

Yellow Medicine County
ALF- Purchasing
Purchasing Narrative
FYE 12-31-08

This document was updated by Michelle May, County Finance Manager, 11/16/2015

Purpose:

Source: Administrator, Finance Manager, Sheriff, Human Services Fiscal Supervisor, Recorder, Road and Bridge.

Conclusion:

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Purchasing

The purchasing process for Yellow Medicine County starts in each individual department. The department will decide they have a need for an item. An order will be placed with the respective vendor. The department will receive the items ordered along with an invoice. The department head/supervisor will sign off on the invoice to approve the transaction for payment and prepare a claim form with the G/L account number.

According to the County Policy the Department heads are authorized to approve claims of less than \$5,000. County Board Approval is required on claims over \$5,000. If the claims are going to be between \$25,000 and \$100,000 the department head may award the purchase through either a sealed bid process or by quotation. If the expenses are greater than \$100,000 see the Contracts Narrative for the Yellow Medicine County contract process.

Revenue & Ditch

When an item is needed in the various Revenue and Ditch departments, the employees will notify the person responsible for ordering supplies. They take care of all of the orders for the department that pertain to office supplies. The department will receive the items, along with an invoice. The individual responsible for ordering supplies will review the invoice, to verify that all items were in fact received. If all of the items were received in satisfactory condition, the Department Head will sign off on the invoice and claim form, which is then taken to the F&A Deputy in charge of accounts payable, for processing the payment of the invoice. The Department Head will receive a budget to actual report and account activity report quarterly, from the County Finance Manager.

Sheriff's Department

The Administrative Assistant is in charge of ordering all equipment and supplies for the department. When the item is received the Administrative Assistant verifies the invoice with the order. The Sheriff's accounting department will complete the purchase voucher with item descriptions, vendor, and price. This is then sent to the Finance & Administration (F&A) Deputy in the F&A office. (See Disbursement Process below)

The Sheriff's office does not have access to IFS.

The Sheriff's office uses an expense application program. The Administrative Assistant, the Jail Administrator, and the Sheriff have full access to the program.

The Sheriff's Office does make some purchases with credit cards. The County's written credit card policy and procedure can be found in permanent file. The Office has a gas card in every squad car and each full time deputy has a visa card. All receipts from purchases must be turned into the receipts folder on the Administrative Assistant's desk. The receipts are compared to the credit card bill, received monthly. The balance is paid off immediately, to avoid any finance

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charges. The payment of the credit card bills will go through the F&A office like any other transaction.

Human Services

Purchasing

The Fiscal Supervisor is responsible for purchasing general office supplies. When staff needs a specific item, they will complete a supply request form and submit to the Fiscal Supervisor.

Office supplies are ordered from salesmen that visit the office, E-Mail or over the phone. When office supplies are delivered, staff in the receptionist area will initial the packing list or the invoice.

General office supplies are kept in the workroom

Computers, cars, copy machines and printers are budgeted in the 5 year capital outlay plan. The Director is responsible for ordering the cars from the State contract. Computers and printers are ordered by the IT staff.

IFS Disbursements

Employees submit claim forms requesting reimbursement for mileage, meals and phone. The Fiscal Supervisor will verify the claim has been signed by the employee's supervisor and then calculates the amount of reimbursement. A copy of the claim form and the meal receipts are submitted to the Finance and Administration Deputy, in order for the meals to be paid on the payroll system. The Fiscal Supervisor attaches a claim form with the vendor number, account number, amount of reimbursement, Fiscal Supervisor initials and date.

Other invoices, statements, medical expense reimbursement forms and request for health insurance premium reimbursement forms are received. The calculations are verified and a claim form with the vendor number, account number, amount of reimbursement, Fiscal Supervisor initials and date are attached.

If credit card purchases were made, the Fiscal Supervisor verifies the appropriate receipts are submitted. The Fiscal Supervisor enters the claim forms in the IFS system under the Auditors or Commissioners Warrants. The claim forms are totaled and reconciled to the total in the IFS batch. An Audit list is printed, which is submitted to the Board for the Chairman's signature on the second and fourth Tuesday of the month.

The Fiscal Supervisor prints two copies of the Warrant Register. One copy of the warrant register and the printed checks are submitted to the Finance and Administration Deputy for verification. The checks are mailed on the Friday following the Board meeting. One copy of the warrant register is submitted to the Director to review and sign.

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Accounts Payable

The Fiscal Supervisor and Accounting Technician determine if IFS expenditures should be flagged as a payable. If the expenditure is a payable, it is entered in the Accrual Code field of IFS. Accrual codes used are AP (Accounts Payable), DTG (Due to Other Governments), and DTF (Due to Other Funds). Accrual codes are entered at the same time the voucher is entered in IFS for payment.

