

County Clerk's Standards

TOPIC: Financial Management

SUB TOPIC: Accounts Payable

Introductory Statement: *Accounts payable on a County's financial statements represent the unpaid bills of the County. Accountant's term accounts payable as current liabilities, (those obligations that must be paid in less than one year). Correct handling of accounts payable function protects the County against such things as: duplicate payments, check fraud, lost discounts, poor vendor relations and more in-depth auditing by regulatory agencies.*

Legal Reference(s): (Here's the Law)
KSA 12-105a-Uniform Payment of Claims
KSA 19-305-Records and Accounts
KSA 19-308-Limitation on Accounts-County Clerk
KSA 19-311-Record of receipts, expenditures and accounts
KSA 19-313 Separate statement of different funds
KSA 19-320 Unclaimed Warrants; cancellation

Best Practices:

Accounts Payable

Invoices

Simply put, an invoice is a *bill*. Invoices can be simple or complex. For example, a bill for a magazine only has one item on it whereas a credit card bill has many items on it. Items contained on an invoice are referred to as a "line items". In addition to information about what was purchased an invoice should contain the following information.

- Where to send the payment
- When the payment is due
- What the payment terms are: (net 30, discount for early payment etc)
- Any special instructions

Invoices are commonly submitted to the Clerk's office for payment on standard forms known as Claim Vouchers or Purchase Orders. Such forms provide a standard form for departments to use in submitting their bills and ensure that the minimum information required by the Clerk's office is provided. Practices vary from County to County as to whether the vouchers are prepared by the Clerk's office or the departments. They also provide a place for the County Commissioners and Counselor/Attorney to initial their approval, (*KSA 19-716, 19-208*).

Purchase Orders:

In some counties purchase orders and claim vouchers are one in the same document. In other counties purchase orders are a separate document used to send to a vendor when ordering goods for the County. It normally shows the details relating to the purchase (i.e. quantity, price, and so on). A copy is retained by the Accounts Payable department for tracking the purchase. Sometimes purchase orders are used to record purchases that need to be encumbered to the current budget year.

Approval of Invoices:

Initial approval of invoices is done by the Department Head. Accounts payable staff should check the department head signature on vouchers to prevent unauthorized approval of vouchers. After initial approval the voucher is forwarded to the County Clerk for further processing and verification. *K.S.A. 19-208 & 19-716* requires that the County Commissioners and County Counselor/Attorney allow, examine and approve all claims presented for payment. Counties accomplish this in different methods. Some actually give vouchers and supporting documentation to the Board for review and approval. Some provide a list detailing the vendor, the amount and the check number for approval.

Outstanding Warrants/Checks

- Warrants/checks outstanding for two years or more should be cancelled and restored to the fund originally charged, (*KSA 10-815*)

Publication of Quarterly Claims:

This publication is required by *K.S.A. 19-228*. The report can usually be generated through the software system used for accounts payable. There are two options in the statute. One is to publish an itemized statement of all sums of money allowed in excess of \$50 and for what purpose for the quarter and the other to report a summary of expenditures from each fund and the cash balance of each fund at the beginning and close of each quarter or month as appropriate. Such summary notice should include a statement that a detailed statement of expenditures is available in the County Clerk's Office.

Fee Reports:

K.S.A. 28-175 requires that all compensation, tips, fees etc. shall be paid over to the County Treasurer on the 1st and 15th of the month and a sworn statement in such form as the County Commissioners require attached and filed with the County Clerk. Such report is commonly referred to as a "fee report".

1099's

1099's are forms given to independent contractors once a year, usually in January so that the contractors may complete their income tax returns. The information is also provided to the IRS so it may monitor the tax payments made by independent contractors. Identifying individuals who should get the forms and the collecting all the necessary information is what is required of accounts payable staff.

Background:

Kansas Statute assigns the duty of paying the bills and keeping associated records to the County Clerk.

Sample Forms, Letters and Other Reference Material:

Sources:

Books-

Essentials of Accounts Payable by Mary S. Schaeffer
Governmental Accounting, Auditing and Financial Reporting (aka
The Blue Book)
Kansas Statutes Annotated
Kansas Municipal Audit Guide

Web Sites

www.gfoa.org
www.irs.gov

Organizations

Your local auditor

Glossary (some terms defined in 12-105a)