

ACME FINANCIAL GROUP

Procurement & Vendor Payment Policy

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1. PURPOSE

This policy governs the procurement of goods and services and the processing of vendor payments for Acme Financial Group. It establishes authorization levels, competitive bidding requirements, and payment processing procedures to ensure fiscal responsibility and regulatory compliance.

2. PURCHASE AUTHORIZATION LEVELS

All purchases must be approved based on the total commitment value:

- Tier 1 (\$0 - \$5,000): Department Manager authorization
- Tier 2 (\$5,001 - \$25,000): Director authorization + one competitive quote
- Tier 3 (\$25,001 - \$100,000): VP authorization + three competitive quotes
- Tier 4 (\$100,001 - \$500,000): SVP authorization + formal RFP process
- Tier 5 (Over \$500,000): CFO and CEO authorization + Board notification + formal RFP

Software and technology purchases exceeding \$10,000 require additional CTO/CIO approval regardless of tier. All recurring commitments (subscriptions, leases) require approval based on the total contract value over the full term, not monthly/annual amounts.

Emergency purchases exceeding authorization limits may be made with verbal approval from the appropriate authority, but written approval must be documented within 48 hours.

3. VENDOR ONBOARDING AND DUE DILIGENCE

New vendors must complete the Vendor Registration Form and provide:

- W-9 (domestic) or W-8BEN (international) tax form
- Certificate of Insurance (minimum \$1M general liability)
- Banking information for ACH payments
- Two business references

For vendors providing services exceeding \$100,000 annually:

- Financial stability assessment (D&B or equivalent)
- Information security assessment (SOC 2 Type II preferred)
- Background check for key personnel
- Compliance with Company's Third-Party Code of Conduct

Financial services vendors must also demonstrate compliance with applicable regulations (SOX, GLBA, CCPA/GDPR as applicable).

4. PAYMENT TERMS AND PROCESSING

Standard payment terms: Net 30 from invoice receipt date.

Preferred payment methods (in order):

1. ACH/Electronic Funds Transfer (standard for domestic payments)
2. Wire Transfer (international payments and urgent domestic payments >\$50,000)
3. Corporate Credit Card (purchases under \$5,000)
4. Check (only when electronic payment is not accepted)

Early payment discounts (e.g., 2/10 Net 30) should be taken when the discount exceeds the Company's cost of capital. The Treasury team evaluates early payment opportunities monthly.

Invoice processing:

- All invoices must reference a valid Purchase Order number

- Invoices without PO references will be returned to the vendor
- Three-way match (PO, receipt, invoice) required for goods
- Two-way match (PO, invoice) acceptable for services with manager attestation
- Disputed invoices must be flagged within 15 days of receipt

5. CAPITAL EXPENDITURES

Capital expenditures (assets with useful life >1 year and cost >\$5,000) require:

- Capital Expenditure Request Form (CERF) approval
- Inclusion in annual capital budget (or supplemental budget request)
- ROI analysis for expenditures exceeding \$50,000
- Post-implementation review for expenditures exceeding \$250,000

All capital assets must be tagged and tracked in the Company's fixed asset management system. Depreciation methods follow GAAP standards as specified by the Finance department.

6. PROHIBITED TRANSACTIONS

The following are strictly prohibited:

- Splitting purchases to circumvent authorization thresholds
- Personal purchases using Company funds or accounts
- Payments to entities owned by Company employees without Compliance approval
- Cash payments exceeding \$100
- Prepayment for goods/services not yet delivered (without VP approval)
- Commitment to multi-year contracts without Legal review
- Payments to sanctioned entities or individuals (OFAC compliance required)

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