

# **Village of Westchester**

## **Purchasing Authority Policy and Procedures**

### **July 2023**

#### **A. Purpose**

The purpose of this policy is to provide Village of Westchester personnel and elected officials with guidelines and directions for the acquisition of goods and services. When used with good judgement and common sense, the policies and procedures conveyed within will allow the Village to obtain required supplies and services efficiently and economically, while assuring adequate internal controls and purchasing authority.

Employees as well as non-employees who carry out the functions of the various Village Boards, Committees, and Commissions, are expected to read this policy and provide the Finance Department with feedback regarding the policies and procedures contained within. This policy is designed to be a fluid document and will be modified from time to time to conform with changes in legislation, technology, and actual practice.

The Village Manager, or his/her designee, shall be the final authority with regards to enforcement of any of the provisions of this policy. Failure to follow the procedures outlined in this policy may lead to disciplinary action in accordance with the provisions of the Village of Westchester Personnel Manual.

(For purposes of this policy the Finance Director can also be the Finance Director Designee as designated by the Village Manager.)

#### **B. Code of Ethics**

All Village personnel engaged in purchasing and related activities shall 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 interest of the Village and the residents of Westchester. Village representatives, including elected officials, appointed officials, and employees, shall strive to:

1. Ensure that public money is spent efficiently and effectively and in accordance with statutes, regulations and Village policies.
2. Maintain confidentiality at all times.
3. Not accept gifts or favors from current or potential suppliers, which might compromise the integrity of their purchasing function.

4. Specify generic descriptions of goods whenever possible in lieu of brand names when compiling specifications.

5. Never allow purchase orders for identical goods or services to be split or variations to Village Board approvals to be made in order to circumvent established policy.

6. Purchase without favor or prejudice.

7. 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.

8. Establish and maintain procedures to ensure that fair and equal consideration is given to each offer or quotation received and selection is based upon the lowest total cost compliant bid.

9. Offer a prompt and courteous response to all inquiries from potential or existing suppliers

It will be the responsibility of the Village Manager to determine if a violation of this Code of Ethics has occurred and if disciplinary action is necessary.

### **C. Conflict of Interest Policy**

Except as may be disclosed to and permitted by the Village Board, it shall be a breach of ethical standards for any Village Representative, including elected officials, appointed officials, and employees, to participate directly or indirectly in the purchasing process when the Village representative knows that:

1. The Village Representative, the Village Representative's partner, or any member of the Village Representative's immediate family holds a position with a bidder, offeror or contractor such as an officer, director, trustee, partner or the like, or is employed in a capacity involving personal and substantial participation in the procurement transaction, or owns or controls an interest in the company; or

2. The Village Representative, the Village Representative's partner, or any member of the Village Representative's immediate family has a financial interest arising from the procurement transaction; or

3. The Village Representative, the Village Representative's partner, or any member of the Village Representative's immediate family is negotiating, or has an arrangement concerning, prospective employment with a bidder, vendor or contractor.

The Village Representative's immediate family shall be defined as a spouse, children, partners, brothers and sisters and any other person living in the same household as the Village Representative. It shall be the responsibility of the Village Manager to determine if a violation of this Conflict-of-Interest policy has occurred and if disciplinary action is necessary.

#### **D. Gifts, Gratuities and Contributions**

Village representatives, including elected officials, appointed officials, and employees, should be aware that offers of gratitude from vendors could be designed to compromise objective judgement in product or service selection. Accordingly, it is the Village policy to observe the highest standard of ethics and to shield the Village representatives and the vendor from any suggestion or appearance of conflict of interest.

No Village representative shall permit any influence by vendors, which could conflict with the best interest of the Village or prejudice the Village's reputation. Expenditures of Village funds to vendors shall not by intention personally benefit any Village representative. Village representatives shall strive to adhere to the following guidelines:

1. Tangible gifts or gratuities shall not be accepted where their value suggests something more than merely a social gesture. Such gifts should be immediately returned to the Village Manager's office for return with an appropriate statement explaining Village policy. Promotional or advertising items of nominal value such as key chains, pens, calendars, or holiday cookies and candy are acceptable. Promotional gifts that are capable of being shared, such as a box of cookies, shall be shared within the office or department where the recipient works.
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.
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.
4. Corporate discounts granted to Village officials or employees are acceptable only if they are offered to all Village officials, employees and other corporate clients of the vendor.
5. Any person, firm, corporation or other legal entity, or any owner thereof is prohibited from making donations or contributions that total two hundred dollars or more to a Village representative, a Village representative's political

campaign, or officials of any organization supporting said Village representative. Any person, firm, corporation or other legal entity, or any owner thereof that has violated this provision shall be prohibited from supplying or providing the Village, either directly or indirectly, unless the provision of services was pursuant to the competitive bidding process and the contributor was the lowest responsible bidder.

