

# Tennessee Recreation and Parks Association

## FINANCIAL POLICIES & PURCHASEING PROCEDURES

### FINANCIAL POLICIES

Below are the financial policies of the Tennessee Recreation and Parks Association as passed by the Board.

- The Ways and Means Committee will have an outside independent audit of the associations' books performed annually. The auditor will report directly to the TRPA Board.
- The Ways and Means Committee will provide the Board with a budget for the next fiscal year for approval at the April Board meeting each year.
- The Executive Director and the TRPA President are the only ones authorized to sign contracts and/or agreements on behalf of the association.
- All investments of the association must be insured.
- The association will maintain the following insurances: General Liability (\$1,000,000 minimum and must include host liquor liability, and employee theft coverage), Workers Compensation, Directors and Officers.
- Association cuts checks and makes deposits twice per month at a minimum (for deposits). Cash is deposited as soon as practical. Emergency payments can be made when necessary.
- Association checks of \$10,000 or more require two signatures.
- Staff will not have more than \$10,000 in negotiable instruments on hand at any one time.
- The association's fiscal year will run July 1-June 30.

### PURCHASEING PROCEDURES

#### 1. General Provisions

The Executive Director or his/her designee shall act as the Purchasing Manager for TRPA, with authorization, except as set out in these procedures, to purchase for in-house use materials, supplies, and equipment, to secure leases and lease-purchases and to dispose of and transfer surplus property for the proper conduct of the association's business in accord with the approved annual budget. All contracts, and lease-purchase agreements extending beyond the end of any fiscal year must have prior approval of the TRPA Executive Board.

These procedures are to be used as guidelines intended to promote member interest by procuring best work or materials for the lowest practical price, by providing bidders with a fair forum for competing for valuable association contracts, and by protecting the association's purse. If there are questions concerning any purchase, the person making the purchase should first contact the TRPA Executive Director. If there is still a question about the appropriate procedure to follow, the TRPA President should be contacted before the purchase is made.

#### A. Responsibilities of Volunteers

The following are the responsibility of each elected volunteer.

1. Elected Volunteers may make purchases under \$100 as approved in the annual budget.
2. Elected volunteers will use the TRPA Purchase Form and receive authorization prior to purchases.
3. TRPA staff may use Association Credit Cards for purchases under \$2,500 if the vendor will accept the Card. If the Card is not accepted, the purchase must be made by invoice and paid by check. All credit card purchases will follow the approved credit card procedures.
4. Purchases over \$10,000 will require two signatures on the check.
5. All items with a value between \$1,000 and \$5,000, except in the case of an emergency, or the exceptions as listed in Section C of the Procedures, shall have a minimum of three quotes, either oral which must be documented in writing or informal written quotes from vendors. The quote information shall be attached to the Purchase request when submitted for approval prior to purchase.
6. Within 14 days of receipt of items ordered, Individual shall be responsible for assuring the items conform to the order. The process for taking delivery of items is as follows:
  - a. Inspect the goods to verify that they are in acceptable condition.
  - b. Verify that all operating manuals and warranty cards are included in the delivery of the goods, if applicable.
  - c. Verify that the number of items purchased have been delivered, making special note when all or part of a particular purchase has been back-ordered.

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- d. Record serial numbers, etc. for all capital items and forward a copy of the report to the Executive Director.
7. Staff shall be responsible for placing account numbers on documents submitted for payment.
8. Requester shall be responsible for providing all documentation to the Executive Director for payment.
9. It shall be the responsibility of each Volunteer/Staff to allow time for research, quotes, ordering and delivery. Exceptions shall only be made on rare occasions, when a true emergency exists.
10. No one shall make any indication that he/she will recommend a particular product for purchase, knowingly bind the association to a specific vendor, or make any representation as to his or her authority to bind the association by contract when such is not the case.

