

<i>Jefferson County Policies &amp; Procedures</i>			
Policy Name:	Purchase Order and Invoice Policy	Approved:	Rev 08-15-2019
Policy Number:	305	Author:	Grove, Gordon
Associated:		Previous Version approved 1-17-2019	

### 1.0 **Purpose**

The purpose of this Policy is to provide a uniform procedure for processing all purchase orders and invoices for Jefferson County. Additionally, the policy will establish consistent procedures for the Jefferson County Clerk's Office, the Sheriff's Tax Office, and the Jefferson County Commission's Office. These procedures are intended to provide safeguards for maintaining the quality and integrity of the accounts payable and cash disbursement system.

### 2.0 **Authority**

The County Clerk, Sheriff, and Finance Director (this team is referred to as "County") shall be responsible for the implementation and interpretation of this policy, as well as enforcement of this policy in accordance with the WV State Auditor. The County shall issue, maintain and update any procedure, control and form needed to ensure compliance with this policy and any WV State or Federal Code.

### 3.0 **Definitions**

- AP means accounts payable (which includes payroll deduction checks)
- PO means Purchase Order
- Purchase Request means an internal document notifying the County Clerk and Commission offices of items to be ordered or services to be rendered.
- Vendor means a business or individual that provides a product or service to the County.

### 4.0 **Vendors**

All vendors must be authorized by the Jefferson County, County Clerk's Office. Parties seeking to obtain qualified vendor status with the County of Jefferson must complete and return Form W-9: Request for Taxpayer Identification Number and Certification.

Applicable forms can be found on the Jefferson County website or by contacting the County Clerk's Office. Once vendors have been authorized, the Clerk's Office creates a new vendor in the county financial record keeping system which assigns a unique number to the vendor. Only vendors who have been authorized by the Jefferson County Clerk's Office will be paid by Jefferson County.

### 5.0 **Purchase Orders, PCard & Invoice Processing**

A purchase order is to be used for items which have a cost of \$5,000 or greater. *Please note* that items should not be purchased separately to avoid the \$5,000 limit when ordering in bulk. For example, a department needing five computers at \$1,000 each should not

purchase the computers separately to avoid the PO policy. All purchases of goods or services at or above \$5,000 require the approval of the County Commission.

The process for Purchase Orders (PO) at or above \$5,000 is as follows:

- The **Purchase Requisition** is to be completed in the financial system, Tyler Munis. All fields must be completed including the budget expenditure line item(s) from which the expense should be paid. The expenditure account number on the Purchase Requisition must represent the appropriate account classification for the item being purchased or it will be rejected.
- The Purchase Requisition is automatically submitted by the system to the Commission Staff to be included on the next Commission Meeting Agenda.
- Once the Purchase Requisition is approved by the Commissioners, Commission Staff will electronically approve it in the financial system. They system will **automatically convert to a Purchase Order (PO)**.
- The originating department may obtain approved copies of the PO for vendor distribution or for reference by accessing the financial system or by contacting Accounts Payable.
- **ONLY after the PO has been approved by the Commission, should the originator of the PO purchase the item(s)**. Once the item(s) is/are purchased and an invoice is received, department staff should enter the invoice into the financial system for payment referencing the PO number. Accounts Payable will then process the payment. A check, along with the invoice will be mailed to the vendor. (See also *6.0 Payment Process* of this policy) Accounts Payable will keep an electronic copy of the invoice and the purchase order for their files for auditing purchases.
- All purchases must be for reasonable and necessary costs. No purchases shall be made in excess of the PO amount approved by the Commission, unless the difference is strictly due to state tax and shipping costs.
- (See also *Financial Policy 318 – Bidding and Contract Policy* for additional guidelines.)

