

## ACCOUNTING PROCEDURES

### ACCOUNTS PAYABLE

#### I. PAYMENT OF CLAIMS AND INVOICES

LAFCO staff receives and opens invoices and claims, date stamps each document, then proceeds as follows:

- A. Check the mathematical accuracy of the invoice.
- B. Compare the nature, quantity, and prices of items included in the invoice to the purchase order, contract, packing slip, or other receiving report and note correct items and/or discrepancies on the invoice.
- C. Obtain the approval of the Executive Officer and an authorization for payment (Policy 2.7.2(a)).
- D. Approved invoices are retained in the “Payables” folder until ready for payment.
- E. The Executive Officer will authorize immediate payment of routine claims in order to avoid late charges, ensure timely payment or to qualify for an early payment discount.
- F. When the Executive Officer is unavailable to authorize payment of an urgent claim, the claim may be handled as follows:
  1. Attempt to contact the Executive Officer by email or telephone to receive verbal authorization for the urgent claim. Obtain an after-the-fact written record confirming the authorization when the Executive Officer is available.
  2. Prepare the payment and review the invoice and supporting documentation with the Chairman, Vice-Chair or other authorized Commission member who may sign the check in lieu of the Executive Officer.

**Note:** An urgent claim is defined as a claim which would trigger a late charge or penalty or would forfeit an early payment discount if delayed during the absence of Executive Officer.

#### 1. Check Preparation

- A. Payments approved and authorized by the Executive Officer are submitted to the staff member responsible for check preparation.
- B. Each item is entered into the accounting software (QuickBooks—see procedures below).

#### 2. Vendor List: This process allows you to make vendors ‘inactive.’

- A. Click on the Vendor to be de-activated.
- B. Click on the “**Edit Vendor**” box.

- C. Click on the “**Vendor is Inactive**” box.
- D. Go to “**View**” on Vendor List and click on “**View All Vendors**” to re-activate.

**3. Enter Bills for Payment:** This process enters the invoice/bill into the QuickBooks system.

- A. Click on “**Enter Bills**” icon on the home screen.
  - 1. Vendor: Type in the Vendor Name (System will automatically finish the name when you type a certain amount of characters. **CAUTION:** Make sure correct vendor is chosen.). To add a new vendor, type in the name and click “OK” to *Quick Add*, or click on *Vendor Center* and enter vendor’s information (name, address).
  - 2. Amount: Enter dollar amount to be paid.
  - 3. If there is a due date on the invoice, enter in “Bill Due.”
  - 4. Memo on Check: Enter invoice number, account number, customer number and a brief description of the reason for the check.
  - 5. Account: Use the drop down and choose the appropriate account to be charged.
  - 6. Enter description in memo field for the check stub. You can copy and paste from the check memo or be more specific about the items on the invoice; i.e., “office supplies” for stapler or binders.
    - a) When paying a vendor whom is already in the system, the amounts will be pre-filed from the last check. Be sure to Clear Splits.
    - b) **IF** you have **another bill** to enter, press “Save & New” at bottom of screen.
    - c) **IF** you are **done entering** bills press “Save & Close.”
  - 7. Stamp “ENTERED” on paperwork. Initial and date.

Now your bills are stored and ready to pay.

**4. Paying Bills:** This process takes the bills that are pending payment and actually pays them.

- A. Click on “**Pay Bills**” icon on the home screen.
- B. Check the *Ending Balance* in the Umpqua account to verify there are enough funds to pay all the bills.
- C. Click on each bill to be paid.

**EXCEPTION:** Whenever you want separate checks printed for a specific dollar amount to the **same vendor** they must be individually selected at the time of payment. If you check both for payment, the system will combine both payments on one check. After the first set of bills have been selected and paid,

you need to go back and check the second bill (to the same vendor) to be paid, click on "Pay & Close" and repeat the process. **Each check should be put in a separate envelope.**

5. **Printing Checks:** This process takes the bills you have paid and prints the actual checks
  - A. After check marks have been placed next to the invoices to be paid, click on "Pay Selected Bills."
  - B. A summary of the checks to be printed will pop up. If the summary is correct, click on "Print Checks."
  - C. A "Select Checks to Print" box will pop up. Make sure the bank account is Umpqua Bank. **Verify the first check number is correct.**
  - D. Place the correct amount of checks **face down**, top of check facing towards the office door.
  - E. Click on "OK."
  - F. Click on "Print."
  - G. As the check is being printed, the system will ask you if it printed correctly.
  - H. If check appears okay, click "Yes."
    1. If not, it can be voided at this point.
  - I. Checks are provided to the Executive Officer with the original invoice and supporting documents attached.
  - J. The Executive Officer signs the check. Checks of \$5,000 or more require two signatures (Policy 2.7.3 (d)). Staff arranges for the second signature where applicable.
  - K. The check is then placed in a window envelope for mailing with the address and return address showing, or in any envelope provided by the vendor with LAFCO's return address added.
  - L. Most checks are mailed first class USPS.

