



Office of Larry E. Reider
Kern County Superintendent of Schools

Internal Business Services

Accounts Payable - Current Liabilities



Accounts Payable – Current Liabilities

Current Liabilities (CLs) are amounts due and payable for goods and services received prior to the end of the fiscal year (6/30) but could not be paid before the end of that fiscal year.

Before any Current Liabilities can be setup the prior year CL accounts must be cleared (9500, 9510, etc.)

May 1st: Memo regarding year end closing is sent to ALL STAFF (See Exhibit A). Information contained in the memo includes:

- a When programs must have all documents to Accounts Payable in order to be set up as CL

July 10th (if the 10 is a Saturday due date is the 9th. If the 10th is a Sunday the due date is the 11th)

Expense information received after the specified due dates will be charged to the current fiscal year



Accounts Payable – Current Liabilities

June deadlines and procedures:

“B” warrant cut-off is approximately 9 working days prior to the end of the month.

All invoices that have the proper documentation (see accounts payable training procedures section) and have been received in Accounts Payable by the deadline (approximately 5 working days prior to the “B” warrant cut-off date) should be processed for payment

Budget and Purchasing Services will no longer encumber funds after the “B” warrant cut-off date

Verify that all batches have been processed and warrants received and distributed



Accounts Payable – Current Liabilities

- June deadlines and procedures continued:
- Run (print 2 copies) an open purchase order report – alphabetically
 - One copy is the Master
 - 2nd copy - distribute to appropriate accounts payable clerks that will set up the CLs
 - Used to maintain an up to date status of the open purchase orders.
 - As POs on the list are reviewed note status
 - Set up as CL – ready for payment
 - Pending receipt of missing documentation
 - Close without payment - will not be set up as a CL
- All purchase orders on the open purchase order report are closed in the End of Year Mass Close. Only those POs/contracts where verification of the receipt of goods and/or services have been received will be set up as CLs.

Accounts Payable – Current Liabilities

- June deadlines and procedures continued:
- After running reports and distribution completed
 - Lead AP Clerk – Launch End of Year Mass Close of Purchase Orders.
 - Date used – 6/30/??
 - After QSS update (update required overnight) verify all encumbrances have been closed
 - CL's can begin to be set up – be sure you are in the right year. If entering CLs prior to the end of the fiscal year the date of the CL must be 6/30/??
- Setting up CL's
 - Receiving copies of itemized PO received showing items have been received.
 - If invoice received with PO amount to be set up as CL written in **GREEN** on the bottom of the PO next to the appropriate account number. If the amount of the invoices matches the PO amount(s) **circle** the totals next to the account number(s)
 - If no invoice has been received **circle** the PO amount next to the account numbers as the estimated amount to be set up as a CL. If invoice is received prior to the close of setting up CLs then following the proceeding procedure.

Accounts Payable – Current Liabilities

- Setting up CLs Continued:
 - Confirming Purchase Orders
 - Verify budget approval
 - Check vendor history to verify invoice has not been previously paid or has already been set up as a CL
 - For valid CL requests **circle** the amount that is next to the account number(s) to be set up as a CL. If the amount is incorrect on the request **write** the correct amount next to the account number(s)
 - Contracts and/or agreements
 - Term of agreement that is beyond 6/30/?? – request invoice for services completed and not previously paid through 6/30/??
 - If no services or partial services provided
 - Obtain authorization from program stating no payment required (no liability set up)
 - Or verify the amount that is still due and payable and therefore a CL will be set up
 - Invoice submitted with department approval – attached to contract
 - Amount to be set up as CL **write** at the bottom of the front page of the contract with the account number



Accounts Payable – Current Liabilities

- Setting up CLs continued:
 - Utilities and monthly payments
 - 1st year of new service or scheduled monthly payments determines whether a CL is set up or not
 - After the 1st year for monthly schedules total payments in the fiscal year must be 12 (quarterly schedules must be 4, etc)
 - Invoices not received and paid prior to year end must be set as CL so that the correct number of payments are made in the fiscal year.
 - For CLs where all of the documentation is received attached behind the receiving copy of the Purchase Order ready to set up the CL.
 - For CLs where there is missing documentation fill out the “current liability pending form” indicating the required information and/or document that is missing. See form page 8.

