

CITY OF WAUKEGAN

Purchasing Manual



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Introduction

Statement of Policy

The purpose of this purchasing manual is to provide the City of Waukegan staff with guidelines and directions directions for the acquisitions of goods and services. When used with good judgment and common sense, sense, the policies and procedures conveyed within will allow the City to obtain required supplies and services efficiently, economically, in accordance with ordinances established by the City Council.

The manual is divided into sections dealing with purchasing policies and procedures. The policy sections contain all the purchasing policies reviewed and recommended by the Finance Committee and adopted by the City Council, which must be adhered to by City employees. The procedures sections provide a “how to” guide for processing purchase requisitions, purchase orders, and other procedures regarding payment processing.

Employees are expected to read the policy manual and adhere to 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 to changes in legislation, technology and actual practice. Although it may not answer every question related to purchasing activities, it is considered to be a comprehensive guide. Employees who need help dealing with specific situations not covered by the manual should contact the Director of Finance & Administration or other Finance Department personnel for assistance.

Purchasing Policies

Code of Ethics

All City 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 City and the residents of Waukegan. City employees shall strive to:

1. Ensure that public money is spent efficiently and effectively and in accordance with statutes, regulations, and City 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 in order to avoid or delay required City Council or other required approvals.
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 City administration to determine if a violation of this Purchasing Manual Code of Ethics has occurred and if any disciplinary action is necessary.

Conflict of Interest

Except as may be disclosed to and permitted by the City Council, 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 domestic 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 domestic 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 domestic 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 City administration to determine if a violation of this Conflict of Interest policy has occurred and if any disciplinary action is warranted.

Gifts and Gratuities—City Guidelines for Accepting

City 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 City policy to observe the highest standards of ethics and to shield the employee, the City 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 City or prejudice the City's reputation. Expenditures of City funds to vendors shall not by intention personally benefit any person officially connected with the City. 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 City policy. Promotional or advertising items of nominal value such as key chains, pens, coffee mugs, calendars and holiday cards are acceptable. Items permitted under the City'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.

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- 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 City.
- 4. Solicitation of vendors for merchandise or certificates to serve as door prizes or favors for City events is normally prohibited. However, exceptions may be approved by the City administration.
- 5. Corporate discounts granted to City employees are acceptable only if they are offered to all City employees and other corporate clients of the vendor.

If there is any doubt about the propriety of accepting a gift, the matter should be referred to the Agency Head who will, if necessary, discuss the matter with the Corporation Counsel or his/her designee.

Approval of City Purchases

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

<u>Dollar Limits</u>	<u>Required Approvals</u>
Up to \$5,999.99	Agency Head (or designee)
\$6,000 - \$19,999.99	Agency Head, and City Council - 3 sealed quotes required
\$20,000 and above	Agency Head, and City Council, - Sealed Bids required unless waived by Council

The above required approval(s) for purchases shall occur before the purchase is made. At the discretion of the Agency Head, approvals for purchases less than \$6,000 may be delegated to a supervisory level employee of the respective department. 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. Documentation of this delegation should be made and presented to the Director of Finance & Administration and the expiration date of this authority should be noted in the documentation.



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 a purchase requisition prior to purchase, quotes shall be added to the requisition. Requisitions submitted without the required quotes or a satisfactory explanation of why quotes were not obtained (e.g. sole source, emergency, standardized vendor, State of Illinois joint purchasing etc.) will be returned to the originator without approval.

Up to \$5,999.99	No verbal quotes are required; however, employees are encouraged to seek one or more quotes when possible.
\$6,000-\$19,999.99	Three written sealed quotes must be obtained. Physical records regarding the dates, contacts and quotes received shall be retained in the department's files for auditing purposes.
\$20,000 and above	Must be competitively bid in accordance with State law and City ordinances. City Council approval is required for all purchases in this range. Approval should be obtained prior to publishing any RFP's and the Council shall approve the recommended vendor prior to notifying the successful bidder.

Only the City Council may waive the requirements for obtaining quotes and bids displayed in the table above.

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.

Quotes must be in writing and submitted via electronic mail, regular mail/delivery, or may be hand delivered to the City's offices. Quotes must all be opened at the same date, time and location. Any quotes received electronically must clearly indicate the following in the "subject" field: a) Department name, and b) "Quote for Project _____" Quotes received in this manner should be opened with the quotes received in a hard copy format.

