



## PURCHASE, FINANCE & ACCOUNTING POLICY

### PURCHASING

#### I. PURPOSE

The purpose of this policy is to ensure competitive bidding, when required, and fair purchasing practices are utilized by those making purchasing decisions, and authorization of payment on behalf of FISTA. The Chair and Director are charged with monitoring compliance with this policy, keeping the Board of Trustees informed of any issues relating to purchases/procurements, and the Director providing necessary training to FISTA employees on proper purchasing procedures.

#### II. POLICIES

**General Practice.** Competitive bids or quotes, depending on the nature and amount of the purchase, on behalf of FISTA shall generally be obtained except as otherwise specifically provided in this policy.

**Exemptions.** Engagements of architectural, engineering, legal and other professional services are exempt from competitive bid procedures. Utility services are also exempt from competitive bid procedures.

**Sole Source.** There are times when an item is only available from a single source. Sole source purchases are authorized when the goods/services can be obtained from only one known vendor. The following applies to sole source purchases:

1. Sole source requests must be submitted using the format attached as Appendix A. All information required in the draft memorandum must be provided.
2. Before approval of a sole source request, efforts will be made by the Director to find other sources for the goods/services.
3. For repeated purchases from the same approved vendor, an encumbrance may be submitted to cover subsequent purchases. Invoices for the repeated purchases must reflect the Chair's and Director's initials and date.
4. No funds are to be obligated before the approval of the sole source request.

5. Sole source approvals shall remain in effect for 3 years from the date of approval. Following the 3-year approval period, an updated request for approval of the sole source vendor purchase shall be re-submitted.

**Local Vendor Preference.** The FISTA may give preference to local vendors who have submitted bids within 5% of the lowest responsible bidder who is not a local vendor. This preference shall not apply to public construction contracts. "Local vendor" means any person or business whose primary place of business is located and operating within the corporate limits of the City of Lawton who submits responsive bids for the purchase of materials, equipment, services and supplies in response to the FISTA's solicitation for bids.

**State Contract.** Items on the state contract may be purchased without obtaining quotes or bids, subject to funds being available.

**Emergencies.** Emergency situations occur which require purchasing goods or services immediately. Emergency purchases are authorized only after it is determined by the Chair and Director the good/services cannot be timely obtained utilizing the routine procedures set forth in this policy. The emergency purchase is to cover the existing emergency only. Any other goods/services needed must be obtained in accordance with this policy. Emergency purchases shall not be made for goods/services expected to exceed Fifty Thousand Dollars (\$50,000.00).

Within 3 business days after the emergency, the Chair and Director shall prepare a memorandum explaining the circumstances that necessitated the goods/services being obtained on an emergency basis. The following information must be provided:

1. Nature of emergency
2. Length of time emergency existed
3. Efforts taken to use routine procedures set forth in this policy
4. Cost of goods/services
5. Vendor(s) used to provide good/services

**Public Construction Contracts.** As required by the Oklahoma Public Competitive Bidding Act (the "Act"), all public construction contracts, for the purpose of making any public improvements or constructing any public building or making repairs to the same, exceeding Fifty Thousand Dollars (\$50,000.00) shall be let and awarded by the Board of Trustees to the lowest responsible bidder, by open competitive bidding after solicitation for sealed bids. Solicitation for sealed bids shall be advertised at least once a week for 2 successive weeks in a newspaper of general circulation in Comanche County prior to the date on which bids are received and opened. No work shall be commenced until a written contract is executed and all required bonds and insurance have been provided by the contractor to the FISTA.

As required by the Act, construction contracts for the purpose of making any public improvements or constructing any public building or making repairs to the same for Five Thousand Dollars (\$5,000.00) to Fifty Thousand Dollars (\$50,000.00) shall be let and awarded

by the Board of Trustees to the lowest responsible bidder by receipt of written bids or awarded on the basis of competitive quotes to the lowest responsible qualified contractor. Work may be commenced in accordance with the purchasing policies of the FISTA.

Under the Act, construction contracts for less than Five Thousand Dollars (\$5,000.00) may be negotiated by the Chair or Director with a qualified contractor and awarded by the Chair or Director. Work may be commenced in accordance with the purchasing policies of the FISTA.

