

## PURCHASING POLICY AND PROCEDURES

### 36.40 Procurement Policy

- A. Purpose and Goals - The purpose of the purchasing policies and procedures is to establish standards and procedures to be followed by all Departments, Trustees, and Commissions in the purchase of supplies, materials, parts, equipment and contractual/professional services and to promote public confidence in the integrity of the process, ensure fair and equitable treatment of all people who participate in the purchasing system and maximize the economy in purchasing activities. It is also to provide additional guidance to Chapter 36 of the Village of Romeoville Code of Ordinances.
- B. Code of Ethics - All Village personnel engaged in purchasing and related activities have a duty to conduct business dealings in a manner above reproach in every respect. Transactions relating to expenditure of public funds require the highest degree of public trust to protect the interests of the Village and its residents. Accordingly, Village employees shall strive to:
- (1) Ensure that public money is spent efficiently and effectively and in accordance with all applicable laws and policy.
  - (2) Maintain proper confidentiality at all times.
  - (3) Purchase without favor or prejudice.
  - (4) Conflicts of Interest
    - (a) Any vendor, supplier, contractor or bidder on a contract shall submit to the village in writing a disclosure statement provided by the village in conformity with ILCS Ch. 65, Act 5, § 3.1-55-10 stating, if applicable, any interest that any person associated with that vendor, supplier or bidder might have in the government of the village including serving on an advisory panel or commission, and including service as an employee of the village. Such disclosure statement shall further provide all information reasonably required in response to the requirements of this section. In cases where the expense of a contract, bid or proposal exceeds the sum of \$100,000, the vendor, supplier, contractor or bidder shall also identify the names of all persons holding an ownership interest in the vendor, supplier or bidder in excess of one percent who are related as spouse, parent, child, sibling, aunt, uncle or cousin to any person then holding elected office or any employment position with the village. In the event that any part of the contract, bid or proposal in question is to be subcontracted to one or more subcontractors (including materials suppliers) or to one or more tiers of subcontractors (including materials suppliers), the vendor, supplier, contractor or bidder in question shall also cause the foregoing information to be provided with respect to all subcontractors (including materials suppliers) in all subcontracting tiers. The truthfulness and accuracy of the disclosure statement shall be the responsibility of the vendor, supplier, contractor or bidder in question. The failure to supply the disclosure statement required hereunder shall constitute grounds for rejecting any bid, proposal, or award of a contract.
    - (b) No vendor, supplier, bidder or contractor shall be eligible to enter into any contract with the village having a value or expense in excess of \$100,000 where a person holding an ownership interest in excess of 1% in such vendor, supplier, bidder or contractor is related as spouse, parent, child, sibling, aunt, uncle or cousin to any person then holding elected office or any employment position with the village, where such employment position in any way involves the review or approval of bids, contracts, proposals or purchases. In cases where all or a portion of such contract is to be subcontracted to one or more subcontractors (including materials suppliers) or to one or more tiers of subcontractors (including materials suppliers), a vendor, supplier, bidder or contractor shall not be eligible to enter into any such contract with the village

if a person holding an ownership interest in excess of 1% in any subcontractor in any tier of subcontractors is related as spouse, parent, child, sibling, aunt, uncle or cousin to any person then holding elected office or any employment position with the village where such employment position in any way involves the review or approval of bids, contracts, proposals or purchases.