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Joint Purchasing

State of Illinois

City 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 City 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 City's needs and that pricing is competitive.

When making purchases using the State's assigned vendor, the purchase order (if applicable) provided to the vendor shall include the State of Illinois contract number and the City's assigned Joint Purchasing member I.D. number (L5910). This information should be included on the purchase order by using the extended description option when entering the purchase requisition.

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 City standards. Prior to initiating the transaction, employees shall seek the prior approval of the Agency Head (and City Council if \$19,999.99 or greater.)

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 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 \$19,999.99 shall be presented to the City Council prior to acquisition with a request to waive the required quotes / bids, approve the purchase order and enter into a formal contract.

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 Mayor, or Director of Finance & Administration 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

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need for immediate action shall be presented to the City 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 equals or exceeds \$20,000, documentation shall be presented to the Mayor prior to such authorization. The following procedures shall be followed in the event an emergency purchase order is needed:

The Agency Head requesting the emergency purchase order shall contact the Director of Finance & Administration or his/her designee in order to have the purchase order issued. The Director of Finance & Administration or his/her designee will then issue an emergency purchase order to the vendor. After the emergency has been resolved, the department shall enter a requisition for the goods purchased. Using the requisition comments, the department shall explain the need for the emergency purchase order and reference the purchase order number that was issued to the vendor.

The Director of Finance & Administration or his/her designee will then add the requisition to the emergency purchase order.

Competitive Bidding Exemption

When, in the ordinary course of City business, no single purchase of, or individual contract for, specific type of supplies, materials or services exceeds \$20,000, but the total dollar value of all purchases and/or contracts for said specific types of supplies, materials, or services during the City's fiscal year does exceed said amount, the purchases may not be subject to the competitive bidding requirement and may not require the City Council to waive the competitive bidding requirement. At his/her discretion, the Director of Finance & Administration shall determine whether these purchases require City Council to waive the competitive bidding requirement. Where a bid waiver is determined to not be necessary, said purchases shall still be subject to the requirements of Section 2, of this manual concerning quote solicitation for purchases under \$20,000.

It is not the intent of this subsection to encourage the circumvention of the bidding requirements and, to the extent practicable, City staff is encouraged to rely upon the competitive bidding process. Rather, the competitive bidding exemption provided by this section is intended to recognize and address those situations in which a competitive bidding requirement is extremely impractical, and can be eliminated without jeopardizing the City's ability to obtain a low and competitive price from a qualified responsible contractor/vendor.

Competitive Bidding & Requests for Professional Services

When a Formal Bid Is Required

All purchases of goods or services exceeding \$19,999.99 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 City Council deems to be in the interest of the City. Sealed bids shall be sought when a good or service is anticipated to cost over \$19,999.99, either individually or in aggregate purchases made over the course of one fiscal year.

With the exception of bids for capital projects handled by the City Engineer, all bids shall be issued using the City's standard bid document as approved by Corporation Counsel. Those bids related to capital projects shall follow standards set forth by the Illinois Department of Transportation (IDOT).

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 Director of Finance & Administration. When preparing the bid document, each department shall be responsible for ensuring 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)

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3. After the documentation has been prepared, it must be reviewed and approved by the applicable Agency Head before it is sent to the City Clerk. Agency Head approval must be indicated with the Agency Head's signature and the date.
4. After Agency Head approval is received, the completed bid document should be sent to the City Clerk. The City Clerk will be responsible for forwarding the legal notice to the newspaper for publication with a general circulation of the City no less than ten (10) days prior to the bid opening. After the ad has been forwarded, the City Clerk will give the bid document to the Director of Finance & Administration for his/her approval. When appropriate, the City may use additional methods of publication including web postings and direct mailings. The approved document will then be returned to the originator to be mailed to the prospective bidders. Bid documents should not be mailed to bidders before the ad is placed in the newspaper. This will help ensure that all prospective bidders have the same amount of time to complete the bid document.

