecting payment within 30 days of shipping goods (sometimes sooner) and immediately after rendering services.

My Boss Wants to Buy Something – HELP!

One of the best ways to prepare for meeting the supply needs at your school or department is to attend training sessions, such as ePro, Travel & Expenses and Purchase Card training. We realize it's difficult for everyone to be away from the workplace for an extended period of time, but the time and frustration you and your principal or manager will save because you're well trained is worth the effort. The vendors and staff you deal with in Strategic Sourcing and Contracts, Receiving and Accounts Payable will all benefit from your knowledge.

Here's a URL address to guide you in registering for PeopleSoft software training. Purchase Card training will be discussed later.

http://www.sandi.net/site/default.aspx?PageID=1803

The second important way you can become proficient in obtaining needed supplies and services is to read and periodically review several core district administrative procedures, which are available at the sandi.net website. A listing of these procedures and the URL address appears on page 10 . The more familiar you become with these procedures, the greater the benefit to the entire staff of your school or department.

Which Purchasing Method is Correct?
We've all been faced with the dilemma of there being different procedures, forms, and approval requirements depending on the nature of the purchase.

The ePro requisition process is the primary purchase method for goods and services. The requisition is prepared by an employee with a "requester" role in his/her security profile and is completed and submitted using the PeopleSoft "Financials/Supply Chain" software.

The requisition establishes a pre-encumbrance in your cost center's budget, in effect placing a reserve on the total amount of the purchase to show the amount has been obligated; it is subtracted from your budget's available balance. This action prevents overspending and helps schools and department cost centers track their financial activity and purchases.

The requester completes a requisition, then performs a "budget check" prior to submission. The budget check step checks the cost center's available budget to ensure the following:

1. The 32-digit budget string is open and valid. There are 8 fields that make up each budget string in PeopleSoft . They are:

Dept ID (cost center number)	4 numbers
Resource	5 numbers
Budget Reference	2 numbers
Account	4 numbers
Program	4 numbers
Class	4 numbers
Fund	5 numbers
Extended	4 numbers

    For a complete explanation of the meaning of each field, please contact your budget analyst.

2. The budget string is fully funded for the total amount of the purchase as listed in the distribution line(s) of each requisition line.

Upon successful budget checking, the requester saves the requisition. It does not have to be submitted until the requester is ready; however, in order to save a requisition, budget checking must return a status of "Valid".

Please Note: Independent Contractor Agreements, as well as contracts for other services and goods <u>all</u> require an ePro requisition.

- The ePro requisition pre-encumbers funds in your cost center's budget.
- The creation of the purchase order removes the pre-encumbrance and establishes the actual encumbrance in your cost center's budget.
- The invoice removes the encumbrance from your cost center's budget and enters an expense against your cost center's budget for the actual cost of the merchandise or service.

Direct Connect vendors are those who have integrated their product catalogs into the PeopleSoft ePro requisition module so requesters can shop online directly with the vendor and their ePro requisitions will automatically be populated with accurate item numbers, descriptions and pricing information without having to key it in. Big time saver! Participating vendors in the direct connect program are:

- Abilations*
- Childcraft*
- Classroom Direct*
- Delta Education*
- ETA/Cuisenaire
- Fisher Science Education
- Frey Scientific
- Grainger
- Graybar
- HD Supply
- Lakeshore Learning Materials
- Office Depot
- Premier Agendas*
- Sax Arts & Crafts*
- School Specialty – *owns all listed vendors in this list a * next to their names*.
- Sportime*
- Teachers Discount*
- Waxie

The purchase card process is limited to low value merchandise exclusively. It is most commonly used to purchase from internet or unique vendors who supply instructional or other items not available from one of the "direct connect" or local vendors. The purchase card program is discussed on page 10.

Acknowledging Receipt of Merchandise and Services:
All orders, with the exception of direct connect orders (except for School Specialty), should be shipped to the Supply Center located at 2351 Cardinal Lane. The Distribution Services staff is responsible for checking in orders delivered to that location and a receipt is entered into the PeopleSoft software. The unique receipt number assigned by the software is linked to the unique purchase order number, which is linked to your ePro requisition number. This important function allows Accounts Payable to proceed with payments to vendors.

Sometimes, merchandise is delivered directly to a school or department location, rather than to Distribution Services (Supply Center). When this occurs, it is extremely important that Distribution Services is notified so a receipt will be entered into PeopleSoft acknowledging you received your order. If this step is missed, Accounts Payable cannot pay the vendor.

