



AGENDA ITEM # 17

AGENDA ITEM EXECUTIVE SUMMARY

Village Board Meeting

May 24, 2021

Item Title: Purchasing Policy Review and Update

Staff Contact: Tom Dahl, Finance Director

VILLAGE BOARD ACTION

Provide direction to staff regarding proposed revisions to the Village of Roselle Purchasing Policy.

Executive Summary:

The Village of Roselle purchasing policy establishes codes of conduct and guidelines for purchasing necessary goods and services efficiently and economically and in accordance with Illinois Compiled Statutes. From time to time, staff reviews this policy to make sure they are up-to-date and makes recommended revisions for the Village Board's consideration. The purchasing policy was last revised in April 2009 and updates are needed to address changes made by the State of Illinois and Grant Accountability and Transparency Act (GATA) requirements.

The following changes were made to the purchasing policy:

- 1) Expanded policies and procedures within Section 1 to ensure the integrity of the purchasing process and foster public confidence in the use of public monies.
- 2) Expanded policies and procedures within Section 2 setting forth requirements for procuring goods and services. Highlights include:
 - a. Consolidating the purchasing authority tables into a separate exhibit making it easier to update in future years. Purchasing authority distinction between budgeted and unbudgeted items was removed making the purchasing process for efficient. The Village budgets by account number rather than individual item thereby making it difficult to determine items that were unbudgeted versus budgeted. The purchasing authority tables now include authorized purchasing card holders and limits.
 - b. Revising the Village Administrator purchasing authority to \$24,999 from \$9,999. The State of Illinois increased the minimum public works cost to require competitive bidding to \$25,000. This change will keep the Village

policy aligned with Illinois state statute and will still require obtaining multiple quotes.

- c. The purchase order requirement was increased from \$500 to \$1,000
- d. The RFP/RFQ process section was expanded to provide increased explanation and detail.
- e. The purchasing card program policy was incorporated into the purchasing policy
- f. The definition of emergency purchases was updated and the amount required for Village Board approval was increased to \$25,000 to align with the recommended Village Administrator's authority.

Implications:

Is this item budgeted? N/A

Any other implications to be considered? Chapter 2, Article VII, titled "Village Administrator" of the Village Code states the purchasing authority of the Village Administrator as less than \$10,000. If the Village Board revises the purchasing authority for the Village Administrator, staff will draft an amendment to the Village Code stating that the Village Administrator's purchasing authority shall be in accordance with the Village's Purchasing Policy as approved by the Village Board thereby eliminating the need for future Village Code amendments due to revisions to the Purchasing Policy.

Attachments:

Exhibit A – Purchasing Policy

SECTION 1

GENERAL PROVISIONS

1. Purpose

The purpose of this policy is to provide the Village of Roselle (Village) employees with policies and procedures to be followed in acquisition of materials, supplies, construction and service. When used with good judgment and common sense, the policies and procedures conveyed herein will allow the Village of Roselle to obtain the required materials, supplies, construction and services efficiently and economically. Employees involved in the purchasing process, must be familiar with, and adhere to, the guidelines set forth in this policy. The cooperation of all employees is essential if the Village is to obtain the maximum value for each tax and utility dollar spent.

Formed within the stipulations of Village Code Section 2-79, this policy is designed to be fluid and will be modified from time to time to conform to changes in legislation, technology and actual practice. Although it may not answer every question related to purchasing practices, it does provide the foundation for a sound purchasing system of quality and integrity. Employees that need help with specific situations not covered in this policy should contact the Finance Director for assistance.

The Village will make every effort to purchase services, commodities or materials from vendors located in Roselle if these vendors are competitive in price and quality.

The Village Administrator is the final authority with regards to enforcement of any of the provisions of this policy. Failure to follow the procedures may lead to disciplinary action.

2. Code of Ethics Policy

1. General Standards

Public employment is a public trust. All Village employees engaged in purchasing and related activities must conduct business dealings in a manner above reproach in every respect. Village employees must conduct themselves in such a manner as to foster public confidence in the integrity of the Village's procurement policies. Any attempt to realize personal gain through public employment by conduct inconsistent with the proper discharge of a Village employee's duties is a violation of this policy. All employees must ensure that public money is spent efficiently and effectively and in accordance with the Village's ordinances and this policy.