For CSIS payables, the Fiscal Supervisor prints a Paid Voucher by Account Report from the CSIS system.

The cutoff date for IFS and CSIS payables is 60 days.

SSIS Disbursements

Yellow Medicine County Family Services contracts with vendors to provide services for clients. After the Social Worker determines the service to purchase, a service arrangement is setup in SSIS by the Social Worker that has been assigned to the case.

The service arrangement authorizes the service to be provided, number of units, rate, amount and the dates of service. The SSIS computer automatically assigns a service arrangement number. The Social Worker approves the service information and then in SSIS sends to the Accounting Technician.

The Service arrangement is on the Approval Log for the Accounting Technician. The Accounting Technician enters the proper chart of accounts and then approves the arrangement for payment. The Accounting Technician then prints and sends out a six month supply of voucher billing forms to the vendor.

The vendor returns the voucher billing form and the Accounting Technician verifies the calculations. The Accounting Technician enters the vouchers in the payment batch, approves the batch and submits the batch to the IFS computer system.

The Accounting Technician prints the warrants in the IFS system and then gives the warrant register and the checks to the F&A Office. The F&A Office verifies that the checks equal the warrant register.

The Fiscal Supervisor will initial the warrant register for approval and send out the warrants. Warrants are mailed out after the monthly Board meeting on the 4th Tuesday of the month.

Prepaid Expenses

The Fiscal Supervisor reviews expenditures to determine prepaid expenses. Prepaid expenses are then reported to the Finance Manager.

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Road and Bridge

The Highway Accountant is responsible for purchasing general office supplies and equipment; if an item is needed, the employee will notify the Highway Accountant. Office supplies are kept in the storeroom in the Granite Falls office. Some items for surveying and engineering are ordered by the Engineering staff. The Shop Mechanic usually orders equipment repair parts or other shop supplies as needed and are within the budget. Other persons ordering parts for equipment, shop supplies, or road maintenance items would be the Maintenance Supervisor and Crew Foreman. Other county maintenance employees are also able to purchase items like shop supplies, road supplies, or equipment parts. Most vendors doing regular business with the Highway Department have a list of county Highway employees who are authorized to purchase these smaller items; if any of the vendors question a purchase being made or the person doing so, they call the Highway office to verify purchase authorization. When the items are placed for order, the person placing the order will give a confirmation order to the Highway Accountant. When items are received, the packing slips and/or invoices are verified and are submitted to the Highway Accountant for processing payment; payment is done by invoice not statement.

Any purchases for Capital Improvements or Capital Assets must first be approved in the Budget. If the vendor requires a purchase order when an order is placed, the Highway Accountant will provide one to the vendor. The purchase order includes a PO number, date, vendor information, product information, quantity, price, terms, requested by, total, and other pertinent information. The purchase order is approved with the Highway Accountant and the County Engineer or Assistant County Engineer signatures.

When a purchase is greater than \$100,000 the process will either be bid out or the purchase will be made under a state contract. When a purchase is made under a state contract, it is not required to receive bids or quotes. The bidding process for purchases or services over \$100,000 starts with planning. (See Contract Narrative GG-1 for process).

Several Highway Department purchases are made through the use of seasonal bids. Engineering Technician administers this program. The categories of purchases include bituminous materials, steel culverts, cutting edges, road salt, pavement striping, aggregate materials, equipment rental, weed spraying, and calcium chloride dust control. Each year, bid forms are received from various vendors for the categories listed above. These price quote results are summarized for approval by the County Board and used as a basis for ordering those items during the year and are awarded to the lowest bid in each category. In the case of road salt, pavement striping, weed spraying, and dust control, the quantity of product needed or work to be done for the year can be reliably determined in advance. In the case of bituminous and aggregate materials, culverts, cutting edges, and rentals, the price quotes are applied to the purchase orders as they occur during the year with the resulting order going to the vendor with the lowest total price. The purchase of highway signs was previously a category of the seasonal bid process; however, sign purchases are now purchased on an "as needed" basis due to the ever-increasing quantity of sign types and sign facing options. The Engineering Technician who determines the County's signing

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needs and places the orders for signs. Each time a sign order is warranted, price quote sheets are submitted to the major sign vendors, and the resulting order goes to the lowest bidder.

The Highway Accountant sends out a monthly bulk fuel bid request to vendors, tallies the results and awards the bulk fuel bid for the month. Fuel bid results are sent to all vendors; if the bid price changes during the month due to supplier price increases, that increase will be honored only if supporting documentation is received from the fuel vendor. Each of the five county shops has bulk fuel tanks for ethanol and/or diesel fuels. All county departments are authorized to use the fuel also and they record their usage on the shop's fuel log. Each month, the county shops submit their fuel logs to the Highway Accountant for her to tally, prepare fuel tax return, invoice the other county departments and Swift County (county engineer fuel) for reimbursement, and process payment to the fuel vendor. Since vendor invoices are based upon bid results, the warrant batch is submitted to the Finance Manager for approval. The Special Fuel Tax Return and warrant voucher is submitted to the F&A Office for electronic payment. A copy is also kept on file in the Highway Department. Employees are also authorized to use fleet account fuel purchasing cards. Receipts are submitted to the Highway Accountant for payment and submitted to the Board for approval.

