

Purchasing Policy

City of Republic's Purchasing Policy and Procedures

Introduction

The City of Republic is a public agency that is required to establish and follow formal procurement rules established in the City Charter and City Ordinances and approved by the City Council. The primary purpose of this procurement policy ("Policy") is to ensure that all publicly funded acquisitions are obtained through an open and competitive process and that honest and ethical procedures are consistently followed to attain best value, cost, and quality. Department Directors are entrusted with the responsibility of implementing and enforcing this Policy within their departments. Training is offered to all users of this Policy. It is the intent of this Policy to clarify and outline the purchasing procedures for routine expenditures to comply with the requirements as set forth in the City's Charter, City Ordinances, and applicable state law.

Purchasing Agent

The City Administrator shall serve as the purchasing agent and shall supervise the purchasing of the City and shall see that the purchasing is done in accordance with the purchasing rules and procedures now in effect or later approved by the City Council.

The Purchasing Department functions are carried out by the Finance Department.

Department Directors' Responsibilities and Budgetary Requirements

All Department Directors are required to adhere to the provisions of the procedures outlined in this Policy. Failure to meet the requirement will result in additional oversight requirements whereby purchase approval authority will be revoked and disciplinary action may be taken, as follows:

1. Upon a first offense, the Department Director's purchase approval authority will be revoked for all purchases in excess of \$500.00 for a minimum of three (3) months, during which time the Finance Director's approval of such purchases shall be required..
2. Upon a second offense, the Department Director's purchase approval authority will be revoked for up to one (1) year, during which time the Finance Director's approval of such purchases shall be required, but only after a purchase requisition and three (3) written quotes have been obtained and provided to the Finance Director.
3. Upon a third offense, the Department Director's purchase approval authority will be revoked indefinitely pending a formal review and re-consideration of the Department Director's ability to perform in his/her capacity, and the Department Director shall be subject to further disciplinary action as determined appropriate and necessary.

Purchasing Approval Limitations

A. Micro Expenditure Limitation.

Purchases less than or equal to \$-5,000.00:

The purchase of routine, day-to-day supplies and operational needs, the expenditure for which is less than or equal to \$5,000.00, including freight, may be made through prudent and practical selectivity of the best price source. These purchases will require supervisor or Department Director sign-off and approval. A purchase requisition is not required.

B. Small Expenditure Limitation.

Purchases in excess of \$5,000.00, but less than or equal to \$10,000.00:

All purchases by the City, for supplies, services, apparatus, materials, equipment, or other things for public purpose, wherein the expenditure is in excess of \$5,000.00, but less than or equal to \$10,000.00, including freight, must have approval from the Department Director or designee, but only after the completion of a purchase requisition and three written or verbal quotes.

Quotes must be attached and the recommended vendor, account numbers, and other requested information must be ~~written on~~provided for the purchase requisition. ~~form.~~

C. Intermediate Expenditure Limitation.

Purchases in excess of \$10,000.00, but less than or equal to \$30,000.00:

All purchases by the City for supplies, services, apparatus, materials, equipment, or other things for public purpose, wherein the expenditure is in excess of \$10,000.00, but less than or equal to \$30,000.00, including freight, must be approved by the Finance Director (or ~~Finance Director~~their designee), or alternatively, by a minimum of three Department Directors, but only after completion of a purchase requisition and three (3) written quotes. Quotes must be attached with the completed purchase requisition ~~form~~ before approval will be considered.

A 24-hour notice, not including weekends or holidays, is required for review purposes, unless an emergency is declared and approved by the City Administrator.

D. Large Expenditure Limitation.

Purchases ~~of any item~~ in excess of \$30,000.00, but less than or equal to \$50,000.00:

All purchases by the City for supplies, services, apparatus, materials, equipment, or other things for public purpose, wherein the expenditure is in excess of \$30,000.00, but less than or equal to \$50,000.00, including freight, ~~or \$70,000.00 for construction projects,~~ must be

approved by both the City Administrator (or ~~City Administrator~~ their designee) and the Finance Director (or ~~Finance Director~~ their designee), but only after completion of a purchase requisition and three written quotes. Written quotes must be attached with the completed purchase requisition ~~form~~ before approval will be considered.

