The Village of Golf Manor OHIO

ACCOUNTS PAYABLE PROCEDURES

POLICY – 6/1/2019

Purpose:

The goal of this policy is to assist in the understanding and implementation of the entire accounts payable process used by the Village of Golf Manor as in accordance with the Ohio Revised Code.

Introduction:

The Village has a Council-approved purchasing policy in effect that is to be followed by all departments when making any village purchase. All department heads and supervisory staff have a copy of the policy. It is the responsibility of the Fiscal Officer to see that the policy is enforced and adhered to.

The Village budget is always available to Village staff for reference. All state accounts as well as sub accounts are listed in the budget. The Financial Operations Manager confirms that purchases are being put into the correct electronic account and that the state account is funded for that purchase. If the state account is not funded for the purchase, then the Fiscal Officer is notified before the purchase order is created.

The Village of Golf Manor's basic purchasing system consists of three primary processes: the requisition/purchase order, check request, and blanket purchase orders. In order to implement a purchasing policy, appropriate forms and procedures must be established to provide uniformity and compliance.

<u>General Paper Flow:</u>

1. A requisition (request for a purchase) from a department is created.
2. Each requisition is authorized by required authorities.
    a. Expenses between $100 and $1,000 may be approved and signed by the department supervisor.
    b. Expenses over $1,000 up to $5,000 also require the Fiscal Officer's signature.
    c. Expenses over $5,000 up to $50,000 also require the Village Administrator's signature.
    d. Expenses over $50,000 require a resolution from Council.
    e. Capital purchases, such as a vehicle, require a resolution from Council.
3. The signed/approved requisition is turned into the Clerk's Office.
4. Using the requisition (if required), an electronic purchase order is created and entered in the Village's accounting system.
5. Item/service is approved and ordered by the department that made the request.
6. Item/service is delivered.

7. All billing statements/invoices/packing slips are signed/initialed and dated by the Department head and submitted timely to the clerk's office for payment.
8. Requisition is pulled and compared to electronic PO and set up for payment.
9. Approved invoice is paid
10. Original PO, invoices and copy of the check are kept at the Clerk's office.

Requisitions and Purchase Orders Procedures

Once there is a determination that a need for a purchase order exists (a purchase requisition is required for ANY expense over $100 including items charged to a credit card or courtesy account with a vendor) a requisition should be completed using the requisition template on the Village's shared drive. A requisition is required for each Village purchase **EXCEPT** purchases made as part of an established blanket purchase orders <u>and</u> direct payments less than $100.

<u>Requisition Process:</u>

Select the appropriate budgetary fund and account to charge the purchase, unprocessed requisitions, and check the annual budget and current account balance to verify that money is available from that account number to pay for the purchase.

Enter the required information onto the requisition form. Again, this should include at minimum the vendor name, the item/service desired to be purchased, quantity, price, date requested, as well as the appropriate budgetary account to be charged. See exhibit (1) for an example. Each requisition must be recorded into the internal department requisition log found on the shared drive. Each requisition should also be assigned a corresponding uniform requisition code found on the log. The requisition codes consist of a unique department abbreviation and a number. Each requisition form must also contain a unique requisition code.

Each requisition form requires two signatures of approval. Each requisition form should be approved by the Department head and then forwarded to the Administration Department for final approval. The Fiscal Officer is responsible for approving all requisitions up to $5,000. The Administrator will approve all requisitions that have an estimated cost between $5,000 -- $50,000. Any item or service exceeding this amount must be authorized by Village Council resolution. Any unusual payment requests will be brought to the Fiscal Officer for approval.

Once approved, each requisition form should be submitted to the Clerk's office for the creation of an electronic purchase order (except for those exempt purchases mentioned previously).

<u>Purchase Orders (PO):</u>

The issuance of purchase orders is the sole responsibility of the Village Clerk's office. The reason for this procedure is that the Village's accounting system requires the strict assignment and control of purchases order numbers. Violation of these procedures and the accounting control system may result in the delay of payment to vendors or the non-payment for goods and services.

