City of Springdale
Accounting Policies and Procedures
Purchasing/Cash Disbursement Cycle
Updated 1-2021

Non-payroll expenditures are paid by check and ACH (except as noted per the petty cash funds). All non-payroll checks are paid from the operating account, except for mayor's court checks, which are paid from their own account.

Non-payroll expenditures are broken down based on dollar amount:

* A Purchase order is not required expenditure is less than or equal to $500).
* require a purchase order (expenditure is greater than $500)

  Note - $500 does not require a PO, $501.00 requires a PO

<u>Purchases Less Than Or Equal To $500 (do not require a purchase order)</u>

* A person within a department or the department director requests the purchase of an item at or under $500.

* A purchase requisition is prepared by the departmental secretary or department director in the CMI computer system, then the order is made to the vendor.

* The finance account clerk downloads a report of requisitions at or under $500 in the CMI system. The download is performed every Monday, Wednesday and Friday (or as needed).

* The download report of expenditures at or under $500 is then submitted to the Finance Director and the City Administrator or Assistant City Administrator for their signature as approved.

* The Finance Directors approval is on the Then and Now Certificate, the City Administrators approval is on the Fund Certification.

* The approved report is then maintained on file by the finance account clerk.

* When the purchase is obtained by the department, the invoice is stamped as approved and signed by the departmental director. The stamp includes the requisition #, account #, date of approval, and signature of the department director.

* The invoice then goes to the finance account clerk for payment. The only documentation required for payment for an expenditure at or under $500 is the approved invoice. The finance account clerk checks to assure the account code and the requisition number are accurate and that the invoice is mathematically accurate, then a stamp is affixed to the invoice and initialed by the finance account clerk.

* The expenditure is recorded to the CMI system and the check is prepared by the finance account clerk. Then, before the checks are mailed, the other finance account clerk matches the invoice with the check to assure accuracy of amount and proper vendor addresses, and then stamps the invoice with a paid and date stamp.

* The voucher packet is then maintained on file in numerical order (by check number).

Purchases Exceeding $500 (requires a purchase order)

* A person within a department or the department director requests to purchase an item costing over $500 (the departmental director approves the purchase prior to the requisition being prepared).

* A purchase requisition is prepared by the departmental secretary or department director in the CMI computer system.

* The finance account clerk then downloads all requisitions for printing of purchase orders. A purchase order is created for each requisition over $500. The purchase order number is assigned by the CMI computer system. A hard copy of the purchase order is then printed.

* The purchase order is signed by the Finance Director for approval (certificate of the fiscal officer). The PO is then signed by the City Administrator (or Assistant City Administrator) for approval of the fund certification (reviews to assure there is enough description on the PO, if not, the PO is returned for more description). The PO is then signed by the Mayor. After signature all purchase orders are scanned and saved.

* After the approved purchase order has been returned to the departmental director (or when the purchase order has been approved), the item(s) can be ordered.

* When the purchase is obtained by the department the invoice goes to the departmental director. The invoice is stamped as approved. The stamp includes the purchase order #, account #, date of approval, and signature of the department director.

* The invoice then goes to the finance account clerk for payment. The only documentation required for payment is the approved invoice, other documentation such as a copy of the requisition or the packing slip is recommended (the pink copy of the PO is matched by the finance account clerk). The finance account clerk reviews to assure the account code and the

purchase order number are accurate and that the invoice is mathematically correct, then a stamp is affixed to the invoice and initialed by the finance account clerk.

   * If the actual amount of the invoice is less than the purchase order amount, the departmental director should write "clear balance" as a note to the finance account clerk to clear the remaining balance on the purchase order in the CMI accounting system.

   * If the actual amount of the invoice is greater than the purchase order amount, the department director should include documentation as to instructions for the finance account clerk (pay the increased amount?). If the amount of the overage is greater than $50, the department must submit another requisition for the overage. If the amount of the overage is greater than $500, a new purchase order must be obtained. The overage amount is then included for approval per the Then and Now Certification.

* The expenditure is recorded to the CMI system and the check is prepared by the finance account clerk.

* Before the checks are mailed, the other finance account clerk matches the invoice with the check to assure accuracy of amount and proper vendor address, and stamps the invoice with a paid and date stamp.

* The voucher packet is then maintained on file in numerical order (by check number).

Purchases on the City Visa Credit Card

The City has 5 Visa credit cards:

1 – Police Department (in custody of the Police Chief)
1 – Fire Department (in custody of the Fire Chief)
1 – Public Works Department (in custody of the Department Director)
1 – General Administration (in custody of Marty Holden)
1 - Parks and Recreation (maintained at Community Center Safe)

The General Administration card services the Administrtation, Finance, Tax, Health and Building departments.

The same procedure is followed for purchases over or under $500 (over $500 approval must be obtained before purchase per the PO) except the requisition is in the name of Visa instead of the vendor. On the requisition, note where the purchase is from (line 31) and provide a description of item(s) being purchased.

After the purchase is made, the sales receipt is approved by the department director and, along with any other supporting documentation, is submitted to the finance department.

All Visa sales receipts are accumulated and are matched to the Visa statement before payment is made to Visa.

If the sales receipt has been lost, a copy of the Visa statement (purchase portion) is approved by the department director.

Blanket Purchase Orders

Blanket purchase orders are used for repetitive purchases (such as supplies) and are charged against a specific line item account. Blanket purchase orders may remain open until the end of the fiscal year (set by the City Charter) and can be for any dollar amount (Super Blanket PO).

