



## AGENDA ITEM ANALYSIS

Project/Issue Name: 22-53 An Ordinance of the City Council Amending Title I, Government Code, Chapter 110, Administration Policies, Article II, Purchasing and Surplus Property Disposal, Section 110.020.01 Purchasing Policy and Procedures, and Adopting a Revised Policy Entitled City Of Republic's Purchasing & Disposal Policy.

Submitted By: Meghin Cook, Finance Director

Date: 09/06/2022

### Issue Statement

The City of Republic's "Purchasing & Disposal Policy" has been updated with more relevant policy changes that are aligned with state statute, encourage ethical purchases, and provide framework to catch and limit fraud. The changes to the document are listed below.

### Discussion and/or Analysis

The following sections listed below were updated, added, or removed with the intent to clarify the policies that are put in place, be more consistent and precise throughout the document. The updated policy also includes the changes on lease agreements to follow upcoming GASB provisions and changes in our emergency provision section.

#### The following sections have been updated:

Purchasing Approval Limitations, Section B. Small Expenditure Limitation

- **Intent:** We have updated this section to reflect current requisition process. We have gone away from paper requisitions to entry directly into our financial software system.

Purchasing Approval Limitations, Section D. Large Expenditure Limitation

- **Intent:** We updated the first sentence to be consistent with the verbiage from the other sections within the Purchasing Approval Limitations. We removed the "or \$70,000.00 for construction projects" in the second paragraph as this does not belong in this section and is already included under section E, Formal Bid Limitation.

Leases/Rental Items

- **Intent:** We have updated lease terms to align with GASB 87 provisions. For accounting purposes, both long-term and short-term leases were defined. Procedures for short-term leases were updated to align with the approval matrix for better consistency and clarity to ensure better overall due diligence.



#### Purchasing Approval Limitations, Section F. Exception to Bidding Requirements (NEW)

- **Intent:** This is a new section to list out specific exceptions to keep in mind through purchasing process and includes a specific expiration after one year of adoption.

#### Emergency Expenditures

- **Intent:** To provide the City Administrator authorization to approve an emergency expenditure in a timely manner as required and outlined above. This still provides accountability since all emergency expenditures will be announced to Council and documentation will be submitted to the Finance Department for annual auditing documentation purposes.

#### Grant Funding

- **Intent:** To list out the duties and remove repeated verbiage for a more concise section.

#### Petty Cash

- **Intent:** To provide a concise set of rules and responsibilities to our petty cash system within the City. Previously there was no such doctrine to provide information on the ins and outs of the petty cash system. The new section gives some general direction and gives the Finance Director a policy to reference in regard to internal control procedures.

#### Purchase Card Program

- **Intent:** To provide a concise set of rules and responsibilities to our purchasing card program within the City. Previously there was no official outline of cardholder responsibilities that can be referenced as needed. It is necessary to instill provisions on cardholders so there is an end-result shall internal controls not be met. In addition, the “required documentation and training” that are needed will be implemented to all new purchase cardholders to ensure they are aware of the correct procedures of the program and proper internal controls are met ongoing.

Refer to the redlined version to see more details outlined in regards to changes.

#### **Recommended Action**

Staff recommends approval.