

**Internal Policies and Procedures
of the
Utah State Board of Education**

Policy # 01-05

Subject: Accounts Payable

Effective Date: [4/09/2021]

Revision Dates:

Purpose:

To ensure that:

- All new vendor requests or vendor change requests are controlled, approved, and supported by the required level of supporting documentation.
- Disbursements of all Utah State Board of Education (USBE) funds are for properly requested, approved, and received goods or services.
- All payments are processed for the correct amount to the appropriate vendor.

Scope:

These policies apply to all employees involved in requesting payments to be disbursed to USBE vendors or others and those involved in processing disbursements on behalf of USBE.

Throughout this document, words like “must” and “should” are used. When the term “must” is used, no group or individual has the authority to deviate from the specific policy or procedure. The term “should” is used to convey that individuals are expected to follow the policy and procedures as written and are required to justify any deviations. Deviations should only occur when the specifics of the situation justify a reasonable departure from the recommended policy and procedures.

References:

The following sections of the Utah Administrative Code apply:

- [Utah Administrative Code, Title R25, Finance](#)
- [Utah Division of Finance Policies](#)

Definitions:

The definitions below define standard wording referred to throughout the USBE Policies and Procedures and apply to all instances where a word/phrase is used.

- **CBO:** Community Based Organization
- **CONTRACTS:** Procurement contracting documents may include Contract (CT), Master Agreement (MA), Delivery Order (DO3), Purchase Order (PO, PO3, XPO), etc.
- **DAM:** The LEA Allotment Run worklist within FINET (holding place for payment).
- **Department/Section:** A Department or Section within the USBE.

- **Division of Finance**: The same as “State Finance” – a division under the State of Utah’s Department of Administrative Services.
- **Division of Purchasing**: The same as “State Purchasing” – a division under the State of Utah’s Department of Administrative Services.
- **DO**: Delivery Order - A type of purchasing document in FINET.
- **EFT**: Electronic Funds Transfer
- **Financial Operations**: The department at USBE responsible for accounting and financial functions.
- **GAE**: General Accounting Encumbrance – A type of transaction processed in FINET.
- **GAX**: General Accounting Expense – A type of transaction processed in FINET.
- **GGAX**: Grant General Accounting Expense – A type of transaction that originated in Utah Grants and is processed in FINET.
- **GIET**: Grant Internal Exchange Transaction – A type of transaction that originated in Utah Grants and is processed in FINET.
- **IDT**: Internal Department Transactions – A type of transaction processed in FINET.
- **IET**: Internal Exchange Transaction – A type of transaction processed in FINET.
- **LEA**: Local Education Agency – A school district or charter school.
- **PD**: Decentralized Purchase order – A type of purchasing document.
- **PO**: Purchase Order – A type of purchasing document.
- **PRC**: Payment Request Document – A type of document supporting a payment made against a purchasing document.
- **PRM**: The payment transaction generated in FINET when a payment is approved.
- **Procurement Module**: The module in FINET where all purchasing activity is processed.
- **PTIF**: Public Treasurer’s Investment Fund
- **Purchasing Unit**: The department within USBE who is assigned responsibility and authority to oversee and manage the purchasing and procurement functions for USBE.
- **Receiving Module**: The module in FINET where receiving goods/services are recorded as of the date the items are received in the mail room. The system also allows for recording receipt based on milestone, phase, or other specified completion component.
- **Utah Grants**: The system used by the State of Utah to manage grants.
- **VCC**: Vendor Customer Creation – A type of transaction processed in FINET to establish a new vendor.
- **VCM**: Vendor Customer Modification – A type of transaction processed in FINET to modify an existing vendor.

POLICIES

I. General Accounts Payable Policies

1. The Utah Division of Finance has established payment policies and procedures with which USBE must comply. All employees involved in payment requests, approvals, or processing are responsible for being familiar with those policies and ensuring compliance. Employees should reference the Purchasing Policies and Procedures ([USBE Purchasing Unit Policy 06.01](#)) for more information on the purchasing process.
2. State Policies: The USBE follows the Utah Division of Finance Policies and Procedures. The policies below are meant to supplement those policies; however, in all cases, they are at least as strict as State policies while providing more guidance for employees to aid in compliance.
 - a. The policies below were written to be in compliance with the State of Utah Accounting Policies under section FIACCT 05 ([Payments](#)).
3. Delegation of approval authority is permitted, unless specifically prohibited within this policy. The delegation must be done in writing and include the delegator, the person being delegated to, and the approval authority being assigned. The written request of delegation must be submitted to Financial Operations for pre-approval by the Superintendency, and if approved, for inclusion on the Delegation List. All delegations included on the Delegation List are reapproved annually.