**Printing from BizHub (copier)**

- A. Place check(s) in top tray, face up, with top of check facing toward conference room.
- B. Select "Print" from QB.

**Posting a Payment Made Via EFT**

- A. Write a check (control "W").
- B. Uncheck "Print Later" if it is checked.
- C. For "Number" change to EFT

- D. Fill out the rest of the check as applicable
- E. Save and Close

**6. Post Payment Process**

- A. Remove bottom stub from the check.
- B. If there is not a payment stub on the invoice, copy the invoice and mail with the payment, if the vendor requests a copy to be sent with payment. Staple the bottom stub to the original invoice.
- C. File the original invoice and check stub in the correct vendor file.

**ACCOUNTS RECEIVABLE**

**I. Processing of Bank Statements, Checks and Cash Received**

- A. The Executive Officer shall receive and open all bank statements and correspondence from financial institutions. Staff members shall not open bank statements or other correspondence from financial institutions holding accounts for LAFCO.
  - 1. The Executive Officer shall date stamp, review, initial and date bank statements and then give to the staff member responsible for processing.
- B. All checks received that are payable to LAFCO shall immediately be endorsed for deposit by the staff member responsible. After endorsement, checks shall be secured by being placed in the zippered bank case and locked in the 2-drawer file cabinet until the deposit is prepared.
- C. When ready to deposit into the bank, prepare a deposit slip indicating the amount of each check.
- D. Make a copy of each check, noting the Project Number, if applicable, and attach to the copy of the deposit slip.
- E. Make an additional copy and file in the appropriate project file, if applicable.

**BANK RECONCILIATION**

The staff person responsible for reconciling accounts will compare the Bank Statements to the QuickBooks record, including electronic transfer amounts, and will reconcile each account (Money Market and Checking).

**I. Reconcile**

- A. Click on the “**Reconcile**” icon.
- B. Make sure the Account is **Umpqua** (or **Money Market** if you are reconciling the Money Market account).
- C. Statement Date: This date should be the same as the Bank Statement date.

- D. Beginning Balance: This balance should be the same as the Bank Statement.
- E. Ending Balance: Enter from the Bank Statement.
- F. Interest Earned: Enter amount from Bank Statement.
- G. Click on "**Continue**."

Under "Checks & Payments"

1. Verify the check numbers with Bank Statement.
  - a) Make a "check mark" next to each one.
2. Use "**Modify**" (*lower right hand corner*) to add any bank fees.

Once all checks & deposits have been completed, be sure to check that "**Difference**" (*lower right hand corner*) equals "0." If it doesn't balance to "0," start rechecking to find out why.

  - a) Check for manual entries.
3. **DO NOT** click on "Reconcile Now" until balanced.
  - a) Click on "Leave" to exit and return at a later time to finish; information will be automatically saved.
4. If everything balances, click on "**Reconcile Now**."
5. On the next screen, click "**OK**" to **print** both the Summary and Detail reports.