Change orders or addenda to public construction contracts of One Million Dollars (\$1,000,000.00) or less shall not exceed a 15% cumulative increase in the original contract amount. Change orders or addenda to public construction contracts of over One Million Dollars (\$1,000,000.00) shall not exceed the greater of One Hundred Fifty Thousand Dollars (\$150,000.00) or a 10% cumulative increase in the original contract amount. Change orders or cumulative change orders which exceed the above limits shall require a readvertising for bids on the incomplete portions of the contract. All change orders shall be submitted in the format attached as Appendix B and require approval by the Board of Trustees, with the reasons for approval recorded in the permanent records of the FISTA. Alternates or add items bid with the original bid and contained in the awarded contract as options shall not be construed as change orders under the provisions of the Oklahoma Public Competitive Bidding Act.

### III. MATERIALS, EQUIPMENT, SERVICES AND SUPPLIES

The following purchasing limits determine the requirement to obtain competitive bids or quotes for the purchase of materials, equipment, services and supplies:

1. The total limit that may be spent on one order, ticket or item without competitive quotes is less than Five Thousand Dollars (\$5,000.00). The Chair or Director are authorized to approve these purchases without further authorization from the Board of Trustees.
2. A minimum of 3 oral or written quotes are required to be obtained on any one order, ticket or item that costs between Five Thousand Dollars (\$5,000.00) and Twelve Thousand Dollars (\$12,000.00). Dividing a single day's purchase from 1 vendor into separate tickets will not exempt the purchase from requiring quotes. Splitting a purchase to avoid competitive bidding requirements is strictly prohibited. Quotes must be documented as a separate document. A valid quote must include a description of the purchase, price, quantity, contact name, and telephone number. If quotes have been received from an online source, quotes must include price, quantity, website and phone number. Quotes received will be evaluated according to what is in the best interest of the FISTA without any favoritism or bias. The Director is required to obtain the approval of the Board of Trustees for these purchases.
3. A minimum of 3 written quotes are required to be obtained on any one order, ticket or item that costs over Twelve Thousand Dollars (\$12,000.00) and up to Fifty Thousand Dollars (\$50,000.00). Dividing a single day's purchase from 1 vendor into separate

tickets will not exempt the purchase from requiring quotes. Splitting a purchase to avoid competitive bidding requirements is strictly prohibited. Quotes must be documented as a separate document. A valid quote must include a description of the purchase, price, quantity, contact name, and telephone number. If quotes have been received from an online source, quotes must include price, quantity, website and phone number. Quotes received will be evaluated according to what is in the best interest of the FISTA without any favoritism or bias. The Director is required to obtain the approval of the Board of Trustees for these purchases.

4. Any purchase over Fifty Thousand Dollars (\$50,000.00) requires formal competitive bidding and a contract unless otherwise exempted in this policy. Contracts for such purchases shall be let and awarded by the Board of Trustees to the lowest responsible bidder, by open competitive bidding after solicitation for sealed bids. Solicitation for sealed bids shall be advertised at least once a week for 2 successive weeks in a newspaper of general circulation in Comanche County prior to the date on which bids are received and opened. No work shall be commenced until the written contract is executed and all required bonds and insurance have been provided by the contractor to the FISTA.

Specifications for purchases of materials, equipment, services and supplies shall be approved by the Chair and Director prior to the solicitation of oral or written quotes, or formal bids as applicable to the purchase. Specifications shall not be unduly restrictive and allow for competitive quotes or bidding when required. Special requirements such as warranties, delivery times and maintenance contracts shall be addressed in the specifications.

Costs associated with things such as shipping, insurance, delivery and warranty shall be included in computing the total cost of the purchase. If circumstances surrounding a solicitation will not allow the same to be computed, an exception may be granted by the Chair.

Multiple purchases of the same item are considered a single item purchase. For example: One (1) item cost Forty-Five Hundred Dollars (\$4,500.00) and may be purchased without quotes. Two (2) of this same item cost Nine Thousand Dollars (\$9,000.00) and will require 3 oral quotes. Three (3) of the items cost Thirteen Thousand Five Hundred Dollars (\$13,500.00) and require 3 written quotes.

The purchasing limits set forth herein do not apply to requirements contracts previously approved by the appropriate approval authority.

When obtaining a minimum of 3 oral quotes, one "no-bid" may be accepted if the phone number and point of contact are recorded. No purchase may be processed with two "no-bids". If the required number of oral quotes is unable to be obtained, the Chair may authorize proceeding with the purchase with a lesser number of quotes. The vendor's name, address or website, item type, item price, quantity, and vendor's phone number must be recorded for the oral quote to be complete.

