



POLICY

SUBJECT: Procurement, Receiving & Disbursement

POLICY: It shall be the policy of the Board to outline practices and authorities to ensure financial stewardship of the Cooperative. This policy specifically outlines those procedures and practices that shall be followed relating to procurement, receiving and disbursement processes.

PROCEDURE:

Purchase Orders & Purchasing: It shall be the policy of the Cooperative that all purchases of materials, supplies, and services be accomplished through a purchase order process. It shall further be the policy of the Cooperative that, wherever possible, those purchases of high value be made only after a competitive bidding process administered by the Cooperative.

The Operations Clerk/Field Planner, General Clerk, and Administrative Assistant shall have the ability to create electronic purchase orders in the Cooperative's enterprise software system or, in their absence, members of the Cooperative's management staff shall be so authorized.

Upon the creation of the purchase order, the purchase order must be approved prior to being released to a vendor. The following individuals shall have the authority to approve individual purchase orders.

Operations Clerk/Field Planner	up to \$100
General Clerk	up to \$100
Administrative Assistant	up to \$100
Finance Manager/Director	up to \$100
Operations/Engineering Managers	up to \$5,000
General Manager	See paragraph below

The General Manager is authorized to approve purchase orders up to \$10,000. In addition, the General Manager may approve purchase orders for Regular Bills of the Cooperative in any amount. A complete list of the Regular Bills of the Cooperative is found in Appendix A to this policy. The General Manager must receive approval from the Board of Directors before approving purchase orders over \$10,000 that are not Regular Bills of the Cooperative. Examples of purchase orders that are not Regular Bills of the Cooperative include right-of-way clearing contracts, vehicle purchases, and facilities improvements.

The Cooperative shall issue purchase orders with unique reference numbers and, unless otherwise specified, shall issue purchase orders referencing the Cooperative's standard terms & conditions of purchase.



Exceptions to the Purchase Order Process:

Credit Card Purchases: Cooperative employees may make authorized purchases with the Cooperative's credit card as follows: 1) Cooperative staff members shall have the authority to make purchases with the use of the Cooperative's credit card when necessary, the amount of such credit card purchases not to exceed the staff member's purchase order authorization limit; and 2) purchases may be made by any employee, and by Cooperative staff members in excess of their purchase order authorization limit, upon the written approval from a staff member with a purchase order authorization limit at least as high as the purchase amount. Board meeting minutes, e-mail messages, and signed hand-written notes shall all be considered acceptable forms of written approval. Written approvals shall be provided by the purchasing staff member to the Finance Manager at the time of purchase. The Finance Manager shall review the monthly credit card statement and reconcile each line item with a written approval as appropriate. The General Manager shall review the monthly credit card statements to ensure that purchases made with the credit card are valid and appropriate. Payments to the credit card issuer shall follow the practices for Disbursement as described below.

Fleet Repair and Maintenance Purchases Under \$1,200: The repair and maintenance of vehicles in the Cooperative's fleet regularly require the Cooperative's Fleet Mechanic to make independent decisions as to the appropriateness of purchases of goods and services. For this reason, the Fleet Mechanic shall have the authority to order goods and services up to \$1,200 directly from vendors without prior approval through the purchase order creation process. The Fleet Mechanic's authorization to order goods and services shall be limited to those goods and services needed for the maintenance and repair of the Cooperative's fleet.

Purchases by Operations Staff on Store Credit Under \$100: During the regular course of business, members of the operations staff may need to immediately purchase small items to avoid an interruption of the smooth and efficient work of the crews. For example, a Lineman or a member of the Tree Crew may need some nuts and bolts, a hand tool, degreaser, replacement blades, a drill bit, or blade sharpening. For this reason, members of the operations staff shall have the authority to purchase goods and services up to an aggregate of \$100 on store credit at local stores where the Cooperative has established a line of credit. If a member of the operations staff needs to make a purchase on store credit for more than \$100 in aggregate, prior approval from the General Manager is required. The Operations and Engineering Managers may also grant such approval in the absence of the General Manager. The Operations Clerk shall review the monthly store credit statements and reconcile each line item with a written approval as appropriate.

Receiving/Approval of Invoices: The above individuals who are authorized for creation of purchase orders shall also be responsible for receiving such materials, supplies and services and in ensuring that the delivered goods and services are consistent with the requirements of the purchase order.

Invoices issued by vendors shall be approved for payment by those individuals who perform the receiving. Approved invoices will be marked accordingly and provided to the Cooperative's finance department for processing of payment.



In cases where the materials and/or services received are noncompliant with the Cooperative's purchase order, or where there are other material inconsistencies between the Cooperative's purchase order and vendor performance, invoices shall not be approved and the responsible staff shall have the responsibility of communicating with the vendor to resolve the inconsistency and/or dispute. Personnel responsible for the purchase order(s) shall escalate issues to appropriate management staff as necessary.