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 & Administration deems it necessary to protect the interest of the City.
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 City of Waukegan, 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 City 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 City 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 City.
3. During the term of the contract, the contractor shall provide the City 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 City, its officers, agents, employees, representatives and assigns as additional insureds. The contractor shall furnish to the City 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 City together with executed copies of an "Additional

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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 City. In addition, said certificates shall list the City of Waukegan 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. Bid document packages should be mailed the day the ad is placed 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 City Hall, the front desk personnel must be supplied with at least three copies (or more depending on the number of bidders expected) of the bid document and a “Bid Document Distribution List” form should be created wherein the front desk personnel can maintain a list of vendors requesting the bid documents.
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.
8. 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 City Hall on or before the time specified in the materials. The City may, but is not required to, waive any technical bid requirement in order to ensure the most economic contract for the City.

Bid Opening Procedures

All sealed bids shall be publicly opened by the City Clerk or his/her designee 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 City Clerk. The following procedures must be completed prior to the bid opening:

1. Bid openings will be held in the Council Room at the City Hall unless the room is unavailable. When reserving a room for the bid opening, please ensure that the day and time of the bid opening is also scheduled on the personal calendar of the City Clerk.
2. All bids must be received before the deadline on the day of the bid. City 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. 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 a bid opening sign-in sheet.

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If bid deposits are required, they shall be forwarded to the Director of Finance & Administration immediately following the bid opening. Procedures for depositing and returning bid deposits are described in "Post Bid Opening Requirements".

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 to 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 City
- k. Responsiveness to the exact requirements of the invitation to bid
- l. Ability to work cooperatively with the City and its administration
- m. Past records of the bidder's transactions with the City or with other entities as evidence of the bidder's responsibility, character, integrity, reputation, judgment, experience, efficiency and cooperativeness

Once approved by the Agency Head, the memo should include a ***Request for City Council Action***. This memo must be signed by the applicable individuals (usually the requesting Agency Head) and given to the City Clerk for placement on the City Council's agenda.

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All bid files shall be maintained by the City Clerk. After the issuing department has prepared the City Council agenda item, the bid file shall be sent to the City Clerk along with the bid packages, original bid tabulation sheet, bid opening sign-in sheet and all other documentation. After an appropriate period of time, the bids will be stored by the City Clerk where they can be accessed when necessary (State law requires bid files to be maintained for ten (10) years following the bid opening). Within fourteen (14) days after City Council approval of the contract, the City Clerk will mail letters to all bidders notifying them of the bid results and will contact the successful bidder to have the City's contract signed and to obtain performance bonds and certificates of insurance when required. The signed contract will be forwarded to the City 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 City's contract has been signed, and certificate of insurance and performance bond obtained before the work begins.

The City Engineer shall be responsible for handling bid deposits. If a bid deposit was required, it must be returned to all except the three (3) lowest 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 City 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 City Council has awarded the contract.

Waiver of Competitive Bidding

The City 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 City (as determined by the City Council in its sole discretion) 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 materials submitted for inclusion on the City 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 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 City's needs. These contracts generally result from a request for proposal (RFP) solicited from consultants for "Professional Services."

The City is required by the Local Government Professional Services Selection Act to follow specific procedures when hiring an architect, engineer or land surveyor. The procedures must be followed unless 1) the City 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 City must solicit proposals and adhere to the requirements established by law for those professions.

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

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

Methods of Payment Processing

Regular Purchase Orders

With the exception of small purchases (\$5,999.99 and under) and purchases processed with a blanket purchase order (see description below), all other purchases shall require the issuance of a regular purchase order to the vendor before an order for goods or services is filled. Additionally, no employee shall have the authority to purchase any items, regardless of the amount, on the City's behalf without first entering a purchase requisition and obtaining the required approvals from authorized staff or the City Council where applicable. The City will not issue "confirming" purchase orders. Employees shall be responsible for planning for purchases exceeding \$5,999.99 in advance, and should allow sufficient time to have a requisition processed and purchase order issued and mailed to the vendor. With the exception of emergency purchase orders, the Director of Finance & Administration will not issue purchase order numbers in advance unless a requisition has been processed and has received the necessary approvals.

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. The employee shall **note the original purchase order number** for which the change is being made and explain briefly the need for the change. After the requisition is received and approved by the Director of Finance & Administration, it will be added to the original purchase order and a change order will be issued to the vendor. Please note that change orders to original contracts of \$20,000 or more require the prior approval of the City Council. For more information, please refer to the financial policy on change orders included in this manual.

