**Purchasing and Accounts Payable Policy**

REVISED DATE: March 9, 2020

**Purpose:** To promote good stewardship when making purchases, provide current and accurate data for decision making and provide for enhanced control of cash flow and accurately record the financial accounting transactions in Shelby Next Financials.

**Purchasing of Goods or Services**

1. **Items over $400.00** Any single item with a value of $400.00 including shipping or any meal purchase over $400 must have a purchase order issued prior to the purchase. These purchases cannot be made until the Finance Department issues a purchase order number and provides a copy to the requestor. To obtain a purchase order, you must first submit a purchase requisition. See Purchase Order process in below section.

Purchase Requests in the amount of $5000.00 or more should include three competitive quotes. The requestor can provide these quotes directly or work directly with Purchasing Manager to obtain quotes and identify potential vendors.

**Purchase Order Process**

* A request for a purchase order is initiated through a purchase requisition. Purchase requisitions are to be filled out by the person requesting the materials or services and submitted to the Purchasing Manager at least 3 business days before purchase needs to be made.
* Purchase request should include: vendor name, address, phone number, billing method, signature of person requesting items, quantity of items requested, item number if applicable, item description, unit price and extended line total, subtotal, freight and handling cost, total, department and expense codes and a description of how the items will be used.
* Once the requisition is completed by the requestor, the requisition must be submitted to the department head for review. When the requisition is reviewed, the department head should sign/approve the request and forward to the Purchasing Manager.
* Purchasing Manager will review the request for accuracy and confirm budget availability, then, if approved, will submit the request to the accounts payable assistant who will formalize the request in the Shelby Purchase Order module and issue a purchase order to the requestor within 2 business days of submission to the Purchasing Manager.
* Each purchase order is assigned a purchase order number by the Shelby Purchase Order module.
* Once a numbered purchase order is issued, the purchaser may then proceed to order the items in accordance with the terms of the purchase order. The purchase order number should be used with vendor(s) when purchasing items from the purchase request.
* **Payment**: Items purchased for the church and its programs should preferably be billed to the church by the vendor. Payment will be made in accordance to the Vendor’s terms. If the vendor does not offer billing, items should be paid for using a church credit card. A vendor receipt should always be obtained. If church credit card is unavailable, purchases may be made using personal funds. Reimbursements of funds used to purchase items for church business will be made in accordance to the accounts payable terms and policies, see next section.

1. **Items Under $400.00**

Items purchased for use by the church in its ministry or outreach under the dollar amount of $400.00 including shipping may be purchased without a purchase order.

Items purchased for the church and its programs should preferably be billed to the church by the vendor. Payment will be made in accordance to the Vendor’s terms. If the vendor does not offer billing, items should be paid for using a church credit card. A vendor receipt should always be obtained.

If church credit card is unavailable, purchases may be made using personal funds. Reimbursements of funds used to purchase items for church business will be made in accordance to the accounts payable terms and policies, see next section.

**Contracts and Leases**

Contracts and leases for goods or services provided for the church may only be executed through the Purchasing Manager. Contracts and leases should be submitted for review to the Purchasing Manager at least two weeks prior to the date of the event, needed item or service, or before initial term of contract or lease begins.

Contracts for capital projects that require outside funding require approval by the Executive Team.

**Recurring Items**

Recurring invoices will be paid directly from an approved list of automatic payments based on each invoice depending on contract terms and do not require a purchase order regardless of dollar amount.

* **Consistent monthly dollar amount** – contract payments (equipment leases, building rentals, strategic partners, etc.) that are a consistent dollar amount each month and have a set term at the beginning of the contract, can be processed for payment direct from the invoice monthly for a year. At the beginning of each year, contracts should be reviewed by Finance and the appropriate department budget owner and confirmed to continue or halt monthly payment processing for that year.

Finance Team will initiate the yearly review process with the department budget owner. Any new contracts should follow contracts instructions above.

* **Utility bills and variable dollar amount bills** – All utility bills or recurring bills that have a varying dollar amount will also be placed on the automatic payment list with a maximum approved dollar amount and if the bill is less than the approved amount the Finance will pay each bill based on the list If the amount is over the approved minimum it will be submitted to the appropriate department to review and complete check request then it will be processed by the Finance Team.

**Accounts Payable**

Accounts payable are created through check requests, vendor invoices or credit card receipts.

* **Check Request**

Check requests are submitted by individuals requesting reimbursement of expenses for purchases made on behalf of Traders Point Christian Church. Check requests consist of two parts.

* 1. Check Request form. This form gives information about the requestor such as Campus and Ministry, date of the request, designation of TPCC Account Number, space for the authorized approver’s signature, and option for Hand Delivery by staff member. In addition, there is space provided to record the appropriate project codes, description of items purchased, space to describe how the items will be used, record the purchase order number and give the amount of the receipt, along with the total of all receipts on that page.
	2. Attached to each check request form should be requestors receipt/invoice.

Check requests should be submitted on a timely basis. Staff expense reimbursements with receipts more than 60 days old will not be considered for reimbursement. Check requests completed and turned in by 5:00 P.M. on Tuesday will be processed by end day on the following Thursday. Check request should be turned in to the finance office for review and approval. Once checked for accuracy by the Finance Team, the check request will be entered into ShelbyNext- Accounts Payable.

Check requests should contain as much information as possible to provide an explanation of the expense and a reason that the expense was incurred. Check request containing insufficient information, or missing information or signatures will be returned to the requestor for completion.

* **Vendor Invoices**

Vendor invoices are received either through mail or with the delivery of goods.

Vendor invoices will be processed through the finance office. The invoice will be date stamped, the purchase order noted if applicable and forwarded to the appropriate department contact for review. Once reviewed and coded, the invoices will be returned to the finance office. A member of the finance team will review the invoice for appropriate purchase orders and signature. The check request, if not signed, will be returned to the appropriate person for a signature as proof of receipt of merchandise. The invoices will then be entered into the Shelby accounts payable module for processing.

* **Check Writing**

Accounts payable checks will routinely be written each Wednesday. It is the responsibility of the finance staff to gather, process and enter vendor invoices and check requests into the accounts payable system. Vendor invoices will be paid in accordance with the terms outlined by the vendor. Check requests will be available on the Thursday following their review by finance staff.

Once all invoices and check requests have been entered into the accounts payable module, a check edit report will be generated for all requests and invoices to be paid. The check edit is reviewed for accuracy by a member of the finance team. Once the review has been completed, checks are printed along with the check register. The check register is reviewed by the Finance Director.

Once the checks and the check register have been printed, the finance team member will upload check information to the bank website for security. Each check will be separated into check and stub. The checks will be submitted to the Finance Director for signatures. Any checks over $10,000 require two signatures. Once primary signature is completed, applicable checks will be taken to alternate signer for second signature. The checks will be stuffed into envelopes along with any attachments and mailed. The check stubs will be stapled on to the associated check request or invoice and filed in the finance office.

**Sales Tax**

Traders Point Christian Church holds a sales tax exemption for the State of Indiana. This tax exemption is for sales tax only and should be used when purchasing items for use at the church or for the church’s programs. Every effort will be made by the finance office to have the exemption on file at companies that the church has accounts with and that we use on a regular basis. Employees should be prepared to present the sales tax exemption when purchasing items for the church. Sales tax is not a reimbursable item when submitted on check request.

The church sales tax exemption should never be used when purchasing personal items.