



## **Deschutes County Finance Policy No. F-15**

Effective Date: 01/01/2024

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Revised Adoption: 11/29/2023

# **COUNTY POLICY FOR PAYMENTS TO SUPPLIERS**

## STATEMENT OF POLICY

It is the policy of Deschutes County to establish and maintain a system of internal controls to ensure that all disbursements to suppliers are adequately documented, properly authorized and accurately accounted for in the County's accounting system.

## APPLICABILITY

This policy applies to all non-payroll related disbursements in payment for goods and services procured by the County to carry out its purposes and objectives.

## POLICY AND PROCEDURE

The County will maintain a system of internal controls that will ensure that payments for goods and services are properly approved, subject to budgetary limits, and properly documented. The system of internal controls includes the following.

### **1. Budget**

The County is subject to local budget law requiring an adopted budget before any payments are made. The budget process involves the Departments, the Board of County Commissioners, three members of the public serving on the Budget Committee, the County Administrator and budget staff. The budget is adopted each year in June for the following fiscal year. The adopted budget is set forth in each budget resolution and adopts the budget at the program level (personnel, materials and services and capital outlay) for each fund. No expenditures can be made without the appropriate budget authority. The County accounting system will enforce budget restrictions on each disbursement.

### **2. Methods of Procurement**

All requests for payment originate in departments with the entry of an invoice to pay for goods and services. Departments have four options to make payments to vendors for goods and services received. The four methods include Purchase Orders, Contracts, Direct Invoice Payments, and Purchasing Cards. All payment methods shall be designed with adequate internal controls to ensure that goods and services are acceptable for County use before payment is made, payments are within the appropriate budget authority, payments are sufficiently documented and verified as legitimate, and payments are properly recorded in the accounting system.

### **3. Vendors**

The Finance Department will maintain the vendor file. Staff with access to the vendor file will be prohibited by system controls from processing any payments to vendors. Departments may request that vendors be created or updated by making such requests to the Finance Department. New vendors will be added, and existing vendor files will be updated once those requests are approved. Vendor taxpayer identification numbers will be secured in the County system and will be required for every vendor before any payments can be made. Such information will be verified with the IRS prior to activating a vendor.

### **4. Accounting System**

The Finance Department, with assistance from the IT Department, will maintain the accounting system to ensure that sufficient internal controls are embedded in the system to properly account for each transaction and to ensure that each transaction is properly authorized and documented. The County will use electronic approvals whenever possible to generate a sufficient audit trail to track each transaction in the system. Payments to vendors may be made by check, by electronic funds transfer (EFT), or by purchasing card.

### **5. Departments**

Department Heads are responsible for all transactions in their department. Their responsibility includes ensuring that every obligation is incurred to further the mission of the department and to carry out the department's Board approved goals and objectives related to the services it provides. Departments are responsible for entering all payment information in the accounting system and for approving payments to vendors. Department Heads are authorized to approve purchase orders, contracts, amendments and/or change orders, or direct payments to vendors up to \$50,000. Department Heads may delegate approval up to \$10,000 to Managers in their department. Such delegation shall be in writing and must be maintained by the Department.

### **6. Chief Financial Officer**

The Chief Financial Officer is responsible for reviewing the list of disbursements each week prior to the printing of checks to provide an overview of the reasonableness of the payments to be made. Any payments called into question will be investigated further and may be deferred pending further inquiries. The Chief Financial Officer shall officially approve the disbursement as modified before printing checks or releasing electronic payments.

### **7. County Administrator**

The County Administrator is authorized to approve purchase orders, contracts, amendments and/or change orders, or direct payments to vendors up to \$250,000. The system of internal controls will take this approval level into account and require electronic approvals for each such transaction by the County Administrator as applicable. The County Administrator will receive a list of all payments made each week for information purposes and may request additional information from departments or the Finance Department on any payment.

**8. Board of County Commissioners**

The Board of County Commissioners are authorized to approve purchase orders, contracts, amendments and/or change orders, or direct payments to vendors for more than \$250,000. The system of internal controls will take this approval level into account and require electronic approvals for each such transaction on behalf of the Board of County Commissioners as applicable. The Board may request any additional information related to such expenditures from departments or the Finance Department.

**9. Payment Cycle**

The County Finance Department will manage the disbursement process. Checks will be issued on Friday of each week. Only those invoices that have been entered and approved through workflow by Wednesday at 5:00pm will be included in the Friday check processing cycle. All other proposed payments will be held until a later cycle. Manual, out of cycle checks, are discouraged but may be processed as needed with approval of the Chief Financial Officer.

**10. Special Payments**

A number of payments are exempt from purchasing and authorization rules and will not be processed through the normal disbursement process. These include but are not limited to debt service payments, investment purchases, pass-through payments, software maintenance agreements and other special payments. The Finance Department will be responsible for making such payments, recording them in the accounting system and ensuring proper treatment in the County’s financial statements.

Approved by the Deschutes County Board of Commissioners on \_\_\_\_\_.

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Nick Lelack  
County Administrator