

A. Introduction/Statement of Policy

The purpose of this purchasing manual is to provide the Village of Lombard staff with guidelines and directions for the acquisition 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. Village Board approval adopts this manual as Village Policy in accordance with Section 35.21 of the Village Code.

The policy section contains all the purchasing policies reviewed and recommended by the Finance Committee and adopted by the Village Board which must be adhered to by Village employees. Manuals are located on the Village intranet for Purchasing and Payment Procedures.

Employees are expected to read the policy manual and provide the Department of Finance with feedback regarding the policies and procedures contained within. This manual is designed to be a fluid document and will be modified from time to time to conform with changes in legislation, technology and actual practice. Although it may not answer every question related to purchasing practices, it does provide general guidelines for purchasing activities. Employees who need help dealing with specific situations not covered by the manual should contact the Assistant Finance Director for assistance.

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

A. 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 Lombard. 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 wherever possible in lieu of brand names when compiling specifications.
5. Never allow purchase orders for identical goods or services to be split or variations to Village Board approvals to be made in order to circumvent established policy.
6. Purchase without favor or prejudice.
7. Ensure that all potential suppliers are provided with adequate and identical information upon which to base their offer or quotation and that any subsequent information is made available to all bidders.
8. Establish and maintain procedures to ensure that fair and equal consideration is given to each offer or quotation received and selection is based upon the lowest total cost compliant bid.
9. Offer a prompt and courteous response to all inquiries from potential or existing suppliers.

It shall be the responsibility of the Village Manager to determine if a violation of this Code of Ethics has occurred and if disciplinary action is necessary in accordance with the Village's Personnel Manual.

B. Conflict of Interest Policy

Except as may be disclosed to and permitted by the Village Board, it shall be a breach of ethical standards for any 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, the employee's partner, 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, the employee's partner, or any member of the employee's immediate family has a financial interest arising from the procurement transaction; or
4. The employee, the employee's partner, 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.

It shall be the responsibility of the Village Manager to determine if a violation of this Conflict of Interest policy has occurred and if disciplinary action is necessary in accordance with the Village's Personnel Manual.

C. 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 by intention personally benefit any person employed 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. Promotional or advertising items of nominal value such as key chains, pens, coffee mugs, calendars and holiday candy 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 obligation.
3. Personal loans of money or equipment are not to be accepted from a vendor or an individual associated with a vendor doing business with the Village.
4. Solicitation of vendors for merchandise or certificates to serve as door prizes or favors is normally prohibited. However, the Village Manager may approve exceptions.
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 Village Manager or his/her designee.

D. 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 Supervisor, Department Head, the Director of Finance and the Village Manager in accordance with the guidelines described below:

<u>Dollar Limits</u>	<u>Required Approvals</u>
Under \$2,500	Supervisor or Department Head
\$2,501-\$5,000	Supervisor and Department Head
\$5,001-\$19,999	Supervisor, Department Head, Director of Finance and Village Manager
\$20,000 & Above	Department Head, Director of Finance, Village Manager and Board of Trustees

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.

E. Signing of Contracts

All contracts in excess of \$5,000 and less than \$20,000 shall be submitted to the Village Manager, Finance Director or either of their designees for approval and signature. Contracts below \$5,000 may be signed by the applicable Department Head or his/her designee.

CHAPTER 3 - COMPETITIVE QUOTES & EXCEPTIONS TO THE
POLICY

A. General Policy for Soliciting Quotes

Employees are responsible for obtaining quotes for purchases in the instances outlined below. Quotes shall be added to the purchase order prior to the final purchase. The limits shall include all costs involved with a purchase, including shipping, installation, etc. Purchase orders 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.

<u>Up to \$2,500</u>	One verbal quote is required; however, employees are encouraged to seek additional quotes when possible.
<u>\$2,501 - \$5,000</u>	Three verbal quotes must be obtained. The quotes must be listed in the purchase order. Physical records regarding the dates, contacts and quotes received shall be retained in the department's files for auditing purposes.
<u>\$5,001 - \$19,999</u>	Three written quotes. The quotes must be listed in the purchase order. Hard copies shall be obtained and retained in the department's files for auditing purposes.
<u>\$20,000 & Above</u>	Must be competitively bid in accordance with State law and Village ordinances. Village Board approval is required for all contracts above \$20,000.

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.

B. Joint Purchasing

State of Illinois

Village employees are authorized to obtain goods and services using the State of Illinois Joint Purchasing program. When available through the State program, 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 the goods or services are of a quality sufficient to meet the Village's needs and that pricing is competitive.

When making purchases using the State's assigned vendor, employees shall submit a purchase order to the vendor directly and shall include the State of Illinois contract number and the Village's assigned Joint Purchasing member I.D. number (L3250) on the purchase order.

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's standards. Prior to initiating the transaction, employees shall seek the approval of the Assistant Finance Director. Questions regarding joint purchasing opportunities should be directed to the Assistant Finance Director.

C. Sole Source Purchases

Contracts for parts, supplies, equipment or services 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 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. A used item, 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 \$20,000 shall be presented to the Village Board prior to acquisition with a request to waive bids, approve the purchase and enter into a formal contract.

