

ORDINANCE No. _____

AN ORDINANCE AMENDING SECTION(S) _____ OF THE CITY OF EXAMPLE CODE, PROVIDING FOR PROCESSING METHODS AND INTERNAL CONTROLS OVER MUNICIPAL PURCHASES AND CASH DISBURSEMENTS.

BE IT ORDAINED BY THE COUNCIL
OF THE CITY OF EXAMPLE, OKLAHOMA.

SECTION 1

Section(s) _____ of the Example Code, are hereby amended to read as follows:

Section ____: Payroll Disbursements

- (a) For all employees and officers of the City, a documented record shall be maintained in a personnel file of the authorized rate of pay or salary and authorized deductions for each employee or officer.
- (b) For each pay period, a documented record of time worked and leave taken shall be prepared, in the form of time sheets, cards or logs, for each employee and officer to be paid. For employees exempt from the overtime provisions of the Fair Labor Standards Act, the record may exclude time worked. Such record of time worked and leave taken shall be verified as to its accuracy in writing by the employee or officer, supervisor or department head if applicable, and the City Manager.
- (c) Upon verification of the work record, a payroll statement or register, including the amount of gross pay, authorized deductions, and net pay, shall be prepared and submitted to the City Manager for review and written approval.
- (d) Upon approval of the payroll statement or register, the net payroll checks shall be prepared along with checks or wire transfers for payment of related payroll taxes and other payroll benefits, required by law or contract. Direct deposits may be used as an alternative to checks and wire transfers.
- (e) The checks or direct deposit report shall be presented to the City Treasurer along with the approved payroll statement or register. The Treasurer shall compare the checks or direct deposits to the payroll statement or register and verify their accuracy. Upon verification, the Treasurer and the City Manager shall sign any checks and prepare them for distribution. In addition, the Treasurer shall prepare or caused to be prepared a check or payment register.
- (f) No payroll related encumbrances are required to be recorded in the budgetary accounting records as long as the payroll costs are recorded as expenditures at the time they become due and payable. However, no payroll costs may be incurred or paid if they exceed the available appropriation for the purposes as established by the City Council.
- (g) The City Treasurer shall record or cause to be recorded in the appropriate journals and ledgers the payroll costs incurred and/or paid for the pay period.
- (h) A copy of the payroll statement, register or payroll check register may be provided to the City Council for informational purposes; however, the City Council approval is not required prior to the payment of payroll related costs if incurred and paid in accordance with the provisions above.

Section ____: Competitive Bidding

- (a) The City shall adhere to the provisions of Oklahoma Statutes (2001), Title 61, Sections 101 et seq. when determining when competitive bidding is required and the manner in which competitive bids will be obtained.
- (b) In addition to the requirements of (a) above, public trusts created pursuant to O.S. Title 60, Section 176, of which the City is beneficiary, shall also follow the competitive bidding provisions of Section 176(g) of Title 60.

Section ____: Purchases of Goods, Services and Capital

- (a) The City Manager shall designate certain individuals as purchasing officers empowered to purchase or contract against budget appropriations. Only these designated individuals will be empowered to obligate the City.
- (b) For all purchases of goods, services or capital (all purchases or disbursements other than payroll and debt service) for which the obligation and final invoice for the payment of the obligation does not occur within the same month, purchase orders or contracts shall be prepared and approved, in writing, by a designated purchasing officer prior to the time the purchase commitment is made. The approved purchase order or contract shall be forwarded to an officer or employee charged with keeping the appropriation and expenditure records (encumbering clerk) who shall determine that there exists available unencumbered appropriation for that purpose. Upon such determination, the encumbering clerk shall attest to that fact in writing. If appropriation is not available for the proposed purchase or commitment, the purchase or commitment shall not proceed until budget amendments are authorized to provide sufficient appropriation.

Upon approval of the purchasing officer and encumbering clerk, an encumbrance shall be recorded in the appropriation and expenditure records in the amount or estimated amount of the commitment.

These encumbering requirements shall not apply to the following type of purchases or commitments:

- Payroll and payroll related expenses
- Utility and telephone services by entities governed by State Corporation Commission
- Insurance contracts
- Purchases where the obligation and final invoice are processed in the same month

- (c) For all purchases or contracts for goods, services or capital over \$25,000, City Council approval shall be obtained prior to the time the commitment is made, and such approval shall be recorded in the minutes of the Council.
- (d) After satisfactory delivery of the merchandise or completion of contract provisions, an invoice or claim form shall be obtained adequately documenting request for payment. The officer or employee receiving satisfactory delivery of merchandise or contract service shall acknowledge such fact by signing the invoice, claim form, delivery ticket or receiving advice.

