



## MEMORANDUM

To: Board of School Directors  
From: Marilyn R. Frederick, Business Manager  
Date: May 11, 2010  
Re: Protocol on Contracted Services Accounts Payable Limit Notification

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### **Accounts Payable Limit Notification**

When managing a purchased service contract, the following steps are utilized to maintain a system of notification if the limits of the contract are exceeded.

- 1) A person at the school level enters a purchase order for the entire amount of the contract, eliminating monthly entries to allow an accurate total encumbrance for the year.
- 2) When an invoice comes in for payment, the original PO is referenced resulting in the encumbered PO's balance to be reduced as invoices are paid.
- 3) While this allows the school, board and central office to all see an accurate total encumbrance balance, if the accounts payable clerk sees that the balance remaining is getting low, or an invoice will exceed the contracted limit, they will notify the school.
- 4) If the accounts payable clerk continues to receive invoices from the school when the balance remaining is zero, the invoice will be processed if the principal/designated signer has initialed/signed the invoice indicating that the service was performed.
- 5) It is important for administrators and school office staff to review their open PO reports monthly to verify accuracy of encumbrances. Accounts payable does not withhold payment if the service has been performed and approved.