2. Maintain confidentiality at all times where required or applicable.
3. Strive to interest all suppliers in competing.
4. Constantly strive for better knowledge of commodities needed and sourcing methods.
5. Pursue additional cooperative purchasing agreements with other public entities.
6. Ensure that all potential suppliers are provided with adequate and identical information upon which to base their offer or quotation and that any subsequent information is made available to all bidders.

2.1 Conflict of Interest

- 2.1.1 It shall be a violation of this policy for any employee to participate directly or indirectly in procurement where the employee has an ownership, employment, prospective employment, or family interest pertaining to the procurement.
- 2.1.2 Upon discovery of an actual or potential conflict of interest, an employee shall bring it to the attention of their department head or the Village Administrator and shall withdraw from further participation in the procurement transaction.
- 2.1.3 Upon discovery of an actual or potential conflict of interest, a public official shall promptly disclose the conflict and shall withdraw from participation in the decision-making process.
- 2.1.4 Contractors who develop or draft specifications, requirements, statement of work (scope of services) or Request for Proposals are excluded from competing for such procurements.

2.2 Gratuities

Village employees should be aware that offers of gratitude from vendors could be designed to compromise the objective judgment in product or service selection. Accordingly, it is the Village's policy to observe the highest standard of ethics and to shield the employee, the Village and the vendor from the suggestion or appearance of conflict of interest.

No employee shall permit any influence by vendors, which could conflict with the best interest of the Village or prejudice the Village's reputation. No public funds paid to vendors will personally benefit any person employed by the Village.

- 2.2.1 Village employees will not accept or agree to accept any tangible gifts or gratuities where their value suggests something more than merely a social gesture. Such gifts should be returned with a statement of the Village's ethics policy. Promotional or advertising items of nominal value such as key chains, pens, coffee mugs, calendars and holiday candy are acceptable. Promotional gifts that are capable of being shared, such as a box of chocolates, shall be shared within the office or division where the recipient works.
- 2.2.2 Association with vendor representatives at business meals or business organization meetings is occasionally necessary and is neither questionable nor unethical, provided the individual keeps himself/herself free of obligation.
- 2.2.3 Personal loans of money or equipment are not to be accepted from a vendor or an individual associated with a vendor doing business with the Village.
- 2.2.4 Solicitation of vendors for merchandise or certificates to serve as door prizes or favors is normally prohibited. However, the Village Administrator may approve exceptions.
- 2.2.5 Corporate discounts granted to Village employees are acceptable only if they are offered to **all** Village employees and other corporate clients of the vendor.

If in any doubt about the propriety of accepting a gift, the matter should be referred to the department head who will, if necessary, discuss the matter with the Village Administrator or the Village's Ethics Advisor.

2.3 Kickbacks

Village employees shall not solicit, accept, or agree to accept anything of value or personal advantage pursuant to an understanding that the employee will improperly influence the outcome of the award of any contract or purchase.

2.4 Use of Confidential Information

Village employees will not use confidential information for actual or anticipated personal gain or for the actual or anticipated personal gain of any other person.

2.5 Remedies against Employees

A breach of the Code of Ethics could result in any one or more of the following:

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

2.6 Remedies against Nonemployees

A breach of the Code of Ethics by a nonemployee related to the procurement transaction could result in any one or more of the following steps taken by the Village:

- 2.6.1 Oral or written reprimands;
- 2.6.2 Termination of transactions; and
- 2.6.3 Debarment or suspension from being a vendor, service provider, contractor or subcontractor under Village contracts and agreements.

2.7 Recovery of Value Transferred or Received In Violation of the Code of Ethics

- 2.7.1 The value of anything transferred or received in violation of this policy by an employee or nonemployee maybe recovered from both the employee and nonemployee.
- 2.7.2 Recovery of Kickbacks By the Village – Upon a showing that a subcontractor made a kickback to a prime contractor or a higher tier subcontractor in connection with the award of the subcontract or order there under, it shall be conclusively presumed that the amount thereof was included in the price of the subcontract or order and ultimately borne by the Village and will be recoverable hereunder from the recipient. In addition, said value may also be recovered from the subcontractor making such kickbacks. Recovering from one offending party shall not preclude recovery from other offending parties.

