

## **Village Of Poplar Grove**

### **Purchasing Policy and Procedures**

**Adopted by the Board of Trustees on \_\_\_\_\_**

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#### **I. Overview**

The Village of Poplar Grove recognizes that the effective and timely procurement of goods and services is essential to operations. This policy establishes uniform procedures and accountability for purchases and supports the existing Purchasing Ordinance procedures outlined in Chapter 10 of the code of ordinances. It is the philosophy of the Village to conduct a purchasing process which will result in maximum value in the goods and services purchased for the tax dollars spent.

This policy is intended for use by Village personnel as a general reference and will be revised as policies and procedures require revisions or clarification.

The Village reserves the right to amend this policy by approval of the Board of Trustees.

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#### **II. Purpose**

The purpose of this directive is to:

- Provide comprehensive purchasing policies and procedures as guidance in procuring equipment, materials, supplies and services for the operational requirements of the Village.
  - To ensure competitive and unbiased selection of qualified and cost-effective vendors and suppliers.
  - Purchase goods and services at the lowest cost consistent with specified quality and service levels.
  - Promote full competition from vendors through a standardized formal bidding process.
  - Comply with all local, state and federal regulations regarding the purchase of municipal goods and services.
  - Maintain standards of quality in materials.
  - Avoid duplication, waste and obsolescence with respect to materials and equipment.
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### III. Scope

This policy applies to all Village departments, employees, and elected officials involved in the procurement of goods or services.

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### IV. DEFINITIONS

**A. Bid.** A formal, written offer submitted in response to an invitation for bids to provide goods, services, or construction at a stated price.

**B. Competitive Bidding.** A procurement process in which bids or proposals are solicited from multiple sources to promote fair competition and obtain the best value for the Village.

**C. Contract.** A legally binding written agreement between the Village and a vendor for the provision of goods or services in exchange for compensation.

**D. Professional Services.** Services requiring specialized knowledge, training, or expertise.

**E. Lowest Responsible Bidder.** The bidder whose bid meets all specifications and who has the capability, integrity, experience, and financial ability to perform the contract satisfactorily, considering the price and other relevant factors.

**F. Sole Source Bid.** Sole source purchases are defined as orders for parts, supplies, equipment, or services that are available only from a single source or for other reasons are necessary to purchase from a single source.

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### V. PURCHASING OBJECTIVES.

The policies and procedures in the section that follow are meant to serve as guidelines and may not govern every purchasing situation which may arise. When purchases of an emergency nature are necessary, the Village should strive to maintain the objectives outlined in **Section 1-10-3**.

To enable the Village to follow a purchasing procedure which promotes availability of material and services when needed, without creating excess inventory.

To provide adequate controls and oversight over Village expenditures as required by the Village's auditors and in compliance with local government accounting practices, laws, and principles.

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## **VI. GENERAL PURCHASING POLICIES.**

This section describes Village purchasing policies which apply to all non-emergency purchases of material, equipment, supplies, and services.

PURCHASING CATEGORIES – As outlined in Ordinance 10-

Non-emergency, budget approved purchases made by the Village may be grouped under the following categories.

### **A. Purchases under \$5,000.00.**

Purchases up to **\$5,000.00** can be made in the open market with approval of the Department head. Verbal or written quotes are encouraged whenever possible. Physical records regarding dates, contacts, and quotes received should be retained in the Department's files.

#### **Procedure:**

1. Staff evaluates need for service or item based on Department and Village objectives, and verifies that funds are appropriated and available.
2. Staff obtains verbal or written quotes if possible, including taking telephone bids, obtaining prices through catalogs or electronic means, and receiving letter quotations.
3. Staff makes recommendation after review of quotes and Department head gives final approval.
4. Village Board retains oversight through approvals of monthly warrants and annual budget.

If a supplier is recommended who has not quoted the lowest price, staff should document the reason for not recommending the supplier quoting the lowest price. If the purchase is for a routine operating good or service, a price comparison shall be performed once during the fiscal year. Exceptions to obtaining price quotes from more than one vendor may occur in the event an item is unique and/or specialized or specifications are detailed.

### **B. Purchases between \$5,001.00— State limit.**

Purchases of materials, equipment, services or supplies between **\$5,001.00** and the state limit are made by obtaining three written quotes where practical and the approvals of the Village Treasurer and Village President. Physical records regarding dates, contacts and quotes received shall be retained in the Department's files along with utilization of purchase order forms.

**Procedure:**

1. Staff evaluates need for service or item based on Department and Village objectives, and verifies that funds are appropriated and available.
2. Staff obtains three written quotes, including taking telephone bids, obtaining prices through catalogs or electronic means, and receiving letter quotations. Due diligence must be done to obtain three written quotes. If three written quotes are unable to be obtained, formal approval from the Village Treasurer, and Village President must be obtained prior to purchase.
3. Staff makes recommendation to the Village Treasurer after review of quotes. The Village Treasurer makes a recommendation to Village President for final approval.
4. Village Board retains oversight through approvals of monthly warrants and annual budget.