D. 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 Village Manager 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 Board 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 purchase exceeds \$20,000, 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 contact the Assistant Finance Director or his/her designee in order to have the purchase order issued. The Assistant Finance Director or his/her designee will then issue a purchase order to the vendor. Using the purchase order NOTES option, the department shall explain the need for the emergency purchase order and reference the purchase order number that was issued to the vendor.

E. Competitive Bidding Exemption

During the course of a fiscal year, the Village Manager, at his or her discretion, may approve multiple purchases which exceed \$20,000 in aggregate but are less than \$20,000 individually. In these cases, it is not necessary for the Village Board to approve a waiver of bids, however; each purchase shall still be subject to the requirements of Chapter 3, Section A of this manual concerning quote solicitation for purchases under \$20,000.

The intent of this subsection is not to encourage the circumvention of the bidding requirements. Whenever practical, Village staff is encouraged to rely upon the competitive bidding process. The competitive bidding exemption provided by this section is intended to address situations in which a competitive bidding requirement is not necessarily practical and can be eliminated without jeopardizing the Village's ability to obtain a low and competitive price from qualified and responsible contractors or vendors.

A. When a Formal Bid Is Required

All purchases of goods or services exceeding \$20,000 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 Board deems to be in the best interest of the Village. Sealed bids shall be sought when a good or service is anticipated to cost more than \$20,000 either individually or in aggregate purchases (unless permitted by the Village Manager per Chapter 3, Section E) made over the course of one fiscal year.

With the exception of bids for capital projects handled by the Public Works Engineering Division, all bids shall be issued using the Village's standard bid document as approved by the Village Attorney.

B. Preparing the Bid Document

1. It is the responsibility of the respective departments to prepare the bid document. The most recent version of the bid document can be obtained from the Assistant Finance Director and is available on the Village network. When preparing the bid document, each department shall be responsible for obtaining a bid document number from the Department of Finance Administrative Coordinator and for ensuring that the most recent version of the bid document has been used.
2. All bid documents must contain the following information:
 - Cover sheet
 - Table of Contents
 - Notice to Bidders
 - General Terms, Conditions and Instructions
 - Specifications of the Item/Service
 - Bid Proposal Form
 - An appropriate sample contract (required if the bid is for goods, services, construction services or goods and installation services)
 - All contractor certification forms (e.g. sexual harassment, tax compliance, contract execution)

3. After the document has been prepared, it must be reviewed and approved by the applicable department head before it is sent to the Assistant Director of Finance. To obtain department head approval, an “Approval to Bid” form must be completed and attached to a copy of the completed bid document. Exhibit 1 is an example of an “Approval to Bid” form.
4. The department will be responsible for forwarding the legal notice to the newspaper for publication. A legal notice of the bid must be published in a newspaper with a general circulation in the Village at least ten (10) days prior to the bid opening (Village Code 35.23).
5. After approving the bid, the Assistant Finance Director shall forward the bid to the Director of Finance and Village Manager for their approvals. The approved document will then be returned to the originator to be mailed to prospective bidders. Bid documents should not be mailed to bidders before the ad is published in the newspaper. This will help ensure that all prospective bidders have the same amount of time to complete the bid document.

C. Additional Requirements for the Bid Document

1. A bid bond, cashier’s check, certified check, or other approved security in an amount equal to 10% 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 Director of Finance 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 Lombard, 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 of one (1) year to cover a warranty and maintenance period which Contractor agrees shall apply to all material and workmanship for one (1) year 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 General 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 insured. 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 and its officers, agents and employees as additional insured on all required insurance policies except the policy 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 Bid document packages should be mailed the day the ad is published in the paper. If a list of bidders is maintained, all vendors on the list should be sent a copy of the bid document. It is the responsibility of each department to maintain bid lists for those goods or services for which they are responsible.
6. If bid documents are to be distributed at the Village Hall, the front desk personnel must be supplied with at least 3 hard copies (or more depending on the number of bidders expected) of the bid document or an electronic version of the bid document and the "Bid Document Distribution List" form. Exhibit 2 is a copy of this form.
7. If a pre-bid conference is conducted, departments should specify in the Notice to Bidders whether attendance is a mandatory condition of bidding. At the pre-bid conference, the responsible department 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 unless, at the department's discretion, bidders are allowed to not attend by signing a waiver.

D. Bid Opening Procedures

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All sealed bids shall be publicly opened by an employee as assigned by the applicable department head at the time stated in the legal notice. 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 Assistant Finance Director. The following procedures must be completed prior to the bid opening:

1. If the bid opening will be conducted at the Village Hall, the originating department shall be responsible for reserving a conference room for the day and time. This can be done using the electronic calendar on the Lotus Notes system. When reserving the room for the bid, please ensure that the day and time of the bid opening is also scheduled on the personal calendar of the Assistant Finance Director and Management Analyst.
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 must be completed. The outline of the bid proposal form may be used to do this. Exhibit 3 is a copy of a bid tabulation form. During the bid opening, both the person opening the bids and the person tabulating the bids must sign the bid tabulation sheet as witnesses.
4. Everyone attending the bid opening must sign the bid opening sign-in sheet. Exhibit 4 is a copy of a bid opening sign-in sheet.

If bid deposits are required, they shall be forwarded to the Department of Finance Administrative Coordinator immediately following the bid opening. Procedures for depositing and returning bid deposits are described below in subsection E.