3. Freedom of Information Act

Freedom of Information Act (5 ILCS 140/) is the public policy of the State of Illinois that all persons are entitled to full and complete information regarding the affairs of government and the

official acts and policies of those who represent them as public officials and public employees consistent with the terms of this Act. Access by all persons to public records promotes the transparency and accountability of public bodies at all levels of government. It is a fundamental obligation of government to operate openly and provide public records as expediently and efficiently as possible in compliance with this Act.

4. Local Government Prompt Payment Act

Local Government Prompt Payment Act (50 ILCS 505/) is the public policy of the State of Illinois that is applicable to all municipalities where an invoice must be approved or disapproved within 30 days after the receipt of the invoice or within 30 days after the date on which the goods or services were received, whichever is later. If one or more items on a construction related bill or invoice are disapproved, but not the entire bill or invoice, then the portion that is approved shall be paid. Written notice shall be mailed to the supplier/contractor immediately if a bill is disputed or disapproved.

SECTION 2 **PROCUREMENT PROCEDURES**

1. Purchasing Authority and Approval Limits

See attached purchasing authority tables.

2. Purchase Orders

A fiscal budget is approved and adopted by the Mayor and Village Board. Purchases throughout the fiscal year can be made provided they do not exceed the amount available in the budget.

A Purchase Order (PO) is used as a contract to purchase or as an offer to purchase. All purchases in excess of \$1,000 must be initiated with a PO. Purchase orders are requested through Munis and must include a copy of the Village Board approved resolution, agenda item or all quotes received. A PO must be approved before any materials, supplies, or services are ordered.

There are two types of PO that can be used: Standard and Blanket.

A *Standard PO* is one that is used for a one time purchase of one or many items or services. It is used when the cost, quantities, delivery schedules and accounting distributions are known at the time of purchase. Typically, the term of this type of PO is one fiscal year. The department's funds are encumbered when the PO is created. The advantage of encumbering funds is to have better control of expenses and to know what funds are remaining for future purchases.

A *Blanket PO* is used when quantities, delivery schedules and account distributions are unknown at time of purchase. The Blanket PO is setup for a "not to exceed" dollar value. The department's funds are encumbered when the Blanket PO is created. It is used in the purchase of small dollar repetitive items from the same supplier which require numerous shipments during a certain time period; typically one year. The buyer can obtain favorable pricing through volume commitments.

3. Methods of Source Selection/Payment

3.1 Competitive Sealed Bids (65 ILCS 5/8-9-1)

All public improvement which is not paid for in whole or in part by special assessment or taxation, when the estimated cost thereof shall exceed \$25,000, shall be purchased from the lowest responsible bidder, after due notice inviting bids, unless competitive bidding is waived by a vote of 2/3rds of the Village Board members.

3.1.1 An invitation for bids shall be issued for infrastructure contracts and shall include specifications and all contractual terms and conditions applicable to the procurement.

3.1.2 Adequate public notice of an invitation of bids shall be given at a reasonable time, not less than 14 calendar days prior to the date set forth therein for the opening of bids. Staff shall strive to ensure that the posting of notices inviting bids is done in a manner to solicit the highest number of bids, whether that is in newspapers of general circulation, professional publication advertisement, Village of Roselle website and/or web sites designated and maintained for such notification. Said notice shall state the place, date and time of the bid opening as well as the following information:

- (a) The Illinois Prevailing Wage Act, 820 ILCS 130/1 requires that for certain public works projects, prevailing wage be paid. The Act also contains some administrative and record keeping requirements that the Village and its contractors are required to follow. Reference can be made to the Illinois Department of Labor (IDOL) website: <http://www2.illinois.gov/idol>
- (b) All contractors shall certify that said contractor is not in violation of, nor has been convicted, for a violation of the Illinois Public Construction Act.

3.1.3 Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation of bids.

3.1.4 Bids shall be evaluated based on the requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery and suitability for a particular purpose. Those criteria will affect the bid price, and be considered in the evaluation for award, shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. The invitation for bids shall set forth the evaluation criteria to be used, including past performance with the Village and reference checks.

