



LOS ANGELES COMMUNITY COLLEGE DISTRICT

EAST • CITY • HARBOR • MISSION • PIERCE • SOUTHWEST • TRADE-TECHNICAL • VALLEY • WEST
OFFICE OF THE CHANCELLOR

Directive Number 142
April 14, 2011

TO: College Presidents

RE: Pursue Costs Savings by Use of Available Contracts for Procurement

In light of the current, severe fiscal constraints, the contracting authority delegated to the College Presidents, and delegable by them to the Vice Presidents of Administrative Services, is limited as follows, effective for all orders or contracts initiated within five business days following the date of this directive:

- Utilize existing District-wide agreements for all supplies, equipment and other purchases, in order to ensure the most effective use of funds and staff time.
- Needs that cannot be met with existing District-wide agreements or where more favorable pricing has been provided by written quote may be allowed at the discretion of the Deputy Chancellor or her designee, by obtaining permission in advance of purchase.
- Ratification items for purchases that do not comply with this directive will be returned and become the personal responsibility and liability of the individual(s) who made the purchase(s).

Specific contracts available include the Foundation for California Community College (FCCC) agreement with Office Depot with savings ranging from 10% to 60% depending on specific material. Other available agreements have been established through the Western States Contracting Alliance, including industrial supplies through Grainger with savings from 10% to 83% on over 140,000 products; janitorial supplies contract are available with Waxie with discounts from 45% to 60% off list pricing; copier agreements are also available for Konica, Oce, Ricoh, Sharp, Toshiba and Xerox machines.

- Multiple formally bid contracts have been established through Build-LACCD that include classroom, library and office furniture with discounts ranging from 35% to 61% from vendors such as Krueger International, Haworth and Unisource. The Colleges may utilize operational funds for purchases under these contracts. Use of bond funds for purchasing remains subject to established procedures and limitations for bond fund expenditures.


Daniel J. LaVista, Ph.D.
Chancellor

c: Board of Trustees
Executive & Senior Staff
Personnel Commission



04-18 INVOICING AND PAYMENT

I. OVERVIEW

Invoicing by the supplier and payment by the District are the final steps in the procurement lifecycle. Invoices must be carefully reviewed for accuracy before they are authorized for payment. Payment to the supplier is usually the final opportunity for the District to resolve any problems with the goods or services received. Therefore, an incorrect shipment, damaged goods, returns and other adjustments should be reflected on the invoice before it is authorized for payment.

When a vendor sends a payment invoice for supplies, materials or equipment, as opposed to services, procured through a purchase order to the Accounts Payable Department at the college or District Office, the invoice is matched to the purchase order and goods receipt document in the purchasing system before payment is issued to the vendor in the form of a commercial warrant. For services or supplies, materials or equipment procured through a contract, the invoice is matched to the hard copy of the fully-signed contract before payment is issued to the vendor. In addition, if authority to enter into the contract has not been delegated by the Board of Trustees and the Chancellor to the College President or Vice President of Administrative Services, the contract must be approved by the Board before payment can be made. If contracting authority has been delegated, payment under the contract may be made without board action but the agreement must still be ratified by the Board within 60 days after the commencement date of contract as defined by Administrative Regulation B-19.

In most cases, payment is issued within 30 days of receipt and entry of the invoice in the system. Individuals in the chain of processing and authorizing payment of supplier invoices should check the purchase order or contract to determine if discounts are offered for fast payment. Those invoices offering discounts off the billed amount if payment is received within a specified number of days (e.g., 2%, 20 days) should be processed expeditiously in order to capture the discount.

II. PROCESS

A. The invoice and payment process differs depending on whether supplies, materials or equipment ("goods") are being procured through a purchase order or services are being procured through a contract.



1. Invoice of Goods

Invoices are date-stamped as they arrive in the Accounts Payable department.

If the invoice has been sent by the supplier directly to the purchaser or requestor, the recipient forwards it to Accounts Payable for final processing. Adjustments may be made directly on the invoice reflecting discrepancies between the initial order and the goods actually received. Any adjustments to the invoice must also be done to the corresponding purchase order document line item in the system. Accounts Payable may also obtain a copy of the purchase order or view the goods receipt document in the system to ensure that all documents match with the invoice that is entered for payment.

