

Key Contacts:

NAME	TITLE	DEPARTMENT	INTERVIEW DATE
Cristina Hamblet	Accounts Payable Supervisor	Accounts Payable	04/29/2019
Cynthia Moore	Director of Procurement, Contracts, and Logistics	Purchasing	04/29/2019
Ann Le	Accountant	Accounting	04/29/2019

Who is responsible for assigning access to the purchasing and/or accounts payable modules and how was the determination made? Are employees able to initiate transactions outside of their assigned functions?

The Accounting Manager for Budgets, and Chris Bonvenuto, Chief Director, reviews access requests and forwards to LACOE for final approval. AP personnel cannot initiate Purchase Orders in the PO module, they can only make inquiries.

Purchasing- Security, Roles & Responsibilities are submitted to the Los Angeles County Office of Education (LACOE) and are approved by the VP of Business Administration. LACOE sets up individual roles/responsibilities. Buyers are able to initiate transactions and submit for approval.

Determine if employees are able to initiate transactions outside of their assigned functions.

See above. Accounts payable only has access to the inquiry module of purchasing and purchasing only has access to the inquiry module of accounts payable, therefore adequate segregation of duties exists between the Accounts Payable and Purchasing Departments.

Document the process for entering vendor information:

For all vendors, a current W9 form is required to establish the name shown on the tax return, federal tax classification and taxpayer identification number. A CA Form 590 is required for all CA Non-Resident vendors and is used to determine residency. If the vendor cannot claim residency exemption, seven percent (7%) of the professional services payment totaling over \$1500 in one year is withheld and remitted to the Franchise Tax Board. For vendors who are Non US Individuals, a W-8BEN form is required to claim foreign status or treaty benefits. Non US Entities must complete form W-8BEN-E. Foreign individuals and entities receiving payments for services, rentals or royalties may be subject to a 30% withholding tax unless they qualify for exemption through Form W8.

Document the budget approval process for purchase requisitions:

All purchase requisitions generated by buyers or staff are sent to the assigned accountant for budget and account coding review. If budget is available and coding is correct, the purchase requisition is forwarded to Purchasing for processing. If budget is not available, Accountants work with program managers/requestors to initiate budget transfers to cover the expenditures prior to forwarding to Purchasing.

Summarize the procedures and personnel involved in the purchasing function, including how the purchase is initiated, approved, and recorded in the purchasing system. Document if the purchasing system is the county system or a separate in-house system. If in-house, how does it interface with the county general ledger or how does the District reconcile to the county:

Upon receipt of an approved requisition from Fiscal Services, the Director of Procurement, Contracts and Logistics assigns the requisition to the buyer based upon commodity assignment. The buyer completes the buying function and creates a purchase order in

PeopleSoft. The buyer electronically submits the purchase order for approval. The Director of Procurement, Contracts and Logistics reviews and electronically approves all purchase orders. Upon approval, the PO (electronically signed, time and date stamped) is emailed to the buyer for distribution. Purchasing packets do not include a PO and does not include the Director of Procurement, Contracts and Logistics signature. Other expenditures that don't include the Director of Purchasing's signature are credit cards and traveling expenses. These expenditures follow a different approval process.

Summarize the procedures and personnel involved in the accounts payable function, including how the payment was processed (review of warrant package including purchase order, invoice, receiving documentation), approved and recorded on the general ledger:

All AP disbursement vouchers are recorded as debits using the appropriate G/L expense account code string and credited to the AP 9519 account code in PeopleSoft.

Invoice Processing Procedure: Vendor invoices arrive at the District primarily by USPS mail or email directly to the Accounts Payable Department. The invoices are logged into the A/P Aging Report for tracking and directed to the ordering department for approval within five business days of receipt. An authorized individual will approve expenditure "okay to pay" once all items needed is received & the account coding is assigned. The ordering department must submit the invoice to the appropriate A/P Specialist for processing. Vendors are assigned to an A/P Specialist alphabetically by vendor name. An A/P Specialist reviews documentation for proper account coding, amounts, and approvals pertaining to the purchase and stamps the backup "entered".

