

DOUGLAS COUNTY



FINANCIAL POLICIES

2016

DOUGLAS COUNTY FINANCIAL POLICIES

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1 – GENERAL PROVISIONS	1
1.1 Purpose.....	1
1.2 Application and Waivers.....	1
1.3 Responsibilities and Records	1
1.4 Public Records	2
SECTION 2 - DEFINITIONS	3
SECTION 3 – FINANCIAL PROCEDURES	6
3.1 Petty Cash Funds	6
3.2 Change Funds	6
3.3 Purchasing Cards	6
3.4 Purchases of Commodities	6
3.5 Purchases of Services (including Engineering Services).....	7
3.6 Purchases of Combined Commodities and Services.....	7
3.7 Purchases not subject to Purchasing Requirements.....	8
3.8 Purchases Subject to State Statutory Requirements.....	9
3.9 Purchases Subject to Federal Award Requirements.....	11
3.10 Request for Qualifications	11
3.11 Informal Bids/Proposals	12
3.12 Requests for Information.....	12
3.13 Formal Bids/Proposals.....	12
3.14 Emergency Purchases	13
3.15 Contracts.....	13
3.16 Non-Monetary Agreements	14
3.17 Extensions on Contracts	14
3.18 Lease and Lease/Purchase Arrangements.....	14
SECTION 4 – BONDS & CONTRACT CLAUSES	15
4.1 Bid Security	15
4.2 Performance Bonds.....	15
4.3 Payment Bonds	15
4.4 Authority of Board of County Commissioners.....	16
4.5 Contract Clauses	16
SECTION 5 – PROTESTS, SUSPENSION, OR DISBARMENT	18
5.1 Protests by Vendors	18
5.2 Suspension or Disbarment of Vendors	18
SECTION 6 – DISPOSAL OF PROPERTY	21
6.1 Property with Value greater than \$50,000.....	21
6.2 Property with Value less than \$50,000	21
6.3 Real Property	22
6.4 Public Notice Requirements	22
6.5 Terms & Conditions of Sale	22
6.6 Exceptions to Policy	23

SECTION 7 – CAPITALIZED ASSETS	24
SECTION 8 – STATE AND FEDERAL REQUIREMENTS	25
SECTION 9 – ETHICS IN COUNTY CONTRACTING	26
8.1 General Standards of Ethical Conduct.....	26
8.2 Employee Conflict of Interest.....	26
8.3 Employee Disclosure Requirements.....	27
8.4 Gratuities, Kickbacks, and Contingent Fees.....	27
8.5 Restrictions on Employment of Present and Former Employees	27
8.6 Use of Confidential Information.....	28
8.7 Civil and Administrative Remedies against Employees and Non- Employees who Breach Ethical Standards	28
 PROCEDURES	
1. Record Keeping.....	29
2. Capitalized Assets.....	29
 ATTACHMENT A: PURCHASING CARD CARDHOLDER AGREEMENT	31

DOUGLAS COUNTY FINANCIAL POLICIES

SECTION 1 GENERAL PROVISIONS

1.1 PURPOSE

Financial policies serve as the guiding principles for the County's financial management and annual budgetary process. Generally, financial policies are desirable in order to maintain or improve an entity's financial position, financial management and credit rating(s). The County's financial policies will comply with applicable state statutes.

It is the policy of the Board of County Commissioners (BOCC) that all financial transactions conducted by or on behalf of Douglas County, its agencies, departments, officials and authorized agents shall be made in a manner and method that efficiently and effectively utilizes available financial resources and demonstrates good stewardship in the management of public funds and resources according to established financial management practices, accounting standards, and auditing requirements

Douglas County recognizes that the types of products and services the County purchases have inherent social, human health, environmental and economic impacts, and that the County should make procurement decisions that embody our commitment to sustainability whenever possible.

The purpose of this policy is to support the purchase of products and services that will minimize negative environmental, health, and social impacts of County operations and support markets for sustainably-produced products. The purchase of these products and services is preferred whenever they perform satisfactorily and are available at a reasonable cost. County department staff are encouraged to purchase sustainably- produced products within their existing budgets

1.2 APPLICATION AND WAIVERS

This policy shall apply to all expenditures using Douglas County funds, whether such funds are budgeted or not, and includes grant funds. The Board of County Commissioners, by majority vote, may waive the use of this policy when the Board deems it to be in the best interest of the County to do so, as long as the waiver does not contravene any Kansas statute.

1.3 RESPONSIBILITIES

It shall be the responsibility of the Assistant County Administrator to oversee the application of this policy, unless delegated specifically in policy or procedure.

1.4 PUBLIC RECORDS

Purchasing documents are public records to the extent provided in the Kansas Open Records Act, K.S.A. 45-215 et seq. and amendments thereto. Several exceptions to the Kansas Open Records Act, as listed in K.S.A. 45-221(a), are relevant to the purchasing process.

Fees for providing access to and copies of such documents shall be charged in accordance with the Open Records Fee policies established by the Board of County Commissioners.

SECTION 2 DEFINITIONS

The words defined in this Section shall have the meanings set forth below whenever they appear in this manual:

Bid: an offer, as a price, for payment or acceptance. A bid can either be an offer to the County by a vendor or a buyer.

Bid Security: a guarantee, in the form of a bond or deposit, that the bidder, if selected, will sign the contract as bid; otherwise the bidder (in the case of a deposit) or the bidder or their guarantor (in the case of a bond) will be liable for the amount of the bond or deposit.

Change Order: a written order signed by the Assistant County Administrator or designee, directing the contractor to make changes in the contract.

Commodity: a tangible good.

Cooperative or State Contract: a contract established through a bidding process that allows multiple governmental agencies to utilize the pricing.

Construction: the process of building, altering, repairing, improving, or demolishing any public structure or building, or other public improvements of any kind to any public real property. It does not include the routine operation, routine repair, or routine maintenance of existing structures, buildings or real property.

Contract: an agreement between the County and one or more persons/businesses by which the other persons/businesses agree to provide, in exchange for consideration, any type of property, whether tangible or intangible, services or any other benefit to or for the County.

Contract Modification: any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual action of the parties to the original contract.

Contractor: any person/business having a contract with the County.

Department: any office or department having a County budget and that utilizes any supplies, services or construction purchased under this policy.

Department Head: the manager, whether elected or appointment, in charge of a department.

Emergency Purchase: the purchase of supplies, services, and/or construction where the urgency of need does not permit the delay in utilizing formal competitive selection methods.

Employee: any individual receiving a County paycheck, such paycheck being a result of either appointment or election to a County position.

Extensions to Contracts: An addendum to a contract for an incidental service or commodity not anticipated or necessary to the original purchase.

May: denotes the permissive.

On-line Service: an internet service designed to provide notification to qualified vendors of appropriate formal bids/proposals requests.

Purchasing: buying, renting, leasing, or otherwise acquiring any supplies, services, and/or construction. It also includes all functions that pertain to the obtaining of any supply, service, and/or construction, including description of requirements, selection and solicitation of vendors, preparation and award of contract, and all phases of contract administration.

Purchase Description: the words used in a solicitation to describe the supplies, services, and/or construction to be purchased, and include specifications attached to, or made a part of, the solicitation.

Purchase Requisition: a notification to Administrative Services issued by a Department requesting that a contract be entered into for a specified need. Such notification may include, but is not limited to, the technical description of the requested time, delivery schedule, criteria for evaluation, suggested vendors, and information supplied for the making of any written determination required by this policy.

Purchasing Card: a method of payment with limits determined by the Assistant County Administrator and Department Head. Such payments must be compliant with the Douglas County Procurement Card Employee Manual.

Qualified Vendor: any vendor who has not been debarred or suspended from County consideration by the Board of County Commissioners within the past three (3) years.

Request for Information: a request (including general specifications) for pricing and for other related information that is provided to vendors holding cooperative contracts established by a competitive bidding process.

