

**EMERGENCY RESOLUTION NO. 20-2016**

A RESOLUTION AMENDING THE PURCHASING POLICES AND PROCEDURES TO INCLUDE A FIVE PERCENT ADVANTAGE FOR LOCAL VENDORS ON FORMAL BIDS, INCREASE THE PURCHASE ORDER LIMIT, INCREASE THE AMOUNT REQUIRED FOR CITY MANAGER APPROVAL, CHANGE THE THEN-AND-NOW CERTIFICATE AND BID REQUIREMENT THRESHOLD TO REFLECT THE LIMITS SET BY THE OHIO REVISED CODE, AND DECLARING AN EMERGENCT.

WHEREAS, Council deems it in the best interest of local businesses to provide for an advantage on formal bids; and

WHEREAS, Council desires to allow for more efficiency by increasing the purchase order limit and the amount required for City Manager approval; and

WHEREAS, Council desires to change the Then-and-Now Certificate and bid requirement threshold to be consistent with the Ohio Revised Code.

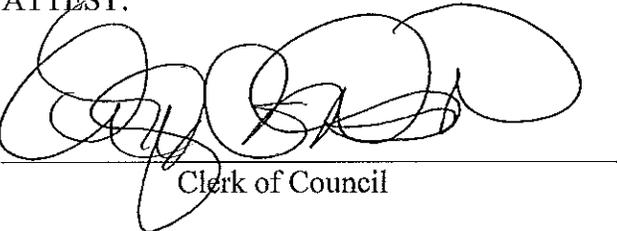
NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONROE, STATE OF OHIO, THAT:

SECTION 1: The Purchasing Policies and Procedures are hereby amended to include a five percent advantage for local vendors on formal bids, increase the purchase order limit, increase the amount required for City Manager approval, change the Then-and-Now Certificate and bid require threshold to reflect the limits set by the Ohio Revised Code as set forth on Exhibit "1" attached hereto and made a part hereof.

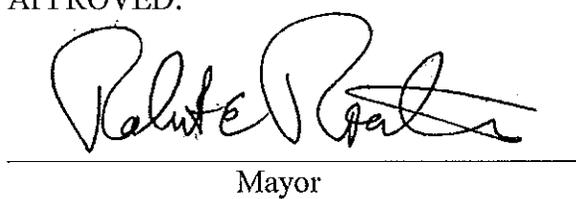
SECTION 2: This measure is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare and for the further reason that Council desires to amend the Purchasing Policies and Procedures at the earliest possible date to allow for more efficiency in the purchasing process. Therefore, this measure shall take effect and be in full force from and after its passage.

PASSED: April 26, 2016

ATTEST:

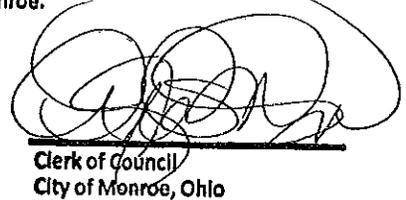
  
Clerk of Council

APPROVED:

  
Mayor

This legislation was enacted in an open meeting pursuant to the terms and provisions of the Sunshine Law, Section 121.22 of the Ohio Code.

"I, the undersigned Clerk of Council of the city of Monroe, Ohio, hereby certify the foregoing (ordinance or resolution) was published as required by Section 7.16 of the Charter of the City of Monroe.

  
Clerk of Council  
City of Monroe, Ohio

*Exhibit "1" E Res No. 20-2016*

**City of Monroe  
Purchasing Policies and Procedures**

The City's Purchasing function was established to ensure that needed goods and services are obtained in a timely manner, at the lowest prices possible, consistent with acceptable quality standards, and within the requirements of public purchasing laws.

Consistent with these objectives, a part of the City's procurement activity is decentralized. In recognition of the cost of staff time and to reduce the cost of making purchases, purchasing cards are issued to selected personnel as approved by the City Manager. The purchasing card policies and procedures will be defined and governed under a separate document.

Procedures which apply to purchases made directly by City staff are described below, along with the public purchasing law and ethical standards that shape the City's purchasing activities.

**1. Governing Laws and Regulations** - Procurements by the City of Monroe are governed by state and local laws and regulations. This policy establishes further requirements for the City's purchasing activities. The City policy, adopted by ordinance, along with the state statute and the City's administrative policies and procedures describe basic procurement processes.

