



PURCHASING MANUAL

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CITY OF DEKALB
PURCHASING MANUAL
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Section I - Overview

Introduction/Statement of Policy

The City of DeKalb is governed by both state laws and local ordinances with regards to purchasing policies and procedures. Many of these laws and ordinances have been enacted to conserve tax dollars and to protect the public from fraudulent practices. While laws and ordinances can help to achieve these goals, a higher public purchasing standard must be implemented to protect the public trust. The purchasing policies and procedures of the City of DeKalb have been developed with this standard as the highest priority.

The City of DeKalb has adopted the provision of Illinois Statutes commonly called the “Budget Officer Act” whereby an annual budget is adopted in lieu of an appropriation ordinance. The annual budget includes all City operating units and is made up of line items for each object of expenditure. When adopted by the Mayor and City Council members, the budget becomes the legal authorization to expend resources for providing City services. Accordingly, all City expenditures must be authorized in the approved budget or in a subsequent amendment.

The goal of the City’s purchasing program is to obtain quality goods and services at the lowest possible price. The purpose of this manual is to establish guidelines to achieve this goal within the philosophy stated above. Therefore, the procedures contained in this manual will assist the City Manager and Department Heads in procuring necessary goods and materials in a manner that is consistent with the highest standards of public service.

This purchasing manual provides guidelines and directions for the procurement of goods and services. When used with good judgment and common sense, the policies and procedures conveyed within this manual will allow the City to procure required supplies and services efficiently and economically. All purchasing by the City will be in accordance with the Municipal Code, City policy and Illinois law. City employees are expected to conduct themselves in a manner which will lead to public confidence in the integrity of the City’s procurement procedures.

The City utilizes a decentralized purchasing process. Purchasing activities (specification preparation, bid reviews, telephone quotation solicitation, and requisition preparation) are the responsibility of each department and must be conducted within procedures established by this policy.

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

The City encourages the use of environmentally friendly products. Priority shall be given to these products provided the products are competitive in price and quality.

It shall be the policy of the City to participate in joint purchasing cooperative such as the State of Illinois joint purchasing program to the extent such program provides an economic advantage to the City.

This manual is designed to be a fluid document and will be amended from time to time to conform to changes in legislation, technology and actual practice. Employees who need assistance with

specific purchasing situations not covered by the Purchasing Manual should contact the Finance Director.

Section II – Purchasing Policies

Code of Ethics

All City personnel engaged in purchasing and related activities shall conduct business matters with the highest level of integrity. Transactions relating to expenditure of public funds require the highest degree of public trust to protect the interests of residents and business owners of the community. City employees are expected to conduct themselves in the following manner:

1. Ensure that public money is spent efficiently and effectively and in accordance with statutes, regulations, and City policies.
2. Not accept gifts or favors from current or potential suppliers, which might compromise the integrity of their purchasing function.
3. Specify generic descriptions of goods whenever possible in lieu of brand names when compiling specifications.
4. Never allow purchase orders for similar or like goods or services to be split into smaller orders to avoid required approval or in any manner that would circumvent this Policy or applicable law.
5. Purchase without favor or prejudice.
6. Ensure that all potential suppliers are provided with adequate and identical information upon which to base their proposal or quotation and that any subsequent information is made available to all bidders.
7. Establish and maintain procedures to ensure that fair and equal consideration is given to each proposal or quotation received and selection is based upon the lowest total cost compliant bid.
8. Provide a prompt and courteous response to all inquiries from potential or existing suppliers.

It shall be the responsibility of the City Manager or his/her designee to determine if a violation of this Code of Ethics has occurred and if any disciplinary action is necessary.