3.1.5 Correction or withdrawal of inadvertently erroneous bids before or after bid opening, or cancellation of awards or contracts based on such bid mistakes, may be permitted where appropriate. All decisions to permit the correction or withdrawal of bids, or to cancel awards or contracts based on bid mistakes, shall be supported by a written determination by the department head and submitted to the Village Administrator. Mistakes discovered before bid opening may be withdrawn by written or electronic notice received in the office designated in the invitation for bids prior to the time set for bid opening. Any modification prior to the bid opening must be submitted in a

sealed envelope prior to the scheduled bid opening. After bid opening, no changes in bid prices or other provisions of bids prejudicial to the interest of the Village or fair competition shall be permitted. In lieu of bid correction, a low bidder alleging a material mistake may be permitted to withdraw its bid if:

- (a) The mistake is clearly evident on the face of the bid document, but the intended correct bid is not similarly evident; or
- (b) The bidder submits evidence that clearly and convincingly demonstrates that a mistake was made.

3.1.6 The Village Board shall have the authority to award contracts. Contracts shall be awarded to the lowest responsible bidder on the basis of the bid that is in the best interest of the Village to accept. In awarding the contract, in addition to price, the Village Board shall consider:

- (a) The ability, capacity and skill of the bidder to perform the contract to provide the service required.
- (b) Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
- (c) The character, integrity, reputation, judgment, experience and efficiency of the bidder.
- (d) The quality of the performance of previous contracts or services.
- (e) The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service.
- (f) The sufficiency of the financial resources and ability of the bidder to perform the contract or service.
- (g) The quality, availability and adaptability of the supplies or contractual services to the particular use required.
- (h) The ability of the bidder to provide future maintenance and service for the use of the subject of the contract.
- (i) The number and scope of conditions attached to the bid.

The contract shall be awarded with reasonable promptness by appropriate written notice to the lowest responsible bidder whose bid meets the requirements and criteria set forth in the invitation of bids.

3.1.7 The Village shall have the authority to require a performance bond, before entering into a contract, in such amounts as it shall find reasonably necessary to protect the best interests of the Village.

3.2 Competitive Sealed Proposals (RFQ, RFP, etc.)

3.2.1 It is the policy of the Village to negotiate and enter into contracts for architectural, engineering, real estate appraisers, legal, auditing, banking and land surveying services on the basis of demonstrated competence and qualifications for the type of services required and at fair and reasonable compensation.

3.2.2 In the procurement of architectural, engineering and land surveying services and in the awarding of contracts financed in whole or in part with Federal, State, Motor Fuel Tax or Township Bridge Program funds, the Village must comply with Federal law and

- regulations and take all necessary steps to adopt its rules, specifications, policies and procedures accordingly to remain eligible for Federal aid. Refer to Chapter 5 (Agreements) of the Bureau of Local Roads and Streets Manual at <https://idot.illinois.gov/Assets/uploads/files/Doing-Business/Manuals-Split/Local-Roads-and-Streets/Chapter%2005.pdf>. Section 5-5.06 describes the Qualifications Based Selection for Engineering and Professional Services requirements.
- 3.2.3 An invitation for Request for Proposals (RFP)/ Request for Qualifications (RFQ) shall be issued for contracts and shall include the following: statement of interest in the specific project, statement of qualifications and performance data and all contractual terms and conditions applicable to the procurement. Adequate public notice of an RFP/RFQ shall be given at a reasonable time, not less than 14 calendar days prior to the date set forth therein for the opening of the proposals. Notices inviting RFPs/RFQs shall be published in newspapers of general circulation, professional publication advertisement, Village of Roselle website and/or web sites designated and maintained for such notification. The said notice shall state the place, date and time of when the RFP/RFQ shall be due.
- 3.2.4 Unless the Village has a satisfactory relationship for services with one or more firms, it shall, through its professional staff, evaluate the firms submitting letters of interest, taking into account qualifications, ability of professional personnel, past record and experience, performance data on file, willingness to meet time requirements, location, workload of the firm, and such other qualifications based factors as the Village may determine in writing are applicable. The Village may conduct discussions with and require public presentations by firms deemed to be the most qualified regarding their qualifications, project plan, and ability to furnish the required services. Firms responding to the RFPs/RFQs, determined to be substantially equivalent shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. Prior to selecting a firm for negotiation, the firm shall not be required to submit verbal or written cost proposals in terms of dollars, hours required, percentage of construction cost, or any other measure of compensation. Another option is to request the cost proposal be submitted in separate sealed cover from the qualifications proposal.
- 3.2.5 On the basis of evaluations, discussions and presentations, the Village shall, unless it has satisfactory relationship for services with one or more firms, select no less than 3 firms which it determines to be the most qualified to provide services for the project and rank them in order of qualifications. The responsible department head or designee shall then contact the firm ranked most preferred and attempt to negotiate a contract at a fair and reasonable compensation, taking into account the estimated value, scope, complexity and professional nature of the services to be rendered. If fewer than 3 firms submit letters of interest and the Village determines that one or both of those firms are so qualified, the Village may proceed to negotiate a contract pursuant to this subsection.