### **B. Responsibilities of Executive Director.**

1. The Executive Director will work with, cooperate with, and coordinate with all Elected Volunteers and staff in purchasing operating supplies, equipment and services.
2. The Executive Director will be involved with and be responsible for all purchases that are valued at two thousand five hundred dollars (\$2,500) or more.
3. The Executive Director will purchase items and products that will meet association needs at the lowest cost to the association.
4. The Executive Director or staff designee will advise the Elect Volunteers about the source and availability of products and services needed by the various Elected Volunteers.
5. The Executive Director will provide current vendor files available for use and review by Elected Volunteers.
6. The Executive Director will provide vendor lists, approve purchase requests, and maintain orderly files.
7. The Executive Director will be open on an ongoing basis for new sources and for improved products and services.
8. In coordination with Elected Volunteers, the Executive Director or staff designee will assist in the preparation of specifications.
9. The Executive Director and staff will on an ongoing basis work on standardizing as many purchases as possible that will reduce costs or improve services. Standardization will range from basic products such as awards and workshop supplies to workshop locations, meals, etc.
10. The Executive Director will investigate complaints from Elected Volunteers of poor performance by vendors, or complaints about inferior products and will keep records of such investigations.
11. The Executive Director will be responsible for disposing of surplus property valued at over \$100 with the approval of the TRPA Board.
12. The Executive Director will be responsible for implementing and managing the Credit Card program.

### **C. Additional General Provisions.**

Purchases amounting to ten thousand dollars (\$10,000) or more must have two (2) signatures on the check and be within the approved annual budget.

1. Purchase when ties to another contract such as a sole source required for a facility that is under contract for an activity.
2. Purchases from non-profit corporations who have, as part of their purpose, been created to provide products and services to associations.
3. Purchase or lease of real property.
4. Purchases, leases, or lease-purchases, from any federal, state, or local governmental unit or agency, of second-hand articles or equipment or other materials, supplies, commodities, and equipment.
5. Professional services, such as audit, legal, insurance and financial, etc.
6. Purchase of perishable commodities.

Also the Executive Director shall be responsible for following these procedures, as amended, including keeping and filing required records and reports for the annual audit.

### **D. Rejection of Quotes.**

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The Executive Director will not accept the quote of a vendor or contractor who is in default on the payment of fees or other monies of whatever nature that may be due the association by the vendor or contractor.

### **E. Conflict of Interest, Use of Position, Solicitation**

No individual shall use their position with the association to recommend a vendor with whom they have a personal or business relationship at the expense of another vendor. No staff or volunteers may be involved in a purchase by the association in which they have a private interest, have any financial interests in or profit, directly or indirectly, from any business dealings with the association. When in question the individual shall remove themselves from the recommendation/approval process.

### **F. Purchasing from an Employee or Member**

It shall be the policy of the association that an employee shall not knowingly purchase or promote the purchase of any goods or services from any member, employee or from any member or employee's immediate family member without prior approval of the Executive Board.

### **G. Additional Considerations in Determining Quote Awards.**

In addition to the requirement that purchases shall be made at the lowest and best cost, the following are additional considerations in determining whether a quoter is responsible and responsive:

1. The ability of the quoter to perform the contract or provide the material or service required.
2. Whether the quoter can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
3. The character, integrity, reputation, judgment, experience, and efficiency of the quoter.
4. The quality of performance of previous contracts or services, including the quality of such contracts or services in other associations, or performed for other customers.
5. The sufficiency of financial resources and the ability of the quoter to perform the contract or provide the service.
6. The ability of the quoter to provide future maintenance and service for the use of the supplies or contractual service contracted.
7. Compliance with all specifications in the request for quotes.

### **H. Emergency Purchases.**

When in the judgment the Executive Director or staff designee an emergency exists, the provisions contained in this procedure may be waived; provided, however, that if the emergency purchase is in excess of \$10,000 it will require two signatures on the check.

### **I. Sole Source Purchases.**

There are times when there is only one source from which to purchase a particular product or service. When that is the case, the Elected Volunteer/staff will be responsible for providing documentation to the Executive Director explaining why the purchase must be made from the single vendor.

There are other times when because of standardization of products it is deemed necessary to purchase from a single vendor. There are systems such as computer software, which will not operate efficiently if different types of equipment are placed into the system. As with the sole source purchases mentioned above, requester will need to provide documentation to the Executive Director explaining why certain equipment/systems must be used.

In both cases, approval must be received from the Executive Director before the purchase can be made.

### **J. Payment for Purchases.**

All payments to vendors and service providers will be made by the Executive Director or designate staff. If there are any questions about the status of a payment, they should be directed to the Executive Director.

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It will be the responsibility of the requester to provide accurate information to the Executive Director for payment. That includes invoices, proper payment coding and assurances that the product or service has been received.

