



City of Rochelle

420 N 6th Street
P.O. Box A
Rochelle, IL 61068
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PURCHASING AUTHORITY GUIDELINES **September 4, 2009**

PURPOSE

To expedite processing of City of Rochelle purchases in a timely, efficient manner while assuring adequate internal controls and purchasing authority.

PURCHASING PROCEDURES

A. General Procedure And Responsibilities

1. The City Council adopts a budget for the fiscal year.
2. Purchases of goods/services for budgeted items may be ordered by Department Heads provided that expenditures do not exceed the amount available in the budget. Exceptions to this general rule will occur when a purchase order is required (Section C) or when pricing requires City Council action (Section B).
3. Invoices are distributed by the Accounting Generalist in the Administrative Services Department to the various departments. Approved invoices are due in the Administrative Services Department by 9:00 a.m. each Thursday for payment that week.
4. Checks are then processed and mailed by the Administrative Services Department.

B. Pricing Requirements

The City of Rochelle's policy is to obtain the most cost effective price available for purchases through competitive pricing. Pricing should be obtained from at least three vendors. The following guidelines will determine the level of pricing required for purchases.

1. Purchase total less than \$1,000 - 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 periodically.



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2. Purchase total \$1,000 - \$4,999 - Written quotes required.
3. Purchase total \$5,000 - \$19,999 - Authorization required by purchase order which must be approved by the City Manager. Written price quotes are required. Purchase Orders are discussed further in Section C.
4. Purchases \$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 as discussed in Section B-Item 1, requirements by State statute or local ordinance, emergency purchases, contractual obligations, professional associations, or any other unusual purchasing situation.

C. Purchase Orders

Departments are encouraged to use purchase orders whenever possible and especially when one of the following conditions exist:

1. Purchase is for \$5,000 or more.
2. Vendor requires a purchase order in order to deliver the good or service and then sends an invoice for the item at a later date.
3. A significant time period is anticipated between the ordering of an item and the payment of such item. Examples include capital projects which take place over several months and items ordered well in advance of delivery (i.e. fire engine).

In order to expedite purchasing throughout the year, blanket purchase orders may also be prepared on a fiscal year basis if authorized by the Finance Manager or General Manager of Utilities. Blanket purchase orders are for vendors that require a purchase order amount for small item or per unit purchases.



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D. 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 Thursday. The City of Rochelle's policy is to keep requests for manual checks at a minimum. Common items for which manual checks can 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, and; 5) Situations which will significantly impair the City of Rochelle financially if a check is not prepared.

The Finance 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 of Rochelle. All manual checks are to be approved by the Department Head. Departments will have to demonstrate that a manual check fits one of the above criteria.

E. 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 of Rochelle expenses which the employee incurs up front and for small purchases which are handled most efficiently by utilizing petty cash. Receipts documenting the expense must be attached to the petty cash request for reimbursement. Disbursements from petty cash funds cannot be approved without receipts. In the case of mileage reimbursements, an approved travel expense report is sufficient in lieu of receipts. If an employee cannot provide a receipt, alternative verification approved by the Department Head must be attached.