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Purchasing Handbook

VILLAGE OF WINNETKA

Purchasing Handbook

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Introduction

Statement of Policy

The purpose of this purchasing handbook is to provide the Village of Winnetka staff with guidelines and directions for the acquisitions of goods and services. When used with good judgment and common sense, the policies and procedures conveyed within will allow the Village to obtain required supplies and services efficiently and economically.

The manual is divided into sections dealing with purchasing policies and procedures. **The policy sections contain all “best practice” purchasing policies, which should be adhered to by Village employees. The procedures sections provide a “how to” guide for processing bids, proposals, purchase orders, invoices, travel authorization, and expense reports and other procedures regarding payment processing.**

Employees are expected to read this handbook and become familiar with its contents. This handbook is designed to be a fluid document and will be modified from time to time to conform to changes in legislation, technology, and actual practice. It may not answer every question related to purchasing activities and employees who need help dealing with specific situations not covered by the manual should contact the Finance Department for assistance.

Purchasing Policies

Purchasing 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 interests of the Village and the residents of Winnetka. Village 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 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. Whenever possible seek the most economical proposal(s) from multiple vendors and contractors ensuring the highest level of service and workmanship.
9. 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.
10. Offer a prompt and courteous response to all inquiries from potential or existing suppliers.

Per Village Code, it shall be the responsibility of the Village Ethics Advisor to determine if a violation of this Code of Ethics has occurred and to recommend subsequent follow-up action.

Purchasing Conflicts of Interest

Except as may be disclosed to and permitted by the Winnetka Village Code Section 2.41, it shall be a breach of ethical standards for any employee to participate directly or indirectly in the purchasing process when the employee knows that:

1. The employee is contemporaneously employed by a bidder, vendor or contractor involved in the procurement transaction; or
2. The employee or any member of the employee'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
3. The employee or any member of the employee's immediate family has a financial interest arising from the procurement transaction; or
4. The employee or any member of the employee's immediate family is negotiating, or has an arrangement concerning, prospective employment with a bidder, vendor, or contractor.

The employee'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.

Per Village Code, it shall be the responsibility of the Village Ethics Advisor to determine if a violation of this Code of Ethics has occurred and to recommend subsequent follow-up action.

Gifts and Gratuities—Village Guidelines for Accepting

Village 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 Village policy to observe the highest standards of ethics and to shield the employee, the Village, 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 Village or prejudice the Village's reputation. Expenditures of Village funds to vendors shall not be intentional or personally benefit any person officially connected with the Village. 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 Village policy (VWC 2.40). Promotional or advertising items of nominal value such as key chains, pens, coffee mugs, calendars and holiday cards are acceptable. Items permitted under the village's gift ban ordinance are acceptable.

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 obligations.
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. Solicitation of vendors for merchandise or certificates to serve as door prizes or favors for Village events are normally prohibited. Exceptions may be authorized by the Village Manager.
5. Corporate discounts granted to Village employees are acceptable only if they are offered to all Village employees and other corporate clients of the vendor.

If in any doubt about the propriety of accepting a gift, the matter should be referred to the Department Head who will, if necessary, discuss the matter with the Ethics Advisor or his/her designee.

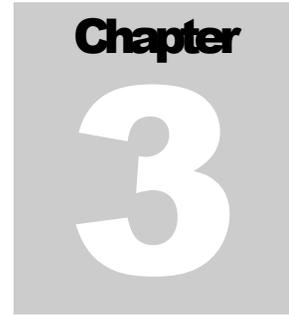
Approval of Village Purchases

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

<u>Dollar Limits</u>	<u>Required Approvals</u>
Up to \$10,000	Department Head
Up to \$15,000	Asst. Finance Director
Up to \$20,000	Finance Director
Up to \$50,000	Village Manager
Over \$50,000	Village Council

The use of purchase orders for department purchases under \$5,000 is optional. Purchases over \$5,000 must have an associated purchase order.

Approval for purchases shall occur before the purchase is made. In addition, 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.



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 an electronic purchase order request, quotes shall be added electronically. It is not necessary to forward hard-copy quotes to the Finance Department, though Departments may keep such items for their records. PO requests 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 \$1,000	One verbal quote is required, however, employees are encouraged to seek additional quotes/written quotes when possible.
\$1,001 - \$4,999	Two written quotes are required. Quotes should be electronically saved to the AP invoice when processed through New World.
\$5,000 - \$50,000	Three written quotes must be obtained. Electronic copies should be attached to the New World PO request.
\$50,001 and above	Must be competitively bid in accordance with Village Code. Village Council approval is required for all purchases in this range.

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.

Joint Purchasing

State of Illinois/Northwest Municipal Conference

Village employees are authorized to obtain goods and services using joint purchasing programs (i.e. State of Illinois, NWMC, TCPN). When available through these programs, it is not necessary for Village employees to obtain quotes or to competitively bid the goods or services which are sought. Employees shall be responsible, however, for ensuring that proper purchasing approval is followed, up to, and including, Council authorization for expenditures exceeding \$50,000. The joint purchasing contract number should be referenced on PO forms in the appropriate "Notes" section within the accounting system.

Other Units of Government

Employees are permitted to purchase items jointly with other units of government when the price of the goods or services sought is competitive and the quality meets the Village standards. Prior to initiating the transaction, employees shall seek the approval of their Department Head and the Finance Department.