3.2.6 Award shall be made to the firm determined to be the most qualified and advantageous to the Village, taking into consideration price and the evaluation factors set forth in the RFPs/RFQs. The contract file shall contain the basis on which the award is made.

3.3 Small Purchases

3.3.1 Purchases greater than \$2,500 but less than \$25,000 may be purchased from the lowest responsible vendor without invitation of bids, provided the following procedures are met:

(a) The items to be purchased have been previously authorized by the Village Board under the then current budget.

(b) The department head authorizing the purchase has procured at least 3 written quotes for the item(s) to be purchased or a satisfactory explanation of why three quotes were not obtained (e.g., sole source, emergency, standardized vendor, etc.). The lowest written quote must be approved by the Village Administrator prior to the purchase. The solicitation for quotes must incorporate a clear and accurate description of the technical requirements for the material, product or service to be procured and identify all requirements which the vendor must fulfill, and all other factors used in evaluating the quote.

(c) No purchases shall be split into parts by the so as to produce amounts to avoid the quotation requirements.

3.3.2 Purchases less than \$2,500 may be purchased from the lowest responsible vendor, provided the following procedures are met:

(a) The items to be purchased have been previously authorized by the Village Board under the then current budget.

(b) Written quotes for the item(s) to be procured are at the discretion of the department head.

(c) No purchases shall be split into parts by the department so as to produce amounts to avoid the bidding requirements.

3.4 Purchasing Card Program

The Purchasing Card Program is intended to streamline and simplify purchasing and payment procedures by reducing reliance on employee advances, advanced paper checks, and reduce the need to use personal funds for business purposes. The Purchasing Card Program is not intended to avoid or bypass the Village's Purchasing Policies.

The Finance Department is responsible for the implementation, maintenance, program compliance, auditing, processing payment, issuance of the program cards, and bank relations to resolve customer service issues. The Mayor and employees of the Village will be allowed to participate in the program. Each cardholder has the responsibility to review, reconcile and submit their monthly account statement with the appropriate receipts and signatures for processing and payment by the due date.

- 3.4.1 The Village authorizes certain purchases to be made using the program card. All authorized purchases must be made in compliance with purchasing policies and guidelines set forth elsewhere in this document. Only the authorized cardholder may use the card and no authority is permitted or conferred to the cardholder for the delegation of its use. Each cardholder has a designated credit limit for monthly purchases, daily purchase credit limit and single purchase limit. Splitting a transaction amount with the same vendor or multiple vendors for purchases that would otherwise exceed the cardholder's limits is strictly prohibited. The Finance Department will perform periodic audits electronically and manually to verify adherence to this policy.

See the attached Authorized Cardholders and Limits

Examples of Permitted Purchases with program card

1. Meeting/seminar online registration
2. Overnight travel expenses (as permitted by Village's travel policy)
3. Miscellaneous small tools/equipment
4. Computer software
5. Refreshments for Village meetings or events
6. Village permitted transactions when purchasing card is the required form of payment (job ads, flowers, IPASS account, etc.)
7. Utility bills – electricity, cable/internet, natural gas, phone

Examples of Prohibited Purchases with program card

1. Cash advances, wire transfers, or money orders
2. Capital outlay purchases
3. Personal or non-village related purchases not eligible for reimbursement
4. Alcohol and tobacco purchases
5. Per diem travel expenses
6. Independent service contractors, unless approved in advance by the Finance Director

- 3.4.2 Returns. If an item needs to be returned, the cardholder should contact the vendor promptly and send the item back to the vendor in the manner agreed upon. Returns must be handled as credits and must be treated as separate transactions. Returns are not to be handled as exchanges or combined with other purchases. A separate transaction must be placed to re-order. Credits received for returns should appear on the charge card statement. The cardholder is responsible to make sure the credit appears on the subsequent statement. Cash refunds are not allowed under any circumstances.

