

Policy for Purchasing and Cash Disbursements in SCG, llc

Effective Date: 05/25/16

Scope

The policy addresses the protocol for disbursing cash from SCG, llc to suppliers and/or members to pay for Purchases and Expense Reimbursements.

Policy

1. Protocol for Accounting of Enterprise/Project Operations.

- A. It is important to proactively manage the cash flow occurring within the different enterprises/projects. This involves planning and following accounting protocol.
 - a. All enterprises/projects come under the direction of a manager. This manager is responsible for communicating with Accounting to properly classify and document expenses within their enterprise/project.
 - b. Each manager is responsible for preparing annual plans and budgets for their enterprise/project and for providing updates to Accounting for any significant changes to the plan during the course of the year (changes that could significantly impact cash flow in SCG, llc).
 - c. Each manager is responsible for approving any/all expenses expended for their enterprise/project.
 - d. Each manager is responsible for reconciling their financial reporting with the relevant reporting by Accounting for their enterprise/project to ensure that expenses are being coded properly and that expenses don't go unreported for extensive periods of time.
- B. Accounting is responsible to provide guidance and support for the managers in preparing annual budgets, and for providing guidelines for expense classifications.
- C. The Presidency is responsible for providing guidance and support for the managers in preparing annual plans for their enterprises/projects.

2. Protocol for Purchases

- A. All purchases should be linked to an enterprise or approved project of SCG, llc. Make sure all purchasing paperwork clearly identifies the enterprise or project it is for.
 - a. A standard Purchase Requisition form (electronic or paper version) is available on the website and from Accounting.

- b. Requisitions that are made using some other form must be documented and sent to Accounting with at least these elements: *Date, Project/Enterprise Description, Project Account, Product or Service Description, Source, Pricing and estimated Delivery Date.*
 - B. All purchases should be pre-approved by the enterprise/project manager prior to making the purchase from the supplier/vendor.
 - a. Purchases should be made after a Purchase Requisition has been completed and approved. The manager of the Enterprise/Project can provide the approval.
 - b. Purchases should be connected with the "Plan" or "Budget" for any enterprise/project.
 - C. Special Situations: In cases that are time-sensitive and the total purchase amount is less than \$500, it may not be practical to follow the procedures outline above. In these special cases, the purchase (*that needs to be made without the requisition process*) must still be approved by the enterprise/project manager. Furthermore, the paperwork associated with the purchase shall be provided to Accounting within 3 days along with documentation that identifies the (1) project/enterprise,(2) manager approval, (3) reimbursement requirements. (Refer to Section 2 below).
 - D. Upon delivery of purchased products/services, the approving Manager is responsible to verify the products or services meet the specified requirements of the purchase and that the paperwork associated with the delivery (ie., packing slip, invoice) is reviewed, approved and sent to Accounting (a copy is sufficient) within 3 days of receipt.
- 3. Protocol for Payment to Suppliers, Vendors or Contractors
 - A. All products or services that are purchased for a SCG, llc enterprise necessarily require payment to be made either from (1) SCG, llc, (2) from a member or (3) from a third party.
 - a. Payment coming from SCG, llc requires the necessary purchasing and approval paperwork as outlined in Sections 1 and 2 above. This includes the Purchase Requisition, the Purchas receipt, the written approval and the accounting information that identifies the enterprise/project.
 - b. Payment coming from a member requires that the member follow the procedure in Section 2 above in order that they (1) have approval to make and pay for a purchase and (2) that Accounting has the necessary paperwork and (3) that they can be properly reimbursed.
 - c. Payment coming from a third party for a purchase must be pre-approved by Accounting prior to the purchase being made. Third parties cannot expect to be reimbursed otherwise. In these cases, the manager of the enterprise/project (for which the third party is involved in payment) must complete the necessary paperwork and communicate with Accounting prior to the purchase transaction and payment being made and they shall also work out a reimbursement payment plan for the third party.

- B. When members order products or services from a Supplier, Vendor or Contractor, they must follow the purchasing requirements provided in Section 1 above. Furthermore, they must work out payment terms with the supplying party both (1) prior to the purchase being made and (2) according to the instructions provided in Section A above.
- C. Payment and company information for the supplying party must be provide to Accounting prior to the purchase being made.

4. Protocol for Reimbursing Expenses to members

- A. Any member that incurs expenses (see Section 2 above) shall provide the paperwork associated with that expense within 3 days of the expense activity. This paperwork shall include:
 - a. Information about the enterprise/project for which the expense was incurred
 - b. Approval from the manager.
 - c. Reimbursement information: expense details, name, phone number, mailing address.
- B. Any expenses that do not involve an approved Purchase Requisition, as explained in Section 1, must follow the protocol defined in Section 2.

5. Protocol for handling “Exchange” products or services.

- A. When members engage in activities that lead to an exchange of goods or services with SCG, Ilc, they must follow the protocol for purchasing outlined in Section 2.
- B. All activities involved with the exchanging of goods or services must be approved by a project/enterprise manager prior to making any commitments that obligate SCG, Ilc.
- C. All exchange activities must be communicated to Accounting prior to being transacted on behalf of SCG, Ilc.
- D. Standard accounting procedures will be followed in transacted the exchanges.
- E. Members that do not follow the protocol outlined above should not expect SCG, Ilc to be obligated to the planned terms of exchange of goods or services.