If any doubt about the propriety of accepting a gift or contribution, the matter should be referred to the Village Manager.

#### **E. Purchasing Authority**

All purchases shall require approval from the appropriate Supervisor, Department Head, Finance Director, Village Manager or the Village Board in accordance with the following guidelines:

<u>Dollar Limits</u>	<u>Required Approval</u>
Under \$1,000	Supervisor or Department Head
\$1,000 - \$4,999	Supervisor or Department Head
\$5,000 - \$19,999	Supervisor or Department Head, then Finance Director (or designee), then Village Manager
\$20,000 and above	Supervisor or Department Head, then Finance Director (or designee), then Village Manager, then Village Board.

Any person responsible for approving purchases at any level may delegate their approval authority to a designee in the event they are unavailable to approve purchases.

#### **F. Procurement Methods**

##### **1. Invoice Approval**

Small purchases of goods or services less than \$2,500 and certain required or routine payments do not require a formal purchase order. Examples include utility payments, payments in accordance with Intergovernmental Agreements, and payments in accordance with approved Village contracts. The payment of the invoice is subject to the purchasing authority approval outlined in this policy. Invoice approval is documented on the hard copy of the invoice.

## 2. Blanket Purchase Order

Blanket purchase orders can be used when there is a need to repetitively purchase items from a single vendor over the course of the fiscal year. This simplifies paperwork in ordering, purchasing, and invoicing, while allowing departments to efficiently purchase continually needed items within a predetermined dollar limit. Blanket purchase orders are approved for a specified dollar amount in which total purchases cannot exceed. For a blanket purchase order to be initiated and approved, competitive prices must first be obtained, the proper approvals be given, and a written purchase order completed at the onset, as outlined in this policy.

## 3. Purchase Order

With the exception of small purchases (under \$2,500), certain required or routine payments, and purchases processed with a blanket purchase order, the issuance of a regular purchase order to the vendor before an order for goods or services is filled is recommended but not required. Approval of the purchase order is subject to the purchasing authority outlined in this policy.

## 4. Manual Checks

Manual checks are checks that are issued between normal accounts payable cycles when an emergency or other extenuating circumstance makes it impractical or unreasonable to process the payment following normal payment methods. The Village's policy is to keep requests for manual checks at a minimum. A manual check request form is required to be filled out by the requestor. The Village Manager or designee (in his/her absence) may authorize a manual check, which is subject to the approval guidelines in this policy. Any manual checks issued are included on the Records of Bills presented at the subsequent Village Board Meeting.

## 5. Purchasing Card/Credit card

The Village Purchase Card Program is intended to streamline and simplify purchasing and payment procedures by consolidating supplier invoices and eliminating form processing. The Village purchase card/credit card is administered under a separate Purchase Card Policy. See that policy for applicable guidelines.

## 6. On-Line Purchasing

The internet may be utilized for on-line purchasing as a tool for obtaining favorable pricing, preferred products/services and securing expedited procurement.

On-line purchasing is subject to all requirements of this policy and is not to be used for means other than allowed by this policy. On-line purchasing shall be subject to the pricing authority requirements outlined in this policy.

On-line purchases are to be made preferable utilizing a Village issued purchase card which is subject to the procedures as discussed in the Village Purchase Card Policy. Situations when an employee utilizes their own credit card to make a purchase on behalf of the Village are subject to pre-approval of the employee's Department Head. Such pre-approved purchases will be reimbursed directly to the employee through the Village's regular bills list process. The employee must obtain a receipt or other form of documentation substantiating the on-line purchase. Should an employee make an on-line purchase without pre-approval, reimbursement of that purchase can be denied by the Village.

## **7. Petty Cash**

Petty cash (which is subject to audit) is to be used to reimburse employees for Village expenses which the employee incurs up front and for small purchases which are handled most efficiently in this manner. The following restrictions apply:

- a) An individual(s) in Administration will be designated to be responsible and administer the petty cash.
- b) Individual petty cash purchases are limited to one hundred dollars (\$100.00). Purchases over this limit must be reimbursed through the regular accounts payable process.
- c) A requested for petty cash will require an employee to prepare a petty cash voucher which is approved by the Supervisor or Department Head.

The voucher should include the following information:

- 1) Date;
  - 2) Detailed description of the expenditure;
  - 3) Name of person(s) to receive money;
  - 4) Signature of recipient;
  - 5) Account number if known;
  - 6) Signature of supervisor or Department Head.
- d) The completed voucher will be submitted to the responsible petty cash administrator and the petty cash voucher will be marked "Paid" when cash is distributed to the requestor.

- e) If an advance is given out of petty cash, a request form is filled out noting the amount of the advance and must be signed by the employee receiving the advance. The completed request form will be marked "Paid." The employee must bring back a receipt, along with any remaining cash, no later than the next business day after the money is spent. At that time, the form is updated to the actual amount spent and any unused money is returned to petty cash to be reconciled with the petty cash balance.