A 24-hour notice, not including weekends or holidays, is required for review purposes, unless an emergency is declared and approved by the City Administrator.

E. Formal Bid Limitation.

All purchases by the City for infrastructure construction projects wherein the expenditure is in excess of \$70,000, and all purchases by the City for any other public purpose in excess of \$50,000.00:

For all purchases in excess of \$50,000.00, and all purchases for infrastructure construction projects in excess of \$70,000.00, formal competitive bidding is required, followed by City Council approval of the purchase.

A 24-hour notice, not including weekends or holidays, is required for review purposes, unless an emergency is declared and approved by the City Administrator.

Purchasing Procedures and Approval Matrix

Purchase Threshold	Purchasing Procedure	Purchasing Approval
\$5,000.00 or under	*Purchase lowest priced item that meets specifications. *Invoice/Receipt documentation submitted with invoice.	* Department Director Approval
\$5,000.01 - \$10,000.00	*Purchase lowest priced item that meets specifications. *Invoice/Receipt documentation *Three (3) written, verbal, facsimile, or electronic quotes.	*Purchase Requisition *Department Director Approval
	*Three (3) written quotes, verbal quotes	*Purchase Requisition *Three (3) quotes *Department Director Approval

\$10,000.01 - \$30,000.00	facsimile, or electronic quotes. *Purchase lowest and best priced item that meets specifications. *Invoice/Receipt documentation of purchase.	*Finance Director Approval *Or three (3) Department Directors Approval
\$30,000.01 — \$50,000.00	*Three (3) written quotes. *Purchase lowest and best priced item that meets specifications.	*Purchase Requisition *Three written (3) quotes *Finance Director Approval *City Administrator or City Administrator <u>their</u> Designee Approval *City Administrator and Finance Director need to be notified for unbudgeted purchases over \$10,000.00. *Unbudgeted purchases over \$20,000.00 must be included in City Administrator's report to City Council
Over \$50,000.00 <u>or</u> Over \$70,000.00 for infrastructure construction projects	*Sealed ITBs, RFPs or RFQs. *See Formal Bidding Methods.	*Purchase Requisition *City Administrator or City Administrator <u>their</u> Designee Approval *City Council Approval (of contract) *City Council Approval of Budget or Budget Amendment *City Administrator Signature on Contract
Exceptions to Competitive Bidding Methods: Refer to “Exceptions to Competitive Bidding Methods” Section, below.		

Non-Budgeted Items

A. Purchases of any non-budgeted items less than or equal to \$10,000.00:

Support for any non-budgeted expenditures less than or equal to \$10,000.00 must be forwarded to the Department Director and Finance Director for notification purposes only. Non-budgeted items include all items not specifically identified during the budget process. Pursuant to Republic Municipal Code Section 135.050, no expenditure shall be made which would result in the expenditure for that fund to go above the amount authorized by Council in the budget unless the requirements of Section 135.050 are met.

B. Purchases of any non-budgeted items in excess of \$10,000.00 but less than or equal to \$20,000.00:

Support for any non-budgeted expenditures in excess of \$10,000.00 must be forwarded to the City Administrator (or ~~City Administrator~~ their designee) and the Finance Director for notification purposes only. Non-budgeted items include all items not specifically identified during the budget process. Pursuant to Republic Municipal Code Section 135.050, no expenditure shall be made which would result in the expenditure for that fund to go above the amount authorized by Council in the budget unless the requirements of Section 135.050 are met.

C. Purchase of any non-budgeted items in excess of \$20,000.00:

Support for any ~~Any~~ non-budgeted expenditure in excess of \$20,000.00 requires signature of the City Administrator (or ~~City Administrator~~ their ~~D~~designee) and shall be specifically listed in the City Administrator's written report presented at the next regular meeting of the City Council. Pursuant to Republic Municipal Code Section 135.050, no expenditure shall be made which would result in the expenditure for that fund to go above the amount authorized by Council in the budget unless the requirements of Section 135.050 are met.