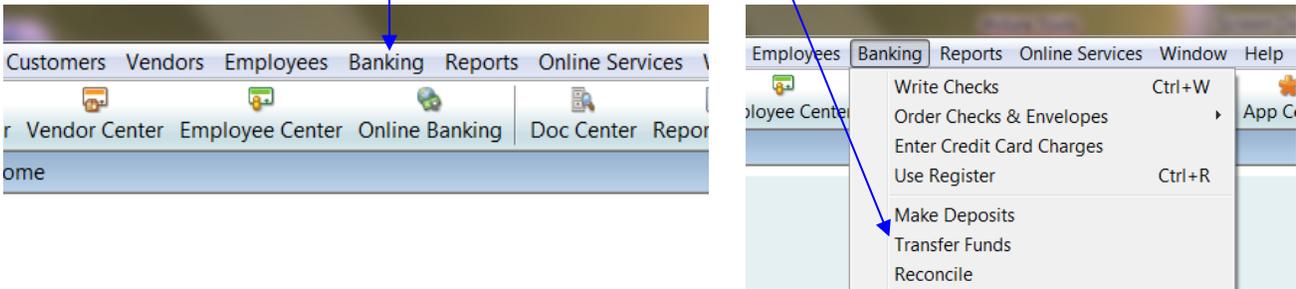
**TRANSFER OF FUNDS BETWEEN ACCOUNTS**

**I. Paperwork**

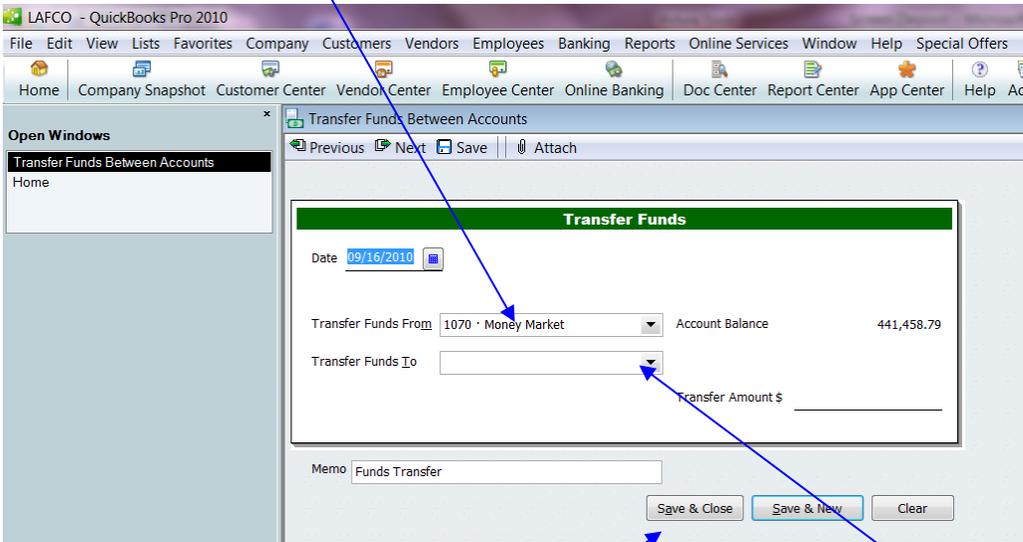
- A. Fill out the form for transferring funds, "**Funds Transfer Report**" (located in the Umpqua binder, TOC = 4).
- B. Give the form to the EO and that will trigger him/her to make the electronic transfer.
- C. When the signed form is returned, put two copies in the Bank Reconciliation file, so that it can be filed with the reconciliation paperwork.
  1. One copy will be filed with the Money Market reconciliation and one copy will be filed with the Checking reconciliation.
- D. When EO returns the "**Funds Transfer Report**," you can then enter the transfer into QB.

**II. Transfer**

A. Go to the **“Banking”** menu and click **“Transfer Funds.”**



B. In the **“Transfer Funds”** window, select the account which you want to transfer the funds **FROM**.



C. Select the account to which

you want to transfer the funds **TO**.

- D. Enter the amount of the transfer.
- E. Select **“Save & Close.”**

**VOIDING/DELETING A BILL**

**I. Voiding**

- A. Go to the **“Vendor Center.”**
- B. Find the specific vendor and date of the bill you want to void.
- C. Double click on item to pull up the bill.

- D. Go to “**Edit.**”
- E. Click on “**Void Bill**” OR “**Delete Bill**” if no record of it is necessary.
  - 1. For example, if a bill was created accidentally—wrong amount, etc.
- F. Click on “**Record.**”
- G. Pop-up: “**Yes.**”
- H. **NOTE:** If a bill that has already been paid needs to be voided, you will have to delete the payment first, record change, then go back in to “**Edit**” and void the bill. *This is for special circumstances, i.e. payment to City of PV for town hall rental for Ethics Training.*

### **VOIDING A CHECK**

#### **I. Voiding a Check**

- A. Go to the “**Register**” menu.
- B. Select: “**Umpqua Bank.**”
- C. Find check (listed by date—chronological order).
- D. Right click on check #.
- E. Select “**Void Bill Payment Check.**”
- F. Click on “**Record.**”
- G. Pop-up: “**Yes.**”
- H. File under “**Voided Checks**” (TOC = 11) in back of Umpqua binder, if you have the check. Reason you may not have the check could be that the payee lost it and it needs to be reissued.
- I. Go back to the original bill and reissue a new check.

### **VOIDING A BILL AND CHECK**

#### **I. Journal Entry (use this if it is in a prior period; i.e., a different fiscal year)**

- A. Go to the “**Company**” menu and click on “**Make Journal Entry**” (JE).
- B. On the **JE** page for the cash account, enter:
  - 1. Debit to checking.
  - 2. Credit to the account it came out of.
- C. Go to the “**Register**” for Umpqua,
  - 1. Find the original check, right click and void it.
- D. Reissue the check.
- E. Follow the instructions above for voiding the bill and check.

**MAKING A DEPOSIT**

- I. Make copies of all checks and attached to the deposit for the monthly reconciliation.
- II. Once in QuickBooks, click on “Record Deposits.”