The invoice or claims form, along with the written acknowledgment of receipt, shall be forwarded to the officer or employee responsible for processing accounts payable who shall review the invoice for accuracy and propriety, including comparison to the authorized purchase order or contract, if applicable.

Upon completion of the accounts payable officer review, the invoices or claim forms along with the related supporting documentation shall be submitted to the City Manager for consideration and approval of payment, along with an accompanying invoice or claims listing, which shall be approved in writing City Manager. An invoice approval report or claims listing will be presented to the City Council for payment authorization.

- (e) Upon approval of the invoices or claims for payment by the City Council, checks or other payment documents as authorized by State law (11 O.S., Section 17-102) shall be prepared and submitted to the City Treasurer, along with a copy of the approved invoice or claims listing.

The Treasurer shall compare the checks or other payment documents to the invoice or claims listing and verify their accuracy. Upon verification, the Treasurer and the City Manager shall sign the checks or other documents and prepare them for distribution. In addition, the Treasurer shall prepare or caused to be prepared a check or disbursement register.

- (f) The City Treasurer shall record or cause to be recorded in the appropriate journals and ledgers the purchases and cash disbursements incurred and paid.

Section ____: Debt Service

- (a) All long-term indebtedness, in the form of bonds, notes or lease purchase obligations, shall only be incurred in the manner provided by law.
- (b) Once lawfully incurred, payments of principal and interest on the bonds or notes and payments on the lease purchase obligations shall be paid in accordance with the terms as specified in the bond indenture, note agreement or lease purchase contract by the City Treasurer without further approval of the governing body.
- (c) The manner of payment shall be consistent with the manner used for the payment of purchases of goods, services or capital as described in Section _____ (e) above.
- (d) The City Treasurer shall record or cause to be recorded in the appropriate journals and ledgers the debt service payments and maintain current records of the remaining amount of indebtedness.

Section ____: Interfund Transfers

- (a) All transfers of resources between funds shall only be made in accordance with the appropriations provided by the City Council for such transfers. Such appropriations shall be contained in the original or amended budget of the City.
- (b) Once lawfully appropriated, interfund transfer payments may be made by the City Treasurer without further City Council approval. Such transfers, however, may not exceed the amount lawfully appropriated.
- (c) The manner of payment of these interfund transfers shall be consistent with the manner used for the payment of purchases of goods, services and capital as described in Section _____(f) above.
- (d) The City Treasurer shall record or cause to be recorded these interfund transfers in the appropriate journals and ledgers.

Section ____: Petty Cash

- (a) As provided for in 11 O.S., Section 17-102(D) of the Oklahoma State Statutes, the City may have petty cash accounts for use in making certain small payments for costs incurred in operating the municipality.
- (b) Each petty cash account established shall require City Council approval, including the amount of the petty cash imprest balance. However, in no case, should the imprest balance exceed \$500.
- (c) The petty cash accounts shall be reimbursed by utilizing properly itemized invoices or petty cash voucher slips and by then processing the reimbursement in the manner used for payment of purchases of goods, services and capital.

Section ____: Incurring Indebtedness

- (a) As provided for in Article 10, Section 26 of the Oklahoma Constitution, the City is prohibited from becoming indebted in any manner for any purpose in an amount exceeding the amount appropriated by the City Council for such purpose, without voter approval.

Section ____: Financial Reporting

- (a) The City Treasurer, or their designee, shall prepare a monthly budget status report in accordance with a comparison of actual results to date and the budget by purpose. The report shall be placed on the Agenda for City Council acknowledgment at a meeting of the City Council in the month following the close of the monthly period.

Section ____: Applicability to Public Trusts

- (a) For all public trusts created pursuant to 60 O.S., Sections 176-180, for which the City is beneficiary and for which the trust's governing body (Trustees) are comprised entirely of members of the City Council, the above noted requirements of Section _____ through Section _____ above, excluding Section _____ on Incurring Indebtedness, shall apply.
- (b) For the purposes of the public trusts, as used above, the terms governing body shall mean board of trustees of the trust, Chief Executive Officer shall mean Trust Manager as appointed by the trustees, City Treasurer shall mean Trust Treasurer as appointed by the trustees or required by the trust indenture.

SECTION 2

WHEREAS, it being immediately necessary for the preservation of the peace, health, and safety of the City of Example, and the inhabitants thereof that the provisions of this ordinance be put into full force and effect, an emergency is hereby declared to exist by reason whereof this ordinance shall take effect, and be in full force from and after its passage, as provided by law.

INTRODUCED and READ in open meeting of the City Council of the City of Example, Oklahoma on the _____ day of _____, 2006.

PASSED by the City Council of the City of Example on the _____ day of _____, 2006, with Emergency Clause approved by separate vote.

Mayor

ATTEST:

City Clerk

(S E A L)

APPROVED as to form and legality this _____ day of _____, 2006.

City Attorney