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:

1. Equipment for which there is no comparable competitive product or is available only from one supplier.
2. Public utility services from natural or regulated monopolies.
3. A component or replacement part or product(s) for which there is no commercially available substitute, and which can be obtained only from the manufacturer.
4. An item where compatibility is the overriding consideration, such as computer software.
5. 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. However, purchases in excess of \$50,000 shall be presented to the Village Council prior to acquisition with a request to waive bids and enter into a formal contract.

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 Finance Director or his/her designee 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 presented to the Village Council in a reasonable period of time following resolution of the crisis.

An emergency purchase order can be issued authorizing a vendor to perform any and all work necessary only if the public health and safety could be affected. If the emergency and the need for immediate action exceeds \$50,000, documentation shall be presented to the Village Manager prior to such authorization. The following procedures shall be followed in the event an emergency purchase order is needed:

- The Department Head requesting the emergency purchase order shall enter it into New World and immediately contact the Finance Director or his/her designee in order to have the purchase order issued. The Finance Director or his/her designee will then issue an emergency purchase order to the vendor. After the emergency has been resolved, the department shall provide a statement outlining the emergency purchase in detail. The Finance Department will append this statement into the electronic records of the purchase order.



Competitive Bidding & Requests for Professional Services

When a Formal Bid Is Required

All purchases of goods or services exceeding \$50,000 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 Council deems to be in the interest of the Village. Sealed bids shall be sought when a good or service is anticipated to cost more than \$50,000 either individually or in aggregate purchases made over the course of one fiscal year.

All bids shall be issued using the Village's standard bid documents as approved by the Village Attorney.

Preparing the Bid Document

1. It is the responsibility of the Finance Department to prepare and distribute the bid document. User departments are responsible for providing the Finance Department with the bid specification section, desired dates for the bidding process, a cost estimate for the bid, and an initial list of vendors that should receive the bid (if applicable).
2. All bid documents must contain the following information:
 - Cover sheet
 - Table of Contents
 - Notice to Bidders
 - General Terms, Conditions, and Instructions

- Plans and specifications of the item/service
 - Bid Proposal Form
 - All contractor certification forms (e.g. sexual harassment, tax compliance, contract execution)
 - An appropriate contract (required if the bid is for goods, services, construction services, or goods and installation services)
3. The Finance Department will assign each bid a number and maintain a permanent file of the bid materials. They will also prepare the formal contract to be included with a bid package.
 4. Once the department has signed off on the final bid document, the Finance Department will release the bid to the public.

Additional Requirements for the Bid Document

1. A bid bond, cashier's check, certified check, or other approved security in an amount equal to a certain portion of the bid is required to guarantee the successful bidder will sign a contract in the following instances: 1) the bid is for a construction project, 2) any other bid for which the Finance Director deems it necessary to protect the interest of the Village.
2. When preparing the bid document, departments should consider whether to require contractors to provide a performance bond if awarded the contract. In instances where the bid is for construction services or significant building improvements, it is customary to require the contractor to provide a performance bond. A performance bond, issued by a surety company, stipulates a legal, written obligation to guarantee 100% payment for any financial loss caused by default of the contractor. When assigned to the Village of Winnetka, it grants an assurance as to the performance and successful completion of the terms of the contract and assures payment of the taxes, licenses or assessments associated with the contract. The contractor shall provide the performance bond with the appropriate Labor and Material Bonds within ten (10) calendar days of award of the bid. Bonds required to guarantee performance and payment for labor and material for the work shall be in a form acceptable to the Village and shall provide that they shall not terminate on completion of the work, but shall be reduced to ten percent (10%) of the contract sum upon the date of final payment by the Village for a period stipulated by contract to cover a warranty and maintenance period which Contractor agrees shall apply to all material and workmanship stipulated by contract from the date of issuance of the final payment by the Village.
3. During the term of the contract, the contractor shall provide the Village with a certificate of insurance. The limits of liability shall be specified in the bid document's Terms and Conditions and shall include comprehensive general liability, auto liability, professional liability (required only where contracts are for professional services),

workers' compensation (the policy shall include a 'waiver of subrogation'), and umbrella coverage.

4. The aforementioned insurance requirements shall be fulfilled by the contractor by maintaining insurance policies which name the Village, its officers, agents, employees, representatives and assigns as additional insureds. The contractor shall furnish to the Village satisfactory proof of coverage by a reliable company or companies, before commencing any work.

Such proof shall consist of certificates executed by the respective insurance companies and filed with the Village together with executed copies of an "Additional Insured Endorsement" form. Said certificates shall contain a clause to the effect that, for the duration of the contract, the insurance policy shall be canceled, expired, or changed so as to the amount of coverage only after written notification 30 days in advance has been given to the Village. In addition, said certificates shall list the Village of and officers, agents, and employees as additional insureds on all required insurance policies except for professional liability.

