



## Diocese of St. Petersburg – Direct Purchase Orders for Construction Projects

### DPO Procedures

The purpose of issuing Direct Purchase Orders is to utilize the church’s status as a tax-exempt entity and save money on sales tax. This allows us (the Diocese of St. Petersburg) to pay vendors directly for materials used on construction projects.

As a Contractor, your proposal and/or bid should include the associated sales tax from purchasing materials.

Before the start of a construction project, the Contractor should receive quotes and proposals from their material vendors and subcontractors’ material vendors – sales tax should be listed as a separate line item on the quotes. A general guideline is any materials costing \$5,000.00 or more are eligible for a DPO.

To request a DPO for materials, submit an email to [construction@dosp.org](mailto:construction@dosp.org) along with the quote from the vendor that lists the sales tax and type of material purchased (i.e. steel, storefront, wood, ceiling tiles, etc.), and the vendor’s W-9. A Direct Purchase Order will be created and can be forwarded to the appropriate contacts.

Invoices are to be sent directly to the Diocese and can be emailed to [construction@dosp.org](mailto:construction@dosp.org). All invoices will be sent to the Contractor for approval before payment. To approve invoices, simply initial the invoice and forward back to the construction office.

#### **\*Initial Change Order for Processing Material Invoices\***

Before payments are made to material vendors, sales tax savings should be captured, and funds released from the contract via a deductive change order. The change order should include all expected materials to be ordered, sales tax, and a recommended additional 10% for unforeseen overages.

At the end of the project, all material vendors are to final invoice the Diocese. The final Direct Purchase Order amounts will be reconciled to either credit the Contractor or Diocese for any unspent DPO balances or any overages.

#### **EXAMPLE:**

A project requires the following materials and vendors:

<b>Vendor:</b>	Preferred Materials	Gator Gypsum	Carrier
<b>Material:</b>	Concrete	Acoustical Ceiling Tiles	HVAC
<b>Subtotal:</b>	\$10,000.00	\$25,250.00	\$75,000.00
<b>Tax:</b>	\$750.00	\$1,893.75	\$5,625.00
<b>Total:</b>	\$10,750.00	\$27,143.75	\$80,625.00

The initial change order amount would deduct \$118,518.75 + additional 10% of \$11,851.88 for unforeseen overages; a total deduct of \$130,370.63.

At the end of the project, all DPO balances will be reconciled and the final amount will be credited back to the contract via a final change order.

All Diocese jobs require the Contractor to be responsible for obtaining partial and final lien releases from suppliers, including the vendors DPOs are written for. The Contractor will be required to supply final unconditional lien releases from ALL vendors and subcontractors before final payment is made to the Contractor.