



# Accounts Payable

## CURRENT STATE

Agencies have their own way of conducting accounts payable activities.

Some agencies use the Payment Services application through the SCO website while others have their own third-party payment system where payments are entered. Third-party systems then generate a payment file that is interfaced to STARS to be processed and paid.

## FUTURE STATE

Accounts payable activities will be conducted within the Luma module, with STARS and Payment Services retired.

Most agencies will enter payments directly into Luma, similar to the way payments were entered into Payment Services.

The accounts payable module will seamlessly share information between other Luma modules, such as cash management, asset management, purchasing, and receiving.

Discontinued PCA and Index

## CURRENT STATE

Program Cost Accounts (PCA) or Index Codes are used as a shortcut to attach accounting information to a transaction.

## FUTURE STATE

Transaction codes and PCAs will be retired. In Luma, there will be a distribution string of codes. Invoice processors and Payable Managers will need to have a strong understanding of the chart of accounts.

1099 Reporting

## CURRENT STATE

In STARS, all the current 1099 reporting ability is driven by the sub-object.

## FUTURE STATE

The vendors will be set up with an income code which determines 1099 reportability – not the sub-object. Every vendor will be set up with the most often used income code. For vendors with a mix, the code will have to be changed on the invoice.

## CURRENT STATE

Agencies enter an invoice either in SCO's Payment Services or third-party system. Once approved, an automated overnight process sends the payment through STARS. The Controller's Office then prints the warrants and disburses to the respective recipients.

## FUTURE STATE

In Luma, the process cannot be fully automated. During the cash requirements process, agencies need to select which invoice(s) will be processed for payment that day. The payment files will then be sent to SCO for printing of warrants. Even with the additional step of agencies selecting daily invoices, the payment files will continue to be printed and disbursed at the Controller's Office. Agencies will need to journalize their activities and post to the general ledger. If desired, the journalizing process can be set to a schedule and remain automated.

## CURRENT STATE

When agencies enter an invoice in STARS, agencies do it in the same way regardless if it has a purchase order.

## FUTURE STATE

Agencies will need to know if an invoice has a purchase order or not. That will determine the invoice type needed for entry.

## CURRENT STATE

Matching is the process of associating an invoice to a purchase order or contract. This process is agency-specific and completed in a variety of different ways. Some agencies match paper documents to make payments while others have more digital methods to match an invoice to a purchase order or contract.

## FUTURE STATE

Luma's matching process occurs directly in the system since the purchase order/contract, receiving, and invoice are stored and processed within Luma. When all three documents are maintained in Luma, the system allows for a 3-way successful match. A successful match will release the invoice, making it available for payment, and subsequently automatically close the purchase order in Luma.

## CURRENT STATE

Periods are closed out by the Controller's Office.

## FUTURE STATE

Periods will be closed out by the agency.

## CURRENT STATE

Agencies use PCA and Index as a shortcut to adding other accounting codes.

## FUTURE STATE

Distribution codes and front end split functionality will be used to automatically allocate costs across multiple dimensions.

## BENEFITS

- ★ Luma will offer an array of personal dashboards to view preferred statistics or tasks, including vendor information, payment status and enhanced invoice searching abilities, such as: date, amount, vendor, and status.
- ★ Luma will include "reverse distribution" feature to allow for quick coding corrections.
- ★ Luma will offer the ability to easily attach comments or file attachments to invoices.