The documentation that needs to be submitted to the A/P Specialist for invoice payment processing varies depending on the type of purchase being invoiced:

- Verify incoming invoices have required signatures
- Match invoice and receiving documentation if applicable, with one of the following:
 - Valid Purchase Order
 - Duly signed contract
 - Direct Purchase & Revolving Fund Reimbursement Requisition
- Verify a current W9, Form 590, W8 or W8BEN-E is on file for the vendor
- Create a voucher in PeopleSoft for payment of the invoice
- Automated controls exist to prevent duplicate payment of invoices

If a discrepancy between the order received and purchase order occurs, the Purchasing Department must be notified. A revised invoice may be required.

Invoices with a current year Purchase Order issued –

- Invoice copy marked with Purchase Order number, purchase order line to be paid, the words "Approved for Payment (OK to Pay) along with an acknowledgement that either the "Items were received in Good Order" or the "Services were Rendered".
- Dated and signed by authorizing signatory.

Invoices with a Purchase Order issued, but closed prior to invoice payment –

- After a purchase order goes through the annual closing cycle but before fiscal year end closing, an invoice payment can be made using the closed purchase order number, provided the invoice does not exceed the purchase order's remaining balance and goods were received on or before June 30.

- Or, after a purchase order goes through the annual closing cycle, and after fiscal year end closing, a *Direct Purchase and Revolving Fund Reimbursement Requisition* may be used to pay for purchase order goods received during the prior fiscal year. Purchase order number must be referenced on the form. The Department Chair or Manager, and Director or VP must sign for approval. The Accounting Manager and Controller signatures are required. Grant Administrator or Project Manager's signature is required for all federally funded expenditures.

Non-Purchase Order Payments –REQUIRE PRIOR APPROVAL DUE TO SPECIAL CIRCUMSTANCE OR EMERGENCY ONLY

- Invoice copy legibly signed and dated by the authorized signatory and marked with the words, "Approved for Payment (OK to Pay). Written acknowledgement that either the "Items were received in Good Order" or the "Services Rendered" is also required.
- A Direct Purchase and Revolving Fund Reimbursement Requisition form with Department Chair or Manager, Director or VP, Accountant, Accounting Manager and Controller signatures is required. Grant Administrator or Project Manager's signature is required for all federally funded expenditures.

If the voucher will go to a "Hold" status at LACOE, the Accounts Payable Specialist prepares and emails additional documentation to LACOE.

Audit Holds (AUD) occur based on the type of expenditure identified by the object code. The following are subject to Audit Holds;

- Leases and Rentals
- Construction
- Consultants
- Legal
- Accrued Expenses
- Settlement Agreements
- Payroll related accounts

Amount Holds (AMT) occur because the total amount payable to the same vendor exceeds the district dollar threshold amount. The District determines the dollar threshold at any amount up to the applicable bidding threshold.

For vouchers shown in audit or amount hold, the Accounts Payable Specialist completes and sends an Audit Package to LACOE via email or by Voucher Attachment in the AP Module of PeopleSoft. The Audit Package includes the following;

- LACOE Voucher Request Form
- Proof of receipt; packing slips, timesheets, or acknowledgement of receipt of goods or services form.
- Minimum required audit documentation based on the object code of the expenditure as listed in the Documentation Checklist provided by LACOE in Bulletin #3870 issued on June 30, 2014.

Audit Packages are reviewed by LACOE in the order they are received. If there is missing documentation, or questions, LACOE will follow up with the Accounts Payable Specialist processing the invoice.

Once the voucher is approved by LACOE, a warrant is issued to pay the invoice.