Bidding Methods

Informal Bidding Methods

A. Verbal Bids

A minimum of three verbal bids shall be received for all purchases that allow verbal bids. The Finance Director shall utilize a "verbal bid" tracking form. Formal bids shall not be required. Local qualified vendors will be given priority as outlined in the Buy Local section of this Policy. The procurement of several items of the same type at substantially the same time is a single purchase for the purpose of this section and the total cost of all such items will determine whether a formal competitive bidding procedure must be followed.

B. Written Bids

A minimum of three written bids shall be received for all purchases that allow written bids. The procurement of several items of the same type at substantially the same time is a single purchase for the purpose of this section and the total cost of all such items will determine whether a formal competitive bidding procedure must be followed. Email, facsimile, and letters all qualify as written bids.

C. Invitation to Bid (ITB)

Informal – \$50,000.00 and under – no public opening; written bids must be solicited if using an ITB.

Formal/Competitive Bidding Methods

A. Competitive Bids

Contracts will be made only after ample competition. The City Administrator may reject

any and all such bids or waive non-prejudicial irregularities.

B. Formal Solicitation Types Used by the City.

Contracts made for purchases of goods, services, or other items exceeding \$50,000.00, or \$70,000.00 for infrastructure construction projects, shall be made only after the notification to the public that bids will be received, opened, and read in public at a particular time, place, and date which provides potential vendors adequate time to submit bids.

The City will primarily utilize the City of Republic website for notification to the public. A central bidders list will be maintained for vendor notifications. Electronic bid submissions are allowed through an e-bidding system. The City may, in addition to the above, advertisement in any newspaper of general circulation in an area of resource which will supply the need, and/or by advertisement in any locally published newspaper. All formal bidding shall set a date, time, and place for the bid opening and such bid opening shall not occur sooner than fifteen (15) calendar days after the solicitation is published.

C. Invitation to Bid (ITB)

- Formal – Over \$50,000.00 – public bid opening required.
- Unit price prevails in the event of pricing discrepancy.
- The bid documents and specifications are definite and specific. Awards will be made to the bidder offering the lowest cost who is the most responsive to the requirements of the bid documents, without material exception, and who is responsible and capable of providing the item(s) to be purchased.
- Evaluation and award are limited to cost, determination of compliance with the specifications and conditions specified in the bid documents, and the responsibility of the bidder.

Negotiations are not permitted. This method does not permit comparison of the relative specifications of competing bidders but only comparison to the specifications contained in the bid documents.

D. Request for Proposals (RFP)

- No public opening – to preserve confidentiality until award or notice of intent to award is made.
- Negotiations are permitted. This method permits negotiations and discussions with competing vendors after proposals are opened; therefore, no information taken from proposals received shall be disclosed to any competing vendor until after a contract is executed or all proposals are rejected and as required by the Sunshine Law.
- This method can be used whenever detailed specifications cannot be determined, whenever

several methods may satisfy the City's requirements, or whenever the nature of the requirements is such that subjective evaluation of criteria other than cost is necessary. This method can be utilized when definite specifications cannot be determined in advance, when a scope of work is required which makes comparison of competing proposals relative to each other appropriate

- The purpose is to award to the supplier able to provide the best value to the City, not necessarily lowest price, using numerical scoring.
- An evaluation team, ideally comprised of three to five members, evaluates using criteria disclosed in the RFP.
- Subjective criteria may be used in the evaluation of competing proposals. The relative value of the evaluation criteria shall be established in the Request for Proposal documents published by the City.

E. Request for Information (RFI)

- A Request for Information (RFI) may be used to request information on potential vendor(s) or service provider(s) to:
 - o Determine what products and services are available
 - o Learn about the capabilities of the vendors/providers in terms of availability, offerings and strengths of the company
- Best used for the purpose of obtaining information necessary to prepare a Request for Proposal (RFP) or Request for Qualifications (RFQ), or for developing strategy and/or building a database.
- Additional or other specific procedures to be followed when using an RFI shall be set forth by the Finance Director.

