Expenses and Accounts Payable for Program and Support Services

**Purpose:** The intent of the following policy is to describe the purchasing, receiving, and accounts payable processes designed for efficiency and to avoid fraud and or theft.

**Policy:** It is the policy of CDS that:

1. All invoices should be paid within 30 days of receipt unless in dispute
2. Account coding of expenditures are in compliance with funding and organization accounting requirements (program and other functional bases).
3. Direct Automated Clearing House (ACH) payments related to the payment of invoices will be initiated and set up by the Accounting Clerk.
4. Changes to direct ACH payments received from vendors related to invoices will be verbally verified by the Accounting Clerk by calling the vendor’s customer service/support line to confirm the request has been made.
5. Fiscal staff reviews accounting coding prior to recording.
6. Allocation of costs applicable to various programs and other functions and costs applicable to a particular grant, cost-matching, or cost-reimbursement are in agreement.
7. Purchases of goods or services should be restricted to avoid the creation of a conflict of interest from governing board members, employees, or other suppliers.

**Procedure and/or Process:**

**Purchasing:**

Purchases shall be made in accordance with established requirements of the governing board and of funding sources, competitive bidding requirements of government grantors:

* Purchases of more than $2,500 require a minimum of two bids, unless there is a compelling reason to waive this requirement. (Emergency situations, limited access to appropriate vendors)
* Purchase order requests are initiated on the basis of program/department need and approved by the corresponding manager prior to submission to the CEO/COO for approval.
* Purchase orders requests are reviewed by the Comptroller to ensure that the expenditure requested is within budget and/or does not violate funding source restrictions.
* Pre-numbered purchase orders are used for all purchases sequentially. (Unless the item is obtained through the Personal Reimbursement or Petty Cash procedures).
* To the extent feasible the purchasing functions shall be performed by and purchase orders prepared by, personnel independent of receiving and shipping functions and payable and disbursing functions.
* Copies of Purchase Orders are distributed to the vendor, fiscal, and the acquiring program/department.
* Governing Board Members shall not be involved in purchasing functions.
* Purchase information will be recorded in the month of purchase.

**Receiving:**

* Upon receipt all materials and supplies should be inspected for condition and counted to ensure the accuracy of the order.
* Copies of the receipt should be forwarded to fiscal and inventoried as appropriate.

**Accounts Payable:**

* All copies of vendors’ invoices received should be routed directly to the Fiscal Department.
* Duplicate invoices are destroyed or stamped to indicate that they are duplicates.
* All original vendor invoices are vouchered and listed/recorded in a voucher/purchases register immediately on receipt.
* All original vendor invoices are maintained in the Fiscal Department and copies are only distributed when required.
* Vouchers are pre-numbered and the numerical sequence is periodically checked.

**Processing the invoice and related payable:**

* All data on the invoice shall be checked to approved copies of the purchase order and receiving report as indicated by the staff signature on the voucher sheet
* All extensions, footings, discounts, and freight terms shall be checked for accuracy as indicated by the staff signature on the voucher sheet.
* The Comptroller shall review and approve the invoice account distribution and approve the invoice for payment.
* Invoices should be properly marked to prevent reuse.
* Liabilities are recorded for goods or services received but not yet invoiced at or near the end of the fiscal year.
* Vendors end of the month statements are marked “Statement” to prevent payment.
* Vendors end of the month statements are reviewed for noncurrent invoice dates.
* Vendor debit balances are periodically reviewed and collected.
* Accounts payable subsidiary ledger balances reconciled monthly through monthly vendor statements and the general ledger control account.
* Access to computerized vendor and accounts payable records are limited to those with a logical need for such access.