5. All companies or individuals who wish to bid on a good or service must submit their bids in a sealed envelope before the deadline of the bid.
6. Bid documents and specifications are only available electronically via email or Village website. No hard copies of bid documents will be provided to vendors under any circumstances.
7. All bidders will be required to route questions through the Finance Department. The Finance Department will prepare responses in conjunction with the user departments and distribute an addendum to all plan holders, if necessary.
8. If a pre-bid conference is conducted, departments should specify whether attendance is a mandatory condition of bidding. At the pre-bid conference, the Finance Department representative should ensure that all attendees sign a "sign-in" sheet to ensure compliance with this requirement of bidding. Failure to attend a mandatory pre-bid conference shall disqualify a bidder from being awarded the contract.
9. Bid responses shall not be accepted by telephone, facsimile transmission, e-mail, or similar methods. Bid responses shall be sealed, in writing and delivered or mailed to Village Hall on or before the time specified in the materials. The Village may, but is not required to, waive any technical bid requirement in order to ensure the most economic contract for the Village.

Bid Opening Procedures

All sealed bids shall be publicly opened by the Assistant Finance Director or his/her designee at the time stated in the bid. At least one other employee shall serve as a witness and tabulate the bid results. All proposals shall be open to public inspection and a tabulation of all bids shall be available from the user department. The following procedures must be completed prior to the bid opening:

1. Bid openings will be held at the Village Hall unless a room is unavailable.
2. All bids must be received before the deadline on the day of the bid. Village Hall front desk personnel should be notified of the time and place of the bid opening for that day and reminded that no bids are to be accepted after the deadline for accepting bids.
3. A bid tabulation form should be completed by the user department and forwarded to the Finance Department for distribution as soon after the bid opening as possible.
4. Everyone attending the bid opening must sign the bid opening sign-in sheet.
5. The Finance Department will provide copies of each bid to the user departments.

Post Bid Opening Requirements

After the bid opening has taken place, the user department shall prepare a Village Council Executive Summary and memo that explains the purpose of the bid, includes the names and addresses of the companies who submitted bids as well as the amount each company bid, and recommends which company should be awarded the bid. The recommendation should be based on the following:

1. The ability, capacity, and skill of the bidder to perform the contract to provide the service required
2. Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference
3. The character, integrity, reputation, judgment, experience, and efficiency of the bidder
4. The quality of performance of previous contracts of services
5. The previous and existing compliance by the bidder with laws and ordinance relating to the contract or service
6. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service
7. The quality, availability, and adaptability of the supplies or contractual service to the particular use required
8. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract
9. The number and scope of conditions attached to the bid
10. Responsiveness to the exact requirements of the invitation to bid
11. Ability to work cooperatively with the Village and its administration

12. Past records of the bidder's transactions with the Village or with other entities as evidence of the bidder's responsibility, character, integrity, reputation, judgment, experience, efficiency, and cooperativeness

The user department, in cooperation with the Finance Department, should work with the Village Attorney to prepare a Village Council resolution approving the bid award. Additionally, a copy of the vendor-signed contract that was included with the winning bid submittal should be made part of the Village Council agenda materials.

Once the Village Council has approved a bid award, the Finance Department will send the winning vendor a "Notice of Award". Once all certificates of insurance and bonds are received, the Assistant Finance Director will forward the contract to the Village President and Village Clerk to sign. The signed Council resolution and contract will be maintained by the Deputy Village Clerk and also stored electronically on the Village's network drive. The signed resolution and contract should also be incorporated electronically in the New World purchase order request.

Waiver of Competitive Bidding

The Village Council, by the statutorily required vote, may waive bidding procedures and enter into a contract or agreement. Requests for bid waivers shall be made only when goods or services are proprietary (i.e. sole source), where standardization is necessary or desirable (e.g. furniture), in emergencies as defined in this manual or when it is in the best interests of the Village (as determined by the Village Council in its sole discretion) to do so. In any instance, a statement justifying the need for a bid waiver should be included in the department's recommendation and accompany the materials submitted for inclusion on the Village Council's agenda.

Requests for Professional Services

Some contracts, by their nature, are not adapted to award by competitive bidding. Examples include, but are not limited to, contracts for professional services of individuals possessing a high degree of professional skill where the education, experience or character of the individual is a significant factor in determining their ability to meet the Village's needs. These contracts generally result from a request for proposal (RFP) solicited from consultants for "Professional Services."

Due to the professional nature of these projects, user departments will generally prepare an RFP document. The Purchasing Division will support this effort by assigning an RFP number, handling distribution, collecting submittals, and maintaining a permanent file. There is no standard RFP specification template the Village has in place, but there are contract templates from the Village Attorney that should be employed when entering into a contract for professional services. In preparing an RFP document, the user department will be responsible for preparing the specifications, while the Finance Department will add the contract template and oversee final formatting and distribution.



Purchase Orders

Regular Purchase Orders

With the exception of purchases under \$5,000, all purchases shall require the issuance of a regular purchase order to the vendor before an order for goods or services is filled. No employee shall have the authority to purchase items on the Village's behalf without first entering a purchase order request and obtaining the required approvals from supervisory staff or the Village Council where applicable. The Village will not issue "confirming" purchase orders. Purchase orders will be required for all items exceeding \$5,000 individually or in aggregate. Employees shall be responsible for planning purchases exceeding \$5,000 in advance, and should allow sufficient time to have a requisition processed and purchase order issued and sent to the vendor.