- 3.4.3 Disputed Items or Sales Tax Charged. Disputes should be resolved between the cardholder and the vendor. If the cardholder and the vendor cannot resolve an issue, the cardholder should contact the bank directly by disputing the charges via the Access Online website or by calling the phone number on the back of your card. If the vendor charged sales tax, contact the vendor and request a credit.

- 3.4.4 Lost or Stolen Program Card. If the program card is lost or stolen, the cardholder must immediately notify the Finance Director at the first opportunity during normal business hours. The Finance Director will order a new card and the old card will be inactivated.
- 3.4.5 Recordkeeping & Reconciliation. The cardholder is responsible for maintaining adequate receipts for goods purchased with the program card. The cardholder must contact the vendor directly to resolve any discrepancies or incomplete orders. The documentation retained should include sales receipts, packing lists (if applicable) and credit card transaction receipts. Any incorrect charges, duplicate transactions or missing credits must be addressed directly between the cardholder and the vendor. Upon completion of the reconciliation, the cardholder and the cardholder's supervisor must sign the statement documenting their agreement with the transactions appearing on the account statement.

Individual monthly statements will be available online to each cardholder and the Finance Director will have access to all account statements. It will be the responsibility of the cardholder to verify all charges and address any discrepancies directly with the vendor. The attached transaction (Exhibit "A") log must be completed after each charge transaction. The log should include date, vendor name, amount, account number, and description of transaction. Detailed receipts and packing slips must be attached to the transaction log sheet. Each cardholder must cross reference each transaction documented in the cardholder's transaction log to the month end account statement. Department Heads are responsible to ensure that the signed transaction log along with the monthly statement is sent to the Finance Director within five (5) business days after the end of the billing cycle.

If the cardholder is missing receipts, the cardholder should attempt to contact the vendor to request a copy of the receipt. If the request cannot be honored, the cardholder must then submit a Missing Receipt Form (Exhibit "B") documenting the pertinent transaction information. This documentation must be reviewed and approved by the cardholder's supervisor, attached to the monthly statement and signed transaction log and sent to the Finance Director.

3.5 Sole Source Procurement

A contract shall be awarded without competition if the department head determines in writing, after conducting a good faith review of available sources, that there is only one source for the required supply, service or construction item. The department head shall conduct negotiations, as appropriate, as to price, delivery, and terms. The department head will complete the Sole Source Request Form (see attached) which must be approved by the Village Administrator. A record of sole source procurements shall be maintained as a public record and shall list each contractor's name, the amount, and type of each contract, a listing of the item(s) procured under each contract. When the contract exceeds the established limit, authorization must be received from the Village Administrator or Village Board, as applicable.

3.6 Emergency Purchases

Emergencies are defined as events that could not have been foreseen where immediate action is necessary to protect Village assets, personnel, or public health and safety. In the event of an apparent emergency the Village Administrator shall be empowered to secure by open market procedure, at the lowest obtainable price, any work, supplies, materials or services regardless of the amount of the expenditure. All emergency purchases involving expenditures of \$25,000 or more must be presented to the Village Board for ratification at the next regularly scheduled Village Board meeting.

3.7 Cooperative Purchasing (30 ILCS 525/2)

State statute provides that the Village may purchase personal property, supplies and services jointly with one or more other governmental units. All such joint purchases shall be by competitive solicitation. The Village shall utilize cooperative purchasing programs when the best interests of the Village would be served thereby. Purchases through a joint purchasing program (e.g., Suburban Purchasing Cooperative Program, Sourcewell) shall satisfy the solicitation of quotes requirement and constitute competitive bidding.

3.8 Purchase Through Auction

Property and equipment no longer needed by the State and registered local governments is advertised on auction sites for sale to the highest bidder. The Village may participate in qualified municipal auction sites as and when deemed necessary to purchase items.

3.9 Manual Checks

Manual checks are payments made to vendors as payments for goods delivered or services performed that are issued between normal accounts payable cycles. Manual checks can be used when an emergency or other extenuating circumstance as determined by the Finance Director makes it impractical or unreasonable to process the payment following normal payment methods. The use of manual checks shall be restricted to unique or special circumstances and shall be approved at the next regularly scheduled Village Board meeting.