E. Post Bid Opening Requirements

After the bid opening has taken place, the responsible employee shall prepare a memorandum 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:

- a) The ability, capacity and skill of the bidder to perform the contract and provide the service required

- b) Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference
- c) The character, integrity, reputation, judgment, experience and efficiency of the bidder
- d) The quality of performance of previous contracts of services
- e) The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service
- f) The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service
- g) The quality, availability and adaptability of the supplies or contractual service to the particular use required
- h) The ability of the bidder to provide future maintenance and service for the use of the subject of the contract
- i) The number and scope of conditions attached to the bid
- j) Whether the bidder has a place of business in the Village
- k) Responsiveness to the exact requirements of the invitation to bid
- l) Ability to work cooperatively with the Village and its administration
- m) 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 (Village Code 35.25)

Once approved by the Department Head, the memo should be included with the "Request for Board Action" form. Exhibit 5 is an example of a completed "Request for Board Action" form. This form must be signed by the applicable individuals (usually the Director of Finance and the Village Manager) and given to the Executive Coordinator in the Village Manager's Office by the Wednesday of the week preceding the week of the Village Board meeting to be placed on the Village Board's agenda.

If a Department that has issued a bid desires to reject all bids, for whatever reason, the responsible employee shall prepare a memorandum 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 provides the reasons why the Village should reject all bids. Once approved by the Department Head, the memo should be included with the "Request for Board

Action” form. Exhibit 5 is an example of a completed “Request for Board Action” form. This form must be signed by the applicable individuals (usually the Director of Finance and the Village Manager) and given to the Executive Coordinator in the Village Manager’s Office by the Wednesday of the week preceding the week of the Village Board meeting to be placed on the Village Board’s agenda.

With the exception of contracts let by the Public Works Engineering Division, all bid files shall be maintained by the Finance Department (the Engineering Division shall maintain their bid files as required by State law). After the issuing department has prepared the Village Board agenda item, the bid file shall be sent to the Department of Finance Administrative Coordinator along with the bid packages, original bid tabulation sheet, bid opening sign-in sheet and all other documentation. The bids will be stored in the Department of Finance file room where they can be accessed when necessary (State law requires bid files be maintained for ten (10) years following the bid opening). Within fourteen (14) days following Village Board approval of the contract, the responsible department will mail letters to all bidders notifying them of the bid results and will contact the successful bidder to have the Village’s contract signed and to obtain performance bonds and certificates of insurance when required. The signed contract will be forwarded to the Village Clerk for safekeeping after it is received.

Signed contracts, certificates of insurance and performance bonds must be obtained from the contractor before work begins. It is the responsibility of the applicable department to ensure that the Village’s contract has been signed and certificate of insurance and performance bond obtained before work begins.

The Department of Finance shall be responsible for handling bid deposits. If a bid deposit was required, it must be returned to all except the three (3) lowest responsive and responsible bidders on each contract within fourteen (14) calendar days after the opening of the bid and within 24 hours of when the award letter is mailed. The bid deposit of the accepted bidder is to be returned only after acceptance by the Village of satisfactory performance bond where such bond is required or completion of contract where no performance bond is required. The remaining bid deposits of each contractor should be returned within fourteen (14) days after the Village Board has awarded the contract.

F. Waiver of Competitive Bidding

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The Village Board, by a two-thirds vote of all the Trustees then holding office, may waive the bidding procedures and enter into a contract or agreement (Village Code 35.26). 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 to do so. In any instance, a statement justifying the need for a bid waiver shall be included in the department's recommendation and accompany the Request for Board of Trustees Action sheet for inclusion on the Village Board's agenda.

G. Bid Lists

Each department shall be responsible for maintaining their own lists of prospective bidders. Requests to be placed on the bid list received by the Assistant Finance Director shall be forwarded to the appropriate individuals or departments for consideration. Departments shall be responsible for maintaining current lists of bidders and for determining prospective bidder's qualifications.

H. 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 the 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."

The Village is required by the Local Government Professional Services Selection Act (50 ILCS 510) to follow specific procedures when hiring an architect, engineer or land surveyor. The procedures must be followed unless 1) the Village has a "satisfactory relationship for services with one or more firms", or 2) an emergency situation exists and an architect, engineer or land surveyor must be selected in an expeditious manner, or 3) when the cost of such services "is expected to be less than \$25,000." If none of these conditions apply, the Village must solicit proposals and adhere to the following requirements:

