City of Sidney
Montana's Sunrise City
115 2nd Street S.E., Sidney, Montana - 406-433-2809

Financial Policy – Procurement and Purchasing

Purpose

The purpose of this policy is to establish clear expectations and procedures governing the procurement of goods, services, and construction by the City of Sidney. This policy ensures procurement activities are conducted in a manner that promotes transparency, fairness, fiscal responsibility, and compliance with applicable Montana law.

This policy applies to all City officials, employees, and departments involved in purchasing or contracting activities.

Legal Authority

All procurement activities shall comply with applicable provisions of **Montana Code Annotated**, including but not limited to:

- **MCA 7-5-4302** – Municipal contracts and competitive bidding requirements
- **MCA Title 18, Chapter 4** – Montana Procurement Act
- **MCA 18-1-201** – Bid security for public contracts
- Applicable federal procurement regulations when federal funds are involved (including **2 CFR Part 200**)

Where state or federal law imposes stricter requirements than this policy, the law shall govern.

Guiding Principles

City procurement activities shall be conducted according to the following principles:

Competition

Whenever practicable, purchases shall be obtained through competitive processes to ensure the City receives the best value.

Transparency

Procurement decisions shall be documented and conducted in a manner that maintains public confidence in the integrity of City operations.

Fiscal Responsibility

Purchases shall only be made when funds are available within the adopted budget or have otherwise been approved by the City Council.

Fairness and Ethics

All vendors shall be treated fairly and without favoritism. City officials and employees shall avoid conflicts of interest in procurement decisions.

Procurement Authority

City Council

The City Council shall:

- Establish procurement policy
- Approve contracts when required by law or ordinance
- Approve major construction and capital contracts

Mayor
Under the Mayor–Council form of government, the Mayor is responsible for the administration of City operations and may delegate purchasing authority to designated staff.
City Staff
Department heads and authorized staff may make purchases within their approved budgets in accordance with this policy and established procedures.
The Clerk/Treasurer is responsible for financial oversight, recordkeeping, and ensuring compliance with procurement documentation requirements.

Procurement Thresholds and Methods

A. Small Purchases – Under $5,000
For purchases under $5,000:
- Departments may purchase goods or services directly from vendors.
- Staff should seek competitive pricing when practical.
- Receipts or invoices must be submitted for payment processing.

B. Informal Quotes – $5,000 to $80,000
For purchases between $5,000 and the state competitive bidding threshold:
- Departments should obtain at least three informal quotes when practical.
- Quotes may be written, emailed, or documented from vendor pricing.
- Documentation must be retained in the procurement file.

C. Formal Competitive Bidding – Over $80,000
In accordance with **MCA 7-5-4302**, purchases or contracts exceeding **$80,000** must be:
- Advertised for bids
- Awarded to the lowest responsible bidder
- Approved by the governing body when required

Exceptions may apply as allowed by Montana law.

Procurement Methods

The City may use the following procurement methods:
Competitive Sealed Bids (IFB)
Used when price is the primary determining factor.
Request for Proposals (RFP)
Used when factors such as experience, approach, or qualifications are evaluated in addition to price.
Request for Qualifications (RFQ)
Used primarily for professional services where selection is based on qualifications.
Cooperative Purchasing
The City may purchase through cooperative purchasing agreements or state procurement contracts when it is advantageous to the City.
Sole Source Procurement
Purchases may be made without competition when only one vendor can reasonably provide the required goods or services. Written justification must be retained.

Professional Services

Contracts for professional services, including but not limited to engineering, legal, planning, or architectural services, may be procured using qualification-based selection or other competitive processes consistent with Montana law.

Emergency Procurement

In the event of an emergency affecting public health, safety, or property, the City may procure goods or services without standard competitive procedures.

Emergency procurements must:

- Be documented
- Identify the nature of the emergency
- Be reported to the governing body when appropriate

City Credit Cards

If credit cards are issued by the City:

- A Credit Card Cardholder Agreement must be signed.
- Cards may only be used for official City purchases.
- Cardholders must follow all City purchasing rules.
- Receipts must be submitted with monthly reconciliation.
- Personal purchases are strictly prohibited.

The Clerk/Treasurer shall oversee reconciliation and compliance with cardholder agreements.

Procurement Using Grant or Federal Funds

When purchases involve grant or federal funding, procurement must comply with applicable grant requirements, including **2 CFR Part 200 Uniform Guidance**.

Federal procurement standards may require:

- Documented price analysis
- Additional competition requirements
- Debarment verification
- Contract provisions required by federal regulations

Grant requirements shall supersede local policy where applicable.

Documentation Requirements

Departments shall maintain procurement documentation sufficient to demonstrate compliance with this policy and applicable laws.

Documentation may include:

- Quotes or bids received
- Bid advertisements
- Bid tabulations
- Selection criteria
- Contracts or purchase orders
- Sole-source justifications
- Emergency procurement documentation

Records shall be retained in accordance with Montana public records retention requirements.

Ethical Standards and Conflicts of Interest

City officials and employees involved in procurement shall:

- Avoid participation in procurement decisions where a conflict of interest exists
- Not accept gifts or favors that could influence purchasing decisions
- Conduct procurement activities in a manner that preserves public trust

Violations may result in disciplinary action and potential legal consequences.

Separation of Duties

To maintain internal financial controls where staffing levels allow:

- Individuals initiating purchases should not be solely responsible for approving payment
- Financial review and payment processing shall be conducted through the Clerk/Treasurer's office

This separation of duties helps ensure accountability and reduces the risk of fraud or error.

Policy Review

This policy shall be reviewed yearly, prior to the budget process, by the City Council and City administration to ensure continued compliance with Montana law and best practices in municipal financial management.