When there is a change of conditions that requires modifications to a current purchase contract, the Director will coordinate the change. The Director will obtain a letter from the vendor outlining the changes and the costs associated with each change. The Director will then submit a memorandum, with vendor's letter attached, and recommendation regarding the proposed change(s) to the Chair. The Chair will review the change order request and direct the preparation of a contract change order, as appropriate, in the format attached as Appendix B. The Director will forward the contract change order to the vendor for completion, execution and return to the Director for further processing. Approval of the contract change order is authorized only by the initial approving authority of the underlying contract.

For purchases exceeding Twenty-Five Thousand Dollars (\$25,000), an affidavit for payment must be obtained from the vendor and attached to the invoice prior to processing the invoice for payment. The format for the affidavit is attached as Appendix C.

A non-collusion affidavit shall be required from the vendor with any formal bid over Fifty Thousand Dollars (\$50,000.00). It is the responsibility of the Director to obtain this affidavit when required. The format for the affidavit is attached as Appendix D.

## **USE OF CREDIT CARDS**

### **I. AUTHORIZATION**

The FISTA Director and Special Operations Manager are authorized to be issued a credit card with a limit not to exceed Seventy-Five Hundred Dollars (\$7,500.00) per card in the name of the Trust Authority to be used solely for purposes of FISTA purchases made in strict compliance with this policy and budgetary limitations.

### **II. POLICIES**

**Receipts.** Credit card expense documentation is to be a complete record of the activity. **RECEIPTS ARE REQUIRED FOR ALL CHARGES. Failure to provide a receipt will result in a charge back to the user.**

**Documentation Completion.** Each item on the credit card expense documentation must have a date, vendor/place, with whom you met, the business purpose, and the appropriate account code. Business purpose should describe a meeting topic or specific nature of the expense, in other words, "why" the charge was incurred. Documentation should be completed monthly to coincide with the vendor's billing cycle. Completed and approved documentation must accompany the vendor's bill for payment. The FISTA Treasurer and an employee of FISTA's accounting firm will inspect the documentation for correctness, accuracy, adherence to this policy and the budget, and credit card invoice from the vendor.

**Allowable Charges.** Charges incurred for travel, entertainment, registration, supplies, or online purchasing of goods are allowable. Charges must be approved by an executive

committee member. Entertainment expenses are limited to the official hosting of clients, special guests, and/or in support of a particular event or program hosted by FISTA.

**Prohibited Expenses.** The following types of expenditures are not eligible for charges:

- Spousal travel
- Unauthorized entertainment
- Expenditures for alcohol
- Entertainment of state or federal elected officials in excess of prescribed guidelines
- Expenditures not authorized in a budget category or that exceed budgeted amounts

## **DISBURSEMENT PROCESSING**

### **I. POLICY**

FISTA will maintain one or more bank accounts as determined by the Board of Trustees to be necessary. To the extent that deposits in the account exceed FDIC insurance limits, FISTA will require the financial institution to provide collateral sufficient to cover deposits in excess of the FDIC coverage limit. In order for a check to be processed, all appropriate documentation supporting the expenditure must be complete.

### **II. PROCEDURES**

Invoice Processing: Due to the small nature of FISTA, purchase orders will not be issued. Instead, the following steps will be performed when processing disbursements:

1. The FISTA Treasurer and Director will review all purchases for compliance with this policy, the budget and validity. The Director or Strategic Operations Manager will sign the invoice prior to payment.
2. Approved purchase invoices will be processed by an employee of FISTA's accounting firm. The accounting firm will verify approval prior to input into the accounts payable system.
3. Prior to printing checks, the accounting firm will review cash balances to ensure sufficient cash availability. In addition, the accounting firm will review all invoices for accuracy as to coding and amount prior to recording.
4. All checks must be signed by the Chair and Treasurer. In the instance of an emergency, any member of the Executive Committee is authorized to review and sign the check.

## **REVENUE RECOGNITION**

### **I. POLICIES**

To properly reflect activities associated with specific sources of revenue, the following procedures will be followed: the categories of revenue are 2016/2019 City Sales Tax and Operations.

II. PROCEDURES

**2016/2019 City Sales Tax.** FISTA has a Limited Funding and Support Agreement with the City of Lawton to provide economic development services and is reimbursed by the City from available industrial development sales tax funds for allowable charges under the Agreement, based on a budget submitted and approved by the FISTA Board and City Council. Expenses are recognized at the time the expenditures are made. A receivable is booked recognizing the revenue due from the City for the month's allowable expenses.