F. Request for Qualifications (RFQ)

- This method is a qualifications-based selection process. It is NOT a bid.
- It is a request for firms/contractors to submit their qualifications in order to be considered for a project.
- The most qualified firm/contractor will be selected and the fee will then be negotiated.
- If agreeable terms cannot be negotiated, the City then has the option to move to the second or third choice.
- Pursuant to the requirements of RSMo. Chapter 8 governing political subdivisions, this procurement method must be used for Professional Architectural, Engineering, and Land Surveying Services, as defined in § 8.285, RSMo., that are for construction management,

feasibility studies, preliminary studies, preliminary engineering design, architectural, engineering, surveying, mapping or related services.

Non-Responsive or Unacceptable Bids.

The City shall reject any bid or proposal which is materially non-responsive to the requirements outlined in the bid documents. The City may re-solicit bids or proposals if the bids received from a solicitation for bids or proposals are not acceptable for any reason. Such re-solicitation will not be to direct the award to a particular bidder. The City is not required to accept the low bid of any bidder that is not responsive and reserves the right to reject any bid for any reason.

Buy Local.

It is the policy and intent of the City in awarding of contracts and the purchase of goods and materials to encourage doing business with suppliers located within the City of Republic, Greene County, or Christian County. The cost difference between the lowest bidder and the local bidder should be no greater than three (3) percent.

Buy Local is prohibited on Federal Grants. The City shall follow Federal Grant guidance for procurement under a grant award.

Parcel or Split Purchase.

It is expressly forbidden to parcel or split purchases with intent of circumventing the more competitive bidding requirement. Doing so will result in disciplinary action and limited sign-off privileges for up to 1 year during which time quotes will be required for all purchases in excess of \$500.00 and Finance Director approval will be required.

This does not prohibit the City from bidding out projects individually. Since the scope of these projects may not be known at the time that other bids are prepared, the City can bid on a project basis, but will not purposely split a bid to circumvent the formal bid requirement. Bulk bids for construction materials will be utilized whenever feasible.

Bid Process Exceptions

Sole Source

In situations when there is a sole source of supply as determined by the City Administrator, (or ~~City Administrator~~their designee), the City Administrator shall by writing certify such conditions as effect such "sole source" supply, and competitive bidding requirements may be waived or modified by further resolution of the City Council.

Emergency Expenditures

~~Upon a failure of existing facilities, the immediate repair or replacement of which must be~~

~~accomplished to avoid threat to the health, peace or safety of citizens of the City, the City Administrator with the consent of the Mayor and or Mayor Pro Tem is authorized and responsible to effect emergency repairs by the most expeditious available means. Such instances will be exempt from the competitive bid process. The City Administrator will submit a full written report of such emergency procedures to the City Council and certify the need for effecting such procedure, justifying both method and cost in effecting emergency repair, at the next regular meeting of the Council. This procedure may be used for emergency situations described herein even if an emergency is not declared pursuant to Chapter 230, Article II of The Municipal Code.~~

An emergency is defined as an unexpected situation of a serious nature that demands immediate action affecting public health, loss of service, a threat to the community, or a risk of substantial financial loss to the City unless the required supplies, materials, equipment, or services are obtained in the most expeditious means possible. This includes purchases for construction projects due to demand and supply that may directly impact project completion and timelines.

The City Administrator is authorized and responsible to effect emergency repairs and purchases by the most expeditious available means. The City Administrator may utilize an emergency expenditure described herein even if an emergency is not declared pursuant to Chapter 230, Article II of The Municipal Code. The City Administrator may approve an emergency purchase not to exceed One-hundred thousand dollars (\$100,000.00), or Two-hundred thousand dollars (\$200,000.00) with the consent of the Mayor. A Department Director may be authorized to make an emergency purchase not to exceed One- hundred thousand dollars (\$100,000.00) with the approval of the City Administrator.

