

## Procurement Policy Recap of Purpose and Changes

Purpose: Updates to the procurement policy are being made for the following reasons:

- **Federal Funding Requirements:** The current policy does not contain requirements outlined in the Federal Uniform Guidance, 2 CFR Part 200 Subpart D, required to be adopted for expending federal funds.
- **Clarification and Consistency:** The current policy has been interpreted differently by Council, the Administration, and the City Attorney. This has created confusion and inconsistencies with how items/services are procured.
- **Alignment with Current Operations:** The City operates in a decentralized manner and each department director and elected or appointed official may make a request for procurement without going through an identified single agent or department for the City.
- **Solidifies Responsibilities:** Requests for procurement are centralized for approval through the Finance Department. Since the Finance Department is responsible for reviewing requests and making the required certification that funds have been lawfully appropriated and are in the treasury or in the process of collection free from any previous encumbrance, the policy identifies the Finance Department as responsible for procedures and necessary forms. Certain procedures may be designated to a different department.
- **Defines Requirements for Professional Services:** The current policy excludes professional services from sealed bids but does not provide any requirements for how this type of procurement should be made. This has also created confusion and inconsistencies.

Changes Made: The below is a summary of the changes made

- **Renumerated:** The procurement policy has been renumerated under the Finance Department as the department identified in the policy responsible for procedures, forms, and certification.
- **Procurement Thresholds:** Changed existing language to incorporate the Federal Uniform Guidance as well as the Federal Acquisition Regulation (FAR) thresholds for the type of purchasing being made. Maximums were used as a high bar and based on Council input may be adjusted.
- **Consistency:** The flow was completely overhauled to increase understandability and limit varying interpretations.
- **The table below lists current purchase types limits and amounts compared to what is being recommended.**

| Current  | Proposed   |
|--|--|
| 135.04(e) Petty cash \$20. Reimbursed to employee via the City's petty cash procedures.  | 133.02 (C) (1) (a) Petty cash \$100. Reimbursed to employee via the City's petty cash procedures.  |
| 135.03 (b) micro purchase \$1 to \$3,000. May be made by obtaining a purchase order through Finance.<br>Small purchase \$3,001 to \$49,999 may be made by sending to the Finance Department: | 133.02 (C) (2) (a) Micro purchase \$1 to \$10,000 may be made by obtaining a purchase order through Finance.<br>133.02 (C) (3) (a) Small purchase \$10,001 to \$250,000 (excluding items required to be bid under ORC 735.05) may be |

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|---|---|
| <ol style="list-style-type: none"> <li>1. Procedures used to select the seller.</li> <li>2. Reasons for selecting the seller.</li> <li>3. Other information as required.</li> </ol>   | <p>purchased by obtaining quotes from an adequate number of qualified sources.</p>  |
| <p>135.05 (e) Competitive bidding required for purchases that are \$50,000 or higher with exceptions for:</p> <ol style="list-style-type: none"> <li>1. Purchases made from Qualified nonprofit agencies under 4115.31 to 4115.35.</li> <li>2. Emergency Purchases.</li> <li>3. Purchases from other governmental agencies.</li> <li>4. Purchases of used equipment.</li> <li>5. Professional and personal services.</li> <li>6. Reverse Auction</li> </ol> | <p>133.02 (C) (4) (a) Sealed bids for purchases of \$50,000 or more with exceptions for.</p> <ol style="list-style-type: none"> <li>(i) Purchases made from Qualified nonprofit agencies under 4115.31 to 4115.35.</li> <li>(ii) Emergency Purchases.</li> <li>(iii) Purchases from other governmental agencies.</li> <li>(iv) Purchases of used equipment.</li> <li>(v) Professional and personal services.</li> </ol> |
| <p>135.04 (d) Purchases under \$50,000 require a request for proposal.</p>  | <p>133.02 (C) (5) (a) Competitive Proposals. Sealed bids are not required and the purchase is \$250,001 or more.</p>  |
|   | <p>133.02 (C) (6) (a) Non-competitive or sole source only allowed for the following:</p> <ol style="list-style-type: none"> <li>(i) Only available from a single source.</li> <li>(ii) Public exigency or emergency.</li> <li>(iii) Expressly authorized by the federal awarding agency or pass-through.</li> <li>(iv) Competition determined to be inadequate after solicitation from a number of sources.</li> </ol>  |
| <p>135.04 (f) Reverse auction</p>   | <p>Removed as this practice has not been used to our knowledge and poses certain risks that are believed to out way any benefit to this type of purchase.</p>   |

- Other changes to note are the addition of a compliance section 133.02(d) addressing the following:
  - Suspension and Debarment/Prohibited Bidder required under the Uniform Guidance.
  - Maintenance of Records required under the Uniform Guidance.
  - Retainage carried over from current policy.
  - Proper public purpose required for all purchases under state law but not included in the current policy. In addition, there is an Auditor of State bulletin 2004-002 and 2003-005 regarding the purchases of food, beverages and token gifts requiring the legislative authority (Council) to pass a policy that includes these items as proper

public purpose. The City currently makes these types of purchases and this will bring us in compliance with these bulletins.