- (c) No vendor, supplier, bidder or contractor shall be eligible to enter into any contract with the village having a value or expense in excess of \$100,000 (or any group or series of multiple contracts that, in a given calendar year or given fiscal year of the village, has an aggregate value or expense in excess of \$100,000) if such vendor, supplier, bidder or contractor then employs any elected village official or any village employee, or then possesses or maintains any compensated independent contracting or consulting relationship with any elected village official or any village employee.
  - (d) No vendor, supplier, bidder or contractor shall be eligible to enter into any contract with the village having a value or expense in excess of \$100,000 (or any group or series of multiple contracts that, in a given calendar year or given fiscal year of the village, has an aggregate value or expense in excess of \$100,000) if such vendor, supplier, bidder or contractor then employs or possesses or maintains any compensated independent contracting or consulting relationship with any individual who was employed by the village or served as an elected official of the village at any time during the preceding two years.
- C. Equal Opportunity/Non Discrimination – All potential suppliers shall have an equal opportunity to submit bids or quotations and to compete on an equal basis for the Village business.
- (a) Purchasing agents should establish and maintain procedures to ensure that fair and equal consideration is given to each offer or quotation received and that selection is based upon the lowest responsible bid or other appropriate criteria.
  - (b) All purchase orders and contracts to which the Village is party, shall contain a non-discrimination in employment clause which provides: "The vendor agrees that in performing under this purchase order with the contracting municipality, he shall not discriminate against any worker, employee or applicant, or any member of the public because of race, religion, color, national origin or sex, ancestry, age, marital status, physical or mental handicap, or unfavorable discharge from military service. The vendor further agrees that this clause will be incorporated in all contracts entered into with suppliers of materials or services who may perform any such labor or services in connection with this contract."
  - (c) Even if such clause is not included, the above clause shall be construed to be incorporated as a part of such purchase orders and contracts.

# Finance Manual: Purchasing Policy and Procedures



## 36.41 Purchasing Authority and Purchasing Process

Except as otherwise expressly authorized by law or the provisions of this chapter, a purchase order shall be required for all purchases over \$1,000, and no village employee shall make any purchase without first obtaining a duly issued purchase order for purchases exceeding \$1,000. A purchase order shall be sought by submitting such form as prescribed from time to time by the Finance Director, which form shall be completed with such information and with such signatures as are hereinafter required.

- A. General Purchase Authority - No employee may purchase products or services over \$1,000 on behalf of the Village without first seeking approval as required by this policy. All purchases require advanced approval of the appropriate Department Head or Village Manager in accordance with the following guidelines:

Dollar Limit	Required Approval
Up to \$ <del>5</del> <u>10</u> ,000	Department Head (or other supervisor designated by Department Head) and Finance Director
\$5,000.01 - \$ <del>19</del> <u>24</u> ,999.99	Department Head, Finance Director and Village Manager
\$ <del>2</del> <u>50</u> ,000 and above	Department Head, Finance Director and Village Manager and Documentation of Board Approval

- B. General Policy for Soliciting Quotes - Employees are responsible for obtaining quotes for purchases in the instances outlined below:

Dollar Limit	Quote/Bid Required
Up to \$5,000	No quotes are required, employees are encouraged to seek one or more quotes when possible or otherwise ensure that competitive prices are obtained.
\$5,000.01 - \$ <del>19</del> <u>24</u> ,999.99	A requisition for a purchase must include either (i) a minimum of 3 quotes or (ii) memo explaining why three quotes are not available.
\$ <del>2</del> <u>05</u> ,000 and above	Board of Trustees must approve through ordinance, resolution or motion. The Board can approve through a bid process, through the formal RFP process, approval of a contract for services, and approval for state contract.

- C. Purchase Orders – Unless specifically exempt from the Purchase Order process, all purchases must be entered and approved in the Purchase Order System prior to making the purchase.
- D. Purchases exempt from the Purchase Order process include the following:
  - (1) Energy and Utility Bills
  - (2) Garbage Disposal
  - (3) Telephone
  - (4) Insurance
  - (5) Bulk Fuel
  - (6) Escrow, deposits, or refunds for service payments
  - (7) Employee Benefits
  - (8) Emergency Purchases (See 36.41(G) below)
  - (9) Purchases and invoices under \$1000
- E. Purchase Orders shall contain the following information:
  - (1) Vendor name and address
  - (2) Shipping address & Billing address
  - (3) Budget account number/line item number that the expenditure is to be charged to.
  - (4) Date the Purchase Order initiated
  - (5) Quantity
  - (6) Description of item and/or service and its intended use. This description should be easily understood by a reader from another department.
  - (7) Unit Price, Total Price and Total Price including Shipping Costs
  - (8) Requester-This should be the person to whom all questions regarding the item or service will be referred.
  - (9) Project Number if applicable (All Capital Projects must indicate Project Number)
  - (10) Discounts
  - (11) Proper Approvals
- F. Joint/Cooperative Purchasing – Cooperative purchasing between the Village and the state and other local governments can result in significant savings on the purchase price of many items. It is the policy of the Village to enter into cooperative purchasing agreements when:
  - (1) Substantial saving will result
  - (2) Quality, availability or service will not be sacrificed
  - (3) The Village will be separately billed for its purchases
  - (4) Purchases must be included in the currently approved annual budget.
- G. Emergency Purchases- In case of an emergency affecting immediate public health, safety, and/or welfare, the Mayor or Village Manager may authorize a vendor to perform any and all work necessary to resolve such emergency without an approved purchase order and/or formal bid. A purchase order will be prepared after the emergency has been resolved. A purchase over \$295,000 must be ultimately ratified by the Village Board. A full report of the circumstances of the emergency purchase must be filed with the Village Board, entered in the minutes of the Village Board, and open for public inspection. Written documentation will include a complete description of the services, materials and equipment required and the costs incurred. A purchase order may be prepared and approved after the emergency purchase.
- H. Blanket Purchase Orders
  - (1) Annual Vendor total below \$295,000 - Blanket Purchase Orders may be utilized to facilitate the purchase of routine purchase of goods and services throughout the year. Blanket Purchase Orders for vendors where the aggregate annual purchase from the vendor will

