

Lone Oak United Methodist Church

Purchasing Procedures

I. Purpose

This purchasing procedure serves to define a means for funds to flow in and out of the church in a responsible manner with receipts and appropriate paperwork of how and why the funds were used. It serves as a foundation for individual members, ministries, and committees to purchase items and services to support operations and ministries of the church. It enables the church to practice good stewardship, to act responsibly with allotted funds, to structure the flow of funds so that there are accurate records and accountability for the church.

II. Principles

- A.** To provide a procedure and tool for committees to monitor their expenses and income.
- B.** To provide proper paperwork so that accurate auditable records are kept.
- C.** To keep the church functioning within the General budget.
- D.** To allow for better communication between the Church Council, other committees, individuals, and ministries.
- E.** To provide an effective means of receiving timely reimbursements.

III. Categories

- A.** Purchasing Procedures for purchases on a Vender Account (example Hank Bros.).
- B.** Purchasing with the Church Credit Cards/Debit Card
- C.** Purchases made on account with Sam's Card.
- D.** Reimbursement for a purchase using Personal Checks, Credit/Debit Cards, or Cash.
- E.** Routine Purchases
- F.** Soliciting Bids for purchases \$1,500.00 or higher.

IV. Purchasing Procedures:

- A.** All purchases in every category must have a Purchase Voucher. The Voucher can be found on the LOUMC website on the "Meet the Staff" page at the bottom of the page.

B. All purchases must be approved by the Pastor and/or the Committee/Ministry Chair. The Pastor and/or Committee/Ministry Chair are responsible for checking on available funds and to verify purchase.

1. The Voucher must be filled out fully. The online Voucher has a “Budget Line Item” drop down that must be used to show where in the budget money for payment will come from.

2. Order may be placed after approval.

3. The Voucher must be signed by the purchaser.

4. Turn in the Purchase Voucher Request along with all purchase documents, such as packing slips, delivery receipts; register receipts, etc., to the Financial Secretary within 3 days of purchase.

5. The invoices for this order will not be paid without the appropriate paperwork. The purchaser must make sure that all the appropriate paperwork is delivered in a timely manner. Attempts will be made by the Financial Secretary to the purchaser to make sure the appropriate paperwork is received.

V. Receiving Reimbursements

The purchaser must do the following to receive reimbursement from using Personal Checks, Credit/Debit Cards, or Cash:

A. The Pastor and/or the Committee/Ministry Chairperson must approve item before it can be purchased.

B. The church is a Non-Profit organization and therefore does not have to pay taxes on purchases when the appropriate paperwork is done beforehand. The purchaser must get a tax-exempt sheet from the office so that taxes will not be charged to the church. The church will email the certificate to the purchaser if he/she requests it.

C. Purchase the item. Fill out the Purchase Voucher with Request for Payment and Reimbursement checked on Voucher. Make sure to attach all purchase documents, such as packing slips, delivery receipts, register receipts, etc., and turn in the form to the Financial Secretary within 3 days.

D. If all the appropriate paperwork is received, the Financial Secretary will cut a reimbursement check for the item(s) purchased. Again, please try to keep in mind that reimbursement for purchases are usually going to cost the church more money because of the added taxes. Please use this method only when necessary. As communication and pre-planning of purchases increase in each budgeted area, there will be less need for last-minute personal purchases.

VI. Conducting a Bid for items \$1500.00 or higher:

- A.** There must be solicitation of bids from at least three vendors. The purchaser must show evidence of the three vendors' bid and details of the service or product. Award decisions should be made to the vendor representing the best overall value to LOUMC.
- B.** Preference will be given to hiring local companies offering competitive bids within 5% of the lowest acceptable bid.
- C. Sole source** - If there is no ability to solicit multiple bids, the committee or ministry must demonstrate that the purchase from a particular vendor is sufficiently justified as a sole source. Sole source means that a single vendor is uniquely qualified to meet the committee/ministry's objective. To be considered a sole source and therefore exempt from the bid process, one of the following conditions must be met:
 - 1.** The actual product or service needed is the only one that will meet the committee/ministry's objective and it can only be purchased from one source (manufacturer or distributor).
 - 2.** The product or service must match or be compatible with current equipment or services.
 - 3.** The product needed is specifically required for use in conjunction with a current contract or service.
 - 4.** An unusual or compelling urgency exists. If the need meets one of the above criteria, the committee or ministry can negotiate with the vendor directly.
- D.** After conducting a bid or justifying there is no ability to solicit multiple bids, the purchaser must follow one of the purchasing procedures listed above.