1. Public Notice. The Village must permit firms engaged in the lawful practice of their professions to annually file a statement of qualifications and performance data with the Village. The Village must also 1) mail a notice requesting a statement of interest in the specific project to all firms who have a current statement of qualifications and performance data on file with the Village and 2) place an advertisement in a secular English language daily newspaper of general circulation throughout the Village, requesting a statement of interest in the specific project and further requesting statements of qualifications and performance data from those firms which do not have such a statement on file with the Village. Such advertisement shall state the day, hour and place the statement of interest and the statements of qualifications and performance data shall be due.
2. Selection Procedure. The Village then must evaluate the firms submitting letters of interest, taking into account qualifications, ability of professional personnel, past record and experience, performance data on file, willingness to meet time and budget requirements, location, workload of the firm and such other factors as the Village may determine in writing are applicable. The Village may conduct discussions with and require public presentations by firms deemed to be the most qualified regarding their qualifications, approach to the project and ability to furnish the required services.
3. On the basis of evaluations, discussions and presentations, the Village shall select no fewer than three (3) firms which it determines to be the most qualified to provide services for the project and rank them in order of qualifications to provide services regarding the specific project. The Village shall then contact the firm ranked most preferred and attempt to negotiate a contract at a fair and reasonable compensation, taking into account the estimated value, scope, complexity, and professional nature of the services to be rendered. If fewer than three (3) firms submit letters of interest and the Village determines that one or both of those firms are so qualified, the Village may proceed to negotiate a contract.
4. Contract Negotiation. The Village shall prepare a written description of the scope of the proposed services to be used as a basis for negotiations and shall negotiate a contract with the highest qualified firm at compensation the Village determines in writing to be fair and reasonable. In making this decision, the Village shall take into account the estimated value, scope, complexity and professional nature of the services to be rendered.

5. If the Village is unable to negotiate a contract with the preferred firm, negotiations with that firm shall be terminated. The Village shall then begin negotiations with the firm which is next preferred. If the Village is unable to negotiate a contract with that firm, negotiations with that firm shall be terminated. The Village shall then begin negotiations with the firm which is next preferred.
6. If the Village is unable to negotiate a satisfactory contract with any of the selected firms, it shall re-evaluate the architectural, engineering or land surveying services requested, including the estimated value, scope, complexity and fee requirements. The Village shall then compile a second list of not less than three qualified firms and proceed in accordance with these procedures.

If a contract is used other than the Village's standard contract, the following items should be included: indemnification, insurance and venue. This language can be obtained from the Assistant Finance Director.

If, after reviewing these procedures, employees have questions regarding which services are exempt, they should contact the Village Attorney for clarification.

A. Regular Purchase Orders

With the exception of employee reimbursements, CDL reimbursements, and miscellaneous grants processed with a claim voucher, all purchases shall require the issuance of a regular purchase order for goods and services. No employee shall have the authority to purchase items on the Village's behalf without first entering a purchase order and obtaining the required approvals from supervisory staff or the Village Board where applicable. The Village will not issue "confirming" purchase orders. Employees shall be responsible for planning for purchases in advance and should allow sufficient time to have a purchase order issued.

B. 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 purchase order shall process a change order. Please note that change orders to original contracts of \$20,000 or more require the prior approval of either the Village Manager or Village Board. For more information, please refer to the financial policy on change orders included in this manual.

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D. Confirming Purchase Orders

The Village will not issue confirming purchase orders to vendors. Each department is responsible for ensuring that a valid purchase order, if requested, is issued to the vendor prior to the acquisition of goods or services.

E. Prepayments

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

Exceptions:

1. Deposits on certain jobs when approved by the Director of Finance.
2. Memberships and books or periodicals.
3. Payments to local, State and Federal government entities.
4. Service and maintenance contracts where necessary.
5. Small orders (under \$1,000) where the department head approves prepayment.

6. Approval by the Director of Finance or Village Manager.

F. 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 Director of Finance makes it impractical or unreasonable to process the payment following normal payment methods. As the name implies, 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.

The Department of Finance will not issue manual checks in instances where reasonable means could have been taken to process the payment following normal payment methods.

G. Petty Cash

This policy sets forth procedures for the handling of petty cash monies at the Village Hall, Police, Public Works and Fire Departments. It further establishes the procedures for reporting petty cash disbursements by department to the Department of Finance as well as reimbursements to each petty cash box.

Petty cash boxes are located at the Village Hall, Public Works Building, Police Department (5) and Fire Station 2. The persons accountable for these boxes at each of the buildings are the Accounts Payable/Accounts Receivable Clerk, Customer Service Supervisor, and Customer Service Representatives, the Public Works Administrative Coordinator, the Police Department Administrative Coordinator, the Police Department Training Coordinator, the Police Department Records Supervisor and the Administrative Secretary at Fire Station 2, respectively. They are responsible for seeing that the total number of receipts and cash equal the amounts detailed in Section 2b. The Petty Cash box is subject to audit (Section 2h) and the above listed individuals will be accountable for any non-compliance with this procedure or shortage of funds.

All forms needed in order to effectively manage the petty cash process are referred to in the procedures section and are contained as Exhibits to this policy.

The following policy and procedural guidelines have been established to promote a more efficient and accountable petty cash operation. All departments within the Village are responsible for abiding by this policy. There are no exceptions.