- The warrant is delivered to the Accounts Payable Department.
- Each batch of warrants received from LACOE is reviewed by an Accounts Payable Specialist other than the Accounts Payable Specialist that entered the vouchers.
- The warrants are processed through the signing machine and mailed to the vendors
- Once complete, invoices are stamped "Paid" with the date to avoid duplicate payment.
- Expenditures paid are automatically posted to the General Ledger.

If arrangements are made for the warrant to be picked up by the vendor or their representative, the warrant will be logged on the Warrant Pick Up log and held in the safe until the vendor arrives. The vendor must pick the warrant up from the Accounts Payable Manager and sign for the warrant on the log.

Determine the procedures for open purchase orders and document how the corresponding disbursements are processed and monitored:

Blanket Purchase Orders (BPOs) are issued to serve the needs of the requestor and reduce the paperwork on repetitive supplies items or services, such as office supplies, equipment maintenance and operating supplies. The buyers analyze each blanket request to determine the availability of contract pricing and references contract pricing/discount on the BPO. The decision as to the level of competition needed shall be made by the buyer in consultation with the Director of Procurement, Contracts and Logistics. The District's policy is to allow expenditures up to 10% tolerance of PO amount as is regulated by LACOE. A/P Supervisor may utilize the budget override feature in PeopleSoft for allowable costs such as sales tax or freight within the 10% tolerance limit. Open POs are used less frequently as the majority of purchase orders are "Three Way Match" to maintain tighter fiscal control. Specific purchase orders beginning with the letter P are very detailed and itemize each line from which to match against the invoice billed.

Document the District's policy for bidding procedures and requirements:

Purchases exceeding established bid limit:

The Invitation for Bid (IFB):

The procurement of goods and services to established formal bid limit or greater amounts utilize the Invitation for Bid Process; the State Chancellor sets the bid threshold requirements. This amount is normally adjusted on an annual basis and will automatically be the bid threshold amount for the District. This threshold is currently set at \$87,800. Once a bid is selected, it must be approved by the District Board of Trustees.

A cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold is required for procurements or contract modifications made with Federal funding.

List all credit cards used within the District and document the procedures for the District's control of those credit cards:

Credit card accounts are initiated by Cynthia Moore, Purchasing Director. In the event a card is lost, damaged or replaced, the previous card is shredded by A/P and replaced by a new one sent directly to A/P. The assigned Administrative Assistant or Manger responsible for credit card distribution within the respective department is permitted to handle the cards. US Bank or Citibank cards are sent directly to the cardholder, Vice President or Manager.

Policy for review and payment of credit card statements:

- Within 2 days of receiving the Government US Bank or Citibank monthly statement, the cardholder prints and reviews the statement for accuracy and verifies the charges by comparing to detailed receipts.
- The card holder must write a brief description of the charge along with the account code and attach original receipts to the statement.
- Conference reimbursement claim form must be completed within 5 days of return for any out of pocket expenses
- Card holder writes "OK to Pay" on the statement and forwards the package to the VP of Business/Admin or the Superintendent/President for approval
- The package is then forwarded to A/P for payment directly to US bank or Citibank.

Document the procedures for travel and conference expenditures, including authorizations, limits, and supporting documentation required for reimbursement:

Any permanent employee or Board of Trustee member requesting to attend a District approved conference or off-campus meeting must complete a "Conference or Meeting Authorization Request" form if expenses, other than for mileage, will be reimbursed. The requestor must do the following prior to committing to attend a conference or off-campus meeting that involves the reimbursement of expenses other than mileage:

- Confirm the departments "Conference Training" (Obj.5220) account line has an available balance to cover the request
- Complete a "Conference or Meeting Authorization Request" form and submit it to their immediate Supervisor
- Wait until a copy of the "Conference or Meeting Authorization Request" form and submit it to their immediate Supervisor

The authorization to attend a conference or off-campus meeting is not considered to be approved until the requestor receives a copy of the "Conference or Meeting Authorization Request" form with the immediate supervisor's signature of the requestor. "Conference or Meeting Authorization Request" Forms are approved by the immediate supervisor.