Request for Sealed Proposals: all documents, whether attached or incorporated by reference, utilized for soliciting proposals.

Informal Bids/Proposals: an informal offer or bid containing price and other terms made by a vendor in writing, telephone, or verbally.

Request for Qualifications: a documented process to narrow the selection of qualified vendors to respond to a solicitation of a bid/proposal, or to determine a list of qualified consultants that can be access as needed.

Request for Sealed Bids: all documents, whether attached or incorporated by reference, utilized for soliciting bids.

Responsible Bidder: a person/business who has the capability in all respects to perform fully the contract requirements, and the tenacity, perseverance, experience, integrity, reliability, capacity, facilities, equipment, and credit which will assure good faith performance.

Responsive Bidder: a person/business who has submitted a bid which conforms in all material respects to the Request for Bids/Proposals.

Services: the furnishing of labor, time, and/or effort by a vendor.

Shall: denotes the imperative.

Sole Source of Supply: there is only one source for the required supply, service, or construction item due to uniqueness of the product, quality or performance of the item, or need to maintain uniformity with past purchases.

Specification: any description of the physical or functional characteristics, or of the nature of a supply, service, or construction item. It may include a description of any requirement for inspection, testing, or preparing a supply, service, or construction item for delivery.

Supplies: all property, including but not limited to equipment, materials, printing, insurance, and leases of real property, excluding land or a permanent interest in land.

Surplus: any supplies no longer having any use to the County. This includes obsolete supplies, scrap materials, and nonexpendable supplies that have completed their useful life cycle.

Sustainability: For Douglas County, sustainability means making decisions that balance the needs of the environment, economy, and society — for both present and future generations. We share our citizens' commitment to sustainability, and are working to foster a healthy environment that contributes to a growing economy and a livable community.

Vendor: a seller of commodities and/or services.

Vendor List: a list of qualified vendors established and maintained through on-line service for any party interested in doing business with the County.

SECTION 3 FINANCIAL PROCEDURES

3.1 PETTY CASH FUNDS

Petty cash funds of \$25.00 or less may be established by the Department Head for the purchase of miscellaneous small items. Petty cash funds greater than \$25.00 must be established by Resolution of the Board of County Commissioners. Receipts of expenditures must be submitted when requesting replenishment of petty cash funds.

3.2 CHANGE FUNDS

Departments may keep cash on hand for the sole purpose of making change for cash transactions. Such funds must be identified and kept separate from other cash, and may not be in an amount in excess of \$500.00, except for the Treasurer's Office, which may not be in an amount in excess of \$2,500.00.

3.3 PURCHASING CARDS (P-CARDS)

The use of P-Cards for purchases is encouraged wherever possible. Employees to whom P-Cards are assigned must sign the Purchasing Card Cardholder Agreement (see Attachment A). The Assistant County Administrator is responsible for the oversight of Purchasing Cards, including establishment of limits and types of purchases authorized.

3.4 PURCHASES OF COMMODITIES

A. Department Head Approval Levels: When the purchase price of the commodity acquisition is less than or equal to \$20,000, the Department Head shall have the authority to make the acquisition without prior approval or the solicitation of quotes.

B. Administration Approval Levels: Approval for purchases of commodities may be made by the County Administrator or the Assistant County Administrator at the following levels:

1. Cooperative or State Contracts: When the purchase price of the commodity acquisition is between \$20,001 and \$50,000, and the commodity may be purchased through a cooperative or state contract for which bids were originally issued.
2. Sole Source: When the purchase price of the commodity acquisition is between \$20,001 and \$50,000, and the commodity may only be purchased through one vendor due to uniqueness of the product, quality or performance of the item, or need to maintain uniformity with past purchases.
3. Informal Bids: When the purchase price of the commodity acquisition is between \$20,001 and \$50,000, and a cooperative or state contract is not available or is not being utilized, and informal bids/proposals have been solicited.

C. Board of County Commissioners Approval: Approval from the Board of County Commissioners is required when the purchase price of a commodity is greater than \$50,000.

DOUGAS COUNTY FINANCIAL POLICIES

Cooperative or State Contracts, Sole Source, or Formal Bids may be utilized for such purchase.

D. Sustainability: When purchasing commodities, County staff are encouraged to purchase sustainably-produced products whenever they perform satisfactorily and are available at a reasonable cost.

3.5 PURCHASES OF SERVICES

A. Department Head Approval levels: When the purchase price of the service acquisition is less than or equal to \$20,000, the Department Head shall have the authority to make the acquisition without prior approval or the solicitation of quotes.

B. Administration Approval Levels: Approval for purchases of services may be made by the County Administrator or the Assistant County Administrator at the following levels:

1. Cooperative or State Contracts: When the purchase price of the service acquisition is between \$20,001 and \$50,000, and the service may be purchased through a cooperative or state contract for which bids/proposals were originally issued.
2. Sole Source: When the purchase price of the service acquisition is between \$20,001 and \$50,000, and the service may only be purchased through one vendor due to uniqueness of the service, quality or performance of the service, or need to maintain uniformity with past purchases.
3. Informal Bids/Proposals: When the purchase price of the service acquisition is between \$20,001 and \$50,000, and a cooperative or state contract is not available or is not being utilized, and informal bids/proposals have been solicited.

A. Board of County Commissioners Approval:

1. Approval from the Board of County Commissioners is required when the purchase price of a service is greater than \$50,000. Cooperative or State Contracts, Sole Source, or Formal Bids may be utilized for such purchase.
2. Engineering Services. For engineering services greater than \$50,000, but less than \$100,000, and are part of an approved CIP project, the department head may invite proposals from at least three firms. Pursuant to an interview of at least one firm, the department head shall request approval from the County Commissioners to negotiate a final contract and fee for the professional service; final approval of the contract must be requested from the Board of County Commissioners unless such approval authority has otherwise delegated by the Board. Engineering services greater than \$100,000 will be subject to Sections 3.11 and/or Section 3.8.

E. Sustainability: When purchasing services, County staff are encouraged to establish contracts with vendors that support the County's sustainability values in addition to the specific performance criteria required.

3.6 PURCHASES OF COMBINED COMMODITIES AND SERVICES

DOUGAS COUNTY FINANCIAL POLICIES

A. Department Head Approval levels: When the purchase price of the combined commodity/service acquisition is less than or equal to \$20,000, the Department Head shall have the authority to make the acquisition without prior approval or the solicitation of quotes.

B. Administration Approval Levels: Approval for purchases of combined commodity/services may be made by the County Administrator or the Assistant County Administrator at the following levels:

1. Cooperative or State Contracts: When the purchase price of the combined commodity/service acquisition is between \$20,001 and \$50,000, and the combined commodity/service may be purchased through a cooperative or state contract for which bids/proposals were originally issued.
2. Sole Source: When the purchase price of the commodity/service acquisition is between \$20,001 and \$50,000, and the commodity/service may only be purchased through one vendor due to uniqueness of the product, quality or performance of the item, or need to maintain uniformity with past purchases.
3. Informal Bids/Proposals: When the purchase price of the combined commodity/service acquisition is between \$20,000 and \$50,000, and a cooperative or state contract is not available or is not being utilized, and informal bids/proposals have been solicited.
4. Auctions: When an item with a value between \$20,001 and \$75,000 is available through an auction (with time constraints), the County Administrator or the Assistant County Administrator may authorize participation in the auction after analyzing the following requirements.
 - a. The item was a planned equipment purchase approved through the budgetary process.
 - b. Staff has observed the item and evaluated its condition.
 - c. Staff has established a value for the item being auctioned.
 - d. Staff has determined the price of an identical new piece of equipment (excluding trade-in).
 - e. Staff provides a value of existing equipment being replaced (if applicable, for disposable purposes).

