

CAROLINA FAMILY HEALTH CENTERS, INC. PROCEDURE

TITLE: FIN-104.01 Purchasing

EFFECTIVE DATE: December 2003

SECTION: Finance

REFERENCE POLICY: FIN-104 Purchasing

RESPONSIBLE CHIEF OF STAFF: Chief Financial Officer

RESPONSIBLE COMMITTEE: Finance CIT

REVIEWED: 12/09, 05/12, 8/13, 11/14, 1/15, 9/15, 3/16, 7/16, 11/16, 5/17, 9/18, 10/19, 03/25/2022, 12/16/2024, 10/20/2025, 11/17/2025

I. PURPOSE

The purpose of this procedure is to establish guidelines utilized by Carolina Family Health Centers, Inc. (CFHC, Inc.) for the procurement of goods and services that follow federal and state guidelines and ensure control of organizational spending.

II. PROCEDURE

Purchase Orders

1. *Purchase Orders (PO)* (see attachment), *Standard Item Order Forms* (see attachment), *Ryan White Grant Purchase Order Forms*, and *Request for Reimbursement* (see attachment) are required for the purchase of goods or services not covered under a *Blanket Purchase Order (BPO)* (see attachment).
2. The *PO* is completed by the employee who desires the goods or services. The *PO* must be approved by the employee's supervisor and may require additional approval based on the dollar amount of the request and the approval authority of the supervisor. Refer to *FIN-104 Purchasing*.
3. The *PO* is a two-part form. The following information is recorded:
 - a. Vendor Information
 - b. Ship to Information
 - c. Item numbers and description of items ordered
 - d. Quantity, unit price, total price for each item
 - e. Cost center to be charged for each item
4. If the vendor is not commonly utilized, an order form or catalog is attached to the *PO*.
5. The *PO* is signed and dated by the employee requesting item(s).
6. The *PO* is then submitted to his/her immediate supervisor for approval. If the immediate supervisor does not have approval authority, then an authorizing signature must be obtained prior to placing the order.

7. The properly approved *PO* is submitted to the Finance Department or the employee placing the order. A cost comparison may be made, and the order placed with a different vendor, depending on quality and cost. Most orders are placed by a Finance Associate.
8. When the order is placed, the vendor is requested to place the *PO* number on the invoice, if possible.
9. Once the order has been placed, the employee placing the order signs the *PO* (“Order Placed By”) and submits it to the Finance Department. (if not previously submitted)
10. If timing is critical, a verbal approval for a *PO* is allowed. A notation on the document must be made, which includes the name of the approver and the date. The proper approval signature must be obtained as soon as possible.
11. As orders are received in the various departments, packing slips, invoices, etc., must be signed by the employee receiving the order and immediately forwarded to the Finance Department. Items not delivered with the original order are marked on the invoice or packing slip.
12. The Finance Department matches invoices received with the corresponding *PO*. No vendor is paid without a properly signed *PO* including appropriate documentation, verification of the receipt of the goods ordered, or the completion of the services performed.
13. If the vendor is not on the Approved Vendor List, a *New Vendor Form* (see attachment) must be completed and approved by the Chief Financial Officer(CFO).
 - a. Finance Associate – AP fills out section 1 of the New Vendor Form.
 - b. Finance Associate – AP gives form to Finance Associate – Cash to complete Debarment. Sign and date to show completion.
 - i) If exclusions: Immediately give to the CFO.
 - (1) If a vendor cannot be verified, the vendor’s Employment Identification Number (EIN) or the vendor’s Duns and Bradstreet (D&B) number is verified through <http://oig.hhs.gov> and <https://www.sam.gov>. If verified, the information is added to Verify Comply for future validations. If a vendor is on the debarment list, CFHC, Inc., cannot do business with the vendor. Refer to *RM-504.01 Verification of Excluded Individuals and Entities*.
 - ii) No exclusions:
 - (1) If the vendor is a contract employee, give it to the Administrative Assistant - Operations.
 - (a) Administrative Assistant – Operations to complete for Workers Compensation/Liability Insurance Certificate if needed. Sign and date to show completion. Administrative Assistant – Operations gives form to the CFO.
 - (2) If the vendor is not a contract employee, give to Finance Associate – AP.

- c. Finance Associate – AP gives the form to the CFO for signature.
 - d. The CFO gives the form to the Finance Associate – AP to add the vendor to the account system to process payment.
 - e. The New Vendor Form is filed in the vendor's file in the finance department.
14. If at any time there is a question regarding a cost's federal grant allowability, the Director of Finance or CFO reviews the expenditure to ensure that any costs directly attributable to the Federal award are allowable, reasonable, and allocable, consistent with Federal Cost Principles as defined in 2 C.F.R. Part 200.

Ryan White Grant Purchase Order Form

Grant Purchase Order Forms are required for the purchase of goods or services for HOPWA, Ryan White Part B, and Ryan White Part C

1. The following must be completed to verify new vendors are qualified before completing a patient agreement for housing:
 - a. Program Manager or Case Manager submits the new vendor's W9 to Accounts Payable Associate.
 - b. Accounts Payable Associate completes the new vendor form with EID number or SS#.
 - c. Accounts Payable Associate gives the new vendor form and EID or SS# to Finance Associate – Cash to process debarment.
 - d. After debarment has been processed, Finance Associate – Cash returns the new vendor form and debarment documentation to Accounts Payable Associate.
 - e. Accounts Payable Associate gives the new vendor form and debarment documentation to CFO.
 - f. After the CFO signs documentation and returns documentation to Accounts Payable Associate.
 - g. Accounts Payable Associate notifies Program Manager and Case Managers of the verification of new vendor.
 - h. Accounts Payable Associate enters the information into the accounting system and scanned documentation into NEW VENDOR folder.
2. The Ryan White Purchase Order Form requires the following information:
 - Vendor Information
 - Patient Name
 - Client Address if appropriate
 - Description and amount
 - Month
 - Type of service, grant, and delivery
 - Careware information