### **Reimbursing Each Petty Cash Box**

- a. The persons responsible for the various petty cash boxes not only disburse petty cash to various employees but they also must reconcile the petty cash box and request petty cash reimbursements by the accounts payable deadline. It is recommended that this be done monthly, or more frequently, as necessary.
- b. The chart below depicts the maximum amount of petty cash allotted for each building.

DEPARTMENT	PETTY CASH AMOUNT
Village Hall	\$ 600
Police	\$ 500

If the amounts indicated are not sufficient to meet the needs of the department, the Department Head can request an increase in the petty cash allotment. This request must be made to the Village Manager or his/her designee and approved by the Village Manager or his/her designee.

c. To seek Petty Cash Reimbursement a summary listing of all petty cash transactions for the applicable period of time must be attached to the individual receipts and signed by the respective department head and given to the accounts payable clerk for processing. This sheet must contain the following information:

- Detailed list of account numbers.
- Detailed description of charges for each account number (date, place, name and reason for charge).

- The sum of charges for each account number and correlating description.
  - All original petty cash receipt slips and corresponding receipts.
- d. Upon receipt of the above information, the accountant will forward the form to the Village Manager or his/her designee for approval and prepare the reimbursement request for submission to the Accounts Payable/Finance Clerk for payment.
  - e. The envelope with the petty cash request forms and receipts is then attached to the file copy of the check that was cut for reimbursement and is stored with the accounts payable files.
  - f. Petty Cash will be subject to periodic announced and unannounced audits to determine compliance with these procedures. Any discrepancies with compliance or cash balance will be immediately reported to the Village Manager or his/her designee and a written report will be provided with copies to the Village Manager and Department Head.
  - g. Any questions regarding these procedures may be directed to the Village Manager of his/her designee.

## **G. Competitive Quotes and/or Bids**

### **1. General Purchasing**

It is the intent of this policy to obtain needed materials, equipment, and services at the most cost-effective price available for purchases through competitive pricing. Where a competitive market exists for a particular purchase, the vendor is to be the lowest responsible bidder, selected on the basis of a competitive purchasing procedure. The Village Board, by two-thirds (2/3<sup>rds</sup>) vote of all the Trustees then holding office, may waive the competitive bidding procedures for purchase or services over \$20,000 and enter into a contract or agreement.

Employees are responsible for obtaining quotes for purchases in the instances outlined below:

<u>Dollar Limits</u>	<u>Quote/Bid Requirement</u>
Up to \$2,500	One verbal quote is sufficient. If the nature of the purchase is repetitive (i.e., monthly), pricing does not need to be obtained every time, but should be reviewed annually. Employees are encouraged to seek additional pricing when possible.
\$2,500 - \$4,999	Three (3) verbal quotes required
\$5,000 - \$19,999	Three (3) written quotes required
\$20,000 & Above	Must be competitively bid in accordance with State law and Village ordinances. Formal bid or RFP process required. Village Board approval is required. The Village Manager has discretion to make budget adjustments for non-budgeted items up to \$20,000 as long as the item does not increase the bottom line of the budget. Amendments over this amount, or which will increase the total amount of the budget, must be brought before the Village Board for approval. Documentation of any amendment of \$10,000 or more shall be communicated to the Village Board in advance.

## 2. Joint Purchasing

Village representatives are encouraged to obtain goods and services that have already been competitively bid through the State of Illinois Joint Purchasing program, Suburban Purchasing Cooperative, or similar joint purchasing arrangements with governmental units. Department Heads should review the items available through these programs when possible and ensure that the goods or services are of a quality sufficient to meet the Village's needs and that pricing is competitive. Items obtained through joint purchasing agreements are not subject to the requirements for seeking competitive quotes or bids. However, prior to initiating the transaction, employees shall seek the prior approval of the Village Manager (or Village Board if \$20,000 or greater).

## 3. Sole Source Purchases

Contracts for parts, supplies or equipment that are available only from a single source are referred to as sole source purchases. Sole source procurements may arise from the following circumstances:

- a) Equipment for which there is no comparable competitive product or is available only from one supplier.
- b) Public utility services from natural or regulated monopolies.
- c) A component or replacement part for which there is no commercially available substitute, and which can be obtained only from the manufacturer.
- d) An item where compatibility is the overriding consideration, such as computer software.
- e) An item used, for example, a television transmitter tower, that becomes immediately available and is subject to prior sale.

These items shall not be subject to requirements for seeking competitive quotes or bids. The purchase requisition should include documentation of the reason quotes were not obtained. Purchases are subject to purchasing approvals as outlined in this policy prior to acquisition. Purchases in excess of \$20,000 shall be presented to the Village Board prior to acquisition with a request to waive bids in addition to approval of the purchase order.

