Topics of Discussion

- Amazon Business

- E-Commerce Vendors (Punch-Out)

- Arbiter

- ePayables

- Vendor Management

- Sales Tax

- Accounts Payable
    - Process
    - Key Things to Look For

- Purchasing

- Internal Controls

Amazon Business:
https://www.amazon.com/b2b/info/amazon-business?layout=landing

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E-Commerce Vendors (Punch-Out) – few possible vendors and their contact information

School Specialty	Kurt Vanhadel	Kurt.VanHandel@schoolspecialty.com
Really Good Stuff	Kelly Sullivan	Ksullivan@reallygoodstuff.com
NASCO	Sue Milks	smilks@enasco.com
Lakeshore Learning	Derek Krogh	myepro@lakeshorelearning.com
Office Depot/Office Max	Monica Schwarz	monica.schwarz@officedepot.com

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Arbiter – Payment of Game Officials – reduce 1099 filings
https://www.refpay.com/

ArbiterPay - Electronically manage payments to Game Officials. Assign your officials through ArbiterOne™ and pay them electronically using ArbiterPay from ArbiterSports; it is an easy and reliable way to manage payments to game officials. It also takes care of the state and federal tax reporting.

E-Payables – Automated payment solution – one of our KASBO sponsors – ARVEST provides this service
Other banks and commercial card companies also have ePayable options.
Some financial systems may be able to more fully use this automated service system than others.

Example of ARVEST – from their website
https://www.arvest.com/business/borrow/credit-cards/epayables-electronic-payment-service

EPAYABLES ELECTRONIC PAYMENT SOLUTION
Arvest's Automated Payment Service
Arvest ePayables is an automated payment solution designed to create efficiency and added security to the accounts payable process. Arvest ePayables allows you to replace costly paper checks with single-use virtual card numbers that are generated when the invoice is processed. Virtual card numbers are assigned to each transaction to ensure that the purchasing card number is never disclosed to the supplying organization, promoting PCI compliance and reducing fraud.

Key Arvest ePayables Features Include:
- Arvest provides an experienced Supplier Enrollment team to contact suppliers on your behalf
- Arvest determines which suppliers will accept this payment method & enrolls them into the program
- Monthly revenue sharing
- Intuitive, user-friendly Accounts Payable interface
- Batch payment of invoices in one file upload
- Exact Pay limits authorizations to exact amount of payment, guaranteeing 100% reconciliation

How it Works
- Suppliers are enrolled for Arvest ePayables acceptance
- Accounts Payable receives and processes invoices
- A payment file is uploaded to an online portal so suppliers can be paid electronically
- Remittance information is sent electronically to suppliers detailing payment information

Two Ways to Make Payments:
Supplier-Initiated Payments
1. Supplier receives an email or fax that includes the single-use virtual account number, payment amount and invoice details. The supplier is responsible for processing (or "pulling") the payments. Payments may be set for Exact Pay, in which authorizations are limited to the exact penny of the invoice(s), guaranteeing 100% reconciliation. This is the preferred method of payment and is most common.

Buyer-Initiated Payments
2. Your company "pushes" payment directly to the supplier. A distinct merchant depository account is set up in which payments are credited. Supplier receives an email or fax remittance that includes total amount being deposited and invoice details.

ClassWallet: - Presenting on Friday at KASBO 9:00-10:00 Studio B
https://www.classwallet.com/
A declining debit card arrangement. District would load money and teacher can spend down, as an option.

Vendor Management:
- Direct Deposit
    - Vendors – similar to direct deposit for employees
        - Collect notification email with vendor set up and W9 request.
    - Employees on accounts payable side with same DD as their payroll checks. – If possible require, both PR and Reimbursements to be Direct Deposit

- Vendors list identified by products sold, can help end users know who to include or purchase from when buying. i.e. by commodity code, or general categories. Some accounting systems can assist with this.