**Operation.** Operation income includes lease income, sponsorship income, and private funding initiatives. This revenue is recognized when billed.

## **DEPOSIT PROCESSING**

I. POLICY

To effectively and efficiently handle the cash flow of FISTA, deposits will be made daily.

II. PROCEDURES

1. FISTA staff will pick up all mail daily. A designated staff member will prepare a "daily deposit log" showing checks and cash received by FISTA. The log will include the payers name, invoice number, check number, payment type, date, and amount received. The FISTA will retain a copy for the FISTA daily deposit log binder and submit the log to the FISTA's accounting firm.
2. All cash and checks will be listed separately on the deposit slip. The staff member will deliver the deposit to the bank daily and provide a copy of the deposit slip to the accounting firm.
3. The accounting firm will compare the daily deposit log to the deposit slip and investigate and resolve any discrepancies. The accounting firm will use the deposit log to post payments.

## **DEPRECIATION AND CAPITALIZATION**

I. POLICY

Certain assets with long term use will be capitalized and depreciated over the schedule below.

II. PROCEDURES

1. Capitalization Limit – Any asset over \$1000 and/or an addition to an already existing asset thereby increasing its life, shall be capitalized on the balance sheet of FISTA. Capitalized assets are categorized as: furniture & fixtures, office equipment, and office equipment-other. Equipment and computer hardware will be tagged "Property of the

FISTA". A specific inventory listing detailed equipment and computer hardware, including serial numbers, will be maintained.

2. Depreciation Method and Lives – A schedule of capitalized assets will be maintained by FISTA's accounting firm for purposes of computing depreciation. Assets shall be depreciated straight line over its estimated useful life. Lives are:
  - a) Artwork or items of historical significance – no depreciation will be taken.
  - b) Furniture and small office equipment – 7 years
  - c) Computer hardware and electronic equipment – 5 years
  - d) Leasehold improvements – life of lease or 15 years, whichever is less

## **CHECKS RETURNED FOR NON-SUFFICIENT FUNDS (NSF)**

### **I. POLICY**

In an effort to be fiscally responsible without causing undue hardship, FISTA will accept checks for fees and services provide sufficient funds are available to support those checks.

### **II. PROCEDURES**

If a check is returned for any reason by a financial institution the following steps will be taken:

1. The issuer of the check will be contacted to determine if the check is valid
2. If possible, the check will be re-deposited
3. If a check is returned for a second time, it will be returned to the check issuer with notification that only a cashier's check or cash will be accepted to satisfy the obligation
4. All bank fees associated with the returned check will be charged to the check issuer
5. Issuers of a previous non-sufficient funds check will not be permitted to pay by check on subsequent occasions when a payment is due.

## **FINANCIAL REPORTING GUIDELINES**

### **I. POLICY**

In order for employees to effectively manage the operations of FISTA, timely financial information is imperative. This information must be accurate, thorough, comparable, and timely.

### **II. PROCEDURES**

Financial information will be disseminated on a standard closing schedule. The closing schedule will include appropriate reviews and approvals.

1. Interim Financial Statements – These statements will be issued on or about the 15<sup>th</sup> of the month following the date of statements. Prior to issuance, the statements will be approved by the Director.



2. Distribution – Executive Committee, Trustees, Director, and City of Lawton.
3. Annual Audited Financial Statements – Under the Oklahoma Public Trust Act, a trust which has more than Fifty Thousand Dollars (\$50,000.00) in revenues or assets, shall cause to be conducted, by an independent licensed public accountant or a certified public accountant, an annual audit of the trust's financial statements in accordance with auditing standards generally accepted in the United States and Government Auditing Standards as issued by the Comptroller General of the United States.

The audit engagement shall be ordered within 30 days of the close of each fiscal year of the trust. Upon acceptance of the audit by the Board of Trustees, copies of the annual audit shall be filed with the State Auditor and Inspector within 6 months after the close of the fiscal year and with the City of Lawton as beneficiary of the trust.

**EFFECTIVE DATE:** Approved by the Board of Trustees on the 15<sup>th</sup> day of June, 2021, and will remain in effect until rescinded by action of the Board.



**CLARENCE FORTNEY, CHAIR**

**ATTEST:**



**BARRY EZERSKI, SECRETARY**