Accounts Payable – Current Liabilities

- Sample form “Current Liability Estimated Payment”

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Kern County Superintendent of Schools**

Current Liability Estimated Payment

Complete the form and indicate the status by marking one or more of the options listed below. Split the Account Line Number when applicable.

Vendor # _____ Vendor Name: _____ PO# _____

To process the payment the following is required (mark all that apply):

Invoice Receiving Copy P.O. Purchase Requisition Dept. Authorization Price Increase
 Budget Transfer Other : _____

1. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____
2. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____
3. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____
4. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____
5. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____
6. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____
7. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____
8. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____
9. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____
10. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____
11. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____
12. C.L. # _____	Line # _____	Acct # _____	_____	Amt \$ _____

O.K. to pay _____
 Close without payment. Reason: _____

Initial and date _____

It is critical to keep accurate documentation of all attempts to clear or pay the Current Liability and should be completed as soon as possible after the close of the books.

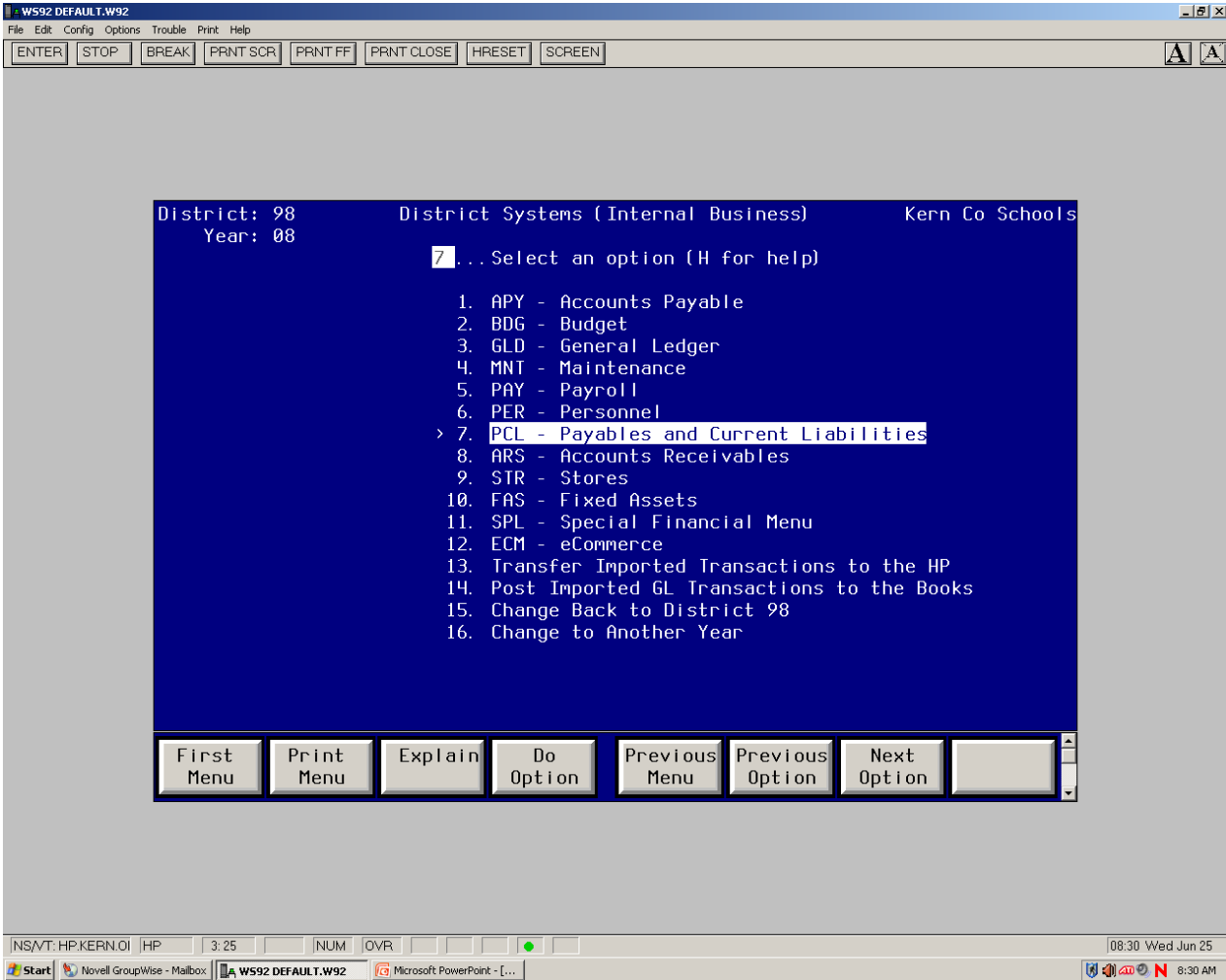
5/15/2008 - mis



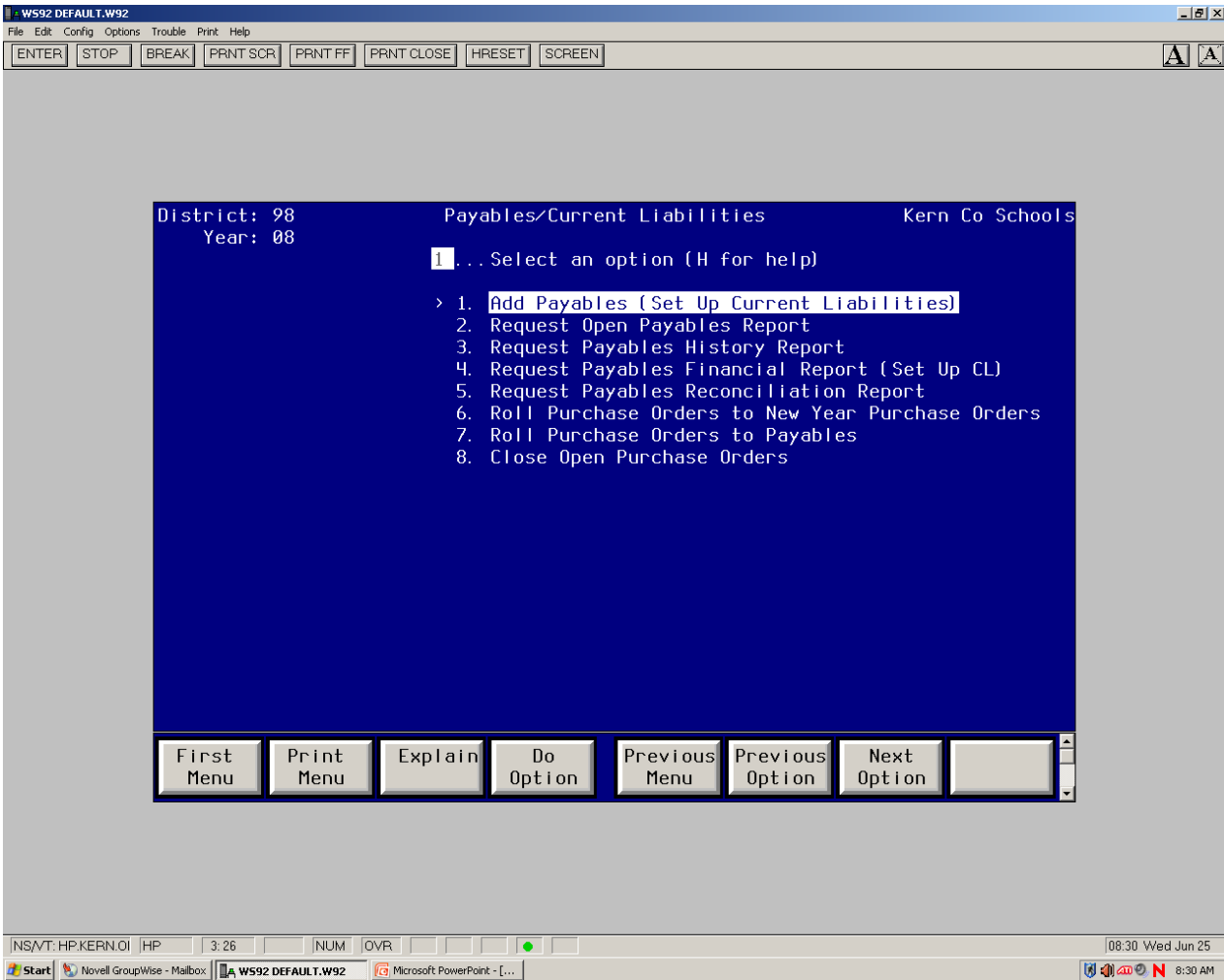
Account Payable – Current Liabilities

- Set up Current Liabilities continued:
- Set up Current Liabilities where account number can not be determined forward CL packet to Director, Internal Business Services. Current Liability pending form should be on top.
- Account number will be assigned and indicated on the Current Liability pending form and returned to Accounts Payable to continue the CL set up process.
- When all information has been compiled the CL should be set up in QSS