If a supplier is recommended who has not quoted the lowest price, staff should document the reason for not recommending the supplier quoting the lowest price. If the purchase is for a routine operating good or service, a price comparison shall be performed once during the fiscal year. Exceptions to obtaining price quotes from more than one vendor may occur in the event an item is unique and/or specialized or specifications are detailed.

Purchases involving a sole source bid (i.e., no competitive bids obtained) in circumstances where informal or semi-formal competitive quotes would otherwise be required shall be supported by a written sole source justification. This justification must be prepared and signed by the Department Head and shall clearly document the specific reasons for which competitive bidding is not practicable or in the best interest of the organization.

The written justification shall, at a minimum, describe the unique features, qualifications, or capabilities of the vendor or product; explain why no reasonable alternatives exist; and outline any compatibility, continuity, emergency, legal, or operational factors necessitating the sole source procurement. The justification must be submitted with the purchase request and approved prior to authorization of the purchase.

### **C. Purchases Above the State Limit.**

Purchases of materials, equipment, services or supplies above the state limit must be competitively bid through formal public bid procedures, and in accordance with state law and Village Ordinances. Bid documents require written approval of the Village President, and final bid approval is made by the Village Board. Requires approval of the Village Treasurer, Village President, and Board of Trustees.

The Village President may waive the public bid requirement when procuring certain professional services as outlined in state statute. In cases of urgently needed material or urgent repairs involving labor and material, such repairs and material may be obtained through negotiated contract without formal advertising with the approval of the Village President, when it is in the best interest of the Village and when it is impractical to convene a meeting of the Board of Trustees.

Negotiated purchases without formal advertising may be approved by the Board of Trustees when it is impractical to secure competition, when it is impossible to draft adequate specifications or any other adequately detailed description of the required property or services, or when the contemplated contract involves maintenance, repair, alteration or inspection and the exact nature or amount of work to be done is not known. However, the Department head shall first obtain in writing, whenever possible, at least three informal bids to furnish same. In these situations, the Village President may require that request for proposals be utilized. The purchasing procedure under this paragraph may be waived by a two-thirds vote of the corporate authorities.

#### **Procedure:**

1. Staff evaluates need for service or item based on Department and Village objectives, and verifies that funds are appropriated and available.
2. Notice of call for bids shall be published in a newspaper of general circulation throughout the Village by at least one insertion which shall be at least ten days prior to the time designated for opening bids. The notice shall include a general description of the article or service desired; shall state the time, date and place of bid opening and shall designate where bidding documents may be found.
3. Formal bids are opened and read publicly at Village Hall on the date specified and immediately following the time shown in the notice of call for bids. Bids are read aloud and recorded on a bid tabulation form. A copy of the bid tab form is available to all bidders after the bid opening.
4. Bids are tabulated and analyzed by the appropriate staff and memorandum issued to the appropriate committee stating how the award should be made. The appropriate committee shall provide a recommendation to the Village Board

based on its review of the recommended bid. Recommendation is usually based upon an award to the lowest responsible, responsive bidder meeting specifications. Criteria for awarding bids shall be made in the bid specifications and are subject to modification depending on the product or service being acquired.

5. Final bid is awarded by the Village Board, and official contracts and/or agreements are signed by the Village President.

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## **VII. TYPES OF PURCHASING**

### **JOINT PURCHASING.**

#### **A. State Purchasing.**

Certain items are let for bids by the Procurement Division of the State of Illinois. Any unit of government in the state may avail themselves of these bid prices. Purchasing through State Purchasing may satisfy the requirement for bidding. When items are purchased through the State Purchasing vendor, the department head prepares a purchase order as normally prescribed but also must submit a copy to the State of Illinois Procurement Division. The purchase order must refer to the Vendor Number and Contract Order Number. These numbers appear on the State Purchasing contract for that item.

#### **B. Cooperative Purchasing.**

The Village may participate in cooperative purchasing programs with other units of local government to obtain goods and ser. Periodic checks of what other governmental units are paying can confirm whether the Village is receiving a fair price. If a neighboring municipality is contemplating the bidding of a particular item which is also to be bid on by the Village, the joining of the two municipalities may result in a lower price.

#### **C. Petty Cash Purchases.**

The petty cash fund is for infrequent purchases should only be used when immediate payment for goods is needed. Petty cash should be restricted to incidental payments associated with Village operations, tolls, parking fees, minor office or operation supplies, and filing fees are examples of the types of requests expected to fall under this category. All petty cash payments must be supported with the original receipts. Use of petty cash should be avoided unless necessary.

The Village Treasurer or his/her designee is responsible for the petty cash fund and are the only persons allowed to disburse money from the account. Reimbursements will be paid via petty cash or check after review and approval by the Village Treasurer. Petty cash shall not be used for personal expenses, meals/lodging (unless specifically authorized), or other uses meant to circumvent usual purchase requirements. Unless otherwise authorized, petty cash reimbursements shall be limited to no more than \$75 per request.

\*See petty cash policy for further information.

