

Policy Title	Policy and Procedure for Accounts Payable
Policy Objective	The Policy and Procedures for Accounts Payable policy establishes. the procedures for the payment of purchase order and non-purchase order procured goods and services otherwise known as accounts payable
Target Audience	This policy applies to all Miles Ahead Charter School personnel, particularly those involved in the purchasing and payment of goods and services
Risk Matrix	Controls of the process are detailed in the Risk Control Matrix.
Effective Date	April 1, 2023
Revision History	Issued March 18, 2023
Mandatory Revision Date	April 2024

Policy

I

This policy establishes the procedures for the payment of purchase order and non-purchase order procured goods and services otherwise known as accounts payable.

Accounts payable represent **Miles Ahead Charter School** financial obligations to its vendors for goods or services that have been received or will be received in the future.

These liabilities need to be paid within a reasonable period and in accordance with vendor credit terms. Accounts payable and its related processes present a risk to **Miles Ahead Charter School** because cash ultimately flows out of the Organization and therefore there needs to be a high level of confidence that the correct amount is flowing to the correct suppliers for the correct goods or services.

II

This policy identifies control actions to mitigate potential risks related to accounts payable and establishes the following:

- All invoices must be verified to ensure payments are appropriately made to the correct vendor for the correct amount for goods and services delivered.
- For purchase order-based payments, discrepancies between the vendor invoice and the purchase order greater than 10 percent or \$1,000 USD or equivalent in local currency (the lesser of the two) must be resolved before the payment can be processed.
- There must be an appropriate segregation of functional responsibilities to ensure appropriate financial controls from the initiation of a financial commitment up to its actual payment.

III

The following procedures are presented in two sections and related flowcharts. The first section outlines how to process purchase order-based payments and the second section outlines how to process non-purchase order payments.

A. How to Input a purchase order-based invoice into _____ and process Payment Run.

1. Verify details of invoice.
2. Confirm receipt of invoices.
3. Received the invoice in _____ Under Purchase Order Modules => Receipt of Invoice Entry.
4. Confirm the data in the invoiced matched the data from the Purchase Order.
5. Accept the Invoice into _____ by posting the entry into the GL.
6. Once the invoice is inputted into _____, an AP Open Invoice report is run weekly to help produce the weekly Payment Run.
7. For Segregation of duty and to help combat Occupation Fraud the Payment run is prepared by the accountant, is reviewed, and released for processing by the [Treasurer](#) and sign for and released for payment by the [Principal](#).
8. **How to Input a Non-Purchase Order-based invoice into Sage Process Payment Run.**

1. Verify details of invoice
2. Confirm receipt of Invoice
3. Received the invoice in _____ Under Account Payable Modules => Receipt Invoice Data Entry.
4. Accept the Invoice into _____ by posting the entry into the [general ledger](#).
5. Once the invoice is inputted into _____ an AP Open Invoice report is run weekly to help produce the weekly Payment Run.
6. For Segregation of duty and to help combat Occupation Fraud the Payment run is prepared by the accountant, is reviewed and released for processing by the [Treasurer](#) and sign for and released for payment by the [Principal](#).

IV

A. Segregation of Duties

There must be an appropriate segregation of functional responsibilities to ensure appropriate financial controls from the initiation of a financial commitment up to its actual payment.

B. Monitoring accounts Payables

Monitoring accounts payable is an important part of the overall financial process and should be done regularly. Staff responsible for payments should ensure that accounts payable remain current, outstanding payments are regularly reviewed and that payments do not go beyond the payment terms stipulated with vendors.

C. How to properly file account payable documentation

Proper filing of accounts payable documentation is not only important for audit purposes but is also essential for allowing [Miles Ahead Charter School](#) to maintain and quickly

access documentation when required. Everyone is responsible for maintaining proper records that are well organized, safe, and easy to understand. Specifically, it is important to file documentation in a manner that permits tracing of payments back to their supporting documentation in a logical and secure manner. Refer to the Document Retention Schedules of PKI???? policy for more information. [What's PKI?](#)

D. Payment Process

All Vendors payment should use electronic funds transfer (EFT) to process payments when possible. Cheques should only be used where EFT is not possible. All payment is made in USD please review invoice and ensure international vendors are understanding. The payment Process is a three-person process to ensure no one individual is single handle able to release funding.

Control	Risk Description	Control Objective	Control Activity Description	Who Perform
AP-1.0	Disbursements made for goods or services that were not ordered.	All payments relate to authorized purchases.	Match vendor invoice to purchase order or supporting documentation which provides evidence of approval in the case of non-PO transactions.	Accountant
AP-2.0	Payment for the incorrect quantity or non-delivery of goods or services	All payments are made for goods and services that were delivered or received.	For PO based payment confirmed delivery of goods with receiving. For non-PO based payment confirm receipt and document proper approval.	Accountant
AP-3.0	Disbursement of funds are done without appropriate authorizations or approvals.	All Disbursement are authorized by CEO and released by CFO	Separation of Duty	Accountant, CFO, CEO
AP-4.0	Invoices are not coded to the correct account code resulting in inaccurate year end reporting.	All purchases are coded to the correct account code.	Monthly Reconciliation ensure GL account are accurate for reporting Purpose.	Accountant
AP-5.0	Payment is made to an invalid vendor or the same vendor is paid more than once	Every payment is made to the correct vendor and there are no duplicate payments.	Every Payment is match by an invoice.	Accountant
AP-6.0	Payments are authorized by staff that do not have the delegated authority to authorize payments.	All payments relate to authorized purchases.	Payment is centralized and process only by Accounting Department.	Accountant
AP-7.0	Payments are made from fund codes that do not have sufficient funds resulting in delays in the payment process, budget shortfalls or NSF rejection.	Adequate funds are always available in the fund code used to pay for goods and services.	Payment is done in Batch and is released according to Budget.	Accountant, CFO

AP-8.0	Payment is made for incorrect amount.	All payments are match to proper invoice to ensure payment is send to the correct vendor for the correct amount for the correct services.	Accountant complete three-way match between PO, Vendor Invoices and Receipt	Accountant, Receiving Department and Purchaser.
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