



PURCHASING POLICY GUIDE

The purpose of this policy is to set out administrative and accounting procedures for the use of credit cards and purchase orders (PO's) in the invoicing of purchases.

American Orchid Society (AOS) Credit Cards:

In the case of purchase by Company Credit Card, the requirements and procedures set forth below are to be followed. Travel Expenses whether charged to Company Credit Card, cash or on an employee's personal credit card are to be documented on a Travel Expense Form and approved by the Director of Administration and Membership Services , henceforth before reimbursement.

No Purchase Order (PO) required:

No PO is required for purchases of non-inventory items with total cost of less than \$250 and with Director approval. A Check Request/Purchase Authorization Form will be prepared instead, approved by the Director and given to the accountant.

PO required:

1. All purchases of inventoried stock items require a PO, regardless of cost.
2. All purchases of \$250 or more require a PO and approval by the Director prior to purchase.
3. Purchases of non-budgeted items of \$1,000 or more **require approval by the President or Treasurer** in addition to the Director prior to purchase.
4. In addition to the approvals required in 3. above, purchases of non-budgeted items or services in excess of \$5,000 (single purchase or yearly aggregate) must be accompanied by two (2) quotes.

5. All non-budgeted purchases (whether for single use or the total cost of any leased items) equal to or in excess of \$10,000.00 require Board approval prior to issuing a purchase order or making any commitment on behalf of the AOS.
6. Before requesting a Purchase order:
 - ❖ Check the availability of a suitable, less expensive substitute.
 - ❖ Confirm the current cost of the items with the supplier.
 - ❖ Consideration should be given to the quantity on hand, rate of use, and anticipated time for delivery of goods.

When submitting a request for Purchase order, the following procedure should be followed:

- ❖ Fill in **the name of the recommended supplier**. If quotes are required, these should be attached to the order request. Phone quotes are to be documented **with a memo outlining the date of the quote, the telephone number, and the person providing the quote**.
- ❖ **Include the item/inventory number if applicable**.
- ❖ Description of item should be as complete as possible.
- ❖ If non-inventory item, state **why** the item is needed.

Purchase Orders:

- All Purchase Orders will be numbered and the Purchase Order Log will be kept by **Accounting**.
- Purchase Orders are issued in duplicate, with one copy kept in the Purchase Order Log Book and the other kept by the Accountant. (An internal audit is done on a monthly basis.)

Receiving:

- To maintain control, all items must be checked in properly when received.
- Do not accept goods which have not been ordered. If there is any doubt whether supplies were ordered, contact management.
- Do not accept damaged or defective goods.
- All items received are to be **matched to the packing list (and invoice if available)**.
- All invoices (received) must be signed and dated.

Storing:

- Avoid careless handling, which results in breakage.
- Provide adequate protection of inventory from **all** unauthorized personnel to ensure against loss.
- Inventory items should be stored in an orderly manner **and a perpetual inventory maintained.**
- Any inventory damaged after receipt is to be set aside to be evaluated by management for possible repair or other suitable disposition approved by the Director.

Invoices:

- Upon receipt of the invoice by Accounting, it is matched up with the corresponding purchase order.
- Accounting will verify that the quantity received agrees with the quantity ordered and invoiced; the price on the invoice agrees with the price specified by the purchase order; and extensions and footing on the invoice are correct. The Accountant should initial the invoice when all verifications are complete.
- The Director and the CESO-will approve the invoices for their Sections.
- The responsibility for securing approval of invoices will rest with the Accountant.
- All approvals are to be signed (not initialed) and dated in ink.

Payment of Invoices:

- Each monthly statement will be matched with appropriate invoices.
- Any state tax charged on invoices will be deducted and copy of the sales tax exemption certificate shall be supplied to the vendor.
- Each invoice will be checked for possible discounts.
- Except under extremely unusual circumstances and with prior approval of the Director, invoices are to be paid on or before interest or late payment charges would be incurred.
- Account numbers are to be assigned to each expenditure when the check is written.

Purchases:

Employees and Volunteers are not permitted to make private purchases from the organization without the consent of the President or Treasurer. However, Employees and Volunteers may purchase items from the gift shop and are entitled to a 15% discount.

Employees are not permitted to make purchases on behalf of or charge purchase to the AOS without proper authorization and approval in accordance with organization purchasing procedures.

Use of AOS equipment and facilities:

Personal use of the phone system by employees and volunteers must be held to a minimum. All lines must be kept open for normal flow of business calls.

Personal use of the organization's computer equipment and other facilities is ~~by~~ not to be considered.

Policy Approved

April 29, 2011

Amended: (changed authority, deleted use of company car)

February 23, 2017