See below paragraph 5 for the e-mail address and instructions for notifying Distribution Services when an order *other than* a direct connect order (except School Specialty) is shipped directly to your school or department. Questions regarding these instructions should be addressed to Victor Parra at vparra@sandi.net.

1. The profile of the person who placed the order must be up-to-date in PeopleSoft Financials.
2. When the ePro requisition is created, the quantities and descriptions of the items purchased must be correct.
3. In the "additional information" area of the ePro requisition, please include a contact name and telephone number in case the Distribution Services staff has any questions.

4. Copy the packing slip for your cost center's records. Forward the original invoice and/or packing slip to Accounts Payable, Room 3141, Education Center.
5. Send an e-mail Distribution Services at supctrec@sandi.net to notify them that the purchase order has been received at your school/department. The e-mail message must include the following information:
    - Purchase Order Number (excluding leading zeros)
    - Whether purchase order was received in full or was partially received
        - if partially received, which purchase order line was received?
        - what was the quantity received on that partial purchase order line?

Board of Education Approval:

The California State Education Code stipulates that school districts must obtain board of education approval for each expenditure. Following are the ways SDUSD meets that requirement:

- Purchase Orders – are ratified (approved after they are written) each month in in arrears. The Strategic Sourcing and Contracts department supplies the information for the monthly board agenda.

- Contracts – are approved prior to services being rendered. The Strategic Sourcing and Contracts department should be the first point of contact when contracted services are needed. Strategic Sourcing and Contracts interfaces with originating departments requesting services, drafts contracts and places the finalized documents on the monthly board agenda.

Payment Process:

What happens after an order is placed and how does Accounts Payable know when or how much to pay?

Each time something is purchased, there are 3 PeopleSoft modules involved in the transaction.
- The ePro requisition used to initiate the order is part of the Purchasing module
- The validation of the 32-digit budget chartfield string is part of the Commitment Control module
- The purchase order created from the ePro requisition is part of the Purchasing module
- The receipt created from the packing list supplied by the vendor when merchandise is delivered is part of the Purchasing module
- The voucher created from the information contained in the vendor's invoice is part of the Accounts Payable module

The flow "from req to check" for a typical lower value order of merchandise follows. Additional steps are required for contracted services. For a complete explanation of the ordering process, please contact the Strategic Sourcing and Contracts department.
- Originator completes ePro requisition, budget checks it and PeopleSoft returns a budget status of "valid".
- Originator submits ePro requisition, which routes electronically to the cost center approver (principal or department manager).
- Cost center approver opens requisition from his/her worklist, reviews it and approves it.
- Requisition routes electronically to the Strategic Sourcing and Contracts department

- Requisition is assigned to appropriate buyer or contract specialist, if a contract or independent contractor services are involved.
- Buyer or contract specialist reviews requisition, "sources" purchase order and dispatches it to the selected vendor. This action formally places the order with the vendor.
- Vendor receives purchase order, completes and ships order to Distribution Services (Supply Center), and sends original, itemized invoice to Accounts Payable as instructed on the purchase order.
- Accounts Payable receives an invoice, which is stamped with the time/date received, and distributes it to the appropriate A/P Specialist for payment processing.
- A/P Specialist reviews invoice, inputs information and schedules payment.
- The PeopleSoft system performs validation processes:
  - Budget checking – voucher must return a budget status of "valid"
  - 3-way matching – all voucher lines must match in terms of quantity, price and amount to both the purchase order lines and the receipt lines
  - Vouchers failing either or both processes must be researched by A/P technicians, lead staff, budget, or buying staff to determine the source and reason for the failure. Once the source is traced, resolution is sought
  - Once budget status is "valid" and match status is "matched", voucher will automatically schedule payment according to the terms listed on the purchase order. Warrants (checks) are remitted twice weekly on Tuesdays & Fridays

Employee Travel

Travel Authorization – *Prior* to the Event:
An online travel authorization must be submitted and receive electronic branch head level approval prior to the event. "Branch Head" is a specific role assigned in the PeopleSoft employee expense module. **This module is used exclusively for district staff**. Job aids, as well as a manual explaining all of the navigation steps are available at:

http://old.sandi.net/peoplesoft/readandlearn/jobaids/index.asp - for job aids under "Expenses"
http://old.sandi.net/peoplesoft/readandlearn/handbooks/index.asp - for manual

Branch Head approvers for schools are Area Superintendents.
Branch Head approvers for departments are: the Executive Director, District Relations, the Chief Information Technology Officer, the Director, Special Projects and the Chief Financial Officer.