Employees submit receipts or claim form for reimbursement of expenses such as mileage, meals, supplies, and dental deductible (50%) to the Highway Accountant. She completes a warrant voucher showing date, purpose, mileage and rate, etc., and enters any meal reimbursements as payroll line items, or submits a warrant for Board approval, following the same procedure as for vendors, if the reimbursements are for overnight expenses, fuel purchases, or other types of out of pocket expenses.

The Highway Department does make some purchases with credit cards and follows the County's credit card policy and procedures. Currently the Assistant County Engineer, Engineering Technician, and Maintenance Supervisor, have a Bank of America (MasterCard) County credit card in their names. Credit card enrollment & information, and sometimes the credit card itself, is kept in a locked box in the Highway Accountant's office. She and the Assistant County Engineer are the only persons who have the key. The Highway Accountant is responsible for processing payment in the same manner as other invoices received. However, because of the time factors involved in the payment process, she has authorized access to each credit card account online. She will login to get a current statement from which to process payment rather than waiting for a mailed invoice/statement and risking added charges such as late fees, etc., to the credit card account. Payment is processed like any other transaction with the confirmation order and/or packing slip submitted, verified, and attached to the warrant voucher. Each year, she prints a complete listing of credit card purchases and keeps it on file in the Highway Department.

The Highway Department also has a \$50 petty cash fund which is administered and monitored by the Highway Accountant. This fund is used for immediate payment such as UPS mailings or small payments to vendors for supplies such as sidewalk salt, bathroom soap, etc. The Highway

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Accountant is responsible for submitting a warrant, with receipts attached, for Board approval to replenish the petty cash used. The petty cash is kept in a locked box in her office; only she and the Assistant County Engineer have the keys to this box.

The Highway Accountant audits all invoices and gathers the necessary information needed for entry into the costing program. If there are any questioned expenses, the invoice and/or statement will be pulled and investigated further until the source is discovered and the processing procedure resumes. She will code the invoice with the correct cost code, unit number, road number/system, shop location, or other pertinent information and initialize the voucher. The voucher is then attached to the invoice and given to the appropriate person(s) for review and signature approval authorizing it for payment. The Maintenance or Crew Foreman reviews and signs his approval on invoices pertaining to road and bridge maintenance, shop expenses, or equipment expenditures. All vouchers and invoices are given to the County Engineer or Assistant County Engineer for final review and signature approval on the warrant voucher. The warrant vouchers contain the statement, 'Goods and services received and payment authorized.' The Highway Accountant then completes processing by entering the information in the Costrite Cost Accounting program and signs the Accounts Payable Proof report before interfacing the batch to the County's IFS system which generates a report to the Finance Manager or Board of Commissioners for approval and prints the checks. The batch of warrant vouchers with original invoices are given to the F&A office; after the checks are printed, that department stamps the vouchers with "date paid" and "warrant number" and mails the checks. Warrants for Board approval are done twice per month; for Finance Manager, each week if necessary. The batch is then returned to the Highway Department for retention for ten years minimum. The Highway Accountant also receives a report from the F&A office summarizing the items which have been paid from the Road and Bridge fund. The Highway Accountant stamps each invoice with a "date paid" and files the current year's vouchers/invoices by vendor. A previous year file is also kept. After the second year, the voucher/invoices are filed by year, then vendor, and are kept in the Granite Falls office storage vault. The Highway Accountant also prints an IFS budget to actual report quarterly, sometimes monthly, to review for any discrepancies. Errors and/or correction adjustments are given to the County Fiscal Officer while the Highway Accountant makes the proper adjustments in the Costrite program.

The Highway Accountant is the only employee in Road and Bridge who has access to IFS but only to the specific programs which she uses such as Budget entry/maintenance and reporting, Receipts processing and reporting, Treasurer trial cash balance reporting, and Purchasing. (She is also authorized for access to the Fixed Assets for maintenance and reporting). One of the Engineering Technicians, is kept informed of her Costrite login password and ID.

Accounts Payable

The Highway Accountant determines the expenditures that are Accounts Payable and will flag the transactions when entering it in the Costrite program which interfaces with IFS. Accrual codes used are AP (Accounts Payable), DTG (Due to Other Governments), DTF (Due to Other

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Funds); the cutoff date for IFS and Costrite payables is 60 days. The F&A Department will review all “flags” before printing the warrants.