The Finance Director shall be notified, and all proper documentation will need to be submitted to the Finance Department in a timely manner prior to the purchase. The respective department will work with the City Administrator to submit a full report at the next available City Council meeting and certify the need for the emergency expenditure in such an event the City Administrator will give the Mayor notice of such purchase.

An authorized emergency expenditure is exempt from any bidding process. For the use of an emergency expenditure, all verbal communication between departments and vendors will be followed up with required written documentation.

Additionally, emergency expenditures can be used in times of local emergency. If a local emergency is declared, please refer to additional guidance outlined in Title II Chapter 230.

Change Orders

Change orders that do not exceed fifteen percent (15%) of the approved project amount and are within the spending authority of the City Administrator shall not require City Council's approval. However, all change orders over and above the formal bid limitation shall be reported in the City Administrator's written report presented at the next regular meeting of the City Council. The estimated total cost of unit-price contracts may be exceeded without prior Council approval unless the scope of the work, or the price per unit, is increased. By written report presented at the next

regular meeting of the City Council, the City Administrator shall report the amount by which any unit-price contract has exceeded the bid estimate.

Exceptions to Competitive Bidding Methods

In the following cases, competitive bidding is not required:

1. Professional Services: On purchases for Professional Services as defined in § 8.285, RSMo., totaling an expenditure of \$50,000.00 or less, a prequalification RFP may be used. For professional services purchases totaling an expenditure of over \$50,000.00, an RFP or RFQ is required.
2. Insurance provided or procured under Section 537.620, RSMo., which is expressly exempt from competitive bidding by statute.
3. Purchases made cooperatively with other units of government.
4. Personal services contracts involving the services of individuals possessing a high degree of professional skill (sole source in nature).
5. Purchases from federal, state, or other local governmental units.
6. Contracts for printing or engraving of bonds or other evidence of indebtedness.
7. Fuel purchases.
8. Items or services for data processing when the item or service is designed to be used in connection with an existing data processing system and the City Administrator or ~~City Administrator~~their designee has determined that it is reasonable to require that all such items or services to be used with the existing data processing system shall be compatible in order to fix for the continuing operations and maintenance of the system.
9. Items purchased through the State of Missouri at a price deemed below that obtainable from private dealers pursuant to the procedures authorized by state-local Technical Services Act Sections 67.330 through 67.390 RSMo. And pursuant to the rules and regulations governing cooperative procurement established by the State.
10. Recurring payments such as utilities, postage, telephone, travel, mileage, principal and interest on debt, rents, payroll taxes, pension contributions, judgments and claims, and professional membership affiliation dues.

11. Sole source items as determined by the City Administrator or ~~City Administrator~~ their Designee.

12. Items procured utilizing funds donated or granted to the City if the terms of the grant or donation agreement require the City to purchase a specific item from a specific source.

~~Short-term rentals and leases do not need competitive quotes. If rental needs extend past 3 months, it should be evaluated to see if a purchase would be better utilized. If a long-term rental is needed, then a purchase requisition process would be followed. Short-term is defined as 3 months. Quotes would be utilized instead of competitive bidding.~~

13. Market Fluctuation During or Immediately Following Competitive Bidding:

- When the City has already undergone the competitive bidding process and received written or verbal quotes, the bid price, unit price or total not-to-exceed (NTE) price may be adjusted by 25% in either direction at the time of purchase approval without undergoing an additional competitive bidding process if such an adjustment is needed due to cost fluctuation, market volatility, or supply chain issues; provided, the following conditions are met: the adjustment is made with approval of the City Administrator (or their designee), and adequate funds are budgeted to account for the adjustment.
- This exception does not exempt the purchase from adherence to the purchase approval limitations specified above.
- This exception shall expire one (1) year from the date of approval by the City Council.