Section II – Purchasing Policies

Conflict of Interest Policy

It shall be a breach of ethical standards for any employee or elected official to participate directly or indirectly in the purchasing process when:

1. The employee or elected official is an owner of, or is contemporaneously employed or is an independent contractor by/of a bidder, vendor or contractor involved in the procurement transaction; or

2. The employee or elected official, the employee's or elected official's domestic partner, or any member of the employee's or elected official's immediate family holds a position, including as an independent contractor, with a bidder, proposer 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
3. The employee or elected official, the employee's or elected official's domestic partner, or any member of the employee's or elected official's immediate family has a financial interest arising from the procurement transaction; or
4. The employee or elected official, the employee's or elected official's domestic partner, or any member of the employee's or elected official's immediate family is negotiating or is retained as an independent contractor, or has an arrangement concerning, prospective employment with a bidder, vendor or contractor; or
5. The employee or elected official must disclose immediately to his/her manager and/or the City Manager or his/her designee if the company providing services to the City is a family member of the current employee(s) or elected official(s).
6. Where any party serving as an independent contractor for the City of DeKalb has any economic interest in another company, contractor or subcontractor who is proposed or contracted to provide services to the City on a project in which the party is involved, or in which that party has any role in recommending selection of subcontractors, the party shall disclose such interest to the City in writing, based upon the same standards utilized for City staff and elected officials as outlined above.

The employee's or elected official's immediate family shall be defined as a spouse, children, parents, brothers and sisters, and any other person living in the same household as the employee.

It shall be the responsibility of the City Manager or his/her designee to determine if a violation of this Conflict of Interest policy has occurred and if any disciplinary action is warranted for the employee or elected official.

Section II – Purchasing Policies

Gifts and Gratuities – City Guidelines for Accepting

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

No employee shall permit any influence by vendors, which could conflict with the best interest of the City, or prejudice the City's reputation. Expenditures of City funds to vendors shall not by intention personally benefit any person employed with the City. Employees shall strive to follow 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 returned with a statement of City policy. Promotional or advertising items of nominal value such as key chains, pens, coffee mugs, calendars and holiday candy are acceptable, to the extent permitted by Illinois law. Gifts that are capable of being shared, such as a box of chocolates, shall be shared within the office or section 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 City.
4. Solicitation of vendors for merchandise or certificates to serve as door prizes or favors is normally prohibited. However, the City Manager or his/her designee may approve exceptions.
5. Corporate discounts granted to City employees are acceptable only if they are offered to all City 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 City Manager or his/her designee.

Section II – Purchasing Policies

Capital Assets

Certain purchases will be recorded in the City's records as capital assets. Capital assets shall include land, land right-of-way, land improvements, buildings, building improvements, construction in progress, machinery, equipment, furniture, vehicles, software, easements, and infrastructure such as roadways, storm sewers, water mains, etc. that meet the following criteria:

1. The asset must be either tangible, software, or an easement.
2. The asset must provide a benefit for more than one fiscal year.
3. The acquisition cost of the asset must be greater than or equal to \$20,000.00.

Section II – Purchasing Policies

Approval of City Purchases

No employee shall purchase goods or services on behalf of the City without first seeking approval as required by this policy. All purchases shall require advance approval of the appropriate Supervisor, Department Head, the Finance Director or his/her designee and the City Manager or his/her designee in accordance with the guidelines described below:

<u>Dollar Limits</u>	<u>Required Approvals</u>
Under \$5,000	Supervisor and Department Head
\$5,001-\$10,000	Supervisor, Department Head and Finance Director or his/her designee
\$10,001 - \$19,999	Supervisor, Department Head, Finance Director or his/her designee and City Manager or his/her designee
\$20,000 & Above	Department Head, Finance Director or his/her designee, City Manager or his/her designee and City Council members

Approval for purchases shall occur before the purchase is made. At the discretion of the Department Head, approval levels for Supervisors may be increased to an amount not to exceed the Department Head's authority. In addition, any person responsible for approving purchases at any level may delegate his or her approval authority to a designee in the event he or she is unavailable to approve purchases.

The Finance Director or his/her designee, is responsible for determining if an item is budgeted, if adequate funds are available and if proper purchasing procedures have been followed. The Finance Director or his/her designee shall also be responsible for reviewing and initialing all purchase orders prior to the order being placed to ensure accurate authorization. If any City purchase increases the total over \$20,000 for the current fiscal year, the contract must be presented to Council for approval prior to the order being placed.

The City Manager or his/her designee is further authorized to execute and comply with the terms of any settlement agreement or Court Order, provided that any expenditure required therein has been properly budgeted and approved by the City Council.

Section II – Purchasing Policies

Signing of Contracts

All contracts must be executed by the City Manager or his/her designee, except as may be directed by the City Council. It must be remembered that a contract is a legal document and must follow a prescribed procedure for implementation.

All contracts, to be valid, must be signed by an authorized representative of the company to supply the services and an authorized representative of the City. The City Manager or his/her designee, or such other person as may be authorized by the City Council members, may enter into a contract for the City, provided that all applicable procedures (such as formal bidding, bid waivers, and quotations) have been met. A copy of the contract is to be immediately forwarded to the City Manager's Office and Finance Director or his/her designee, after being executed.

Section III – Competitive Quotes and Exceptions to the Policy

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, all quotes shall be attached to the requisition. These requisitions are to be sent to the Finance Director or his/her designee for review. The limits shall include all costs involved with a purchase, including shipping, installation, etc. 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.

Up to \$5,000

Day-to-day purchasing may be done without prior approval; the responsibility still exists for making the most economical purchases. Price checks and surveys must be made from time to time to ensure that the price being paid is the best price available and that the quality is the best that is required.

\$5,001 - \$19,999

Three (3) written quotes. The quotes must be listed in purchase order as well as attached. Hard copies shall be obtained and retained in the department's files for auditing purposes.

\$20,000 & Above

Must be competitively bid where required in accordance with State law and City ordinances. City Council approval is required for all contracts above \$20,000. For projects requiring competitive bidding under State law, if circumstances do not permit competitive bidding (e.g. sole source provider), City Council waiver of competitive bidding is required.

Items purchased more than once during a fiscal year (e.g. forms, copier supplies, etc.) do not need quotes every time a purchase is made. However, competitive quotes for these items shall be sought at least once each year to ensure that vendors are competitive. With that information a vendor list will be developed annually for purchasing assistance to ensure all Departments are gaining from this competitive pricing.

Section III – Competitive Quotes and Exceptions to the Policy

Joint Purchasing

State of Illinois

The State of Illinois Purchasing Program develops specifications, conducts bid processes, makes awards, creates contracts and publishes contracts on the Illinois Procurement Bulletin. When available through the State program, City employees may consult with the City Manager or his/her designee to enter into purchases for these items. However, employees shall be responsible for ensuring that the goods or services are of a quality sufficient to meet the City's needs and that pricing is competitive.

Other Units of Government

Periodic checks of what other municipalities are paying can confirm whether the City is receiving a good price. If a neighboring municipality is contemplating the bidding of a particular item, which is also to be bid by the City of DeKalb, the joining of the two municipalities could result in a lower price. The City Manager or his/her designee should be consulted before entering into any purchases for these items.

Section III – Competitive Quotes and Exceptions to the Policy Sole Source Purchases

The following purchases or contracts whose estimated cost is in excess of \$5,000 shall not require written specifications or competitive bidding.

1. Purchases which may only be made from a single source;
2. Purchases for additions to and repairs and maintenance of personal property owned by the City which may be more efficiently added to, repaired or maintained by a specific person;
3. Purchases of personal property which are compatible with the existing equipment or systems owned by the City;
4. Purchases which can be made at a public auction, close-out sale, bankruptcy sale or other similar sale at a cost below the market cost in the community;
5. Purchases where an emergency immediately affects the public health, safety or welfare if authorized by the Department Head and City Manager or his/her designee. Upon cessation of the emergency, the Department Head and City Manager or his/her designee shall inform the corporate authorities by a full written account of the contracts entered into or purchases made pursuant to this subsection;
6. Contracts for the services of individuals possessing a high degree of professional skill;
7. Contracts for the printing of bonds, tax warrants and other evidences of indebtedness;
8. Purchases, which because of the unique characteristics of the personal property or the needs of the City are not susceptible to competitive bidding;
9. Contracts with options to renew for additional periods of time at a fixed price.

Section III – Competitive Quotes and Exceptions to the Policy Emergency Purchases Policy

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 Department Head and City Manager or his/her designee may authorize a vendor to perform work necessary to resolve such emergency without formal bid solicitation.

If an “emergency” has been declared by the City Manager or his/her designee and/or Mayor, the following guidelines will be observed:

1. All emergency purchases up to \$5,000 in estimated cost can be consummated by employees designated to purchase by their department head.
2. Those emergency purchases with an estimated cost of \$5,000 to \$10,000 for good and services require verbal approval of the Finance Director or his/her designee prior to expenditure.
3. Those emergency purchases with an estimate cost of \$10,000 to \$20,000 for goods and services require the verbal approval of the City Manager or his/her designee prior to expenditure. Purchases in excess of \$20,000 for goods and services require the verbal approval of the City Manager or his/her designee with immediate notification to the City Council.
4. Documentation of the verbal approval from the City Manager or his/her designee is required either by a voicemail or email. This documentation must be printed and attached to the requisition and submitted to the Finance Department for development of the purchase order.
5. A purchase order must be completed for purchases greater than \$5,000. All purchase orders and receipts related to the emergency must be noted so.

Section III – Competitive Quotes and Exceptions to the Policy Request for Qualifications

A Request for Qualification (RFQ) can be used as a pre-qualification stage of the procurement process. Only those proponents who successfully respond to the RFQ and meet the qualification criteria will be included in subsequent Requests for Proposals (RFP) solicitation process. This two stage approach can both streamline the solicitation process and assist in gathering information about candidates for future use.

Section III – Competitive Quotes and Exceptions to the Policy Request for Professional Services

Certain professional service contracts and agreements may be accomplished through requests for professional services which are considered by the City to be those which, by their nature, are not adapted to award by competitive bidding; although should the City have an existing and satisfactory relationship with a firm, contractually present or not, this provision may be waived upon City Manager or his/her designee approval. This would include such services as auditing, engineering, planning, legal, appraising, architectural, medical, psychological, marketing, risk management, bond issuance, and similar type services of individuals possessing a high degree of professional skill where the ability of the individual plays an important role. These contracts or

agreements may be entered into without formal bidding with the approval of the City Manager or his/her designee for amounts up to \$20,000. The City Council must specifically approve any contract in excess of \$20,000.

Request for Quotation (RFQ)

An RFQ is used for sealed bids and best suited with products and services that are as standardized and commoditized. Supplier decisions are typically made by the procurement department following a comparison and analysis of the RFQ responses.

Request for Proposal (RFP)

An RFP is a solicitation sent to potential supplier with whom a relationship is being considered. RFP's state the strategy, objectives, and details that will assist the supplies with the ability to offer a bid.

Section III – Competitive Quotes and Exceptions to the Policy Service Contracts

The purposes of these contracts are varied and often require bids or bid waivers. Contracts are often entered into without bids. When bids are waived, a contract is entered into through negotiation or acceptance of a proposal from the vendor who wishes to supply the service. In most cases where bids are waived, the same legal requirements as in a bid situation still apply.

It must be remembered that a contract is a legal document and must follow a prescribed procedure for implementation.

All contracts, to be valid, must be signed by an authorized representative of the company to supply the services and an authorized representative of the City. The City Manager or his/her designee, or such other person as may be authorized by the City Council members, may enter into a contract for the City, provided that all applicable procedures (such as formal bidding, bid waivers, and quotations) have been met. A copy of the contract is to be immediately forwarded to the City Manager's Office and Finance Director or his/her designee after being executed.

A non-expiring contract may be entered into in the same manner as a contract with an expiration date provided that a clause is inserted into the contract allowing the City to terminate the contract within 30 to 90 days upon proper notification by the City to the vendor to do so.

All contracts must have their terms, such as dates and fees, defined. Procedures for applying for cost overruns of the contract must be specifically spelled out.

The vendor must agree to protect, indemnify, hold and save harmless and defend the City of DeKalb against any and all claims, costs, actions and expenses, including but not limited to attorney's fees incurred by reason of a lawsuit or claim for compensation arising in favor of any person, including the employees or officers or independent contractors or subcontractors of the first and second parties, on account of personal injuries or death, or damages to property occurring, growing out of, incident to, or resulting directly or indirectly from the performance by the vendor

hereunder, whether such loss, damage, injury or liability is contributed to by the negligence of the City of DeKalb whether latent or patent, or from causes whatsoever, except that the vendor shall have no liability or damages or the costs incident thereto caused by the sole negligence of the City of DeKalb. Only the person with the spending authority has the ability to waive strict compliance with those requirements, where deemed to be in the best interest of the City.

To keep in force, to the satisfaction of the City of DeKalb, at all times during the performance of the work referred to above, Commercial General Liability Insurance and Automobile Liability Insurance with Bodily Injury limits of not less than \$1,000,000 and Property Damage Insurance with limits of not less than \$1,000,000. The vendor agrees that at any time upon the demand of the City of DeKalb proof of such insurance coverage will be submitted to the Finance Director or his/her designee. There shall be no additional charge for said insurance to the City of DeKalb. The Finance Director or his/her designee shall review the required insurance specifications annually and adjust when necessary.

Section III – Competitive Quotes and Exceptions to the Policy Waiver of Competitive Bidding

In certain circumstances, a Department Head may believe that the best interests of the City would be served by a purchase from one particular vendor despite the amount of the purchase being in excess of \$20,000. In this instance, a Request for Bid Waiver must include adequate justification and be forwarded to the City Manager or his/her designee. After review and concurrence, a Request for Bid Waiver shall be forwarded to the City Council for final consideration.

Section III – Competitive Quotes and Exceptions to the Policy Local Vendors

When securing price quotations, Department Heads shall, to the extent practicable, solicit quotations from qualified vendors located in the City of DeKalb. No price preference will be given to local businesses; however, if everything else is equal between two or more possible vendors, the City shall make every effort to choose the DeKalb-based vendors. Local vendor preference cannot be used if using federal funds for the project.

Section IV – The Bidding Process Bidding Procedures

Having recognized the need for formal bid letting, the following process is to be followed:

The requesting department prepares the specifications for the item to be let for bid.

The department head arranges the specifications into proper format and prepares the other needed documents to complete the bid invitation package. Required documents of a bid invitation package are:

- Cover letter / Invitation to Bid
- Specifications of the item / service to be bid (including maps drawings and/or any other pertinent documents)

- Proposal Form
- General instructions to bidders
- Bidder's Certification Form(s) (i.e. non-collusion, bid rigging or bid rotation, sexual harassment, tax compliance, etc.)
- Special Provisions

The department head arranges for a bid opening date. The date must be at least ten calendar days from the published notification date, but not more than 45 calendar days.

The department head is responsible for placing a legal notice concerning the bid in a local newspaper of general circulation at least ten calendar days prior to the bid opening.

The department head sends bid invitations to all known responsible vendors on the bidder's list for the particular item as well as to any other prospective bidder. If a bid package is costly to reproduce, a nominal charge for the package may be assessed.

The department head (or designee) and the Administrative Associate in the City Manager's Office are present at the bid opening.

The department head reviews the bids and decides upon the lowest, responsible, bidder. Then makes a recommendation to the City Manager or his/her designee and writes the Council Agenda Memo for this purpose.

If the bid falls under the guidelines necessary for credit checks, the recommended bidder may be subject to those guidelines.

Bids received by way of facsimile machine and email are unacceptable and will not be acknowledged.

Bids received after the due date and time are to be returned unopened to the bidder with a cover letter stating date and time the "Bid" was actually received.

Premature opening of bids

In the event of a sealed bid being opened prior to the determined date and time for such opening, the person shall submit a written affidavit to the Finance Director or his/her designee stating the time of the premature opening and the circumstances causing such premature opening, and stating as fact that the information contained in the bid documents has not been disclosed to the public, any potential bidder, or any City employee. The Finance Director or his/her designee will then reseal the bid, to be opened at the appropriate time.

Criminal Compliance Code

In all areas of a public bid letting, the provisions of Public Act 85-1295, amending the criminal code of the Illinois Revised Statutes, regarding bid rigging and collusive activities shall be strictly followed.

Requirements of this act are as follows:

1. A certification form shall be included in all bid invitations packages. This form shall immediately follow the bid proposal form in the package. All bidders must properly execute this form as prescribed and attach it to the bid proposal form in their sealed envelope.
2. The failure of a bidder to submit this form with the bid shall render the bidder to be non-responsible.
 - a. The submission of the certification after the bid opening will not be acceptable.
 - b. Additionally, each bidder shall be responsible for signing a non-collusion certificate
3. Each bidder may submit written questions to be answered in an addendum shared with all prospective bidders.

The Special Provisions portion of the bid package shall state those City representatives that may speak to a potential bidder in the period between the time of the initial bid mailing and the bid opening date and time.

No more than three City employees may be designated to speak for the bid. These employees shall be:

1. Assistant City Manager
2. The affected department head
3. An employee subordinate to the department head and appointed by the department head.

Only the criteria stated in the bid invitation package may be used in the process of determining the successful bidder.

Change Orders

Subsequent to a bid award, change orders may be found to be necessary.

- a. All change orders must be approved by the Department Head and Finance Director or his/her designee. If the total is over \$10,000 the City Manager or his/her designee and if over \$20,000 the City Council will need to approve the change.
- b. Requests for change orders must state that the circumstances said to necessitate the change were not reasonably foreseeable at the time the contract was signed, were not within the contemplation of the contract as signed, or are in the best interest of the City of DeKalb.
- c. Notwithstanding any provision of this Policy to the contrary, a change order must be authorized by the City Council if there is an increase (decrease) in time of completion by 30 days or more, or if otherwise required pursuant to the applicable contract or agreement.

Prevailing Wage Act

This act requires in all construction contracts entered into for public works construction projects that the prevailing wages, as issued by the Illinois Department of Labor for DeKalb County, be paid to all laborers, workers and mechanics performing work under the contract.

The bid package for such construction contracts shall contain the most recent listing of the said prevailing wages or a link to the website at which such wages are provided.

1. A certification form shall be included in all bid invitation packages. This form shall immediately follow the certification form for Public Act 85-1295. All bidders must properly execute this form as prescribed and attach it to the bid proposal form in a sealed envelope.
2. The failure of a bidder to submit this form with the bid will render the bidder to be non-responsive.

Also, all contractors conducting work for the City with Federal or State Funds shall abide by the requirements set forth in Section 135 of the Department of the Interior and Related Agencies Appropriation Act for fiscal year 1990 relating to the use of federal monies for lobbying efforts and Public Act 85-1295 relating to bid rigging. In each case, the City Manager's office shall coordinate, with the department involved in the construction, the incorporation of the appropriate documentation required by the acts.

Public Contracts - Illinois Municipal Code

Division 42.1 of the Illinois Municipal Code, 65 ILCS 5/11-42.1-1 *et seq.*, prohibits Illinois municipalities from entering into a contract with an individual or entity that is delinquent in the payment of any tax administered by the Illinois Department of Revenue. A certification form shall be included in all bid invitation packages. This form shall immediately follow the certification form required by the statute. All bidders must properly execute this form as prescribed and attach it to the bid proposal form in their sealed envelope.

Specifications, Preparation and Bid Award

In all cases, the requesting department is responsible for the initial specification preparation for bids. The Finance Director or his/her designee will assist the department as needed or requested but it is generally held that the requesting department has the best knowledge of what is needed. Specifications may not be developed in a manner intended to specifically exclude a potential bidder on a technicality or developed in such a manner that only one bidder is possible. Specifications must be broad enough to invite competition but yet not be so loose as to invite a potentially low bid on an item that is not desired or not in the best interests of the City.

The bid award is to be made to the lowest responsible bidder. The determination of the "lowest responsible bidder" is a matter of the sound and reasonable discretion of the City based on, among other items, the credentials, financial information, bonding capacity, insurance protection, qualifications of the labor and management of the firm, past experience, ability to meet all

specifications and ability to complete the contract in a timely manner. The responsible bidder shall not have any outstanding debts owed to the City of DeKalb in order to qualify for the bid award.

Upon execution of the agreement, the department will provide a copy to the Finance Department and City Manager's office.

Following the award of a bid by the City Council, the department head sends a purchase order to the successful bidder. If the bid was for several items or materials to be purchased over a period of time, the department head notifies the successful bidder by letter with a copy to the Finance Department so that a purchasing procedure can be established.

Section V – Purchasing Procedures Regular Purchase Orders

A purchase order must be prepared for the following purchases:

1. Any purchase of goods or services of \$5,000 or above
2. Any purchase from a source determined by a formal bid, bid waiver, or formal quotation
3. All open purchase orders when it is anticipated that the cumulative purchases for the year will exceed \$5,000. A not to exceed amount needs to be included.
4. Any capital outlay item
5. Any case where the vendor requires a purchase order. In this case, purchase orders for less than \$5,000.

All purchase orders must have the price of goods stated along with an easily understood explanation of the item or service being purchased. If it is absolutely impossible to list the exact price, an estimate price may be used with the letters, "EST" placed above the price. Freight charges should be included on the purchase order or must be noted, "Includes Freight".

Capital Improvements or Contracted Services do not require a purchase order (i.e. MFT – Road Repairs, Nicor, Com Ed, Waste Management, etc.), but do require a signed contract.

Section V – Purchasing Procedures Open Purchase Order Agreements

In certain circumstances, where vendors are used frequently, an open purchase order may be set up at the beginning of the year as approved by the Department head.

A purchase order form must be approved by the following before initiating any purchase:

<u>Dollar Limits</u>	<u>Required Approvals</u>
Under \$5,000	Supervisor and Department Head
\$5,001-\$10,000	Supervisor, Department Head and Finance Director or his/her designee
\$10,001 - \$19,999	Supervisor, Department Head, Finance Director or his/her designee and City Manager or his/her designee
\$20,000 & Above	Department Head, Finance Director or his/her designee, City Manager or his/her designee and City Council members

Section V – Purchasing Procedures
 Issuance of Purchase Orders

Purchase orders shall be requested by each City department for purchases of all materials, supplies, equipment, and services in excess of \$5,000 with the exception of those previously identified by submitting a requisition for each service for each vendor. The requisition must include all three (3) bids or quotes, approved resolution (if required), signed contract and appropriate approval levels. A purchase order shall be prepared by the Finance Director or his/her designee after the requisition has been reviewed. The review process includes verifying funds availability, appropriate approval levels are met, required attachments are present and purchasing procedures are met. In the event of emergency purchases where goods or services have already been received, the purchase order should be marked “Confirmation.”

After the goods or services have been received, the Department Head will verify the order and the unit price authorized, attach a copy of the purchase order to the authorized invoice and send to the Finance Department for payment.

Section V – Purchasing Procedures
 New Vendors

New vendors will be required to provide a W-9 to the Finance Department.

Section V – Purchasing Procedures
 Manual Checks

Manual checks are interim checks issued to vendors as payments for goods delivered or services performed. The checks are issued between normal accounts payable cycles when an emergency or other extenuating circumstance as determined by the Finance Director or his/her designee and makes it impractical or unreasonable to process the payment following normal payment methods. Manual checks are labor intensive and time consuming to issue; therefore, their use as a method of payment shall be restricted to unique or special circumstances.

All requests for manual checks must be accompanied by a written request with an explanation in the as to need for the check from the Department Head. If an invoice is not available, the request will need to

include the vendor's name and address, the general ledger number against which it is being charged, and a description of the item purchased. All manual checks must be approved by the Finance Director or his/her designee.

Section V – Purchasing Procedures Purchasing Cards

The City may authorize the use of purchasing cards to department heads as needed, and may also issue them to certain designees within the department (supervisors, maintenance staff, etc.). The same purchasing requirements will apply as indicated above. At the time the bill is received for the month's purchases, each department head will submit the bills. Abuse of this system for personal use may lead to discipline up to and potentially including immediate termination.

Section V – Purchasing Procedures Petty Cash

Petty Cash funds are established to pay for infrequent purchases that are under \$50.00 and require immediate payment. Tolls, parking, filing costs, etc. are traditional expenses that fall into this category. Department Heads must approve the Petty Cash reimbursement vouchers. Petty Cash funds have been established in the following departments: Finance, Airport, Fire and Police.

Finance Director or his/her designee will conduct quarterly audits of the Petty Cash funds established in each department. A petty cash slip must be completed, countersigned by the department head or his/her immediate subordinate, and accompanied by a receipt. These receipts should be reconciled and sent to the Finance Department by the Department Head on a monthly basis for reimbursement.

No department may establish a petty cash fund without the express consent of the Finance Director or his/her designee.

Section VI – Miscellaneous Purchasing Policies and Guidelines Use of Sales Tax Exemption Number

City purchases are not subject to sales tax; therefore, employees shall make efforts to inform vendors of the City's tax exempt status and to ensure that sales tax is not paid for purchases made with petty cash or credit cards. Employees shall provide vendors with a sales tax exemption form upon request by Finance Department.

Use of the City's sales tax exemption number is restricted to purchases made on behalf of the City. State law prohibits use of the City's sales tax exemption number for personal reasons. Purchases where sales tax is charged will be the responsibility of the Department Head to work with the vendor on issuing a credit.

Section VI – Miscellaneous Purchasing Policies and Guidelines

Use of Outside Contractors or Vendors

Illinois Department of Revenue regulations allow contractors to use the City's sales tax exemption number to purchase materials used in construction of public improvements, which will be eventually dedicated to the City. Use of the exemption number is limited to purchases directly related to work being done on behalf of the City. Contractors are responsible for any tax due on purchases determined to be non-exempt and for purchases not made on the City's behalf.

Requests by contractors for the City's sales tax exemption number shall be forwarded to the Finance Director or his/her designee. In order to obtain the number, the contractor shall be required to complete and submit to the City a sales tax exemption authorization request, which includes the supplier's location and a list of materials to be purchased. After the proper request has been received, the City will provide the contractor with a sales tax exemption certificate.

Section VI – Miscellaneous Purchasing Policies and Guidelines

Equal Opportunity

When applicable, contractors shall comply with the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq., as amended, and any rules and regulations promulgated in accordance therewith, including, but not limited to the Equal Employment Opportunity Clause, Illinois Administrative Code, Title 44, Part 750 (Appendix A). Furthermore, the Contractor shall comply with the Public Works Employment Discrimination Act, 775 ILCS 10/0.01 et seq., as amended.