1. Petty Cash Disbursements to Employees

- a. Requests for petty cash may be made to the Accounts Payable/Accounts Receivable Clerk at the Village Hall, Administrative Coordinator at the Public Works Building, the Administrative Coordinator and/or the Training Coordinator and/or the Records Supervisor at the Police Department, and the Administrative Secretary at Fire Station 2.
- b. There is a \$100 limit per petty cash request per day. Any amount above \$100 must be reimbursed via a claim voucher submittal through the accounts payable process unless approved by the Director of Finance or his designee. Reimbursable expenses under \$100 incurred by an employee for training expenses, etc. should be reimbursed from petty cash rather than through the accounts payable process.
- c. No one is allowed to take money from petty cash without a petty cash request form and/or a receipt which must be signed by the appropriate supervisor. The petty cash request form must also be signed by the employee who will receive the money.
 - If a petty cash request form is submitted without a receipt (e.g. money is requested before a receipt has been obtained), the person disbursing the money must mark “HOLD” on the receipt form and the employee must bring back a receipt no later than the next business day after the money is spent, along with the change (if applicable). At this time, the “HOLD” is crossed off the receipt form, it is marked paid, the proper dollar amount is written down and the receipt is put in the petty cash box.
 - If a receipt is submitted with the petty cash request form, the employee is reimbursed and no further action by the employee is needed. At this time, the petty cash request form is marked “PAID” with the date on it and put in the petty cash box.
 - All receipts must be original. If desired, copies may be made and kept by each individual employee, but the original must be given to the respective person responsible for petty cash in each department.
 - If for some reason the employee did not obtain a receipt for submittal with the petty cash request form, supervisory approval must be noted on the petty cash receipt form.

d. All petty cash request forms must contain the following information:

- Date
- Detailed description of the expenditure
- Name of person(s) to receive money
- Name of person authorizing receipt of money (must be a supervisory employee specifically designated by the department)
- Account number to which the expenditure will be charged
- Receipt (if received, otherwise the petty cash request form will be marked “HOLD”)

2. Reimbursing Each Petty Cash Box

- a. As stated above, the persons responsible for the various petty cash boxes are the Accounts Payable Clerk, Accounting Clerk and Customer Service Representatives at the Village Hall; the Administrative Coordinator at the Public Works Building; the Administrative Coordinator, the Training Coordinator and the Records Supervisor at the Police Department; and the Administrative Secretary at Fire Station 1. They not only disburse petty cash to various employees, they must reconcile the petty cash box and request petty cash reimbursements by the payables deadline. It is recommended that this be done on a weekly basis, if possible.
- b. The chart below depicts the maximum amount of petty cash allotted for each building by location/function.

DEPARTMENT/ LOCATION?FUNCTION	PETTY CASH AMOUNT
Village Hall *	\$3,500
Public Works	\$ 300
Police Administration	\$ 400
Police Training	\$ 400
Police Records - Adjudication	\$ 500
Police Records/Front Desk	\$1,200
Police Tobacco Grant	\$ 750
Fire Station 2	\$ 300

If the amounts indicated are not sufficient to meet the needs of the department, the Department Head can request an increase in the petty cash allotment. This request must be made to the Assistant Director of Finance and approved by the Director of Finance. *The Village Hall petty cash amount is usually at \$3,500. However, this amount is subject to change in an emergency situation with approval of the Village Manager.

- c. The Public Works, Police and Fire Departments are required to submit a Petty Cash Reimbursement sheet by each accounts payable deadline. Exhibit 7 is an example of the petty cash reimbursement sheets which are required to be utilized by all departments. This sheet was created as a “fill in field” form and is accessible in Word.
- d. The Petty Cash Reimbursement sheet (Exhibit 7) lists all petty cash transactions for a certain period of time. This sheet must contain the following information:
- Detailed list of account numbers
 - Detailed description of charges for each account number (date, place, name and reason for charge)
 - Amount of charges for each account number and correlating description
 - All original petty cash receipt slips and corresponding receipts
- e. Once the Petty Cash Reimbursement Form is completed, it must be forwarded, along with all required documentation and required signature of preparer, Department Head or designee, to the Accounting division at the Village Hall. Upon receipt of the above information, the Accounting division shall forward the form to the Assistant Director of Finance for approval and then reimburse the respective department from the Village Hall Petty Cash. All information from the other departments shall then be placed in an envelope that contains all other Village Hall petty cash information.
- f. A formal Petty Cash Reimbursement sheet is not necessary for the Village Hall Petty Cash Box. All receipts for Village Hall petty cash shall be kept in an envelope and a running total of disbursements is listed on the outside of the envelope. The bottom line total on the outside of the envelope is the same amount that a check is cut for during the accounts payable process. The check is written to the Village of Lombard Petty Cash Fund. One check is written for all Petty Cash reimbursements as the other departments are reimbursed out of the Village Hall Petty Cash Fund.
- g. The envelope with the petty cash request forms and receipts is then attached to the file copy of the check that was cut for reimbursement and is stored with the accounts payable files.

- h. 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 Director of Finance and a written report shall be provided with copies to the Village Manager and Department Head.
- i. Any questions regarding these procedures may be directed to the Assistant Director of Finance at the Village Hall.