The Board of Trustees under the provisions of the California Ed Code section 87032 delegate authorization to the Superintendent/President or designee to approve or deny requests for travel.

Document the procedures for the contracting of consulting services:

Accounting Specialists in A/P review payments made on contract services to verify that W9 information has been correctly entered in PeopleSoft. All 1099 reportable payments are filed in a designated area for review by the Accounting Specialist assigned to generate 1099s. The assigned Accounting Specialist and the A/P Supervisor are responsible for working with the Auxiliary and LACOE to issue 1099s annually on a timely basis.

Document the procedures for calculation and payments of sales and use taxes:

At the operational level, local sales tax is paid at the current local tax rate for 90405 zip code. If an out of state vendor doesn't bill for tax, use tax is applied by selecting the use tax function in the AP voucher panel of PS. The AS manually references the use tax figure collected on the invoice itself.

Use tax is automatically calculated and is recorded in the G/L as 9552 after the expense (payment) is posted.

If a California vendor does not bill for local state tax, the AS manually calculates the taxable portion of the goods at the applicable local tax rate and enters this amount in the sales tax field of the voucher panel in PS. The total amount paid to the vendor will reflect the correct payable figure.

AP Supervisor is responsible for reporting and paying quarterly Sales/Use Tax payments due to the Board of Equalization on behalf of Auxiliary Services and the District.

SALES AND USE TAX PROCEDURE

Quarterly Calendar Year Reports

1. SMC Cumulative Detail Report by Object (9000-9999) named LCGL919C is pulled from RAD (PeopleSoft) after month end closing which filters expense code 9552 (sales/use tax) by each fund account
2. Auxiliary Services submits a SMC Trust and Auxiliary Expended General Ledger filtered by Sales Tax Payable code 02013 by Auxiliary Fund 001

Sales Tax Return Worksheet

1. Auxiliary Services also submits a Sales Tax Worksheet with vendor detail of purchases including copies of paid invoices as well as documentation of sales made for example student Artwork during the holiday season
2. The District's Sales Tax Return Worksheet extrapolates Auxiliary's purchase and sales figures taken from their Sales Tax Worksheet as well as the District's sales and use tax figures taken from LCGL919C report and reports these figures as rounding and G/L totals by fund.
3. Accrued taxes are calculated by applicable local tax rate and recapped per GL for ease of reference within the Sales Tax Return Worksheet. Total amount due is rounded and this figure is the amount due and payable to the EDD.
4. Each District fund account's cumulative balance total for the time period reported is written on the Sales Tax Return Worksheet.
5. Board of Equalization account number, SRAS 18—620386 is listed and EFT confirmation number is written after tax is paid online. SMC Auxiliary Services reimbursement detail including voucher, warrant and paid date is provided on the worksheet.

BOE Online Submission of Sales and Use Tax Quarterly Payment

1. Express login code and account number is entered on the Express Login screen of the online payment webpage by Accounts Payable Supervisor.
2. Total Gross Sales and Purchases Subject to Use Tax is entered and populated in the File Your Return screen of the online system. Sales and Use tax due is calculated based upon information provided.
3. Preparer's name, title and phone number is entered as well as the payment method including bank routing, account number, bank account type, amount and payment effective date.
4. Confirmation page is printed for record keeping and attached in an email to the Accountant at Auxiliary Services as confirmation of amount and date paid to BOE.

Reimbursement of Sales and Use Tax funds to Auxiliary Services

1. A Direct Pay form is used to authorize transfer of District funds to reimburse Auxiliary Services for the total amount paid to the BOE for

quarterly sales and use taxes. The form includes the appropriate account code strings used to calculate the amount due, description of quarter and calendar year current taxes are for, appropriate signed authorization by Controller, Accountant and Accounting Manager.

