Accounts Payable Voucher Processing Workshop

Presented by:
Commercial Claims Unit
Division of School Financial Services
Agenda

**LACOE – COUNTY SUPERINTENDENT**
Education Codes governing the expenditures of district funds

**COMMERCIAL CLAIMS VOUCHER APPROVAL PROCESSES**
- Accounts Payable Process
- Pre-Audit Process
- Documentation Checklist

**COMMON LEGAL CODES**

**EFFECTIVE COMMUNICATION AND RESOURCES**
LACOE County Superintendent

The County Superintendent of Schools provides fiscal oversight of school districts in his or her county (Education Code 1240)

LACOE superintends and provides academic, financial services to the to:

80 K-12 school districts

13 community colleges

And other LEA’s
Education Codes governing the expenditures of district funds

EC 42630.
Except as otherwise provided in this code, money shall be paid from the funds of any school district for the payment of the expenses of the district, only as provided in this article.
Education Codes on Payments by School Districts and Community Colleges

EC 42631/85231 ➔ Made by written order of the governing board of the district

EC 42632/85232 ➔ Signed by majority of governing board or authorized designee

EC 42634/85234 ➔ Numbered; indicate fund, amount, payee, and price of each item

EC 42635/85235 ➔ Submitted to the County Office

EC 42636/85236 ➔ County examines order, endorse as “examined and approved” if proper
A signature who is not on the current Certification of Signatures on file or is on an expired Resolution will not be honored for purposes of approving voucher requests.
Audit Criteria & Review Process

Accuracy

• Basis and veracity of Amount Due
• Invoice addressed to district
• Vendor name and address
Audit Criteria & Review Process

Authority and Budget

• Verify authorizations/signatures

• Verify accuracy of object code used

• On Continuing contracts, verify remaining balance of Contract Amount or Purchase Order amount using the Access database
Audit Criteria and Review Process

Legality

Verify compliance to applicable codes on bidding, retention, and bonding requirements on purchasing using public funds
Accounts Payable Process

1. District enters and approves voucher requests
2. Paycycle process runs
3. Warrant issued for non-audit items
4. Vouchers flagged in Audit or Amount Hold
   • CCU reviews supporting documentation
   • CCU approves voucher
   • Warrant issued
Global Vendors

LACOE Bulletin 4291

Global vendors are exempt from audit or amount hold.

Utilities, benefit administrators, insurance may be exempt from audit or amount hold provided the vendors have been classified as Global Vendors.

Exemption is based on a combination for fund and object codes.
Checking Voucher Status

- Suspense Register
- PSFS Voucher Approval Panel
- PSFS Voucher Information Panel
## Suspense Register - Part 1

<table>
<thead>
<tr>
<th>Payer</th>
<th>Voucher ED/No</th>
<th>Ref/No</th>
<th>PO Number</th>
<th>Fund</th>
<th>Res/PJ</th>
<th>Goal</th>
<th>Fund</th>
<th>Obj</th>
<th>AMT</th>
<th>OBJ</th>
<th>AUD</th>
<th>APRV</th>
<th>Status</th>
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<tbody>
<tr>
<td>BALFOUR BEATTY CONSTRUCTION</td>
<td>00867604</td>
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<td>370,836.30</td>
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<tr>
<td>BEACH CITIES LEASING LLC</td>
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<td>1,058.36</td>
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<td>1,454.32</td>
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<td></td>
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<td>04/04/19</td>
<td>AUD</td>
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<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**Legend:**
- **AMT**: On hold due to Amount
- **AUD**: On hold due to Object Code
- **APRV**: Approved by SFS
## Suspense Register - Part 2