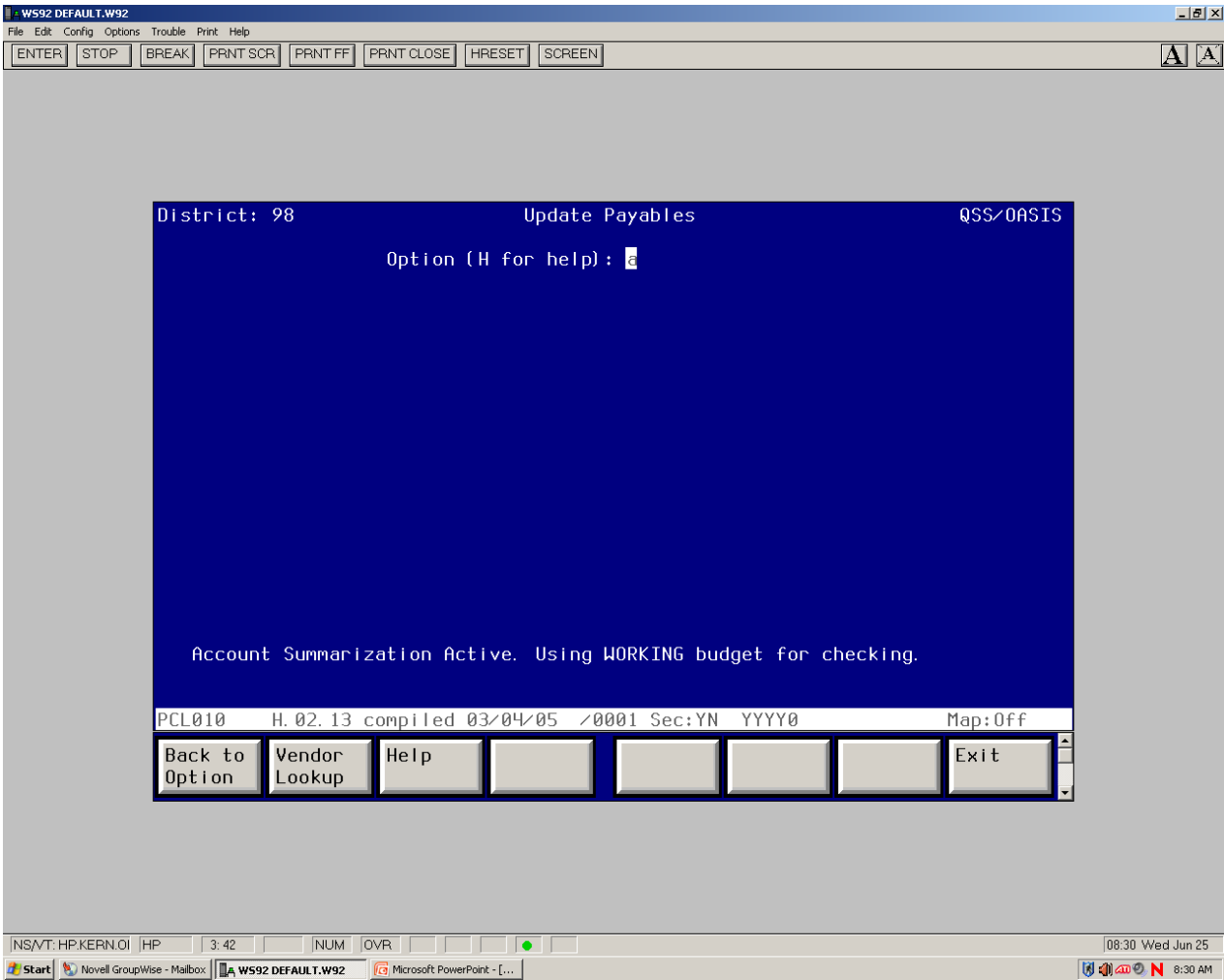
Account Payable – Current Liabilities



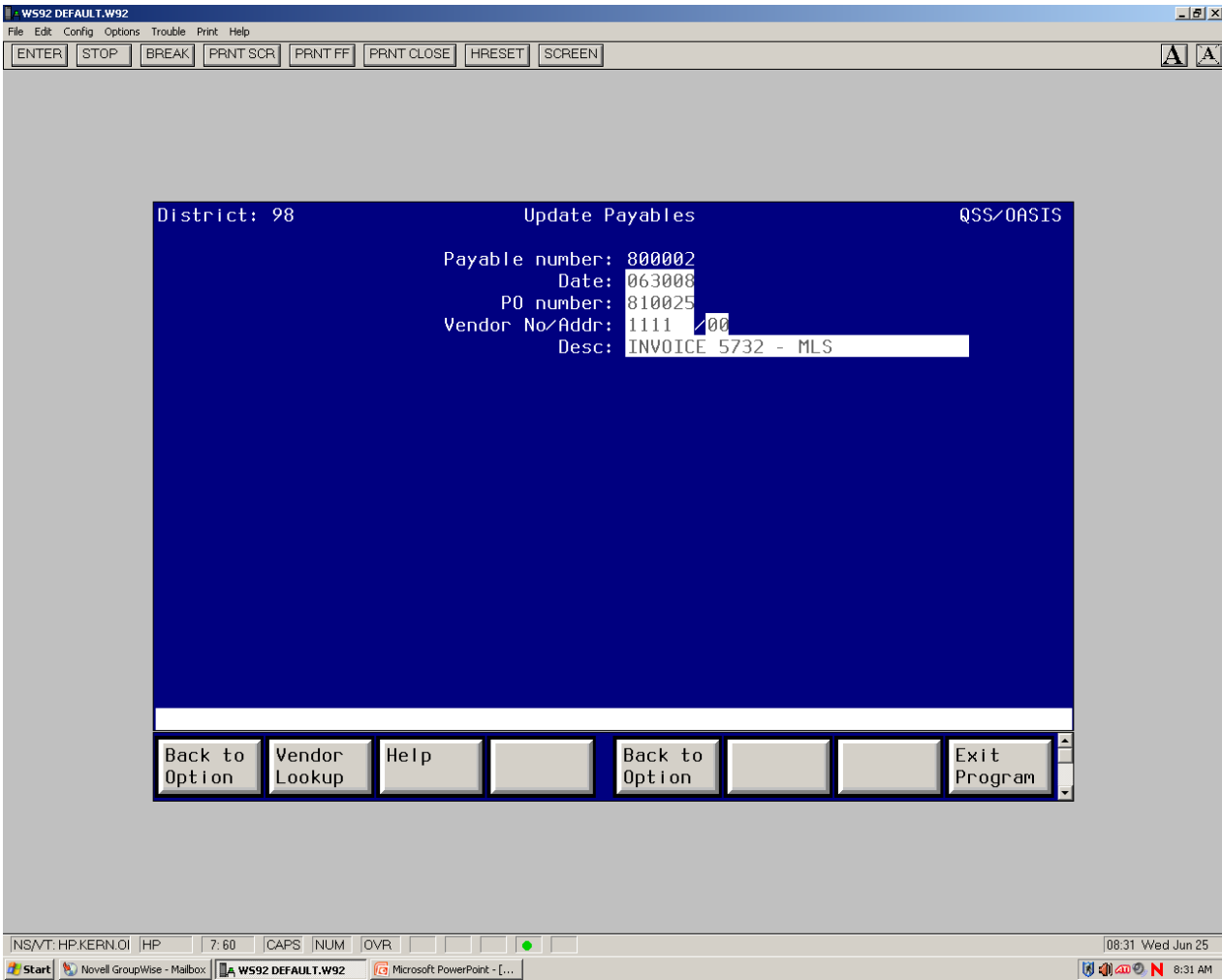
Account Payable – Current Liabilities



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Account Payable – Current Liabilities