A purchase order is defined as a contract between the Village and a vendor to purchase goods and/or services. Using a purchase order to initiate a purchase provides the means to ensure that each transaction is covered by a proper contract. Generally, a PO details commodities, prices, and terms and conditions specifying each party's rights and obligations. Generally, a PO's terms and conditions are called into question only when a dispute arises. As the dollar amount of a transaction increases so does the likelihood for major disputes and thus, the need for purchase orders. A purchase order is initiated by requisition. Purchase over $100 will require a requisition.

Multiple purchases of $100 or less with the same vendor for the same project in order to circumvent the purchase order requirements of $100 will be considered a violation of this policy. In addition, purchases should not exceed the original purchase order amount by more than ten percent (10%) excluding freight charges. Purchases which exceed the original amount by more than ten percent will require an additional purchase order to cover the excess amount. Employees must be authorized to commit the Village's funds to a purchase, and are subject to disciplinary action if proper authorization is not obtained.

<u>Purchase Order Receiving – Procedures:</u>

Approved invoices should be forwarded as soon as possible to the Village Clerk's Office; delaying this procedure may delay payment to the vendor. If there any problems with the shipment, first contact the vendor to resolve the problem and then inform the Village Clerk's Office.

<u>Invoice Payments – Procedures:</u>

Once received all invoices will be stamped and dated by the Village Clerk's Office. Again, timeliness is essential to this process. It is incumbent upon the Department receiving an item/service to submit invoices promptly. Ideally, each Department should submit invoices the **<u>same day</u>** as receipt.

Once received, the Village Clerk's Office will match the invoice to the requisition and electronic purchase order for payment. The following information must be identified on the documents:

- Purchase order number
- Requisition Code
- Authorizing Signatures
- Amount (excluding sales tax)
- Dates

All invoices should be approved by the Department Head prior to forwarding to the Clerk's Office for payment. Approval should take the form of a signature/initials and a date. Any unusual payment request will be brought to the attention of the Fiscal Officer or Village Administrator for approval.

<u>Emergency Purchase Orders – Procedures:</u>

No Village can operate for any period of time without incurring emergencies. Weather events and other similar situations can and will occur. An emergency is as follows: an un-foreseen combination of circumstances or the resulting state that calls for immediate action. When an emergency occurs, the best path to follow is one of common sense. The following procedures shall be used for emergency purposes:

1. After the Department Head or supervisor determines that an emergency exists, he/she shall proceed to acquire the materials and/or services necessary to initiate action. The Department Head or supervisor should also notify the Village Administrator prior to the purchase of the necessary materials and/or services.
2. The department should create a requisition using the requisition form found on the share drive as soon as possible with a note that the purchase is/was for an "EMERGENCY." The Clerk's Office should then be notified that an emergency requisition is pending approval.
3. The Clerk's Office will promptly process the requisition and enter it into the accounting system.
4. **<u>Note</u>**: Emergency purchase orders still require authorization. Prior to purchasing the item, the emergency purchase order should be authorized and signed by the Department head. Additional signatures should be sought prior to submission to the Clerk's Office.

THEN AND NOWS:

Often, emergency purchases will result in a "THEN AND NOW" purchase order in the Village's electronic accounting system. This form of a purchase order occurs when an invoice is dated **<u>prior</u>** to the PO date. Because emergencies occur infrequently, so too should "THEN AND NOWS". The purchasing of items such as office and cleaning supplies are rarely necessary during emergencies and typically should not require a "THEN AND NOW" purchase order. The submission of invoices for non-emergency items/services that are dated prior to the PO date may not be paid by the Village.

<u>Purchases That Do Not Require a Purchase Order:</u>

Purchases of less than $100 do not require a purchase order and can be requested to be paid by direct payment using a check request. A Check Request can be accomplished by submitting an invoice/receipt to the Clerk's Office. Each invoice/receipt must contain the signature of the department head, the fund and line items to be charged, and the date. It will be the responsibility of the individual departments to monitor their budgets to ensure that adequate funds are available prior to purchases being made and to attach proper documentation for payment request.   Any Check Request lacking documentation, requisite signatures, or correctly dated will be returned to the requesting department.

Timeliness is also an essential feature of the Check Request process. It is the responsibility of each department to maintain and submit to the Clerk's office all approved invoices and receipts within a reasonable amount of time. Invoices and receipts for purchases made by Village staff that are submitted to the Clerk's Office in an unreasonable amount of time or lack the necessary documentation may not be paid by the Village.