#### 4. Professional Service Contracts

Professional service contracts are contracts for services of individuals possessing a high degree of a specific professional skill and, as such, are also not considered adaptable to competitive bidding. Professional service contracts can be procured through the Request for Proposal (RFP) process, Request for Qualifications (RFQ) process, or through negotiation with a single source when only one known source can perform the services required or when it is deemed to be in the best interest of the Village based on previous service provided, experience with Village equipment, or operations.

All professional service contracts, regardless of amount, are required to include, at the time of request for proposal, a request for a certificate of insurance evidencing professional liability (errors and omissions) insurance in addition to normal insurance requirements. All professional service contracts should be reviewed by the Village Attorney and are subject to the approval requirements outlined in this policy.

#### 5. Emergency Purchases

Emergencies are defined as events that could not have been foreseen where immediate action is necessary to safeguard the public's health and safety. In the event of an emergency affecting the public health and safety, the Village

Manager or designated Department Head or Supervisor may authorize a vendor to perform work necessary to resolve such emergency without formal bid solicitation. Documentation of the emergency and the need for immediate action shall be communicated to the Village Board in a reasonable period of time following resolution of the crisis. Emergency purchases of \$20,000 or more will be presented retroactively to the Village Board for approval.

6. Payroll

The Village President and Board of Trustees authorize the Village Manager on a fiscal year basis to pay wages and salaries of Village employees in accordance with the rates of compensation established by the Board along with the payment of all payroll taxes, pension contributions, and such other obligations according to Federal, State, local, or pension requirements.

7. Debt Service

Bank ACH or electronic funds payments for debt service such as bond or installment contract (or low interest loans) principal and interest do not require purchase approval before the transaction is executed. Such payment will be authorized by the Village Manager or his/her designee. These expenditures will be noted on the Record of Bills.

8. Use of Sales Tax Exemption

Village purchases are not subject to sales tax and exemption forms may be obtained from the Finance Department. Employees shall provide vendors a sales tax exemption form when required. Use of the Village's sales tax exemption number is restricted to purchases made on behalf of the Village.

9. Accounts Payable

Accounts payable checks are prepared in batches on the second and fourth Friday of each month. Occasionally, manual checks may be processed at other times during the month if extenuating circumstances arise. All disbursements presented for payment are to be reported to the Village Board on the Record of Bills. Other disbursements such as manual checks, debt service, and bank ACH transactions that have been previously approved by the Village Manager or his/her designee within his/her purchasing authority will be presented on the Record of Bills.

**H. Formal Bidding Process**

All purchases of goods and services of \$20,000 or more shall be subject to the competitive bidding process and shall be let, by free and open competitive bidding after advertisement, to the lowest responsible bidder or any other bidder whom the

Village Board deems to be in the interest of the Village. The requirement for competitive sealed bids may be waived by a two-thirds (2/3<sup>rds</sup>) vote of the Village Board.

1. Invitation to Bid

The Village initiates the formal bid process by describing the project to be bid, cost estimates, amount budgeted and time schedule for both the bidding and completion of the project. Detailed specifications are prepared and, if required, a "Bid Notice" shall be published in at least one newspaper a minimum of two weeks prior to the time designated for the opening of bids. An invitation to bid is mailed out to qualified bidders with past experience working on Village projects. All invitations to bid shall be reviewed by the Village Attorney prior to being issued unless completed by an engineer or professional service organization.

2. Bid Opening

Sealed bids shall be opened by the initiating department on the date and time designated in the bid. Bids shall be read aloud and recorded on a recap sheet which shall be made available to the public. Bids received after the published date and time of day, unless extended through written addendum, shall be rejected and returned unopened to the contractor submitting the bid.

3. Bid Evaluation and Acceptance

Qualified bids shall be evaluated based on the requirements described in the invitation to bid, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery and suitability for a specified purpose. No criteria may be used in bid evaluation that is not set out in the invitation to bid. At no time should any information be made available to any prospective bidder which is not available to all prospective bidders.

4. Bid Award

The recommendation for award shall be based on the lowest responsible bidder, taking into consideration quality, performance, and the time specified in the proposals for the performance of the contracts. If a bidder is recommended who has not quoted the lowest price, the reasons for selecting the bidder should be documented. The bid recommendation shall be submitted to the Village Board for approval as an agenda item at a regular meeting of the Village Board. After approval by the Village Board, written notice will be given to the successful bidder.

5. Change Orders

The Village Manager is authorized to approve change orders less than \$20,000 so long as it does not exceed the previously authorized budgeted amount. Any change order that increases a contract by more than \$20,000 of the total contract amount initially approved by the Village Board shall require approval by the Village Board.

Date of Approval: July 25, 2023

Revised:

