

ORDINANCE NO. 2899

AN ORDINANCE OF THE CITY OF ISSAQUAH,
WASHINGTON, AMENDING THE FINANCIAL
MANAGEMENT POLICY AND ESTABLISHING AN
EFFECTIVE DATE.

WHEREAS, the City Council adopted the City's current Financial Management Policy on Sept. 5, 2017 (Ordinance #2805); and

WHEREAS, the federal government updated its conflict of interest regulations for procurement/purchasing processes for entities receiving federal funds effective Dec. 26, 2014; and

WHEREAS, the federal government gave entities receiving federal funds a three-year grace period from the effective date of the regulations to incorporate the new regulations into their financial policies and that three-year grace period ended on Dec. 26, 2017; and

WHEREAS, Section 4.0 of the Financial Management Policy establishes procurement/purchasing standards for the City of Issaquah; and

WHEREAS, the Dec. 26, 2014 federal conflict of interest regulations are not currently included in Section 4.0 of the City's Financial Management Policy; and

WHEREAS, the State Auditor's Office identified this deficiency in Section 4.0 of the Financial Management Policy in late 2017 as part of its audit of the City's 2016 financial statements: and

WHEREAS, the City avoided an audit finding or formal recommendation for being out of compliance with this federal regulation on its 2017 audit because it was not subject to an audit on its federal spending because the City spent less than \$750,000 in federal monies; and

WHEREAS, the City is subject to an audit on its federal spending in 2018 because it spent more than \$750,000 in federal monies; and

WHEREAS, the State Auditor's Office has notified the City it will receive an audit finding on its 2018 financial statements because the City continues to lack language in its Financial Management Policy to address the change in federal regulations; and

WHEREAS, the continued absence of language to reflect the change in federal regulation may also result in an audit finding for 2019; and

WHEREAS, the City is committed to making the changes necessary to its financial management practices to avoid future audit findings; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF ISSAQUAH, WASHINGTON DO
ORDAIN AS FOLLOWS:

Section 1. Amend Section 4.3, Purchasing Standards. Section 4.3, Purchasing Standards, of the Financial Management Policy adopted by Ordinance No. 2805, is hereby amended to read as follows:

4.3 Purchasing Standards

All employees of the City shall comply with the City of Issaquah Code of Ethics, State Law, and Federal statutory requirements regarding purchase of materials or services. The following practices are specifically forbidden so as not to create a conflict of interest:

- Using information available to an employee solely because of their position for personal profit, gain, or advantage.
- Directly or indirectly furnishing estimating services, or any other services or information not available to all prospective bidders, to any person bidding on, or who may reasonably be expected to bid on, a contract.
- Using their position or status in the City to directly or indirectly solicit business of any kind for private use or to obtain supplies and equipment at special discounts or with special concessions from any vendor who sells or solicits sales to the City.
- Soliciting, accepting, or agreeing to accept any gratuity for themselves, their families, or others that would or could result in personal gain.
- Participating in the selection, award, or administration of a contract if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other

interest in or a tangible personal benefit from a firm considered for a contract.

Section 2. Amend Section 4.5, Level of Purchasing and Commitment Authority.

Section 4.5, Level of Purchasing and Commitment Authority, of the Financial Management Policy adopted by Ordinance No. 2805, is hereby amended to read as follows:

4.5 Level of Purchasing and Commitment Authority

Contracting with other public agencies or the private sector for the delivery of goods and services may provide the City with opportunities for cost containment and productivity service enhancement. As such, the City is committed to using outside resources for delivering municipal services as a key element in our continuing effort to provide effective and efficient programs while minimizing costs.

The Mayor shall have the authority to:

Authorize general purchases (non-professional goods and services) for a dollar amount up to \$100,000

Execute Professional Service Agreements (PSA) and Contracts for terms not to exceed two years or up to an original contract amount of \$300,000

All contractual obligations, including zero-dollar contracts, are subject to compliance with financial procedures.

All purchases should be made per the Purchasing and Contract Commitment Threshold and further defined in financial procedures and shall include requirements for acquiring quotes, estimates and competitive bidding. The Mayor has the sole authority to waive purchasing procedures, but only to the extent as authorized by State Law.

City of Issaquah
Purchasing & Contract Commitment Thresholds

Amount Limit	Role	Requirements or Thresholds
\$1 - \$50,000	Department Director	A. Must comply with RCW 39.04.155 or 35.23.352 or obtain up to three quotes B. Capital project change order limit is 10% of approved total project contingency budget - per individual contract change order
up to - \$75,000	City Administrator	A. Must comply with RCW 39.04.155 or 35.23.352 or obtain up to three quotes B. Capital project change order limit is 10% of approved total project contingency budget - per individual contract change order
up to - \$100,000	Mayor	A. Must comply with RCW 39.04.155 or 35.23.352 or obtain up to five quotes B. Capital project change order limit is 10% of approved total project contingency budget - per individual contract change order
over \$100,000	City Council	Subject to bidding and procurement laws

*All purchasing and contract commitments must align with Financial Management Policy and related Financial Procedures
Non-budgeted expenditures require a Council budget amendment before purchase or commitment may occur*

Purchases and/or contracts that include Federal funding shall also comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, published under Title 2 of the Code of Federal Regulations (2 CFR 200). Where requirements differ between City, State or Federal policy, the most restrictive of Federal, State or City policy-level requirements will be met.

Section 2. Effective Date. This ordinance or a summary thereof consisting of the title shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after publication.

Passed by the City Council of the City of Issaquah, the 21st day of January, 2020.

Approved by the Mayor of the City of Issaquah, the 21st day of January, 2020.



MARY LOU PAULY, MAYOR

ATTEST/AUTHENTICATED:


CHRISTINE L. EGGERS, CITY CLERK

APPROVED AS TO FORM:


JAMES E. HANEY, CITY ATTORNEY

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