2. Supporting worksheets, general ledger reports, invoice documentation and online confirmation sheet is attached to a Direct Pay form copy and processed for payment to SMC Auxiliary Services in the amount paid to the BOE.
3. A complete copy of all documentation is filed by quarter and is kept in the Accounts Payable Supervisor's office.

EFT Transfer of Auxiliary Funds to the District Account

1. Auxiliary Services electronically transfers funds as a clearing deposit into the District' account to reimburse its portion of the quarterly sales and use tax reported.
2. The transaction is credited before the end of the month in which the BOE payment was made. This is reflected in the G/L of the General Fund and noted for example as "Auxiliary EFT use and sales tax July 2016" and its journal identification begins with "000MR1".

Revolving Cash:

Obtain and review the District's policy over revolving cash. Document the procedures for revolving cash, including the authorization, recording, reimbursement and reconciliation processes of the account/fund.

Board Policy authorizes the District to establish a Revolving Cash Fund of \$25,000 to expedite the purchase of services and/or materials and to accommodate corrections for payroll. Authorized uses of the Revolving Cash Fund shall include:

- Procurement of incidental services or materials
- Emergency purchases as approved by the Chief Director of Business Services or designee
- Payroll corrections

Disbursements of \$50 or less require the pre-authorization of the area Vice President or designee and signature authorization from the area Vice President and one of the following positions:

- Superintendent/President
- Executive Vice President
- Vice President of Business Administration
- Chief Director of Business Services
- Controller

Disbursements in excess of \$50 require pre-authorization from the Chief Director of Business Services or Designee and signature authorization from the Area Vice President and the Chief Director of Business Services.

Disbursements for Payroll Corrections require signature authorization of the Payroll Manager and the Chief Director of Business Services or Designee.

Fiscal Services is responsible for the maintenance and operation of the Revolving Cash Fund. The account is reconciled and maintained in the amount of \$25,000 through monthly reconciliation performed by an Ann Le, Accountant, in timely manner and reviewed by Haro Irma, Accounting Manager. An accountant performs the revolving account reconciliation in a timely manner and is reviewed by the Accounting Manager.

Revolving Cash Disbursement Procedures:

-Requesting staff member submits a completed Direct Purchase & Revolving Fund Reimbursement Requisition Form to Accounting. The "Revolving Fund/ Reimbursement" forms are approved by the immediate supervisor. For Payroll Corrections, the form is submitted directly to A/P. The form must be accompanied by adequate original documentation: detailed receipts, invoices, payroll system reports and any other applicable documents.

-Accountant reviews content of the request, checks for required signatures and required original documents, verifies and initials the account code and forwards the packet to the Accounting Manager

-Accounting manager reviews and initials the packet and forwards the packet to the Accounts Payable Supervisor. Appropriate accounting personnel reviews documentation for accuracy (itemized receipts, proper approvals, correct amounts), and approves the revolving expenditure to be paid by Christina Hamblet, Accounts Payable Supervisor.

-Accountant forwards packet to the Accounting Specialist in A/P who prepares a check from the revolving cash fund bank account.

-The Accounting Specialist logs the check on the Summary Register noting check number, payee name, account code and amount.

-Accounting Specialist returns the signed check to the Accountant or the Administrative Assistant (to the VP- Business Administration) who completes the "positive-pay" bank procedure and prints an online report called Manual Issue Activity which is attached to the supporting documents for each batch.

-Accounting Specialist mails or distributes the check as directed.

Revolving Cash Replenishment Procedures:

-For replenishment of the revolving cash account, the AS (Accounting Specialist) enters in PeopleSoft the information from the Summary Register. One single warrant is issued by LACOE to reimburse the Revolving Cash Fund for a batch of transactions.

-When the replenishment warrant is received from LACOE, the AS verifies the accuracy of the warrant and forwards it to the Administrative Assistant for deposit to the Revolving Cash Fund bank account, thus replenishing the revolving cash fund.