14. Leases:

- a. Short-Term Lease: A lease with a term of twelve (12) months or less shall be considered a “Short-Term Lease” under this Policy. To determine the total purchase price of a Short-Term Lease, the monthly cost shall be multiplied by the number of months in the lease. The respective amount must then be applied to the approval matrix herein for determining applicable procedure under this Policy.
- b. Long-Term Lease: A lease with a term exceeding twelve (12) months shall be considered a “Long-Term Lease” under this Policy. All Long-Term Leases should be evaluated on a case-by-case basis to determine whether a purchase would be better utilized under the circumstances. For Long-Term Leases, formal bidding must be utilized.
- c. Reporting/Audit Requirements for Leases/Rentals:

With respect to activity and annual financial reporting, both Short-Term Leases and Long-Term Leases shall be evaluated to the following thresholds in regards to auditing requirements. Thresholds shall be set at

\$50,000.00 per year on any lease city-wide or \$75,000.00 on any lease in the Public Works Department.

Payment and Accounting

Approval of Payment

The Finance Director may approve or disapprove any bills, debts, or liabilities asserted as claims against the City for payment out of any funds appropriated for that purpose when funds on hand are adequate to pay such bills, debts or liabilities.

Funds will be deemed appropriated as follows.

1. When the expenditure is specified in a budget currently approved by the City Council or is other specifically approved by vote of the City Council; or
2. For emergency expenditures less than twenty thousand dollars (\$20,000.00), when the payment is stated in the written City Administrator report, provided that the budget shall be amended to reflect the expense, and will remain a balance budget.

Documentation

Approved purchase requests and written quotes (if applicable) are to be attached with the related invoice when turned in for payment. If multiple invoices are subject to the same purchase request, a copy of the purchase request is to be attached with each additional invoice.

Records

All paperwork associated with a fulfilled transaction is filed and stored with Accounts Payable. All previous year records are maintained and stored in the vault as required by law until appropriate retention schedule has been met.

Grant Funding

The Department Director shall review the requirements contained in the grant to make sure all the appropriate federal, state, and local requirements can be met by the City in the application and administration of the grant. Since some grant opportunities contain provisions that are not contained in this Policy, the City Administrator shall have the authority to supplement this Policy to comply with the grant requirements. Any such supplement by the City Administrator shall be in writing.

The City shall have an official Grant Coordinator and Grant Administrator as designated in writing by the Finance Director.

The duties of the Grant Coordinator shall include, but are not limited to:;

1. eCollection of all grant documentation in a central location.
2. Verify the required grant paperwork is in order.
3. Route grant payment requests before payment to ensure compliance with the grant requirements.
4. Maintain the official electronic files for each grant and copies of payment records.

The duties of the Grant Administrator shall include, but are not limited to:

1. ; dDeveloping a grant compliance program.
2. Review any final grant paperwork to ensure compliance with granting requirements before submission.
3. Work with grantees in the case of audit or documentation requests.
4. Work with fulfilling audit requirements for grant administration.
5. Set guidance and policies for the City's grant management.

Prior to applying for a grant, the Grant Administrator will review all grant submissions. The Grant Administrator has the authority to submit grants on behalf of the City.

Grant Contractual Agreements – grant applications that require a contract agreement (IGA, MOU) with the City of Republic will be brought to Council for approval. If a grant creates liability to the City over the formal bid limitation, it needs to go to Council for approval.

Disposal of Property other than Real Property

A. Negligible or no value

Upon determination that surplus City supplies, materials, or equipment have negligible or no value, the City Administrator is authorized and directed to dispose thereof through recommended industry practice, in compliance with disposal requirements.

B. Value under \$10,000.00

The procedure for disposal of surplus, worn-out, or obsolete property with a value under \$10,000.00 shall be addressed through administrative policy.

C. Value \$10,000.00 or over

The City Administrator, or their designee, may sell or exchange any municipal supplies, materials, or equipment, which have a value of \$10,000.00 or more after declaration as surplus by the City Council. The City Administrator (or ~~his/her~~their duly authorized representative) may dispose of such surplus by:

1. As authorized by the City Council.
2. Selling the items at public auction, including approved online auction sites.
3. Undergoing competitive bidding.
4. Utilizing said items for trade-in.
5. Disposing of the items as otherwise authorized by State law, including transfer to another governmental entity within the State.