3. The Ryan White Grant Purchase Order Form is completed by the Ryan White Program Manager or Ryan White Case Managers. The Ryan White Grant Purchase Order is submitted to the employee's supervisor and/or Director of the Ryan White Program for approval and may require additional approval based on the dollar amount of the request and approval authority. Exception: HOPWA purchases do not require additional approval due to being covered under BPO.
4. The approved Ryan White Grant Purchase Order Form is submitted to the Director of Grants Management.
5. The Director of Grants Management codes the Ryan White Grant Purchase Order Form based on the type of service and grant.
6. The Director of Grants Management submits the Ryan White Grant Purchase Order Form to the Finance Associate-Accounts Payable to be processed.

Standard Items Order Form

1. The *Standard Items Order Form* is used in lieu of *PO* to order standard items notated on the list.
2. Notate quantity of each item you would like to order.
3. Some items need additional information notated in the description.
4. The *Standard Items Order Form* is signed and dated by the employee requesting item(s).
5. The *Standard Items Order Form* is then submitted to his/her immediate supervisor for approval.
6. If the immediate supervisor does not have approval authority, then an authorizing signature must be obtained prior to placing the order.
7. Once the order has been placed, the employee placing the order signs the *PO* ("Order Placed By") and submits to the Finance Department.
8. As orders are received in the various departments, packing slips, invoices, etc. must be signed by the employee receiving the order and immediately forwarded to the Finance Department. Items not delivered with the original order are marked on the invoice or packing slip.
9. The Finance Department matches invoices received with the corresponding *PO*. No vendor is paid without a properly signed *PO* including appropriate documentation, verification of the receipt of the goods ordered, or the completion of the services performed.

BPO

1. Personnel authorized by the *BPO* to place orders with the vendor are required to sign the invoice and submit appropriate receipt/packing slips to verify receipt of the order.
2. The Finance Department maintains a log of the *BPO*, and a copy is included in the vendor file.
3. All vendors that receive more than \$25,000 within a fiscal year must have a debarment verification completed and verified on the bottom of the *New Vendor Form*. A printed copy of the debarment verification is also attached to the *New Vendor Form*.

Employee Reimbursement

1. Reimbursement for employee expenses requires completion of the *Request for Reimbursement – Expenses* form (see attachment) and documentation of expenditures through receipts or other verifiable documentation.
 - a) The *Request for Reimbursement - Expenses* form must include the date of the expenditure, a description of the expense, and the amount, including any applicable sales tax.
 - b) Reimbursement forms must be signed and dated by the employee and his/her immediate supervisor unless additional approval is needed based on dollar amount and approval authority. Reimbursement is delayed if proper approval is not documented.
 - c) Completed reimbursement forms are submitted to the Finance Department no later than 30 days following the end of the business travel or incurrence of expense.
 - d) Reimbursement is generally made within two weeks following receipt of properly completed and approved documentation.

Purchases for Grants

1. The approved Purchase Order form is submitted to the Director of Grants Management.
2. The Director of Grants Management codes the Purchase Order form based on the type of service and grant.
3. The Director of Grants Management submits the Purchase Order form to the Finance Associate-Accounts Payable to be processed.

Consultant, Rent, and Other Service Contracts

1. Invoices are approved by appropriate personnel.
2. Copies of contracts/rental agreements are filed electronically in the contract folder on the audit drive.

Competitive Bid/Pricing Procedures

1. The CFO is responsible for conducting a cost or price analysis in connection with every procurement action paid whole or in part by the Federal award in excess of the Simplified Acquisition Threshold of \$350,000. Full and open competition bids are publicly solicited,

and a firm fixed price contract is awarded by the Board of Directors. Awards are normally made to the lowest responsible bidder when the quality of the product is not compromised, the delivery of such purchases is not delayed, and the operation of the organization is not compromised. Procurement by non-competitive proposals is allowable only when:

- a) The item is available only from a single source;
 - b) A public exigency or emergency does not permit a delay resulting from a competitive bidding process;
 - c) The non-competitive proposal is specifically authorized by HRSA; or
 - d) Competition is determined to be inadequate after soliciting a number of sources.
2. Competitive pricing for service vendors is conducted once every three years. This process is to ensure service is charged at a competitive rate and reduces the risk of kickback, as well as inappropriate or unlawful preferential treatment. Services that meet this requirement are vendors that charge an hourly rate for services that are used on a routine basis.

Personal Items

1. Purchases for personal items are not allowed except for specific situations with advance approval. This benefit is used primarily for electronic and other items which can be purchased less expensively through company discounts.
2. A *PO* is used to describe the item and must be approved either by the CFO or CEO prior to placing the order.
3. The item is ordered by the Finance Department. When delivered, the item is held by Finance until payment is received.
4. The employee must pay the invoice before the item is released.
 - a. If the item is ordered separately, the employee is asked to pay by check made out directly to the vendor. The invoice is not put into the accounting system.
 - b. If the employee must pay in cash, the invoice is put into the accounting system and paid using the normal accounts payable procedure.
 - c. If the item is purchased with other CFHC, Inc. items, the invoice is put into the accounting system and paid using the normal accounts payable procedure. In this circumstance, the employee pays CFHC, Inc. directly using either cash, check, or, if approved by the CFO, on rare occasions may be deducted from employee's paycheck.

III. ATTACHMENTS

- *Purchase Order*
- *Request for Reimbursement*
- *New Vendor Form*
- *Blanket Purchase Order*
- *Standard Items Order Form*
- *Ryan White Grant Purchase Order Form*