

## **ORDINANCE NO. 3601**

**An ordinance amending Chapter 2, Article X, Section, 2-187, Purchase order system, Section 2-188, Invoice System, of the Broken Arrow Code pertaining to Invoice system; repealing all ordinances to the contrary; and declaring an emergency.**

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BROKEN ARROW:

SECTION I. Broken Arrow Code Chapter 2, Article X, Section 2-187, is hereby created to read as follows:

Sec. 2-187. - Purchase order system.

(a) The City of Broken Arrow hereby provides for the acquisition of goods and services through the use of a purchase order system for each item or related group of items. All purchase orders shall be encumbered prior to issuance. Certification shall be made by the director of finance or his authorized agent that there are sufficient unencumbered departmental balances and that the amount of the purchase order has been entered against the appropriation.

(b) Approved requisitions for purchases entered by departments are processed by the buyers in the logistics division of general services onto purchase orders to approved vendors. When an order arrives, the logistics division is responsible for checking the order to determine if quantity, quality, number of items, and condition are acceptable. The order is appropriately documented and submitted to the finance department for payment with an invoice and all supporting documentation.

(c) Payment of purchase orders are typically approved by the city council on the claims list. In an emergency, payment of purchase orders may be approved by the city manager, or a designee, so long as there is demonstrated compliance with state law, accepted public accounting standards, and the procedures set forth in the purchasing manual. Items processed under this invoice system shall not be paid until inclusion on a claims list be submitted to City Council for approval or ratification approved by the city council within thirty (30) days of the Director of Finance's certification of the claims list. The finance department's internal control structure shall include the following:

- (1) Proper authorization of transactions and activities;
- (2) Adequate segregation of duties;
- (3) Adequate documentation and maintenance of records;
- (4) Adequate safeguards over access to and use of assets and records; and
- (5) Independent reviews of performance.

(d) The finance department's accounting system shall result in:

- (1) The identification and recording of all valid transactions;
- (2) The description on a timely basis of the type of transaction in sufficient detail to permit proper classification for financial reporting purposes;

- (3) Measurement of the transaction's value in a manner which permits recording of its monetary value in the financial statements;
- (4) Determination of the time period in which the transaction occurred to facilitate recording of the transaction in the proper account period; and
- (5) Proper presentation of the transaction and related disclosures and financial statements.
- (e) It is the express intent of the city council that the city makes use of its maximum financial authority granted under 62 O.S. § 310.1, 62 O.S. § 310.8, and 11 O.S. §17-102.

SECTION II. Broken Arrow Code Chapter 2, Article X, Section 2-188, is hereby created to read as follows:

Sec. 2-188. Invoice System.

- (a) The City of Broken Arrow provides for the acquisition of good and services through the use of an invoice system for each item or related group of items. The city council hereby authorizes the city manager or his designee to establish an invoice system which provides for the processing and payment of certain obligations which is separate from the purchase order system and that provides reasonable assurance against unauthorized or illegal payments of invoices. This invoice system shall encompass those items which the city manager or a designee determines would not require a purchase order. The Director of Finance shall include items processed under this invoice system on a claims list. The Director of Finance shall certify that all items included on the claims list comply with the City's internal control structure adequate to provide reasonable assurance against unauthorized or illegal payments of invoices. All items processed under the claims list shall be paid upon the Director of Finance's certification of the claims list. Items processed under this invoice system shall be submitted to City Council for approval or ratification within thirty (30) days of the director of Finance's certification of the claims list.
- (b) All invoice payments and other obligations not subject to a purchase order shall be encumbered prior to issuance. Certification shall be made by the director of finance or his authorized agent that there are sufficient unencumbered balances in the designated appropriation account and that the amount of the invoice or other obligation has been entered against the appropriation. The finance department's internal control structure shall prevent the unauthorized or illegal payment of invoices and shall include the following control procedures:
  - (1) Proper authorization of transactions and activities;
  - (2) Adequate segregation of duties;
  - (3) Adequate documentation and maintenance of records;
  - (4) Adequate safeguards over access to and use of assets and records;
  - (5) Independent reviews of performance; and
  - (6) The control environment, which shall consist of staff responsiveness to the overall attitude awareness and actions of the city council.
- (c) The finance department's accounting system shall result in:
  - (1) The identification and recording of all valid transactions;

- (2) The description on a timely basis of the type of transaction in sufficient detail to permit proper classification for financial reporting purposes;
  - (3) Measurement of the transaction's value in a manner which permits recording of its monetary value in the financial statements;
  - (4) Determination of the time period in which the transaction occurred to prevent recording of the transaction in the proper account period; and
  - (5) Proper presentation of the transaction and related disclosures and financial statements.
- (d) It is the express intent of the city council that the city make use of its maximum financial authority granted under 62 O.S. Section 310.1, section 310.8, and 11 O.S. section 17-102.

SECTION III. Any ordinance or parts of ordinances found to be in conflict herewith are hereby repealed.

SECTION IV. An emergency exists for the preservation of the public health, peace and safety, and therefore this ordinance shall become effective from and after the time of its passage and approval.

PASSED AND APPROVED and the emergency clause ruled upon separately this 3<sup>rd</sup> day of September, 2019.

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MAYOR

ATTEST:

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(Seal) CITY CLERK

APPROVED:

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DEPUTY CITY ATTORNEY