H. Purchase Card (P-Card) Payments and Procedures (BOT approved 4/2/09, resolution # 86-09)

1. **P-Card Purchases** - The P-Card may be used ONLY for purchases in accordance with the purchasing procedures and limits established by the Village. Charges must not be split to avoid exceeding the individual transaction limit of the card. The procurement card must NEVER be used for cash advances, services, fuel (unless traveling outside of the Village), standard merchant category exclusions (liquor stores, jewelry, etc.), or for personal use.
2. **Site Administrator** – The Finance Director will appoint a Site Administrator to oversee the P-Card program.
3. **Approved Cardholder** – Only the approved Cardholder whose name is embossed on the card is authorized to make purchases with the card.
4. **Documentation** – Cardholders are responsible for providing all sales invoices/register receipts. The amount charged must match the documentation exactly. Documentation must clearly state the details of what was purchased and the amount.
5. **Sales Tax Exempt** – Purchases made with the Procurement Card are tax exempt. The cardholder is responsible for ensuring tax has not been charged. The tax exempt number is #E9997-4401-06. Our tax ID # is 36-6005975.
6. **Credit for Returns or Errors** – If an item is returned, a credit must be shown and supporting documentation must be submitted with the monthly statement. If you have a dispute with a charge on your card, it is the cardholder's responsibility to contact the bank that issued the P-Card to file the dispute and for further instructions.
7. **Billing Process** – P-Card statements are mailed directly to the cardholder from the bank that has issued the P-Card. Statements and all related documents must be received in the Accounting Office by the requested date.. The following items are required:
 - a. Bank Statement with supervisor's signature on the statement authorizing the expense(s)

- b. Scanned copy of each receipt for each transaction (keep the original receipt for audit purposes for 2 years)
- c. Enter the purchase information into the software.

In the event a vendor charges unallowable sales tax, the cardholder must immediately contact the vendor and request a credit to the card in the amount of the tax. A copy of the credit invoice is also required and must be attached to the statement showing the credited amount. The cardholder will have one month to resolve the issue. At the discretion of the Site Administrator, the card will be revoked if the issue is not resolved within the next month, or if there are reoccurrences of sales tax being charged.

In the event a statement is received in accounting after the due date or receipts are missing, the cardholder will have one month to resolve the issue. At the discretion of the Site Administrator, the card will be revoked if the issue is not resolved within the next month, or if there are reoccurrences of late statements or missing invoices.

In the event of any unallowable charges being charged to the card, the cardholder is responsible for contacting the vendor and having them issue a credit to the card. For the first occurrence, the cardholder will have one month to resolve the issue. At the discretion of the Site Administrator, the card will be revoked if the issue is not resolved within the next month, or if there are reoccurrences of unallowable charges. Cardholders must also refer to the cardholder agreement.

- 8. **Past due Invoices-** If disputed charges are submitted for payment after the original due date, all items mentioned above are required.
- 9. **Lost or Stolen Card** – It is the cardholder’s responsibility to document the phone number to call in the case of a lost or stolen card. If a P-Card is lost or stolen you must immediately notify the bank that issued the P-Card (open 24 hours a day). Also, immediately notify the Site Administrator.
- 10. **Changes in Employment** - If a cardholder ends his/her employment with the Village of Lombard, the P-Card must be returned to the Site Administrator immediately. The cardholder is responsible for providing all outstanding receipts and related documents to their supervisor prior to ending employment. If a cardholder transfers to another department at the Village of Lombard, the new Department Head must approve future use of the card.
- 11. **Questions** – If you have any questions about how to make purchases with the credit card or regarding payment of charges, please contact the Site Administrator in the Finance Department.

12. **Education** – New cards shall be approved by the Village Manager and the applicable Department Head, and distributed by the Site Administrator. New cardholders are required to meet with the Site Administrator to discuss proper use of the card and billing procedures. Cards will be distributed when the educational session has been completed.

I. Claim Vouchers

Purchase orders are the preferred method of payment for most Village transactions. However, in the following instance, claim vouchers may be used for payment processing.

1. Employee reimbursements over \$100.00
2. CDL reimbursements
3. Miscellaneous Grants

Claim vouchers require the signature of a Department Head, Director of Finance and Village Manager for payments in excess of \$5,000. A Microsoft Word template located on the Village server shall be used for completing claim voucher forms.

A. Change Order Policy (BOT approved 2/16/95, resolution # 58-95)

State statute requires Village Board approval of all change orders for \$10,000 or more and for all change orders which, when combined with those previously approved, increase or reduce the contract price by more than \$10,000. For projects with change orders exceeding 50% of the original contract amount, the contract must be rebid per state statute. The following financial policy is consistent with this statute.

It shall be the responsibility of each Department Head to ensure that all change orders are submitted to the Village Manager or Village Board for 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.

Where a change order requires the approval of the Public Works Committee or Board of Local Improvements, approval shall be received prior to submitting the change order to the Village Board or Village Manager. Departments shall follow the procedures established by the Public Works Department for submitting change orders to these boards and committees.

The procedures outlined below shall not apply to professional service contracts (e.g. engineering, architectural or land surveying work). Changes to professional service contracts shall be treated as contract amendments.

1. Change Orders Increasing or Reducing the Contract Price - Original Contracts for Less Than \$40,000:

- a. Change Orders To Contracts for Less Than \$40,000 which Increase or Reduce the Contract Price by Less Than 25%:

Change orders to contracts for less than \$40,000 which do not exceed 25% of the original contract price may be approved by the Village Manager or his/her designee. Departments may receive approval by submitting a "Village of Lombard Change Order Form" to the Assistant Finance Director who will review it for completeness and accuracy. Upon approval by the Assistant Finance Director, the change order will be forwarded to the Director of Finance and Village Manager for final approval.

Note: A change order (and all subsequent change orders) must be submitted to the Village Board for approval if it increases or reduces an original contract for \$40,000 or more by more than 25% when combined with all other change orders previously approved. In these instances, departments shall be responsible for following the procedures described below for submitting change orders to the Village Board.