<u>Blanket Purchase Order Procedures:</u>

Blanket Purchase Orders are to be used for those vendors from whom repetitive purchase are made as supplies are required. Separate blanket purchase orders will be required for each department, purchased under a blanket purchase order by another department can only be made with approval of the department that originated the blanket purchase order. It is the responsibility of each Department head to monitor the financial status of their blanket purchase orders.

Vendors:

Each vendor the Village enters into a contract with must provide the Village with a W-9 form. The information contained in this form is used to enter the vendor into the Village's electronic accounting system. It is the responsibility of each Department to ensure that the Clerk's Office has the correct vendor information stored electronically in the Village's electronic accounting system. Likewise, it is the responsibility of each Department to receive and submit to the Clerk's Office each new vendor's W-9 form. Incorrect vendor information, or the failure to submit new vendor W-9 forms to the Clerk's office may delay payment for items/services.

Related Party Transactions:

Definition- A related party transaction is a transaction between parties (for example, a buyer and a seller) in which one part to the transaction is able to control or substantially influence the actions of the other. The principal issue in determining whether or not a related party transaction exists is the degree of control exerted by one party over the other.

In connection with the annual audit of the Village's financial statements, the Village is required to identify and disclose any related party transactions to the auditors. Any related party transactions should be reported to the Fiscal Officer.

Public Contracts and Conflicts of Interests:

A public official or employee is prohibited from having an interest in a public contract with his/her public entity, or an agency with which he/she is connected, even if he/she does not participate in the issuance of the contract.

A public official or employee is prohibited from having a financial or fiduciary interest in a public contract. A public contract includes any purchase or acquisition of goods or services, including employment, by or for the use of a public agency. Specifically, a public official or employee is prohibited from authorizing, voting, or otherwise using the authority or influence of his office to secure approval of a public contract in which the official, a family member, or a business associate has an interest in the investment.

It is the responsibility of each member of the Village staff and the Administration to assure that the Village does not knowingly enter into any purchase commitments which could result in a conflict of interest.

<u>Credit Card Use</u>:

<u>Purpose</u>: The purpose of this policy is to establish guidelines for the Village of Golf manor to provide for the issuance of credit cards to officers and employees for the purpose of enabling a cost-effective convenient and streamlined method of purchasing items.

<u>Authorized Card Users</u>: Credit card possession and use is limited to the Village's department heads. Other employees may use the cards with the approval of their department head. This approval is to be indicated on a sign-in/sign-out log for card usage.

Authorized Card Usage: Credit/Charge cards are never to be used to purchase items or services for personal use or any other use not associated with the Village of Golf Manor. Credit cards can be used for the purchase of any item or service, if deemed to be cost-effective and convenient, related to the operations of the Village of Golf Manor. The preferred method of payment for items and/or services for the Village to be invoiced and billed to be paid at a later date. If a desired vendor has the capability to accommodate this method of payment, a credit card will not be used.

Credit Card Management: All interactions with the credit card issuer are to be through the Clerk's office. This includes, but is not limited to; the acquisition, request for issuance, request for reissuance, cancellation and the reporting of lost or stolen cards. Cash advances are not allowable. The issuance of checks from the credit card account are not allowable. The open limit for the credit card account is to be a maximum of $5,000.

Responsibility and Accountability: The credit cards and account numbers are to be safeguarded at all times; lost or stolen cards are to be immediately reported to the Fiscal Officer. If the credit card is to be used by an individual who is not a department head, the individual is required to sign out the credit card with the approval of the department head indicated on the sign-in/sign-out log.

For payment to be made to the card issuing company, the Village of Golf Manor must have a copy of the itemized receipt for the items or services purchased. Cancelled checks and copies of credit card statements do not substitute for the itemized receipt.

Receipts and the sign-in/sign-out log are to be supplied to the Clerk's office in a timely manner so that the monthly statement can be reconciled before payment is remitted. Submitting receipts for any "house" account, such as Lowe's, Fuelman, or various hardware/retail stores, etc., is also required as a part of this policy.

The inability to follow all guidelines of this section, in addition to making improper purchases, will be deemed as misuse of the credit card account and will result in the suspension of use of credit card(s) or house charging privileges.