If approval is provided for an amount less than \$20,000, the County Administrator/Assistant County Administrator will establish a maximum amount authorized for the purchase. If the amount of the purchase is expected to exceed \$50,000, the County Administrator/Assistant County Administrator will make every attempt to seek approval from the Board of County Commissioners within the time constraints; if that is not possible, the County Administrator/Assistant County Administrator will notify the Board of County Commissioners of the intent to participate in the auction, identifying the piece of equipment, the maximum amount authorized, and the deadline.

- C. Board of County Commissioners Approval:** Approval from the Board of County Commissioners is required when the purchase price of a combined commodity/service is greater than \$50,000. Cooperative or State Contracts, Sole Source, or Formal Bids may be utilized for such purchase.
- D. Sustainability:** When purchasing combined services and commodities, County staff are encouraged to purchase sustainably-produced products and to work with sustainability-

conscious vendors whenever they perform satisfactorily and are available at a reasonable cost.

3.7 PURCHASES NOT SUBJECT TO PURCHASING REQUIREMENTS

Some categories of expenditures cannot be competitively purchased and therefore, are exempt from the purchasing requirements, regardless of dollar threshold amount. These categories are outlined below;

- Utility payments
- Expenditures associated with payroll contributions and deductions i.e. Social Security, KPERS, KP&F, and employee voluntary deduction payments
- Expenses associated with Worker's Compensation and the provision of employee health insurance.
- Prisoner medical payments
- Out of county prisoner care, unless an inter-local agreement is entered into.
- Maintenance agreements, after the initial BOCC approval
- Contracts entered into by the City of Lawrence for shared services for example medical supply contracts for the Lawrence Douglas County Fire Medical
- Payments to Local Governments, Community Partners, and Townships for First Response services as outlined in the Annual Operating Budget
- DEU Buy Funds, Inmate and Forfeiture funds
- Any other category of expenditure as declared by the BOCC.

3.8 PURCHASES SUBJECT TO STATE STATUTORY PROCEDURES.

Except when other provisions of this Policy specifically require stricter or additional standards than required by applicable Kansas statues, the applicable Kansas statutes shall control. As such, all Kansas statutes governing purchases, including the following, shall be followed (subject to exceptions enumerated by statute in the event of emergency, disaster, hardship, etc.):

A. Construction of County Buildings.

All contracts for the expenditure of County funds for the construction of any courthouse, jail or other County building in excess of \$10,000 shall be awarded in accordance with K.S.A. 19-214 et.seq, which requires a public letting and award to the lowest and best bid. Notice of the request for bids shall be published in a newspaper designated by the Board of County Commissioners.

The notice shall specify with reasonable minuteness the character of the improvement contemplated, the time and place at which the contract will be awarded, and invite sealed bids for the same. Plans and specifications of the proposed work shall be available for the inspection of bidders at a County office for at least 30 days prior to the time of awarding the contract. K.S.A. 19-216

The contractor awarded the contract shall give the County a good and sufficient surety bond by a surety company authorized to do business in the State of Kansas, to be approved by the

DOUGAS COUNTY FINACIAL POLICIES

County Counselor, in the amount of the contract, and conditioned upon the faithful performance of the contract. K.S.A. 19-214

Pursuant to K.S.A. 19-214(b), this subsection shall not apply to the expenditure of County funds for professional service, for contracts subject to K.S.A. 68-521 (relating to construction of County roads), to the purchase of contracts of insurance, or to the repair of any courthouse, jail, or other county building or the repair or replacement of any such building's equipment when an emergency based upon public health or safety is declared by the Board of County Commissioners..

B. Construction of County Bridges and Culverts.

All contracts for the construction or repair of any County bridge or culvert shall be awarded in accordance with K.S.A. 68-1101 et seq., and any amendments thereto.

Among other things, the foregoing statutes provide for the following:

1. Possibility of protest petition by 5% of the legally qualified electors of the County if the expense to build or repair a bridge exceeds \$250,000 (K.S.A. 68-1106);
2. Award of contract to lowest responsible bidder after public bidding by sealed bid, however when bidding a lump sum on two or more bridges or culverts, also submit a separate proposal on each of the bridges or culverts; when bids are let for a consolidated project, the board shall accept the lowest lump sum bid for such consolidate project if such lump sum bid is less than the sum of the lowest bid for each separate bridge or culvert included in such consolidated project and may accept the lowest lump sum bid in any other case (K.S.A. 68-1113 and 68-1113a);
3. Bid security in the amount of not less than 5% of the bid proposal, (K.S.A. 68-1114);
4. The contract may not be awarded for more than 110% of the County Engineer's estimated cost or at a higher price than the lowest responsible bid received at the public letting (K.S.A. 68-115);
5. The bidder to whom the contract is awarded must provide a bond to Douglas County in a penal sum equal to the amount of the contract price, conditioned upon faithful performance of the contract in a form approved by the County Counselor (K.S.A. 68-117);
6. Retainage on contracts of no less than 5% (K.S.A. 68-1120); and
7. Determination of the County Counselor that the contract has been awarded in strict compliance with all statutory requirements (K.S.A. 68-118).

C. Construction of County Roads.

All contracts for construction, surfacing, repairing or maintaining of any County road when the County Engineer's estimated cost is in excess of \$25,000 shall be awarded in accordance with K.S.A. 68-521, which requires a public letting and award to the lowest responsible bidder. Notice of the request for bids shall, at a minimum, be published twenty (20) days prior to such letting, at least twice in two consecutive weeks in the official County newspaper.

DOUGAS COUNTY FINACIAL POLICIES

The published notice shall specify with reasonable minuteness the character of the improvement contemplated, where it is located, the kind of material to be used, the hour, date, and place at which the contract will be awarded, when the work is to be completed, and invite sealed proposals for the same. Plans and specifications of the proposed work which have been approved by the Board of County Commissioners shall be displayed for the inspection of bidders at a County office for at least twenty (20) days prior to the time of letting the contract. The notice should also provide proposal blanks on which all bids shall be made. Each bid shall be submitted with bid security in the amount of not less than 5% of the bid proposal. No contract shall be let for an amount exceeding the 110% of the County Engineer's estimated cost of the work.

The contractor awarded the contract shall give the County a good and sufficient performance bond by a surety company authorized to do business in the State of Kansas, to be approved by the County Counselor, in the amount of the contract and conditioned upon the faithful performance of the contract. The County Counselor shall approve the form of the bond.

The retainage on the contract of no less than 5%.

D. Construction of Roads in Benefit Districts.

All contracts for improvement of roads in benefit districts shall be awarded in accordance with K.S.A. 68-704, which requires a public letting and award to the lowest responsible bidder. Procedures to follow are similar as those set forth in above with respect to County roads generally, except there is no requirement that the contract price be less than the County Engineer's estimate.

3.9 PURCHASES SUBJECT TO FEDERAL AWARD REQUIREMENTS

All goods or services financed by Federal Grant Awards must be purchased in accordance with the requirements set forth in the Uniform Guidance for Federal Awards, as well as Douglas County Financial Policies.

3.10 REQUEST FOR QUALIFICATIONS.

A Request for Qualifications (RFQ) may be used to establish a list of qualified consultants or vendors that can be accessed as needed, rather than processing multiple requests for bids/proposals. The process is identical as that for Request for Proposals up to, but excluding, the award of a single contract. Additionally, when the purchase of a commodity and/or service warrants the formal bidding process, the Department Head may elect to issue a Request for Qualifications which will require vendors to be pre-qualified based on the criteria set forth in the RFQ. This process must be pre-approved by the Assistant County Administrator.

3.11 INFORMAL BIDS/PROPOSALS.

In situations where informal bids/proposals are required, at least two (2) bids/proposals must be solicited from qualified vendors. The bids/proposals must be written, but may be in the form of letter, fax, or e-mail. The bids/proposals must be submitted to the Department of Administrative Services along with a copy of the invoice and, if applicable, contract. Written justification, approved by the Assistant County Administrator, must be provided if the low bid is not accepted.

