



The City of Rochester Hills has established and adopted a Code of Ethics for all elected officials, employees, directors and officers to abide by. Similarly, the City expects its vendors, consultants, contractors, agents, and their employees to respect and adopt this commitment to integrity, fair, open and transparent procurement practices by complying with the standards as adopted and set forth below.

The Ethics of Purchasing

Employees authorized to make purchases for the City of Rochester Hills are entrusted with funds that belong to the public. These funds must be expended only for purchases specifically related to the delivery of governmental services to the citizens, as appropriated in the budget adopted by the City Council. The City Council acknowledges this public trust, which is delegated to the City administration, through the adoption of ordinances establishing processes that designate a dollar amount below which City Council approval is unnecessary. The trust delegated to the City administration has been earned and could be lost as a result of purchasing practices that are recognized as unethical. Employees should be familiar with Section 2-271 of the Purchasing Ordinance, which emphasizes a purchasing system of quality, integrity and best value for the taxpayers' dollar.

Section 2-271 INTENT

To maximize the purchasing power and value of public funds through a procurement policy that maintains a system of quality and integrity; and promotes efficiency, effectiveness and equity in public purchasing. It is the goal of this Article to recognize the obligation to the taxpayers to maximize the purchasing power of public funds to gain the best value for our residents. The City will comply with all applicable federal and state laws concerning public purchasing.

Relationship With Vendors

Employees involved in the purchasing process may sometimes find themselves in a friendly relationship with a vendor. This relationship may result from longtime service to the City by the vendor; it may be a social nature in which an employee comes in contact with the vendor outside the work environment; or it may be one of many different situations that result from doing business with a particular vendor. The employee must be extremely careful in these circumstances not to jeopardize his or her purchasing authority by allowing personal relationships to affect the competition of the solicitation processes.

The City has adopted and distributed to all employees a Code of Ethics, which establishes the standards governing the conduct of City employees. Summarized below are sections of the Code of Ethics sections pertaining to Purchasing.



Accepting Gifts and/or Favors From Vendors

Section 50-5

(2) Soliciting gifts or loans. Soliciting or accepting a gift or loan of money, goods, services, or other things of value for the benefit of a person or organization, which tends to influence the manner in which the public official or employee or another public official or employee performs official duties.

- a. Exclusions. This does not apply to acceptance of perishable or consumable gifts of a nominal value, nor reasonable personal entertainment.
- b. Return of substantial gifts. Gifts that are of substantial nature, shall be returned to the donor with the explanation that City policy will not permit the acceptance of the gift. The City will reimburse the expense of returning such gifts.

Conflict of Interest

Employees should be aware that the potential for conflict of interest exists when purchasing for the City of Rochester Hills. Section 50-5 (3), (4), (5), (6), (7).

Section 50-5

(3) Business transactions. Engaging in a business transaction in which the public official or employee may profit from the official's or employee's official position or authority or benefit financially from confidential information which the public official or employee has obtained or may obtain by reason of that position or authority.

(4) Incompatible employment. Engaging in or accepting employment or rendering services for a private or public interest when that employment or service is incompatible or in conflict with the discharge of the official's or employee's official duties or when that employment may tend to impair the official's or employee's independence or judgment or action in the performance of official duties.

(5) Dealing with business entities. Participating in the negotiation or execution of contracts, making of loans, granting of subsidies, fixing of rates, issuance of permits or certificates, or other regulation or supervision relating to a business entity in which the public official or employee has a financial or personal interest.

(6) Interest in firm dealing with the City. Holding substantial financial interest (i.e. any stake, including stockholder, partner, joint venture, creditor, guarantor or director) in a firm, which provides services or supplies, materials or equipment to the City. This subsection shall not apply to an individual holding an interest in a firm providing services or supplies, materials, or



equipment to the City if, after reporting the conflict as required in Section 50-4, all the following conditions are met:

- a. The contract for services or supplies, materials, or equipment is awarded pursuant to sealed bids obtained under the provisions of Article VI of chapter 2, pertaining to purchasing, of this Code;
- b. The individual is not involved, directly or indirectly, with making the decision on the award or the contract of the department of the city for which the contract relates; and
- c. The City Council, after reviewing the circumstances, determines the award of the contract would be in the best interest of the City.

(7) Dealing in City property purchases. Speculating or dealing in equipment, supplies, materials or property purchased by or sold to the City