- be under \$205,000 and no individual order will be above \$5,000 will not require quotes but will require the proper signatory approval.
- (2) Annual Vendor total above \$205,000 – At the start of each fiscal year, the Departments will review annual purchases to determine what vendors should be include in the annual purchase resolution prepared by the Finance Department. The resolution will request purchase authorization for routine purchases that exceed \$205,000. In order to qualify for the Blanket Purchase Order resolution, the vendor's total annual purchases are estimated above \$205,000 but individual purchases will be less than \$5,000. And the purchase must not be for any of the following:
    - (i) equipment purchased over \$205,000,
    - (ii) non-routine professional services over \$205,000,
    - (iii) bulk orders of an item over \$205,000
    - (iv) individual items purchased from a sole supplier over \$205,000
- I. Annual Purchase Resolution - To assist in facilitating the Board of Trustees' awareness of recurring and routine expenditures. The Finance Department shall, prior to the start of each fiscal year, prepare an annual purchasing resolution that, when adopted by the Village Board, will approve or ratify a large number of annually recurring and foreseeable routine purchases. Once adopted, the annual purchasing resolution shall serve as the equivalent of a purchase order for the purposes of this chapter with respect to the transactions contained therein. The various types of transactions eligible for inclusion in the annual purchasing resolution include the following:
- (1) Blanket Purchase Orders detailed above in 36.41(H)
  - (2) Contract: Vendors where the annual total purchases therefrom will exceed \$205,000 for the year and the Village already has a signed contract and/or previous Board approval for the purchase. Individual or cumulative purchases may exceed \$250,000 per year.
  - (3) Sole Supplier: A vendor that is the only source available to the village to provide the particular goods or services, where individual purchases may fall between \$5,000 and \$205,000.
  - (4) System Supplier: A vendor who is the current provider to the village for particular goods and services, where individual purchases may fall between \$5,000 and \$205,000, under circumstance where it would be unusually disruptive to the Village to switch to another vendor.
  - (5) Professional Services: Refers to the current vendor approved by the Board, for professional services of a routine, ongoing nature where the annual total will exceed \$205,000 and individual bills may exceed \$205,000.
- J. Purchases in Excess of Budget - The requesting department proposing a purchase that will exceed the line item budget must first get authorization for either a budget adjustment or budget relief.
- (1) Budget Adjustment- Departments making the request for a Budget Adjustment complete the form showing there are sufficient savings within other line items within the same fund and department cost centers or that there are additional revenues directly associated with the request that cover the additional expenditures. Budget adjustments for the purchase of operational expenses should be offset from other operational accounts within the fund and cost center. Adjustments should not be made increasing operational expense accounts with transfers from a budgeted capital project account if the capital project is only being deferred to a future year. If the Budget Adjustment is between two different Department accounts, both Department Heads must sign the form.
  - (2) Budget Relief – If the proposed purchase cannot be offset by savings from another expense account or additional revenue, a request for budget relief authorization can be made to the Village Manager allowing the purchase to exceed the line item budget.