3.12 REQUEST FOR INFORMATION (RFI).

In situations where purchases in excess of \$50,000 will be made using cooperative contracts established by a competitive bidding process, a written request will be submitted to the Board of County Commissioners to issue an RFI for the purchase to those vendors awarded the contracts. The RFI will contain general specifications (which may be narrowed based upon available products and/or services offered in response to the RFI) and a specific deadline for response. An evaluation of responses to the RFI, along with a recommendation, will be presented to the commissioners for approval.

3.13 FORMAL BIDS/PROPOSALS.

- A. Notice to Commissioners.** Written notice of the intent to issue a formal request for bid or proposals must be provided to Commissioners. For purchases in which the bid is expected to exceed \$100,000, action is required as follows:
- For projects approved in the Capital Improvement Plan, written notification of the intention to solicit bids will be provided to the Board of County Commissioners prior to publication.
 - For purchases or projects NOT in the CIP, commission approval is required prior to publication for soliciting bids.
- B. Publication.** Except as provided in Sections 3.5 and 3.7, all requests for formal bids/proposals shall be published at least two (2) times in a two (2) week period in the newspaper designated by the Board of County Commissioners and shall be placed on the County web site during the period of solicitation. The publication shall include the specifications (or procedures for obtaining specifications), deadline for submission, the place and manner of submission, and the date, time and place of opening.
- C. Request for Bids/Proposals.** Except as provided in Sections 3.5 and 3.7, all requests for formal bids/proposals may be handled through an on-line service. Qualified vendors may be required to receive notification through such service. Notice shall include the specifications (or procedures for obtaining specifications), deadline for submission, the place and manner of submission, and the date, time and place of opening.
- D. Formal Bid/Proposal Submission.** Formal bids/proposals must be submitted in writing, signed by an authorized representative, and submitted prior to the bid deadline in a sealed envelope or package. Unless otherwise noted in the Request, faxed and email bids/proposals will not be accepted. Bids/proposals submitted after the deadline will not be accepted and will be returned unopened. The County Administrator and/or Assistant County Administrator

DOUGAS COUNTY FINANCIAL POLICIES

shall have the authority to make exceptions when special circumstances exist; documentation of these circumstances shall be required.

E. Bid/Proposal Opening.

1. **Bids.** Bids/proposals shall be opened publicly in the presence of the County Clerk or the Clerk's designee (to be designated in writing if outside of the Clerk's Office) at the location and time stated in the Request. The amount of each bid and any other relevant information, together with the name of each bidder, shall be recorded. The record of bids/proposals shall be open to public inspection.
2. **Proposals.** Proposals shall not be opened publicly, but shall be recorded publicly in the presence of the County Clerk or the Clerk's designee (to be designated in writing if outside of the Clerk's Office) at the location and time stated in the Request. The name of the vendor shall be recorded. The proposal information shall not be made public until after the approval of the award.

F. Changes/Withdrawals to Bids/Proposals. Bids/proposals may be corrected or withdrawn prior to the stated deadline. Requests for all such transactions must be submitted to the County Clerk's Office prior to the deadline. Correction or withdrawal of inadvertently erroneous bids/proposals or proposals after the deadline but before the award, or cancellation of awards or contracts based upon such mistakes, shall be permitted only upon authorization by the County Administrator and/or Assistant County Administrator.

G. Awards. The purchase and/or contract shall be awarded or rejected with reasonable promptness. Written justification must be provided if the recommendation for award is not the lowest bid or proposal.

3.14 EMERGENCY PURCHASES

A. Emergency Repairs and/or Purchases. The County Administrator and/or Assistant County Administrator shall have the authority to authorize emergency repairs and/or purchases in an amount up to \$50,000 without the solicitation of bids/proposals. Prior to the authorization, approval must be received from the Chairman of the Board of County Commissioners; in the event of the absence of the Chair, the approval shall be received from the Vice Chair or the Member. The County Administrator shall also be responsible for notifying the Board of County Commissioners at the next regularly scheduled County Commission meeting that such an emergency purchase was made.

B. Declared Emergency Situations. The County Administrator or his/her designee may make or authorize others to make emergency purchases without monetary limit when there exists a threat to public health, welfare, or safety under declared emergency conditions. Prior to the authorization, approval must be received from the Chairman of the Board of County Commissioners; in the event of the absence of the Chair, the approval shall be received from the Vice Chair or the Member. Where possible, such competition as is practical under the circumstances shall be attempted.

3.15 CONTRACTS

DOUGAS COUNTY FINACIAL POLICIES

- A. Length.** Contracts for commodities and/or services may be written in such a manner that they are renewable for up to five (5) years.
- B. Repository.** All contracts for commodities and services shall be maintained in the Administrative Services Department for a period of five (5) calendar years after expiration of the contract. Any formal bid documentation must be submitted with the contract.
- C. Signatures.** Signature authority shall be based upon approval authority as outlined in Section 3 or as designated by the Board of County Commissioners.

3.16 NON-MONETARY AGREEMENTS.

In situations where vendor agreements are necessary but involve no monetary expenditure by the County, the process for Informal Bids/Proposals shall be followed.

3.17 EXTENSIONS ON CONTRACTS

Extensions to contracts shall be considered separate purchases, and shall follow the guidelines set forth above. The extension must be an incidental service or commodity not anticipated or necessary to the original purchase.

3.18 LEASE AND LEASE/PURCHASE ARRANGEMENTS

Consistent with K.S.A. 10-1116b and 10-1116c, and any amendments thereto, relating to the Kansas Cash Basis Law, when it is in the best interests of the County to lease or lease/purchase goods rather than acquire them, the policies outlined herein shall be applied in the same manner as an acquisition.

SECTION 4 BONDS & CONTRACT CLAUSES

4.1 BID SECURITY

Bid security shall be required when the Board of County Commissioners, County Administrator, or Assistant County Administrator deems it appropriate or when required by law. As noted in Section 3.7, K.S.A. 68-521, K.S.A. 68-704, and 68-1114, and amendments thereto, any bidder for the construction of any road, bridge or culvert must provide bid security in an amount of not less than 5% of such bid proposal.

Bid security shall be a bond provided by a surety company authorized to do business in Kansas, or the equivalent in cash, certified check, cashier's check or otherwise provided in a form satisfactory to the Board of County Commissioners, all payable to the Douglas County Treasurer. When bid security is required, noncompliance shall result in rejection of the bid. If a bidder is permitted to withdraw its bid prior to an award (but after opening of bids/proposals), no action shall be held against the bidder or the bid security.

4.2 PERFORMANCE BONDS

A performance bond shall be required when the Board of County Commissioners, County Administrator, or Assistant County Administrator deem appropriate and when required by law.

Kansas law requires a performance bond for construction of any:

- Public building (K.S.A. 19-214)
- Bridge or culvert (K.S.A. 68-1117)
- Any County road (K.S.A. 68-521 and K.S.A. 68-704)

When a contract is awarded and a performance bond is required, a performance bond or security shall be delivered to the County on the County's designated bond form and shall become binding on the parties upon the execution of the contract. The performance bond shall be conditioned upon the faithful performance of the contract.

A performance bond satisfactory to the County, executed by a surety company authorized to do business in Kansas or otherwise secured in a manner satisfactory to the County, in an amount determined by the Board of County Commissioners or their designee, except as required by law, including but not limited to the following:

- A. Construction of any Public Building.** Pursuant to K.S.A. 19-214, and any amendments thereto, the bidder to whom any contract for the construction of any public building shall be awarded shall give a performance bond to the County in a sum equal to the contract price. The County shall not be bound until the County Counselor approves the form of the bond as legal and binding upon both parties by the County Counselor's signature endorsed thereon.
- B. Construction or Repair of any Bridge or Culvert.** Pursuant to K.S.A. 68-1117, and any amendments thereto, the bidder to whom any contract shall be awarded for the construction or repair of any bridge or culvert shall give a performance bond to the County in a sum equal to the amount of the contract price. The sufficiency of the bond shall be approved by the chairperson of the Board of County Commissioners, but the County shall not be bound until

DOUGAS COUNTY FINACIAL POLICIES

the County Counselor approves the form of the bond as legal and binding upon both parties by the County Counselor's signature endorsed thereon.