Disbursements: Disbursements made by the Cooperative for accounts payables, employee payroll and for reimbursement for qualified expenses (e.g. business travel costs and certain benefits).

Accounts payable disbursements shall be made by the Cooperative through "paper" check or electronic payment. The General Manager or, in his absence, the Operations Manager, shall have the authority to authorize payment for (and sign checks as applicable) disbursements up to \$10,000. The Finance Manager shall have the authority to approve payment for (and sign checks as applicable) for disbursements up to \$1,000. Disbursements >\$10,000 require authorization by the General Manager and an officer of the Board of Directors. Regardless of amount, the General Manager shall review a statement of all disbursements (check and electronic) on a weekly basis.

PROCEDURE: This policy shall be used as the general practice for DCEC internal control procedures.

RESPONSIBILITY: General Manager and Finance Manager shall administer this policy and practice.

DELAWARE COUNTY ELECTRIC COOPERATIVE, INC.

Approved by Board of Directors	Jan 25, 2011
Revised by Board of Directors	October 25, 2012
Revised by Board of Directors	January 28, 2014
Revised by Board of Directors	April 26, 2016
Revised by Board of Directors	February 20, 2018



Appendix A – Regular Bills of the Cooperative

Payroll & Benefits

- Payroll – Processed weekly – Paid via ACH deposits and checks.
- Payroll Taxes (Federal and State Tax Withholding, Social Security and Medicare Withholding, Federal and State Unemployment Taxes) – Paid via on-line payment services which generates ACH withdrawal. Some quarterly returns paid via ACH withdrawal.
- Payroll Benefits (Medical/Prescription & Dental Insurance Premiums, R & S contributions, 401k contributions, Life Insurance Premiums, NYS Disability Insurance Premiums, Long & Short Term Disability Insurance Premiums, including Paid Family Leave) – Paid via AP and on-line payment services which generates ACH withdrawal.
- Payroll Deductions (Medical/Prescription & Dental Insurance Premium Share, 401k Contributions, 401k Loan Payments, Homestead Contributions, Union Dues, Aflac Insurance Premiums, Supplemental Life Insurance Premiums) – Paid via AP and on-line payment services which generates ACH withdrawal.
- 401k Administration Fees – paid annually via on-line payment services which generates ACH withdrawal.

Banking, Taxes, & Utilities

- Loan Payments – CFC, FFB and NCSC – paid via quarterly vendor initiated ACH automatic withdrawal. CoBank paid through monthly AP check.
- Credit/Debit card transaction fees – paid monthly via vendor initiated automatic ACH withdrawal.
- Safe Deposit Box Fees – paid annually via vendor initiated automatic ACH withdrawal.
- Monthly Sales Tax – paid via on-line payment services which generates ACH withdrawal.
- Quarterly Highway Use Tax – paid via on-line payment services which generates ACH withdrawal.
- Delhi Telephone Company – paid monthly via vendor initiated automatic ACH withdrawal.
- Returned Check Fees - paid as charged via vendor initiated automatic account debit.

AP Process

ACH payment via file generated during AP process and manually sent to bank via online banking:

- NYPA – Power Bill
- Bond, Schoeneck & King – outside counsel
- Deanna Stewart – Facilities Maintenance
- Mildred Faulkner, Ryan Sullivan – Cell Phone Reimbursement
- Operations Employees – FR Clothing and Boots Reimbursement

Checks:

- National Grid – Borderline Shared Service
- NYSEG – Electric Service, Wheeling Charges, O & M Charges
- Village of Delhi – Water & Sewer Service
- Frontier – Radio Repeater
- Pioneer Telephone – Toll Free Line Services
- Verizon Wireless – Cell Phones, RTUs, AMI Lines
- Margaretville Telephone – AMI Line, Radio Repeater



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- Hughes Network Systems – AMI Line
 - Online Information Services – Credit Reporting
 - Information Systems Division (ISD) – Information Technology Support
 - Willard Armstrong – Lawn Maintenance
 - Delaware County Clerk, Schoharie County Clerk, Otsego County Clerk – Right-of-Way Easement Recording
 - ACRE – Monthly Member Contributions
 - Pitney Bowes & Purchase Power – Postage & Postage Meter Supplies and Lease Fees
 - Village of Sidney Clerk – In lieu of Gross Receipts Tax
 - County Treasurers – Property Taxes
 - School Tax Collectors – School Taxes
 - Delaware County Electric – Replenish Petty Cash
 - Inactive Credit Balances on Members' AR adjustments
 - Capital Credit Estates and Unclaimed Rewrites
 - Member-owned Distributed Generation Payments
 - Material purchases from UUS, HD Supply, Bridgewell Resources, Stewart Irby, and Powerline Supply
 - Large truck/equipment inspections and repairs by Terex
 - Operations Employees – FR Clothing and Boots Reimbursement
 - U-Page – On-call Pager Device Fees
 - Bloomville Disposal Service – Trash Hauling
 - Southern Tier Credit Center – Bad Debt Collection Fees