The following procedures should be utilized when submitting a purchase order request within New World:

1. Entry user sets purchase order parameters including vendor, description, cost, and selects the appropriate buyer.
2. Entry user should select the appropriate custom form type for the appropriate terms and conditions appearing on the backside of the form.
 - a. "Professional Services Custom Form" – Should be used for purchases **not** subject to competitive bidding that are for professional services.
 - b. "Construction Custom Form" – Should be used for purchases **not** subject to competitive bidding that are for construction services.
 - c. "Supplies Custom Form" – Should be used for purchases **not** subject to competitive bidding that are for a supply/material order.
 - d. "Bid/Proposal Custom Form" – Should be used for purchases that had previously been competitively bid or awarded by the Village Council in the form of a separate contract document.

3. Entry user should enter the specified quantities, GL account numbers, and specify vendor part numbers, if applicable.
4. Entry user attaches electronic records of three quotes to the New World PO document center.
5. Entry user validates PO and submits for approval.
6. Purchase orders generated up to the Department Head purchasing authority level of \$10,000 can be self-approved and self-printed. For purchase orders between \$5,000-\$10,000, Finance will not print and route to departments.
7. For purchase orders over \$10,000, the Assistant Finance Director will generate the PO form and route it to the user department.

Change Orders to Regular Purchase Orders

After a regular purchase order is issued to the vendor, it may become necessary to change it to include additional quantities, shipping costs, etc. When this occurs, the employee who completed the original requisition shall process another requisition for the change order using the “Change Purchase Order” function in New World. The employee shall explain the need for the change and attachment such justification electronically to the electronic change order. After the change order is processed and fully approved, a copy will be forwarded to the user department. Please note that change orders certain contracts may require Village Council authorization. A statement of policy regarding change order thresholds is listed in a subsequent section of this guide.

Prepayments

The Village will not pay for goods and services until the goods are received or the service is rendered.

Exceptions:

1. Deposits or prepayments on certain jobs when approved by the Finance Director.
2. Memberships, books, or periodicals.
3. Payments to local, State, and Federal government entities.
4. Small orders (under \$1,000) where the Department Head approves prepayment.



Accounts Payable/Partials

Procedural Statement for Accounts Payable

The Village of Winnetka strives to capitalize on the software functions of the New World System. Consequently, invoices should be processed for payment with a “paperless” philosophy.

Invoices

It is preferred that vendors address invoices to the department and staff member acting as lead on a given project/assignment. Invoices should include an itemized accounting of work completed and reference a purchase order number, if applicable.

Invoices sent to the Finance Department will be analyzed to determine the appropriate department for routing purposes. Once identified, invoices will be scanned electronically to a shared department network folder. Paper copies of invoices will be sent to departments for their records once a month.

Invoice Batches/Payment Requests

Departments will enter invoices they have received from vendors or Finance in a timely fashion, provided work has been completed. Invoices that are associated with PO work should be entered against the Purchase Order. Invoice and item descriptions should be entered in sentence case (i.e. The dog’s name is Spot and he is brown; Office supplies | Not: THE DOGS NAME IS SPOT AND HE IS BROWN; office supplies.), using proper English and be free of technical jargon, abbreviations, and spelling errors.

All copies of invoices should be scanned into New World with the invoice batches as PDF files. Finance does not require paper copies of invoices, and will only process a department invoice for payment if it has a scanned copy of the paper invoice attached as a PDF file in New World. Departments may retain paper copies of the invoice in their own records if they desire.

Paper documents that are included with certain invoices should still be forwarded to the Finance Department. These items include waiver of liens and certified transcripts of payroll.

Please note that Accounts Payable staff will not be responsible for scanning invoices for departments (unless the invoice happens to be received in Finance).

Warrant List

The Warrant List is the legal mechanism for which the Village Council authorizes the payment of invoices. The list is prepared the Thursday prior to a regular Council meeting, generally held on the first and third Tuesdays of each month. Invoices should be entered and fully approved by a Department Head by 12:00pm on Wednesdays in order to ensure that the payment associated with the invoice makes it onto the Warrant List.

Manual Checks

Manual checks are interim checks issued to vendors as payments for goods delivered or services performed. The checks are issued between normal Warrant List cycles when an emergency or other extenuating circumstance as determined by the Finance Director makes it impractical or unreasonable to process the payment following normal payment methods. As the name implies, manual checks are 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 processed by creating a "Note" attached to the New World invoice batch. The note should describe the justification for the manual check. The Department Head, both AP Clerks, and the Finance Director/Assistant Finance Director should be copied on the note. The Finance Department reserves the right to approve or deny any manual check request.

Accounts Payable will not issue manual checks in instances where reasonable means could have been taken to process the payment following normal payment methods.



Petty Cash and Credit Cards

Petty Cash

This policy sets forth procedures for the handling of petty cash monies within the Village. **Individual petty cash transactions will under no circumstances exceed \$1,000.** Each Village department has been issued petty cash in amounts ranging from \$200 up to \$1,000. The custodian of the petty cash funds is generally the Department Head or Assistant Department Head.

In addition to department petty cash funds, a central petty cash checkbook is located at the Village Hall and managed by the Accounts Payable Clerk.

The following policy and procedural guidelines have been established to promote a more efficient and accountable petty cash operation.