The process for invoices and PCard purchases without Purchase Orders (purchases less than \$5,000 or invoices that do not require a PO) are as follows:

- **PCard transactions** will be imported weekly by the AP Clerk into the financial system. PCard administrators in each department will be electronically notified when a PCard transaction for their department has been imported. The administrator must ensure that the PCard transaction is coded to the correct expenditure account and electronically attach receipts or other documents supporting that PCard transaction. (See also *Financial Policy 304-Purchasing Card Procedures* for additional PCard purchase guidelines.)
- **Non PCard invoices** are to be entered into the financial system by the appropriate department personnel. The paper invoice (all pages, front and back) should then be scanned and electronically attached to the invoice entry screen. After it has been released, the invoice will be electronically approved by the department manager or person designated by the department manager. This electronic signature provides the authorization that it was approved by the department for payment. The expenditure account coding in the system for the invoice to be paid must represent the appropriate account classification for the item being purchased. For example: if

supplies are coded to professional services the invoice will be declined for misclassification of the expenditure type.

The paper invoice for payroll deduction checks processed through accounts payable includes but is not limited to original invoices from all vendors (all pages, front and back), reconciliation reports and the payroll deduction reports that show the actual amount withheld from employee pay for each deduction. The first page of all payroll deduction invoices must be attached separately and marked as **CONFIDENTIAL for Accounts Payable**. The remaining invoice pages with sensitive employee detail, the deduction report, reconciliation report or other documents pertinent to that transaction must also be attached as a document(s) in the system AND must be marked as **CONFIDENTIAL for BOTH Accounts Payable and for Payroll**.

When coding invoices that are sent to AP for entry, departments are required provide a manual approval on the face of the invoice and must write the appropriate expenditure account code in the following format on the invoice XXXXXX-XXXXXX. Where the first set of numbers represent the organization code (org code) or fund and department number and the second set of numbers represents the object code of the expenditure. For example: if the Sheriff's Office was purchasing supplies the coding would be 001700-434100. In this example 001700 is the org code or fund and department number of the Sheriff's Office and 434100 is the expenditure object number for office supplies. If any department is paying an invoice from a fund other than the General Operating Budget of the County then it needs to be clearly written on the invoice which fund is being charges, as an example the Coal Severance Fund.

- **Reimbursement requests** must be submitted with an expense report, along with itemized receipts and supervisor's approval. (See also *Financial Policy 316 – Meal Per Diem Policy* AND *Financial Policy 302 – Travel Expenses Policy* for additional guidelines.)
- If the **budgeted line item does not have the necessary funds to pay the invoice**, the invoice will not be processed for payment. It will be the purchaser's responsibility to complete a budget revision request in the financial system, and obtain the electronic approvals of the Finance Director and/or the Commission. The Department Manager may also have to appear before the Commission to have monies moved within the budget to accommodate the purchase.
- Payments will not be made from monthly statements unless the department attaches the detail to the statement (the individual invoices or individual receipts).
- Any request for payment not submitted in the appropriate format is subject to being held by the Accounts Payable Department pending resolution of the Department Manager.
- Any **late charges** will be charged to the department that incurred the purchase. These late charges include late charges incurred by late submission of invoices; invoices that are being held for lack of budgeted funds; or requests for payments that are being held because they are in the wrong format.
- Departments should refrain from using credit cards other than the County issued PCard. Other credit cards include but are not limited to credit cards issued by Staples and Home Depot. Any rewards program incentives from any credit card other than the PCard are to be used only for authorized County purchases.

If an invoice that is entered for payment requires that a **remittance stub** or other documentation be sent with the check to the vendor at time of payment, that field must be checked in the system during invoice entry and back up must be sent to the AP Clerk. Additionally, utility invoices and invoices that impact **multiple departments will be allocated and entered for payment by the AP Clerk**. The original invoice of those types should be forwarded to the AP Clerk.