### Status Categories
- **PD**: Pending District Level Approval
- **AD**: Approved at the District Level

### Voucher Details

<table>
<thead>
<tr>
<th>DATE</th>
<th>VOUCHER REF NO</th>
<th>PO NUMBER</th>
<th>FUND RES PJY GOAL</th>
<th>FUNC OBJ SCH LOC AC</th>
<th>AMOUNT BY ACCOUNT</th>
<th>AMOUNT BY VOUCHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/06/19</td>
<td>00422397</td>
<td>00422397</td>
<td>01.0-00000.0-00000-02570-4320-1966000 SU</td>
<td>75.16</td>
<td>75.16</td>
<td>06/27/18</td>
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<tr>
<td></td>
<td>00422975</td>
<td>00422975</td>
<td>01.0-00000.0-00000-02570-4320-1966000 SU</td>
<td>-75.16</td>
<td>-75.16</td>
<td>06/27/18</td>
</tr>
<tr>
<td></td>
<td>00429475</td>
<td>00429475</td>
<td>01.0-00000.0-00000-02220-4550-6120000 SU</td>
<td>-127.82</td>
<td>-127.82</td>
<td>12/17/19</td>
</tr>
<tr>
<td>OFFICE SOLUTIONS</td>
<td>00434220</td>
<td>00434220</td>
<td>01.0-00000.0-00000-03100-5210-6450000 TR</td>
<td>196.84</td>
<td>196.84</td>
<td>04/04/19</td>
</tr>
<tr>
<td>PEREZ, DILCIR</td>
<td>00434248</td>
<td>00434248</td>
<td>01.0-00000.0-00000-07120-4550-6460000 SU</td>
<td>7.56</td>
<td>7.56</td>
<td></td>
</tr>
</tbody>
</table>

### Total Vouchers
- **Total Approved District Vouchers**: 4
- **Total Pending District Vouchers**: 1
- **Total Denied District Vouchers**: 0

### Scheduling Due Date
- **12/06/19**

### Notes
- PD – Pending District Level Approval
- AD – Approved at the District Level

---

**Important:** This report excludes vouchers with a "Denied" status and a scheduled due date that is six months or more past the current date of this report.
PeopleSoft LACOE Voucher Approval Panel

Go ➔ Administer Procurement ➔ Enter Voucher Information
Inquire ➔ LACOE Voucher Approval Status ➔ Audit or Amount Hold
PeopleSoft Voucher Information Panel

Go ➔ Administer Procurement ➔ Enter Voucher Information
Use ➔ Voucher ➔ Voucher Summary
PeopleSoft  Voucher Information Panel

Voucher Summary Tab - Example 1

- **Shows Districts Status**
- **Shows LACOE Status**
- **Shows Payment Detail**
PeopleSoft Voucher Information Panel

Voucher Summary Tab - Example 2
PeopleSoft Voucher Information Panel
Voucher Summary tab – Example 3

<table>
<thead>
<tr>
<th>Unit: 64 000</th>
<th>Invoice: March 2019</th>
<th>Vendor: LOT PARTNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voucher: 123456</td>
<td>Date: 03/22/2019</td>
<td>Pay Group:</td>
</tr>
<tr>
<td>Entered By: STR456LS</td>
<td>Approved By: STR123JT</td>
<td></td>
</tr>
<tr>
<td>Approved By: STR123JT</td>
<td>Last Updated: 04/10/2019</td>
<td></td>
</tr>
</tbody>
</table>

**District Approval**
- **Voucher Status:** Approved

**LACOE Approval**
- **Commercial Claim Status:** Non-auditable

**Voucher Process**
- **Post Status:** Posted

**Budget Check**
- **Valid**

**Purchase Order Information**
- **PO Number:** 370130
- **Match Status:** Not Applicable

**Payment Detail**
- **Payment Reference:**
- **Payment Date:**
- **Payment Method:**
- **Payment Status:**
- **Payment Amount:**
Example 3 Cont’d

PeopleSoft Voucher Information Panel
Schedule Payment tab – Example 3 Cont’d
Back-up Documentation
Delivery Methods

Electronic Form
• Bulletin 4268 dated Jan 11, 2016
• File name convention must be: 
  $BU#_{Voucher#}_{Vendor Name}_PO/Contract#$

PeopleSoft Voucher Attachment
• Bulletin 4192 dated September 18, 2015
<table>
<thead>
<tr>
<th>Contract/PO No.</th>
<th>Business Unit Number/District Name</th>
<th>Object Code</th>
<th>Payment Type</th>
<th>Vendor ID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Payment Type:
- Construction
- Consultant/Services
- Lease/Rental
- Supplies/Equipment
- Food
- Other

Payee

Vendor ID

Enter PO Numbers here for multiple POs

<table>
<thead>
<tr>
<th>PO Number</th>
<th>Voucher Number</th>
<th>Voucher Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PO Number</th>
<th>Voucher Number</th>
<th>Voucher Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PO Number</td>
<td>Voucher Number</td>
<td>Voucher Amount</td>
</tr>
<tr>
<td>-----------</td>
<td>----------------</td>
<td>----------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PO Number</th>
<th>Voucher Number</th>
<th>Voucher Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>District Contact Name</th>
<th>Phone Number</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Attach supporting documentation for audit of the above claim for payment.