**2. Principles and Ethics** – Please refer to the employee policy manual.

**3. Conflict of Interest** - No employee or official of the City shall participate in a transaction, contract, activity or service of the City in which they personally have a direct or predictable effect on their financial interests or the interests of an immediate family member (ORC 2921.42).

**4. Personal Purchases** - It is prohibited for an employee or official to make purchases for their own personal purposes or to receive special pricing from a vendor using the City's name or reputation.

**5. Unauthorized Purchases** - No individual has the authority to enter purchase agreements or contracts on behalf of the City unless specifically authorized to do so. Any such purchase classified as unauthorized is considered a personal expense and the obligation of the purchaser.

**6. Vendor Terms** – all vendors must have current licenses and permits as required by the Monroe General Code of Ordinances. It is also a requirement that the City's vendors are current with their City obligations. Whenever possible, vendors within the City should be utilized. Subsequently, preference should be given to vendors located in Butler or Warren Counties, if possible. When a formal bid process is used, vendors located within the City shall be given a 5% advantage.

Example: City vendor X bids \$100,000. The 5% advantage reduces City vendor X's bid to \$95,000 for comparison and award purposes, however, the contract would be signed for \$100,000.

**7. Contracts** – prior to awarding a contract for goods, services, or construction as described in ORC 9.24(G)(1), vendors must be checked through the Auditor of State Findings for Recovery Database. The City is

prohibited from awarding a contract to any vendor against whom a finding for recovery has been issued, if that finding is unresolved.

## **DEFINITIONS**

**Purchase (dollar value)** – the amount paid to a vendor on a single warrant for a service(s) and/or product(s) listed on one invoice. Vendors should not split invoices in order to keep dollar amounts below the established thresholds. Invoices that are generated on the same day for similar services and/or products will be treated as one purchase.

**Requisition** – an electronic purchase request utilized to obtain the required approvals and certified purchase order.

**Purchase Order** – a certificate issued by the Finance Director that guarantees the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. **Per ORC 5705.41(D), no orders or contracts involving the expenditure of money are to be made unless there is a certificate issued by the Finance Director under the terms described above. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.**

**Then & Now Certificate** – (exception to the basic requirement of obtaining a purchase order as provided by the statute, ORC 5705.41 (D)) certificate issued by the Finance Director guaranteeing that both at the time that the contract or order was made and at the time that the certification is completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance. This certificate permits the taxing authority to authorize the drawing of a warrant. If the contract or order exceeds the threshold established in ORC 5705.41(D) the taxing authority must approve by resolution or ordinance within 30 days.

**Emergency Purchase** – an immediate need of a good or service that was unable to be anticipated, of which time is a crucial factor and would result in a disservice to the citizens of Monroe if the item is not purchased.

**Vendor-Specific Blanket Purchase Order**-a purchase order certificate issued by the Finance Director to a single vendor for recurring purchases of supplies or services.

## **GENERAL RULES**

### **Approvals:**

- Purchases  $\geq$  \$ 1,000 require a purchase order unless specifically excluded below:  
Excluded: Utilities, fuel, employee benefits, debt payments, postage, refunds/reimbursements.
- Purchases  $\geq$  \$2,500 require City Manager approval
- Purchases  $\geq$  \$15,000 require Council Approval unless specifically excluded below:

Excluded: Utilities, fuel, employee benefits, debt payments, postage, and refunds/reimbursements.

- All purchases  $\geq$  \$25,000 require certification from the AOS findings for recovery database per ORC Chapter 9.24.
- Then & Now Certificates exceeding the threshold established in ORC 5705.41 (D) require Council Approval within 30 days of the certificate.
- Emergency purchases must be authorized by the City Manager unless the City is in a declared state of emergency. Details of emergency purchases  $\geq$  \$10,000 will be reported to Council no later than the next Council meeting.

#### **Formal Bid Process:**

- The City follows ORC 735.05 for purchases (limits and procedures) requiring a formal bid process.
- Selected vendors cannot have any unresolved findings for recovery issued by the AOS per ORC 9.24

#### **Vendor Quotes:**

- Purchases  $<$  \$15,000 may require two or more quotes as determined by the City manager. Written quotes are preferred.
- Purchases  $\geq$  \$15,000 require three or more quotes. Written quotes are preferred. If three quotes cannot be obtained, the Department Head should include a written explanation with the requisition.