- Require W9 on all vendors – to ensure IRS compliance for 1099MISC filings
  IRS audit asked:
    - ✓ Complete vendor listing (service vendors) with vendor number, name, employer identification number and gross payment amounts.
    - ✓ Procedures, policies, manuals relating to District's issuance of Information Returns (Forms 1099)

Sales Tax –KSDE School Finance References
> Tax Guide for Schools and Educational Institutions
> > https://www.ksrevenue.org/pdf/pub1560.pdf
> Sales Tax Exemptions (what revenues are taxable and not taxable)
> > https://www.ksde.org/Portals/0/School%20Finance/guidelines_manuals/Sales%20Tax%20exemptions.pdf

- Sales Tax Exemption Certificates, blanket exemption, provide to vendor for exemption when purchasing
- Resale Exemption Certificates, tells a vendor that items being purchased to be resold, such as candy for concessions, you will be submitting the sales tax to the State and under what Sales Tax State ID number.
- Project Exemption Certificates (PEC) -- Construction
    - o Self-Manage – On-line Agent Status, allows PECs to be printed immediately and not wait on the State for Approval, see Tax Guide for Schools and Educational Institutions referenced for more information about how to do this.
    - o State of Kansas – Paper Process

Processing Accounts payable: At a minimum, the following steps need to be followed:
1. Create a purchase order and enter it into the accounting system.
2. When the merchandise arrives, compare the packing list to the purchase order, making note of any discrepancies in price, quantity, etc. (Three-way match)
3. Receive the purchase order in the accounting system.
4. Enter the invoice against the purchase order when it arrives. (If purchase orders aren't used, go to step 5.)
    a. Ask that all invoices be sent to a central mailbox, ensures invoices are not missed. Avoid invoices being sent directly to staff members (i.e. teachers, paras, etc.)
5. If purchase orders aren't used, an approval process needs to be in place to ensure that *only* approved invoices are approved and are being paid. When an invoice arrives, approval must be in place for the invoice. Electronic accounts payable systems set up approval levels. This way, the bookkeeper can enter the invoice and approvals can be made electronically in a workflow before an invoice is paid.
    a. Avoid purchasing without purchase orders
    b. Necessary for encumbrances of expenditure be in the general ledger as soon as possible for budget management.

6. When payments are made, they should be posted against the invoice in the accounting system to mark the invoice as paid. – Good to have a PAID stamp with date option.
7. No one other than board of education approved staff should sign checks for invoice payments. Usually this is the Board President, Board Treasurer and Clerk of the Board. At schools this should be two signers, and is most often a building administrator and the building bookkeeper.
8. Also, bank statements should be reviewed each month, paying special attention to the check images on the statement to identify possible misuse of the check stock. Reconciliations should be by someone that does not process accounts payable transactions to ensure internal control and segregation of duties.
9. Best practice is to enter the invoice number into the accounting system *exactly* as it appears on the invoice, this will help eliminate duplicate payments to a vendor and will help when responding to vendor inquires on check payments.

Key items an accounts payable clerk should pay attention to:
Vendor Name:
- ✓ Who are you paying?
- ✓ How do they like to be paid?
- ✓ Due date of invoices
- ✓ Does the vendor take a purchase order?
- ✓ Is this a Purchasing Card Vendor?
- ✓ Learn your vendors, develop relationships
- ✓ Etc.

Vendor Account Number:
- ✓ Know the district and/or school account for that vendor, you will need that when calling on invoices.
- ✓ Ideally, one (1) vendor account number for the district and schools vs. an account number for every school, department, teacher, etc. (ease of management and avoids confusion)
- ✓ Do not let PTAs, PTOs, Boosters, etc. purchase on a district/school vendor account number when those entities are paying the invoices.

"Bill To" Information:
- ✓ Do not pay an invoice that is not correct, don't short pay, or hand write on an invoice and pay something different than the invoice states. Require vendor to provide a correct invoice
- ✓ Do not pay an invoice not made out to the district or school. Require vendor to provide a corrected invoice with the appropriate "bill to"
- ✓ Invoices should not be in the name of a staff member, nor mailed to a home address.

Invoice Number:
- ✓ Identifying number for invoice and is most often what is used to look up payment later.
- ✓ Make sure invoice number is reflected in the accounts payable system for looking up electronically and confirming payment.

Expense Type and General Ledger Account Code:
- ✓ What was purchased and be sure to code correctly in the accounting system for classification and analysis of spending.
- ✓ Important that this ties to the state account codes of functions and objects and now location, for reporting out to the state.

Date Invoice was Received:

✓ When the invoice was received in accounts payable, not the date on the invoice (Date Stamp is helpful and should be used)

Payment Deadline:
  ✓ When is the vendor payment past due?

Status:
  ✓ Waiting for approval, paid or past due?
  ✓ Organizing invoices by due date and status, assist in scheduling payment dates and establishing priorities.