* A blanket purchase order is initiated by the department director (or have the department director's approval) using the procedures outlined above.

* It must be indicated on the purchase/requisition request that the purchase order is to be an open or blanket purchase order. This is then documented when the requisition is created in the CMI computer system.

* When the items ordered are received by the department the invoice goes to the departmental director. The invoice is stamped as approved. The stamp includes the purchase order #, account #, date of approval, and signature of the department director.

* All original, approved invoices are then forwarded to the finance account clerk for payment in accordance with the procedures outlined above for purchases exceeding $500.

The applicable department personnel should maintain a running total of purchases made under the blanket purchase order.

When the total of purchases under the blanket purchase order nears the amount certified, the department should enter another blanket PO and contact the finance account clerk (Cindy or Marty) to close the old PO.

Emergency Purchase Orders

The purpose of the "emergency purchase order" is to bypass the waiting process of the normal approved purchase order. This is for items of an emergency nature which need to be purchased quickly.

* When the purchase/requisition request is of an extremely urgent nature, the department director must notify the City Administrator (or Assistant City Administrator) of the emergency and the need for materials and/or services.

* Then the purchase requisition on the CMI computer system needs to document the fact that the purchase is for an emergency purpose and also document that it was approved either by the City Administrator, the Assistant City Administrator.

* The City Administrator then gives authorization for the department director to make the purchase. The same day as the emergency request, the finance department prepares a purchase order and obtains approval from the appropriate parties as documented above.

Then and Now Certification

ORC 5705.41(D)(1) provides that if prior certification of funds (a purchase order) by the fiscal officer (Finance Director) was not obtained before the contract or order involving the expenditure of money was made, then the Finance Director may instead certify "that there was at the time of the making of such contract or order and at the time of the execution of such certificate a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances."

Therefore, the Finance Director is certifying that there were appropriations available and funds in the treasury or in the process of collection at the time the contract or order was made (Then), and there are still sufficient appropriations and funds in the treasury or in the process of collection at the time the certificate is being issued (Now).

The "Then and Now" certificate is stamped on the invoice and signed by the Finance Director.

Contracts Approved by Ordinance (Contracts over $50,000)

For expenditures over $50,000, the bidding process must be followed, if applicable:

* The procedure starts by an assessment of the item to be purchased or service to be performed.

* The item or service may be within the budget for the department and passed with the annual appropriations. If the item is not within the appropriations budget, the next step is to discuss the purchase with the City Administrator. Then the proposal will be brought before an applicable departmental committee (such as the Public Works Committee) for approval, then the recommendation is brought before council for approval.
* After council approval, authorization is given by council to advertise for bids.

* The bid sheet is written up and sent to the local newspaper and advertised at least one time and at least ten days and not more than twenty days prior to the final day of receipt of bids. The day and time of the bid opening is defined in the advertisement.

* Bid openings are normally held in the council chambers of the City building. The bids are opened by the Finance Officer/Tax Commissioner, who reads and documents the bid amount.

* The bid tally is given to the finance account clerk who prepares the official bid tab, which is then signed by the Finance Officer/Tax Commissioner and copies are given to council, the Mayor, the City Administrator, and Assistant City Administrator

* All bid packets are then reviewed by the applicable party (example, CDS Engineering) to determine the accuracy of the bids. Then a recommendation is made to council of the lowest and/or best bid.

* After the bidding process is completed and approval is made by council per ordinance, a purchase order is initiated by the finance department for each contract for the specific amount authorized by Council Ordinance. The purchase order is then approved as documented above. The department director receives a copy of the passed ordinance and orders the item(s) from the vendor.

* When the items under contract are received the invoice goes to the departmental director. The invoice is stamped as approved. The stamp includes the purchase order #, account #, date of approval and signature of the department director.

* If the purchase is applicable per the architects (building project, for example), the invoices are sent to them for approval, then the invoices are sent to the City Administrator and then to the finance account clerk for payment.

* All original, approved invoices are then forwarded to the finance account clerk for payment in accordance with the procedures outlined above for purchases exceeding $500.

Exceptions to the bidding process which do not requiring bidding are as follows:

Items purchased through the State Cooperative Purchasing Program or items which can only be purchased by one vendor do not have to be bid, but these items are presented to Council and approved through an ordinance.

Petty Cash Funds

The City maintains 17 petty cash funds:

* Administration
* Health
* Building
* Rec. Center Administration
* Tax
* Police
* Police Clerk funds (9)

New petty cash funds may only be established with the approval of the City Administrator and/or the Mayor and must be certified by the Finance Director, and may not exceed $300.

The procedure for establishing a petty cash fund is the same as outlined above for purchases exceeding $200. A single expenditure from any petty cash fund may not exceed $100.

When it is necessary to replenish a petty cash fund, a “Request to Replenish Petty Cash” form must be completed and submitted to the finance department. Vendor receipts for each expenditure noted on the request must be attached to the request when it is submitted to the finance department.

The request then goes to the City Administrator for approval. The “Then and Now” certificate is stamped on the request and signed by the Finance Director.

Once the request has been approved, a check is prepared by the finance clerk and forwarded to the department director who cashes the check to replenish the petty cash fund.

A copy of the request is attached to the receipts and to a copy of the check and filed by check number in the finance department.

ACH Transactions

ACH transactions are used for the following:

* Payroll
* TIF Phase I Bond payments
* Payments to Dental Care Plus
* Health Insurance Premiums
* Moving funds between banks when needed

These are initiated through the online-banking function.