1. **Petty Cash Disbursements to Employees from Department Funds**

- a. Departments will establish their own procedures regarding eligibility for petty cash disbursements from their department funds. Departments may set individual limits for how much petty cash they will distribute to an employee, up to the Village-wide limit of \$1,000 per transaction.
- b. Departments will collect and maintain petty cash receipts for purchases made from their petty cash funds.
- c. Departments will utilize the standardized Village petty cash reporting form when issuing petty cash.
- d. When a department is running low on petty cash, they will be required to enter a New World invoice to “reimburse” the petty cash fund. The procedures for this are as follows:
 - The department will collect the records of all petty cash issued in the prior period, which should include GL account numbers for each transaction.

- The department will create a New World invoice to the appropriate petty cash vendor (i.e. Bill Smith/PC) with the total invoice amount being the total expended from the petty cash fund during the prior period.
- Under the “Item” section of invoice, departments will enter one aggregated item for each GL account utilized in their petty cash disbursements. The description should include a general accounting of the petty cash purchases. Example:
 - Item #1: Description—Training materials (3 transactions). GL: 100.22.01.581, Total: \$55.21
 - Item #2: Description—Office supplies (4 transactions). GL: 100.22.01.531, Total: \$111.12
- Departments will need to scan a PDF copy of the petty cash receipts into the invoice. In lieu of receipts, departments can scan a single-paged itemization of all transactions from the prior period. If the former option is chosen, departments can maintain original receipts only if they so desire. If the latter option is chosen, departments must maintain original receipts for a period of one (1) year or completion of the Village audit for the period in question; whichever is less. In either event, the hard copies of the receipts **do not** need to be sent to Finance.
- When the invoice has been fully approved, a regular Warrant List check will be cut and routed to the department petty cash user upon approval of the warrants by the Village Council.
- The petty cash user will cash the check and replenish their petty cash allotment.

2. Petty Cash Disbursements to Employees from Centralized Village Fund

In limited situations, an employee can request a petty cash check from the centralized Village petty cash fund managed by the Accounts Payable clerk. The situations for such a check being issued are as follows:

1. Purchases must exceed \$100, but can be no more than \$1,000. Purchases under \$100 must be paid from the department petty cash fund.
2. Employee requires a check for prepayment of goods or services. Currency will not be issued from the centralized fund.
3. Reimbursements for clothing, uniform, and boot allowances.
4. Postage payments for business reply mail permits.
5. Drivers’ license renewals may be processed through the centralized fund and are the **only** exception to the \$100 minimum threshold.

6. Other special circumstances as determined by the Finance Director.

The centralized Village petty cash fund should be used for only a limited number of circumstances as defined above. It should not be used in order for departments to circumvent their responsibilities in managing their own petty cash allotment.

The Accounts Payable clerk will issue petty cash checks from the centralized Village fund only after an employee presents a standard petty cash voucher signed by a Department Head that includes a description of the goods/services being sought along with a properly formatted GL account number. If the funds requested are for a reimbursement, a receipt should also be provided during the initial request. If funds are not reimbursing an employee for a personal purchase, the receipt should be returned to the Accounts Payable Clerk after the purchase is made. Failure to return a receipt will result in the suspension of the employee's privileges of utilizing the centralized petty cash fund.

The Accounts Payable Clerk will be responsible for the balancing and reconciling the centralized petty cash fund, in addition to creating the invoice batch used to replenish the fund. When creating the invoice to replenish the fund, the Accounts Payable Clerk must select one of the two PDF documentation options outlined in the department petty cash process above.

Petty Cash will be subject to periodic announced and unannounced audits to determine compliance with these procedures. Any discrepancies with compliance or cash balance shall be immediately reported to the Finance Director and a written report shall be provided with copies to the Village Manager and Department Head.

Credit Cards

VILLAGE ISSUED CREDIT CARDS CODE OF ETHICS

All Village personnel and officials engaged in purchasing and related activities on behalf of the Village shall conduct themselves in a manner above reproach in every respect. Transactions relating to the expenditure of public funds require the highest degree of public trust to protect the interests of the Village and the residents of Winnetka. Village employees and officials shall strive to ensure that public money is spent efficiently and effectively and in accordance with statutes, regulations, and Village policies.

WHO IS ELIGIBLE FOR USING VILLAGE CREDIT CARDS?

The Finance Director shall determine which employees shall be allowed to use a Village of Winnetka credit card. By default, all department heads will be issued a Village credit card. The Village credit card program will be maintained by the Assistant Finance Director.

Guidelines for Card Use

It is the responsibility of each cardholder to be acquainted with the purchasing policies and guidelines of the Village and to make card purchases in accordance with these policies. Examples of the types of transactions the Village credit card could be used for include:

- Business travel
- Seminar registration
- Professional memberships
- Business meeting expenses
- Purchase material and supplies

The above list is by no means complete. It is understood, that from time to time, payment by credit card is the most economical way of obtaining goods and services. The receipt for these items must be attached to the monthly credit card statement and scanned into the appropriate New World invoice. Additionally, the following guidelines apply:

1. The Village of Winnetka credit card is not a personal credit card and remains the property of the Village of Winnetka. All outstanding charges on the card are the liability of the Village of Winnetka.
2. Cardholders **cannot** use the Village of Winnetka corporate credit card for personal purchases with the intent of reimbursing the Village of Winnetka at a later date.
3. The Village of Winnetka corporate credit card that the individual receives has the cardholder's name and account information included on the card. It may not be transferred to, assigned to, or used by anyone other than the designated cardholder. The only exception to this is when the cardholder authorizes an employee to charge Village expenses online, when no other means of obtaining the product or service is available.
4. The Village of Winnetka retains the right to cancel the cardholder's corporate credit card. Cards may be revoked for misuse or non-compliance of procedures.

