

Good Samaritan Health and Wellness Center, Inc.
Policies and Procedures

Subject: Accounts Payable	Policy #: 3.13
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3.13 Accounts Payable

Policy: It is the policy of GSHWC that all valid accounts payable transactions, and only those transactions, should be accurately recorded as accounts payable. The amounts recorded will be based on vendor invoices for the related goods or services, not vendor statements. The vendor invoices should be in agreement with approved documentation. Evidence of receipt or performance should be verified before the vendor invoice can be processed.

Purpose: To accurately identify, record and report payable liabilities for the organization. The recording of assets or expenses and the related liability will be recorded by staff positions independent of the ordering and receiving functions. Invoices and the related general ledger account distribution should be reviewed before recording. To maintain accurate financial statements, any invoice received for a prior period where the month has been closed, will be posted by the invoice receipt date and into the current accounting period.

Procedures:

Establishment of Control Devices

Control should be established over vendor invoices as soon as they are received. Failure to establish control may result in delays in recording the invoice and cause misstatement of accounts payable and the related asset or expense accounts. Cash discounts may be lost because of untimely processing. Vendors should be instructed to mail all invoices directly to the Accounting Department, Attention: Accounts Payable Department.

Preparation of the Payment Request Package

A package called the "invoice" package should be assembled with the appropriate documents which consist of:

- Vendor invoice
- Packing slip

Purchase order, if applicable, or
Check request

Procedures Performed on Invoice Package

After the payment request package has been assembled, the following should be performed:

1. The nature and quantity of goods ordered and the price per the vendor invoice should be compared to the purchase order and the order documentation form.
2. Calculations of the invoice, such as totals and extensions of quantities multiplied by unit price, should be recomputed.
3. Each invoice will be coded with the correct expense or asset account number.

Recording Invoice in the Accounts Payable Module

After the invoice package is complete and verified, the vendor invoice is ready for recording. The following information should be entered into the accounts payable module:

Current date of entry
Vendor name
Vendor number
Vendor invoice number
Date of vendor invoice
Amount to be paid
General ledger account(s)
Internal department code
Expense code
Project ID

Posting Vendor Invoices to the Accounts Payable Sub Ledger

Once the vendor invoice has been posted, it has been recorded in the accounting system as a liability. Controls over posting include assuring that invoices balance to batch control totals. Checks can be generated, printed and matched up with backup. CFO will approve checks for accuracy and obtain two signatures for disbursement.

Reconciliation of A/P Sub Ledger to A/P General Ledger

At the end of each accounting period, total amounts due to vendors per the accounts payable subsidiary ledger should be reconciled to the accounts payable general ledger (control account). All differences should be researched and adjustments made as necessary. The reconciliation and the results of differences should be approved by the CFO.

The accounts payable subsidiary ledger should be maintained by individuals other than those who maintain the control account in the general ledger.

Review of Debit Balances in Accounts Payable

The accounts payable subsidiary ledger should be reviewed at least monthly for debit balances (amounts vendors owe to GSHWC). If debit balances are verified, the CFO will determine if GSHWC will request payment from the vendor or if an offset to another invoice would be more appropriate. The CFO can determine, based on dollar amounts of debit balances in accounts payable, if the amounts due should be recorded in accounts receivable.

Reconciliation of A/P Subsidiary Records to Suppliers' Records

Accounts payable subsidiary records should be periodically reconciled to suppliers' records by comparison with suppliers' statements.

Approval and Review of Discrepancies

The reconciliation of accounts payable and the results of any determination of differences should be reviewed and approved by the CFO.