- K. Purchases Tolerance Rules – If an invoice amount is over the PO original amount by 5% or less, Accounts Payable will automatically process the invoice provided the following conditions apply:
- (1) The excess dollar amount does not change the purchase from being under \$20,000 to over \$205,000.
  - (2) The account the purchase is budgeted in still has sufficient funds, Accounts Payable department will automatically process the invoice.
  - (3) The change order does not exceed \$50,000.

## 36.42 Responsible Bidder Process

- (A) The Village Manager shall prescribe the requirements to be met where free and open competitive bidding is utilized. The Village Manager shall also prescribe the procedures by which the bids shall be received, the time limit upon receiving such bids, and the procedure by which the bids shall be opened, accepted, examined and recommendations made to the Board of Trustees for acceptance or rejection, as the case may be. All purchases with or without bid must conform to ILCS Ch. 720, Act 5. All bids and quotations shall provide the following information:
- (1) Description
  - (2) Quantity
  - (3) Price
  - (4) Delivery Time
  - (5) Shipping Charges
  - (6) Quantity and Payment Discounts
- (B) Security Deposits for Bids – On all contracts and purchasing processes where bidding procedures are utilized, if security deposits/bid bond are required of the bidders, the following security deposit requirements shall be met:
- (1) On all purchases which are below \$205,000, a security deposit of \$500 is required
  - (2) On purchases between \$205,000-\$30,000, a security deposit of \$1,000 is required
  - (3) On purchases between \$30,000-\$40,000, a security deposit of \$1,500 is required
  - (4) On purchases and contracts over \$40,000, a security deposit of 5% of the bid is required
  - (5) Security Deposits shall be in the form of a cashiers or certified check or bid bond.
  - (6) The security deposit may be waived with the Village Manager's approval
- (C) Purchases Subject to Bidding Process
- (1) All purchase orders or contracts of whatever nature, for labor, services or work, the purchase, lease or sale of personal property, materials, equipment or supplies involving amounts in excess of \$25,000 made by or on behalf of the village, shall be let free and competitive bidding after advertisement, to the lowest responsible bidder. All bidding shall be in conformance with ILCS Ch. 720, Act 5. The Village Manager shall recommend the acceptance or rejection of bids for their approval to the Board of Trustees.
  - (2) A responsible bidder shall meet and submit evidence of compliance with the following:
    - (a) All applicable laws prerequisite to doing business in the State of Illinois, including all laws requiring certifications of bidders as to statutorily required matters;
    - (b) A federal employer tax identification number or Social Security number;
    - (c) Certificates of insurance indicating the following coverages: general liability, worker's compensation, completed operations, automobile, hazardous occupation and product liability, in such limits and on such a basis as may be required from time to time by the Village Manager;

- (d) Compliance with all provisions of the Illinois Prevailing Wage Act, including wages, medical and hospitalization insurance and retirement for those trades covered in the Act;
  - (e) All contractors and subcontractors are required to file certified payrolls as specified in Illinois Public Act 94-0515, and follow all provisions of the Employee Classification Act (820 ILCS 185/1 et seq.); and
  - (f) All bidders must provide three (3) projects of a similar nature constructed, completed or performed in the immediate past five (5) years with the name, address and telephone number of the contact person having knowledge of the project along with three (3) references (name, address and telephone number) with knowledge of the integrity and business practices of the bidder.
- (3) Local Preference Policy – The Village recognizes that local businesses share income with the community. Therefore, the Village seeks to provide recognition by establishing a policy to give local businesses some preference when purchasing goods and services.
- (a) In the process of reviewing bids, the Village can allow a 5% bidding preference up to a maximum of \$50,000 (whichever is lower) to a local vendor.
  - (b) The preferential discount will be applied to the low bid of all local bidders when determining lowest responsible bid.
  - (c) Any preference of local business may not result in unreasonable costs to the community or taxpayers nor should it restrict the Village from rejecting inferior products or services.
  - (d) The policy does not apply in situations where external funding sources do not permit local preference purchasing.
  - (e) The Village reserves the right to waive this policy when deemed appropriate.
  - (f) A local vendor means any business that has established and maintained a physical presence within the Village boundaries via the ownership or lease of a building for a period of not less than 12 consecutive months and employees a minimum of 2 full-time employees and is legally authorized to conduct business within the State of Illinois.
- (4) Change Orders- Change orders on construction projects that either change the scope of the project or exceed 5% of the project must be presented to the Village Board for approval prior to commencing work pursuant thereto.
- (D) Exemptions from Bidding – The following purchases are exempt from the requirements detailed in Section 36.42(C):
- (1) Purchase orders or contracts, for either labor, materials or both, which by their nature are not adaptable to award by competitive bidding, such as but not limited to, contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part, contracts for supplies, materials, parts or equipment which are available only from a single source, and contracts for the printing of the financial reports.
  - (2) All purchase orders or contracts of whatever nature for labor services or work, the purchase, lease or sale of personal property, materials, equipment or supplies, wherein the price to be paid by the village is equal to or less than a price established by open and competitive bidding through either an agency of the federal government or an agency of the state, within one year immediately preceding the letting of the proposed contract by the Village.
  - (3) When two-thirds of the Village Trustees elect to waive the requirements to go to bid for a contract or purchase otherwise required as detailed in Section 36.42(C).