II. Vendor Maintenance Policies

1. Requests for new vendors and changes to vendor information must be performed by someone outside of the accounts payable function. This responsibility has been assigned to the Purchasing Unit.
2. All new vendor requests, or vendor modification requests, must be properly supported, verified, and reviewed before they are sent to the Division of Finance for processing. The Purchasing Unit is responsible for this function. Refer to the Purchasing Policies and Procedures for more information.
3. Electronic Fund Transfers (EFTs) must be formally approved by the Director of Finance.
4. The Finance Manager is responsible for performing required vendor and systems access reviews and documentation of these reviews must be retained.

III. Invoice Receipt and Review Policies

1. For all invoices, the Financial Manager must review the invoice for completion and compliance with the terms of the contract (if contract-related) or the original Purchase Order (PO) (if not related to an existing contract) and facilitate the Section's confirmation of receipt of goods or services. The Section Director, or designee, must approve the invoice for payment.
2. The three-way match is completed once the contract, receiving document, and the invoice have all been entered into FINET, and the quantities and amounts match.

IV. Invoice Entry and Approval Policies

1. Invoices are entered into FINET on a daily basis for payment processing. Each Section Accountant is responsible for ensuring all invoices are reviewed and entered timely.
 - a. *Section Accountant*: The invoice documentation/support is complete and attached, and the invoice is routed for timely approval.
 - b. *Budget Manager*: Responsible for ensuring the documentation attached is in compliance with policies and that the vendor being paid and the amount are correct.
 - c. *Director of Finance/Designee*: Responsible for reviewing and approving any invoices over \$100,000 (high-dollar threshold).

V. Accounts Payable Processing Policies

1. Payment batches are processed on a daily basis by the Division of Finance.
2. USBE will use EFT to process payments, when possible. Checks should only be used where EFT is not possible.
3. The Division of Finance mails checks directly to vendors unless a payment is specified as a category two or three check (Special handling code - coded at the time of request). If a category two or three check is either delivered to USBE or picked up by USBE, the check must be handled in accordance with the Cash Management Policies and Procedures.

VI. Payments to Local Education Agencies (LEAs) Policies

1. USBE Financial Operations will process allotment payments and pass-through payments to LEAs on a monthly basis.
 - a. Payments to LEAs must comply with the LEA fiscal policies set in the Utah Administrative Code [R277-113](#).
 - b. LEA payments must be reviewed and approved in Utah Grants by the assigned Grant Manager, the Section Accountant, and the Budget Manager.
2. All payment requests must have the required supporting documentation.

VII. Payment Changes or Cancellations Policies

1. If a vendor payment must be canceled, the Section must notify Financial Operations, who must notify the Division of Finance.
2. Vendor payments may be canceled, with the required supporting documentation, for any of the following reasons:
 - a. Duplicate payment;
 - b. Wrong vendor;
 - c. Wrong amount; or,
 - d. Payment no longer necessary.

PROCEDURES

I. General Accounts Payable Procedures

1. USBE has developed these procedures in order to comply with State Policies. These procedures should be followed by all USBE sections and employees involved in requesting, reviewing, approving, and processing payments on behalf of the USBE. If guidance is not documented in these procedures, USBE employees should refer to their immediate supervisor for guidance or reach out to Financial Operations.

II. Vendor Maintenance Procedures

1. Vendor Creation and Modifications: A search should always be performed in the FINET system, using the “vendor/customer lookup” feature, prior to submitting a request to the Purchasing Unit for a new vendor. If a desired vendor cannot be found as an existing State vendor, the new vendor creation process should be performed.
 - a. The new vendor setup and change process is handled by the Purchasing Unit to ensure that employees involved in the accounts payable process are not responsible for, or have access to, handling new vendor setup requests or vendor modifications.
 - b. Refer to the USBE Purchasing [Policies and Procedures](#) for more information on vendor creation and modifications.
 - c. The Division of Finance issues the Vendor Code for use.
2. LEA/CBO (Community Based Organization) Setups and Modifications: New LEA and CBO accounts must follow the same procedures and approval process as all other State vendors.
 - a. Once the vendor code is issued by the Purchasing Unit, the Finance Manager will be notified, and the Phase code will be created in FINET and then entered into Utah Grants.
 - b. Vendors are managed and maintained centrally within the FINET system by the Division of Finance.
 - c. Once the appropriate forms are received and processed by the Division of Finance, a Vendor Code will be issued allowing for transactions to be processed.
3. Electronic Funds Transfer (EFT) Setup: Vendors may elect to be paid via EFT. During the vendor setup process performed by the Purchasing Unit, the vendor must complete an F116B Direct Deposit Authorization EFT for Vendors Form and attach a letter from the bank signed by an official of the bank (on official letterhead).
 - a. The Director of Finance must review the information and draft a memo authorizing the EFT payment setup. The approved form and memo will be sent to the Purchasing Unit.