- b. Change Orders To Contracts for Less Than \$40,000 which Increase or Reduce the Contract Price By 25% Or More:

Change orders which increase or reduce a contract for less than \$40,000 by 25% or more (of the original contract price) must receive the approval of both the Village Manager and Village Board. In these cases, departments shall follow the procedures outlined below for submitting change orders to the Village Board. Change orders may not exceed 50% of the original contract amount without rebidding the project.

2. Change Orders Increasing or Reducing the Contract Price - Original Contracts For \$40,000 Or More:

- a. Change Orders To Contracts For \$40,000 Or More Which Increase Or Reduce The Contract Price By Less Than \$10,000:

Change orders which increase or reduce an original contract for \$40,000 or more by less than \$10,000 require only the approval of the Village Manager or his/her designee. Departments may receive approval by submitting a “Village of Lombard Change Order Form” to the Assistant Finance Director who will review it for completeness and accuracy. Upon approval by the Assistant Finance Director, the change order will be forwarded to the Director of Finance and Village Manager for final approval.

Note: A change order (and all subsequent change orders) must be submitted to the Village Board for approval if it increases or reduces the original contract for \$40,000 or more by more than \$10,000 when combined with all other change orders previously approved. In these instances, Departments shall be responsible for following the procedures described below for submitting change orders to the Village Board.

- b. Change Orders To Contracts For \$40,000 Or More Which Increase Or Reduce The Contract Price By More Than \$10,000:

Change orders which increase or reduce the contract price by more than \$10,000 require the approval of the Village Manager and Village Board. In these instances, departments should follow the procedures for submitting change orders to the Village Board outlined below. Change orders may not exceed 50% of the original contract amount without rebidding the project.

3. Change Orders Increasing or Reducing the Time for Completion of a Contract:

- a. Change Orders Increasing or Reducing the Time for Completion of the Contract by Less Than 30 Days

Change orders which increase or reduce the time for completion of a contract (regardless of the original contract price) by less than 30 days require only the approval of the Village Manager. Departments may receive approval by submitting a Village of Lombard Change Order Form directly to the Village Manager for approval.

Note: A change order (and all subsequent change orders) must be submitted to the Village Board for approval if it increases or reduces the time for completion of the contract by more than 30 days when combined with all other change orders previously approved. In these instances, departments shall be responsible for following the procedures outlined below for submitting change orders to the Village Board.

- b. Change Orders Which Increase or Reduce the Time for Completion of the Contract by More Than 30 Days

Change orders which increase or reduce the time for completion of the contract by more than 30 days (regardless of the original contract price) require Village Board approval. In these instances, departments shall follow the procedures for submitting change orders to the Village Board outlined below.

PROCEDURES FOR SUBMITTING CHANGE ORDERS TO THE VILLAGE BOARD

NOTES

Change orders requiring Village Board approval shall be placed on the Village Board's consent agenda and shall be accompanied by the following:

1. Board of Trustees' Action Request Form
2. Village of Lombard Change Order Form and

3. A memorandum explaining the need for the contract revision. If a change order for less than \$10,000 is submitted to the Village Board for approval, departments shall explain that Village Board approval is necessary because the total value of all change orders exceeds \$10,000.

Change orders shall be numbered sequentially and shall bear the signature of the Department Head. In instances where a final balancing change order (regardless of the amount) reduces the contract price, departments shall instruct Finance to close out the remaining encumbered funds.

In special circumstances, a change order requiring Village Board approval may be authorized by the Village Manager or his/her designee prior to being placed on the Village Board agenda. After receiving authorization, however, the department, following the requirements outlined above, shall place the change order on the Village Board's agenda for the following meeting.

CHAPTER 7 - MISCELLANEOUS PURCHASING POLICIES & GUIDELINES

NOTES

A. Travel Policy

Travel can play an important role in accomplishing the Village's mission to provide superior and responsive governmental services to the people of Lombard. 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 requiring an overnight stay must be approved in advance by the employee's Department Head, the Director of Finance and Village Manager. This applies to all travel of this nature even

in instances where the travel has been budgeted or a travel advance is not requested. Requests for travel authorization shall be submitted using the Village's travel advance and expense report form (see Exhibit 8) at least 30 days prior to traveling.

2. Travel Arrangements

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, 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 air fare 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 by coach.

4. Ground Transportation

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

The cost of public transportation is reimbursable and does not require a receipt unless one can be obtained.

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, Director of Finance and Village Manager. Receipts are required for reimbursement of all expenses related to rental automobile use. Arrangements for rental automobiles should be made through a travel agent whenever possible.

c. Personal Vehicles

Expenses of travel by automobile are reimbursable at the IRS authorized rate in effect at the time of travel. 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 coverage in compliance with Administrative Policy 1.2.1 (revised 10/4/93.)

5. Meals

Employees engaged in travel which requires an overnight stay will receive a per diem amount up to a maximum of \$52.00 per day including tax and tip (as of June 1, 2012). The per diem amount shall be adjusted June 1 of each year using the Consumer Price Index – US City Average (All Items) for December of the prior year. Receipts for all meals are required. Any costs exceeding the per diem amount are the responsibility of the employee.