Prepaid Expenses

The Highway Accountant will review the account activity for any prepaid expenses. She will make an adjusting entry in Costrite if needed and also notify the Finance Manager to make an adjusting entry in IFS to record the prepaid expenses, if any.

County Disbursement Process

The department head prepares a claim form that includes the following information; account number, dollar amount, description, vendor account number, invoice number, and 1099 information (if applicable). The department head then attaches an invoice and signs the claim. The F&A Deputy responsible for accounts payable receives the approved claim in the F&A Office. She/he starts by verifying that the claim has the appropriate signature approving the invoice for payment. If the claim does not have a signature and an invoice (not statement or quote) is not attached to the claim it will be returned.

The F&A Deputy responsible for accounts payable will record the transaction into IFS. Her login ID is eight alpha characters in length. The claims are footed to verify that the totals in IFS match the totals on the claim. The F&A Deputy responsible for accounts payable and the Finance Manager can add and edit vendor information in IFS. The Human Services Fiscal Supervisor can also add and edit vendor information in IFS.

A commissioner warrant register is printed off IFS and given to the Finance Manager and Commissioners for review. The Commissioners by board approval at their regular 2nd and 4th Tuesday of the month meetings approve the warrant register and the Chair signs the register. The Finance Manager also signs the register after reviewing it. The warrants are printed and issued or mailed after three business days. Auditor warrants for incidental charges, as approved by the Commissioners at their organizational meeting in January, are paid each Friday. At each regular board meeting a warrant register for each run of the incidental charges is given to the Commissioners for review and the Chair signs it. The Finance Manager also signs it to show it is reviewed.

A quarterly budget to actual report and account activity report is generated and delivered to each department head. If a department has a discrepancy with the report or sees an error, the department head/supervisor or designated staff will report the error to the F&A department for correction. If a correction is needed the F&A Deputy in charge of accounts payable is also authorized to make adjustments in IFS after contacting the Department Head needing the change. The F&A Deputy responsible for accounts payable makes the corrections on a ‘Manual Correction Form’. A warrant register of the corrections is given to the Finance Manager for review and she/he signs it.

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The F&A Deputy responsible for accounts payable will generate checks to vendors for disbursement from all funds except Human Services; stamp the warrant number on the claim and the date the invoice has been paid on the claim. The invoices are then filed electronically in the document imaging system. The checks are sent to the Property & Administration Deputy. She/he will enter the check numbers onto the Treasurer's warrant register and verify that the warrant amounts and vendors match the warrant register generated by IFS. The Property & Administration Deputy in the F&A Office mails the checks to the vendors, or returns the checks to the requesting departments.

Disbursements Paid By ACH

Claims paid by ACH are reviewed, approved, and entered into IFS under the same process as stated above for checks. Before a claim can be paid by ACH, the F&A Deputy and HS Fiscal Supervisor must receive a signed ACH Authorization Form from the vendor that includes the vendor's bank name, bank address, account, and routing number. This information is entered into the vendor's IFS record under the "Financial File" tab.

Vendors with bank information included in their IFS file are automatically triggered to be paid by ACH. Once the warrant registers are generated, a txt file is also generated and deposited into the staff's IFS inbox. This txt file includes the banking information and amounts for each vendor to be used by the bank for processing the transactions.

To initiate payments for the Revenue, R&B, State, and Ditch Fund, the F&A Deputy uploads the txt file to the Shazam website. Shazam is the automated clearing house for payments made from Citizens Alliance Bank checking account. After the file is uploaded, a different authorized user must release the file from the Shazam website. This user logs into Shazam, verifies the total payment amount matches the warrant register generated by IFS, and then releases the file.

To initiate payments for the Human Services Fund, the Fiscal Supervisor or Accounting Technician uploads the txt file generated by IFS to the Granite Falls Bank's Cash Management program on the online banking website. They enter the transaction date to indicate the release date. A representative from Granite Falls Bank will call the individual who uploaded the file to confirm the amount authorized for payment. The Property & Administration Deputy will confirm the amount paid with the warrant register.

Accounts Payable

The F&A Deputy responsible for accounts payable will flag any transaction as she reviews them. She will mark the transactions in IFS with an accrual code of AP for accounts payable, DTG for due to other governments, or DTF for due to other funds indicating the transaction as a payable. Road and Bridge, usually reviews and mark their claims as payables using the same codes and the F&A Deputy responsible for accounts payable will flag the Road and Bridge transactions before the warrants are printed.

Prepaid Expenses

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The F&A Deputy responsible for accounts payable keeps track of prepaid expenses. The Finance Manager then makes an adjusting entry in IFS to record the prepaid expenses in the modified basis financial system.