The Branch Head approver for Area Superintendents is the Chief of Staff.

Branch Head approvers for program managers are: the Chief Student Services Officer, the Executive Director, Teaching & Learning and the Executive Director, Leadership Development.

The Branch Head Approver for cabinet level management employees not on the educational side is the Deputy Superintendent, Business Support Services.

Travel arrangements must not be made prior to receiving electronic branch head level approval on the electronic travel authorization form. Employees will want to obtain quotes on airfare and hotel so estimates listed on travel authorizations are as accurate as possible, but confirmation with hotels or actual purchase of airfare, lodging or registration is not permitted until branch head level approval appears electronically on the travel authorization. Remember to list all

expenses expected to be incurred during the event, such as airfare, lodging, shuttles, meals, etc. You want to provide cost center and branch head approvers with complete information about the total expected cost of the event. Travel authorizations encumber cost center budgets.

Expenses incurred by employees prior to receiving branch head approval on travel authorizations will not be reimbursed. These expenses will be the personal responsibility of the employees. Don't allow this to happen to you or your fellow staff members!

Planning is vital. There are originators, approvers and Accounts Payable staff involved if prepayments such as airfare, lodging and conference fees are to be paid directly to vendors ahead of time. A minimum of 2 weeks is strongly recommended to ensure the employee will not suffer anxiety worrying if payments for registration and lodging indeed reached the vendors on time. No one wants to be surprised with an unexpected bill to pay! For complete information about travel authorizations and employee travel in general, please see administrative procedure 7155 at sandi.net.

San Diego County Office of Education (SDCOE):
Is it necessary to submit a travel authorization for workshops or presentations held at the San Diego County Office of Education (SDCOE)?

ABSOLUTLEY! No matter the location of a workshop, if there is a cost to attend, employees must submit a travel authorization and obtain electronic, branch head level approval <u>prior </u>to the event; even when registration is for a webinar.

What about Webinars?
Webinars are still considered training, professional development, etc. and are treated just like any other training. A travel authorization approved at the branch head level is required before the event. If prepayment is requested, 2 weeks of lead time is necessary to allow necessary approvals and time for the payment to reach the vendor before the event.

Expense Report – Immediately after Event:
An expense report must be submitted upon return from an event, including workshops held at the San Diego County Office of Education (SDCOE) or webinars. This is critical in order for the cost center budget to reflect the proper amounts of encumbrance and expense.

Please create the expense report in PeopleSoft using the creation method of "copy from a travel authorization". A job aid showing the navigation steps is available at http://old.sandi.net/peoplesoft/readandlearn/jobaids/index.asp under "Expenses".

By using this creation method, the system will copy all lines from the travel authorization into an expense report, saving you time and keystrokes, as well as preventing possible omissions of expenses that were listed on the travel authorization, but inadvertently left off of the expense report.

After completion and submission, a hard copy of the expense report, along with any required original, itemized receipts <u>and</u> a flyer, registration form or agenda showing the dates and times of the event must be submitted to Accounts Payable, Room 3141, Eugene Brucker Education Center. If the conference was local and Accounts Payable paid the registration in advance, then

the A/P department already has the necessary details surrounding the event and no additional registration form or flyer needs to be submitted.

What if Employee Doesn't Go?
Should a trip be cancelled after a travel authorization has been approved at the branch head level, there are two possibilities.

1. If prepayments for registration, airfare or lodging were requested and those payments were processed by Accounts Payable, then an expense report must be created and submitted, just as if the employee attended the event. Comments should be placed in the expense report explaining the employee did not attend. The vendors will have already been paid, so cost center staff must contact each vendor and request refunds. Those refunds must be sent to Accounts Payable, who will deposit them to the cost center budget referenced on the travel authorization. The encumbrance will be reversed in the cost center budget when the expense report is approved by Accounts Payable staff.

   Note: Many airline tickets are not refundable. It is the cost center's responsibility to track unused tickets for exchange when their staff member may travel again.

2. If no prepayments were listed on the travel authorization and no documentation was sent to Accounts Payable to pay for anything in advance, the travel authorization may be cancelled by the originator. This action will reverse the encumbrance in the cost center budget and change the status of the travel authorization to "closed". Since this is a rare occurrence and effects cost center budgets, please contact the appropriate Accounts Payable Specialist for assistance.