<table>
<thead>
<tr>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

Click to view Documentation Guide and Checklist

<table>
<thead>
<tr>
<th>Commercial Claims Only</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>
PS Navigation to PeopleSoft Attachment

GO ➔ ADMINISTER PROCUREMENT ➔ ENTER VOUCHER INFORMATION

USE ➔ PO VOUCHER ➔ HEADER INFORMATION ➔ ADD

Bulletin #4192 – Voucher Attachment

Bulletin #3710 – Voucher Attachment for PO Order & Requisitions
General Expenditures Audit Requirements

- **Contract or Purchase Order** with proof of Board Approval or ratification

- **Invoice** addressed to the district, itemized, and information must match contract or PO

- **Proof of receipt or service** following your governing board policies and regulations

- **Proof of compliance** to applicable code based on type of expenditure or amount (i.e.: proof of bidding, payment bond, retention, notice of completion.)
## Competitive Bidding Thresholds

Expenditures surpassing the below thresholds shown below will be subject to competitive bidding compliance review.

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>THRESHOLD AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Nutrition</td>
<td>$250,000</td>
</tr>
<tr>
<td>Purchases, Maintenance &amp; Repairs</td>
<td>$92,600</td>
</tr>
<tr>
<td>Public Projects &amp; Construction Services</td>
<td>$15,000</td>
</tr>
<tr>
<td>Transportation</td>
<td>$10,000</td>
</tr>
</tbody>
</table>
## CUPCCAA Bid Limits

<table>
<thead>
<tr>
<th>Public Contract Code Section</th>
<th>Requirement</th>
<th>Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Current Limit</td>
</tr>
<tr>
<td>22032(a)</td>
<td>No bid requirements. May be performed by employees of a public agency (Force account)</td>
<td>$45,000 or less</td>
</tr>
<tr>
<td>22032(b)</td>
<td>Informal bid procedures (PCC 22034)</td>
<td>$175,000 or less</td>
</tr>
<tr>
<td>22032 (c)</td>
<td>Formal bidding procedure</td>
<td>&gt;$175,000</td>
</tr>
<tr>
<td>22034 (d)</td>
<td>Board Resolution with 4/5 vote</td>
<td>&gt;$187,000</td>
</tr>
</tbody>
</table>
# Public Project or Maintenance

<table>
<thead>
<tr>
<th>Public Project</th>
<th>$15,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improves or adds value to the property.</td>
<td></td>
</tr>
<tr>
<td>Requires construction, reconstruction, erection, alteration, demolition, and installation on a publicly owned, leased, or operated facility.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maintenance or Repairs</th>
<th>$92,600</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine, recurring, and usual work.</td>
<td></td>
</tr>
<tr>
<td>For the preservation or protection of any publically owned, leased, or operated facility.</td>
<td></td>
</tr>
</tbody>
</table>
Proof of Competitive Bidding
Minimum Documentation Requirement

Advertisement to Bid

Board Action Awarding Bid

Board Adoption of the pre-qualification process

Listing of prequalified general and MEP subcontractors
Competitive Bid Exemptions

The following are exempt from competitive bidding:

- Emergency Resolution
- Cooperative Contracts
- Piggy Back and Consortium Contracts
Emergency Resolutions

EXEMPTION TO COMPETITIVE BIDDING

Emergency repairs – Work must fit definition of emergency

• Sudden unexpected occurrence,
• Poses a clear and imminent danger
• Requires immediate action to prevent or mitigate the loss or impairment of life, health, property or essential public services

• Board resolution declaring emergency

• LACOE approval - LACOE Bulletin #4267
Piggy-Back and Consortium Contracts

- Board Approval to piggyback
- The piggyback contract with piggyback clause
- Duly signed purchase order
- Duly approved invoice showing detailed charges to allow comparison to the piggyback price list
- Proof of receipt of goods
Other Exemptions

Minimum Documentation

Sole Source – needs Board Resolution and document of sole source finding

Change Order – Board approval, architect approval, and contractor signature; amount is not over the applicable bid limit or 10% of the original contract
Change Orders

• Work that is added to or deleted from the original scope of work of the contract

• Alters the original contract amount or completion date

• Requires Board Approval regardless of % to original contract

• Sum total of all change orders may not exceed 10% of the original contract amount or the bid limit whichever is greater
PCC 20116-20657 prohibits the splitting of a contract into smaller work orders, projects, service, or purchases for the purpose of avoiding competitive bidding.

