City of Lincoln
Purchasing Policy

Section I
Overview

A. Purpose

The purpose of this procedure is to provide direction to the operating departments in the procurement of goods. When necessary, these procedures will be revised consistent with current policies and procedures affecting purchasing and contracting. All personnel will use the procedures so that optimum efficiency can be obtained in acquiring goods and services.

B. Policies

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

1. Attain maximum economy in municipal operations to the ultimate advantage of local taxpayers and residents;
2. Provide equal opportunity for qualified vendors to serve City needs
3. To exercise fiscal control over purchasing through the use of procedures
4. To obtain supplies, equipment and services for the City at the lowest possible cost
5. To provide timely and convenient service to our residents.

C. Ethics

Guidelines as set forth in Illinois Compiled Statutes, 5 ILCS 430/5-45, shall apply. No purchases for personal use will be tolerated.

D. Purchase Authority

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

Department Heads may authorize purchases, as identified in the operating budget, up to $5,000. The City Administrator, or the Mayor or the person so designated to approve purchases in the City Administrator's or Mayor's absence, must approve all purchases in excess of $5,000. The City Administrator may authorize purchases, as identified in the operating budget, up to $20,000. Purchases in excess of $20,000 require City Council approval.

Each Department head of the City shall be responsible for its own department's purchasing needs in strict compliance with the procedures set forth herein.

The City Administrator, or the Mayor or the person so designated in the City Administrator's or Mayor's absence, is responsible for determining if an item is budgeted, if adequate funds are available and if the proper purchasing procedures have been followed.

Section II
Making the Purchase

A. Purchases

1. Department Heads may use their "Department's Approved for Payment" stamp to approve a bill for sole source vendors. All sole source vendors will be assigned a number and the contract or explanation for the sole source purchases kept in a file by the accounts payable clerk (see Vendor List). The department head can stamp invoices and then fill in the necessary line item number, sole source number and signature. Purchases in excess of $5,000 still require a signature by the City Administrator, the Mayor, or the person so designated by the City Administrator or the Mayor to approve such purchases. Examples include utility payments, legal and engineering fees, etc.

   After obtaining the required signatures, the invoice is forwarded to the Accounts Payable Clerk. Upon receipt, the Accounts Payable Clerk will then enter it into the disbursement software and present it for approval at a city Council meeting as part of the Bill Listing. The original invoices or copies thereof will be kept in file in the Accounts Payable Clerk office.

B. Invoice processing

Generally, the payment process for invoices received shall not be initiated until such time as goods and services are received and accepted by the department initiating the purchase. Exceptions to this practice may include pre-payment of dues and subscriptions, expenses associated with conference or training seminars, insurance premiums, certain service contracts and other purchases where pre-payment is approved by the City Administrator.

Invoices received directly by Administration will be promptly forwarded to the department initiating the purchase. In the interest of expediting payments to vendors, at the time of the order, departments may require vendors to remit invoices directly to the attention of their department and authorized purchasing representative(s). It is the responsibility of the department initiating the purchase to ensure that all invoices have been processed and forwarded to the Accounts Payable Clerk, by the predetermined deadline, for payment.

All invoices submitted for payment must be approved by the department head responsible for the purchase. In the absence of the department head, invoices may be approved by the department head's immediate subordinate.

The City Administrator reserves the right to change the account number charged if he/she believes that the nature of the goods or services purchased are not properly classified.

All approved invoices presented for payment as part of the next Bill Listing must be <u>received</u> by the Accounts Payable Clerk <u>no later than 5:00 pm on the Friday preceding the following Monday's Council meeting.</u> Invoices received after 5:00 pm on Friday the week prior to a Council meeting will not be paid until the next regularly scheduled Council meeting.

A final copy of the Bill Listing will be reviewed by the City Administrator no later than 4:00 pm on the Monday preceding a City Council meeting.

Following the City Council approval of invoices, all payments will be promptly mailed to vendors (with supporting remittance information enclosed) unless otherwise specified in writing by a department head. Checks may be held for vendor pick-up following the Council meeting if prior arrangements are made by the vendor. Unless the vendor's representative picking up the check is personally known to City staff, then the vendor must be notified they must specify the representative and the representative will need to show identification before release of the check.

C. Bidding Procedures

The following procedures should be followed with opening bids:

1. Sealed Bids: Bids shall be submitted to the City completely sealed to the City and shall be identified as bids on the envelope.

2. Opening: Bids shall be opened in public at the time and place stated in the public notice.

3. Tabulation: Tabulation of all bids received shall be available for public inspection and shall be furnished to all bidders.

Contracts shall be awarded to the lowest responsible bidder. In determining "lowest responsible bidder", in addition to price, the following shall be considered:

1. The ability, capacity, and skill of the bidder to perform the contract or 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, judgement, experience, and efficiency of the bidder.

4. The quality of performance of previous contracts or services.

5. The previous and existing compliance of the bidder with laws and ordinances relating to the contract or service.

6. The sufficiency of the financial resources and ability of the bidder to perform the contract or service.

7. The quality, availability, and adaptability of the supplies or contractual services 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. Preference shall be given to the purchase of supplies, materials and equipment from local merchants.

For purchases of five thousand dollars ($5,000.00) or greater, (1) if the lowest bidding local vendor is a responsible bidder, and (2) the lower responsible bidders are not local vendors and (3) if the lowest bidding local vendor's bid is higher than the nonlocal vendor by no more than two (2) percent or two thousand dollars ($2,000.00), whichever is less, then that local vendor should be considered the lowest responsible bidder. For the purposes of this policy, a "local vendor" shall be any business located within the boundaries of the City of Lincoln. In case of a dispute about the application of this provision, the decision of the City Administrator for purchases for which the City Administrator is authorized to make, or the City Council if outside the scope of the City Administrator's authority, shall be final. This provision shall not be applied to a contract if the funding source prohibits it through law, rule, or regulation.

When the award is not given to the low bidder, a full and complete statement of the reasons for placing the order elsewhere should be prepared by the purchasing coordinator for that bid and filed with the other papers related to the transaction.

If all bids received are for the same total amount or unit price, quality and service being equal, the contract shall be awarded to a local vendor. If there are no local vendors among the tied bids, the purchasing coordinator shall award the contract to one of the tie bidders by drawing lots in public.