- C. Construction, Surfacing, Repairing or Maintaining of any County Road.** Pursuant to K.S.A. 68-521 and/or K.S.A. 68-704, any amendment thereto, the bidder to whom any contract shall be awarded for constructing, surfacing, repairing or maintaining any County road shall give a performance bond to the County in a sum equal to the amount of the contract price. The sufficiency of the bond shall be approved by the chairperson of the Board of County Commissioners, but the County shall not be bound until the County Counselor approves the form of the bond as legal and binding upon both parties by the County Counselor's signature endorsed thereon.

4.3 PAYMENT BONDS

A payment bond shall be required when the County enters into a contract in any sum exceeding \$50,000 with any bidder for the purpose of making any public improvements, or constructing any public building or making repairs on the same or in other instances that the Board of County Commissioners, County Administrator, or Assistant County Administrator deems appropriate and when required by law. The foregoing policy is stricter than required by Kansas statutes. Pursuant to K.S.A. 60-1111, a payment bond is required when the County enters into a contract in any sum exceeding \$100,000 with any bidder for the purpose of making any public improvements, or constructing any public building or making repairs on the same. No exception to or waiver of this policy shall be made in violation of the requirements of the foregoing statute, and amendments thereto.

A payment bond shall be a bond to the State of Kansas, provided by a surety company authorized to do business in Kansas or otherwise secured in a manner satisfactory to the County, conditioned that such contractor or the subcontractor of such contractor shall pay all indebtedness incurred for labor furnished, materials, equipment or supplies, used or consumed in connection with the work provided for in the contract. The bond shall be in an amount determined by the Board of County Commissioners or their designee and shall be in the form designated by the County, but shall not be less than the contract price. The payment bond shall be filed with the Clerk of the District Court of Douglas County; and a copy of the filing receipt must be submitted to the County.

4.4 AUTHORITY OF THE BOARD OF COUNTY COMMISSIONERS

Nothing in this section shall be construed to limit the authority of the County to require other security in addition to the bonds described above. Unless the bond is required by the Kansas statutes, the Board of County Commissioners may withdraw the requirements for the bond at any time in the purchasing process.

4.5 CONTRACT CLAUSES

A. Mandatory Clauses

Pursuant to K.S.A. 44-1030, and any amendments thereto, unless (i) the bidder to whom any contract shall be awarded employees fewer than four employees or (ii) has contracts with the County that cumulatively total less than \$5,000 during the County's fiscal year, any contract for the construction, alteration or repair of any public building or public work or for the acquisition of materials, equipment, supplies or service shall contain provision by which the contractor agrees that:

1. The contractor shall observe the provisions of the Kansas act against discrimination and shall not discriminate against any person in the performance of work under the present contract because of race, religion, color, sex, disability, national origin or ancestry;
2. In all solicitations or advertisements for employees, the contractor shall include the phrases "equal opportunity employer," or a similar phrase to be approved by the commission;
3. If the contractor fails to comply with the manner in which the contractor reports to the commission in accordance with the provisions of K.S.A. 44-1031 and amendments thereto, the contractor shall be deemed to have breached the present contract and it may be canceled, terminated or suspended, in whole or in part, by the County; If the contractor is found guilty of a violation of the Kansas act against discrimination under a decision or order of the commission which has become final, the contractor shall be deemed to have breached the present contract and it may be canceled, terminated or suspended, in whole or in part, by the County; and
4. The contractor shall include the provisions of subsection 1 through 3 in every subcontract or purchase order so that such provisions will be binding upon such subcontractor or vendor.

B. Discretionary Contract Clauses

The Board of County Commissioners may require the inclusion in County contracts of clauses providing for adjustment in prices, time of performance or other contract provisions, including but not limited to, the following subjects:

1. The unilateral right of the County to issue change orders in the work and changes in the time of performance of the contract.
2. Variations occurring between estimated quantities of work and actual quantities;
3. Suspension of work ordered by the County;
4. Site conditions differing from those indicated in the contract, or ordinarily encountered, except that differing site conditions clauses need not be included in negotiated contracts or when the contractor provides the site or design or when the parties have otherwise agreed with respect to the risk of differing site conditions;
5. Liquidated damages as appropriate;
6. Specified excuses for delay or nonperformance;
7. Termination of the contract for default; and,
8. Termination of the contract in whole or in part for the convenience of the County.

SECTION 5 PROTESTS, SUSPENSION, OR DISBARMENT

5.1 PROTESTS BY VENDORS. Vendors or potential vendors who do not agree with the conditions, specifications or scope of services or other requirements contained in any procurement, whether by bid or request for proposal, shall be afforded the opportunity to protest the solicitation. Bidders or respondents who do not agree with the County's recommendation for bid or RFP award shall be afforded the opportunity to protest the recommendation.

A. Submission of Protest.

1. Bid or RFP Solicitation. Protests of any bid or RFP solicitation must be submitted in writing to the Assistant County Administrator more than 3 business days prior to the closing date and time stated in the bid/RFP documents in order to be considered. No sealed bids shall be opened until protests made pursuant to this Section have been finally decided.
2. Recommendation for bid/RFP award. Bidders or respondents who do not agree with the County's recommendation for bid or RFP award may submit written protest to the Assistant County Administrator, who shall deliver it to the Chair of the Board of County Commissioners. Such protest shall be provided within 3 business days after the award decision by the Board of County Commissioners. Bids or proposals not meeting the minimum published requirements (including specifications and/or scope of service) are not subject to protest.

B. Effective Date of Contract. No contract subject to appeal or protest under Section 5.1.A.2 shall become effective or signed on behalf o the County until AFTER the 3 day protest period has expired. If a protest is made by a bidder submitting a bid and meeting the minimum published requirements (including specifications and/or scope of service), the effective date of the award of the contract shall be further delayed until the appeal is heard and finally decided.

C. Response to Protest of Bid or RFP Solicitation. The Assistant County Administrator shall consider and decide any protest of a vendor or potential vendor who does not agree with the conditions, specifications or scope of services or other requirements contained in any procurement, whether by bid or request for proposal. The written decision of the Assistant County Administrator shall be delivered to the protesting vendor. Decisions sent via electronic mail, facsimile, or other electronic communication shall be deemed delivered when sent to a representative of the vendor. Decisions sent by U.S. mail shall be deemed delivered two days after deposit in the U.S. Mail, postage prepaid. The vendor may appeal the decision of the Assistant County Administrator to the Board of County Commissioners by providing written appeal to the Assistant County Administrator, who shall deliver it to the Chair of the Board of County Commissioners. Such appeal must be received by the Assistant County Administrator within 3 business days of delivery of such decision.

D. Response to Protest of Contract or Appeal of Bid/RFP Solicitation. The Board of County Commissioners shall consider any protest or appeal in public session as the decision of the Board of County Commissioners shall be final.

5.2 SUSPENSION OR DEBARMENT OF VENDORS

Douglas County may suspend or debar a vendor or potential vendor from participation in County purchasing opportunities and practices upon a showing of just cause, and during the period of suspension or debarment, the County shall reject any bid, proposal or other offer by the vendor and shall return any submission to the suspended/debarred vendor. This section applies to both contractors and subcontractors.

