



## Quality Assurance Work Instruction

CP-00-3000-05

Approved:

Date: 10 June 2004

Title: Accounts Payable

REV  
NC

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### 1.0 POLICY/PURPOSE

Santa Barbara Applied Research, Inc. (SBAR) prepares, evaluates, and maintains complete financial records of the company's business activities. The purpose of this work instruction (WI) is to document how SBAR conducts the Accounts Payable function.

### 2.0 SCOPE

This WI applies to all Santa Barbara Applied Research, Inc. (SBAR) business units.

### 3.0 REFERENCES AND DEFINITIONS

#### 3.1 References

#### 3.2 Definitions

**Account.** An account is the basic storage unit for accounting data.

**Accounts Payable (AP).** AP is a subsidiary ledger of the General Ledger consisting of customer accounts to which SBAR owes money for goods and/or services rendered by vendors.

**General Ledger (GL).** The GL consists of a group of accounts and their summarized data. The accounting system has separate accounts for each asset, each liability, and each component of owner's equity, including revenue and expenses. The accounting system is double entry, which requires that each transaction be in balance (the sum of the debits must equal the sum of the credits).

**DelteK GCS Premier Accounting System (GCS).** GCS is the computer-based accounting system used by SBAR.

**Voucher.** A voucher is a document, normally an invoice from a vendor requesting payment. The Voucher will have the appropriate account coding and approvals before entering into the AP subsidiary ledger.



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### 4.0 RESPONSIBILITIES

#### 4.1 Accounting Associate

An Accounting Associate is responsible for maintaining the AP function in accordance with the steps indicated in Section 5.0.

#### 4.2 Accounting Manager

The Accounting Manager is responsible for reviewing and approving the work of the Accounting Associate and for reconciling the AP Journal with the GL in accordance with the steps listed in Section 5.0

#### 4.3 President/CEO

The President or the designate is responsible for signing checks issued to SBAR vendors in accordance with the AP function.

### 5.0 REQUIREMENTS/PROCEDURES

#### 5.1 General

The AP function is conducted on a daily basis as invoices are received. The function consists of the following steps.

#### 5.2 Receiving Invoices

As invoices are received from vendors, the Accounting Associate matches each invoice with its corresponding approved purchase order (PO) or Approval Signature, Receiver, Shipper, or Receipt. If a Purchase Order has not been approved, the Accounting Associate is to obtain a signed approval on the invoice. Every invoice is to include the following information:

- Date received in the Accounting Department.
- Vendor Number
- Voucher number at time of data entry (from System – see Section 5.3.2)
- Approved by signature (for invoices without approved POs)
- Amount to be paid
- Account number(s)
- Copy of Check at time payment is made (see Section 5.4)



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### 5.3 Batch Process

#### 5.3.1 Pre-Process Balance Validation

The Accounts Payable Aging report is obtained from the AP subsidiary ledger. The total in this report is compared to the account in the GL. If the balances do not agree, the AP subsidiary ledger is to be reconciled.

#### 5.3.2 Data Entry

Prior to data entry, the Accounting Manager reviews and approves (by initialing) each invoice. The coded invoices are entered into the System, which issues a unique voucher number applied to each invoice entered. The voucher number is written on the invoice. Each invoice is assigned a payment status of "H" (Hold) in the System.

#### 5.3.3 Batch Validation

Upon completion of data entry, the invoices are totaled using a 10-key adding machine. An edit report is obtained from the system and reviewed. The Edit Report total must match the Invoice total. The Edit Report is presented to the Accounting Manager for approval.

#### 5.3.4 General Ledger Posting

Upon satisfactory completion of the batch and approval of the edit report, the AP Journal is posted to the GL. The AP Aging Report is printed and compared to the account balance in the GL, and reconciled when necessary.

### 5.4 Vendor Payment

The Accounting Associate prepares a list of vendor invoices that are due for payment from the AP Aging Report and presents to the Accounting Manager for approval. Based on the Approved Listing the invoices are processed for payment and checks are issued from the system.

The completed checks are approved by the accounting manager and submitted to the President or designate approved by the President. The checks are then mailed to the vendors.



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**PREPARATION, REVIEW, AND APPROVAL OFFICIALS**

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