For projects to be considered separate for purposes of the competitive bidding statutes, it must be conceived and independently decided upon by the governing board.
What is Retention?

- An amount withheld from a payment until the work is finished as promised.
- Withheld when total costs exceed $5,000
- Retention can only exceed 5% if prior to bid the project was declared substantially complex by the board and requires a higher retention amount.
Escrow Agreement in lieu of Retention

An account held by the bank for both the district and the contractor.

Escrow Agreement set up at the beginning of the project.

Proof that the balance (i.e. bank statement) in the Escrow Account is equivalent to the required retention per Application and Certificate for Payment.

Escrow funds are released to Contractor after Owner certifies that the contract is final and complete.
• Contractor of public works involving an expenditure of $25,000 or more is required to file a payment bond before work starts

• Exemption from bidding is not exemption from required bonds

• Not required for providers of architectural, engineering, and land surveying services for public works

• Equivalent to 100% of the current contract amount

• Must be issued by certified surety
Stop Payment Notice

A lien on the contractor’s fee filed by a sub-contractor on a public works project

Upon receipt, the public entity is required to withhold the amounts claimed in the Notice plus reasonable cost of any litigation.

Current practice is 125% of the amount of the Stop Payment Notice or 150% in the case of wages.
Release of Funds Withheld Due to Stop Payment Notice

The public entity is required to withhold the amounts claimed in the Stop Payment Notice until and unless one of the following occurs:

◦ The claimant issues a Release of Stop Payment Notice

◦ Contractor provides a bond executed by an admitted surety insurer, in an amount equal to 125% of the claim stated; not the same surety as the payment bond

◦ Contractor files an affidavit for summary release and the claimant fails to file a counter-affidavit within the time specified by the entity

◦ Court process
Stop Payment Notice
Notice of Completion (NOC) Recording Timelines

- Recording of completion should be done within 15 days from the Completion date.
- If a notice of completion, acceptance, or cessation is recorded, thirty (30) days after recording.
- If no notice of completion, acceptance or cessation is recorded, ninety (90) days after completion or cessation.
Pre-Qualification of Bidders

AB 1565 effective Jan. 1, 2014

Applies to K-12 districts

Board adopts the pre-qualification process

Requires Pre-Qualification if:

Project amount is over $1 million and

Project is funded in whole or part by state funds

Exemption for districts with ADA less than 2,500

LACOE Bulletin #3742 – AB1565 Mandatory Prequalification of bidders
Lease and Leaseback

Lease real property belonging to the district for the purpose of constructing buildings for use by the school district during the term of the lease

Title to the buildings vest to the school district at the end of the term

Refer to LACOE Bulletin 4531
Board resolution to enter in a Lease/Leaseback arrangement

Proof of bidding

Division of State Architects (DSA) Approval of plans and soils

Board Action Awarding contracts

Duly signed Site Lease and a Facilities Lease with construction services agreement

Duly signed Facilities Lease with construction services agreement

Performance and Payment Bond equal to the Guaranteed Maximum Sum

Certificate of liability insurance
Bulletin 4424

Field Act Education Codes (EC) 17280-17317

Inspection of Work/Inspector and Architect Requirement on Works of Design, Construction, Alterations, or Additions to Any School Buildings for works over $100,000
APPLICATION AND CERTIFICATE FOR PAYMENT

TO (OWNER):

FROM (CONTRACTOR):

APPLICATION NO.:

PERIOD TO:

K#:

DISTRIBUTION TO:

- OWNER
- ARCHITECT
- CONTRACTOR
- INSPECTOR

CONTRACT DATE:

CONTRACT FOR:

CONTRACTOR’S APPLICATION FOR PAYMENT

CHANGE ORDER SUMMARY

<table>
<thead>
<tr>
<th>Change Orders approved in previous months by Owner</th>
<th>ADDITIONS</th>
<th>DEDUCTIONS</th>
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<tbody>
<tr>
<td>Approved this Month</td>
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<td></td>
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<tr>
<td>Number</td>
<td>Date Approved</td>
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</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net change by Change Orders