## 36.43 Payment Processing Policy

- (A) Receiving and Inspection - Department heads (or designates) are responsible for receiving and inspecting all deliveries to their departments to ensure that items received conform to the specifications and quantities set forth in the purchase order. All deliveries should be thoroughly inspected to ensure that materials are received in satisfactory condition, and the invoiced price is compared to that on the purchase order. Only after all items on a purchase order have been delivered in an acceptable condition should the departments submit the appropriate forms to the Finance Department so bills may be paid. Each vendor must accept returned items for full credit.
- (B) Invoices Payment Processing
- (1) All invoices must be approved, via signature or initials, by a Department Head, Authorized Purchaser or Village Manager before payment will be made.
  - (2) If the invoice is exempt from the Purchase Order Process and is equal to or above \$10,000, the invoice will require the signature of the Village Manager.
  - (3) Invoices should have the following information included:
    - (a) Payment general ledger account number
    - (b) Approval Signature
    - (c) Project number/name if applicable
    - (d) Resolution or Ordinance Number if applicable
    - (e) Purchase Order number if applicable
  - (4) Prompt Payment – Invoice and payment information is scheduled to be included on the Vendor List for monthly Board approval. After approval accounts payable checks are processed and payments are sent to the Vendor. The Village makes every effort to comply with ILCS Ch. 230, Act 15, § 5601, the Local Government Prompt Payment Act.
  - (5) Manual/Interim Checks
    - (a) Manual checks are disbursed weekly on Friday or the last day of the week
    - (b) Manual checks should be avoided if possible, if needed, approval is needed by of the Finance Director for invoices under \$205,000 and the both the Village Manager and Finance Director for invoices over \$205,000.
    - (c) Per diems and conference fees should be processed through the regular schedule of bills whenever possible.
    - (d) All approved invoices and required documentation must be turned into Accounts Payable by Wednesday or two days before the manual check run if last day of work week is different.
    - (e) The Finance Department will prepare a separate schedule of bills indicating all manual/interim disbursements not having the prior approval of the Mayor and Board of Trustees.
    - (f) The manual/interim check schedule will be submitted at the first available regularly scheduled board meeting for ratification.
    - (g) The request, excluding purchases exempt from the purchase order process, must be submitted on a Purchase Order and all other purchasing procedures must be followed before the check is issued.
  - (6) Petty Cash Expenditures - The Village has established a petty cash fund to be used for reimbursements or purchases under \$50.00. All requests for reimbursements shall have prior approval by the department head and shall be accompanied by a receipt. Any

purchases or reimbursements in excess of \$50.00 shall follow the normal purchasing procedures. Records of all payments made from the petty cash account shall be kept by the Village Manager or designee and audited at least once annually.

#### 36.44 Procurement Card/Credit Card Purchases

The Purchase (Credit) Card Program is intended to streamline and simplify purchasing and is not intended to avoid or bypass appropriate procurement or payment procedures. Rather, the Program complements the existing processes available. The Purchase Card also gives personnel an opportunity to make practical decisions in obtaining products or services for which they are knowledgeable and reduces administrative burdens. The cardholder needs to remember that he/she is committing Village funds each time the purchasing card is used. This is a responsibility that should not be taken lightly. The cardholder is the person responsible for all charges made to the card. Intentional misuse or fraudulent abuse may result in disciplinary action up to and including dismissal and recovery of all unauthorized purchases.