How to Purchase—Cardholder Responsibilities

1. A receipt must support each purchase prior to processing the monthly statement. The cardholder is responsible for ensuring a receipt or adequate support for the items charged on the Village of Winnetka credit card. When online registration or purchases are made, printouts of the registration or purchase must be retained and attached to the monthly credit card statement. The lack of a receipt or adequate support may require the user to pay for the expense from personal funds.

2. In the rare case where no receipt is obtained, the cardholder must initial the credit card statement next to the charge. If determined that there is inadequate support, the user will be required to reimburse the Village from personal funds.
3. For overnight business travel, in addition to supporting the monthly credit card statement, the cardholder still has the obligation to follow the Village of Winnetka's Travel Expense Regulations.

Reconciliation/Payment Responsibilities

- The Village of Winnetka receives monthly credit card statements.
- An electronic copy of the statement is given to each cardholder for verification.
- Verification of transactions on the statement is the responsibility of each cardholder.
- Cardholders will process a New World invoice entering each line item on the credit card statement as an item in the electronic invoice. Credit card electronic batches should be separate from other invoice batches.
- Cardholders will attach electronic copies of their receipts along with the electronic copy of the statement as a PDF file to the New World invoice.
- The Accounts Payable Clerk will review and issue payment as a manual check in order to avoid financing payments from the credit card company.
- The cardholder is responsible to follow-up with a vendor on any erroneous charges, disputed items, or returns. In the event of a dispute, departments may contact the Assistant Finance Director for assistance with resolution.

Credit Card Points

Occasionally, credit card purchases earn points that can be used for travel, bill offsets, or other goods and services. All points accrued on Village cards are the property of the Village and must be utilized for Village business. If a cardholder wishes to utilize their points, they must contact the Assistant Finance Director, who by virtue of his or her position as manager of the credit card program, will initiate all point transactions.

Merchant Cards

Departments are authorized to obtain merchant account cards or membership cards (i.e. Home Depot, Costco) provided that they receive permission from the Finance Director and the Finance Department opens the account for the benefit of all Village departments. Merchant account cards cannot be credit cards that can be used outside the merchant's establishment (i.e. Costco American Express).



Miscellaneous Purchasing Policies and Guidelines

Change Order Policy

The Village recognizes the ability of its staff to issue contract change orders in a finite amount of circumstances as established by the Winnetka Village Code, Chapter 4.12.

For contracts originally approved under the Village Manager’s purchasing authority of up to \$50,000, the Village Manager may approve and issue change orders provided that no such change order shall result in the total price of the contract exceeding \$50,000. A monthly list of change orders approved by the Village Manager will be included in the monthly financial statements provided to the Village Council.

The Village Manager delegates this authority for contracts under \$20,000 to the Finance Director and Department Heads.

The Finance Director or their designee may authorize change orders provided that no such change shall result in the total price of the contract exceeding \$20,000.

Department Heads may authorize change orders provided that no such change shall result in the total price of the Contract exceeding \$10,000.

For contracts over \$50,000 originally approved by the Village Council, the Village Manager can issue multiple change orders, if necessary, provided that the aggregate amount of all change orders does not exceed the lesser of \$50,000 or 25% of the original price of the contract.

It shall be the responsibility of each Department Head to prepare justification and agenda materials for any change order requiring Village Council approval. In addition, Department Heads shall be responsible for monitoring all contract payouts and retainages and ensuring that the amount of the change order is correct.

Change orders will be requested, issued, and approved using the “Change Order” process in New World.

Travel Policy

Travel can play an important role in accomplishing the Village's mission to provide superior and responsive governmental services to the residents of Winnetka. When conducting business on behalf of the Village, employees are expected to use good quality services and accommodations appropriate for the business to be conducted. Good judgment and ethical practices on the part of each traveler remain the most important factors in controlling travel expenses.

Control of travel authorization is the responsibility of each Department Head. Travel authorization is a two-part process including: 1) approval of all travel in advance; and 2) expense reporting following completion of the trip. Approval of travel expense reports is more than a formality. It indicates that expenses submitted have been reviewed and have been found to comply with Village regulations regarding travel and authorized business expenses.

All Village personnel traveling or incurring business expenses on behalf of the Village and those responsible for the approval of these expenses are expected to use these measures to assist in maintaining control over travel expenditures. The policies detailed here apply to all funds under Village control and are superseded only in those instances where funding agencies apply specific and more restrictive rules and rates.

1. Travel Authorization

It is Village policy that all travel advances requiring an overnight stay must be approved by the employee's Department Head, the Finance Director, and the Village Manager (for requests exceeding \$1,000). Requests for travel authorization shall be submitted using the Village's travel advance and expense report form. The most up-to-date copy of this form will always be located in V:\Employee Reference and Forms.

2. Travel Arrangements

To reduce travel costs, Village employees are encouraged to use discount travel websites when purchasing air travel and reserving cars and hotel rooms and to use governmental discounts, where applicable. Whenever possible, travel should be arranged using the least expensive means possible. Employees should use good judgment when determining logical routes for arriving at the intended destination.

