

ANTHONY INDEPENDENT SCHOOL DISTRICT

DISTRICT ACCOUNTING BULLETIN #28: DIRECT PAY (ACCOUNTS PAYABLE)

28.1 DEFINITION

Direct pay defines an accounts payable transaction where an authorized payment is made to an authorized vendor without a purchase order in place. In most cases, Direct Pay is used for one-time only payments. EXAMPLE: District utility bills are paid without a purchase order in place. Other transactions that qualify for Direct Pay include airline charges, travel reimbursements, and professional services under contract. Accounts payable also uses the Direct Pay system to submit short payments and/or cover vendor discrepancies.

28.2 PURPOSE

These guidelines establish the responsibilities, controls, and procedures for Direct Pay transactions [cases requiring payment without a purchase order is place].

The RSCCC system includes a Direct Pay module. AISD uses the Direct Pay system to improve the efficiency and effectiveness of (a) its accounts payable activities and (b) the purchasing function at the schools or departments. In many cases, this system also provides some flexibility to the schools and departments.

28.2 GUIDELINE PRINCIPLES

- 1) All purchases of goods and/or services are subject to existing Federal, State and Local purchasing policies, regulations and guidelines.
- 2) Purchases must be authorized **in advance**. Approval is documented on the Direct Payment Voucher (DPV), by the principal or department director's signature. All Direct Pay transactions require the Finance Director's approval. To denote prior approval, the Direct Payment Voucher must be dated prior to the date the services were rendered. See attached DPV form.
- 3) The budgeted line account must have sufficient funds at the time of transaction in order for the transaction to be completed properly. Please note that Direct Pay does not encumber (reserve) funds. Assurance should be given by the budget authority that funds are available in the budgeted line account. If sufficient funds are not available, the invoice will not be paid until the originator has executed a Budget Change or Budget Amendment.
- 4) The direct payment form must have the proper account coding to ensure purchases are in accordance with the Financial Accounting System Resource Guide. Approval is signified by the Finance Director's approval on DPV form.
- 5) Purchases must be executed from AISD's list of approved vendors. No exceptions! For questions on the vendor file, please call 886-6503 or 886-6502.
- 6) **Please Note:** Persons making unauthorized purchases shall assume full personal responsibility for all such debts. Unauthorized purchases meet one or more of the following criteria:
 - a) Failure to secure prior approval.
 - b) Insufficient budgeted funds available.
 - c) The purchase is personal rather than for district use/purpose(s).

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- 7) Use of the Direct Pay system is a privilege. The Finance reserves the right to limit the use of this system in those cases where the school or department has abused the privilege.

28.3 PROCEDURES

1. The Travel Office will continue to reimburse approved employee travel. These requests will be processed in a manner consistent with AISD's Travel policies illustrated in District Accounting Bulletin #19 A Staff Travel and 19 B Student Travel.
2. Accounts Payable will continue to use direct pay as a method to resolve vendor discrepancies utilizing the following guidelines:
 - a. Sufficient funds exist in the correct (TEA FASRG) account being charged.
 - b. Budget authority signature is present on Discrepancy Form (XDF) sent to school or department by Accounts Payable.
 - c. The amount is under \$100.00. If the amount is over \$100.00 a district issued purchase order should be used.
 - d. The principal or department director and the Finance Director has authorized the payment.
3. Direct pay can also be used for:
 - a. Purchase of services under contract.
 - b. A one time fee. For example, yearly maintenance fees, or insurance covering specific dates could be paid in this manner.
 - c. Utilities.
 - d. Travel reimbursements
 - e. Airline invoices.
4. Direct pay should **not** be utilized for:
 - a. Payments to employees for services rendered.
 - b. Reimbursement for goods or services
 - c. Recurring payments. For example, lease payments that are made monthly. In these circumstances, a line item purchase order should be issued.
 - d. To purchase goods.
 - e. To prepay services or goods.
 - f. To circumvent the normal purchasing procedures.
5. The Direct Payment Voucher must be filled out entirely (sample attached), and submitted to Accounts Payable with original signatures.
6. Original itemized receipt, invoice, contract or other supporting documentation must be submitted with the Direct Payment Voucher. The DPV must be original, readable and dated prior to date services were received.

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7. Payment will be made in accordance with district guidelines. Normal vendor terms are Net 30.

APPROVED:

**AISD Leadership Team
March 28, 2006**