When traveling on Village business, employees should select restaurants which are reasonably priced for the locality. In addition, employees shall be aware that the Village will not pay for alcoholic beverages consumed with meals.

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, hotels reservations should be made using a travel agent. 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

NOTES

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:

1. Cleaning, pressing, and laundry;
2. Personal entertainment including movies, videos or pay per view services in a hotel room;
3. Airline and other trip insurance;
4. Beautician, barber, manicurist and shoe shine;
5. Personal telephone calls except to report changes in schedule, or to talk with family members once per day. Personal calls should be limited in length to that which is considered reasonable. Whenever possible, employees shall use the Village's designated calling card - which can be obtained from the Finance Department - for personal and business calls rather than using the hotel's long distance service;
6. Repairs on personal automobiles damaged while on company business;
7. Traffic violations and court costs;
8. Membership fees in airline clubs.

10. Approved Forms of Payment

The Village prefers that reservations booked through travel agencies be paid by issuing a purchase order to the travel agent. Payments will be made after a copy of the confirmation statement has been submitted to the Department of Finance and payment has been authorized on the NWS software. Payments will be made to the travel agent in accordance with the Village's accounts payable schedule. Payments will not be made unless a travel expense report has been approved by the Director of Finance and Village Manager.

NOTES

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 a completed travel expense report to the Department of Finance when the travel has been completed.

11. Advances

Travel advances may be issued to employees to cover travel expenses that cannot be arranged through a travel agent. 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 report containing the following information:

1. Name, title and department of employee receiving the travel advance
2. Account number the expenses will be charged to
3. Purpose of the trip
4. Destination
5. Beginning and ending dates of the trip
6. Estimate of all expenses including transportation, lodging, meals, registration and miscellaneous expenses including items paid directly

Advance requests require the signature of the applicable Department Head, Director of Finance and Village Manager. Travel advance forms must be completed and submitted to the Assistant Finance Director at least thirty (30) days before the date needed. The travel advance form must be filled out regardless of whether or not a travel advance is necessary. Employees are responsible for ensuring that the completed travel advance form is received by Finance prior to the accounts payable deadline for the date the funds will be needed.

Travel advances must be settled within five (5) days after completion of the travel. A travel advance will not be issued if any prior advance is outstanding. Completed travel advance forms are to be forwarded to the Department of Finance with all receipts attached. Any unused travel advance money must accompany this form.

12. Expense Reporting

The travel expense form should be filled out in accordance with the instructions noted on the form. Travelers should provide as much detailed information of all expenses on the statement as possible including the cost of registration, books, meals, hotel, airfare, etc. regardless of whether it was paid directly to a vendor (e.g. registration fees) or by credit card (e.g. hotel bill). Original receipts must be included except when it is impractical to do so or when specifically exempted by this policy (e.g. cost of public transportation, tips, parking meters, etc.). The pink copy of the expense report shall be submitted to Finance within (5) five days following completion of the trip. The department shall retain the gold copy.

Questions regarding any aspect of this policy shall be directed to the Assistant Finance Director.

B. Disposal of Village Property

Village property of value may not be sold or traded without prior approval of the Village Board (Village Code 35.10.)

If the item has value, departments shall prepare an ordinance and Village Board agenda item recommending disposal of the property.

In instances where Village property no longer has value, departments may dispose of the property without Village Board approval.

C. Purchases Near the End of the Fiscal Year

When purchases are made near the end of the fiscal year, 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 performed by December 31. This is true regardless of when the purchase order is issued. In order for goods or services to be considered received, they must be entered on the system using the software. This can be accomplished by completing the “receipt processing” option for regular purchase. Items not received on the system by January 31 (one month following the end of the fiscal year) will be expensed in the next fiscal year.

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

D. Use of Sales Tax Exemption Number

1. Use by Employees

Village purchases are not subject to sales tax; therefore, employees shall make efforts 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 signed by the Director of Finance (see Exhibit 9). Sales tax exemption forms may be obtained from the Accounts Payable Clerk in the Finance Department.

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 subject the responsible individual and all guilty parties to a fine of not more than \$10,000 or to imprisonment for not more than five years or both, together with costs of prosecutions.

2. Use by Outside Contractors or Vendors

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

Requests by contractors for the Village's sales tax exemption number shall be forwarded to the Assistant Finance Director or his/her designee. In order to obtain the number, the contractor shall be required to complete and submit to the Village a sales tax exemption authorization form (Exhibit 10) and materials and estimated quantities worksheet (Exhibit 11.) After these forms have been received, the Village will provide the contractor with a sales tax exemption certificate.

E. Reimbursement for Non-Travel Related Meals

Per meal allowances shall apply to employees attending in-state seminars and conferences not requiring an overnight stay. Employees will be reimbursed for meals not included in the registration costs. Pursuant to Ch. 7, Section A. 5, the meal amounts shall be adjusted June 1 of each year using the Consumer Price Index – US City Average (All Items) for December of

the prior year. The following limits shall apply to meals purchased while conducting Village business (as calculated for FYE 2012-B):

NOTES

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 for breakfast shall be \$9.25 including tax and tip.

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 for lunch shall be \$16.75 including tax and tip.

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 for dinner shall be \$26 including tax and tip.