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## **VIII. EXECUTION OF CONTRACTS**

A valid contract shall be signed by authorized representatives of the vendor and the Village. Contracts may be executed by the Village Administrator and his/her designee, except as may be directed by the Village Board, and provided that all applicable procedures, such as formal bidding, bid waivers, and quotations, have been met.

All contracts must have its terms and conditions clearly defined. Upon the execution of the contract, the Village shall maintain either an electronic or hard-copy in its records.

### **A. Service Contracts.**

On occasion, the Village enters into contract for services for ongoing maintenance of Village facilities, equipment, software, or the provision of services to the community as a whole. The procurement of bids and/or quotes should follow the normal procurement procedures. The Village will enter into multi-year contracts if it is determined to be in the best interests of the Village.

### **B. Franchise Contracts.**

Franchise contracts are those awarded by the Village to a vendor for the provision of services when the Village does not expend funds, such as garbage and recycling contracts. It remains the Village's policy to seek competitive proposals for these contracts in the best interests of the citizens of the Village.

### **C. Professional Services.**

Professional service contracts deviate from the usual procurement and bidding processes. These types of contracts involve services of individuals or firms who possess a high degree of professional skill where the education, experience, or character of the individual is a significant factor in determining their ability to service the Village's needs. These contracts usually result from the issuance of Request for Proposals (RFP) by the requesting department to those providing the requested type of services. A Request for Proposals may be advertised publicly and sent to a group of

known vendors based on prior experience, except when a Request for Qualifications proves has been conducted and determined the pool of vendors.

Based on the complexity of the services sought, interviews and vendor presentations may be appropriate in addition to an evaluation of the proposals received. Factors other than price may be considered when conducting an RFP process. Once proposals are received from interested firms and interviews and/or presentations have been completed, the Village Administrator or designee is authorized to negotiate a contract with the firm deemed most qualified to provide the services based on:

- Fair and reasonable compensation
- Ability of professional personnel to provide services
- Past record and experience with the Village and as well as references • Ability of firm to meet deadlines and budget

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## **IX. BID PROCESS**

When a formal bid is required, the following process applies.

1. The requesting Department shall prepare the specifications for the goods or services to be bid. Specifications should include: a description of the goods/services; specifications of materials, quality, delivery terms, and performance expectations; instructions to bidders; bid submission form; and any bonding, insurance, or certification requirements.
2. Public notice of the bid must be given at least ten (10) business days prior to bid opening. Notice must state the general description of the contract, where specifications may be viewed, the deadline for submission, and the date/time/place for bid opening.
3. Bids must be submitted in sealed envelopes by the stated deadline. The bid must be addressed to the correct Village Department/Official. Bids will not be accepted after the state deadline. Correctly submitted bids will be announced publicly.
4. Evaluation of the bid shall focus on selecting the lowest responsible bidder. Only the criteria stated in the bid notice package may be used in the process for selecting the bidder.

**CONTRACT CHANGE ORDERS.** The Village must comply with applicable State law that says any change order to a contract which results in an increase of 50% or more of the original contract price or 50% more of the original subcontract price must be rebid in the same manner as the original bid.

**WAIVER OF COMPETITIVE BIDS.** A requesting department may recommend that formal bid procedures be waived by the Village, in which case formal bidding must be waived by two-thirds of all Trustees holding office. Requests for bid waivers shall be made only when goods sought are proprietary, when the services require a high degree of creative input/judgment/design/discretion from the person providing the services, where standardization is necessary, emergencies as outlined in this Policy, or if determined to be in the best interest of the Village.

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## **X. TAX EXEMPTION**

Village purchases are not subject to Illinois sales tax, therefore, employees shall inform vendors of the Village's tax-exempt status and ensure sales tax is not paid on purchases made with petty cash or credit cards. Use of the Village sales tax exemption number may require the proper presentation of certification and completion of other forms/documentation. Employees should determine in advance if the Village will need to provide its sales tax exemption certification for a purchase.

Use of the Village's tax exemption number is restricted to purchases made on behalf of the Village. State law and Village policy prohibits the use of the sales tax exemption number for personal use. If sales tax is improperly applied to a qualifying purchase, the Department Head should work with the Village Treasurer to rectify the mistake and issue a credit.

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## **XI. INVOICES**

Each Department that initiates a purchase of goods or services on behalf of the Village maintains a responsibility to ensure that the Village receives an invoice for billing. If an invoice has not been received after thirty (30) days of acceptance of the goods or services, the Department Head should notify the Village Treasurer.

Generally, the payment process for invoices should not be initiated until the goods or services have been received and accepted. Exceptions to this policy will be items for which pre-payment is required, such as dues, certain service contracts, insurance

premiums, etc. Requests to process an invoice prior to the receipt of goods or services should be documented and approved by the Village Treasurer.

Invoices will follow the process outlined below:

1. Invoices shall be received or forwarded to the Collector, then sent to the respective Department Head for approval.
2. Invoices must be signed by the Department Head and returned to the Collector.
3. After all invoices have been received and reviewed by the Collector, a list will be created that will be included with the Board Packet for approval at the next Village Board meeting.
4. After approval by the Board, checks will be processed and issued. Checks are mailed unless otherwise specified.