Blanket Purchase Order

Blanket Purchase Orders are intended to give employees flexibility when purchasing items for less than \$5,999.99. Orders exceeding \$5,999.99 shall be processed using a regular purchase order.

In instances where a blanket purchase order has been issued to a vendor, it is not necessary to process a purchase requisition and have a purchase order issued in advance of obtaining the goods or services.

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After the purchase has been approved within the department, the receipt shall be sent to the accounts payable clerk for processing.

Confirming Purchase Orders

Except in the case of emergency purchase orders, the City will not issue confirming purchase orders to vendors. With the exception of purchases under \$6,000 for which a blanket purchase order is issued, each department is responsible for ensuring that a valid purchase order is issued to the vendor prior to the acquisition of goods and services, as required by this policy.

Prepayments

The City 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 & Administration or Mayor.
2. Memberships and books or periodicals.
3. Payments to local, State, and Federal government entities.
4. Small orders (under \$500) where the Agency Head approves prepayment.
5. Approval by the Director of Finance & Administration or Mayor.

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 & Administration 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.

All requests for manual checks must be processed by completing a check requisition. The completed form shall include the vendor's name and address, the general ledger number against which it is being charged, a description of the item purchased, and an explanation in the remarks section as to need for the check. The form shall also include the signature of the applicable Agency Head. Accounts Payable will not issue manual checks in instances where reasonable means could have been taken to process the payment following normal payment methods.



Financial Policies

Change Order Policy

State law requires City Council approval of all change orders for \$20,000 or more and for all change orders which, when combined with those previously approved, increase or reduce the contract price by more than \$20,000. The following financial policy is consistent with these laws.

It shall be the responsibility of each Agency Head to ensure that all change orders in excess of \$20,000 are submitted to the City Council for approval. In addition, Agency Heads shall be responsible for monitoring all contract payouts and retainages and ensuring that the amount of the change order is correct.

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.

Change Orders Increasing or Reducing the Contract Price—Original Contracts for Less Than \$20,000

1. Change Orders to Contracts (where the original contract is less than \$20,000) which Increase the Total Contract Price to no more than \$20,000.

Change orders to contracts (original contract is less than \$20,000) which do not increase the total contract price above \$20,000 may be approved by the Mayor or his/her designees. Departments may receive approval by submitting a purchase requisition for the amount of the change order and a “City of Waukegan Change Order Form” to the Mayor or Director of Finance & Administration who will review it for completeness and accuracy and final approval. Note: A change order (and all subsequent change orders) must be submitted to the City Council for approval if it increases the total contract price to over \$20,000, 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 City Council.

2. Change Orders to Contracts (when original contract is less than \$20,000) which Increase the Total Contract Price to over \$20,000:

Change orders which increase the total contract (when original contract is less than \$20,000) to \$20,000 or more (of the original contract price) must receive approval of both the Mayor and City Council. In these cases, departments shall follow the procedures outlined below for submitting change orders to the City Council.

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Change Orders Increasing or Reducing the Contract Price—Original Contracts For \$20,000 Or More:

Change Orders to Contracts (when original contract is \$20,000 or more) Which Increase or Reduce the Contract Price by more than \$20,000. A change order (and all subsequent change orders) must be submitted to the City Council for approval if it increases or reduces the original contract by \$20,000. In these instances, Departments shall be responsible for following the procedures described below for submitting change orders to the City Council.

Change Orders Increasing or Reducing the Time of Completion of a Contract

1. 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 Mayor. Departments may receive approval by submitting a City of Waukegan Change Order Form directly to the Mayor for approval.

Note: A change order (and all subsequent change orders) must be submitted to the City Council 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 City Council.

2. 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 City Council approval. In these instances, departments shall follow the procedures for submitting change orders to the City Council outlined below.

PROCEDURES FOR SUBMITTING CHANGE ORDERS TO THE CITY COUNCIL

Change orders requiring City Council approval shall be placed on the City Council's agenda and shall be accompanied by the following:

1. A purchase requisition for the amount of the change order (except with change orders dealing with time). Purchase requisitions shall identify the appropriate budget account(s) and project(s) to be charged
2. City of Waukegan Change Order Form and
3. A memorandum explaining the need for the contract revision. Departments shall explain that City Council approval is necessary because the total value of all change orders exceeds \$20,000.

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

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