

Foxfire Village Purchase Order Policy effective

1. Purpose

This policy establishes the procedures for initiating, approving, and documenting Purchase Orders (POs) in order to ensure accountability, proper use of public funds, and compliance with applicable laws and Village policies.

2. Applicability

This policy applies to all Village departments and employees who request the purchase of goods, services, or equipment using Village funds.

3. Definitions

- Purchase Order (PO): A written authorization issued by the Village to a vendor to supply goods or services, specifying the type, quantity, and agreed price.
- Finance Officer: The Village official responsible for budget oversight, financial compliance, and PO approval.
- Bookkeeper: The staff member responsible for maintaining financial records, processing payments, and ensuring documentation is complete.

4. General Policy Requirements

1. PO Requirement:

- A PO must be issued for all purchases of goods or services over \$500 prior to placing the order.
- Emergency purchases must be documented and reported to the Finance Officer within one business day.

2. Unauthorized Purchases:

- Purchases made without an approved PO may become the personal responsibility of the employee making the purchase and may not be paid with Village funds.

5. Purchase Order Process

Steps 1: Funds verification

1. Prior to submitting a PO form, the Department Head must have funds are available in the General Ledger (G/L) account to be charged. If funds are available, the PO is initiated. If funds are not available, the Department Head notifies the Finance Officer for resolution.

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Step 2: Initiation

1. Department Head/Requestor completes a PO Form, providing:

- Description of goods or services
- Vendor name and contact information
- Vendor W-9 if not already on file
- Certificate of insurance if applicable
- Quantity and estimated cost
- Account/budget code to be charged
- Supporting documents (e.g., quotes, bid results, contract references)

2. The completed PO is submitted to the Finance Officer for budget verification.

Step 3: Approval

The Finance Officer:

- Reviews budget availability. The Finance Officer may transfer funds between G/L accounts within the Department to fund the PO if appropriate. Inter-department funds transfers are submitted as a Budget Amendment and require Council approval.

- Verifies compliance with procurement policies, competitive bidding requirements, and purchasing thresholds.

- Approves or denies the request in writing.

Step 3: Documentation

The Bookkeeper maintains a central invoice file containing:

- Approved PO
- Vendor quotes or bids (if applicable)
- Correspondence related to the purchase
- Paid invoice

6. Payment Verification

Before payment is processed, the following must be in the central invoice file:

1. Original, approved PO

2. Vendor Invoice that matches the PO in:

- Vendor name
- Description of goods/services

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- Quantities and prices

3. Proof of Receipt of goods/services, such as:

- Packing slip signed and dated by receiving employee or department head
- Copy of the invoice
- Service completion report signed by Department Head

4. Supporting Contracts (if applicable), signed and on file

5. Budget Verification confirming available funds at time of payment

The Finance Officer must pre-audit expenditures in accordance with N.C. General Statute 159-28 before the Bookkeeper issues a check or electronic payment.

7. Records Retention

All purchase order files, including supporting documentation, must be retained in accordance with the Village's records retention schedule and applicable state law (typically 5-7 years).

8. Compliance & Audit

Failure to follow this policy may result in delays in payment, disallowance of expenses, or disciplinary action. The Finance Officer will periodically review PO procedures to ensure compliance and audit readiness.