### **K. Standardization of Purchases.**

The Executive Director, working in cooperation with requesters will on an on-going basis investigate ways and methods to standardize as many purchases as possible. The purpose of standardization will be to allow the association to realize economies of scale, savings through reducing inventories of parts as well as reducing the number of vendors and accompanying financial record keeping.

The Executive Director will standardize items for purchase ranging from pens and pencils, to copy paper, awards, and any other products or services the association uses.

### **L. Disciplinary Action**

Any individual who fails or refuses to comply with the provisions of this Purchasing Policy shall be subject to disciplinary action pursuant to and as provided by the Executive Board.

### **M. Credit Cards**

The Credit Card Program will be under the direction of the Executive Director. The Executive Director will issue appropriate cards to each employee. The Executive Director will have the authority to limit the number of cards issued and the credit limit on each in order to assure the program is effective and protect the interests of the association.

The Credit Card Program is intended to simplify and expedite purchases under \$1,000 and for services available only through the internet or at a lower rate through the internet. Purchase Authorizations will still be required for all purchases by Elected Volunteers. Purchase authorizations will be required for all staff purchases over \$1,000.

The benefit of the Credit Card Program to the association is the reduction of checks for items under \$1,000; reports will be available for access from the association's credit card vendor on a monthly basis. The Executive Director will be able to pay bills based on the monthly statements received regarding purchases from the cards. It will still be incumbent on each employee to log each purchase, assign account numbers for each purchase and make certain that information is provided to the Executive Director on their monthly credit card log.

Documentation and controls over the use of the credit cards have been designed to assure the safeguarding of the associations assets and to assure compliance with laws, rules, regulations, policies and procedures. Cardholders must sign a written statement acknowledging that they have received a copy of the association's Purchasing Procedures, agree to comply with those procedures and understand the consequences of violating those rules and procedures.

Credit cards are the property of the association. They are issued to staff as selected by the Executive Director. The cardholder is the only person entitled to use the card. The card may only be used for association business. The Executive Director may determine dollar limits with each card within the overall parameters established by and for the association.

### **Troubleshooting Guide**

If you experience problems with your use of the association credit card, please contact the Executive Director.

### **Credit Card Issuance**

The cardholder will receive a copy of these Credit Card Procedures before he or she receives the card. When the Executive Director receives a credit card from the bank, the cardholder will be required to personally take receipt of the card and record the receipt date on the purchasing policy signature form. The Executive Director will retain the original application.

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### Procedures for Cardholders

Employees who have been approved to receive a Credit Card will also be approved for a credit limit.

**Billing Cycle Credit Limit** The credit limit is the maximum permitted sum of all purchases over the course of a billing cycle for each credit card assigned to a particular card profile.

**Available Funds** Will be the limit assigned to each card. This will re-start each billing cycle.

**Purchases Made** Make these purchases at any time. Within 24 to 72 hours, log in the purchase on the monthly association credit card log and attached the receipts to this log.

### Allowed and Prohibited Uses for Credit Cards

Examples of allowed uses for official business include:

- Operating materials and supplies
- Office supplies
- Registration fees for seminars and training
- Travel expenses when on association business such as: hotel charges, telephone calls, airline tickets, meals and rental car. All travel expenses shall be in compliance with the associations Travel Policy.
- Software
- Emergency equipment repair
- Shipping charges
- Maintenance services
- Printing services

Examples of prohibited uses include:

- Alcoholic beverages
- Cash advances
- Personal use (not even if intended for future reimbursement)
- Any supply, material or service which violates any governing laws, rules, regulations, policies or procedures.
- Betting (including lottery tickets, casino gaming chips, off-track betting & wagers)
- Personal telephone calls
- Entertainment during travel

### Violations

Any willful, intentional abuse or misuse involving fraud, theft or purchase of items for personal use may result in disciplinary action up to and including termination, in addition to any criminal penalties that may apply. The employee shall reimburse the association for any such purchases and any incidental costs. The privilege of using the credit card may be suspended or revoked at the discretion of the Executive Director at any time with or without notice.