**If there are insufficient funds within a department's overall department budget to purchase the item, AND a budget transfer is NOT APPROVED by the Commission, then it is the responsibility of the purchaser to either return the product or be personally responsible.**

### ***Exceptions to Purchase Orders***

- 1) *Emergency Purchases*: If the purchase is a required emergency for continued employee productivity or our citizens' use of our services and buildings, the maintenance department manager (in conjunction with the County Administrator) has the authority to spend up to \$10,000, if time is of the essence. Examples of exceptions would be, but not limited to, heating and air conditioning of the buildings, elevators for the public, car repairs for the deputies, or weather emergencies. If the purchase is above \$10,000, the maintenance department manager would be required to email the Commissioners to seek a majority approval.
- 2) *Grant Purchases*: If the purchase is a grant funded item and is time sensitive in order to meet grant obligation date deadlines, the department manager (in conjunction with the County Administrator) has the authority to spend up to \$10,000, if time is of the essence. If the purchase is above \$10,000, the department manager would be required to email the Commissioners to seek a majority approval. (See also *Financial Policy 317 –Grant Policy* for additional guidelines.)

**Either exception requires the department manager to submit the PO through the agenda at the next regularly scheduled meeting to receive formal approval / ratification.**

## **6.0 Payment Process**

*AP and Payroll Checks*: The AP staff in conjunction with the Sheriff's Tax Office or the Sheriff's designee shall balance payables each week, and print checks and EFT files from the AP and Payroll Clerks. Printed checks AND the AP or payroll (PR) listing with AP invoices AND the AP or PR check register will first be reviewed, certified and approved by the County Clerk. Next, the printed checks AND the AP or PR Listing AND the AP or PR check register will be reviewed, certified and approved by the Sheriff's Tax Office. Lastly, a listing of accounts payable checks paid shall be approved by the Commission at the next regularly scheduled commission meeting. That listing shall sum all employee HRA (Health Reimbursement Account) payments (if any) into one line item listed as "HRA REIMBURSEMENT PAYMENTS" with no reference to the employee name(s) in order to maintain compliance with employee privacy laws.

- Checks shall be printed on check stock purchased from Tyler financial services with the appropriate bank approved security features.

- Checks shall be printed using printers designated specifically for check printing and must use MICR toner.
- The County Clerk's office shall safeguard and secure in a locked storage area the blank check stock.
- The County has been issued 2 Tyler Secure Check Signature Systems, a/k/a "black box". The secure check signature systems are the mechanical or electrical device that is required for making of the signatures of the president, clerk and sheriff. Such devices shall be safeguarded and secured in the County Clerk's office.
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- The County has been issued two (2) check void removal keys from Tyler financial services. One is held by the County Clerk, and a second key is held by the Sheriff's Tax Office.
- The check signature system black boxes and Void removal keys shall be segregated from the check stock and the black box.
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- Check void removal keys shall be safeguarded and secured in locking storage areas. The Clerk or Sheriff will distribute the key to the appropriate AP or PR clerk in order to print checks. Printed checks, the corresponding check register and the check void removal key must be returned to the Clerk or Sheriff for certification and approval.
- In the Clerk or Sheriff's absence, the County Clerk and/or Sheriff may designate an appropriate staff member to safeguard and distribute the check void removal key, and / or certify the printed checks, AP or PR listing, and the corresponding check register. **The designated person may not be the AP clerk or the Payroll clerk.**
- Checks will be printed with facsimile signatures of approved check signers.
- Payroll bank transfer and payroll electronic funds transfer checks needed for the payroll process are time sensitive and as such will require a shortened workflow. Those checks include the bi-weekly funding transfer from the General County bank account to the Payroll bank account, and periodic electronic funds transfers to government agencies and vendors for tax, retirement and other employee withholdings. To ensure that the Tax Office receives the transfer information for cash balancing in a timely manner, the electronic workflow approval shall consist of the County Administrator (approving on behalf of the County Commission), the County Clerk, and the Finance Director. Transfer checks must also be included in the listing of accounts payable checks paid and that list shall be approved by the Commission at the next regularly scheduled commission meeting (see 6.0 Payment Process paragraph 1 above).

Once approval is made, the Sheriff's Tax Office or the Sheriff's designee shall return all payments to the AP or Payroll Clerk to be mailed or distributed directly to the vendor or employee. A vendor may pick up the check directly from the Clerk's Office, if approved by the County Clerk.