3.10 Petty Cash

When a small purchase must be made on short notice, the use of petty cash funds is authorized. Use of petty cash is intended for convenience and/or unforeseen purchases. It is not intended to circumvent the established purchasing procedures. Petty cash is available to at the Finance Department, Police Department and Fire Department. Single petty cash disbursements should not exceed \$25.00 and must have the approval of the department head prior to disbursement. Reimbursements are ultimately subject to availability of cash in the fund.

Petty cash slips must be completed by the employee and a receipt must be attached. The approved petty cash should be presented to the petty cash account custodian for reimbursement. The employee must sign the petty cash slip as having received the funds.

The department head must approve the warrant to replenish the petty cash fund, acknowledging the expenses are appropriate.

The petty cash custodian shall reconcile the petty cash fund monthly and submit a report to Finance. In addition, the custodian should seek reimbursement of petty cash funds as needed and at the end of each fiscal year. In seeking reimbursement, the petty cash custodian is to complete a warrant listing the expenses and general ledger account to be charged and submit the warrant to Accounts Payable for processing.

4. Change Orders

Change Orders are the formal process for handling proposed changes to the scope due to unforeseen conditions after the contract or agreement has been executed. Change Orders shall be minimized and used appropriately and provide information on the proposed changes, the impact of the changes to the overall contract or agreement price and the adjustment, if any, to the time needed to complete the work. All Change Orders must be submitted in writing prior to any work being done or the requests will be rejected. All cumulative Change Orders that increase the contract award by \$10,000 are subject to approval by the department head. All cumulative Change Orders that increase the contract award by up to \$25,000 are subject to approval by the Village Administrator, based on justification of need and overall construction costs. If the cumulative Change Orders amount causes the award to exceed \$25,000, the Change Order must be approved by Village Board. All change orders for contracts above \$25,000 must be approved by Village Board unless the contract has contingency or threshold language.

Exceptions – Grant and loan program projects are subject to the rules and policies of the program. For the IEPA revolving loan program, all change orders, whether deductive, additive or time must be approved by the Village Board.

EXHIBIT A

PURCHASING AUTHORITY TABLES

Purchases

No employee shall purchase goods or services on behalf of the Village without first seeking approval as required by this policy. All purchases shall require advance approval of the appropriate Department Head, Finance Director and the Village Administrator in accordance with the guidelines described below.

<u>Dollar Limits</u>	<u>Required Approvals</u>
Under \$2,500	Department Head
\$2,500-\$9,999	Department Head and Finance Director
\$10,000-\$24,999	Department Head, Finance Director and Village Administrator
\$25,000 & Above	Department Head, Finance Director, Village Administrator and Village Board

Note: Any change order(s) that increases the overall purchase price to the next dollar level must meet the required approvals of the new level.

General Policy for Soliciting Quotes

Employees are responsible for obtaining quotes for purchases in the instances outlined below. When submitting a purchase requisition prior to purchase, quotes shall be attached to the requisition in Munis. Requisitions submitted without the required quotes or a satisfactory explanation of why quotes were not obtained (e.g., sole source, emergency, standardized vendor, etc.) will be returned to the originator without approval.

\$1-\$2,499	Quotes are at the discretion of the Department Head.
\$2,500-\$24,999	Three written quotes must be obtained or documented explanations for the lack of three quotes included. Hard copies shall be attached to the electronic requisition or obtained and retained in the department's files for auditing purposes.
\$25,000 & Above	Public improvement and contractual services must be competitively bid in accordance with State law and Village ordinances. All other purchases require three written quotes.

Village Board approval is required for all purchases and services in this range.

Authorized Cardholders and Limits

Cardholder Position	Transaction	Month
Mayor	\$1,000	\$5,000
Village Administrator	\$2,500	\$10,000
Finance Director	\$2,500	\$10,000
Assistant Village Administrator	\$2,500	\$10,000
Community Development Director	\$2,500	\$5,000
Public Works Director	\$2,500	\$5,000
Assistant Public Works Director	\$2,500	\$5,000
Fire Chief	\$2,500	\$5,000
Deputy Fire Chief	\$2,500	\$5,000
Police Chief	\$2,500	\$5,000
Deputy Police Chief	\$2,500	\$5,000
Department Card	\$1,000	\$2,500
Virtual Card for utility payments		\$30,000