VILLAGE OF ROMEO
PURCHASING POLICY

INTRODUCTION

Procurement of supplies, equipment and services is an important function of the Village's organization. To obtain the greatest value for every dollar spent, it is necessary to follow a set of procedures when purchases are made.

The purpose of purchasing policy guidelines is to assure that the Village of Romeo maintains prudent and ethical methods to procure or dispose of supplies, materials, equipment, contract services, and construction for the Village.

OBJECTIVES

– To conduct business in such an open manner that potential vendors will recognize the fairness of the system and thus be encouraged to furnish competition which will help ensure that the Village will secure the best product at the lowest price at all times.

– To encourage competitive purchasing.

–To give due consideration to ethical and quality standards and also to real value rather than price alone.

– To establish and build good relations with suppliers.

– To purchase the most acceptable quality supplies, equipment and contractual services at the lowest price.

PURCHASING PRINCIPLES

1. GENERAL PRINCIPLES

– All purchases require that the appropriate fund is budgeted and that sufficient funds are available at the time of the purchase.

– Minor purchases which cost less than $50.00 may be obtained by the department directly from the vendor. Payment of these items can be reimbursed by Petty Cash.

– Purchases of less than $1,500.00 may be made by the Department Head.

– Purchases of greater than $1,500.00 but less than $3,000.00 must be approved by the Village Clerk.

– Purchases of greater than $3,000.00 must be approved by the Board of Trustees.

– All purchases should be made for the most acceptable quality at the lowest price.

2. PETTY CASH PURCHASES

Minor purchases which cost less than $50.00 may be obtained by the department directly from the vendor. The cost will be reimbursed from Petty Cash upon presentation of the paid invoice to the respective department. Petty Cash must be reconciled monthly by the appropriate department staff and submitted to the Accounts Payable Staff for reimbursement.

3. CREDIT PURCHASES

The Village shall maintain open credit with various vendors that are utilized on a frequent basis. Only employees authorized by the Department Head or Village Clerk may utilize the vendors credit. Credit purchases may not exceed the amount authorized for Department Head approval. Receipts for open credit purchases must be approved by the Department Head and submitted to Accounts Payable.

4. PURCHASES LESS THAN $1,500.00

All departments must plan in advance their regular budgeted purchases so that the most competitive price may be obtained. Purchases of supplies, equipment and contractual services of less than $1,500.00 are to be made by the Department Head or the Village Clerk. Purchasing standards of conduct must be utilized in the purchasing decision of the department.

5. PURCHASES GREATER THAN $1,500.00 BUT LESS THAN $3,000.00

Purchases of supplies, equipment and contractual services of greater than $1,500.00 but less than $3,000.00 are to be approved by the Village Clerk. It is strongly recommended that departments obtain quotations from competing vendors for purchases greater than $1,500.00. Purchasing standards of conduct must be utilized in the purchasing decision of the department.

6. PURCHASES GREATER THAN $3,000.00 BUT LESS THAN $10,000.00

Purchases of supplies, equipment and contractual services greater than $3,000.00 but less than $10,000.00 will be made from quotations submitted to the Village of Romeo Board of Trustees for approval.

7. PURCHASES GREATER THAN $10,000.00

Purchases of supplies, equipment and contractual services greater than $10,000.00 require the development of a Request for Quotation, Request for Proposal or Request for Bid, except when deemed impractical or inappropriate by a majority vote of the Village of Romeo Board of Trustees, or in the case of an emergency.

8. SINGLE SOURCE PURCHASES

Purchases of supplies, equipment and contractual services which are supplied by only one source and are of a dollar amount requiring quotations or sealed bids/proposals, must be explained in a memo to the Village Clerk. This memo will be forwarded to the Board of Trustees if the purchase is of the amount requiring Board of Trustee approval.

9. EMERGENCY PURCHASES

Emergencies almost always occur as a result of a shortage of materials and tools needed for repairs to equipment that must remain running. In the event that an emergency purchase or repair that would normally require quotations or sealed bids and Board of Trustee approval, becomes necessary, it must be reported to the Village Clerk immediately if during working hours. The Village Clerk has the authority to grant exceptions to the quotation, bid and Board approval of emergency purchases.

If the emergency occurs at night, weekends, or Holidays, the purchase shall be made at the discretion of the Department Head. The Village Clerk must be notified as soon as possible of the purchase.

Emergency purchases should be carefully considered. Emergency purchases often do not result in the most competitive purchases and should be avoided to the greatest extent possible.

QUOTATION PROCEDURES

It is recommended that for purchases of greater than $1,500.00 and required for purchases of greater than $3,000.00 to obtain quotations.

1. OBTAINING QUOTATIONS

Quotations must be obtained from a minimum of three vendors. The department making the purchase may select the vendors to contact. The quotations may be obtained in any of the following manners:

- In person by going to the vendor, or by the vendor demonstrating the item at the point of usage.
- By phone when the item is a staple product must be followed up with written quote.
- Written quotation when the item is a staple product.

2. QUOTATION EVALUATION/SELECTION

The quotation selected should be the one that provides the highest acceptable quality at the lowest price. Purchasing standards of conduct must be utilized in the purchasing decision.

For purchases of supplies, equipment and contractual services greater than $3,000.00 but less than $10,000.00 the department making the purchase shall prepare a memo to the Village Clerk indicating their recommendation for the purchase. The memo must also include a summary of quotations received and the budgeted amount for the purchase. The Village Clerk will place the item on the next scheduled Village Council agenda.

3. SINGLE SOURCE PURCHASES

If the supply, equipment or contractual service, for greater than $3,000.00 can only be supplied by a single source, a memo must be written explaining the purchase and fully describing the conditions which made the supplier an only source. The Village Clerk will place the item on the next scheduled Village Council agenda.

SEALED BIDS/PROPOSAL PROCEDURE

Purchases of supplies, equipment and contractual services of greater than $10,000.00 must be from sealed bids/proposals approved by the Board of Trustees. Bids are requested for specific supplies, equipment, and contractual services. Proposals are requested for services for which the desired outcome is specified but the means to achieve it are to be proposed by the vendor. For purposes of the rest of this section bids and proposals required the same procedures and the term bid is interchangeable with proposals.

BID SPECIFICATIONS

Bid specifications shall be prepared by the department head or Village engineer for the purchase. Bid specifications should be set up so that maximum competition can be secured. Bid specification must include at least the following:

– Description of the supplies, equipment or contractual service to be bid. For bids, the description of the item and its characteristics should be so definite and precise as to eliminate the possibility of misunderstanding on the part of the purchaser, the seller, the tester, or the consumer. Specifications which are considered "closed" (drawn on a piece of equipment) must not be prepared. Trade or brand names can be used to establish a generally acceptable standard and all other brands of the same general quality will be requested to submit bids.

– Form for submitting pricing.

– Bid evaluation criteria.

– Insurance requirements.

– Time and location of bid submission

– Prebid conference requirements, if any.

Prepared by:

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