Recognize Trouble Areas:
  ✓ Is this a vendor that the district or school tends to hit credit limit on?
  ✓ Is this a vendor that confuses invoices for school district and schools vs. PTOs, PTAs and Booster Clubs?
  ✓ Is this a vendor that continues to charge sales tax, when purchases are sales tax exempt?
  ✓ Know who the staff members and buildings are that continue to be challenged by purchasing process.
      o Clear written process and on-going training is helpful.

Purchasing
Competitive Bid Laws – KSDE link to Guidelines
https://www.ksde.org/Portals/0/School%20Finance/guidelines_manuals/competv%20bid%20guide.pdf

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Internal Control Practices: Accounts Payable
Separation of duties
Separation of duties ensures that payment documents are processed correctly by having different people involved in the payment process.
  Best practice is to have different people:
  • Approve purchases
  • Receive ordered materials
  • Approve invoices for payment
  • Review and reconcile financial records
  Potential consequences if duties are not separated:
  • Erroneous or fraudulent invoices approved for payment
  • Unauthorized payments made to non-existent vendors

Accountability, authorization, and approval
Accountability ensures that you authorize, review, and approve invoices for payment based on signed agreements, contract terms, and purchase orders.
  Best practices:
  • Review and update signature authorizations periodically.
  • Obtain pre-approval of agreements from Purchasing.

- Verify receipt of goods and services against contract/ purchase order and invoice information.
- Reconcile ledgers for accuracy of recorded transactions.
- Monitor that invoices are paid in a timely manner.

Potential consequences if accountability does not exist:
- Unauthorized, unnecessary, or fraudulent payments or purchases
- Unauthorized work performed by vendors
- Loss of supplier discounts due to late payments
- Improper charges to incorrect account/ funds
- Conflict of interest when paying an employee for unauthorized outside work

Security of assets
Best practices:
- Secure goods received in a restricted area.
- Restrict inventory access to appropriate staff.
- Lock up goods and materials, and provide key or combination to as few people as possible.
- Keep inventory records and periodically calculate beginning and ending inventory amounts.

Potential consequences if your assets have not been secured:
- Theft of goods
- Inventory shortages
- Additional costs incurred for replacement of goods

Review and reconciliation
Your reconciliation activities confirm that you're paying for approved purchases and are being billed correctly. Perform monthly ledger reconciliations to catch improper charges and validate transactions.
Best practices:
- Review vendor invoices for accuracy by comparing charges to purchase orders.
- Verify that the goods and services purchased have been received.
- Perform monthly reconciliations of operating ledgers to assure accuracy and timeliness of expenses.

Potential consequences if review and reconciliation is not performed:
- Improper charges made to your department budgets
- Disallowances resulting from costs charged to incorrect accounts/funds
- Payments made for items or services not provided

USD #497 – Lawrence Public Schools
Attn: Business office
110 McDonald Drive
Lawrence, KS 66044-1063
Telephone: 785-832-5000   Fax: 785-832-5022
LPSAccountspayable@usd497.org

**   Additional Vendor Information -- Return this sheet and W-9 to Business Office**

Company Legal Name: _____
(As shown on your income tax return)

Business Name: _____
("doing business as" – if different from above

Name (If sole proprietor): _____

Type of Product or Service: _____

Company "Remit To" Address:

_____
(Street address, PO Box, City, State, Zip Code +4)

Phone#: _____   Fax#:_____

Contact: _____   Email: _____

Company "Ordering" Address (if different from above):

_____
(Street address, PO Box, City, State, Zip Code +4)

Phone#: _____   Fax#: _____

Contact: _____   Email: _____

Direct Deposit/EFT Payment: USD#497, Lawrence Public Schools offers the option for vendors to be paid electronically. The following information is required for initial set-up:

Name of Bank Account: _____

Name of Bank: _____Type of Account (please check): ___ Checking ___ Savings

Account Number: _____ Routing Number: _____

Official Email Address for payment notification: _____

Notification will be sent with each payment.

I certify I am authorized to complete this section and give permission to USD#497, Lawrence Public Schools, to make electronic payments.

Signature: _____   Date: _____

Name: _____   Title: _____

Related Party Information:

Are any owners, officers, or directors of your company employees of USD#497, or related to employees of USD#497? If so, who *(First and Last Name)* _____ and relationship to USD#497 employee, *(Self, Spouse, etc.)* _____.

Form Completed By: _____   Date: _____

Title: _____   Phone: _____

Email: _____