D. Determination of surplus and value

The City Administrator (or their designee) may declare any municipal supplies, materials, or equipment which have a value of less than ten thousand dollars (\$10,000.00), as determined by the City's Finance Director, surplus or obsolete to the needs of the City.

E. Items Purchased with Federal Funds.

When a department needs to dispose of items or equipment that were purchased with federal grant funds, disposition restrictions must be researched and resolved by the Finance Department. Special rules apply to equipment purchased with Federal Funds. The original grant guidance will outline the allowable disposal methods.

Other Purchasing Policies

Petty Cash:

~~The Director of Finance is authorized to create petty cash funds where the funds are needed within the City. The size of the petty cash funds will be controlled by the Director of Finance. Routine purchases of items of less than \$100.00 may be made from petty cash. Exceptions to the dollar threshold can be made for the benefit of City and approval of the Finance Director. The procedures for petty cash are outlined in a separate Administrative Policy.~~

The Finance Director is authorized to approve petty cash funds where they deem necessary within the City Government. Routine items of less than One Hundred Dollars (\$100.00) may be made from petty cash without contacting the Finance Department. The following set of procedures will apply to any petty cash purchases.

1. Petty cash cannot be used to cash personal or payroll checks.
2. It shall be the responsibility of the respective department to properly classify and document each expenditure.

3. Reimbursement is not to be made until a valid receipt or certificate of expenditure is received by the Finance Department.

Custodians of petty cash funds shall submit for replenishment of the fund in a timely manner and in the least a monthly basis. A petty cash reimbursement request will need to be sent to the Finance Department along with proper documentation.

4. Custodians, Supervisors, and Department Directors of petty cash drawers must abide by processes and procedures as outlined in the Cash Handling Policy.

5. All petty cash funds will be subject to audit at unannounced times by the Finance Director or their designee.

Purchasing Card Program:

~~The City will utilize a credit card program to assist in the everyday purchases that might come up that require immediate payment or vendors that do not accept checks. The proper purchasing approvals are still required in advance of a purchase. (Procedures for the Purchase/Credit Card Program are outlined in a separate Administrative Policy.)~~

The City will utilize a credit card program to assist in the everyday purchases that might come up that require immediate payment or vendors that do not accept checks. The proper purchasing approvals are still required in advance of a purchase. The following rules apply to the Purchase Card purchases and holders.

1. It is the Director's responsibility to submit all requests to the Finance Director and staff for all new and termination requests of purchasing cards or credit limit establishment for their respective departments and staff.
2. Cardholders must meet with the Finance Department to complete all required documentation and training.
3. Cardholders are responsible for the funding limits set on their card and therefore shall not allow another employee to borrow their purchasing card for offsite purchases.
4. Purchases are only authorized if they are in accordance with established policies.
5. In the event there is inappropriate use or fraudulent activity on a purchasing card, each incidence must be reported to the Finance Department immediately.
6. Itemized receipts must be kept for each transaction and turned into the Finance Department in a timely manner.
7. Due diligence shall be exercised to ensure sales tax is excluded on purchases within the State of Missouri. If needed, request the tax-exempt certificate from the Finance Department. In the event

tax is charged, all efforts must be exhausted in order to get the tax amount refunded.

8. All efforts must be exhausted to obtain a copy of a receipt prior to an affidavit for no receipt being submitted in place of an original receipt. The Finance Department is available as needed for guidance in this process.

9. Purchasing cards should not be used to pay invoices if a vendor receives checks as a form of payment. All invoices should be processed through the normal accounts payable methods.

After three occurrences of failure to comply with these procedures and follow up has been made by the Finance Department in writing, the end result may be temporary suspension or up to full termination of the cardholder's purchasing card rights.