A. Just Cause for Suspension. Just cause for suspension shall include any of the following:

1. Failure to comply. Failure to comply with the conditions, specifications or terms of a bid or proposal or contract with the County including a recent record of unsatisfactory performance in accordance with the terms of one or more contracts.
2. Misrepresentation. Commission of any misrepresentation in connection with a bid or proposal.
3. Criminal Offense. Charged by a court or competent jurisdiction with the commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract. If charges are dropped or the vendor found not guilty, the suspension shall be lifted automatically upon notification and proof of final court disposition provided to the County by the vendor.
4. Conviction.
 - a. Conviction under state or federal statues of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property or any other offense indicating a lack of business integrity or honesty which currently, directly and seriously affects that vendor's responsibility as a County supplier. If charges are dismissed or the vendor found not guilty, the suspension shall be automatically lifted upon written notification and proof of final court disposition provided to the County by the vendor.
 - b. Conviction under state or federal antitrust statutes arriving out of the submission of bids or proposals.
5. Insolvency. Vendor becomes insolvent, has proceedings in bankruptcy instituted against it or consolidates its debts or assigns over its estate or affects for payment thereof or has a receiver appointed over its property.
6. Other. Any other cause the County Administrator or Assistant County Administrator determines to be so serious or compelling as to materially and adversely affect the responsibility of the business as a government contractor, including but not limited to suspension by another government entity for substantial cause.

A. Just Cause for Debarment. Just cause for disbarment shall include any of the following:

1. Failure to Comply. Failure to comply with conditions, specifications, drawings, schedules or terms of a bid, proposal or contract with the County.

2. Conviction.

- a. Conviction by or judgment obtained in a court of competent jurisdiction for commission of offenses in connection with the vendor's commercial enterprise. If the conviction is reversed through the appellate process, the debarment shall be immediately lifted upon written notification and proof of final court disposition to the County from the vendor.
 - b. Conviction for the commission of any fraud or act of collusion in connection with a bid, quotation, proposal or other act incident to doing business with the County.
3. Federal Debarment List. Inclusion on any Federal debarred vendor list.

B. Procedures.

1. Investigation. The Assistant County Administrator shall promptly investigate and prepare a written report concerning a proposed suspension or debarment. This report shall be forwarded to the County Administrator stating with specificity the facts supporting the request for suspension or debarment.
2. Decision. Within 5 work days of receipt of the report, the County Administrator may issue a notice of suspension or debarment. The vendor shall be immediately advised by certified mail with return receipt requested. The letter will contain the following specific information:
 - a. Statement that suspension or debarment has been imposed by the County effective upon receipt.
 - b. Detailed information as to the reason and causes for the suspension or debarment in terms sufficient that the vendor will understand the conduct or transactions upon which the action is based.
3. Appeal. The vendor may within 5 work days of receipt of notice, present a written request for reconsideration including additional information relating to the reason given for suspension or debarment. The Assistant County Administrator, in consultation with the County Counselor, shall consider such additional information in deciding whether the decision to suspend or debar should be delayed or revised. If the original decision to suspend or debar is determined to be proper and justified, the vendor shall be suspended or debarred as planned.

E. Duration of Suspension/Debarment.

1. Suspension. A vendor may be suspended for a maximum period of 6 months if it is believed to be involved in any of the activities listed in Section 5.2A.
2. Debarment. A vendor may be debarred for a period not to exceed 5 years if after investigation it is found to be engaged in any of the activities listed in Section 5.2B.

SECTION 6 DISPOSAL OF PROPERTY

Surplus, obsolete, and/or non-functional property may be transferred, sold, offered as a trade-in, abandoned or destroyed. Any property disposed of will be stripped of all identification as County property. This policy, adopted by resolution, pursuant to K.S.A. 19-211(b), as part of the Douglas County Purchasing Policy, is intended to replace the disposal provisions otherwise provided for in K.S.A. 19-211. Unless otherwise specified, the following policies apply to surplus or personal property. The sale or disposal of surplus obsolete information technology assets and resources (i.e. computers, printers, handheld devices, servers, hubs, switches, routers) shall be governed both by this policy and the IT Asset Disposal Policy, as approved by the County Administrator. In the event any provision of the IT Asset Disposal Policy conflicts with this policy, this policy shall govern the disposition of such assets.

6.1 PROPERTY WITH A VALUE EQUAL TO OR GREATER THAN \$50,000.

The Board of County Commissioners must vote unanimously to dispose of any County property with a value greater than \$50,000, regardless of the method of disposal. See Section 6.4 for Terms and Conditions of Sale.

6.2 PROPERTY WITH A VALUE LESS THAN \$50,000

The County Administrator, Assistant County Administrator, or their designee may authorize the disposition of County personal property having a value of less than or equal to \$50,000 according to the following guidelines and pursuant to additional procedures as may be established by the County Administrator; such additional procedures to include, at a minimum, notification to the public of the property to be sold; describing the property to be sold; and the method of sale, including but not limited to fixed price, negotiated bid, sealed bid, public auction or auction or any other method of sale which allows public participation. Additionally, the County Administrator may establish additional guidelines and procedures relating to the recording keeping requirements for all property disposed hereunder.

- A. Donation.** Such property may be donated to other governmental agencies, not-for-profit organizations or other entities if the County Administrator, the Assistant County Administrator, or their designee determine that such donation will reduce the donee's reliance on funding from governmental agencies or taxpayers of Douglas County or otherwise provide a benefit to residents of Douglas County See Section 6.4 for Public Notice Requirements
- C. Sale.** The County Administrator, the Assistant County Administrator, or their designee may approve the sale or trade-in of item(s) no longer required by the County. See Section 6.5 for Terms and Conditions of Sale. Proceeds resulting from the sale of surplus or obsolete property shall be deposited to the appropriate fund.
- D. Property having a value of less than \$1,000.** For any personal property having a value less than \$1,000, as determined by a Department Head with responsibility for the type of property involved, the County Administrator, the Assistant County Administrator, or their designee may dispose of or authorize the disposal of such property by donation, sale, or trade-in, using

the same criteria as otherwise provided in this Section 6.2. No notice or publication is required for disposal of property pursuant to this Section 6.2.C.

- E. Property with no value or salvage value only.** For any personal property having no value or salvage value only, as determined by a Department Head with responsibility for the type of property involved, the County Administrator, Assistant County Administrator or their designee may dispose, recycling of or authorize the disposal of the property in any manner that best promotes the public health, safety and welfare, including but not limited to donation, sale, trade-in, or destruction. No notice or publication is required for disposal of property pursuant to this Section 6.2.D.

6.3 REAL PROPERTY

The Board of County Commissioners must vote unanimously to dispose of any County real property of any value. See Section 6.4 for Public Notice Requirements and Section 6.5 for Terms and Conditions of Sale. The provisions of K.S.A. 19-211(a)(5) shall apply to vacation or abandonment of any right-of-way and the resolution vacating or abandoning any such right-of-way shall provide for a reservation to the County and the owner of any lesser property rights for public utilities, the rights-of-way and easements for public service facilities which are then in existence and in use across the property.

6.4 PUBLIC NOTICE REQUIREMENTS

Public notice of the sale of real and personal property shall be made in a manner reasonably calculated to reach those who may be interested in purchasing the real or personal property, and shall also be dependent upon the method of sale, including but not limited to, posting on the County's website, publication in the official newspaper of the County, or any other mechanism deemed appropriate to allow public participation or notification. Such notice shall include the method of sale, date, time, description of property, and any other terms and conditions relevant to the sale. Inclusion of items on the Board of County Commissioners' Agenda shall constitute public notification.

6.5 TERMS AND CONDITIONS OF SALE

- A.** Sales or trade-ins may be made through the most efficient and economical method to maximize returns, and may include, but not be limited to, on-line offerings, fixed price sales, negotiated bids, sealed bids, silent auctions, regular auctions, or any other method of sale allowing public participation. The method of sale of real estate of any value and personal property having a value in excess of \$50,000 shall be determined by the Board of County Commissioners. The method of sale of any personal property having a value of \$50,000 or less shall be determined by the County Administrator, Assistant County Administrator, or their designee.
- B.** County employees shall be permitted to participate as buyers in competitive sales as any other member of the public and on such other conditions as approved at the discretion of the County Administrator and/or Assistant County Administrator. Consistent with ethical conduct, County employees shall not take advantage to gain personal benefit from such transactions.
- C.** Prospective buyers will be allowed time prior to the sale to inspect items, including by digital image where appropriate.

