



Administrative Policies and Procedures: 3.29

Subject:	Disbursements
Authority:	TCA 37-5-105, 37-5-106
Standards:	None
Application:	To All Department of Children's Services Finance and Program Support and Youth Development Center Employees

Policy Statement:

The Central Office Finance and Program Support Division and Youth Development Centers shall establish adequate controls and procedures for monitoring disbursements to vendors.

Purpose:

To ensure procedures are established for monitoring disbursements to vendors.

Procedures:

A. Development of local procedures for YDC's	The Superintendent and fiscal staff of each Youth Development Center (YDC) must formulate local procedures for monitoring disbursements to vendors.
B. Exceptions	Procedures for standard claims and foster care payments are included in separate procedures.
C. General guidelines	<ol style="list-style-type: none"> 1. Receipt of invoices <ol style="list-style-type: none"> a) Date stamped, b) Logged on invoice log, except statements and past due invoices. 2. Payment process <ol style="list-style-type: none"> a) Verify receipt of all goods or services prior to payment. b) All payments must be made according to provisions outlined in the contract or governing authority. c) Detailed back-up documentation must be maintained. d) All payments must be made from an original invoice. e) Sales tax is not applied except to reimburse third-party vendors, e.g., travel claims.

	<p>f) All invoices must have an approval signature before payments are made.</p> <p>g) Invoices more than sixty (60) days old must be thoroughly researched before payments are made.</p> <p>3. Monitoring payments</p> <p>a) <u>Batch Summary of Errors and Completed Batches</u> (AG05B828) should be reviewed each day for errors.</p> <p>b) <u>Edit Activity Error Report</u> (AG05361-02) should be reviewed at least weekly to correct STARS systems.</p> <p>c) Reconciliation of warrants processed with warrants requested should be made daily.</p>
<p>D. Specific guidelines</p>	<ol style="list-style-type: none"> 1. A vendor authorization and approval letter must accompany legal service invoices prior to payment. 2. Utility bills must be paid immediately upon receipt of bill. 3. Membership dues must not be paid for individuals. 4. Invoices with grant numbers where federal funds from the Department of Education are involved must be submitted to the appropriate DCS accountant for audit and approval prior to payment.
<p>E. Notification of overpayments</p>	<ol style="list-style-type: none"> 1. All overpayments must be documented on the refund request form and used in sequential order. 2. Completed request forms must be submitted to the DCS fiscal payables director. 3. Review of the request form must be done within five (5) working days of the request form date. 4. The completed request forms must be logged on the refund request log. The request form must be submitted to the receivable director once it has been reviewed, initialed and logged. 5. If the request form is for a current vendor, the payables director or accounting manager must give a copy of that request form to the appropriate payables section supervisor for processing of a deduction from that vendor's next payment. 6. With the exception of insurance and payroll at the end of each fiscal year, accounts receivables will be established for all outstanding vendor overpayments. 7. The refund log will be reviewed monthly to determine the type of refund made. 8. After reviewing the log, an analysis shall be made to see if stronger controls can be implemented to prevent errors that were made to cause the refunds.

	<p>9. Returned warrants are reviewed and a memo is generated explaining why warrants were returned.</p> <p>10. The Director of Finance and Program Support shall review the returned warrant memo. If warrants were returned because of a duplicate payment, the Director will review the circumstances and make recommendations to staff on ways to strengthen controls to prevent duplicate payments.</p>
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Forms:	<i>None</i>
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Collateral documents:	<i>None</i>
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