3. Air Travel

Employees are required to request flights according to approximate arrival and departure time, rather than by specific carrier or flight number, in order to obtain the lowest available fare with logical routing for all trips. In general, the lowest available fare is defined as the least costly fare available at the time of ticketing, and may include one stopover or connecting flight. (This is not intended to limit travelers who may wish to arrange airfare using more than one stopover or connecting flight as savings and time permits.) In order to take advantage of available discounted fares, travelers are requested to make reasonable adjustments in their travel plans.

Employees should make air travel arrangements as far in advance as possible to take advantage of special fare savings. Travelers should be aware that some discounts have travel restrictions and cancellation penalties, and therefore good business judgment should be exercised.

All air travel at Village expense must be in coach (economy) class.

4. Ground Transportation

It is expected that employees use the most effective ground transportation available, considering cost, time, availability and scheduling.

a. Taxi and Airport Transportation

Whenever practical, airport or hotel ground transportation should be the preferred method of transportation to hotels or meeting sites. Taxis may be used as necessary taking into consideration the cost of other means of transportation. A receipt is required for reimbursement of these expenses.

b. Rental Passenger Automobiles

Rental automobiles may be used as necessary but must be approved in advance by the Department Head. Receipts are required for reimbursement of all expenses related to rental automobile use. Arrangements for rental automobiles should be made through discount websites whenever possible.

c. Personal Vehicles

Expenses of travel by automobiles are reimbursable at the IRS authorized rate. The mileage reimbursement allowance covers all automobile related costs; gasoline, insurance, maintenance, etc. Toll charges and parking fees when supported by receipts, are reimbursable in addition to mileage allowance. The total personal automobile expenses shall not exceed the lowest available air fare.

Employees using personal vehicles on Village business must have adequate automobile insurance coverage.

5. Meals

The per diem allowance for meals including taxes and tips while on Village business shall not exceed the stated allowance on the Village's Travel Expense Form. Meal expenses exceeding the standard are the responsibility of the employee. For employees electing a per diem for their meal allowances, receipts are not required.

Per diem allowance for partial days traveled shall be based on the per meal allowances outlined below. These allowances shall also apply to employees attending in-state seminars and conferences not requiring an overnight stay. Employees should only request meal per diem amounts for meals not included in their conference registration fee. The following limits shall apply to meals purchased while conducting Village business:

a. Breakfast

Breakfast will be allowed whenever the incurred travel begins earlier than a normal breakfast (or concludes following breakfast) and no meal is served at the seminar or conference. The per meal allowance is listed on the most up-to-date travel expense form on the V:\ drive.

b. Lunch

Lunch will be reimbursed provided that the trip begins before the lunch hour (or concludes following the normal lunch hour) and lunch is not included as part of the conference or seminar. The per meal allowance is listed on the most up-to-date travel expense form on the V:\ drive.

c. Dinner

Dinner will be reimbursed when the employee is away from the Village for the evening meal or does not return until after the normal dinner hour and no meal was provided as part of the conference or seminar. The per meal allowance is listed on the most up-to-date travel expense form on the V:\ drive.

d. Gratuity

Meal gratuities should be reasonable, conservative, and under no circumstances should exceed 20% of the pre-tax restaurant bill.

6. Hotels

Employees are expected to use reasonably priced lodging. When making reservations or registering, the employee shall ask for and use the government or corporate rate. Whenever practical, hotel reservations should be made using a discount website. Otherwise, good judgment should be used in selecting hotels which provide comfortable lodging at reasonable prices.

7. Accompaniment by an Immediate Family Member

The Village will not reimburse employees for travel costs of immediate family members traveling with employees on official Village business. Should a family member accompany the employee for personal reasons, only those costs related to the employee's travel may be reimbursed.

8. Combined Business/Personal Travel

Whenever an employee, for his/her convenience, travels by an indirect route or interrupts Village travel for personal travel, the additional expenses related to the personal travel are the responsibility of the employee.

9. Non-Allowable Expenses

The Village's policy is to reimburse its employees for all reasonable and necessary expenses incurred while transacting the affairs of the Village. However, there are specific types of expenses, which are considered to be personal, and are therefore not reimbursable. These include but are not limited to:

- a. Cleaning, pressing, and laundry
- b. Personal entertainment including movies, videos or pay per view services in a hotel room;
- c. Airline and other trip insurance;
- d. Beautician, barber, manicurist, and shoe shine;
- e. Personal telephone calls except to report changes in schedule, or to talk with family members once per day (15 minute per day maximum);
- f. Repairs on personal automobiles damaged while on company business;
- g. Traffic violations and court costs;
- h. Membership fees in airline clubs.

10. Credit Cards

Employees that have Village issued credit cards may use them to pay for travel related expenses. However, employees shall still be responsible for obtaining receipts and submitting and completing travel expense report when the travel has been completed.