- Payment of Current Liabilities can be paid as soon as they are setup and all documentation has been received to process the payment
 - For batches input prior to 7/1 be sure to sign in to the next fiscal year from which the CL was listed. Batches can be opened and payments input but the batch must be held for processing until 7/1.
- CLs are paid using the Payables Payment option in QSS – located in the Accounts Payable area of the financial software
- Prior to the close date of setting up CLs
 - If the amount to be paid is different than the amount that was originally set up as a CL the CL should be changed to the correct amount before the payment is processed.
 - After the last date designated to set up CLs the amount of the CL can not be changed. The correct amount is paid against the CL and the difference will automatically be debited or credited against the current year budget against the account number listed as the CL



Accounts Payable – Current Liabilities

- Note: Adding and/or changing a current liability requires an overnight update to appear correctly on QSS
- Last day for AP to set up CLs – 4 working days before the end of July
- Open current liabilities report (must be run in prior year) should be run and reviewed periodically.
 - Follow up with program personnel and/or vendors as appropriate in order to resolve any missing documentation for CLs so they can be processed for payment

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Exhibit A:

OFFICE OF LARRY E. REIDER
KERN COUNTY SUPERINTENDENT OF SCHOOLS
Advocates for Children

May 1, 2008

TO: All Staff
FROM: Mary Simms, Director, Internal Business Services
SUBJECT: Business Office End of Year Procedures

Accounts Receivable/Invoicing

Invoices to be processed for the 2007-2008 fiscal year must be to the Business Office no later than 5:00 p.m. July 8, 2008. Those received after this date cannot be posted to the 2007-2008 fiscal year but will be issued as a 2008-2009 Accounts Receivable Invoice. For Accounts Receivable questions, please contact Kim Baehr at 636-4558 or email businessoffice@kern.org.

Accounts Payable

1. Purchase Cards: All purchase card transactions that are POSTED prior to May 20th will be paid against the FY 2007-08 budget. All purchases POSTED May 20th and later will be paid against the FY 2008-09 budget.

2. Closing Purchase Orders and Contracts: Each department will need to run and review an open purchase order report, and cancel any FY 07-08 purchase orders, requisitions, or contracts that are still open and encumbered but will not be used or received by June 30th. Instructions on how to run an open PO list are attached, and can also be found in the Internal Operations Manual online. Purchase orders can be closed by sending the receiving copy of the purchase order, signed, dated, and marked close without further payment to Accounts Payable. For contracts, confirming requisitions, and other items where receiving copies of purchase orders are unavailable, an e-mail should be sent to Accounts Payable (accounts payable@kern.org) requesting the closure.

For goods and services that will not be received by June 30, a letter must be sent to the vendor canceling the order with a copy forwarded to Accounts Payable attached to the receiving copy of the purchase order. This letter of cancellation should be done as soon as possible. Any items received from a vendor AFTER June 30 for a FY 07-08 purchase order cannot be accepted and must be returned to the vendor.

All paperwork (invoices, receiving copies, approvals) must be received in Accounts Payable by 5:00 p.m. July 8, 2008 in order to be charged against the FY 07-08 budget, after that it will be charged to the FY 08-09 budget.

3. June Payment Cutoff: Invoices that must be PAID prior to June 30 must be received in Accounts Payable by 5:00 p.m. June 13, 2008.

4. Travel Claims: For travel incurred through June 30, claims must be received in Accounts Payable by 5:00 p.m. July 8, 2008 in order to be paid against the FY 07-08 budget.

Accounts Payable Contacts:

John Hernando, ext. 4665, Vendors A-D
Angela Nordstrom, ext. 4534, Vendors E-J
Teresa Costa, ext. 4592, Vendors K-R
Frances Gallien, ext. 4664, Vendors S-Z
Darie Wright, ext. 4660, travel claims, Foundation items
Susanne Borba, ext. 4662, purchasing cards, gasoline credit cards, PG&E, phones, Office Depot, Turk's
Valerie Franze, ext. 4496, private transporters, transfers, school district contract payments, KEEP medical claim reimbursements

For Accounts Payable questions, contact Teresa Costa at ext. 4592 or email accounts payable@kern.org.

MLS:pjc

5/14/2008

16