

## CITY OF ROCHELLE

**CATEGORY: FINANCE**

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**TITLE: GUIDELINE FOR PURCHASING MATERIALS, SUPPLIES, EQUIPMENT AND SERVICES**

### **PURPOSE**

To expedite processing of City of Rochelle purchases in a timely, efficient manner while assuring adequate internal controls and purchasing authority. Preference will be given to local vendors if the price difference is less than 5% more than other alternatives.

### **PURCHASING PROCEDURES**

1. The City Council adopts a budget for the calendar year.
2. Purchases of goods/services for budgeted items may be ordered by Department Heads provided that the expenditure does not exceed the amount available in the budget. Exceptions to this general rule will occur when a purchase order is required or when pricing requires City Council action.
3. The City's tax exemption letter will be provided to all vendors.
4. Invoices are distributed by the Accounting Generalist in the Administrative Services Department and should be properly coded and returned in a timely manner.
5. Checks are mailed by Administrative Services after City Council approval.

#### ***(A) Pricing Requirements***

The City of Rochelle's policy is to obtain the most cost effective price available for purchases through competitive pricing. The following guidelines will determine the level of pricing required for purchases.

1. Purchase total of \$1,000 - \$4,999 – At least 2 verbal quotes are sufficient. If the nature of the purchase is repetitive (i.e. monthly), pricing does not need to be obtained every time, but should be reviewed annually.
2. Purchase total \$5,000 - \$9,999 – At least 2 written quotes are required. The quotes are to be maintained by the department.
3. Purchase \$10,000 - \$19,999 – At least 3 written quotes and authorization by purchase order approved by the City Manager prior to purchase are required.

4. Purchase \$20,000 or more – Must be authorized by the City Council prior to purchase order approval. Formal bid or RFP process required.

Exceptions to the pricing requirements include single source vendors, repetitive purchases, requirements by State statute or local ordinance, emergency purchases, contractual obligations, professional associations or any other unusual purchasing situation.

### ***(B) Purchase Orders***

Departments are required to use purchase orders when one of the following conditions exist.

1. Purchase is for \$10,000 or more
2. Vendor requires a purchase order in order to deliver the goods or service and then sends an invoice for the item at a later date.
3. A significant time period is anticipated between the ordering date of an item and the payment of such item. Examples include capital projects which take place over several months or items ordered in advance of delivery i.e. fire truck.

In order to expedite purchasing throughout the year, a blanket purchase order may be prepared on a calendar year basis. Blanket purchase orders are for vendors that require a purchase order for small items or per unit purchases.

### ***(C) Manual Checks***

Occasionally, a need will arise for a check to be prepared manually outside of the normal process. These manual checks are needed when a check has to be remitted prior to the next Council meeting. The City of Rochelle's policy is to keep requests for manual checks at a minimum. Common items for which a manual check could be prepared include.

1. Late notification of seminar registrations.
2. Unavoidable cash on delivery transactions.
3. Approved contractual obligations requiring an immediate check.
4. Emergency purchase.
5. Situations which will significantly impair the City of Rochelle financially if check is not prepared.

The City Manager may authorize a non-emergency related check between cycles in situations where immediate issuance of the check is needed to prevent an adverse impact on the City. All manual checks must be approved by the City Manager and Department Head. Departments must demonstrate the above criterion that applies.

***(D) Petty Cash***

The City of Rochelle has established petty cash funds for the various departments. Responsibility for custody and safeguarding of each fund and for all fund disbursements rests with the appropriate Department Head.

Petty Cash is to be used to reimburse employees for City expenses which the employee incurs up front and for small purchases which are handled most efficiently by utilizing petty cash. Receipts documenting expense must be attached to petty cash reimbursement request. Disbursements from petty cash funds will not be approved without receipts. If an employee cannot provide a receipt, alternative verification approved by the Department Head is required.