2. Invoice for Services

Invoices are date-stamped as they arrive in the Accounts Payable Department and are then forwarded to the initiator for authorization of payment. If the invoice has been sent by the supplier directly to the purchaser or requestor, the recipient date-stamps the invoice, reviews it for accuracy against the short-term agreement (STA) or contract (CO), then signs and dates the invoice authorizing payment.

Before authorizing payment, the initiator should review the invoice as to accuracy in the following respects: (a) dates of service fall between the start and end dates on the STA/CO; (b) services rendered match the scope of work in contracted work products (e.g., repairs, reports) were received by the District and were deemed satisfactory; (d) amounts invoiced correspond to the amounts reflected in the STA/CO.

3. The following information must be verified by Accounts Payable before payment is completely entered into the system:

(a) The copy of a fully-signed copy of the contract from the District Contracts Office or regional procurement office;

(b) When applicable, the "Confirmation" tabs in the purchasing system identify the board date (if the contract requires prior authorization by the Board rather than ratification of a delegated contract) and the certified date. If the board date is not on the confirmation tab, the Accounts Payable staff may check the board agenda for the approval of the item.



(c) For purchases and contracts which the College is delegated to handle up to \$5,000, payments may be made prior to ratification. **Such purchases and contracts must be ratified within 60 days of commencement.**

(d) For purchases and contracts between \$5,001 and the Statutory limit, Board authorization must be obtained within 60 days of commencement in order for payment to be made.

(e) The vendor invoice has been signed and dated by the initiator and other required signatories.

(f) Ratification items for purchases or contracts that do not comply with Chancellor's Directive # 140 will be rejected and become the personal responsibility and liability of the individual(s)/college who made the procurement.

Accounts Payable may also request other written confirmation from the initiator that an invoice is approved for payment, such as an email message. The college or District Office may establish additional conditions that must be met before payment is issued such as receipt of the contract with original signatures by the District Contracts and Purchasing Section or College Procurement Specialist.

4. If the invoice matches with the fully-signed contract, which has been verified as approved by the Board of Trustees, Accounts Payable may authorize the invoice for payment. Accounts Payable will then enter the invoice verification document into the purchasing system so a commercial warrant may be issued from the system at the District Office and sent to the supplier.

5. If there is a discrepancy among the purchasing and invoice records, Accounts Payable may call the purchaser or requestor to explain the difference. If an invoice line item amount is less than the corresponding purchase order line item price, Accounts Payable may pay the lesser invoice amount. In addition, if an invoice line item amount exceeds the corresponding contract line item price by 10% or \$500, whichever is less, Accounts Payable may pay the invoice amount. Larger discrepancies will result in delaying the payable until the difference has been reconciled by the purchaser or requestor.

B. The pay package is retained by Accounts Payable at the location where the match was made and payment was authorized. The contract file shall be kept by the purchasing area responsible for transacting the business. The documents must be retained in accordance with the District's records management policy



and made available for inspection if required for audit or other business purpose. The pay package and the corresponding warrant information may also be needed to respond to supplier inquiries as to when payment was sent.

C. District standard payment term is to pay net invoice amounts within thirty (30) calendar days of receipt of correct invoices. However, some supplier agreements are negotiated—or some invoices are submitted to the District—with payment terms offering discounts for expedited payments. An example is “2%, 20, net 30,” which means that the invoice may be paid at two percent off the billed amount if paid within 20 days or paid at the net amount billed if paid within 30 days. Those employees responsible for reviewing and approving invoices and processing payment should be alert to these opportunities and process such invoices so as to capture the discounts offered.

C. In contrast to the discounts for fast pay referenced above, some purchase agreements provide for penalties or interest to be added to the net invoice amount for payments made beyond 30 days. These invoices should be processed expeditiously to avoid such late payment expenses.

III. LEGAL AUTHORITY AND CITATIONS

Administrative Regulation B-19