**Beven & Brock Accounts Payable Procedures**

TO: HOA Board members

Beven & Brock believes that at least one board member should be involved in the approval process of payables. Some management companies approve and pay invoices without any input from even one board member. There are a few rare cases where Beven & Brock does undertake the approval process, which is at the client’s request or where only limited financial services are engaged. The purpose of this document is to explain the mechanics of invoice approval at Beven & Brock.

Beven & Brock provides two approaches to obtaining approval from at least one board member per association. Some associations have two signers (approvers); however, this is not required by us or the bank. In fact, the bank charges more for two signers so all accounts are set up with one signature. To expedite payments, one signer or approver is best; however, some governing documents may require two signers.

**The two options for payable approvals are:**

1) Printed checks that are sent out weekly for a live signature.

2) Online approval “Payscan” is Beven & Brock’s online approval method and can be accessed through our system **Yardi One.** A phone app is available. This is the most efficient method to approve payments and helps to avoid fraudulent activity on your account by checks being mailed.

*To get set up on Payscan, contact* Claudia@bevenandbrock.com *Please note that the appointed approver must be listed as a check signor in the bank signature card. If not, we require that you arrange with your Property Manager to start the process.*

**Beven & Brock prints checks on Wednesday (adjustments made for holidays), and there are specific deadlines that board members need to be aware of. They are as follows:**

1) Printed checks: Beven & Brock managers have a deadline of Tuesday at noon to turn in invoices for payment that week (Wednesday). Check with your manager to find out their deadline for you to have invoices to them so that they can meet the deadline. Typically, it will be the end of business on Monday, however vacation schedules may impact this.

2) Online approval deadlines: We can only process checks once they are fully approved. In order for us to write your checks on Wednesday. The last approver must have approved the pending payables NO later than 9 AM on Wednesday.

**How are checks provided to the vendors:**

1) Printed checks: we mail the designated board member a packet each week, and the checks are mailed by that board member to the vendor. The envelopes are postage prepaid.

2) Payscan checks are mailed by our office on Wednesdays directly to the vendor.

3) Pick up: if you need to arrange for a vendor to pick up payment from our office, please notify your manager of this, so that arrangements can be made prior to the vendor showing up at the office. Check pick up days are Thursday at 2:PM

4) ACH Payments are available for vendors that provide banking information.

**What issues can delay payment? Several issues can delay payments.**

1) You are trying to pay a new vendor who has never been paid before, and their set-up documentation is not complete.

2) Your existing vendor’s insurance recently expired, and they have not responded to our request to update their insurance.

3) The dollar amount of pending invoices for current payables exceeds the balance in your operating account.

4) All of the approvers have not approved in Payscan. Beven & Brock managers are expected to approve invoices daily.

**We want to pay your vendors promptly, as we believe this is best for the association, and your vendors. Here is what you can do to help us accomplish this:**

1) With any new vendor you hire, always obtain the items that are required from the vendor prior to having them begin work. These items are a) W-9, b) current General Liability insurance, c) current Worker’s comp (if they have employees) and proper license (if appropriate). Our insistence on this documentation is for your protection. If an employee of a vendor is injured while on your job, the association will be responsible, and you may not have insurance for this type of claim, if you don’t carry Worker’s Comp insurance. You can go to the Beven & Brock website to obtain the vendor packet: [www.bevenandbrock.com/newvendorforms.](http://www.bevenandbrock.com/newvendorforms)

2) If you choose to hire a vendor who does not have appropriate insurance or is not licensed, the board can sign a waiver. This is NOT a recommended option, as it does constitute a risk to the association. The wavier is available on the website:

[www.bevenandbrock.com/BoardWaiver](http://www.bevenandbrock.com/BoardWaiver)

3) Don’t promise payment to a vendor without knowing that all their paperwork is completed and current. The Beven & Brock managers are aware of the requirements if you need assistance.

For additional questions on a vendor’s status, you can contact Amy@bevenandbrock.com;

or at (626) 795.3282, ext. 186

4) Most vendors who are qualified should be able to fund their own materials cost to begin a job.

A vendor who cannot do this may suggest that their ability to provide a warranty on their work, if needed, would be difficult for you to enforce.

5) Large jobs: Where you have a need for a deposit, or progress payments, please provide as much lead time as possible so that we can provide checks in a timely manner on large projects.

6) Emergency checks: We can accommodate an occasional emergency check when the payment could not be foreseen. We believe that by paying bills weekly, emergency checks should be rare. If needed, ask your association manager. On going emergency payments can lead to additional fees.

7) Direct debit from your account: some associations have set up direct payment arrangements to vendors. We will maintain these arrangements if set up by the association, however we do not believe this is a good plan for associations as there are elements of fiscal control that is lost. Beven & Brock does not encourage the practice of Vendors (Utilities, insurance or otherwise) from making direct withdrawals from operating accounts for any of our HOA accounts under management.

 There are several reasons for this:

a) We will not enter the amount withdrawn until we confirm when the bank reconciliation is being completed. This occurs in the following month after the debit has occurred.

1. The financial statement provided by our office will not be accurate each month due to the delayed entry.
2. Providing inaccurate financial statements is not a good accounting practice as it gives a false view of the cash on hand.
3. It is possible that a third party accessing the Association’s account may cause the account to be overdrawn, either for the debited amount, or subsequent checks that our office will write during that month. This is true where our Associations do not maintain a sufficient balance to pay all bills when due.
4. Allowing vendors to auto-debit for their charges doesn’t allow the Association to review the charges as being appropriate prior to payment.

We encourage Associations to receive and review all invoices prior to payment.

However, all invoices for payment are scanned into our system and available for review by board members at any time.

To expedite timely payment, many Associations allow our accounting staff to immediately pay insurance and utility payments promptly.