11. Advances

Travel advances may be issued to employees to cover travel expenses. The advance will be established at an amount that is reasonable. All travel advances are issued and maintained subject to timely reporting of all travel expenses. A travel advance will be issued upon receipt of a completed Travel Expense Form containing the following information:

- a. Name, title and department of employee receiving the travel advance
- b. Account number the expenses will be charged to
- c. Purpose of the trip
- d. Destination
- e. Beginning and ending dates of the trip
- f. Estimate of all expenses including transportation, lodging, meals, registration, and miscellaneous expenses including items paid directly

A Travel Expense Form will be completed and signed by a Department Head. The Travel Expense Form for an advance will be entered into New World as an invoice with the form signed by a Department Head attached as a PDF. Finance will review the request and issue a regular Warrant List check for the employee. Travel advances should be requested no later than 30 days prior to the anticipated departure date in order to ensure the payment is scheduled on the Warrant List cycle. For travel advances, a hard-copy of the request form to Finance is not required.

12. Expense Reporting

A final accounting of the travel expenses must be submitted no more than five (5) days after the travel has concluded. When final expenses are reported, there are three (3) types of true-ups that can occur:

1. Net zero – The travel advance sufficiently covered all expenses with no money owed to the employee or employer. If this is the case, a final expense version of the Travel Expense Form should be completed and signed by the Department Head. The form should be attached to the previous invoice batch in New World as a PDF. The PDF should also include copies of receipts for non per diem expenses. No hard-copy is required by Finance.
2. Employer is owed funds – In the event the Village is owed additional monies by the employee (i.e. spent more than the approved advance), the Department Head will submit a signed hard-copy of the travel expense form to the Finance Department (attention Assistant Finance Director) along with a check or cash from the employee reimbursing the difference. The Assistant Finance Director will deposit the money into the department's travel expense account and attached an electronic copy of the final accounting form to the New World invoice batch that original requested the travel advance.
3. Employee is owed funds – An employee may be owed funds if 1) They did not request an advance and are submitting for reimbursement after travel or 2) The employee incurred unforeseen expenses while traveling as approved by the appropriate Department Head. In this case, the department will create a new invoice batch requesting payment to the employee for the total balance due to the employee. The department will scan the form and any receipts for non per diem expenses into New World as a PDF.

13. Miscellaneous Policies

1. Department petty cash allotments should be used to reimburse travel expenses under \$100. The Travel Expense Form should still be utilized, but it will be kept in the department's petty cash records. The Village's centralized petty cash fund will not be used to pay for travel expenses.

Disposal of Village Property

Village property of value may not be sold or traded without prior approval of the Village Council.

If the item has value, departments shall work with the Village Attorney to prepare an ordinance and Village Council agenda item recommending disposal of the property. For disposal of items that are considered fixed assets (original capitalized value over \$50,000), the Finance Director should be made aware of the disposal.

Departments are encouraged to coordinate disposal opportunities with each other in order to minimize the number of disposal ordinances considered by the Village Council.

Prevailing Wage

Most fixed construction projects paid for with public funds are subject to the provisions of the Illinois Prevailing Wage Act. While the Illinois Department of Labor's website lists prevailing wage trades and job types, it can be confusing based on unique circumstances of certain projects. The Village's prevailing wage compliance officer is the Assistant Finance Director, who shall have the final authority on deciding the prevailing wage status of any Village project.

Prevailing wage projects require a vendor to submit Certified Transcripts of Payroll when requesting a payment. These vendor-certified forms are designed to demonstrate that vendor employees were paid rates that are required by the Prevailing Wage Act for their specific trade. Invoices for prevailing wage projects will not be paid without a completed Certified Transcript of Payroll provided by the vendor.

Certified Transcripts of Payroll should not be scanned into New World like invoices. Instead, the hard-copies of these documents should be sent to the Assistant Finance Director via interoffice mail. The Assistant Finance Director will maintain certified payroll records for the Village.

Purchases Near the End of the Fiscal Year

When purchases are made near the end of the fiscal year (i.e. December 31), departments shall be responsible for ensuring that they are expensed (i.e. charged) against the fiscal year in which they were received. The date goods are received or services are performed determines which fiscal year they are expensed against. Consequently, goods and services will be expensed in the current fiscal year only if they are received or substantially performed by December 31. This is true regardless of when the purchase requisition is processed or the purchase order is issued.

The Assistant Finance Director shall issue a reminder notice regarding year-end purchases to all departments each year in December.

Use of Sales Tax Exemption Number

Village purchases are not subject to sales tax; therefore, employees shall make every effort to inform vendors of the Village's tax-exempt status and to ensure that sales tax is not paid for purchases made with petty cash or credit cards. Sales tax, if charged, will be the responsibility of the purchaser to pay unless otherwise authorized. Employees shall provide vendors who request them with a sales tax exemption form, located in the V:\Purchasing folder.

Use of the Village's sales tax exemption number is restricted to purchases made on behalf of the Village. State law prohibits use of the Village's sales tax exemption number to secure exemptions for personal reasons and such use will be subject to responsible individual and all guilty parties to a substantial fine and/or imprisonment.

Vendor Master File

Departments may request that vendors are added to the accounting system by sending a request to either Accounts Payable Clerk. In order for a vendor addition to be processed, the requestor is responsible for obtaining a vendor IRS W-9 form and including it with their vendor add request to Accounts Payable. Vendors will not be added into the accounting system under any circumstances without a W-9 form.

The use of temporary vendors in the electronic accounting system will only be permitted for individual property owners receiving back building deposits. All other vendors that the Village pays need to be entered into the permanent Vendor Master File for accurate record-keeping.