Fiscal Year-End
Ah, fiscal year end! It's the most challenging time for everyone. The most important thing to remember is to closely monitor the completion and submission of expense reports immediately after events take place all year long and adhere to the year end submission deadlines for expense reports published annually in February or March. Piece of cake!

Note: A travel authorization does not post expense to a cost center budget. A travel authorization only encumbers funds. Expenses for prepayments paid through the Accounts Payable Department will post to cost center budgets when prepayments are remitted. Any monies paid out-of-pocket by an employee will not post to cost center budgets until after the scheduled event takes place and the appropriate expense report is processed by Accounts Payable.

It is best to not use funding resources that expire in the current fiscal year for an event taking place on or after July 1 of the following fiscal year.

Expense reports take time for review and approval and Accounts Payable receives approximately 1,000 of them each month. Everyone wants to be reimbursed in a timely fashion and have all current fiscal year expenses recorded in the current fiscal year budget. Unfortunately, this is physically impossible, so deadlines are published to ensure that as many reports as possible will be processed on or before June 30th each year.

Typically, the annual deadline for expense report submission is the 3rd week of June. This means events must take place on or before the deadline in order for the encumbrance to reverse and the expense to post to the current fiscal year's budget. Watch for those deadlines and follow up with staff that has not completed their expense reports in a timely fashion.

If a travel authorization is not associated with an expense report in the current fiscal year, its encumbrance will be rolled to the following fiscal year. This does not mean additional budget dollars will be provided to cover that encumbrance in the following fiscal year. When an expense report is submitted and processed by Accounts Payable in the following fiscal year, the encumbrance will reverse and the expenses listed on the expense report will post to the following fiscal year.

Purchase Card Program:
The purchase card process is limited to low value merchandise exclusively. It is most commonly used to purchase from internet or unique vendors who supply instructional or other supply items not available from one of the "direct connect" or local vendors. Services, including installation or repair, are prohibited, as is any type of merchandise or facility rental. These restrictions are due to IRS regulations with which we must comply.

Limitations:
Currently, there is one purchase card permitted for each cost center and limitations are as follows:

Single Transaction Limit - $ 500.00
Daily Transaction Limit - $1,000.00
Cycle Transaction Limit - $2,000.00 (elementary schools and central office departments)
Cycle Transaction Limit - $2,500.00 (middle and high schools)

Training:
A procedure manual, a training schedule and forms pertaining to the purchase card program are available for review and printing at the sandi.net website using the following navigation:

Staff
Forms
Scroll down to the bottom of the page under the heading "Purchase Card"

Due to continuation of the 1-card limit per cost center during fiscal year 2011-12, training sessions have not been scheduled. They will be scheduled on an as needed basis, most likely beginning in October to allow schools to settle in to the new year. Please contact Julie Nguyen in Fiscal Control if you have a new cardholder or approver at your site or department. All training sessions are held in the Education Center auditorium.

Receipt Imaging
Purchase card holders are required to image their transaction receipts and associate them with each cycle's statement. **This process is mandatory**. Receipt images are visible to cardholders, approvers, the program administrators and internal auditors. Receipts must be imaged by the end of each reconciliation period, typically the 22nd of each month.

Helpful References/URLs:

Administrative Procedures - http://www.sandi.net/20451083144323390/site/default.asp

- 2400 – Purchasing, Supply and Distribution System
- 2415 – Nonstock Supplies, Materials and Services
- 2425 – Lease-Purchase of Equipment (or lease with option to purchase)
- 2510 – Employee Payment for Use of Personal Car
- 2518 – Payment for Expenses for Special Activities
- 2660 – Reimbursement to Employee for Property Loss or Damage
- 7155 – Absence on District Business

Manuals:

The Purchase Card Policies & Procedures manual is available at the sandi.net website using the following navigation:

Staff
Forms
Scroll down to the bottom of the page under the heading "Purchase Card"

The Successful Payment Processing manual is available at the sandi.net website using the following navigation:

Departments
Accounts Payable
Accounts Payable
Accounts Payable Reference Guides

Accounts Payable Contact List:

A list of Accounts Payable staff, their assignments, and contact information, is available at the sandi.net website using the following navigation:

Departments
Accounts Payable
Accounts Payable Contact Information