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief, the Work covered by this Application for payment has been completed in accordance with the Contract Documents, that all previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR:

By: ________________________________ Date: ________________

State of: ____________________________ County of: ________________

Subscribed and sworn to before me this day of __________, 20__

Notary Public: __________________ Date: ________________

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

AMOUNT CERTIFIED: ____________________________

(Available for explanation if amount certified differs from the amount applied for.)
## CONTINUATION SHEET

**AIA DOCUMENT G703**

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITEM NO.</td>
<td>DESCRIPTION OF WORK</td>
<td>SCHEDULED VALUE</td>
<td>FROM PREVIOUS APPLICATION (D + E)</td>
<td>THIS PERIOD</td>
<td>MATERIALS PRESENTLY STORED (NOT IN D OR E)</td>
<td>TOTAL COMPLETED AND STORED TO DATE (D + E + F)</td>
<td>% (G + C)</td>
<td>BALANCE TO FINISH (C - G)</td>
</tr>
<tr>
<td>---</td>
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</tr>
</tbody>
</table>

**APPLICATION NUMBER:**

**APPLICATION DATE:**

**PERIOD TO:**
# Application and Certificate for Payment

## Sample Calculation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Contract Sum</td>
<td>$1,500,000.00</td>
</tr>
<tr>
<td>Plus/minus change orders</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>Contract Sum To Date</td>
<td>$1,600,000.00</td>
</tr>
<tr>
<td>Total Completed and Stored to Date</td>
<td>$945,000.00</td>
</tr>
<tr>
<td>Less Retention at 5%</td>
<td>$47,250.00</td>
</tr>
<tr>
<td>Total Earned Less Retention</td>
<td>$897,750.00</td>
</tr>
<tr>
<td>Less previous certificates for payment</td>
<td></td>
</tr>
<tr>
<td>From Prior pay app or worksheets</td>
<td>$549,500.00</td>
</tr>
<tr>
<td>Less any stop notices at 125% of claim</td>
<td></td>
</tr>
<tr>
<td>Example: Stop Notice of $25,000</td>
<td>$31,250.00</td>
</tr>
<tr>
<td>Current Payment Due Contractor</td>
<td>$317,000.00</td>
</tr>
</tbody>
</table>
Significant Limits

Retention Limit (PCC 9203) : $5,000
Retention on progress payments or NOC on final or full payment

Payment Bond (CC 3251) : $25,000
Secure a payment bond from acceptable surety equivalent to contract amount

Pre-Qualification of Bidders : $1M
(AB1565) Bulletin #3742

DSA Approval required : $100,000
Reconstruction, rehabilitation, alteration or addition EC17295(a)(1)

Child Nutrition Small Purchases : $250,000
Applicable to small purchases using Child Nutrition Program Funds
Voucher Approval Tips
Document Checklist


- List of documentation requirements
- Limits and applicable legal codes
Resources

LACOE Website:  www.lacoe.edu

LACOE Bulletins: www.lacoe.edu/Bulletins

Commercial Claims Website:
  www.lacoe.edu/Business Services/SchoolFinancialServices/CommercialClaims.aspx

California Legislative Information:
  http://leginfo.legislature.ca.gov/faces/codes.xhtml
Voucher Approval Tips

Confirmation of review, accuracy and legality for credit card expenditures

Confirmation from HRS to pay payroll related expenditures through Commercial warrant

Be aware of the Scheduled Due Dates and Year-End Schedule

Review district’s Vendor Listing Report and update vendor information accuracy
Communications

Approve - means you want a warrant to print.

Release - means you want the voucher returned to you for correction.
Communications

Specify subject
Business Unit
Voucher Number
Vendor Name

District Contact Name, Telephone and E-mail Information
Include alternate contact
Communications

Commercial Claims contacts and district assignments
Available at the Year-End Closing Manual

Naming convention for scanned documents
Example:
BU10199_V#01234_AMEX_ PO12345

Required forms are available at the Commercial Claims website
http://www.lacoe.edu/BusinessTechnology/SchoolFinancialService
s/CommercialClaims.aspx
The Warrant

Certification by the district Governing Board

“We certify that this is a legal order lawfully drawn against the funds of district/agency”

Certification by LACOE County Superintendent of Schools

“Examined, approved and allowed”
Thank you for attending