Sponsorships/Gifts:

The City shall not use public funds to sponsor any event, business, or nonprofit, including advertising at community events, unless it is to provide information to the community about available services as part of the overall City communication/marketing plan. The City may pay dues to organizations that the City is required to be a member of to receive federal funding (e.g., Ozarks Transportation Organization and SMOG) or to conduct regional business.

Gifts:

The City shall not use public funds to give employees, citizens, or Council Members gifts, except plaques or trophies required for the normal function of government (e.g., recognition of citizens or employees by the Mayor/Council for outstanding actions in the community, employee retirement recognition, and recognition of Council Members at the end of their terms).

Ethics

A. General Ethical Standards

1. For Employees: Any attempt to realize personal gain through public employment by conduct inconsistent with the proper discharge of the employee's duties is a breach of ethical standards.
2. For Non-Employees: Any effort to influence any public employee to breach the standards of ethical conduct set forth in this manual is also a breach of ethical standards.

B. Employee Conflict of Interest

1. Conflict of Interest: It will be a breach of ethical standards for any employee to participate directly or indirectly in a contract for purchase or sale when the employee is aware:
 - a. The employee or any member of the employee's immediate family has a financial

interest pertaining to the purchase or sale.

b. A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the purchase or sale; or

c. Any other person, business, or organization with whom the employee or a member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the purchase or sale.

2. Discovery of Actual or Potential Conflict of Interest: Upon discovery of an actual or potential conflict of interest, an employee shall promptly file a written statement of disqualification with the City Administrator and shall withdraw from further participation in the transaction involved.

3. Disqualification of Business: Where an Employee has a Financial Interest: It shall be a breach of ethical standards for a business in which an employee has a financial interest knowingly to act as a principal, or as an agent for anyone other than the City.

4. Gratuities: It shall be a breach of ethical standards for any person to offer, give, or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept, or agree to accept from another person, a gratuity or any offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a contract requirement, specification, or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter, pertaining to any requirement, contract, subcontract, or any solicitation or proposal therefor^e.

5. Kickback: It shall be a breach of ethical standards for any payment, gratuity, or offer of employment to be made to an employee or officer of the City by or on behalf of a contractor or subcontractor under a contract to the City, prime contractor, or higher tier subcontractor, or any person associated there within, as an inducement for the award of a subcontract or order.

6. Confidential Information: It shall be a breach of ethical standards for any employee or former employee to knowingly use confidential information for actual or anticipated personal gain, or for the actual or anticipated personal gain of any other person.

C. Violation of the City's ethical standards may be grounds for the City to reject a bid and the employee will be subject to disciplinary action.

Applicable State Requirements

Section 432.070, RSMo. requires any contract made by the City to be in writing and dated, to be executed before any performance or payment, within the scope of the City's authority, and subscribed by the parties or their authorized agents.

Section 105.458, RSMo. prohibits any member of the governing body from performing any services for such governing body for any consideration other than the compensation provided for the performance of that member's official duties, and further prohibits governing body members from selling items, renting, or leasing property to the City having a value in excess of \$500 unless such transaction is made pursuant to an award on a contract following the requirements of this Section.

Section 376.696, RSMo. requires competitive bidding at least every six years for insurance. The contract must be awarded to the lowest or best bidder. Section 537.620, RSMo. allows an exception to competitive bidding on insurance procured through a pool of three or more political subdivisions in accord with the provisions of Section 537.620.

Section 67.150, RSMo. requires competitive bidding at least every three years for health insurance. The contract must be awarded to the lowest or best bidder.

Section 8.285, RSMo. requires that services for architectural, engineering, and land surveying shall be based upon demonstrated competence and qualifications and at a fair and reasonable price.

Section 8.679, RSMo. requires advertisement and solicitation of proposals from qualified construction managers when the City determines that a public works project should be performed with construction management services.

Article III, Section 39 of the Missouri Constitution does not allow the City to grant or authorize extra compensation to any public officer or contractor after or services have been rendered or the contract has been entered into.