- D. No warranty or guarantee of any kind is given by the County. All items are offered for sale or gift “as is,” “where at,” and “without recourse.”
- E. The successful bidder or purchaser shall be required at their own risk and expense to remove any items awarded within 5 days after notification of acceptance of bid or purchase offer by the County, but not before payment of the purchase price. Receipt of each unit must be signed by the purchaser or its duly authorized agent at the time the item is removed. Any item not called for or left behind for a period of more than 5 days after the date of bid acceptance shall be considered as abandoned and the County has the right to dispose of same in any manner whatsoever. Exceptions may be approved by the County Administrator and/or Assistant County Administrator.
- F. In some instances, minimum prices will be established. In such cases, items may not be sold below that minimum price. Exceptions may be approved by the County Administrator and/or Assistant County Administrator.
- G. The County reserves the right to accept or reject any or all bids/proposals.

6.6 EXCEPTIONS TO POLICY

The provisions of this Section 6 requiring public participation and public notice do not apply to the conveyance of property for the following purposes: (i) certain conveyances of real property to the State of Kansas, as set forth in K.S.A. 19-211(c), (ii) certain conveyances of real property to certain nonprofit corporations for development of industrial or business parks, as set forth in K.S.A. 19-211(d), (iii) certain conveyances of real property to a port authority for development of an industrial, commercial, or business park, as set forth in K.S.A. 19-211(e), or (iv) any other conveyance of property exempt from the provisions of K.S.A. 19-211 pursuant to this Section 6.6 shall be done according to such terms and conditions and in such manner as a majority vote of the Board of County Commissioners.

SECTION 7 CAPITALIZED ASSETS

Policy Background:

The term “Fixed assets” in this policy refers to items with useful life in excess of one year. Fixed assets, including property, equipment, software, and infrastructure (e.g., roads, bridges, and similar items) need to be reported to Administrative Services. This will include property and infrastructure assets with initial individual costs that exceed \$50,000. Equipment and software is considered an asset when the initial cost exceeds \$10,000.

Policy Objective:

The objective of this policy is to safeguard the investments of the County in fixed assets by identifying and establishing responsibility for the custody and use of County equipment.

Policy Statement:

The Department of Administrative Services shall maintain a fixed assets inventory for all items with a useful life in excess of one year. Property and infrastructures that exceed \$50,000 and equipment and software that exceed \$10,000 need to be reported.

Maintenance and repair costs may need to be capitalized to the asset. The following improvements will be considered maintenance and not capitalized: tuck pointing, roof repair or replacement (unless it extends the life of the building, such as going from a flat roof to a pitched roof), window replacement (unless replaced with energy efficient windows), repainting, epoxy repair, re-carpeting, etc. Administrative Services will establish procedures for the capitalization of maintenance and repair.

Individual departments or agencies shall maintain individual items in their inventory under the following guidelines:

- A. Items of personal property with a unit purchase price greater than \$1,000.00 and less than \$10,000.00, which are easily transportable and commonly used by the general populace, shall be maintained on the department’s fixed asset inventory for security control purposes.
- B. Assets with a value less than \$1,000 should be inventoried as needed for the prudent care of County funds and property.
- C. Items such as file cabinets, desks, chairs and monitors with purchase price less than \$10,000.00 or aggregate purchase price over \$105,000.00 **do not** have to be maintained on the department’s fixed asset inventory.

Department heads shall establish procedures to ensure that county property is not misused, borrowed, stolen or otherwise abused in any manner. Department heads are encouraged to maintain a departmental inventory at any level that the department head deems advisable for security purposes.

SECTION 8 STATE AND FEDERAL REQUIREMENTS

Where a purchase involves the expenditure of federal assistance or contract funds, the Board of County Commissioners or its designee shall comply with such federal law and authorized regulations which are mandatorily applicable and which are not presently reflected in this manual.

The provisions of this manual are subordinate to any State statutes governing County purchasing practices.

(The remainder of this page intentionally left blank.)

SECTION 9

ETHICS IN COUNTY CONTRACTING

8.1 GENERAL STANDARDS OF ETHICAL CONDUCT

A. General Statement.

Any attempt to realize personal gain through County employment by conduct inconsistent with the proper discharge of the employee's duties is a breach of public trust. County employment includes any person who receives a County paycheck, such paycheck being a result of either appointment or election to a County position. In order to fulfill this generally prescribed standard, employees must also meet the specific standards set forth in this section.

B. Employee's Responsibilities.

It shall be the responsibility of County employees involved in any decision to purchase goods and/or services on behalf of the County to avoid the appearance of impropriety in such decision making.

8.2 EMPLOYEE CONFLICT OF INTEREST

A. Definitions.

1. Contract. The term "contract" as used herein shall mean any agreement between County and one or more other persons or businesses by which the other persons or businesses agree to provide, in exchange for consideration, any type of property, whether tangible or intangible, services, or any other benefit to or for County.
2. Employee. The term "employee" as used in this section shall apply to any person, whether appointed or elected, who receives a paycheck from the County.
3. Substantial Interest. The term "substantial interest" is defined at K.S.A. 75-4301a(a). A substantial interest includes any legal or equitable interest of an employee or employee's spouse in a business exceeding \$5,000 or 5% of any business of an employee or the employee's spouse.

B. Kansas Statutes

Pursuant to K.S.A. 75-4304, it shall be a breach of ethical standards for any County employee, in his/her capacity as such employee, to make or participate in the making of a contract with any person or business by which he/she (or his/her spouse) is employed or in whose business he/she has a substantial interest. If a County employee has ethical conflict prohibiting them from taking action on the contract, they shall not participate in the making of the contract as well.

C. Exceptions.

Section 8.2B does not apply when either of the following circumstances are in place:

DOUGAS COUNTY FINACIAL POLICIES

1. Contracts let after competitive purchasing practices have been followed using the procedures outlined in previous sections of this policy.
2. Contracts for property or services for which the price or rate is fixed by law.

8.3 EMPLOYEE DISCLOSURE REQUIREMENTS

Except in cases of de minimus purchases, an employee who has, or obtains, any benefit from any County contract with a business or person in which the employee (or the employee's spouse) has a financial interest shall report such benefit to the Board of County Commissioners; provided, however, this Section shall not apply to a contract with a business where the employee's interest in the business has been placed in an independent trust. Any employee who knows or should have know of such benefit and fails to report such benefit to the Board of County Commissioners is in breach of ethical standards.

8.4 GRATUITIES, KICKBACKS, AND CONTINGENT FEES

A. Gratuities.

It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation or preparation of any part of a program requirement or a purchase requisition; influencing the content of any specification or purchasing standard; or rendering of advice, investigation, auditing or in any other advisory capacity, in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter; pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefor. Except as provided in below, gratuities shall not mean pens, calendars or other novelty items used for advertising purposes, meals or other meeting circumstances for the purpose of conducting or discussing official business.

B. Kickbacks.

It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract or order to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order.

C. Contingent Fees.

It shall be a breach of ethical standards for a person to be retained or to retain a person, to solicit or secure a County contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies for the purpose of securing business.

8.5 RESTRICTIONS ON EMPLOYMENT OF PRESENT AND FORMER EMPLOYEES

Except as may be expressly permitted by the Board of County Commissioners or their designee, it shall be a breach of ethical standards for any County employee who is participating directly or indirectly in the purchasing process to become or be, while being a County employee, the employee of any person contracting with the County.

8.6 USE OF CONFIDENTIAL INFORMATION

It shall be a breach of ethical standards for any employee or former employee knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any other person.

8.7 CIVIL AND ADMINISTRATIVE REMEDIES AGAINST EMPLOYEE AND NON-EMPLOYEES WHO BREACH ETHICAL STANDARDS

Civil and administrative remedies against employees and non-employees which are in existence on the effective date of this manual shall not be impaired. In addition to existing remedies for breach of ethical standards of this section, the Board of County Commissioners, in accordance with the Personnel Manual, may impose any one or more of the following on employees:

- Oral or written warnings or reprimands.
- Suspension with or without pay for specified periods of time; and
- Termination of employment.