- b. The Purchasing Unit must attach the memo to the Direct Deposit Form in FINET, and it is sent to the Division of Finance for EFT setup.
- 4. Internal Vendor Reviews: The Finance Manager is responsible for performing an annual review of active LEA and CBO vendors being paid by USBE.
 - a. The review ensures that all vendors have a unique identifier code at the State level.
 - b. This review should be documented, signed, and dated, and documentation should be saved on the Financial Operations shared drive.
- 5. System Access Review: The USBE FINET Security Coordinator must review the FINET Security Access Report, provided by the Division of Finance, to ensure that USBE employees have appropriate access levels.
 - a. This review must be performed at least annually and should ensure that only USBE Purchasing Unit employees have access to submitting vendor requests and modifications via FINET.
 - b. This review should be documented, signed, and dated, and the documentation should be saved on the Financial Operations shared drive.

III. Invoice Receipt and Review Procedures

- 1. Invoice Receipt: All vendor invoices must be sent to the Accounts Payable Department for processing. Invoices can be received utilizing central inboxes as follows:
 - a. Contract-related invoices, which are invoices related to existing contracts (CT, MA) between a vendor and USBE, should be sent to invoices@schools.utah.gov.
 - b. Invoices related to an existing purchase order, which are invoices related to an approved PO3/DO3, should be sent to accountspayable@schools.utah.gov.
 - c. If an invoice is received by the Section, it must be scanned and sent to the corresponding centralized inbox for processing and input into FINET.
- 2. Invoice Review: The assigned Financial Analyst is responsible for monitoring their respective centralized inbox and forwarding all invoices to the appropriate Section Accountant. The Section Accountant is responsible for:
 - a. Verifying that all information is correctly presented in FINET and that the three-way match between the PO, invoice, and receiving information documented in the Receiving Module reconciles.
 - b. Identifying any variances during the three-way match. The discrepancy must be resolved prior to the payment being routed for approval in FINET.
 - c. Obtaining the receiving documentation for the related goods/services, including any packing slips, receiving reports, or other support documents, and scanning and attaching it to the Receiving Document (RC).

- d. Determining if a contract or PO is not on file for the invoice, or if the details of the invoice do not match the contract or approved PO, contacting the Purchasing Department to determine the reason, resolve the discrepancy, and ensure any required changes are made in FINET.
 - e. Scanning the entire invoice packet into the FINET system for accounts payable processing.
3. Exceptions: USBE will bypass the issuance of the PO3 or DO3 process and issue a payment to a vendor under the circumstances defined by the State, which include:
- a. Payments to agency contract vendors for land purchases, loans, grants, contracts with local political subdivisions, or agency contracts with a total value of less than \$5,000.
 - b. Payment for small purchases under \$5,000, which are not on contract.

IV. Invoice Entry and Approval Procedures

1. Entry into FINET: Once the review is completed, and the required Section approval has been obtained, the system Receiving Module will generate a new Payment Request Document (PRC) or General Accounting Expenditure (GAX). The type of payment request is dependent on the original purchase document:
 - a. *PRC*: Created when the payment is related to a Contract.
 - b. *GAX*: Created when a payment is related to a General Accounting Encumbrance (GAE) or non-referencing approved Purchase Requisition Form (RQSE).
2. FINET Reviews: After the payment is generated in FINET, an electronic workflow is initiated as follows:
 - a. *Budget Manager*: The assigned Budget Manager will review appropriate supporting documentation for compliance with policies and procedures and verify that the correct vendor or individual is being paid for the correct amount.
 - b. *Invoices over \$100,000*: For all invoices that exceed the \$100,000 high-dollar threshold, the Director of Finance, or their approved designee, reviews and approves the invoice.

V. Accounts Payable Processing Procedures

1. Payment batches are processed on a nightly run by the Division of Finance.
2. The State encourages the use of EFT to process payments, whenever possible.
 - a. Checks should only be used where EFT is not possible. EFTs are processed by the Division of Finance based on the approved setup in FINET for the vendor.
 - b. Checks are processed, printed, and distributed by the Division of Finance.

3. Category Two and Three Checks: In certain circumstances, a check will need to be delivered back to USBE to disburse. These categories must be coded at the time of the request to a special handling code which is a “category three” check.
 - a. Category two checks can be picked up at the State by the vendor or by a USBE employee; category three checks are delivered through State Mail to USBE.
 - b. Once the checks are received in the mailroom, they will follow the standard cash receipt process as described in the Cash Management Policies and Procedures.
 - c. Once processed by the mailroom and the Cash Management Division, the checks are delivered to the Financial Analyst in Financial Operations who is responsible for disbursing them to the Section Accountants assigned to the requesting Section. Refer to the Cash Management Policies and Procedures for more information.

VI. Payments to LEAs Procedures

1. LEA Allotment Payments: Allotment payment requests for LEAs are initiated through Utah Grants. They are processed daily and approved monthly as follows:
 - a. The Grant Manager reviews allotment payment requests that are in Utah Grants on an ongoing basis.
 - b. The Section Accountants review pending allotment payment requests throughout the month and verify that the amount to be paid is available for payment from the applicable grant. Once reviewed, the request is approved in Utah Grants.
 - c. The Budget Managers will verify that each allotment payment is being applied to the correct grant and then approve them in Utah Grants.
 - d. Upon approval, FINET will issue a GGAX or GIET document. The allotment payment requests have already been approved in Utah Grants; therefore, no additional approvals are required. The entries in FINET are sent to the LEA Allotment Run worklist (i.e., the “DAM”) to be paid.
 - e. The entries in FINET are sent to the LEA Allotment Run worklist to be paid.
 - f. Payment requests are received daily and released monthly.
2. Other LEA Payments: Other LEA payments, outside of the monthly allotment, are processed and included in the allotment payment. These other LEA payments consist of mileage or meal reimbursements, stipends, or other necessary reimbursements/payments.
 - a. The Section Accountant receives a Mileage Request form or Stipend Request form via email or hand delivery to support the payment request.
 - b. The Section Accountant then determines the payment method that should be initiated:
 - i. A GAX payment which is processed through an ACH.

- ii. An IET, which is used for an LEA with a PTIF account and will go through the Treasurer's Office for payment (for transfer by the State).
- c. The payment method issuance will trigger the payment request:
 - i. A Unit Code of 0200, or 2501 if related to the Child Nutrition Program (CNP), must be identified in the header of the document for GAX or IET.
- d. The payment request will be attached to all other required documentation (Mileage Request form, Stipend Request form, etc.) and the allotment payment (allotment process/workflow).

VII. Payment Change or Cancellation Procedures

1. FINET vendor payments that need to be canceled must be returned to the Division of Finance. FINET vendor payments may be canceled for the following reasons:
 - a. Duplicate payment;
 - b. Wrong vendor;
 - c. Wrong amount; or,
 - d. Payment no longer required.
2. Vendor Canceled Check or Check Refunded: When a check to a vendor is canceled, or when the vendor refunds monies paid through a contract, USBE requires that the funds be returned to the contract.
 - a. The Purchasing Unit can adjust the funds in FINET to allow access to all the funds, with proper documentation; however, because monies are returned, the adjustment in FINET does not adjust the amount allowed by the contract.
 - b. The "FINET Request - Canceled Check or Check Refunded" form must be completed and supporting documentation must be sent to the Purchasing Unit via email.
 - c. The contract number must be in the subject of the email.
 - d. Requests that are missing information or supporting documents will be returned to the sender.
3. Payment Made on Wrong Contract: When a payment is incorrectly charged to the wrong contract, a correction must be made, otherwise the related contract will not have enough funds available to complete the scope of work.
 - a. The Purchasing Unit can adjust the funds in FINET to allow access to all the funds; however, the two contracts involved must be adjusted equally. The adjustment in FINET does not adjust the amount allowed by the contract.
 - b. The "FINET Request - Payment Made on Wrong Contract" form must be completed and supporting documentation must be sent to the Division of Purchasing via email.

- c. The contract number must be in the subject of the email.
 - d. Requests that are missing information or supporting document will be returned to the sender.
4. Late Invoice: A late invoice is labeled such because it was received after the 90-day window to make payments is closed in FINET.
- a. If USBE requires a contract to be opened in FINET in order to make payment on late invoices, it must submit a request to State Purchasing.
 - b. The "FINET Request - Late Invoice" form must be completed and supporting documentation sent to Purchasing Unit.
 - c. The contract number must be in the subject of the email.
 - d. Requests that are missing information or supporting documents will be returned to the sender.