\*Exception: Quotes are not required if purchasing under the State of Ohio Cooperative Purchasing Program or if purchase is classified as a professional service including, but not limited to: attorneys, bond counsel, CPAs, consultants, engineers, financial advisors, physicians, real estate brokers.

#### **Document Retention:**

- The following documents will be retained in the finance department vendor files or within the financial software until destroyed as outlined in the City's record retention policy: W-9 forms, requisitions, quotes and other documentation submitted, invoices, purchase orders, then & now forms, and purchase increase request forms

#### **PROCEDURES**

1. Fill out requisition entry and release to begin the approval process.
  - If using a new vendor, you must submit the vendor's W-9 form to finance prior to the requisition entry. Purchase orders cannot be processed without this information (see 8/9/07 AOS Fiscal Emergency Termination report, pg. 10 and Section 6109 of the IRC).
  - If the purchase is  $\geq$  \$25,000, you must also submit the print out to finance from the AOS Findings for Recovery Database verifying the vendor is eligible to be awarded a contract.

- Any additional documentation should be attached to the requisition (all vendor quotes received, memo from Department Head, etc.)
2. Availability of funds in accounts requested to be charged are required. If funds are not available
    - Department should enter a budget transfer in the financial software.
    - After the budget transfer has been processed, the Department will be notified to continue processing.
  3. After the requisition has passed the approval process, the Finance Specialist will convert the requisition to a purchase order and the originator will be notified.
    - The requisition and documentation will be retained in the financial software system for the time period specified in the records retention policy.
- 4. Goods or services may be ordered only after the department has received notification that a purchase order has been generated.**
5. Upon receipt of the invoice, the Department Head or his/her designee must initial the invoice to indicate that the goods and/or services have been satisfactorily received.
  6. The Department must check for compliance.
    - A. Verify that the date on the purchase order is either the same date or prior to the service/order date on the invoice (not the date the invoice was printed)
      - If compliant, proceed to step #7
      - If not compliant, a Then & Now form must be filled out and attached to documents submitted in step #7
    - B. Verify that the invoice amount is equal to or less than the amount of the purchase order
      - If not compliant and the overage is less than \$1,000, proceed to step #7.
      - If the overage is greater than \$1,000, submit a then and now for the overage.
      - If the overage triggers Council approval, a then and now should be submitted with a Manager's report so it may be added to the next Council agenda for payment approval of the entire purchase amount, including the overage. (See Section 2.c. under Purchase Order Increase, for an example.)
  7. The approved invoice should be attached to the purchase order (or PO information can be written on invoice) and submitted to the Finance Specialist for payment processing. It should be noted on the face of the purchase order whether the purchase order should be closed with payment of the attached invoice or if it is a partial payment and the purchase order should remain open. If the purchase order contains multiple lines, the department must indicate how much each line should be charged.

#### **VENDOR-SPECIFIC BLANKET PURCHASE ORDERS**

A vendor specific purchase order may be opened by following the procedures for requesting a purchase order as detailed above. It is the responsibility of the requesting department to track the balance of and maintain each

blanket purchase order. If an increase in amount or addition of account codes is needed, the department must submit a purchase order increase request form. (See the following Purchase Order Increases section for procedures.)

A vendor specific purchase order may be opened for an amount greater than \$15,000 without obtaining Council approval; however, if an individual invoice charged against the purchase order is greater than \$15,000; Council approval for payment of that invoice is required.

If a department purchases from a vendor that would routinely have invoices greater than \$15,000, a vendor-specific blanket purchase order may still be opened with Council approving a "not to exceed" amount for the current fiscal year.

### **PURCHASE ORDER INCREASES**

Purchase orders may be increased at any time; however, if the increase is requested after the invoice date, a Then & Now will be required. If an increase to a purchase order is necessary:

1. A purchase order increase request form detailing the reason for the increase must be submitted to the Finance Specialist.
2. The Finance Specialist will obtain the required authorizations.
  - a. Purchase orders may be increased 10%, up to \$1,000, by the Finance Specialist without obtaining additional approval.
  - b. If the requested increase is more than 10% over the original purchase order, approval of the increase must be obtained from the original source of approval. (If the original purchase order was approved by Council, the increase of the purchase order must also be approved by Council).
  - c. If the increase causes the total purchase to exceed the original level of approval, the increase must be approved by the level that corresponds with the total purchase price. (If the original purchase order was \$14,000, originally approved by the City Manager, and the increase is \$1,000, the total purchase equals \$15,000 and therefore the increase must be approved by Council).