The following actions are considered to be examples of violations:

- Attempting to make single-item purchases that exceed limits. It is the responsibility of the cardholder to ensure all "extra" charges such as freight handling, set up, etc. are considered before a card transaction is made. A vendor's willingness to honor a transaction exceeding the limit does not authorize a cardholder to make such purchases.
- Knowingly making a purchase from a vendor that creates a conflict of interest (e.g., companies owned by any association employee who obtains association business in any manner not consistent with the association's Purchasing Procedures).
- Multiple transactions to circumvent the pre-determined limits.
- Purchase of prohibited goods or services.
- Failure to consistently produce proper documentation and receipts by established deadlines.
- Failure to properly report a lost or stolen purchasing card.

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- Purchase of any item that is a prohibited expenditure in accordance with any governing laws, rules, regulations, policies or procedures.
- Failures to use correct procedures when using the card.

### **Disputes**

If goods and services purchased with the Card are defective or faulty, the cardholder has the responsibility to notify the Executive Director and to return the item(s) to the merchant for replacement, receive a credit on the purchase, or request the service be performed at a satisfactory level. **CASH REFUNDS WILL NOT BE PERMITTED.** If the merchant refuses to replace or correct the faulty item, then the purchase of this item will be considered in dispute. The cardholder shall notify the Executive Director who in turn shall notify the bank and the merchant of the dispute.

It is essential that the time frames and documentation requirements established by the bank be followed to protect the cardholder's rights in dispute.

### **Billing Discrepancies**

If an amount on the invoice differs from the billing cycle statement, then the Executive Director shall contact the vendor and reconcile the difference whenever possible. If it is not possible for the Executive Director to reconcile the difference, then a dispute will be opened through the issuing bank.

### **Security**

Credit cards shall be issued in the names of individual employees. It is therefore the responsibility of the employee to secure both the credit card and the credit card number. Cardholders should always treat both the credit card and the credit card number with great care.

Immediately after concluding that his or her card has been lost or stolen, notify the bank and the Executive Director. Employees must return the credit card to the Executive Director upon concluding employment with the association before a final pay check will be issued.

### **Documentation**

Any time a purchase is made with the card, the cardholder is to obtain a customer copy of the charge slip, which will become the accountable document. When this is not available a printed receipt from the vendor is acceptable. For internet transactions, the cardholder shall print out the order confirmation and attach it to the written explanation. Forward all documentation (including packing slips) to the Executive Director with your monthly credit card log. Credit card logs must be signed before being submitted.

If for some reason the cardholder does not have appropriate documentation of the transaction he or she must attach an explanation that includes an item description, date of purchase, merchant name, amount charged and a statement as to why there is no supporting documentation. Consistent abuse of this provision may result in card cancellation.

### **Reconciliation**

The bank will provide the association at the end of each billing cycle a regular account statement detailing each cardholder's charges and a consolidated master statement. This statement of account will list all purchases processed in the previous billing cycle.

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### Cardholder Agreement

#### *Cardholder Agreement to Accept the*

#### Association's Credit Card

Your participation in the Association's Credit Card Program is a convenience that carries responsibilities along with it. Although the card is issued in your name, it is association property and should be used with good judgment. Your signature below indicates that you have received a copy of the Association's Purchasing Procedures and agree to comply with those procedures, especially the aspects summarized below.

1. The Credit Card is provided to employees based on their need to purchase business-related goods and services. A card may be revoked at any time based on change of assignment or location. The card is neither an entitlement nor a reflection of title or position.
2. The card is for business-related purchases only; personal charges are not to be made to the card.
3. The cardholder is the only person entitled to use the card and is responsible for all charges made against the card.
4. Improper use of the card, including any personal charges on the card, shall be considered misappropriation of association funds, which may result in disciplinary action, up to and including termination.
5. Cardholders are expected to comply with internal control procedures in order to protect the Association's assets. This includes keeping receipts, maintaining a transaction log, reconciling billing cycle statements and following proper card security measures.
6. Cardholders are responsible for reconciling their billing cycle statement and resolving any discrepancies by contacting the vendor or the bank.
7. A lost or stolen card should be reported immediately by telephone to the issuing bank and the Executive Director.
8. A cardholder must surrender his or her card upon termination of employment (i.e., retirement or voluntary or involuntary separation).

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Cardholder Signature

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Approving Manager Signature

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Cardholder Printed Name

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Approving Manager Printed Name

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Date

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Date