In addition to existing remedies for breach of ethical standards of this section or regulations promulgated hereunder, the Board of County Commissioners may impose any one or more of the following on non-employees:

- Written warnings;
- Termination of transactions; and,
- Disbarment or suspension from being a contractor or subcontractor under County contracts.

The value of anything transferred or received in breach of the ethical standards of this section, or regulations promulgated hereunder, by an employee or a non-employee may be recovered from both the employee and non-employee.

All procedures under this Section shall be in accordance with due process requirements. To the extent that violations of the ethical standards of conduct set forth in this section constitute violations of federal or state law, they shall also be punishable as provided therein. Such sanctions shall be in addition to the civil remedies set forth in this manual.

PROCEDURES

1. Financial Record Keeping Requirements

Unless this policy provides that records be maintained longer, all records related to purchasing shall be maintained consistent K.S.A. 45-401 et.seq, the Public Records Preservation Act, and amendments thereto, and any Records Retention and Disposition Schedules created by the State Records Board. For example:

- A. Documents related to request for proposals, bids, quotations, or estimates shall be retained for 5 fiscal years.
- B. Records related to construction projects, such as correspondence, bids, specifications, plans, drawings, reports, and notes shall be retained permanently.
- C. Contracts, including all associated documents, shall be retained until 5 calendar years after expiration of the contract.
- D. Copies of forms and supporting documents used to remove capital equipment from office inventory shall be retained for 3 fiscal years.
- E. Records concerning purchases from specific vendors, such as invoices, correspondence, and vouchers shall be retained for 5 fiscal years.

The Kansas Local Records Management Manual, which contains the current Local Records General Retention and Disposition Schedule, is currently located on the Kansas Historical Society web-site.

Department Heads (including Elected Officials) shall ensure that all acquisitions made by their staff conform to the guidelines established by this policy and State law. Staff shall provide assistance in the purchasing process where appropriate, including, but not limited to, specification development and negotiations. The department that bid and/or sought approval for the Contract is responsible for the recording keeping and any future re-awards. .

2. Fixed Assets Procedures:

The Douglas County Fixed Asset Inventory shall include at a minimum:

- A. A description of the fixed asset
- B. Serial number when available or VIN number
- C. Unit quantity
- D. Acquisition cost
- E. Date of acquisition
- F. Location where item is kept
- G. Invoice number
- H. Disposition date
- I. Sale price
- J. Method of disposition, i.e., traded, sold, transferred, scrapped, recycled (if transferred, department or agency transferred to)
- K. Purchasing fund

DOUGAS COUNTY FINACIAL POLICIES

The Department of Administrative Services shall be the central repository for the Douglas County Inventory of Fixed Assets of over \$10,000.00. Administrative Services shall provide forms to be filled out by all departments and divisions of Douglas County, District Attorney and the District Courts, and agencies whenever any fixed asset item as described above is acquired, sold, traded or otherwise disposed of.

Administrative Services shall transmit to each department or agency of the County, annually, a copy of that department's or agency's fixed assets inventory that is on file. It shall be the responsibility of each Department Head or Elected Official, or their designee to review the fixed asset inventory and ensure that the information therein is correct. Each department or agency shall return a copy of their inventory, corrected as necessary to the Administrative Services prior to the County's annual audit.

Capitalization of Maintenance and Repair:

The following table will determine if maintenance or repair should be capitalized or expensed. With respect to asset improvements, costs over \$10,000 (\$50,000 for buildings and infrastructure) should be capitalized if:

1. The estimated life of the asset is extended by more than 25%, or
2. The cost results in an increase in the capacity of the asset, or
3. The efficiency of the asset is increased by more than 10%, or
4. The improvement significantly changes the character of the asset, or
5. In the case of streets and roads – if the work done impacts the “base” structure.

Otherwise the cost should be expensed as repair and maintenance.

Maintenance costs allow an asset to continue to be used during its originally established useful life. Maintenance costs are expensed in the period incurred.

Preservation costs generally extend the useful life of an asset beyond its original estimated useful life, but do not increase the capacity or efficiency of the asset. Preservation costs are capitalized and depreciated if it extends the original estimated life by more than the assigned percent listed above.

A change in capacity increases the level of service provided by an asset. For example, additional lanes could be added to a road or the weight capacity could be increased. A change in efficiency maintains the same service level, but at a lower cost. For example, an electric generating plant could be reengineered so that it produces the same megawatts per day using less fuel.

Depreciation & Convention Methods Used to Calculate an Asset's Depreciation

The County will use the straight-line method, in which the basis of the asset is written off evenly over the useful life of the asset. The same amount of depreciation is taken each year. In general, the amount of annual depreciation is determined by dividing an asset’s depreciable cost by its estimated life. The total amount depreciated can never exceed the asset’s historic cost less salvage value. Below is a table to provide some guidance on useful life. However, if specific information is available on the asset, it should be used instead.

	Estimated Useful Life
Buildings	40-50
Improvements	20-60
Streets and Infrastructure	15-20
Machinery and Equipment	5-20
Office Equipment	10
Vehicles	7-15

DOUGLAS COUNTY
PURCHASING CARD CARDHOLDER AGREEMENT

Name of Cardholder:

Department:

Card Number:

Cardholder agrees to accept responsibility for the protection and proper use of the Visa Purchasing Card in accordance with the terms and conditions below:

- Cardholder agrees to provide the supporting receipts from the vendor and/or a transaction as designated by the Department under the department policies and procedures. Failure to report or document any purchase may be deemed an improper use of the purchasing card.
2. If the card is lost or stolen, Cardholder will contact US Bank (800-344-5696) and the Assistant County Administrator (832-5329) immediately.
 3. Cardholder's department shall be responsible for all charges, including fees and interest, incurred from the proper use of the purchasing card.
 4. **THE CARDHOLDER MAY NOT MAKE PERSONAL PURCHASES ON THE CARD.** Cardholder understands that he/she shall be personally liable for any improper use of the purchasing card and agrees to pay to Douglas County for any such improper use. Purchases as the result of a lost or stolen card shall not be considered an improper use IF the cardholder reported the lost or stolen card immediately as described in paragraph 2. Cardholder understands that his/her improper use of the purchasing card may be cause for disciplinary action by the Department including termination and that improper use of the purchasing card may subject the Cardholder to criminal prosecution.
 5. Cardholder understands that should his/her employment with Douglas County be terminated for any reason, the purchasing card must be returned to the department head. Cardholder also understands that Douglas County may withdraw authorization to use the purchasing card and require the return of the purchasing card at any time for any reason.
 6. Cardholder understands that use of the purchasing card is for the purchasing of commodity and capital items subject to the individual card limitations stated below. All purchases must comply with County accounting and purchasing policies. Items on contracts may be acquired from the contract vendor with the purchasing card. The following items may not be purchased with the purchasing card; however, this list is not all inclusive:
 - a. Alcoholic beverages
 - b. Automotive repairs
 - c. Construction
 - d. Cash Advances
 - e. Gasoline Service (except out of town travel)
 - f. Hospitality or Entertainment

DOUGAS COUNTY FINACIAL POLICIES

- g. Hazardous Materials
- h. Personal items
- i. Weapons, ammunition

If in doubt that a purchase is authorized under this agreement through the use of the purchasing card, Cardholder understands that he/she should seek prior approval from the department head. Such approval presumes the proper use of the purchasing card.

- 7. Cardholder acknowledges by his/her signature to this agreement, that he/she has received training in the proper use of the purchasing card; has received, read and understands the County's purchasing card guideline manual; and has read and understands this agreement.

Cardholder Signature _____ Date _____

FOR DEPARTMENT USE ONLY		
Limit per Purchase	\$	
Monthly Limit	\$	
Travel?	Yes	
Dept. Head Approval:		Date:
Administration Approval:		Date: