



VILLAGE OF FORSYTH, ILLINOIS

PURCHASING POLICIES AND PROCEDURES

Revised and Effective November 7, 2011

1. Purpose:

The purpose of this document is to establish uniform standards and procedures to be followed by all Department Heads, Supervisors and Commissions in the purchase of all goods and commodities and contractual/professional services.

2. Policies:

The purchasing standards and procedures set forth herein are designed to:

- a) Attain maximum economy in municipal operations to the ultimate advantage of local taxpayers;
- b) Provide equal opportunity for qualified vendors to serve Village needs;
- c) Encourage the patronage of Forsyth businesses whenever possible; and,
- d) Encourage the use of recycled products.

3. Purchase Authority:

In general, all supplies, materials, equipment and contractual/professional services required for operational efficiency will have been included in the annual budget. Purchase of these items as required during the fiscal year shall proceed in accordance with these procedures upon approval of the annual budget by the Village Board.

Although included in the annual budget, certain equipment, projects or services may be placed in a contingency status by the Village Board as part of its approval process. If and when action on such contingency items is desired by the Administrative Staff, detailed justification for each item must be presented to the Village Administrator for review and approval consistent with the Board's budget/fiscal policies.

Each department of the Village shall be responsible for its own purchasing needs in strict compliance with the procedures set forth herein.

4. Definitions:

Competitive Bids: formal written responses to a Notice to Bid from the Village. Such competitive bids shall be for an exact cost of a project and the lowest responsible bidder shall be awarded the contract to perform the work.

Contingency Status: refers to situations when the Village Board may deem it appropriate to limit spending to essential items and services in order to maintain budgetary control.

Formal Quotation: will require responses in writing to a written Request for Quotation/Proposal from the Village. Such quotations may be estimates of approximate cost, which may be modified through negotiation or due to changing conditions or circumstances.

Informal Quotation: quotes provided by way of telephone conversations.

Quotation Summary Form: form utilized to record cost information obtained from vendors in response to requests from village personnel about the acquisition of equipment, material or supplies.

Request for Quotation (Request for Proposal): refers to a format to be used to seek proposals from vendors and professional services providers to provide equipment, material or services to the Village of Forsyth.

5. Small ("Petty Cash") Purchases:

Petty Cash funds are established to pay for infrequent purchases that are under \$25.00 and require immediate payment. Tolls, parking, Library postage, filing costs, etc., are common expenses that fall into this category. Department Supervisor(s) must approve any petty cash disbursements. Each person assigned to petty cash funds will be responsible for balancing his or her drawer and explaining any discrepancies. Listed below are Petty Cash funds that have been established in the following departments and for the following sums:

- **Administration:** Petty cash in the amount of \$100.00, assigned to Village Treasurer to be used for small purchases.
- **Administration Water:** Petty cash in the amount of \$100.00, assigned to Village Treasurer to be used for small purchases.
- **Library:** Petty cash in the amount of \$100.00, assigned to Head Librarian to be used for small purchases.
- **Water and Sewer:** Petty cash in the amount of \$25.00 assigned to Village Administrative Assistant, be used for making change for residents who pay cash for their Water and Sewer bills.
- **Summer Park Program:** Petty cash in the amount of \$100.00, assigned to Recreation Director to be used for small purchases, and to make change

during park registration day for residents who pay cash for registration fees.

- **Legislative:** Petty cash amount based upon need and activity assigned to Village Treasurer, Village Administrator, Village Clerk or Village Mayor/Trustee(s), to be used for making change during public festivals or similar type of activities.

6. Purchasing Procedures:

Purchase of other supplies, materials, equipment or contractual/professional services that do not qualify for Petty Cash disbursement are addressed below.

a) **Purchase Orders:** Purchase Orders shall be issued only when a particular vendor requires the same. In that event, the Village purchasing agent shall notify the Village Treasurer, who shall control all Purchase Order documentation.

b) **Departmental Purchasing Agent(s):** Each Department Head is hereby designated as a departmental purchasing agent. Each Department Head may, at his or her discretion, appoint supervisory employee(s) as co-departmental purchasing agent(s). The co-departmental purchasing agent shall be responsible for purchasing activities in the absence of Department Head. The Department Head shall be responsible for ensuring proper purchasing procedures are followed, and that sufficient funds are budgeted for any and all purchases.

c) **Village Administrator Purchasing Agent:** The Village Administrator shall be responsible for ensuring that Department Heads follow proper purchasing procedures and to double check that sufficient funds are budgeted for any and all purchases in excess of \$3,000.00. The Village Administrator must review purchases in excess of \$3,000.00. The Village Administrator shall approve or deny purchases in excess of \$3,000.00 before the Department initiates the order. The Village Board shall approve any purchase over \$5,000.00.

7. Quotation Requirements:

No competitive quotations for supplies, materials or equipment shall be required for total purchases valued at less than \$3,000.00 as long as such purchases are reasonably priced and defensible.

Informal quotations shall be required for individual items with a cost expected to be between \$3,000.00 and \$5000.00. For purchases in excess of \$5,000.00, formal written quotations shall be required.

For Public Works contracts in excess of \$20,000.00, or as may be increased or decreased by Illinois state statute (65 ILCS 5/8-9-1), formal competitive bidding

as prescribed by statute must be performed, and the purchase contract must be approved by the Village Board.

Whether formal or informal, a minimum of three (3) quotations shall be solicited unless fewer providers of the specific item exist.

8. Requests for Quotation/Proposal:

In the event a written Request for Quotation/Proposal form is prepared, it should be complete with specifications as required, and mailed to a minimum of three (3) qualified providers of the product or services.

The Request for Quotation/Proposal should contain the following minimum information:

- a) Specifications for the item(s) and / or service(s) to be quoted.
 - Unless a "sole source" vendor or a specific product is determined to be in the village's best interest, brand names mentioned in specifications should carry a notation that brands specified are only a guide to the type and quality of materials or equipment desired.
 - Equivalent or alternates may be submitted if quality of the structural components and actual performance is not materially affected.
 - The specifications must be clear, specific, complete and accurately describe the article to be purchased, the desired performance requirement and highlight any special requirements.
 - Whenever possible, products made from recycled materials shall be preferred provided cost and quality criteria are equivalent.
 - Whenever possible, American made or assembled products shall be preferred provided costs and quality criteria are equivalent.
- b) Required delivery date and location for delivery.
- c) Person to be contacted regarding questions pertaining to specifications.
- d) Any other special or unusual conditions affecting the the quotation or proposal.
- e) Date and time the quotations or proposals are due and place where the quotations or proposals will be opened.
- f) Village right to reject any and all quotations or proposals.
- g) Certification that the contractor is not barred from bidding under state law.

To the extent possible, a minimum of ten (10) business days should be provided for vendor response in the Request for Quotation/Proposal process. Quotations or proposals containing reservations of the right to increase the price bid will not be considered, except where the Village Administrator finds acceptance to be in the best interest of the Village.

9. Construction Contracts in excess of \$20,000.00:

Bidders on construction projects estimated to be in excess of \$20,000.00 shall, at Village option, furnish either a 100 percent performance bond from a Village-approved bonding company or a cashier's check in the minimum amount of ten (10) percent of the bid, a certificate of insurance, a certificate of non-collusion, and an affirmative action statement. All such projects shall require solicited bids by legal notice placed in the news media serving the Village. All projects utilizing Federal, State or local Motor Fuel Tax funds must follow the specific guidelines applicable to the funding sources regardless of the estimated cost.

The successful contractor shall agree to save, hold harmless and defend the Village of Forsyth, its Board of Trustees, and its officials and employees from and against any or all claims, demands, suits, liability and costs of defense (including attorneys fees) for injury or death to any person or damage to or loss of property, which injury, damage, loss or expense is caused or arises out of performance of the work pursuant to the purchase commitment or contract.

No payment shall be made for any extra material or work other than was stipulated to be paid in the contract, or included in project plans and specifications unless such changes are expressly supported by a formal change order.

a) Bid Notice Advertisement:

Unless required by State statute, no publication of a bid notice need be placed in local newspapers. The use of available technical and / or trade media publications which would enhance bidding results should be used when applicable. All procedural requirements associated with the purchasing function by the funding source such as via federal or state grants, motor fuel tax or other grant sources shall be faithfully performed.

b) Pre-Procurement/Pre-Bidding Conferences:

Assistance may be required in developing specifications, assembling bidder lists and evaluating potential bidder qualifications. A conference prior to bidding may assist in clarifying specifications for mutual benefit of both potential bidders and the Village of Forsyth.

c) Early Bids:

Formal bids received prior to the time of scheduled opening will be kept secure and unopened. The Village Clerk or designee whose duty it is to conduct the scheduled opening will decide when the specified time has arrived. No responsibility will attach to the Village for premature opening of a bid not properly addressed and identified. When such a bid is opened by mistake, the circumstances will be noted on the outside of the envelope, initialed, and the envelope will be resealed by the person conducting the bid opening.

d) Late Bids:

Formal bids or amendments thereto received by the Village after the time of the scheduled opening will not be considered.

e) Withdrawal of Bids:

A written request for the withdrawal of a bid or any part thereof will be honored if the request is received by the Village prior to the specified time of opening. After a bid opening, no bidder shall be permitted to withdraw or cancel his bid for a period of thirty (30) calendar days. The Village Administrator may permit withdrawal of a bid clearly in error due to improper extension or other obvious error upon written request and explanation by the bidder involved.

f) Bid Protest:

In the event the Village receives a protest from a bidder, the protester will be advised to state and support his protest in writing. If other bidders are affected, prompt notice should be given to them so that they may likewise act in their own behalf. All supporting documents relating to the bid protest shall be forwarded to the Village Administrator. If an award has not been made, further purchasing action will be delayed pending a decision on the protest. The Village Administrator shall render a decision on this issue. Such decision may be further appealed to the Village Board, if a written notice of appeal is submitted to the Village Administrator no later than 10 business days after the decision is rendered.

g) Award of Purchase Commitment:

Received bids shall be analyzed, any deviation from specifications noted and references checked to verify the lowest responsible bidder. Before awarding a contract or purchase commitment, appropriate staff shall consider the skill and past performance of the vendor. In addition to price, other considerations will include an appraisal of such bidder's experience, facilities, technical and financial capabilities, capacity to complete the commitment on time, ability of the bidder to provide future maintenance and service work, and assurance that the bidder meets Village criteria as a vendor.

Award of purchase contracts under \$3,000.00 can be authorized by the appropriate Department supervisor, assuming there is Budget authority. Purchase commitments over \$3,000.00 and under \$5,000.00 must be approved by the Village Administrator. Purchase commitments and public works contracts, in excess of \$5,000.00 require Village Board approval.

If the purchase or contract is awarded to a bidder other than the lowest, a written statement of reasons shall be prepared and attached to contract or purchase documentation.

If no bids are received or none of the received bids meet specifications, the Department shall contact suppliers to determine the reason. Specifications shall be reviewed and revised, if necessary, and a second solicitation for bids initiated.

h) Responsible Bidder:

No Purchase Order or contract will be awarded to any person, firm or corporation that has defaulted within the last five (5) years upon any obligation to the Village or has been barred from bidding under Illinois law.

The Village may at its option, prior to the award of a Purchase Order or contract, require the probable successful bidder to submit current financial statements, record of past performances or examples of similar work or permit inspection of facilities, to enable the Village to satisfy concerns beyond any reasonable doubt as to the bidder's qualifications and ability to meet Village specifications within the time stated.

i) Change Orders:

Changes to any purchasing arrangement shall be governed by the same standards as apply to original purchases except:

- The Village Administrator may approve substitutions of materials or services of equivalent value and utility to that originally specified; and
- Changes that involve additions, such as units measured in place as part of construction projects may be approved by the Village Administrator, provided the costs involved are accommodated by authorized project contingencies but not more than \$5,000.00; and
- Changes which substantially alter the nature or scope of a purchase, contract or which exceed \$5,000.00 shall be subject to the review and approval of the Board of Trustees prior to implementation.

10. Professional Services:

Professional Services (engineers, attorneys, architects, consultants or other individuals or organizations possessing a high degree of technical skill) for total

amounts less than \$20,000.00 may be negotiated following purchasing procedures outlined under Informal Quotations. Requests for professional services for costs estimated to exceed \$20,000.00 should utilize the Formal Quotations procedure. Where there is an established professional relationship, the Village Board may waive this procedure and determine to contract without a Request for Proposal. All provisions of the Local Government Professional Services selection (Act, 50 ILCS 510/1 et. seq.), shall apply to contracts for architectural, engineering and land surveying services.

To the extent a Request for Qualifications/Proposal is prepared, it should include a summary background of the problem or need; define the scope of services desired; suggest a project schedule complete with tasks and activities; relate receivables to a payout schedule; require identifications and resumes of personnel to be assigned and applicable rate of pay and work allocation; itemization of all other costs; and examples of prior work experience and references.

As a result of proposal analysis, a number of those responding may be invited to return for direct interviewing by the the Village Administrator or designated group. The Administrator or designated group interviewing team would then forward its recommendations to the Village Board for formal action.

11. Rejected Shipments:

All materials or items delivered but not conforming to specifications shall be rejected by the receiving Department. Such rejected shipments shall be removed and replaced as soon as practicable at no additional cost to the Village. A statement clearly indicating which goods or services are rejected and why shall be prominently affixed to the Purchase Order or other similar documentation.

Any variation from specifications must be approved by the Department supervisor. Supplier inability to meet specifications may be cause for cancellation of the entire purchase contract. The Village reserves the right to revise specifications if goods meeting the original specifications are not available due to technological changes. The Village reserves the right to select an acceptable substitute.

The decision of the Department supervisor in shipment rejection, variation in specifications and revised specifications shall be considered final.

12. Emergency Purchases:

Emergency situations allowing emergency purchases shall be defined as necessary to meet any situation which adversely and unduly affects the lives,

health, safety or welfare of local citizenry. The Village Administrator shall promptly advise the Board of any such purchases.

13. Non-Budgeted Items:

Circumstances may arise which require the timely purchase of items/services which were not anticipated by or included in the annual Budget. In such cases, documentation justifying the purchase shall be prepared by the applicable Department Supervisor. This documentation will be forwarded to the Village Administrator for action or referral to the Village Board.

14. Price Increases:

To the extent possible, all items on a Village Purchase Order or other related or similar record should individually contain a quoted unit price and the payment process should automatically reject all inconsistencies. Should it become proper or necessary for an order to be changed, the Department Supervisor shall determine and explain the resultant adjustment.

15. Payment for Purchases and Services:

When delivery of the ordered items and associated invoices has been received, the Department Supervisor shall forward any other purchasing documentation (i.e., quotations, bids, packing slips, receiving report, etc.) to the Village Treasurer for payment processing. The Village Treasurer will verify the accuracy of the invoiced charges, take advantage of any payment terms, check for completeness of all supporting data and ensure proper program accounting and payment.

Check payments are listed for bi-monthly review and approval by the Village Board. Two of the three designated and authorized signatures must appear on all checks approved by the Village Board. The Village Mayor, Village Treasurer, and the Village Administrator are authorized signatories for the Village. All approved payment documentation is filed by the Village Treasurer in paid invoice files.

16. Cooperative Purchasing:

Buying in quantity or bulk reduces unit costs; therefore, all Departments are encouraged to participate with other departments, other governmental agencies and organizations in cooperative purchasing of common items whenever possible.

In the event it is established that the Village can obtain the lowest possible price by purchasing from another governmental entity, competitive quotes are not required.

17. Exclusions:

Excluded from the purchasing procedures set forth herein are the following:

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| 1. Energy | 7. Telephone |
| 2. Water | 8. Insurance |
| 3. Employee Reimbursements | 9. Travel advances |
| 4. Tuition/Seminar fees | 10. Purchases of a |
| 5. Village Attorney | repetitive nature |
| 6. Village Engineer (except as may be required by statute) | |

18. Purchases of a Repetitive Nature:

It is not always practical to obtain competitive quotations for certain commodities or items that are repetitive in nature. These commodities or items include-but are not limited to library books, gasoline, diesel fuel, water treatment chemicals and water meters. The market must be periodically tested to determine if the current supplier is the most economical.

19. Surplus Property:

Disposal of supplies, materials and equipment shall require approval of the Village Board of Trustees upon or after declaring such items surplus. Surplus items shall be disposed of by the means deemed most advantageous to the Village by the Village Administrator. Methods available include, but are not limited to, sealed bids, public sales or auctions, trade-ins, or donations to other units of government or charitable, non-sectarian institutions.

20. Interpretation:

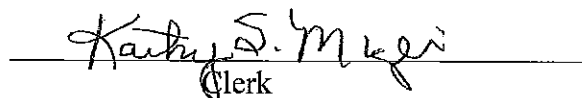
Questions concerning the meaning or applicability of the provisions of these procedures shall be directed to the Village Administrator for interpretation and response.

These rules are effective this 19th day of December, 2011.



Mayor

ATTEST:



Clerk